Publication of information according to Article 30 of Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas

30 November 2024

Fluxys Belgium SA

Introduction

In the framework of the implementation of the Network Code on Harmonised Transmission Tariff Structures for Gas ('TAR NC') Fluxys Belgium publishes hereby the information related to Article 30.

The present publication is for year 2025 based on the Fluxys Belgium 2024-2027 tariff proposal as approved by the Belgian NRA, CREG ("Commission de Régulation de l'Electricité et du Gaz"), in its decision (B)656G/50 of 6 April 2023 and which was taken in accordance with the tariff methodology set by the CREG in its decree (Z)1110/12 of 30 June 2022.

This tariff methodology stipulates that the budgeted figures in the tariff proposal have to be updated ex-post based on the actual figures in a yearly settlement and then defining the effective over/-under recovery amount and its impact on the regulatory account.

The figures given hereunder (except when specified) are for 2025 hence they are budgeted figures except for the over/-under recovery amounts and the amount of the regulatory account which are the last actual ones as approved by CREG, i.e. 2023.

Art. 30 (1) (a) – Information on parameters used in the applied reference price methodology related to the technical characteristics of the transmission system

The following information related to Art. 30 (1) (a) is for year 2023.

(i) Technical capacity at entry and exit points and associated assumptions

The technical capacities for entry and exit points are given hereunder while they are not directly used in the reference price methodology (RPM).

Entry and exit points	Entry	Exit
Blaregnies L	backhaul	10,49
Dunkerque LNG	10,39	-
Eynatten 1	9,95	11,3
Eynatten 2	10	11,3
Hivarenbeek L	26,95	backhaul
IZT	7,5	6,88
Loenhout	5,65	2,83
's Gravenvoeren	16,61	backhaul
Virtualys	3,96	32,21
Zandvliet H	1,98	backhaul
Zeebrugge	29,3	29,85
Zeebrugge LNG		backhaul
Zelzate 1	16,95	13,7
Zelzate 2	backhaul	4,12
ZPT	14	backhaul

Technical Capacity per IP – 10^6 kWh/h – rounded to 2 decimals

(ii) Forecasted contracted capacity at entry and exit points and associated assumptions

The forecasted contracted capacities at entry and exit points used in the RPM are given in the table hereunder.

IP	Entry	Exit
Blaregnies L	-	1,7
Dunkerque LNG	10,4	-
Hivarenbeek L	1,7	-
Loenhout	-	-
VIP BENE	8,0	15,0
VIP THE-ZTP	5,1	12,9
Virtualys	1,8	10,5
Zeebrugge	79,5	33,1
IZT		
Zeebrugge LNG		
ZPT		

Forecasted contracted capacities per point (in 10^6 kWh/h)

Domestic exits	
Domestic exit capacity	73,8

Forecasted contracted capacities for domestic exit points (in 10^6 kWh/h)

(iii) The quantity and the direction of the gas flow for entry and exit points and associated assumptions, such as demand and supply scenarios for the gas flow under peak conditions.

When defining the tariffs for the 2024-2027 tariff period the forecasted contracted capacities are assumed for the whole period. They were based on some assumptions and a methodology that is explained hereunder and are estimated, per category of services.

