

## Consultation 3 Report

Version : 0.1

Status: Final

Classification: Public

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## **1. INTRODUCTION**

As from 17 August 2020 until 4 September 2020, Balansys SA consulted the market on the proposed Balancing tariffs applicable for Calendar year 2021. In accordance with CREG decision (B)150903-CDC-656G/29, Balansys SA shall indeed introduce a proposal to CREG for approval, regarding the balancing tariffs applicable during the next balancing period (e.g. 1<sup>st</sup> January 2021 to the 31<sup>st</sup> December 2021), by 1<sup>st</sup> October the preceding year. This consultation is therefore organised before such introduction.

## **2. CONSULTATION PROCESS**

Balansys SA launched this market consultation by announcement of the proposed documents on its website - at the usual location for such consultations, supported by an announcement on the homepage - and via direct e-mailing to all duly registered market participants and associations. During the period from 17 August 2020 till 4 September 2020, stakeholders were invited to submit their written feedback and, if needed, seek additional information through bilateral contacts with Balansys SA. Taking into account the different comments received, Balansys SA submits for approval to CREG, the proposed tariffs as consulted.

## **3. OUTCOME OF CONSULTATION PROCESS**

All comments received are listed and individually treated in the "Q&A" which makes part of the consultation report submitted to CREG – see appendices.

Feedback was received from 1 grid user (Engie) and 1 representative organisation (FEBEG). The market reactions were globally positive and welcoming the proposed tariff (e.g. maintaining the level of small adjustments, to 0% for helpers and 3% for causers and introducing a positive neutrality fee of 0.006€/MWh).

However, FEBEG considers difficult to assess and estimate the needed increase of the neutrality charge to compensate the forecasted negative balance of the neutrality account end 2020, but also notes that the level of the neutrality charge is in line with the level of 2017 (0.005€/MWh).

FEBEG also mentions that the role of the Small Adjustment as source of revenues becomes obsolete, the revenues to cover the balancing charge by the positive neutrality charge will be sufficient. That being, FEBEG invites Balansys SA to evaluate the functioning - as an incentive - of the small adjustments for 'causers'. In response to this question, Balansys SA has studied the end-of-day market imbalance positions (deficit on the H-gas market) since 2017 and analysed the results of these imbalances depending on whether or not the settlement price has been set with the addition of a premium (small adjustment) or not. From this analysis, Balansys thinks that small adjustment does play a role in the end of day imbalance level, since it appears that when a premium is added to the settlement price, the market tends to be more balanced than if it is there weren't any. Besides, Engie agrees with the Balansys' proposal of a small adjustment for causers at 3% as incentive for being balanced.

## **4. APPENDICES**

**4.1 Appendix 1: Market consultation – public material**

**4.2 Appendix 2: Market consultation – confidential material**

## **1. Market consultation – public material**

- a. E-mail : invitation to submit comments
- b. List of documents in consultation
- c. Questions & Answers
- d. Printed copy of written comments

E-mail : invitation to submit comments



## Market Consultation on Balancing Tariffs for 2021

Dear Customer,

Balansys will submit before 1 October 2020 a proposal to CREG and ILR regarding the applicable balancing tariffs for the next balancing period 1 January 2021 - 31 December 2021 (in accordance with CREG decision (B)150903-CDC-856G/29 and regulation E15/36/ILR of the ILR on the methods of recovering the operating costs of the balancing activity in the Belux zone).

The balancing tariffs consist of the neutrality charge, the small adjustment "helpers" and the small adjustment "causers".

In this context, a market consultation is organized ~~as~~ from 17 August to 4 September 2020.

The document describing the proposed adjustments for consultation purposes is available [on our website](#).

We kindly invite you to send us your comments by **Friday 4 September 2020** (close of business) to [info@balansys.eu](mailto:info@balansys.eu). 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.

We thank you in advance for your cooperation and remain at your disposal for further information.

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Marc Meyer".

