



Consultation 53 report



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1 Introduction

From the 1st of July 2021 until the 30th of July 2021 included, Fluxys LNG consulted the market on a proposal with regards to:

- i. The introduction of a BioLNG liquefaction service under a certification scheme (service description and tariff);
- ii. The introduction of an auction mechanism for Terminal Services.

This BioLNG liquefaction service will allow shippers to convert biomethane certificates into BioLNG certificates under a certification scheme via a physical liquefaction of gas into LNG.

The introduction of an auction mechanism will allow the Terminal service capacities to be sold during auctions, next to the existing subscription window process already described in the LNG Access Code for the Zeebrugge LNG Terminal.

2 Consultation process

Fluxys LNG launched this market consultation by publishing the proposed changes in the regulated documents and the adapted tariffs on its website - at the usual location for such consultations, supported by an announcement on the homepage - and via direct e-mailing to all registered market participants and associations.

During the period from July 1st until July 30th 2021 included, stakeholders were invited to submit their written feedback and, if needed, seek additional information through bilateral contacts with Fluxys LNG. An additional information session was organized on July 20th on the BioLNG liquefaction service and both the presentation and the recorded webinar were published on the webpage of consultation 53.

Taking into account the different comments received, Fluxys LNG submits for approval to the CREG the new BioLNG liquefaction service, the introduction of the auction mechanism and an amended tariff proposal.

3 Outcome of consultation process

All comments received are listed in the consultation report submitted to CREG – see appendices.

Feedback was received from 2 Terminal Users and 2 representative organizations. One feedback was set to be treated as confidential. The received feedbacks are only related to the changes in the regulated documents.

Introduction of BioLNG liquefaction service

Respondents in general welcomed the proposal to launch the BioLNG liquefaction service. For the long term capacity allocation it was clarified to the parties that it can be offered for more than 1 year. The service allocation rule gives priority to the longest duration. For each subscription window Fluxys LNG issues a terms & conditions where the detail of the offer and how to subscribe are explained. It was also suggested that the service should start on the 1st January 2022 in order to give all parties the possibility to obtain the required certification. Fluxys LNG will take into account the latter request and start the service as from 1st January 2022. Another comment from several shippers regarding the long term service is that, when the

recondensers cannot liquify and the capacity is reduced by Fluxys LNG, shippers should either not pay for the reduced part of the capacity or be able to make-up the missed capacity. Fluxys LNG has withheld the proposal of not paying the fee for the reduced capacity and adapted the access code consequently. Finally, one party suggested that existing slot holders that are providing the terminal with physical LNG should have priority access to the long term BioLNG service and refers to the offer of storage capacity in the storage model for Loenhout. In its answer, Fluxys LNG clarifies that the liquefaction process is different from storage in the storage model, and giving such priority might be considered as discriminatory. Consequently Fluxys LNG will offer the service to all shippers without any priority right.

Regarding the short term BioLNG capacity it was clarified that it consists of the available produced and unused capacities of the previous month(s) minus the allocated long term capacities, and that it is offered on a monthly basis in the beginning of the month.

As the BioLNG can be stored (as LNG) one party asked if the residual storage (which is now offered for maximum 6 months) could be offered for 1 year on a firm basis. Fluxys LNG will investigate this, without any guarantee that this is possible as it concerns unused capacity and increasing the offer should not impact the existing contractual storage capacities.

Finally, parties asked questions on the certification (ISCC), and, although this is not part of the regulatory service and related to the certification, Fluxys LNG explained to its best knowledge some of the rulings of the certification scheme. Shippers must therefore refer to the relevant documents and rulings of the certification. One additional remark regarding certification was made concerning the virtual liquefaction service that is an essential part of the value chain (incl. certification) of the bioLNG. The use of the word 'virtual' could give rise to confusion and acceptance of the BioLNG in member states, while in reality gas nominated from the gas grid towards the terminal. Therefore it was suggested that Fluxys LNG changes the name of this service to avoid confusion on the principle. Therefore Fluxys LNG proposes to change the name of this service into 'backhaul liquefaction service'.

There were no remarks on the proposed tariff for the service.

Introduction of the auction mechanism

There were no formal remarks on the auction mechanism proposed. Shipper however asked in bilateral meetings if the auction will be applied directly on the BioLNG liquefaction service. Although this is a possibility, Fluxys LNG intends to offer the BioLNG service starting on the 1st January 2022 via a subscription window.

