

# Consultation 60 report



# 1. Introduction

From the 26<sup>th</sup> October 2022 to the 15<sup>th</sup> November 2022, Fluxys LNG consulted the market on a proposal regarding:

- i. The introduction of auction mechanisms for the allocation of LNG Truck Loading services;
- ii. The modification of the Scheduling Date allowing Truck Loading services to be available for scheduling before the 3<sup>rd</sup> day following the allocation window.

These changes would allow a fair allocation process for LNG Truck Loading services, and offer each Client the opportunity to subscribe new services, even in periods of high demand. By modifying the Scheduling Date, newly subscribed services could be available for scheduling more quickly.

## 2. Consultation process

Fluxys LNG launched this market consultation by publishing the proposed changes in the regulated documents on Fluxys 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.

From October 26<sup>th</sup> to November 15<sup>th</sup> 2022, stakeholders were invited to submit their written feedback and, if needed, to seek additional information through bilateral contact with Fluxys LNG.

Taking into account the different comments received, Fluxys LNG submits for approval to the CREG the addition of auctions as allocation mechanism and the modification of the scheduling date.

## 3. Outcome of the consultation process

All comments received are listed in the appendices of the consultation report submitted to CREG. Feedback was received from 3 Terminal Users, one was requested to be treated as confidential. The received feedbacks are related to the changes in the regulated documents and to the availability of LNG Truck Loading services in the future. One of the feedbacks was submitted outside of the consultation window and was not considered for potential changes to the regulated documents. However, the comments were in line with comments provided by other market participants and are thus covered in this consultation report.

### Introduction of auctions as allocation mechanisms

Respondents, in general, do not oppose the proposal of adding auction mechanisms for LNG Truck Loading Services. However, the question of the choice of allocation process that shall be used in the future was raised several times. It is Fluxys LNG's objective to ensure a fair and transparent allocation of Truck Loading Service to the market. Thus it is explained

that the choice between Subscription Window or Auction Window will be made by Fluxys LNG based on its analysis of the market conditions. The same is true for the choice of the auction mechanism applicable for a specific auction, although the default mechanism will be “ascending clock”.

In the current market conditions in North-Western Europe, it is Fluxys LNG’s assessment that the quantity of Truck Loading services allocated has priority over the price of said services. Thus auctions are currently the fairest way to allocate LNG Truck Loading services among market participants, in Fluxys LNG’s opinion. Should the current congestion decrease, the cleared price of auctions should be equal to the regulated tariff.

A question was raised about the treatment of potential overrevenues. Any revenue premium obtained from auctions will be treated according to the provisions of the tariff methodology.

Regarding the auction mechanisms more specifically, a few precisions are requested by respondents. First, Fluxys LNG confirms that the reserve price of an auction will be the regulated tariff of the auctioned service. Secondly, it was added in the documents that the maximum Bid Quantity that an auction Participant can bid will be specified in the Terms and Conditions of the Auction Window. Thirdly, Fluxys LNG modified the “linear interpolation” mechanism in the documents to improve clarity regarding delta calculations.

Finally, respondents raised questions regarding the allocation calendar and future LNG Truck Loading capacities. Fluxys LNG explains that the allocation calendar remains the same as today. This means that allocation windows will be organised annually unless new capacity is made available or market signals suggest another frequency is needed. It is also mentioned that, should this prove operationally feasible, Fluxys LNG is looking at offering an annual capacity of 10.000 truck loading slots on the current infrastructure. Still, Fluxys LNG emphasizes that no guarantee can be made on additional capacity becoming available in 2023.

### **Modification of the Scheduling Date**

There was no formal remark on the proposal regarding the Scheduling Date.

## 4. Appendices

### 4.1. E-mail invite for consultation

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

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### **Fluxys LNG: Market Consultation 60** **Auction mechanisms for LNG truck loading services**

Dear customer,

Participate in our market consultation over the auction mechanisms for LNG truck loading services that will take place from **26 October to 15 November 2022**.