Methodology

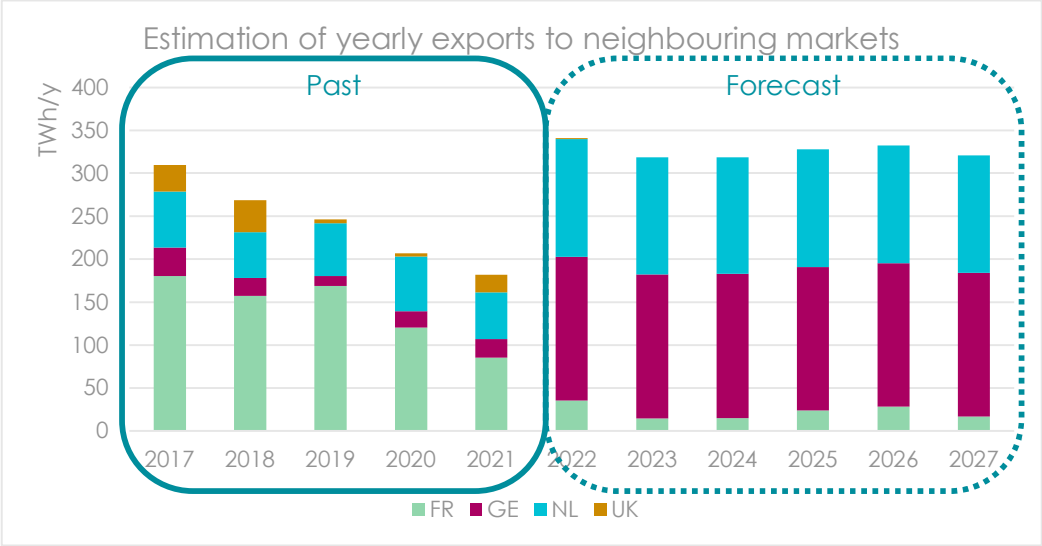
The forecasted contracted capacities can be split into two parts. On the one hand, the capacity subscriptions that are already concluded at the date of the tariff proposal for the period 2024-2027, considered as "booked". On the other hand, an estimation of additional volumes was added when making the tariff proposal based on assumptions with regards to supply, demand and possible contract renewal per transmission service (Entry/Exit on Interconnection Points, domestic households, industry, Power Plants,…), taking into account the specificities of each related market segment and more broadly the current energy and gas markets situation. Flow patterns have changed since the beginning of the Ukrainian crisis which led to additional bookings on the VIP BENE and VIP THE-ZTP Interconnection Points. This has been considered when budgeting the forecasted contracted capacities.

Exit capacity at Interconnection Points

Forecasted Exit contracted capacities at IPs result of an estimation based on supply, demand, production, infrastructure development and transmission pricing, in the concerned neighbouring

countries and the possible role Belgium is and could be playing in the future, in supplying those markets through transit.

The following graph illustrates the basis assumption for yearly exported volumes towards the different neighbouring markets. For the period 2024-2027, the average export assumption is around 300 to 350 TWh/y, with year-on-year variations driven by several factors, including also L/H conversion in neighbouring markets.



Estimation of yearly exports to neighboring markets - TWh/y

Those volumes are translated into forecasted contracted capacities, using (i) seasonality and volatility of the flows through those Interconnection Points, (ii) already contracted capacities on the respective Interconnection Points and (iii) presumed booking pattern (short term vs long term / Entry/Exit vs short haul services) of network users.

Exit capacity on domestic points

The Belgian domestic market is split into 3 different segments: distribution, industrial clients and Power Plants. For each end users in these segments, grid users have to subscribe (implicitly or explicitly) firm domestic Exit transmission services.

The assumption relating to distribution segment is that there will be no growth in the peak capacity required to supply the Belgian market. However, the L/H conversion operation, based on latest Synergrid plan, will progressively shift L capacity towards H zone.

For industry and Power Plants, we estimate that the current level of capacity will remain stable over the period 2024-2027. We have today limited insights on confirmed new connections in the period, neither obviously on potential future disconnections. For Power Plants additional capacity has been assumed based on the result of the CRM auction.

