

Consultation Report 23

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1. INTRODUCTION

From 2 March 2017 till 31 March 2017 included, Fluxys Belgium consulted the market on amendments of the transmission regulatory framework, i.e. the Standard Transmission Agreement (STA), the Access Code for Transmission (ACT) and the Transmission Programme (TP). The latest version of those documents has been approved by Commission for Electricity and Gas Regulation (CREG) on 28 February 2017, building upon previously approved documents. This consultation primarily aims at (i) simplifying and aligning ZTP Physical and Notional Trading Services, (ii) introducing a Virtual Interconnection Point between ZTP (H) and PEG Nord, (iii) ensuring compliancy with Interoperability Network Code and the amendment of CAM Network Code, and (iv) preparing the transition towards Atrias for commodity and capacity allocation towards distribution domestic exit points.

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 - and via direct e-mailing to all registered market participants and associations. During the period from 2 March 2017 till 31 March (included) 2017, stakeholders were invited to submit their written feedback and, if needed, seek additional information through bilateral contacts with Fluxys Belgium. An information session was also organised at Fluxys Belgium headquarters on 9 March 2017, where the proposed changes have been detailed and discussed with around 30 market participants.

Taking into account the different comments received, Fluxys Belgium submits for approval to the CREG, the so amended version of the STA, ACT and TP.

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 CREG – see appendices.

Feedback – generally speaking broadly positive and supportive to the changes proposed - was received from 11 individual Grid Users and 3 representing organisations (EFET, FEBEG and FEBELIEC) on the following topics.

Convergence of ZTP Physical and Notional Trading Services

Following the integration of Hub activities into the regulated scope of transmission services offered by Fluxys Belgium, it is intended, as from 1 October 2017, to enable convergence of the ZTP Physical and ZTP Notional Trading Services by harmonising the underlying principles and operational rules.

Generally speaking, respondents welcome the project. It is considered as a simplification in comparison with the current system and should improve market accessibility, transparency and liquidity. Two market participants explicitly favour the new way of dealing with imbalances as it improves the firmness of the transactions. The removal of a separate financial security requirement for trading at Zeebrugge is also welcomed by two respondents. On the other hand, three respondents indicate that a status quo could be maintained¹. Although, three respondents questioned on why a full merger was not considered and whether this project was to be seen a transitional step towards a full merger, other respondents indicated that both a notional and physical hub should certainly be maintained.

¹ As the “problem” with the current system is not obvious or as they consider a cash-out at a given imbalance settlement price based on a ZTP transaction without additional fees as an option, which is what backup and offtake services realize.

From this feedback, Fluxys Belgium is convinced that physical as well as notional trading services both respond to specific market needs, as expressed by several group of grid users. Fluxys Belgium therefore believes this project should be implemented as it brings an elegant solution to (i) keep the locational specificity that has value to the ZTP physical traders, (ii) use standard rules, and (iii) build upon a strong balancing market/ regime.

Several market participants requested additional clarification on the imbalance transfer itself:

- When and how the shippers will be notified of an imbalance on the physical hub.
➔ When an imbalance is transferred to/from ZTP Physical Trading from/to the Grid User Balancing Position, this information will be integrated in the TDT's messages (TSO's Daily Confirmation Notice). Grid Users will then in all cases receive the information about the transfer as soon as possible and at the latest in FH+1.
- Whether a netting-off will take place before "additional" capacity will be implicitly allocated.
➔ On an hourly basis the netting-off is indeed realized before allocating Entry or Exit capacity.
- Whether the amount of imbalances that can be transferred will be limited.
➔ Imbalance transfers are indeed limited to the available entry/exit capacity in the Zeebrugge zone, which is expected to be sufficient based on historical analysis.

Five respondents challenged the need for the implicit allocation of a balance-of-day capacity product, instead of an hour block product or a daily product resulting from netting off across the hours or average daily use. The transfer of imbalance implies a physical utilisation of the grid to move the gas within the Entry/Exit system and for which capacity has to be reserved for or by that shipper in order to make such transportation happen. The Fluxys Belgium Entry/Exit model is not designed to work with the netting-off of capacity usage over the day nor with hourly block products. Therefore with a balance-of-day service, Fluxys Belgium believes to remain aligned with the existing framework and within-day products offered "explicitly".

