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# Balancing Programme



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## DISCLAIMER

This catalogue (the “balancing programme”) describes certain information regarding the applicable balancing regime within the BeLux area. Please note that the balancing programme can be amended from time to time. In any case, Balansys hereby disclaims any and all responsibility for any changes to the content of the balancing programme which lies outside of its control. Such changes may be the result of *inter alia* financial and regulatory constraints defined by the relevant authorities.

In addition, the information in this balancing programme should not be construed as giving rise to any contractual relationship whatsoever between Balansys (or any of its affiliated entities) and any interested party.

## 1 INTRODUCTION

In addition to the BeLux Integrated Market Model, this document (the Balancing Programme) describes the balancing services offered by Balansys within the BeLux area in accordance with the balancing agreement (contractual terms and conditions) and the balancing code (access rules and procedures). These documents are to be developed by Balansys, and approved by both national regulatory authorities of the Grand Duchy of Luxembourg and of Belgium; the ILR and the CREG respectively. These documents and the regulated tariffs in force regarding the balancing within the BeLux area can be found on the Balansys website <http://www.balansys.eu/>.

As described in the BeLux Integrated Market Model, Grid user shall sign the balancing agreement in order to:

- subscribe to the balancing services offered by Balansys and,
- be allowed to use the other services offered by the TSOs of the BeLux area ~~and by the Hub Operator~~ (except if specified otherwise)

The balancing services consist notably in:

- The calculation and the communication to each Grid User of their individual balancing position ( $GBP_{h,z,g}$ ) and of the market balancing position ( $MBP_{h,z}$ ) based on information received from both TSOs of the BeLux Area ~~and from the Hub Operator~~ as further detailed in section [02.22.1](#),
- Monitoring of the market balancing position as described in [02.21.1](#),
- The execution of the required balancing settlements, within the gas day and at the end of the gas day as described in section [2.32.32.3](#),
- Communication of data related to the balancing activities as described in section [2.52.52.4](#),
- Provision of data on the Electronic Data Platform as described in section [333](#),
- The invoicing resulting from such balancing ~~services settlements and of the neutrality charge~~ as described in section [444](#).

This Balancing programme is intended for information purposes only.

## 2 BALANCING REGIME WITHIN THE BELUX AREA

### 2.1 General principles of market-based balancing

Market-based balancing has two objectives:

- Make grid users responsible, on a cumulative basis for all hours of a given gas day, for balancing within the BeLux area by properly adjusting inputs with regards to offtake, and limit Balansys intervention to cases where the market exceeds predefined thresholds.
- Enable market cost reflectivity of residual Balansys actions by directly relating the cost of such actions to the actual commodity market prices at the moment of such actions and focusing those costs on responsible parties. This is achieved by Balansys thanks to a settlement of the positions when residual actions are necessary and a financial compensation based on the actual Balansys Buy or Sell price for such action on the wholesale market.

Conform to the Balancing Network Code, balancing shall be neutral i.e. the Balancing Operator shall not gain or lose money via its balancing activities. When applicable, the Balancing Operator will invoice the Neutrality Charge in accordance with Regulated Tariffs.

#### 2.12.2 Grid user balancing position & Market balancing position in the BeLux area Market-based balancing rules

In order to reliably and efficiently operate the BeLux area, grid users are requested to balance inputs and outputs of natural gas over the period of one gas day, in accordance with the hourly data supplied electronically by Balansys in accordance with 2.52.5.