Marc Meyer  
Administrator

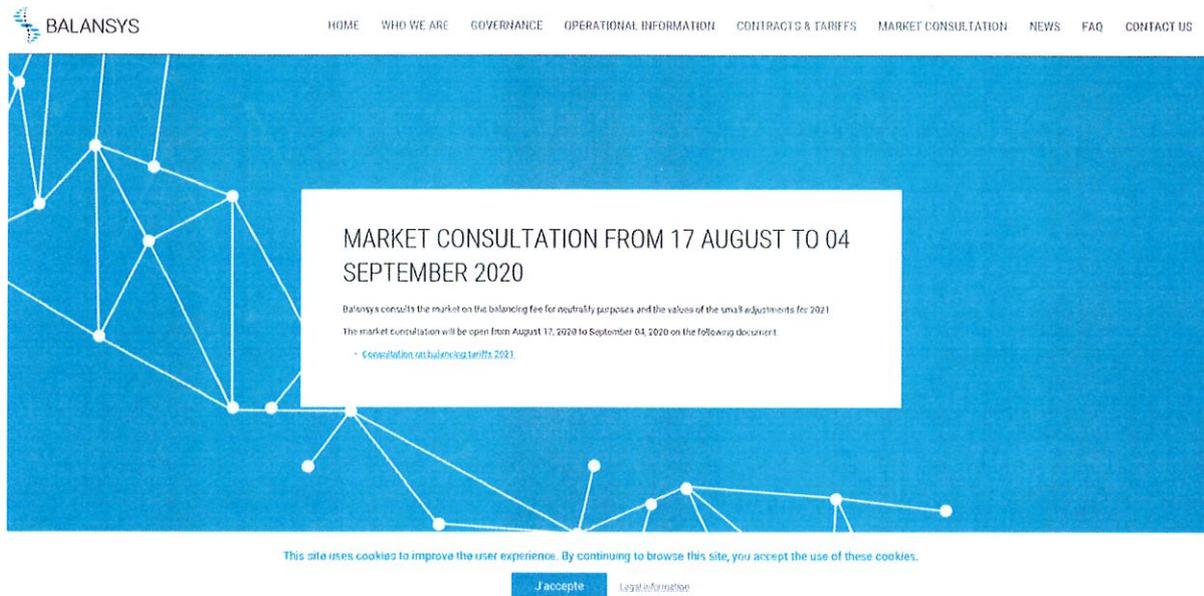
A handwritten signature in blue ink, appearing to read "Luc Gossuin".

Luc Gossuin  
Managing Director

List of documents in consultation

The document is available on our website, via the following link :

<http://www.balansys.eu/balancing-tariffs-2021/>



The screenshot shows the top section of the BALANSYS website. At the top left is the BALANSYS logo. To its right is a horizontal navigation menu with the following items: HOME, WHO WE ARE, GOVERNANCE, OPERATIONAL INFORMATION, CONTRACTS & TARIFFS, MARKET CONSULTATION, NEWS, FAQ, and CONTACT US. Below the navigation is a large blue banner with a white geometric pattern of lines and dots. In the center of the banner is a white rectangular box containing the following text:

**MARKET CONSULTATION FROM 17 AUGUST TO 04 SEPTEMBER 2020**

Balansys consults the market on the balancing fee for neutrality purposes and the values of the small adjustments for 2021. The market consultation will be open from August 17, 2020 to September 04, 2020 on the following document:

- [Consultation on balancing tariffs 2021](#)

At the bottom of the banner, there is a small text line: "This site uses cookies to improve the user experience. By continuing to browse this site, you accept the use of these cookies." Below this line are two buttons: "I accept" and "Legal information".



# MARKET CONSULTATION ON BALANCING TARIFFS IN THE BELUX AREA IN 2021

17 August 2020 – 4 September 2020

17 August 2020

## 1 INTRODUCTION

In accordance with CREG decision (B)150903-CDC-656G/29 and ILR regulation E15/38/ILR of 28 August 2015, Balansys shall introduce a proposal to CREG and ILR for approval, regarding the balancing tariffs applicable during the next balancing period (between 1<sup>st</sup> of January 2021 and 31<sup>st</sup> of December 2021).

In this context, a market consultation is organized on the proposed balancing tariffs applicable during the next balancing period.

The balancing tariffs consist of the neutrality charge and the small adjustments.

For the sake of clarity, the tariff proposal will be introduced by Balansys to CREG and to Institut Luxembourgeois de Régulation (ILR), regarding these tariffs and period.

