

Consultation on the key elements of the considered update to the Fluxys LNG approved tariffs for the use of the Zeebrugge LNG Terminal



19 April – 9 May 2023



1 EXECUTIVE SUMMARY

In accordance with the procedure for the introduction and approval of tariff proposals agreed between the Commission for Electricity and Gas Regulation (hereinafter referred to as "CREG") and Fluxys LNG, Fluxys LNG is organizing a consultation on the key considered evolutions of the regulated tariffs for the use of the LNG Terminal as approved by CREG on 2 December 2021. This consultation is carried out in parallel with the consultation on the amendments to the LNG Access Code for Truck Loading, LNG Agreement for Truck Loading and LNG Programme that is launched at the same time.

The key proposed amendments to the LNG tariffs in the envisaged update of the tariff proposal are threefold: a change to the tariff for LNG truck loading services, the introduction of tariffs for the LNG truck loading assistance and LNG truck driver authorisation services and the removal of the 10% discount offered on truck loading services booked during annual subscription windows. These changes are linked to the review of the nature of truck loading services implied by the construction by Fluxys LNG of 4 new truck loading bays.

2 AIMS OF THE CONSULTATION, PROCEDURE AND SCOPE

According to Article 13 of the procedure for the introduction and approval of tariff proposals and tariff modifications, as concluded between CREG and Fluxys LNG on 24 January 2018 and as published on CREG's website¹, Fluxys LNG must organize a market consultation before submitting its tariff proposal. This consultation covers the key elements of the considered evolutions to the tariffs for the use of the Zeebrugge LNG Terminal (LNG tariffs) approved by CREG on 2 December 2021 (decision (B)657G/23).

Following the consultation, Fluxys LNG will draw up a consultation report explaining how and why the various received comments have or have not been taken into account. The comments from the consulted stakeholders and the consultation report will be submitted to CREG as annexes to the tariff proposal.

The envisaged modifications to the LNG tariffs and the related amendments to the LNG Access Code for Truck Loading, LNG Agreement for Truck Loading and LNG Programme will be consulted² simultaneously by Fluxys LNG from 19 April 2023 until 9 May 2023.

3 GENERAL CONTEXT

With regard to the regulatory framework, CREG set and published a tariff methodology establishing the framework for the calculation of tariffs on 28 June 2018 (decree – (Z)1110/11) in accordance with Art.15/5bis of the Belgian Gas Law. The current amendment to the approved tariff proposal under consultation is made in the framework of this tariff methodology.

¹ <https://www.creg.be/sites/default/files/assets/Tarifs/Fluxys/Methodo20-23/20180124-Overeenkomst-Fluxys.pdf>

² All information on consultation available on <https://www.fluxys.com/en/products-services/empowering-you/customer-interactions>

4 PROPOSED UPDATES TO THE APPROVED TARIFF PROPOSAL

Following the significant growth of the truck loading operations over the last semesters, Fluxys LNG took the decision to build four new truck loading bays at the LNG Terminal. These new truck loading bays are designed in a way that allows truck drivers to perform themselves the loading of LNG in the trucks. This new feature has triggered a change in the truck loading services offered by Fluxys LNG. By default, all truck loading services will be unassisted, with the possibility for clients to book an additional assistance service if needed. To be able to do an unassisted loading, a truck driver will need to be authorised by Fluxys LNG.

This new model for truck loading leads Fluxys LNG to:

- Review the tariff for its (unassisted) LNG truck loading service;
- Introduce a tariff for its LNG truck loading assistance service;
- Introduce a tariff for its LNG truck driver authorisation service.

The main philosophy behind the change to the tariffs is that the price paid for an assisted loading³ should remain the same.

Fluxys LNG evaluated that the staff cost for providing assistance for truck loading during office hours amounts to 87,17 € per truck loading (basis 2003).

The tariff for the (unassisted) LNG truck loading service hence becomes 489,20 € - 87,17€ = 402,03 € per truck loading (basis 2003).

Fluxys LNG wants to promote the use of unassisted loading at the new truck loading bays and therefore proposes to offer the LNG truck driver authorisation service free of charge as the LNG truck driver authorisation service must be booked together with an LNG truck loading assistance service.

