



# Consultation 52 report



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## 1 Introduction

From the 17<sup>th</sup> of May 2021 until the 04<sup>th</sup> of June 2021 included, Fluxys Belgium consulted the market on its proposed changes to the storage tariffs.

The proposed changes to tariffs include:

- i) A tariff reduction of 30% for the years 2021<sup>1</sup>, 2022 and 2023
- ii) The definition of tariffs for the services developed in the framework of the new commercial model
- iii) The removal of the membership fee for the former Day Ahead Non Nominated Service (now replaced by the Booster Capacity service)

## 2 Consultation process

Fluxys Belgium launched this market consultation by publishing the proposed documents on its website - at the usual location for such consultations, supported by an announcement on the homepage -, via direct e-mailing to all registered market participants and associations and via an information session on the 20<sup>th</sup> of May. During the period from May 17<sup>th</sup> until June 04<sup>th</sup> (included), stakeholders were invited to submit their written feedback and if needed, seek additional information through bilateral contacts with Fluxys Belgium.

Taking into account the different comments received, Fluxys Belgium submits for approval to the CREG the amended storage tariff proposal.

## 3 Outcome of consultation process

All comments received are listed and individually treated in the "Q&A's", included in the consultation report submitted to the CREG – see appendices.

Feedback was received from two parties. The first party asked a question about the methodology used to calculate the tariffs and questions about the evolution of the regularization account. This party also stated that it regrets that a part of the regularization account will be used to compensate the missing allowed revenue after the setup of the auction mechanism of Loenhout as this creates a temporal cross subsidization between different regulatory periods and different capacity holders.

The second party indicated that it supports the introduction of reserve prices for storage products based on market conditions instead of the regulated tariffs, stating that it will better reflect the market value of the products and consequently make storage products more attractive to gas players.

Concerning the reaction of the first party, Fluxys Belgium indicates that the storage tariffs were designed to have revenues that cover the costs over the long term if all storage capacity is sold at the regulated tariff, leading to self-supporting tariffs in order to ensure the future of Loenhout's storage installation.

Thanks to the extra sales realized by Fluxys Belgium in 2020, the regularization account had a positive balance of about 45 M€ end 2020<sup>2</sup>. And according to the hypotheses taken for the evolution of sales and costs until the end of the tariff period, the regularization account is expected to reach a balance of 28 M€ by end 2023. This amount

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<sup>1</sup> Applicable as from decision of CREG

<sup>2</sup> Subject to CREG approval

is needed to cover the uncertainties relating to the sales price and costs needed to maintain the continuity of the activity.

Finally, concerning the future use of the regularization account and the potential cross subsidization between different regulatory periods and different capacity holders, Fluxys Belgium wants to remind that the regularization account is a debt to customers as a whole and therefore not to a particular category of customers. Furthermore, the higher than expected regularization account is the consequence of the extra sales realized by Fluxys Belgium compared to the trajectory expected in the previous tariff proposal. Fluxys Belgium also expects that the setup with auctions and compensation of expected fluctuation in revenue using the regularization account will benefit to all storage users by (i) ensuring the continuity of the offer of storage services in the BeLux balancing zone, and (ii) offering storage services at competitive prices. Finally, storage users are welcome to book long term SBUs at the regulated tariffs to benefit from foreseeable tariffs and any potential future tariff reduction, in full continuity with the current system.

## **4 Appendices**

**4.1 *Appendix I: Market consultation – public material***

**4.2 *Appendix II: Market consultation – confidential material***

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