**A fair access for all Terminal Users to LNG truck loading capacities in the future**

By including auctions as additional allocation processes for LNG truck loading services, Fluxys LNG intends to offer each customer the opportunity to subscribe new LNG truck loading capacities, even in periods of high demand.

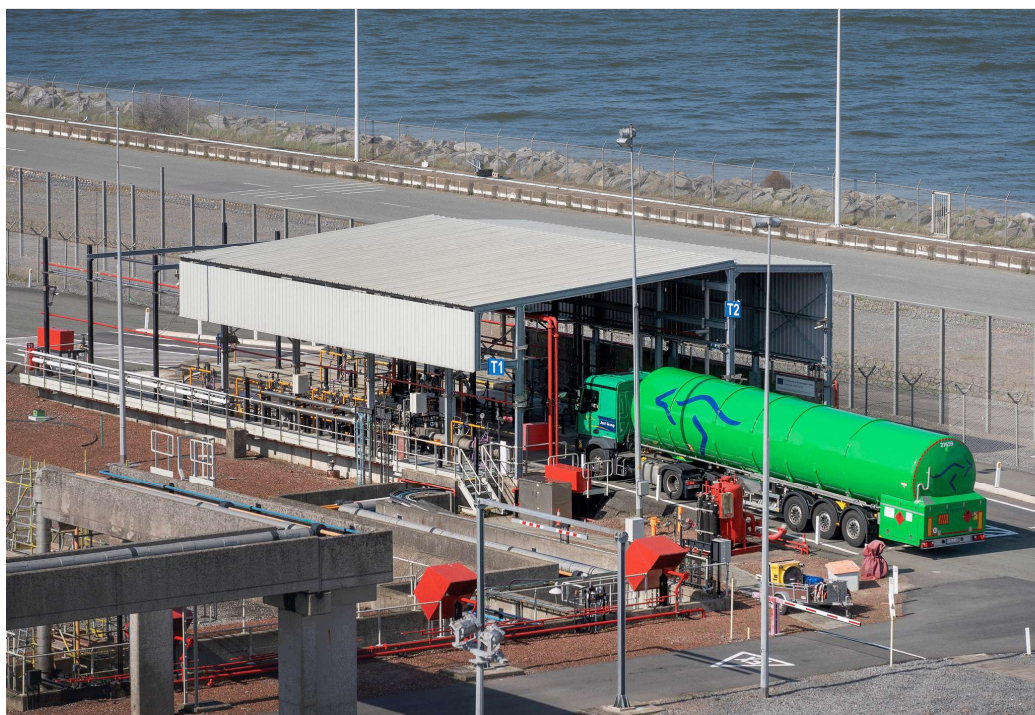
The following document summarizes the proposed changes: [Consultation document](#)

#### **Documents in consultation (with track changes)**

- [Truckloading Access Code](#)
- [LNG Terminalling Programme](#)



You are kindly invited to send your written comments to [marketing@fluxys.com](mailto:marketing@fluxys.com) by Tuesday November 15<sup>th</sup> 2022 close of business.



### **More information?**

Should you have any further questions regarding the above, feel free to contact us at [info.LNG@fluxys.com](mailto:info.LNG@fluxys.com).

Yours sincerely,  
The Commercial team

## 4.2. List of documents in consultation

The documents are available in our website: <https://www.fluxys.com/en/products-services/empowering-you/customer-interactions/consultations---zeebrugge-lng/fluxys-belgium-market-consultation-60>

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

# Fluxys LNG market consultation 60

Fluxys > Products & Services > Empowering you > Customer Interactions > Market Consultations - Zeebrugge LNG

## Fluxys LNG Market Consultation 60: Auction mechanisms for LNG truck loading services

Participate in our market consultation over the auction mechanisms for LNG truck loading services that will take place from 26 October to 15 November 2022.

### A fair access for all Terminal Users to LNG truck loading capacities in the future

By including auctions as additional allocation processes for LNG truck loading services, Fluxys LNG intends to offer each customer the opportunity to subscribe new LNG truck loading capacities, even in periods of high demand.