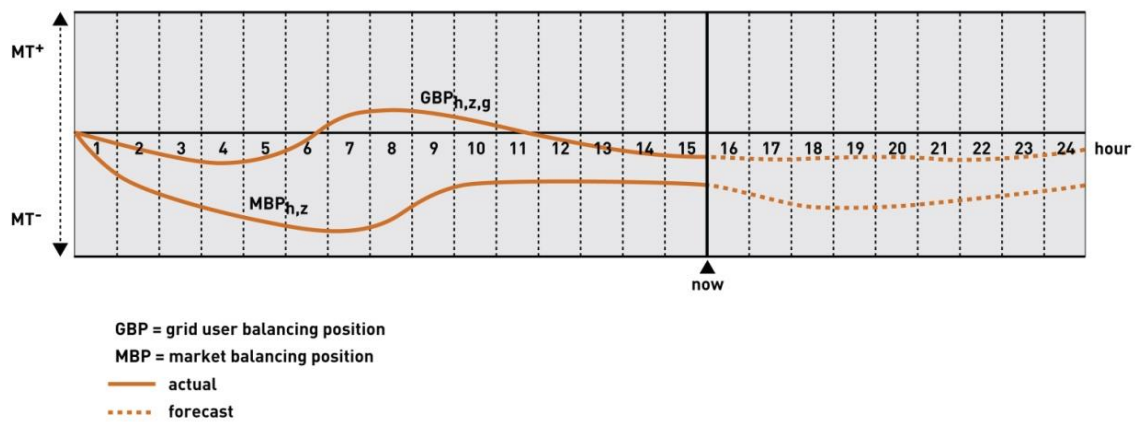
Balansys calculates, in both H and L zones, the individual grid user balancing position of each grid user active in the concerned zone and the market balancing position based on provisional information sent by both TSOs of the BeLux area ~~and by the Hub Operator~~. The following information is communicated to Balansys on hourly basis:

- In the H-zone:
  - o Creos Luxembourg communicates, for each grid user active in its transmission grid, the sum of the entry and exit allocations in Luxembourg (interconnection point and end customers) for all preceding hours for the given gas day and an indicative forecast of those quantities for the remaining hours of the gas day.
  - o Fluxys Belgium communicates, for each grid user active in its high-calorific transmission grid, the sum of the entry and exit allocations on the Belgian H-gas grid (interconnection points, ZTP and end customers) for all preceding hours for the given gas day and an indicative forecast of those quantities for the remaining hours of the gas day.
  - ~~o Hub operator communicates the net confirmed title transfers of the grid user on the ZTP as described in the BeLux Integrated Market Model.~~
- In the L-zone:
  - o Fluxys Belgium communicates, for each grid user active in its low-calorific transmission grid, the sum of the entry and exit allocations on the Belgian L-gas grid (interconnection points, ZTP-L and end customers) for all preceding hours for the given gas day and an indicative forecast of those quantities for the remaining hours of the gas day.

Hub operator communicates the net confirmed title transfers of the grid user on the ZTPL as described in the BeLux Integrated Market Model.

Taking these information into account, Balansys calculates:

- The grid user balancing position ( $GBP_{h,z,g}$ ) which shows, for a given grid user (g), for a given hour (h) and for a given zone (z), the delta between the sum of all provisional entry allocations and the sum of all provisional exit allocations in the BeLux area for all preceding hours and an indicative forecast of those positions for the remaining hours of the gas day, also taking into account the net confirmed title transfers confirmed by Hub operator Fluxys Belgium for the relevant notional trading services (ZTP or ZTPL) and the hourly transferred imbalance(s) for the considered zone under the imbalance pooling service in accordance with 2.42.4.
- The market balancing position ( $MBP_{h,z}$ ) which shows the delta between the sum of all provisional inputs and the sum of all provisional outputs in the BeLux area for all preceding hours and an indicative forecast of those positions for the remaining hours of the gas day for all grid users in a given zone. The market balancing position is therefore equal to the sum of all grid user individual balancing positions for the zone in question.