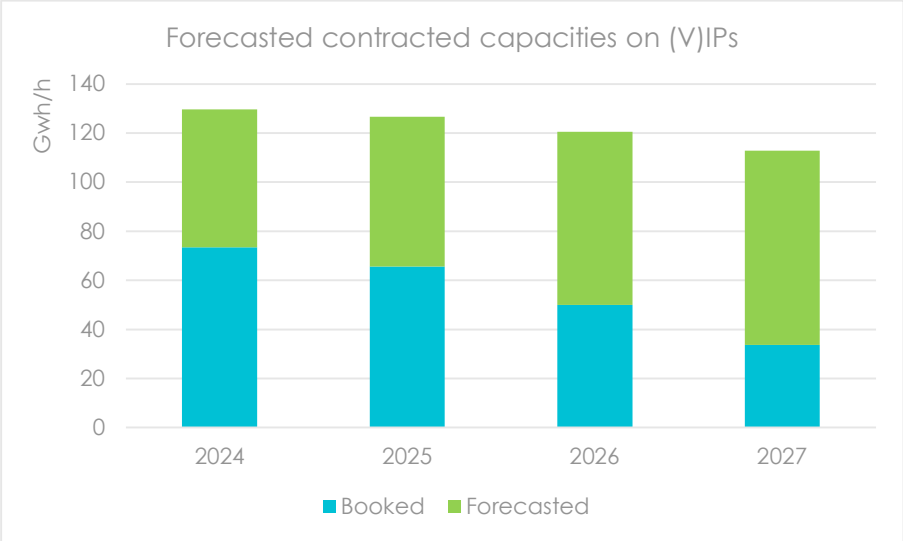
Entry capacity

In an Entry/Exit model, network users can use their Entry capacity either to supply the domestic market or to supply the neighbouring markets. Therefore, a synergy effect can be observed where a single quantity of Entry capacity is used for both purposes, but not at the same time.

Based on the level of synergy observed in the past, one can expect that forecasted contracted capacity relating to the domestic market (Distribution, Industry and Power Plants) or Exit capacity at Interconnection Points will up to a certain level also trigger additional Entry capacity.

Summary

The following graph illustrates the projections of forecasted contracted capacities for the above-mentioned services at Interconnection Points over the years. For the period 2020-2023, a distinction is made between the capacity that is already booked and the capacity that is assumed to be further booked. For the sake of clarity, it is important to underline that these numbers are estimates which are more and more difficult to make in a market moving to short term and for sure with the Ukrainian crisis.



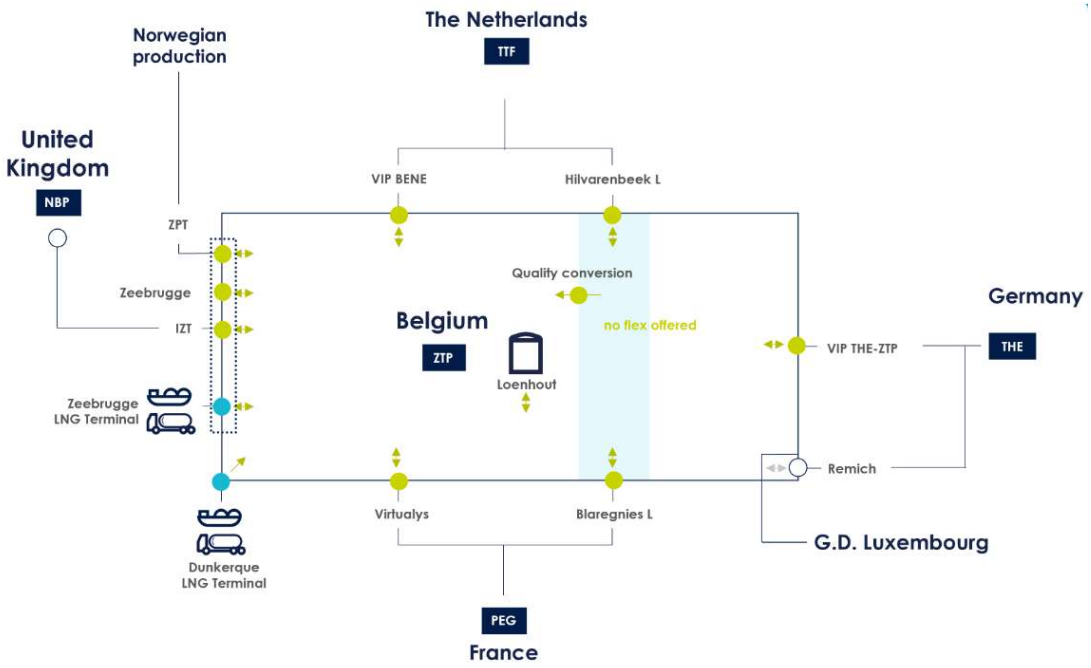
Overview of forecasted contracted capacities on IPs – 10^6 kWh/h

