

Fluxys Belgium
Avenue des Arts 31,
B-1040 Brussels
Sent via email to: marketing@fluxys.com

Interconnector Limited
Burdett House 15-16 Buckingham Street London
WC2N 6DU
Sent via email to: consultatio@interconnector.com

Amsterdam, 23 June 2022

EFET comments to the Fluxys & Interconnector proposal to simplify the Belgian H-gas market

EFET welcomes the proposed integration of the physical and notional trading points to simplify H-gas trading on the Belgian market. We believe that the merger of the trading points along with better integration of Interconnector into the Belgian market area will benefit the market participants and will support further development of liquidity and competition. Having said that, we take this opportunity to raise several additional questions and remarks with reference to the impact that the envisaged merger may have on the existing commercial contracts held by market participants.

On the expected impact, we note that Fluxys is proposing to replace the unlimited flexibility (in time and in volumes) that till now was offered at the Zeeplatform at a fixed monthly charge, with a more restrictive option to shift existing exit capacity on IZT/Zeebrugge:

1. by default, to exit IZT;
2. in a one-off BLISS Reallocation Service to any other H-point:
 - i. that is organised in a unique subscription window, in less than 3 months' time, from 12 to 23 September 2022),
 - ii. whereby shippers need to purchase the capacity at the desired exit point in the yearly auction on the 4th of July 2022 (so only in 2 weeks' time from the end of the consultation),
 - iii. whilst there is absolutely no certainty about CREG's decision expected in August 2022, and therefore absolutely no certainty about the actual capability to reallocate one's exit capacities,
3. by extension, via diversion, to the other Zeebrugge area points (i.e. Zeebrugge LNG Terminal or ZPT), and only on a monthly, quarterly or yearly basis.

Although the proposed possibilities above will be free of charge (assuming CREG's positive decision in August), after the integration shippers actively using the Zeeplatform will end up with significantly higher costs for moving gas between different points when compared to the fixed monthly fee. It is therefore important that Fluxys gives the

opportunity to shippers currently holding firm capacities in question the opportunity to revise their original commitments in a fair way, after CREG has taken a final decision.

We notice another impact regarding the changes in the Buy Back scheme which could be detrimental to shippers with firm capacities. In case Fluxys triggers the Buy Back mechanism, it wants to eliminate shippers' possibility to revise their nominations upwards. In addition, Fluxys is proposing to keep and change the possibility to interrupt holders of firm capacity in case the Buy Back mechanism is not sufficient. We believe that firm capacity holders should under no circumstances be interrupted and/or be restricted in their re-nomination rights, and that the Oversubscription and Buy Back should be managed by the TSO in a way that does not impact the rights of the holders of firm capacity products.

Finally, we take this opportunity to ask additional clarity on the following:

1. How does Fluxys plan to manage the availability of entry capacity to ZTP in view of the fact that the demand for this capacity will likely increase? In particular, can LNG shippers who have been allocated a slot be guaranteed the possibility of bringing their gas to ZTP?
2. Should any additional impact on the firmness of the existing bookings and/or the availability of firm capacities at the remaining points of the system be expected?
3. Has the impact on commercial contracts indexed to ZeeHub (ZTP Physical) in GBP per therm been analysed? Have any interim measures limiting the (potentially material) impact on network users from the ZeeHub's removal been considered?

Contact

Pawel Lont
European Gas Markets Manager
p.lont@efet.org