## 2 LEVEL OF THE BELUX NEUTRALITY ACCOUNT

In accordance with CREG decision (B)150903-CDC-656G/29 and ILR regulation E15/38/ILR of 28 August 2015, the level of the BeLux neutrality account by 30 June 2020 shall be taken into account in order to determine the neutrality charge for the next tariff period.

End of June 2020, the BeLux neutrality account was standing at +117.592€.

In accordance with Commission Regulation (EU) No 312/2014 (BAL NC), the level of the BeLux neutrality account is published monthly on the website of Balansys:

<http://www.balansys.eu/contracts-tariffs/>

### 3 PROPOSED BALANCING TARIFFS FOR THE NEXT BALANCING PERIOD

#### Neutrality Charge

In accordance with article 29 of BAL NC, balancing activity must be financially neutral : *“the transmission system operator shall not gain or lose by the payment and receipt of daily imbalance charges, within day charges, balancing actions charges and other charges related to its balancing activities“*.

As the gas price has sharply fallen over the past few months, and if this trend continues for the next 6 months, the BeLux neutrality account should reach at the end of the year a largely negative amount, which had not been estimated last year. This is why it was decided to introduce during the month of August a revised tariff proposal for the end of the year 2020 with a neutrality charge equal to 0 €/MWh. Taking into account the level of the balancing neutrality account end June 2020 and this change of tariff proposal from 1<sup>st</sup> October 2020 (at least as from the CREG and ILR approval), the BeLux neutrality account should reach -426k€ by the end of 2020.

We therefore **propose to apply a neutrality charge of 0,006 €/MWh for 2021** (payable by market participants pro rata to provisional exit energy allocation on domestic exit points). If the trend observed the last 4 years continues in the future, we expect the BeLux neutrality account to reach 16k€ by the end of 2021.

#### Small Adjustments

Since October 2015, we observe an increasing trend for end-of-day settlements for causers. We interpret this as a sign that the market is confident that the BeLux market-based balancing system ensures that settlements will be done at a fair price. As the end-of-day market position does not jeopardize network operations, there seems to be no need at this stage to define a higher incentive for shippers to be closer to the equilibrium end-of-day. However, to prevent a further increase of the end-of-day settlements for causers, we therefore propose to maintain the **small adjustment for causers** at its current value of **3%**.

Concerning the **small adjustment for helpers** and willing to continue to incentivize the shippers to contribute to the reduction of the market imbalance, we propose to maintain its value to **0%**.

Those values are lower than the limit foreseen in article 22.7 of the BAL NC (10%) and can be reviewed in accordance with CREG decision (B)150903-CDC-656G/29 and ILR regulation E15/38/ILR of 28 August 2015.

This whole tariff proposal is without prejudice to the possibility to submit a reviewed tariff proposal in the future (at the time of the next tariffs proposal or during the next tariff period if necessary) in accordance with CREG decision (B)150903-CDC-656G/29 and ILR regulation E15/38/ILR of 28 August 2015.

#### 4 INVITATION TO REACT

Balansys would like to invite all interested parties to submit any comments they may have on this document by email at following address: [info@balansys.eu](mailto:info@balansys.eu) and this before 6.00 p.m. on 4 September 2020. 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 also a non-confidential version.

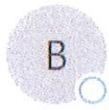
## Questions & Answers

Questions & Answers

From	Confidential?	Topic	Questions / Comments by Stakeholders	Answers / Comments by Balansys	Type of reaction (formal or clarification)
FEBEG	No	Balancing tariffs	FEBEG takes note of the proposal of applying a neutrality charge of 0.006€/MWh but explains it is difficult to estimate and assess the needed increase of the neutrality charge to compensate the estimated negative balance of the neutrality account end 2020.	In order to continuously enhance its forecast of the results of the balancing activities, Balansys intragrated the expected evolution of gas price in its projections for end 2020 and 2021. Balansys therefore believes that the figures presented in the consultation will be close to reality, except if exceptional circumstances occur.	Formal
FEBEG	No	Balancing tariffs	FEBEG would like to invite Balansys to evaluate the functioning - as an incentive - of the small adjustment for 'causers'.	Balansys performed an analysis of the end-of-day market imbalance positions (deficit on the H-gas market) since 2017 and analysed the results of these imbalances depending on whether or not the settlement price has been set with the addition of a premium (small adjustment) or not. From this analysis, Balansys thinks that small adjustment does play a role in the end of day imbalance level, since it appears that when a premium is added to the settlement price, the market tends to be more balanced than if it is there weren't any.	Formal
Engie	No	Balancing tariffs	As incentive for being balanced, Engie agrees with the Balansys' proposal of a small adjustment for causers at 3%.	/	Formal