(iv) The structural representation of the transmission network with an appropriate level of detail

Natural gas transported and distributed in Belgium, including renewable gases to be produced locally, originates from various sources. The chemical composition of those different gases is not necessarily the same, in particular gross calorific value and Wobbe index may significantly differ. Most of those are however “rich” gases, can be substituted with one and another and are transported together, blended as H gas. Low calorific gas (L gas), produced in The Netherlands is however sufficiently specific (contains up to 14% of Nitrogen) to be transported in a separated infrastructure. Fluxys Belgium network is therefore divided into 2 sub grids, operated separately, also on a commercial level. Since the L/H conversion has been completed in Belgium for domestic

consumption L gas is now only transported for the purpose of supplying the French market in a dedicated cross-border infrastructure.

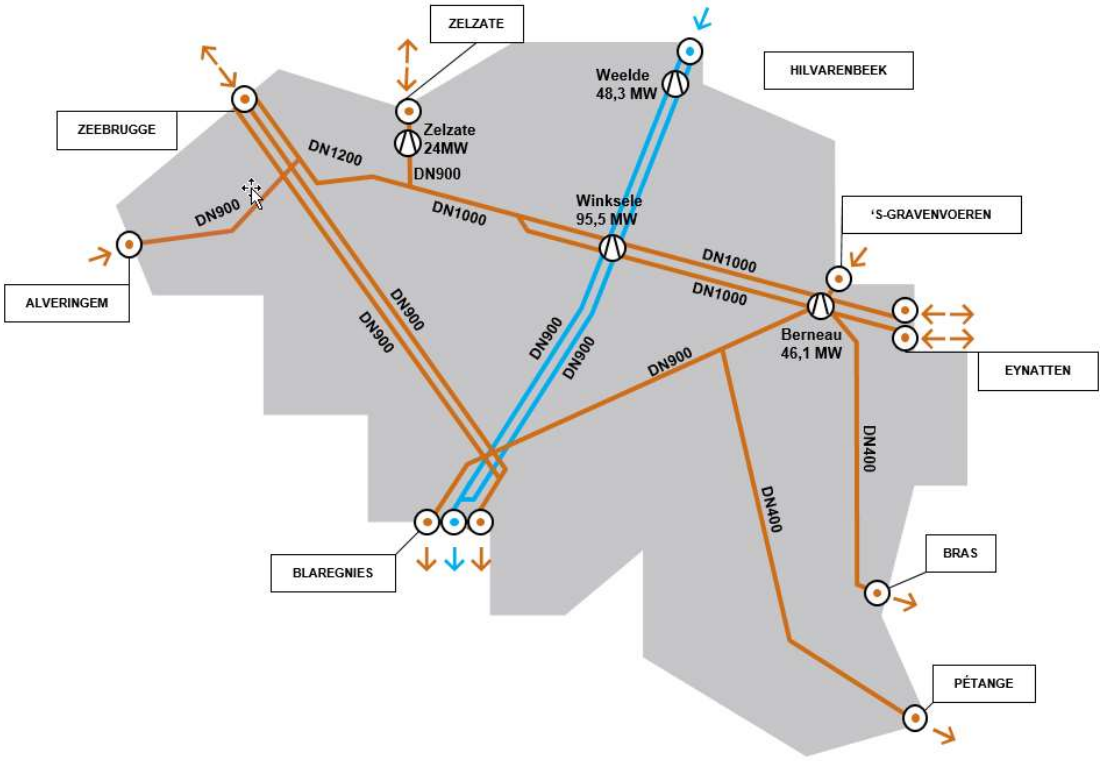
There are 18 physical connection points, interconnecting Fluxys Belgium network with neighbouring countries/markets/TSOs. With the introduction of the VIPs the number of commercial interconnection points has strongly reduced.



Schematic representation of BeLux Entry-Exit system and related IPs

(v) Additional technical information about the transmission network

The network of Fluxys Belgium is developed along several main axes supporting East-West and North-South flows, composed of pipes of at least DN400. The flow of gas throughout the network is assured using 4 compressor stations, located in Berneau, Weelde, Winksele and Zelzate.