As it is the case for all Fluxys LNG tariffs, these tariffs are subject to monthly indexation.

The tariffs "basis 2003" are expressed in basis July 2003 and are indexed monthly as from August 2003 according to the following formula: $0,65 + 0,35 * I_{m-1} / I_{m0}$

where:

- I_{m0} is the Consumer Price Index (CPI) of the 1st of July 2003 (112,59, in basis 1996)
- $I_{m-1} = I_{m-2} * (\text{CPI of Month } M-1 / \text{CPI of Month } M-2)$

With

- I_{m-1} not higher than 1,03 times the index I_{m-1} used for calculating the tariffs of the most recent month of August
- I_{m-1} for August 2003 is 112,59 (basis 1996)
- I_{m-2} is the value of I_{m-1} used the previous month to calculate the tariffs.

³ Consisting in the future in the combination of a LNG truck loading service and a LNG truck loading assistance service

For example, for April 2023, using the described indexation, the tariffs will be:

- LNG truck loading service : 462,32 €/loading;
- LNG truck loading assistance service: 100,14 €/loading;
- LNG truck driver authorisation service : free of charge.

As the market for small scale LNG is now established, Fluxys LNG will also remove the 10% discount it offered for LNG truck loading services booked during the annual subscription window.

Apart from the changes to the LNG truck loading service, the introduction of tariffs for LNG truck loading assistance and LNG truck driver authorisation services and the removal of the 10% discount, all other tariff principles and methodology remain unchanged compared with the ones approved by CREG on 2 December 2021.

5 TARIFF SHEET

No change is expected to the tariff sheet except the changes explained in the previous section and which would be effective as of approval by CREG. An indicative tariff sheet can be found in Annex A.

6 INVITATION TO REACT

We would like to invite all interested parties to submit any comments they may have on this document by email at following address: marketing@fluxys.com and this before 5.00 p.m. on 9 May 2023. We also ask you to 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. In case of a confidential response, please provide a non-confidential version.

TARIFFS FOR THE USAGE OF THE LNG TERMINAL OF ZEEBRUGGE AND FOR SERVICES OF FLUXYS LNG

The tariffs listed here below were approved by the CREG on [x] for truck loading services, on 2nd December 2021 for bioLNG services, on 17th December 2020 for backhaul liquefaction and gas in kind, on the 9th of July 2020 for the Stand Alone Send-Out Capacity and for the services related to a Stand Alone Berthing Right, on the 2nd of October 2014 for the transshipment tariffs, on the 28th of June 2018 for the small scale LNG services and on 27th of June 2019 for the other tariffs.

As indicated below, tariffs marked with * or ** are tariff-caps which will not be exceeded for a predefined period.

Tariffs to be indexed, expressed in "basis 2003"	Tariffs basis 2003
Slot	527.803,20 €/cargo*
Including: Berthing Right	91.638,66 €/cargo*
Including: Basic Storage	220.619,50 €/cargo*
Including: Basic Send-Out Capacity (firm)	215.545,04 €/cargo*
Additional flexibility services	
Additional Storage Capacity	67,79 €/m ³ LNG/year*
Additional Send-Out Capacity (firm)	1,37 €/(kWh/h)/year*
Stand Alone Send-Out Capacity (firm)	1,37 €/(kWh/h)/year*
Daily Storage Capacity	(67,79*0,7)/365 €/m ³ LNG/day
Daily Send-Out Capacity (firm)	1,37/365 €/(kWh/h)/day
Additional Send-Out Capacity (conditional)	0,82 €/(kWh/h)/year
Residual Storage Capacity	32,15 €/m ³ LNG/year (adjusted pro rata temporis)
Non-Nominated Interruptible Send-Out Capacity	1,37/365 €/(kWh/h)/day
Backhaul Liquefaction Service	0,10 €/MWh
Specific services offered to the Transmission System Operator	
Operational interruptible Send-Out Capacity	0,55 €/(kWh/h)/year
Interruption right (from 2012)	0,55 €/(kWh/h)/year
Ship Loading Services	
Ship Approval Service	7.364,00 €/demand
Additional Berthing Right	75.000,00 €/berthing
"Ship Loading" Service (in the framework of an Additional Berthing Right or a Berthing Right)	0,18 €/MWh loaded
"Gassing Up" Service (optional)	544,00 €/hour
"Cool Down" Service (optional)	544,00 €/hour
Services related to a Stand Alone Berthing Right	
Stand Alone Berthing Right	25.597,21 €/berthing
"Ship Loading" Service (in the framework of a Stand Alone Berthing Right)	1,00 €/MWh loaded (applies as from 25.561MWh loaded)
LNG Delivery Service (in the framework of a Stand Alone Berthing Right)	0,67 €/MWh unloaded (applies as from 38.205MWh unloaded)
BioLNG Liquefaction Service	
Long Term BioLNG Capacity	2,54 €/MWh/month
Short Term BioLNG Capacity	1,78 €/MWh/month
Truckloading services	
LNG Truck Approval service	914,50 €/demand
LNG Truck loading service	402,03 €/loading†
LNG truck loading assistance service	87,17 €/loading
LNG truck driver authorisation service	free of charge
Truck cool down service	2.176,00 €/demand
† A 10% discount applies to LNG truck loading services subscribed during the annual subscription window	
Liquid nitrogen injection service "Quality Adjustment Service"	
Management of the liquid nitrogen tank	1.147,50 €/ton
Capacity removal in case of congestion	5.000,00 €/removal
Rescheduling Fee	5.000,00 €