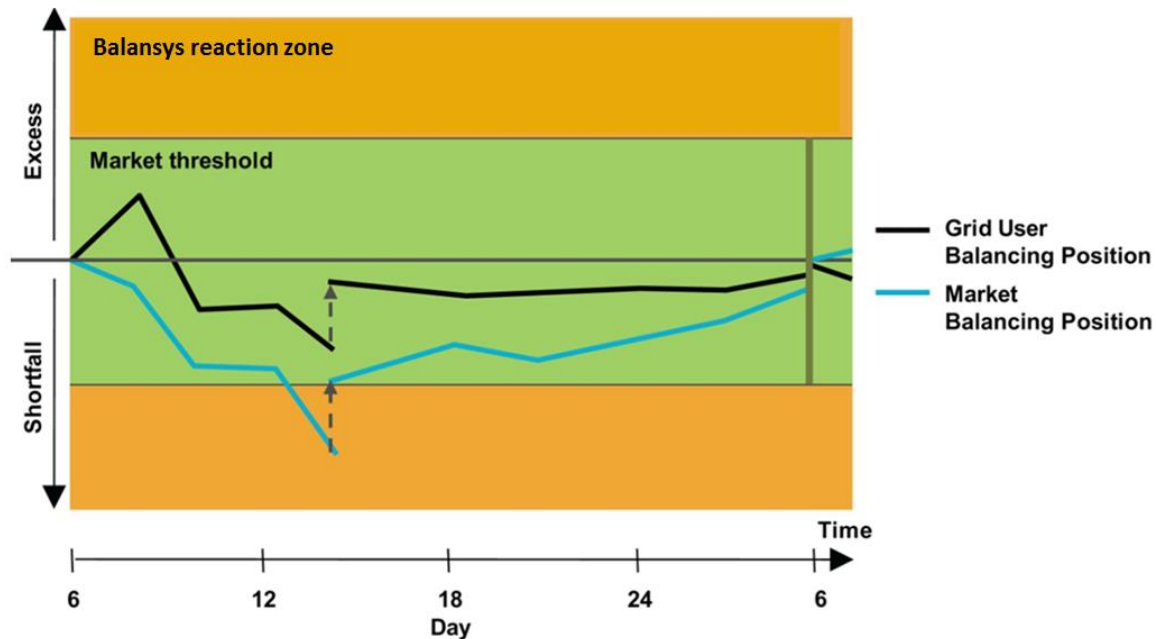


## 2.2 Daily market-based balancing regime

To ensure the reliable and efficient operation of each zone, the total quantities of natural gas entering a zone must, on a daily basis, be in balance with the total quantities of natural gas leaving the zone through an interconnection point or being consumed within the zone. This balance between entry and exit is monitored on a cumulative basis for all hours of a given gas day via the market balancing position, which is updated on an hourly basis.

During the gas day, as long as the market balancing position remains within the predefined upper and lower market threshold, there is no intervention by Balansys. In case the market balancing position goes beyond the upper (or lower) market threshold, Balansys intervenes through a sale (or purchase) transaction on the commodity market (see section 2.3.32.3.3) for the quantity of the market excess (or shortfall) and settles in cash that quantity with the grid user(s) contributing to such imbalance in proportion of their individual contribution.

The price of the transaction done by Balansys on the market as well as the gas price and eventual conversion costs are used for the determination of the price reference used for such within-day balancing settlement, hence reflecting the market value for that residual natural gas at that time.



At the end of each gas day, all the grid user balancing positions and the market balancing position are settled to zero by a settlement in cash for each grid user.

~~Market-based balancing has two objectives:~~

- ~~• Make grid users collectively responsible for balancing of the BeLux Area by properly adjusting inputs with regards to offtake, and limit Balansys intervention to cases where the market exceeds predefined thresholds.~~
- ~~• Enable market cost reflectivity of Balansys actions by directly relating the cost of such actions to the commodity market prices and focusing those costs on responsible parties.~~

## 2.3 Balancing settlements and allocation settlements

### 2.3.1 Intra-day balancing settlements when reaching the threshold in the H-zone or the L-zone

If the market balancing position goes beyond the market threshold ( $MT^+$  and  $MT^-$ ), the market excess or market shortfall is instantly settled proportionally in respect of the grid users causing the said market excess or market shortfall via their grid user balancing position.