Main pipelines & Compression stations

The following table details the mapping between physical connections and commercial (virtual) Interconnection Points:

Physical Points	Neighbouring TSO	Market Area	IP (commercial)
Eynatten	Gascade	THE	**VIP THE-ZTP**
	OGE		
	Thyssengas		
	Fluxys TENP		
Zelzate 1	GTS	TTF	**VIP BENE**
Zelzate 2			
's Gravenvoeren			
Dilsen			
Zandvliet			
Hilvarenbeek			**Hilvarenbeek L**
Alveringem	Dunkerque LNG	-	**Dunkerque LNG term.**
Blaregnies	GRTgaz	TRF	**Virtualys (VIP)**
			Blaregnies L
Zeepipe Terminal	Gassco	-	**ZPT**
Loenhout Storage	Fluxys Belgium	-	**Loenhout**
Zeebrugge LNG	Fluxys LNG	-	**Zeebrugge LNG term.**
IZT	Interconnector UK	NBP via National Gas	**IZT**
			Zeebrugge

Mapping Physical – Commercial (V)IPs

Art. 30 (1) (b) (i) – Information on the allowed and/or target revenue

The 2025 budgeted allowed revenue, as per the tariff proposal approved by CREG on 6 April 2023, amounts to 290,3 MioEUR (after use of the regulatory account). This amount is subject to ex-post settlement depending on the 2025 actuals for all components of the allowed revenue (i.e. RAB, WACC, depreciations, OPEX,…) as foreseen in the tariff methodology. The yearly allowed revenues over the 2024-2027 tariff period are quite stable as resulting from one single tariff methodology set by CREG for the 4 years.

Art. 30 (1) (b) (ii) – Information related to changes in the revenue

The allowed revenue in 2025 remains in the same range as in 2024 but is lower compared to 2023 mainly because of the planned use of the regulatory account in the 2024-2027 tariff proposal as approved by CREG on 6 April 2023 which is higher than in the previous tariff period. Considering the use of the regulatory account the budgeted allowed revenue in 2025 and 2024 remain in line with the allowed revenues of the previous regulatory period even if 2024 was the first year of a new tariff period hence based on updated assumptions.

The allowed revenue 2025 is still budget based and will be actualized ex-post in the yearly settlement to be approved by CREG. The differences are compiled in the actual regulatory account at end 2025. These figures will be known in the course of 2026.

Art. 30 (1) (b) (iii) – Information related to the following parameters: types of assets included in the RAB and their aggregated value, cost of capital and its calculation methodology, capital expenditures, operational expenditures, incentive mechanisms and efficiency targets, inflation indices

(1) Types of assets included in the RAB and their aggregated value

The assets include about 4000km of pipelines, 18 physical interconnection points with their metering stations, 4 compression stations, gas quality conversion stations, administrative and operational buildings, ...

The regulated asset base considered amounts to 2.078,2 MioEUR. This figure is the budgeted mid-2025 amount as foreseen in the tariff proposal and subject to ex-post settlement.

(2) Cost of capital and its calculation methodology

The budgeted pre-tax Weighted Average Cost of Capital (WACC) considered for the tariff calculation is of 4,34% (budget 2025) and will be reviewed ex-post in the tariff settlement depending on the 2025 actual value of the financial parameters influencing it.

The calculation methodology for the WACC is defined in the CREG's decree (Z)1110/12 of 30 June 2022 and was amended by CREG's decree (Z)1110/13 of 18 July 2024. It is based on the Capital Asset Pricing Model including as main parameters the risk free rate based on the 10 year OLO, the Market Risk

Premium (MRP) fixed at 3.50%, the Bêta (β) fixed at 0.83, a Debt Risk Premium of 0.7% and an S-factor reflecting the equity/RAB ratio.