Printed copy of written comments – Public

All reactions			
Company	First Name	Last Name	Confidential
ENGIE	Béatrice	Debacker	No
FEBEG	Kristof	Schreurs	No



Fri 04/09/2020 17:02

beatrice.debacker@engie.com

Market Consultation on Blancing Tariffs 2021

To  Balansys-Info

Cc  nelly.tcheekonjiki@engie.com;  christophe.baugnet@engie.com

Dear,

Engie wants to thank Balansys for opening the consultation on the proposal regarding the balancing tariffs 2021.

In addition to Febeg's response to this consultation, Engie wishes to inform Balansys of its position regarding the 'small adjustment for causers'. As incentive for being balanced, Engie agrees with the Balansys' proposal of a small adjustment for causers at 3%.

Kind regards.

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**Béatrice Debacker**  
Manager Regulatory & Public Affairs  
Federal and Large Projects  
BU Benelux



Boulevard Simón Bolívar 34, 1000 Brussels, Belgium  
Mobile +32 478 45 12 05

ENGIE Mail Disclaimer: <http://www.engie.com/disclaimer/>

Subject: Market consultation on balancing tariffs in the BeLux area in 2021  
Date: 4 September 2020

Contact: Kristof Schreurs  
Phone: +32 485 36 46 28  
Mail: kristof.schreurs@febeg.be

### Introduction

On the 17<sup>th</sup> of August, 2020 Balansys launched a consultation regarding the balancing tariffs applicable during the next balancing period 2021. The deadline for this consultation is the 4<sup>th</sup> of September, 2020.

FEBEG welcomes this consultation and wants to thank Balansys for creating this opportunity for all stakeholders to submit their comments and suggestions on the proposal regarding the balancing tariffs 2021. The comments and suggestions of FEBEG are not confidential.

### Negative neutrality charge

End of June 2020 the BeLux neutrality account was standing at +117.592 EUR. Balansys expects the BeLux neutrality account to reach a largely negative amount by the end of 2020 due to the sharply fallen gas price over the past few months.

Therefore, Balansys proposes to apply a neutral neutrality charge of 0 EUR/MWh as from 1<sup>st</sup> October 2020. But even this adjustment would mean the neutrality account would reach -426k€ by the end of 2020. Therefore Balansys proposes a neutrality charge of 0.006 €/MWh for 2021.

FEBEG takes note of this proposal. However it is difficult for us to assess and estimate the needed increase of the neutrality charge to compensate the estimated negative balance of the neutrality account end 2020. 0.006 €/MWh seems in line with 2017. The charge was zero or negative for the years 2018, '19, '20.

### Small adjustments

Since the introduction of the neutrality charge Fluxys/Balansys is clearly managing the recovery of the balancing costs via this charge. As a result, the function of the small adjustments as source of revenues to cover the balancing costs is becoming obsolete.

As there's no longer a link between the small adjustments and the recovery of balancing costs, FEBEG would like to invite Fluxys to evaluate the functioning – as an incentive – of the small adjustments for 'causers'. Are the daily imbalance charges not a sufficient incentive for shippers to avoid imbalances? To what extent does the 3 % small adjustment effectively influences the behavior of shippers? Is there any relation between the height of the small adjustment and the behavior of the shipper? What would be the effect of a lower – or even 0 – small adjustment on the behavior of shippers?



POSITION

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## **2. Market consultation – confidential material**

- a. Questions & Answers
- b. Printed copy of written comments
- c. List of bilateral meetings

Questions & Answers					
From	Confidential?	Topic	Questions / Comments by Stakeholders	Answers / Comments by Balansys	Type of reaction (formal or clarification)
No confidential comments					

All reactions			
Company	First Name	Last Name	Confidential
No confidential reactions			

Bilateral Meetings			
Date	Company	Attendees	Subject
No bilateral meetings			