Three respondents consider the level of the tariff for this service being excessive or penalizing, either directly or indirectly when mentioning the adverse effect of balance of day product. In an effort to meet market concerns, Fluxys Belgium plans to change the respective tariff towards a shortfall transfer service at 0,73€/kWh/h/y and an excess transfer service at 0,18€/kWh/h/y. For further information we refer to consultation n° 24 on the proposal of amendment to the approved tariffs for transmission for 2016-2019.

Three respondents request the creation of an imbalance pooling service also for the ZTP physical trading services, reducing the need for implicit allocation of capacity between the physical and notional hub. Fluxys Belgium understands the value of such imbalance pooling service also for the ZTP physical trading services and therefore plans to facilitate such a service as from 1 October 2017.

Considering the comments received, the proposed changes are submitted as consulted upon with the exception of (i) a change to the tariff applicable on the shortfall and excess transfer service and (ii) the facilitation of an imbalance pooling service also for the ZTP physical trading services. Fluxys Belgium will continue work together with market participants to evaluate and improve the hub services.

Introduction of a Virtual Interconnection Point between ZTP (H) and PEG Nord

Overall the introduction of a VIP between ZTP(H) and PEG Nord is welcomed by both Grid Users and representing organisations.

One respondent mentioned that a VIP is disadvantageous for parties with long term contracts as the likelihood of selling surrendered capacity or secondary market capacity will decrease due to the

aggregation of all capacities. Fluxys understands the concern, but believes no impact will be noticeable as no congestion has yet been observed on the concerned Interconnection Points.

One representing party requested to study the possibility to include the subscribed, but non-nominated capacities of DKB onto the VIP (through Alveringem). As no congestion is observed yet, Fluxys chooses to not develop a new congestion management measure while other measures are already in place and are ready to be used if necessary (such as oversubscription and buy-back).

Two respondents asked for the alignment of the main terms and conditions in combination with a VIP. The terms and conditions applicable from 1/10/17 onwards will be those approved by CREG and enforceable at that time. Article 20 of NC CAM is not part of the regulations for VIP implementation.

Two respondents asked for re-shuffling or the handing back of capacity. Since no changes are made to the contracted services (including tariffs), Fluxys Belgium does not see the need to allow for re-shuffling or handing back of capacity in these circumstances.

Considering the comments received, the proposed changes are submitted as consulted upon. It must be noted that the name “Virtualis” was chosen together with GRTgaz for this new VIP.

Ensuring compliancy with EU Interoperability and CAM Network Code

Overall the changes made to ensure compliancy with the different network codes are welcomed and supported by the market. Clarifications were requested by two market participants on the new Edig@s messages and by one respondent on the auction calendar for yearly products – for which no change in the ACT is necessary as only the date is moved. One respondent also requested more information regarding the network code for tariffs which is considered outside the scope of this consultation.

Considering the comments received, the proposed changes are submitted as consulted upon. For further clarification the wording in the ACT attachment E was slightly adapted to include the deadline for the service confirmation of the reallocated capacity.

Transition towards Atrias

Most respondents understand the consulted changes – externally triggered by the creation of a federal clearing House for distribution, “Atrias”, the introduction of a new market communication standard (MIG6), and, in line with CREG decision (B)140123-CDC-1300, the use of the newly introduced customer segments to ensure a proportionate allocation of transmission services to respective shippers.

One respondent requested clarification on the mapping of the new customer segments and whether there is an impact on the handling of the telemetered distribution end users (old S30 or new AMR). Fluxys Belgium can confirm that except for the change in customer segment name and some clarifications in the text, the implementation of Atrias has no impact telemetered distribution end users. One respondent required more information on the impact of the changes on closed distribution systems for gas, which are not concerned by this amendment. One market participant used the consultation to question the tariff methodology towards distribution clients, which is considered outside the scope of this consultation.

Considering the comments received, the proposed changes are submitted as consulted upon.

4. APPENDICES

4.1 Appendix 1: Market consultation – public material

4.2 Appendix 1: Market consultation – confidential material