

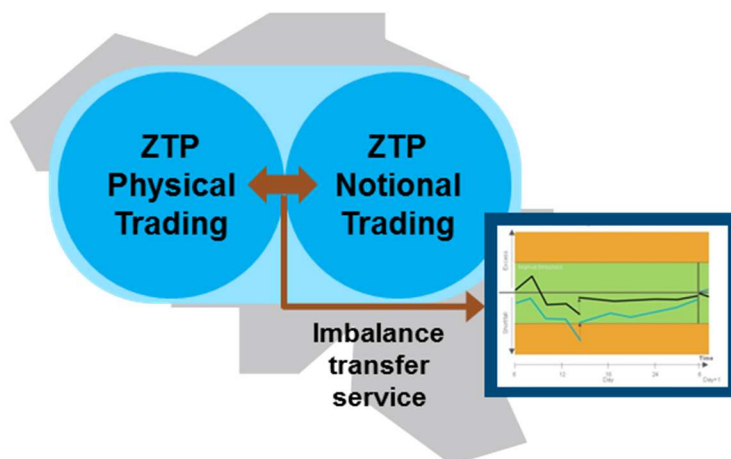
Consultation on proposed adaptations of transmission services Brussels, March 2, 2017

In a continuous effort to further improve its service offering, Fluxys Belgium is proposing adjustments to its transmission services with a focus on (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 upcoming amendment of CAM Network Code, and (iv) preparing the transition towards Atrias for commodity and capacity allocation towards distribution domestic exit points.

1. 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, simplifications and synergies with the BeLux balancing regime have been analysed. As a result, Fluxys Belgium intends, as from 1 October 2017, to enable convergence of the ZTP Physical and ZTP Notional Trading Services by harmonising these underlying principles and operational rules.

To date, specific rules still apply on the Physical Trading Services in Zeebrugge, such as the enforced “IN = OUT” principle, which means that transactions are only “firm” up to the guarantees provided by the (additional) back-up and offtake services. This specific setup reduces today the tradability of Zeebrugge, compared to standard virtual trading.



As from October 1, Fluxys Belgium proposes to discontinue the “IN=OUT” principle and the specific back-up/offtake for ZTP Physical Trading Service, including associated charges. Any imbalance at ZTP Physical Trading Service, stemming out of border reductions or unmatched trades will be automatically transferred to/from the Grid User Balancing Position in the BeLux H-Zone.

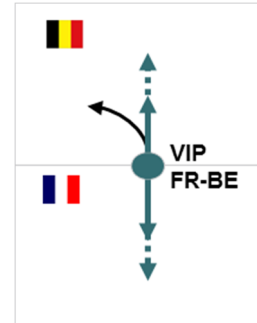
Grid users will hereby only have one imbalance account on the H-Zone to manage, settled via the applicable market-based balancing principles. This set-up presents the advantage to remove dedicated settlements on ZTP Physical Trading Services and enables grid users to cover reductions or imbalances themselves before the end of the gas day. On top of this, the specific financial guarantees which are today in place for the back-up services will no longer be required, enabling both financial and operational simplifications.

In order to automatically transfer any imbalance at the ZTP Physical Trading Services to the Grid User Balancing Position in the BeLux H-Zone, the grid user requires capacity rights – entry or exit. For that purpose, Fluxys Belgium will use in priority the ex-ante subscribed entry/exit capacity rights at Zeebrugge and the unused entry/exit capacity rights of that grid user at ZPT, IZT and LNG Terminal. Should additional capacity be required, Fluxys Belgium proposes the introduction of an implicit within day capacity allocation when necessary. A specific tariff will be applied on the implicitly allocated capacity rights, on top of the applicable regulated tariff for such capacity.

2. VIP Belgium - France

As from 1 November 2018, and according to EU Commission Regulation 2013-984 (CAM NC), transmission system operators shall offer the available capacities at different Interconnection Points connecting the same two Entry/Exit systems at a Virtual Interconnection Point (VIP).

On the 1 October 2017 (date subject to pre notice of 8 weeks), Fluxys Belgium will introduce a VIP with GRTgaz, between ZTP (H Zone) and PEG-Nord which will combine the former Interconnection Points Blaregnies Troll, Blaregnies Segeo and Alveringem. On that VIP FR-BE (code name to be confirmed at a later stage), firm and interruptible services will be offered in both directions, in amounts equalling the sum of the offered capacity on the underlying IPs. Possibility to convert services into OCUCs is also maintained. Backhaul services are only maintained for ancillary contracts if any. The regulated tariffs for all these services are unaffected by the creation of this VIP.



3. Compliance with EU Interoperability and CAM Network Codes.

In order to meet compliancy requirements with Interoperability NC, and the recently adopted CNOTS (Common Network Operating Tools) by ENTSOG, two additional EDI@ messages will be introduced by November 2017, namely interruption notice and surrender confirmation.

Anticipating the amendment of CAM NC, to be published in March 2017, and in line with the Auction Calendar defined by ENTSOG and published on our website for year 2017, the auction schedule for quarterly products is adjusted to introduce the 4 annual quarterly auctions whereby the remaining quarters of the gas years are offered.

That amendment also introduces the concept of Incremental Process to assess market-based interest in network capacity expansion projects on those points that fall under the scope of CAM NC. The access code for transmission is therefore adjusted to include and describe the associated process steps.

4. New rules for gas and capacity allocation towards Distribution Domestic Exit Points

The creation of a federal clearing House for distribution, "Atrias", and the introduction of a new market communication standard (MIG6) require changes in the commodity Allocation process done by the DSO. The main changes concern the centralization of gas commodity allocation on the distribution at Atrias and a new segmentation of final customers – households and SME directly connected on the distribution grid. These changes are reflected in the access code for transmission and also imply an adjustment of the implicit allocation mechanism for Transmission Services at Distribution Domestic Exit Points. In line with CREG decision (B)140123-CDC-1300, the new customer segments have been used to ensure a proportionate allocation of transmission services to respective shippers. Transitory measures are foreseen depending on the actual start date of the new clearing house. The following table gives an approximate mapping of the segments.

New segments	AMR	EAV		MRC		
				SMR3	RMV	EMV
Old segments	S30	S31	S41	~ S32		