If S > 40% ,

$$\mathbf{WACC} = \frac{(\mathbf{OLO} + \mathbf{MRP} \times \boldsymbol{\beta})}{\mathbf{1} - \mathbf{Taxes}} \times 40\% \quad + \quad \frac{(\mathbf{OLO} + \mathbf{DRP})}{\mathbf{1} - \mathbf{Taxes}} \times (\mathbf{S} - \mathbf{40\%}) \; + \; \text{Cost of embedded debt}$$

Certain specific infrastructures benefit from a more favourable level of fair margin in accordance with the CREG's decree (Z)1110/12 of 30 June 2022 and CREG's decree (Z)1110/13 of 18 July 2024.

(3) Capital expenditures (CAPEX)

The 2025 CAPEX as budgeted in the tariff proposal as approved by CREG on 6 April 2023 amounts to 54,9 MioEUR.

The initial value of the assets was evaluated based on reports from independent experts and auditors upon CREG request. The end 2012 RAB amounted to 2.223,6 MioEUR as set in the CREG's tariff methodology decree of 18 December 2014.

Revaluations of the assets were calculated based on the difference with the booked value when the initial RABs were approved by the CREG.

The end year RAB increases with the CAPEX made in the year and decreases with the depreciations included in the tariffs and value reductions of the year. Possible subsidies are deducted as well. The revaluation is not depreciated in the tariffs.

The depreciation periods are: 50 years for pipelines, 33 years for compression stations, pressure reduction stations, metering and blending stations; 33 years for industrial buildings and 50 years for administrative buildings; 10 years for tools and furniture; 5 years for small equipment and IT softwares. However, the tariff methodology foresees all assets will be depreciated by 2050 and some other methods can apply. The total depreciation amount included in the tariff budgeted in 2025 is of 91,9 MioEUR.

(4) Operational expenditures (OPEX)

The budgeted total OPEX for 2025 as approved by CREG in its 6 April 2023 decision amounts to 226,2 MioEUR (commodity excluded).

(5) Incentive mechanisms and efficiency targets

In the CREG's tariff methodology decree (Z)1110/12 of 30 June 2022 an incentive mechanism is put in place based on several targets.

The incentives and targets are listed hereunder:

- Incentive on manageable operational expenditures: 2025 budgeted OPEX are based on 2021 actual OPEX but anticipatively including a furtherance of the cost efficiency of the last years and even increased by 1 MioEUR. 50% of the difference between the approved budgeted OPEX and the realized OPEX can be retained by the TSO while the other 50% remain with the

regulatory account hence the tariffs. In case of OPEX reduction higher than 1 MioEUR the ratio of efficiency the TSO can keep reduces to 25% and the remaining amount (75% for the second tranche) returns to the benefit of the tariffs.

- Other incentives are set by the tariff methodology to promote market integration and security of supply, new developments in the energy transition, the quality of service and the sales:
    - Incentives on reductions of methane and CO2 emissions
    - Incentive related to conversion from Low-Cal gas to Hi-Cal gas, connection of new gases, power plants, reinforcing cross-border flows
    - Incentive on energy efficiency
    - Incentive on the integration of "new gases"
    - Incentive on the availability of services
    - Incentive on the availability of capacities
    - Incentive on additional sales
    - Incentive on digitalisation and cybersecurity
    - Incentive on user groups to answer market needs
    - Incentive on security of supply: optimisation of exit IP capacities and to implement a solidarity platform

More details can be found in the CREG's tariff methodology decree (Z)1110/12 of 30 June 2022 which is published on CREG's website.

(6) *Inflation indices*

The assumptions regarding the inflation indices for the budget were taken from the publications by the Belgian Federal Planning Bureau early 2023 by the time of the tariff proposal which was approved by CREG on 6 April 2023. The budget value at that time was 1,80% for 2024 and 1,70% for 2025. The current forecasts are higher than these budgeted values. The tariff methodology foresees that the ex-post settlement will take into account the actual figures for inflation indices as well. In the same way tariffs for year 2025 were calculated including the actual inflation as foreseen in the approved tariffs by CREG.

Art. 30 (1) (b) (iv) – Transmission services revenue

The 2024 budgeted transmission revenue amounts to 230,8 MioEUR (after use of the regulatory account).

