

## Consultation Report 21

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## **1. INTRODUCTION**

From 7 September 2016 till 27 September 2016, Fluxys Belgium consulted the market on the proposed Balancing tariffs applicable for Calendar year 2017. In accordance with CREG decision (B)150903-CDC-656G/29, Fluxys Belgium shall indeed introduce a proposal to CREG for approval, regarding the balancing tariffs applicable during the next balancing period (e.g. 1st of January 2017 to the 31st of December 2017), by October 1<sup>st</sup> the preceding year. This consultation is therefore organized before such introduction.

## **2. CONSULTATION PROCESS**

Fluxys Belgium launched this market consultation by announcement of the proposed documents on its website - at the usual location for such consultations, supported by an announcement on the homepage - and via direct e-mailing to all duly registered market participants and associations. During the period from 7 September 2016 till 27 September, 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 new version of the proposed tariffs.

## **3. OUTCOME OF CONSULTATION PROCESS**

All comments received are listed and individually treated in the “Q&A” which makes part of the consultation report submitted to CREG – see appendices.

Next to clarification questions received by 1 party, feedback was received from 2 grid users and 1 representing organization, namely the FEBEG. It’s important to note that notwithstanding the fact that one of the grid user reacted 2 days after the closing of the market consultation, Fluxys Belgium threatened the grid user’s contribution.

This feedback was focused around 3 themes:

- the neutrality fee;
- the small adjustment for helpers;
- the small adjustment for causers.

### ***Neutrality fee***

The market takes note of Fluxys’ proposal - on the short term - to maintain the neutrality fee at 0, based on the pragmatic approach to avoid introducing an administrative burden upon market for a relatively small amount. In the future, FEBEG suggests to envisage whether the introduction of a neutrality fee – even if small – would not be the appropriate measure to control the level of the neutrality account, as its cost-reflectiveness could ensure a smooth pass-through invoicing to the final customers, despite the administrative burden created by such extra fee.

The proposal is therefore introduced as consulted upon.

### ***Small adjustment for helpers***

The market welcomes Fluxys’ proposal to maintain the small adjustment fee for helpers to 0%.

The proposal is therefore introduced as consulted upon.

### ***Small adjustment for causers***

FEBEG takes note of Fluxys’ proposal - on the short term - to increase the small adjustment for causers to 5%. However, as mentioned above, it is suggested to investigate other options (e.g. neutrality fee or others) in order to (i) bring small adjustments to 0 and (ii) ensure a compensation of the neutrality account.

Two grid users suggested to maintain the small adjustment for causers at 3%.

- The first party, at least for a temporary period, in order to evaluate the effect of changing the balancing platform (e.g. switch from Ice-Endex to Powernext, foreseen on 1 October 2016). It is suggested that a price convergence between market price and TSO paid price, by bringing balancing actions onto the most liquid platform, will benefit the neutrality account by reducing the surcharge paid by Fluxys Belgium for compensating market imbalances. However this reduction means lower positive contributions to the neutrality account.
- The second party argues that the formulas used to calculate the marginal prices are a sufficient incentive and that an increase of the small adjustment can lead to an increase of the bid/ask spread related to the balancing transactions. For the sake of clarity, the formulas used are a direct consequence of the application of the Balancing Network Code and this regulation foresees a maximum value for the small adjustments of 10%. We still do believe that the relative low gas prices, combined with low percentage don't necessarily trigger the adequate incentive for shippers to balance themselves.

Moreover, it's important to note that the proposed balancing tariffs are comparable to what is applied in the neighbouring balancing systems.

The proposal is therefore introduced as consulted upon.

#### ***Other topics mentioned in the comments received***

FEPEG suggests in its response to this market consultation to study the effect of increasing the level of linepack flexibility offered to the market – e.g. understood as the market threshold – in order to trigger potentially more within-day balancing actions or increase the global social welfare. Fluxys Belgium takes note of this suggestion and will investigate this topic in the coming months.

#### **4. APPENDICES**

##### ***4.1 Appendix 1: Market consultation – public material***

##### ***4.2 Appendix 1: Market consultation – confidential material***