4 Appendices

4.1 Appendix I: Market consultation – public material

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future

1. Market consultation - public material
 - a. E-mail: invitation to submit comments
 - b. List of documents in consultation
 - c. Questions & Answers
 - d. Printed copy of written comments

E-mail: invitation to submit comments

Click [here](#) if you are having trouble viewing this message.



**Fluxys LNG: Market Consultation 53
BioLNG Liquefaction Service at Zeebrugge LNG
Terminal and Auction Mechanisms**
Your opinion matters!

Dear customer,

Participate in our market consultation over the BioLNG liquefaction service and its auction mechanisms that will take place on July 1 2021.

An innovative BioLNG service in line with Fluxys LNG's desire to contribute to a carbon neutral future

Supply the market with BioLNG, which currently generates considerable interest on the European heavy duty transport market and in the maritime sector.

The service has received the International Sustainability & Carbon Certification (ISCC), a certification recognized in Europe allowing the terminal to be part of a BioLNG supply chain.

Possibility to get access to this service through auctions

In order to align with the other services, BioLNG could be sold through auctions.

[The documents can be consulted on our website.](#)

Please send us your written comments at marketing@fluxys.com by **Friday 30 July 2021**. Do not forget to mention whether the content is to be treated as confidential or not. Unless otherwise specified, all comments will be treated as non-confidential.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Guedens', with a stylized, cursive script.

Ilse Guedens
Marketing Manager

A handwritten signature in blue ink, appearing to read 'Aouad', with a stylized, cursive script.

Hany Aouad
Sales Manager

List of documents in consultation

The documents are available on our website: <https://www.fluxys.com/en/products-services/empowering-you/customer-interactions/consultations---zeebrugge-lng/fluxys-belgium-market-consultation-53>

Company: [Zeebrugge LNG](#) [Fluxys Belgium](#) Activity: [LNG Terminalling](#)

Fluxys LNG market consultation 53



[Fluxys](#) > [Products & Services](#) > [Empowering you](#) > [Customer Interactions](#) > [Market Consultations - Zeebrugge LNG](#)

Market Consultation 53 & Information Session: BioLNG Liquefaction Service at Zeebrugge LNG Terminal and Auction Mechanisms

The market consultation over the BioLNG liquefaction service and auction mechanisms was organized as **from July 1 till July 30 2021**.

The developed concept will allow LNG shippers to supply the market with BioLNG, which currently enjoys a lot of interest in the heavy duty transport sector and the maritime sector. This innovative BioLNG service is in line with Fluxys LNG's desire to contribute to a carbon neutral future.

The service has received the International Sustainability & Carbon Certification (ISCC), a certification recognized in Europe allowing the terminal to be part of a BioLNG supply chain.

Possibility to get access to LNG services through auctions

To offer an alternative access to our LNG services, Fluxys LNG is introducing the possibility to organize auctions for those services, the described mechanism will allow Terminal users to have level playing value based access to our services while keeping a cleared price.

Documents in consultation:

- [LNG Access Code](#)
- [LNG Terminalling Programme](#)
- [LNG Tariff Consultation Document](#)
- [Annex A - Tariff List](#)

Information Session:

Date: Tuesday 20 July 2021

Time: 10:00 CET

Questions & Answers

Questions and Answers

From	Topic	Confidential	Questions / Comments by Stakeholders	Answers / Comments by Fluxys Belgium
Vitol	Allocation in a subscription window	No	It is not clear how the priority rights would work for entities that have longer capacity bookings. From our clarification call with Fluxys we understood that every year would be individually assessed for longer term capacity bookings (i.e. no advantage for multi year bookings vs single year bookings)	<p>Within a subscription window, priority will be given to the capacity request with the longest duration. That means that if in a subscription window shipper A is booking for 1 year and shipper B for 2 years, priority will be given to shipper B.</p> <p>If in <u>another subscription window</u> shipper A and shipper B are both booking for 1 year, they will be treated with the same priority (i.e. booking durations coming from other subscription windows are not considered)</p>
Vitol	Long Term BioLNG Capacity	No	We would suggest that if the Long Term BioLNG Capacity cannot be made available during certain periods due to operational issues, the Long Term Capacity Holders would not have to pay for the capacity that has been booked but cannot be utilized	Fluxys LNG will adapt the provisions of the Access Code to reduce the invoiced Long Term BioLNG Capacity to the Recondenser Capacity that could be made available in case of threat to heel or other operational issues
ENI	Allocation of LT BioLNG Capacity	No	We deem it fair that long term slot holders have priority to subscribe to long term bioLNG capacities, as they help realising the recondenser capacity. A similar priority right would be in line with what Fluxys proposed with regards to the new storage model in which holders of long-term capacities would have a priority access to the product "Priority Booster Capacity"	Giving priority to Terminal Users holding long term slots would be discriminatory for other Terminal Users. As for storage services, Priority Booster Capacity and SBUs relate to the same type of service (injection or withdrawal) while long term spots and BioLNG Liquefaction Services are two different type of services. Furthermore, Fluxys LNG understands that the priority in Storage can only be achieved by offering "Priority Booster Capacity" at the same time as long term services as the priority is not documented in the regulated documents for storage services