Art. 30 (1) (b) (v) – Following ratios for the revenue referred to in point (iv): capacity-commodity split, entry-exit split and cross-border–domestic split

Based on the budgeted figures for 2025 from the 2024-2027 tariffs as approved by CREG the capacity/commodity split, meaning the breakdown between the revenue from capacity-based transmission tariffs and the revenue from commodity-based transmission tariffs is ~90%/10%.

The entry/exit split, meaning the breakdown between the revenue from capacity-based transmission tariffs at all entry points and the revenue from capacity-based transmission tariffs at all exit points is 33%/67%.

The intra-system/cross-system split, meaning the breakdown of the revenue from intra-system network use at both entry points and exit points and the revenue from the cross-system network use at both entry points and exit points as set out in Article 5 of NC TAR is 0,98 for 2025.

Art. 30 (1) (b) (vi) – if non-price cap regime, following information related to the previous tariff period regarding reconciliation of the regulatory account: (1) the actually obtained revenue, the under- or over-recovery of the allowed revenue and the part thereof attributed to the regulatory account and, if applicable, sub-accounts within such regulatory account; (2) the reconciliation period and the incentive mechanisms implemented

The regulatory account and the under- or over-recovery for 2025 is not yet known as they are based, by definition, on the actuals 2024 that are not yet available. The figures given hereunder are therefore for the latest available year approved by CREG (i.e. 2023).

(1) Evolution of the regulatory account in 2023:

The 2023 contribution to the regulatory account and to the auction premium account amounted to 370 MioEUR and can be split in a contribution of 31MioEUR to the standard regulatory account and of 339 MioEUR to the auction premium account. The uses of the regulatory account amounted to 131 MioEUR which were returned to the tariffs in 2023.

The net evolution of the regulatory account in 2023 was then of -28 MioEUR and of +287MioEUR for the auction premium account. This 2023 settlement was approved by CREG in its decision (B)656G/53 on 12 July 2024 and is published on CREG's website.

(2) Reconciliation period and the incentive mechanisms implemented :

The approved tariffs as per CREG's decision (B)656G/50 of 6 April 2023 considered a use of the regulatory account of 555 MioEUR over the 2024-2027 tariff period.

The incentive mechanism in place is given under (iii) (5) here above.

Art. 30 (1) (b) (vii) – The intended use of the auction premium

The auction premiums are shared 50/50 between Fluxys Belgium and the adjacent TSOs where relevant. The Fluxys Belgium share of the collected auction premiums is then accumulated in the auction premia account which amounted to 805 MioEUR at end 2023. The intended use of the auction premia account is to support the tariffs and/or the investments as foreseen in the NC for tariffs.

Art. 30 (1) (c) (i) – Commodity-based transmission tariffs

Fluxys Belgium applies a commodity fee (the so-called Energy In Cash) which is charged to reflect the variable costs related to gas transmission. This fee amounts to 0,08% of the allocated quantities at the Gas Price Reference, as published on Fluxys Belgium website.

Art. 30 (1) (c) (ii) – non-transmission tariffs for non-transmission services

Non-transmission services considered as such in accordance with Article 4. The main non-transmission services are the following:

- PS - Pressure Service;
- Odorization;
- Quality Conversion;
- Zeeplatform;
- Hub services.

The applied Tariff methodology is a costs based methodology and is the identical to the one that applies for current tariffs: each service receives its relevant part of each types of the regulated costs. The non-transmission services revenue is reconciled as set out in Article 17.3 of TAR NC. Over- or under-recovery of the non-transmission services comes together with the over- or under-recovery of the transmission services in the regulatory account.

Art. 30 (1) (c) (iii) – reference prices and other prices applicable at points other than those referred to in Article 29 of NC TAR

All reference prices and all tariffs applicable for all services were published according to Article 29 and at the same time. The same reference price methodology is used for the points not falling under Article 29 of NC TAR as for those falling in the scope of this Article 29.

Art. 30 (2) (a) (i) – explanation of the difference in the level of transmission tariffs for the same type of transmission service applicable for the prevailing tariff period and for the tariff period for which the information is published.