For
consultation
only

Indexation formula for tariffs expressed in "basis 2003"

Tariff "basis 2003" are expressed in basis July 2003 and are indexed monthly as from August 2003 according to following formula:

$$0,65 + 0,35 * I_{m-1} / I_{mo}$$

Where

- I_{mo} is the Consumer Price Index (CPI) of the 1st of July 2003 (112,59, in basis 1996)

- I_{m-1} = I_{m-2} * (CPI of Month M-1/CPI of Month M-2)

With

- I_{m-1} not higher than 1,03 times the index I_{m-1} used for calculating the tariffs of the most recent month of August.

- I_{m-1} for August 2003 is 112,59 (basis 1996)

- I_{m-2} is the value of I_{m-1} used the previous month to calculate the tariffs.

Tariffs to be indexed, expressed in "basis 2012"	Tariffs basis 2012
Transshipment services	
Transshipment Storage	131,10 €/m ³ LNG/year**
Transshipment Berthing Right	136.390,00 €/Transshipment Berthing Right**
Indexation formula for tariffs expressed in "basis 2012"	
Tariff "basis 2012" are expressed in basis January 2012 and are indexed monthly as from February 2012 according to following formula:	
$0,65 + 0,35 * I_{m-1} / I_{mo}$	
Where	
- I _{mo} is the Consumer Price Index (CPI) of the 1st of January 2012 (97,94, in basis 2013)	
- I _{m-1} = I _{m-2} * (CPI of Month M-1/CPI of Month M-2)	
With	
- I _{m-1} not higher than 1,03 times the index I _{m-1} used for calculating the tariffs of the most recent month of February	
- I _{m-1} for February 2012 is 97,94 (basis 2013)	
- I _{m-2} is the value of I _{m-1} used the previous month to calculate the tariffs.	

Other tariffs (without indexation)	TARIFFS
Demurrage rate	75.000,00 USD/Full Day
Gas in Kind (Fuel Gas Compensation Rate)	1,30 %
Commercialization of unused capacity on the Secondary Market	3% of the regulated tariff of the sold capacity
"Avoided Cost Fee" for the liquid nitrogen injection service ("Quality Adjustment Service")	10% of nitrogen price that would have been blended to adjust the quality
Coverage of transshipment-related electricity costs	Fluxys LNG's electricity costs related to transshipments will be billed "pass-through"

Tariff caps
Tariffs marked with a * (slot tariff and tariffs for additional storage and additional send-out) are tariff caps in accordance with CREG decisions of 27th of June 2019 and of 25th February 2021
Tariffs marked with a ** (transshipment tariffs) will not be exceeded by more than 5%, after indexation, of the tariffs indicated here in accordance with CREG Decision of 2nd of October 2014