Such a settlement is executed in the following 5 steps:

1. Identification of the quantity to be settled: market shortfall [market excess];
2. Identification of grid users causing imbalance (all grid users having at that time an individual balancing position contributing to the market shortfall [market excess]) and their proportional contribution to the market imbalance;

3. Correction of causing grid users balancing position proportional to their contribution to the market imbalance (Balansys delivers gas to the grid user in case of shortfall and offtakes gas from the grid user in case of excess);
4. Transaction initiation by Balansys for the purchase [sale] of a quantity of gas compensating for the market shortfall or the market excess (see section [2.3.32.3.32.3.3](#));
5. A financial settlement at a price calculated in accordance with the balancing code.

Steps 1 to 3 are instantly calculated and applied by Balansys when determining, on an hourly basis, the latest market and grid user balancing positions. The individual corrections of the positions resulting from the balancing settlement by Balansys (residual action) are communicated to the grid users together with their individual position and the market position. The financial settlement is handled during the invoicing cycle.

### 2.3.2 End-of-day balancing settlement for H-zone or L-zone

At the end of the gas day, each grid user is settled to zero so that the grid user starts the next gas day with a zero position. The end-of-day balancing settlement is done in the following 5 steps:

1. Identification of total quantity to be settled equal to the market balancing position of the last hour of the gas day: market shortfall [market excess];
2. Identification of the quantity to be settled per grid user, being for each grid user equal to their individual grid user balancing position of the last hour of the gas day ;
3. Correction of grid users' balancing position to zero (Balansys delivers gas to the grid user in case of shortfall and offtakes gas from the grid user in case of excess);
4. Transaction initiation by Balansys for the purchase [sale] of a quantity of gas compensating for the market shortfall or the market excess (see section [2.3.32.3.32.3.3](#));
5. A financial settlement at a price calculated in accordance with the balancing code of Balansys.

Steps 1 to 3 are instantly calculated and applied by Balansys when determining, on an hourly basis, the latest market and grid user balancing positions. The individual corrections of the positions resulting from the settlement by Balansys (residual action) are communicated to the grid users together with their individual position and the market position. The financial settlement is handled during the invoicing cycle.

### 2.3.3 Residual balancing organisation<sup>1</sup>

Balansys residual balancing is organised on the wholesale commodity market. When Balansys needs, during the gas day - be it within-day or end-of-day - to buy [or sell] gas to compensate a market shortfall [or excess], it will do so by accepting bids [offers] for a notional ~~product or a specific physical~~ product with Balansys<sup>2</sup> available on ~~the an~~ exchange ~~platform as mentioned on~~ [www.balansys.eu](http://www.balansys.eu) ~~operated by TCE-Endex~~. Balansys will buy [or sell] the needed quantities of gas using the best available prices offered by market participants for the related products at such

<sup>1</sup> For the sake of clarity, balancing activities of Balansys limited to the commercial balancing compensating the difference between positive and negative quantities allocated to the grid users.

<sup>2</sup> Grid Users concluding a transaction on a physical product with Balansys must comply with specific delivery (offtake) obligations detailed in the Balancing Code of Balansys. Generally speaking, there is no specific qualification process for a grid user registered on the exchange to be able to deliver such a product, however grid users offering to trade such product with Balansys are obliged to actually increase (decrease) their delivery of gas via a physical interconnection point or decrease (increase) their offtake of gas via a physical interconnection point or an end user domestic exit point. Such variations are subject to verification.