The main change in 2024-2027 tariffs is the change in flow patterns because of the Ukrainian crisis. It led to a change of forecasted contracted capacities in the new tariff period which have an influence on the reference prices in a “Capacity Weighted Distance” reference price methodology. Not considering inflation, the result is a slight decrease of the Entry capacity tariffs, some variations in the Exit capacity tariffs and a slight increase of tariffs for HP Domestic Exits as presented in the tables hereunder.

Last column in the table below shows a comparison of the reference prices for 2025 with 2024 tariffs.

ENTRY		Tariffs in €/kWh/h/year		2025 tariff vs 2024
Border with	Interconnection Point	2024	2025	
France	**Virtualys**	0,779	0,805	+3,3%
Germany	**VIP THE-ZTP**	0,779	0,805	+3,3%
The Netherlands	**VIP BENE**	0,779	0,805	+3,3%
	Hilvarenbeek L	0,865	0,894	+3,3%
United Kingdom	**IZT**	0,779	0,805	+3,3%
Zeebrugge Area	**Zeebrugge**	0,779	0,805	+3,3%
Norway	**ZPT**	0,779	0,805	+3,3%
LNG Terminals	**Dunkirk LNG Terminal**	0,779	0,805	+3,3%
	Zeebrugge LNG Terminal	0,779	0,805	+3,3%
Storage	**Loenhout**	-	-	

Comparison of Entry tariffs in current and next tariff period

EXIT		Tariffs in €/kWh/h/year		2025 tariff vs 2024
Border with	Interconnection Point	2024	2025	
France	**Virtualys**	1,264	1,307	+3,3%
	Blaregnies L	6,018	8,563	+42,3%
Germany	**VIP THE-ZTP**	2,052	2,121	+3,3%
The Netherlands	**VIP BENE**	1,284	1,327	+3,3%
United Kingdom	**IZT**	0,327	0,338	+3,3%
Zeebrugge Area	**Zeebrugge**	0,327	0,338	+3,3%
Storage	**Loenhout**	-	-	-

Comparison of Exit tariffs in current and next tariff period

OTHER TRANSMISSION SERVICES	Tariffs in €/kWh/h/year		2025 tariff vs 2024
	2024	2025	
Domestic HP H-grid	1,081	1,117	+3,3%
Domestic HP L-grid	1,200	NA	NA

Comparison of other transmission services tariffs in current and next tariff period

Considering the L/H conversion was completed in Belgium in 2024. Domestic HP L-grid tariff is no longer necessary.

Art. 30 (2) (a) (ii) – explanation of the difference in the level of transmission tariffs for the same type of transmission service applicable for the tariff period for which the information is published and for each tariff period within the remainder of the regulatory period.

The 2020-23 regulatory period is one unique tariff period meaning tariffs were set for 4 years. The same applies for the 2024-2027 regulatory and tariff period. This allows a smooth evolution of the tariffs within a period even if there are differences in the inputs to the tariff methodology (e.g. evolution of the forecasted contracted capacities, evolution of costs, use of the regulatory account,…). Some more important changes in tariffs may happen between 2 regulatory periods because of changes in calculation parameters or in the methodology. Between the 2024-2027 and the 2020-2023 tariff periods the evolution in the parameters are minor (except for the shift in flows since the Ukrainian crisis) thanks to a continuity of the 2020-2023 methodology and a strong support to the tariffs by the regulatory account of 555Mio€ over the 4 years 2024-2027.

The actual inflation is calculated in May of each year for the next year (based on the April to April N-1 inflation) to allow publishing all tariffs early June, i.e. one month before the annual yearly capacity auction.

2026 and 2027 tariffs are based on 2025 tariffs and can be calculated adding a yearly inflation rate assumption to the 2025 tariffs.

Art. 30 (2) (b) – simplified tariff model

A simplified tariff model is provided on Fluxys Belgium website on the following link. It is updated from time to time.

Fluxys Belgium - Transmission tariffs

Art. 30 (3) – information on points excluded from the definition of relevant points

This information is provided for these points (also known as *"non-CAM points"*) as it is done for the relevant points in the previous sections of this document. Reference is then made to the previous sections.