



Consultation on the key elements of the considered
introduction of an update to the FLUXYS LNG approved
tariffs for the use of the LNG Terminal

1-30 July 2021

30 June 2021

1 EXECUTIVE SUMMARY

In accordance with the procedure for the introduction and approval of tariff proposals agreed between Commission for Electricity and Gas Regulation (hereinafter referred to as "CREG") and Fluxys LNG, Fluxys LNG is organizing a consultation on the key considered evolutions of the regulated tariffs for the use of the LNG Terminal as approved by CREG. This consultation is made in connection with the consultation on the amendments to the LNG Access Code and the LNG Programme that is launched at the same time.

The key proposed amendments to the LNG tariffs in the envisaged update of the tariff proposal concern the introduction of a tariff for the new BioLNG Liquefaction Services and the main elements of the investment in four new truck loading bays at the LNG Terminal. The considered investment will not lead to a change of the tariff for truck loading services.

2 AIMS OF THE CONSULTATION, PROCEDURE AND SCOPE

According to Article 13 of the procedure for the introduction and approval of tariff proposals and tariff modifications, as concluded between CREG and Fluxys LNG on 24 January 2018 and as published on CREG's website¹, Fluxys LNG must organize a market consultation before it submits its tariff proposal. This consultation covers the key elements of the considered evolutions to the tariffs for the use of the Zeebrugge LNG Terminal (LNG tariffs) approved on 25 February 2021 (decision (B)657G/21).

Following the consultation, Fluxys LNG will draw up a consultation report explaining how and why the various comments have or have not been taken into account. The comments from the stakeholders who were consulted and the consultation report will be submitted as annexes to the tariff proposal.

The envisaged modifications to the LNG tariffs and the related amendments to the LNG Access Code and LNG Programme are consulted² simultaneously by Fluxys LNG from 1 until 30 July 2021.

3 GENERAL CONTEXT

With regard to the regulatory framework, CREG set and published a tariff methodology establishing the framework for the calculation of tariffs on 28 June 2018 (decree – (Z)1110/11) in accordance with Art.15/5bis of the Belgian Gas Law. The current amendment to the approved tariff proposal under consultation is made in the framework of this tariff methodology.

¹ <https://www.creg.be/sites/default/files/assets/Tarifs/Fluxys/Methodo20-23/20180124-Overeenkomst-Fluxys.pdf>

² All information on consultation available on <https://www.fluxys.com/en/products-services/empowering-you/customer-interactions>

4 PROPOSED UPDATES TO THE APPROVED TARIFF PROPOSAL

New BioLNG Liquefaction Services

At the LNG Terminal, (re)liquefaction units, referred to as recondensers, are used in the process flow for regasification. In those recondensers the physical contact between LNG and natural gas enables natural gas to be cooled down and (re)liquefied.

BioLNG liquefaction services are offered as long term capacity (yearly service) and as short term capacity (monthly service). The offered short term capacity is additional capacity on top of the long term capacity and can vary from month to month depending on the liquefied amounts of the recondensers at the LNG Terminal.

BioLNG quantities resulting from BioLNG liquefaction services are allocated to terminal users for a month and therefore the tariffs are presented for a runtime of a month (€/MWh/month).

The tariff for the Long Term BioLNG Capacity is designed on the basis of an investment in the (re)liquefaction process that would improve the yield of the recondensers. The tariff for the Long Term BioLNG Capacity amounts to 2,54 €/MWh/month (basis 2003).

The tariff for the Short Term BioLNG Capacity takes into account the monthly variability and the uncertainty about of the offered capacity and is offered with a discount of 30% on the Long Term BioLNG Capacity, resulting in a tariff of 1,78 €/MWh/month (basis 2003).

Truck loading bays

Following the evolution of the truck loading operations over the last semesters, Fluxys LNG took the decision to invest in four new truck loading bays at the LNG Terminal. Fluxys LNG will introduce this investment in its amended tariff proposal.

Given the expected total amount of the investment, the additional operational expenses, the remuneration of the investment for the operator of the Terminal (under control and approved by the CREG) and the revenues expected from the sale of truck loading capacity, LNG truck loading service tariff will remain unchanged at 489,20 €/loading (basis 2003). The 10% discount applicable to LNG truck loading services subscribed during the annual subscription window will also remain.

As all Fluxys LNG tariffs, the three tariffs (for Long Term BioLNG Capacity, Short Term BioLNG Capacity and LNG truck loading service) are subject to monthly indexation.

The tariffs "basis 2003" are expressed in basis July 2003 and are indexed monthly as from August 2003 according to following formula: $0,65 + 0,35 * I_{m-1} / I_{m0}$

where:

- I_{m0} is the Consumer Price Index (CPI) of the 1st of July 2003 (112,59, in basis 1996)
- $I_{m-1} = I_{m-2} * (\text{CPI of Month } M-1 / \text{CPI of Month } M-2)$

With

- Im-1 not higher than 1,03 times the index Im-1 used for calculating the tariffs of the most recent month of August
- Im-1 for August 2003 is 112,59 (basis 1996)
- Im-2 is the value of Im-1 used the previous month to calculate the tariffs.

For example, for July 2021, using the described indexation, the tariffs will be:

- Long Term BioLNG Capacity : 2,84 €/MWh/month;
- Short Term BioLNG Capacity : 1,99 €/MWh/month;
- LNG truck loading service : 547,54 €/loading.

Apart from the introduction of the tariffs for the BioLNG Liquefaction services and the new elements for the considered investment in the four new truck loading bays, the tariff principles and methodology remain unchanged compared with the ones which were approved by CREG on 25 February 2021.

5 TARIFF SHEET

No change is expected to the tariff sheet except the introduction of the new tariffs as explained in the previous section and which would be effective as of approval by CREG. An indicative tariff sheet can be found in Annex A.

6 INVITATION TO REACT

We would like to invite all interested parties to submit any comments they may have on this document by email at following address: marketing@fluxys.com and this before 6.00 p.m. on 30 July 2021. We also ask you to specify in your response, whether the content is to be treated as confidential or not. Unless otherwise mentioned, all comments will be treated as non-confidential. In case of a confidential response, please provide a non-confidential version.