The following document summarizes the proposed changes: [One Page Note](#)

## Documents in consultation (with track changes)

- [Truckloading Access Code](#)
- [LNG Terminalling Programme](#)

You are kindly invited to send your written comments to [marketing@fluxys.com](mailto:marketing@fluxys.com) by Tuesday November 15<sup>th</sup> 2022 close of business.

Please specify in your response, whether the content is to be treated as confidential or not. Unless otherwise mentioned, all comments will be treated as non-confidential.



### 4.3. Questions and Answers – Public

Questions and Answers					
#	From	Confidential?	Topic	Questions / Comments by Stakeholders	Answers / Comments by Fluxys LNG
2.1	ENI	No	Allocation window	From the modifications in the regulatory documents, it remains unclear to us if Fluxys will continue to sell truck loading slots by default per Subscription windows (purchased slots discounted by 10%) or per Auction windows, [...]	Fluxys LNG's objective is to ensure a fair and transparent allocation of truck loading slots to the market. The choice between Subscription Window or Auction Window will be made by Fluxys LNG, based on its analysis of the market context. Given the high market interest for truck loading slots, Fluxys LNG is of the opinion that auctions are currently the fairest way to allocate the available slots among market participants. Note that the reserve price used in the auction mechanism is the regulated tariff. If there is no congestion, auctions should close at the regulated tariff.
2.2	ENI	No	Auction mechanisms	[...] and on which basis Fluxys will determine the base price for auctions. Will Fluxys be able to sell slots below the regulated tariff? If the base price starts at the regulated price, selling per auctions would entail an increased price per slot in most cases, which we believe would harm competition with other truck loading terminals in the surroundings (e.g. Gate Terminal), and which should not be Fluxys' intention.	The regulated tariff will be used as reserve price for auctions. If there is no congestion, auctions should close at the regulated tariff. Given the current market conditions in NWE, it is Fluxys LNG's assessment that the quantity of truck loading slots a Client can buy is more important than the tariff at which truck loading slots are bought. In this context, Fluxys LNG is of the opinion that auctions are currently the fairest way to allocate the available slots among market participants.
2.3	ENI	No	Allocation window	Preferably, truck loading capacity is by default marketed via subscription windows in normal market conditions and circumstances. Considering the fact that Fluxys is building additional truck loading bays that would become operational as from January 2024, and which would result in additional truck loading capacity, the proposed auction mechanism should apply only in case there is congestion.	Fluxys LNG's objective is to ensure a fair and transparent allocation of truck loading slots to the market. The choice between Subscription Window or Auction Window will be made by Fluxys LNG, based on its analysis of the market context. Given the high market interest for truck loading slots, Fluxys LNG is of the opinion that auctions are currently the fairest way to allocate the available slots among market participants. Note that the reserve price used in the auction mechanism is the regulated tariff. If there is no congestion, auctions should close at the regulated tariff.
2.4	ENI	No	Future truck loading services	Furthermore, we understand that the future truck loading bays in Zeebrugge will offer automated selfloading services, while currently they are assisted services. Hence, we invite Fluxys and the regulator to revise downwards the cost for this service in order to increase attractiveness and competition for truck loading in the Zeebrugge LNG terminal.	This point will be taken into consideration in future consultations on new services and tariffs related to the new truck loading bays being currently built at the Zeebrugge LNG terminal.
2.5	ENI	No	Truck loading revenues	And as a final point, we would like to understand how potential overrevenues by the LNG terminal will be managed by the operator.	Any potential revenues higher than the allowed revenue will be treated in accordance with the provisions of the tariff methodology.