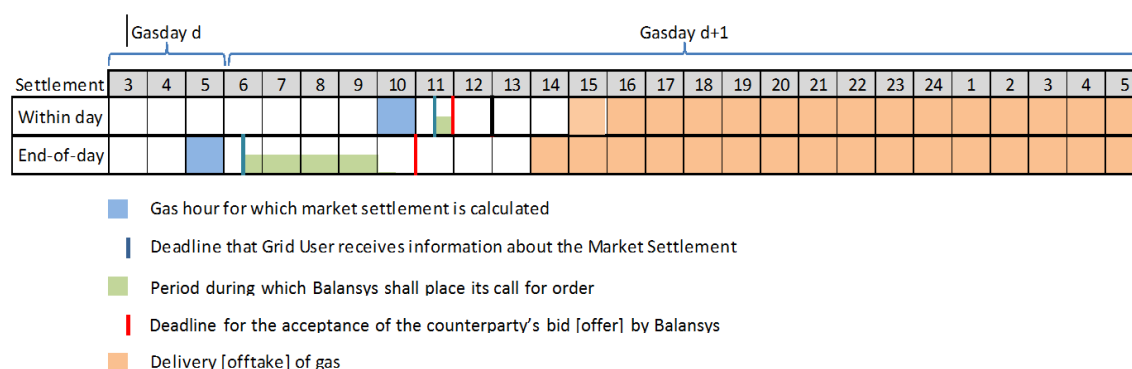


time according to the exchange platform tCE-Endex's matching rules. Once concluded, the transaction(s) will serve to determine the reference price used for the financial compensation of a given settlement action. Such price, together with the related settlement quantities will be published on the electronic data platform as soon as they are determined.

The products will therefore be available for trading on the tCE-Endex exchange platform: one for H-zone and the other one for the L-zone. Both products imply a balance-of-day delivery of the gas to [from] Balansys. Offers [bids] can be placed at all times by grid users registered on the exchange on those products.

When needed for its residual balancing activities, Balansys will use its best efforts to notify the market<sup>3</sup> of its intention to buy [or sell] a specific product as soon as possible but not later than 60 minutes after the gas hour for which the within-day market shortfall [or excess] has been detected, or not later than 270 minutes after the gas hour for which the end-of-day market shortfall [or excess] has been detected or when needed based on the forecasted Market Imbalance Position. Balansys shall use its reasonable endeavours to make such notification at least 30 minutes before the product expiry on the exchange for the end-of-day settlement.

Balansys will buy [or sell] gas per multiple of a standard lot size of 100 MWh<sup>4</sup> and on a product with delivery to [redelivery from] Balansys starting 3 hours after product expiry.



Before product expiry, Balansys will seek to close the needed transaction(s) according to the price merit order of the offers [bids] available at that time, up to the needed quantity. The price reference for the cash compensation of the settlement with the grid user, called the settlement price, will be determined as the minimum [maximum] of the gas price to which a small adjustment is applied<sup>5</sup> and the minimum [maximum] price of those transaction(s) in case of a market excess [shortfall].

If, for any reason, balancing operator was unable to close the needed transaction(s) on the ZTP notional trading services for the compensation of L-zone settlements, within 2 hours after its first notification to the market, balancing operator will post the corresponding notification(s) on the H-zone related product(s) and will seek to close the needed transaction as soon as possible. The settlement price in such case, will be determined as the minimum [maximum] of the gas price and minimum [maximum] price of those transaction(s) in case of a market excess [shortfall],

<sup>3</sup> Such a notification can happen by posting message calling for bids and/or offers on the exchange.

<sup>4</sup> Multiple of standard lot size of 100 MWh divided by the remaining number of hours in the gasday rounded to the upper MW to be compliant with the Gas Market Instrument Specifications Zeebrugge Trading Point (ZTP) of an exchange platform as mentioned on www.balansys.eu tCE-ENDEX

<sup>5</sup> Small adjustment for causers & helpers are fixed in the regulated tariffs for balancing and approved by ILR and CREG

decreased [increased] with a conversion fee in accordance with the applicable regulated tariff for a daily Gas Quality Conversion Service L->H [peak load H->L], corresponding to the hourly peak capacity needed to convert the required quantity of gas.

#### 2.3.4 Allocation settlement

Balancing settlement described in [2.3.12.3.12.3.1](#) and in [2.3.22.3.22.3.2](#) are based on aggregated provisional data received from the TSOs of the BeLux area ~~and from the Hub Operator~~.