Questions and Answers

From	Topic	Confidential	Questions / Comments by Stakeholders	Answers / Comments by Fluxys Belgium
ENI	BioLNG Liquefaction result	No	<p>Long term bioLNG capacity holder(s), who are made aware of their final long term bioLNG quantities of month M only by the 10th business day of M+1, have no means in the current proposal to recover the capacities that are cut down, even if those capacities were booked on a long term basis. We deem it fair that capacity allocations linked to long term bookings have priority over short term bookings in case of reductions. Hence, we strongly suggest Fluxys to build a “make-up” mechanism for the allocation of long term bioLNG quantities, before the start of sales of short term bioLNG capacities, in order to offer to long term bioLNG capacity holders the possibility to recover the reduced capacities of the previous month, whenever applicable</p>	<p>If Long Term BioLNG Capacity cannot be fully offered during a month, no Short Term BioLNG Capacity can be offered the following month. Furthermore, make-up capacity could end up being offered in another quarter and be non-compliant with ISCC rules. Therefore, offering make up capacity would not make sense.</p> <p>In case the Long Term BioLNG Capacity cannot be fully offered, Fluxys LNG will reduce the invoiced quantity to the Recondenser Capacity that could be made available during this month</p>
ENI	Service start date	No	<p>Regarding the start date of this service we would like to highlight the importance to take into consideration that this service, being a relatively new product/business, requires the market players to make the necessary commercial, operational and certification arrangements beforehand. For this reason, we believe that the service should be offered as of January 2022 so that there is enough time to finalize such arrangements before the service is offered for the first time</p>	<p>Fluxys LNG will take this comment into consideration when assessing the best way to offer the new service</p>
ENI	Invoicing of BioLNG Liquefaction Services	No	<p>We kindly ask Fluxys to clarify how bioLNG capacities will be invoiced: based on the booking, or based on the allocation?</p>	<p>Invoicing will be done based on booked capacity. The only exception is when the booked capacity cannot be offered due to threat to heel or operational issue. In this case, Fluxys LNG will reduce the invoiced quantity to the Recondenser Capacity that could be made available</p>

Questions and Answers

From	Topic	Confidential	Questions / Comments by Stakeholders	Answers / Comments by Fluxys Belgium
Prima LNG	Service details	No	How are the “virtual liquefaction” service and the re-condensing of biomethane via mass balance linked? Are those two services also offered as separate propositions?	<p>The virtual liquefaction service and BioLNG service are separate services.</p> <ol style="list-style-type: none"> 1. To use the virtual liquefaction Shipper first needs to book backhaul exit service on transmission at the capacity tariff (0,639 €/kWh/h/y), which can be short term capacity. If Shipper is a Terminal User (having signed the LTA) it can then counter nominate on the backhaul and match this nomination at the Terminal. For this Shipper will pay the tariff of the virtual liquefaction (0,11 €/MWh) for the confirmed amounts, knowing that this service is conditional to the forward flow. 2. To use the bioLNG liquefaction service, Shipper will need to book either long term capacity (= yearly) during the yearly subscription window or participate to the monthly subscription windows for short term capacity. 3. Within the framework of ISCC the matching of amounts of both services has to be performed on a quarterly basis, meaning that Shipper can e.g. first create amount on the bioLNG services and afterward create the same amount on the virtual liquefaction as long as it is performed within the quarter. This matching is however not part of the services itself, and is due to rulings of ISCC for which Shipper is responsible.
Prima LNG	Incentives/obligations	No	How is the “re-condensated” BioLNG mass-balanced pathway interpreted if you compare this to BioLNG through grid liquefaction and/or physical liquefaction on-site (for obligations / incentives schemes)?	<ol style="list-style-type: none"> 1. This scheme is certified under ISCC and depending on the legislation/rulings in the member states it can be used for either incentives or either the clients obligation. To clarify that the whole process (Virtual Liquefaction + BioLNG Liquefaction) is compliant with the mass-balance principles and to avoid any misinterpretation that it could be a book and claim principle, Fluxys LNG proposes to rename its Virtual Liquefaction service into Backhaul Liquefaction service. 2. This bioLNG is therefore mostly promoted as an advanced biofuel for as far it is illegible for the obligations of the suppliers in a certain member state. In Belgium this bioLNG becomes accountable as from 2023 for the obligations of the suppliers. On the other hand Fluxys LNG also sees that there is an important voluntary market for bioLNG developing. 3. However, it is not in Fluxys LNG power or responsibility - although Fluxys LNG assists its clients here in - to ensure that the bioLNG at Zeebrugge as provided under ISCC is accepted for such obligations or incentives in member states.