Questions and Answers					
#	From	Confidential?	Topic	Questions / Comments by Stakeholders	Answers / Comments by Fluxys LNG
3.1	TotalEnergies (Late Submission)	No	Allocation window	What would trigger the launch of those auctions and how many times per year do you expect them to happen ?	As indicated in the LNG Programme, Fluxys LNG is analyzing the possibility to increase its truck loading offer up to 10,000 truck loadings per year. Should this prove operationally feasible Fluxys LNG could offer additional truck loadings slots via an auction window. The frequency of allocation windows should remain the same whether it would be a subscription or an auction window. The basis would be an annual allocation window unless market signals indicate another frequency is needed.
3.2	TotalEnergies (Late Submission)	No	Capacity	Which slots are to be sold via auctions ? Would you go above the 8000 slots current limit you are entitled to sell ?	As indicated in the LNG Programme, Fluxys LNG is analyzing the possibility to increase its truck loading offer up to 10 000 truck loadings per year. Should this prove operationally feasible Fluxys LNG could offer additional truck loadings slots via an auction window.



#### 4.4. Printed copy of written comments – Public

All reactions			
Company	First Name	Last Name	Confidential
ENI SpA	Hoi Yu	To	No
TotalEnergies (Late Submission)	Louis-Geoffroy	Durieux	No



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

**ENI SpA RESPONSE**  
**to Fluxys' market consultation 60 of 26 October 2022:**  
**Auction mechanisms for LNG truck loading services**

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Eni welcomes the opportunity to provide inputs to Fluxys' market consultation 60: Auction mechanisms for LNG truck loading services.

We understand that there is a high demand for truck loading slots in the current market circumstances. In our opinion, the regular subscription window and the FCFS principle currently applicable have been functioning very well since the beginning of the truck loading services proposed by Fluxys.

From the modifications in the regulatory documents, it remains unclear to us if Fluxys will continue to sell truck loading slots by default per Subscription windows (purchased slots discounted by 10%) or per Auction windows, and on which basis Fluxys will determine the base price for auctions. Will Fluxys be able to sell slots below the regulated tariff? If the base price starts at the regulated price, selling per auctions would entail an increased price per slot in most cases, which we believe would harm competition with other truck loading terminals in the surroundings (e.g. Gate Terminal), and which should not be Fluxys' intention.

Preferably, truck loading capacity is by default marketed via subscription windows in normal market conditions and circumstances. Considering the fact that Fluxys is building additional truck loading bays that would become operational as from January 2024, and which would result in additional truck loading capacity, the proposed auction mechanism should apply only in case there is congestion.

Furthermore, we understand that the future truck loading bays in Zeebrugge will offer automated self loading services, while currently they are assisted services. Hence, we invite Fluxys and the regulator to revise downwards the cost for this service in order to increase attractiveness and competition for truck loading in the Zeebrugge LNG terminal.

And as a final point, we would like to understand how potential overrevenues by the LNG terminal will be managed by the operator.

**From:** Louis-Geoffroy DURIEUX <louis-geoffroy.durieux@totalenergies.com>  
**Sent:** 16 November 2022 14:09  
**To:** marketing@fluxys.com; Serruys Pieterjan  
**Cc:** Elisabeth BONNET; Cassiers Corentin  
**Subject:** Fluxys LNG - Market Consultation 60 - Auction mechanisms for LNG truck loading services

**[EXTERNAL EMAIL]** DO NOT CLICK links or attachments unless you recognize the sender and know the content is safe.

*[non-confidential content]*

Good morning,

Sorry to arrive one day later but we would have two questions about the envisaged auction mechanisms :

- What would trigger the launch of those auctions and how many times per year do you expect them to happen ?
- Which slots are to be sold via auctions ? Would you go above the 8000 slots current limit you are entitled to sell ?

Kind regards,



**Louis-Geoffroy DURIEUX**

Ex-Terminal Sales & Operations

TotalEnergies S.E – GRP/LNG/OPS

Tour CBX – 1, Passerelle des Reflets  
92400 COURBEVOIE – FRANCE

M. : +33 (0)6 25 00 58 75

[louis-geoffroy.durieux@totalenergies.com](mailto:louis-geoffroy.durieux@totalenergies.com)

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