



Consultation 5 Report

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1. INTRODUCTION

As from 11 August 2021 until 1st September 2021, Balansys SA consulted the market on the proposed Balancing tariffs applicable for Calendar year 2022. 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. 1st January 2022 to the 31st December 2022), by 1st October 2021. This consultation has therefore been 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 11 August 2021 till 1st September 2021, 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 a tariff amounting to –0.008 €/MWh for the neutrality fee.

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 2 grid users (Engie and OGMT) and 1 representative organisation (FEBEG). The market reactions were globally positive and welcoming the proposed tariff for the negative neutrality fee (-0.007€/MWh). However FEBEG and OGMT raise some doubts on the level of the small adjustments for causers (the level of small adjustments, 0% for helpers and 3% for causers being not changed), but not for the same reasons.

FEBEG has repeated (like last year) 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, building up on last year study, Balansys SA has further evaluated the end-of-day market imbalance positions (deficit on the H-gas market) from 2018 and has 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 concludes that the 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 there weren't any.

OGMT proposed to reduce the value of the small adjustment arguing that the high gas price also increases this penalty and would risk further shifting the neutrality account upwards. Although we understand this argument, a decrease in the value of the small adjustment would send the wrong message to the market for the same reasons mentioned above. The proposed alternative of setting a maximum absolute value for the small adjustment in the event of a high gas price will be explored taking into account the needed compliance with the network code and may be considered for the next tariff period subject to consultation.

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 2022

Dear Customer,

Balansys is organizing a market consultation on the balancing tariffs applicable during the next balancing period (from 1 January 2022 to 31 December 2022). The consultation will take place from **11 August to 1 September 2021**.

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

You can consult the document explaining the proposed adjustments [on our website](#).

In accordance with CREG decision (B)150903-CDC-656G/29 and IRL regulation E15/38/ILR, Balansys will submit a proposal to CREG and ILR regarding the applicable balancing tariffs for the next balancing period before 1 October 2021.

Therefore, we invite you to send your comments to marketing@balansys.eu by **Wednesday 1 September 2021 (close of business) at the latest**. Do not forget to mention whether the content is to be treated as confidential or not. Unless otherwise specified, all comments will be treated as non-confidential.

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

Yours sincerely,

A handwritten signature in blue ink, appearing to read "Marc Meyer", with a long horizontal stroke extending to the right.

Marc Meyer
Director

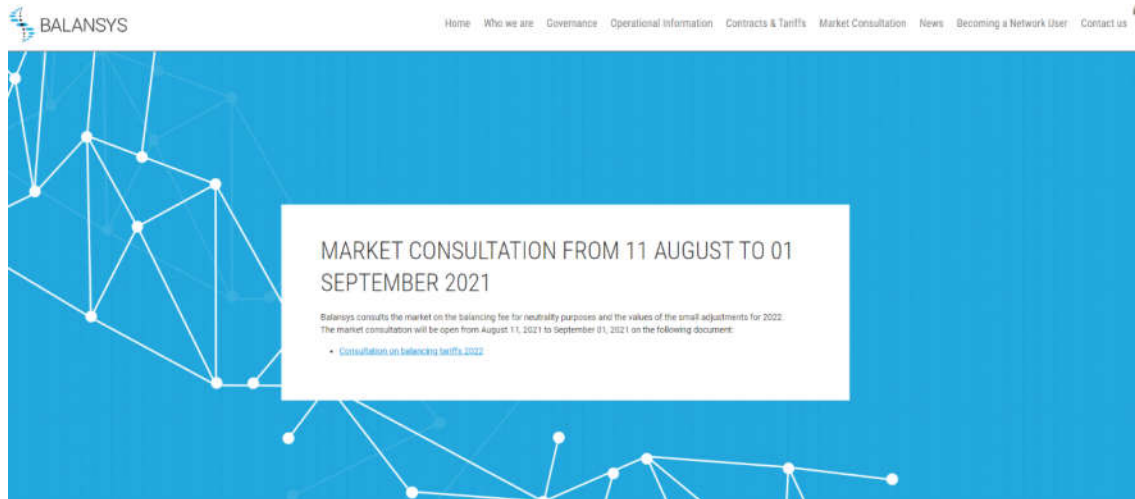
A handwritten signature in blue ink, appearing to read "José Ghekière", with a long horizontal stroke extending to the right.

José Ghekière
Managing Director

List of documents in consultation

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

<http://www.balansys.eu/market-consultation-from-11-august-to-01-september-2021/>