Questions and Answers

From	Topic	Confidential	Questions / Comments by Stakeholders	Answers / Comments by Fluxys Belgium
Prima LNG	Capacity	No	BioLNG long term monthly capacity is stated as 21,6 GWh/month in the documents, is there any plan for further expansion?	The capacity of 21,6 GWh/month (or 2 ton/h) is the minimum capacity Fluxys LNG can produce except in cases of Threat to Heel (TTH) and Terminal outages. For the moment there is no project initiated to increase this capacity, as Fluxys LNG wants to understand how the market is evolving and how other member states will accept this bioLNG. This does not mean that in the coming years Fluxys LNG could not increase the capacity - when demand for bioLNG increases - but this will need additional investments
Prima LNG	Capacity	No	Could you give an indicative expected bandwidth for short-term BioLNG capacity on monthly basis?	The average yearly produced amounts are 5 ton/h (depending on shiploadings/unloadings/TTH/outage)). This means that around 3 ton/h is available (in average over the year) for the short term service or 32,4 GWh/month (on top of the long term)
Prima LNG	Participation	No	Will the services regarding bioLNG be open to shippers only or also other operators such as PrimaLNG?	<p>Basically there are two ways for Shipper to profit from this bioLNG:</p> <ul style="list-style-type: none"> • either source the bioLNG from another Terminal user to be loaded on Shipper's trucks --> in that case Shipper does not need to have access to the service /virtual liquefaction or LNG storage • either becoming a Terminal user with access to the virtual liquefaction and LNG storage and bioLNG service and execute the whole chain itself <p>Intermediate solutions might be possible (as long as they are conform to ISCC), but the main message is that Shipper can access the bioLNG either way</p>

Printed copy of written comments – Public

All reactions			
Company	First Name	Last Name	Confidential
Vitol	Stefan	Dubbeldam	No
ENI SpA	Simone	Rossi	No
PRIMA LNG	Jordi	Rizzo	No

From: Stefan Dubbeldam <sdu@Vitol.com>
Sent: 30 July 2021 18:17
To: marketing@fluxys.com
Cc: Biogas Europe <BiogasEurope@Vitol.com>
Subject: Virtual Liquefaction Consultation - Vitol feedback

Good afternoon Fluxys team,

Please find Vitol's comments to the ongoing consultation below:

- LNG Access Code
 - 2.2.1.1.3: It is not clear how the priority rights would work for entities that have longer capacity bookings. From our clarification call with Fluxys we understood that every year would be individually assessed for longer term capacity bookings (i.e. no advantage for multi year bookings vs single year bookings).
 - 3.10.3.1.: We would suggest that if the Long Term BioLNG Capacity cannot be made available during certain periods due to operational issues, the Long Term Capacity Holders would not have to pay for the capacity that has been booked but cannot be utilized.

Best regards,

Stefan Dubbeldam

Vitol
Nova South, 4th Floor
160 Victoria Street, London SW1E 5LB UK
T: +44 (0) 207 973 4201
E: sdu@Vitol.com





Registered office,
Piazzale Enrico Mattei, 1
00144 Rome
Tel. +39 06 59821
eni.com

ENI SpA RESPONSE

TO FLUXYS' MARKET CONSULTATION N°53 OF 1 JULY 2021 RELATED TO BIOLNG LIQUEFACTION SERVICE AND AUCTION MECHANISMS

We welcome the opportunity to provide our comments to Fluxys' consultation on the *BioLNG Liquefaction Service and Auction Mechanisms*. We are pleased with Fluxys' efforts to develop a new service for a product that is highly demanded by the market.

We understand from the changes in the LNG Access Code that the BioLNG Liquefaction Service will comprise of long term and short term bioLNG capacities, offered through subscription windows. At this stage, auction windows will not be offered for the BioLNG Liquefaction Service. Interested market players need a certification issued by the same certifying body as Fluxys, in order to be able to book and eventually make use of bioLNG capacities. The total of long term bioLNG capacities on offer will be calculated based on the minimum send-out of the terminal; short term bioLNG capacities for a given month M will be the result of what was the total produced recondenser capacity of M-1 minus the allocated long term capacities of M-1. Every quarter, the certifying body verifies the gas in storage in order to prevent sales of bioLNG that is not actually in tank.