In a second time, each TSO of the BeLux area will check and validate the metering data on its own transmission grid. The difference between provisional data sent to Balansys and the validated data will be settled by the concerned TSO with the concerned grid user through an allocation settlement as described in the Contract Cadre Fournisseur and in the Standard Transmission Agreement applicable in Luxembourg and in Belgium respectively.

### 2.4 Imbalance pooling service

The imbalance pooling service allows grid users to pool their hourly imbalance by transferring the hourly imbalance from one grid user to another.

The pooling of the hourly imbalance implies a transfer of the hourly imbalance grid users need to agree upon before the start of the imbalance pooling service by means of an imbalance pooling form. The imbalance pooling service is based on the designation of a role between two grid users, where for one grid user known as the imbalance transferor its hourly imbalance is automatically transferred to another grid user also known as the imbalance transferee, as detailed in the balancing code.

#### 2.42.5 Data communicated to grid user towards market-based balancing regime

The grid users receive hourly allocation messages (in Edig@s protocol and also published on the electronic data platform on [to be completed], within 35 minutes after the hour, which includes information about:

- The grid user balancing position
- The market balancing position
- The indicative forecast of the grid user balancing position for the remaining hours of the day
- The indicative forecast of the market balancing position for the remaining hours of the day
- The market threshold
- The excess/shortfall settlements for the market and the grid user

### 3 DATA TRANSMISSION ON THE ELECTRONIC DATA PLATFORM

Balansys publishes data regarding the balancing in the BeLux area on its website ([www.balansys.eu](http://www.balansys.eu)) where market parties can find a variety of useful information. Data for all relevant parameters are updated hourly or daily as the case may be and users can retrieve customised reports tailored specifically to their needs.

The following information (and more) is publically available on the electronic data platform of Balansys:

- Balancing: operational data for the market to monitor the balancing position

As part of the balancing agreement Balansys also provides personalised data services via the electronic data platform, yet only privately accessible to grid users, that allows them to visualize, consult or download their own individualised operational data such as:

- individual and market position and their indicative forecast till end of the day as described in section [02.22.1](#);
- price information relating to residual balancing actions by Balansys; and
- all data required to check Balansys invoices.

## 4 INVOICING

According to the terms and conditions set forth in the balancing agreement, invoices are usually issued monthly by Balansys to grid users, on the 10<sup>th</sup> day of the month. Invoices will be rendered either electronically either by letter or fax. A copy of the invoices and all their related appendices will be made privately available on the electronic data platform of Balansys. Generally speaking, invoices are due within 30 days after receipt and failure to respect terms of payment may lead to the provision of financial security by the grid user or the suspension of such balancing services.

As detailed in the balancing code, Balansys issues two invoices, the monthly BAL invoice and the monthly BAL self-billing invoice, with respect to the balancing monthly fee:

The monthly BAL invoice is sent on the 10<sup>th</sup> of a given month M and cover:

- The shortfall monthly balancing settlement fees for month M-1.
- The monthly neutrality fees (if applicable).

The monthly BAL self-billing invoice is sent on the 10<sup>th</sup> of a given month M and cover:

- The excess monthly balancing settlement fees for month M-1
- The monthly neutrality fees (if applicable).

A summary of the consolidated invoices by due date will be transferred to the grid user for each month, including a summary note with the balance payable to the balancing operator or refund to the grid user. Conveniently, the grid user may choose between:

- The payment of the consolidated amounts, as calculated in the summary note or,
- The payment of the total balancing monthly fee(s) to Balansys and the payment of the total balancing monthly self-billing fee(s) by Balansys to the grid user.

These above conditions do not prevail in the case of an anticipative invoice when the amount of the upcoming BAL invoice exceeds the threshold as defined in the Balancing Agreement.

## 5 HOW TO CONTACT US

Any request for additional information or questions in relation to the service offer should be addressed to:

Balansys

Rue de Bouillon 59-61

L-1248 Luxembourg

E-mail: [to be completed]