Questions & Answers

Questions & Answers

From	Confidential?	Topic	Questions / Comments by Stakeholders	Answers / Comments by Balansys	Type of reaction (formal or clarification)
FEPEG	No	Balancing tariffs	Due to exceptional market circumstances, the BeLux neutrality account should reach at the end of the year a largely positive amount (+1.693k€), which was not foreseen in the previous tariff proposal. FEPEG welcomes the Balansys proposal of a negative Neutrality Charge, in order to reduce the surplus on the neutrality account.	/	Formal
FEPEG	No	Balancing tariffs	FEPEG 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 2018 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 concludes 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 there weren't any.	Formal
OGMT	No	Balancing tariffs	OGMT shares the view of Balansys and agrees with the suggested neutrality charge of -0.007EUR/MWh in 2022 as well as the indication of 0 EUR/MWh in 2023.	Balansys wants to indicate that the consultation concerns the 2022 tariffs and does not give any indication for tariffs in the future (2023 and beyond)	Formal
OGMT	No	Balancing tariffs	OGMT suggests reducing the small adjustment for causers to 1-2% in 2022 to avoid i) building up extraordinary high surpluses and ii) re-allocation of huge amounts over time between different pockets.	Although we understand this argument, a decrease in the value of the small adjustment would send the wrong message to the market for the same reasons mentioned above (see response to FEPEG comment).	Formal
OGMT	No	Balancing tariffs	OGMT suggests implementing an additional maximum absolute limit of small adjustment e.g. 0.5EUR/MWh to ensure a robust balancing price calculation model in high market price periods as well.	The proposed alternative of setting a maximum absolute value for the small adjustment in the event of a high gas price will be explored taking into account the needed compliance with the network code and may be considered for the next tariff period subject to consultation.	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	Nasma	Sahbani	No
OGMT	Rainer	Zehetner	No
FEBEG	Kristof	Schreurs	No

Consultation Report – Consultation n°5

From: nasma.sahbani@engie.com
Sent: 01 September 2021 12:33:48 (UTC+01:00) Brussels, Copenhagen, Madrid, Paris
To: Balansys Marketing
Cc: beatrice.debacker@engie.com; Bochkova Svetlana
Subject: ENGIE's answer to market consultation on Balancing Tariffs dor 2022

Dear team,

Firstly, Engie would like to thank Balansys for opening the consultation on the proposal regarding the balancing tariffs 2022.

Engie welcomes Balansys' proposal of a negative Neutrality Charge, as the Neutrality Account has reached a largely positive amount.

Engie agrees with Balansys' proposal of a small adjustment at 0% for helpers and 3% for causers. Engie believes that this mechanism is a necessary incentive for shippers to engage reasonable efforts to be balanced in the ZTP zone.

Kind regards,

Nasma SAHBANI
Global Energy Management
Capacity Portfolio Manager



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via email: info@balansys.eu

01. September 2021

OGMT Feedback related to the Balansys market consultation on balancing tariffs in the BELUX area in 2022

OMV Gas Marketing & Trading GmbH (OGMT) welcomes the possibility to provide feedback on the suggested balancing tariffs in 2022. The content of this feedback is not confidential and can be disclosed to the market.

OMV Gas
Marketing & Trading GmbH

Ad neutrality charge in 2022

OGMT shares the view of Balansys and agrees with the suggested neutrality charge of -0.007EUR/MWh in 2022 as well as the indication of 0EUR/MWh in 2023.

Rainer Zehetner
Department Manager
Short-term Balancing and Optimization
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OMV Gas
Marketing & Trading GmbH
Trabrennstraße 6-8
1020 Wien, Österreich

Ad small adjustment

As transparently documented in the current neutrality account development, a small adjustment based on a percentage numbers leads to a decoupling between market area managers balancing activity costs vs. imbalance prices of causers above a certain price level (20-25EUR/MWh). At current market levels (~45EUR/MWh), a small adjustment of 3% creates a prohibitive measure and a premium/discount of additional around 1.3EUR/MWh in absolute terms. Therefore, OGMT suggests reducing the small adjustment for causers to 1-2% in 2022 to avoid i) building up extraordinary high surpluses and ii) re-allocation of huge amounts over time between different pockets.

Registriert beim
Handelsgericht Wien
unter FN 223028h
Gesellschaftssitz Wien
UID ATU54475900
DVR-Nr. DVR 4017036

www.omv-gas.com

Alternatively, OGMT suggests implementing an additional maximum absolute limit of small adjustment e.g. 0.5EUR/MWh to ensure a robust balancing price calculation model in high market price periods as well.

Thank you again for consulting the market and offering the possibility to provide feedback to your view/suggestions.

Please feel free to contact us if you would like to discuss our feedback.

Kind regards,
OMV Gas Marketing & Trading GmbH



POSITION

Subject: Balansys consultation on balancing fee for neutrality purposes and the values of the small adjustments for 2022
Date: 31 August 2021
Contact: Kristof Schreurs
Telephone: +32 485 36 46 28
Mail: kristof.schreurs@febeg.be



Introduction

On the 11th of August, 2021 Balansys launched a consultation on balancing fee for neutrality purposes and the values of the small adjustments for 2022. The deadline for this consultation is by the 1th of September, 2021.

FEBEG welcomes this consultation and wants to thank Balansys for creating this opportunity for all stakeholders to submit their comments and suggestions. The comments and suggestions of FEBEG are not confidential.

Negative neutrality charge

Due to exceptional market circumstances, as explained in the consultation document by Balansys, the BeLux neutrality account should reach at the end of the year a largely positive amount (+1.693k€), which was not foreseen in the previous tariff proposal.

Therefore Balansys proposes to apply a negative neutrality charge of $-0,007 \text{ €/MWh}$ for 2022 (payable to market participants pro rata to provisional exit energy allocation on domestic exit points). FEBEG welcomes the Balansys proposal of a negative Neutrality Charge, in order to reduce the surplus on the neutrality account.

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 is 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



POSITION

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?

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