In a given month, a long term bioLNG capacity holder can nominate up to the maximum of its booked capacity, provided that the minimum-send out was not reduced due to threat to heel or other operational issues in which case the allocation of that month is reduced. The eventual long term bioLNG quantity is communicated to the long term bioLNG capacity holder only by the 10th business day of M+1.

By contrast, nomination and allocation of short term capacities is deemed equal to the booking of the service because it is only made available on the 5th business day of month M. Final communication of the short term bioLNG quantities happens by the 10th business day of month M.

Considering the above interpretation, we want to put forward some suggestions that we strongly recommend for the proposed service:

- 1) Minimum send-out, based on which the recondenser capacity is calculated, is mainly realised by the long term slot holders who jointly contribute to it. If for a given month the send-out is higher than the minimum send-out level, it is a result of long term slot holders having nominated more send-out than the minimum required. Therefore, we deem it fair that long term slot holders have priority to subscribe to long term bioLNG capacities, as they help realising the recondenser capacity. A similar priority right



Registered office,
Piazzale Enrico Mattei, 1
00144 Rome
Tel. +39 06 59821
eni.com

would be in line with what Fluxys proposed with regards to the new storage model¹ in which holders of long-term capacities would have a priority access to the product “Priority Booster Capacity”. We understand that the reasoning behind the inclusion by Fluxys of such priority right in the storage model is based on the fact that long term storage users play a fundamental role for the stability of the storage business itself. We believe that the same reasoning applies for this case as long term holders of LNG capacity provide the necessary stability for the Zeebrugge LNG terminal.

- 2) No provision of a kind of “make-up” mechanism foreseen for long term bioLNG capacities that are reduced due to operational issues. This would mean that the long term bioLNG capacity holder(s), who are made aware of their final long term bioLNG quantities of month M only by the 10th business day of M+1, have no means in the current proposal to recover the capacities that are cut down, even if those capacities were booked on a long term basis. We deem it fair that capacity allocations linked to long term bookings have priority over short term bookings in case of reductions. Hence, we strongly suggest Fluxys to build a “make-up” mechanism for the allocation of long term bioLNG quantities, before the start of sales of short term bioLNG capacities, in order to offer to long term bioLNG capacity holders the possibility to recover the reduced capacities of the previous month, whenever applicable.
- 3) Regarding the start date of this service we would like to highlight the importance to take into consideration that this service, being a relatively new product/business, requires the market players to make the necessary commercial, operational and certification arrangements beforehand. For this reason, we believe that the service should be offered as of January 2022 so that there is enough time to finalize such arrangements before the service is offered for the first time.

As a last point, we kindly ask Fluxys to clarify how bioLNG capacities will be invoiced: based on the booking, or based on the allocation?

¹ Fluxys Market consultation 51 (2021): New commercial storage model

From: Rizo, Mr. J. (Jordi) <jrizo@primalng.com>
Sent: 29 July 2021 17:52
To: marketing@fluxys.com
Cc: Fruhwirth, Mr. P. (Peter) <pfruhwirth@primalng.com>
Subject: Market Consultation 53 comments - PLNG

Good afternoon,

I message you concerning the Market Consultation 53 about BioLNG Liquefaction service in Zeebrugge Terminal. We do not have any comments but we would like to ask some questions:

On the service details:

- How are the “virtual liquefaction” service and the re-condensing of biomethane via mass balance linked? Are those two services also offered as separate propositions?

On incentives/ obligations:

- How is the “re-condensated” BioLNG mass-balanced pathway interpreted if you compare this to BioLNG through grid liquefaction and/or physical liquefaction on-site (for obligations / incentives schemes)?

On capacity:

- BioLNG long term monthly capacity is stated as 21,6 GWh/month in the documents, is there any plan for further expansion?
- Could you give an indicative expected bandwidth for short-term BioLNG capacity on monthly basis?

Finally, as you know we are a Small-Scale LNG player that uses shippers to purchase the product in your terminal, in the access document you specify all shippers (given certain criteria) could use these services. Will the services regarding bioLNG open to shippers only or also other operators such as PrimalLNG?

Many thanks in advance for your answers, please let me know if something is unclear.

Best regards,

Jordi Rizo
SUPPLY CHAIN SPECIALIST



Uitbreidingstraat 2-8
2600 Berchem,
Antwerp, Belgium
www.primalng.com
www.shvenergy.com