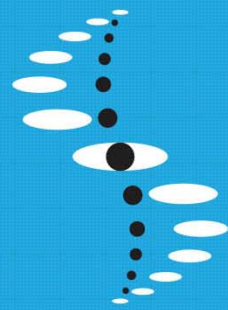


# Compliance Program Training



BALANSYS

ZEEBRUGGE

POPPEL

BLAREGNIES

# Agenda

## 1. Goal of meeting

## 2. Introduction

- Compliance Program training
- Legal structure and documents
- Organigram
- Who does what?

## 3. Compliance Program

- General
- Impact on Fluxys Belgium
- Commercial Sensitive Information
- Contacts

## Goal of meeting

- BeLux Integrated market zone launched on 1/10/2015
  - First cross border market integration in EU
  - Uniting the H-gas market of Belgium and Luxemburg
  - In this first phase, Fluxys Belgium operated as Balancing operator for the BeLux area
- As of 1/06/2020: Balansys becomes(\*) Balancing operator in the BeLux area:
  - Performance of the market-based balancing of the BeLux area:
  - Performance of regulatory tasks: drafting, designing and submitting of regulated documents and balancing tariff to both national regulators & ACER
  - Concluding Balancing Agreements with shippers
- In order to take over this role, Balansys shall comply with a “**Compliance Programme**” (“CP”)
  - The CP, approved by ACER and reviewed by the CREG & ILR, contains rules to ensure non-discrimination, absence of conflict of interests and equal treatment between/of market participants, transparency, as well as the protection of the confidentiality of commercial sensitive information (“CSI”)

### The Compliance Program requires, among others:

- ✓ A training program for Balansys responsables explaining the content of the CP and
- ✓ The undertaking of any necessary measure to ensure the respect of the CP by its employees and its sub-contractors

(\*) Subject to approval of regulatory documents by mid February 2020 at the latest

# Introduction: Balansys - Compliance Program Training

- Training foreseen for:
  - Balansys Board Members
  - At Fluxys (as subcontractor of Balansys - SLAs) for the following departments:
    - Commercial: Key Account Manager, Sales Support, Contract Accounting & Product Managers
    - Dispatching: Gas Flow Operations
    - Legal: Legal Manager
    - Regulatory: Regulatory Manager
    - ICT: ICT applications & ICT Operations
    - Finance: Accounting Manager & Controlling Manager
    - Audit & Compliance: Audit & Risk Manager
  - At Creos (as subcontractor of Balansys – SLAs) for the following departments:
    - Legal
    - Regulatory
    - Dispatching
    - IT
    - Finance/Accounting/Controlling
    - Assistant of Secretary

→ Team responsables shall run through and distribute this presentation and the link to the Compliance Program to their team members or any subcontractors who have access to Balansys data. In case of new employees or new subcontractors, team responsables have the responsibility to inform them adequately about the Compliance Program.

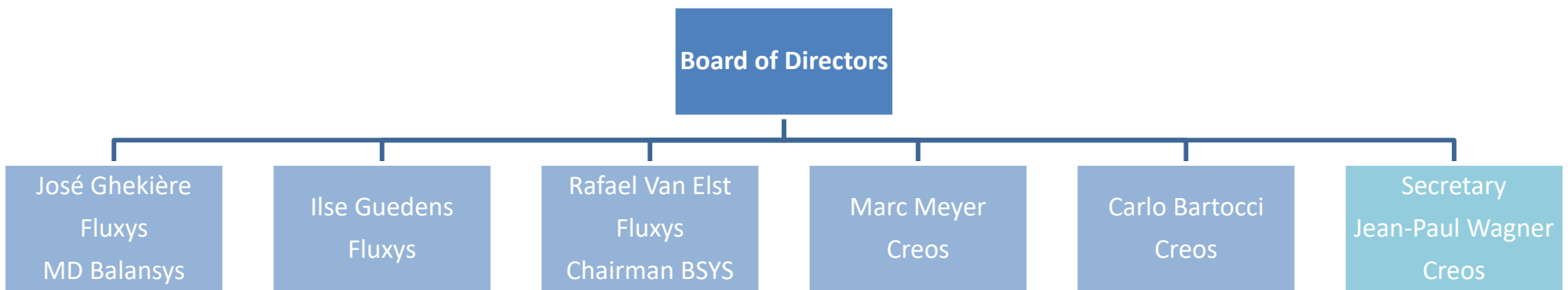
## Introduction: Balansys – Legal structure and documents

- Joint Venture created between Fluxys Belgium SA (50%) and Creos Luxembourg (50%)
  - Subject to Belgium and Luxemburg regulation (CREG and ILR respectively)
- Official documents:
  - **Articles of Association**
  - **Belux Integration Agreement:** shareholders agreement
  - **Compliance Programme (CP):** aiming at ensuring non-discrimination, equal treatment of market participants as well as preserving the confidentiality of commercially sensitive information
    - As Creos Luxembourg is exempted from EU unbundling obligation(\*), the Balansys CP is particularly strict
    - Thereby, all Balansys employees, Belgian/Luxembourg TSO's employees and subcontractors working for Balansys need to be aware of and comply with the CP rules
  - **Service Level Agreements (SLAs):** between Balansys and Fluxys Belgium and Creos Luxembourg - describing the range of services provided by Fluxys and Creos to Balansys which does not have any own employees for the time being (cf next slides)
- Regulated documents:
  - **Balancing Agreement:** framework agreement to be signed by shippers intending to be active within the BeLux balancing area
  - **Balancing Code:** document linked to the Balancing Agreement detailing the operational aspects of the Balancing Agreement
  - **Balancing Program:** indicative commercial document on the Balancing services & main related rules

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(\*) Creos is part of a vertically integrated company

## Introduction: Balansys – Organigram



Each Board member sign a “declaration d’adhesion individuelle” relating to the respect of the CP

# Balansys capitalizes on technology and experience of its shareholders and on an external Compliance Officer



Commercial front/back-office



Regulatory



Dispatching, balancing ops.



Invoicing details (annexes)



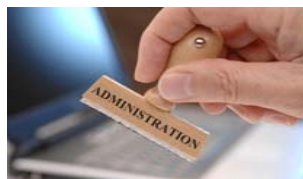
ICT



Compliance Officer Valérie Vandegaart

## Compliance Officer's main missions:

- Verify the respect of CP (audit competences), inform & answer to questions relating to CP
- Participates to pertinent meetings of Balansys
- Contact for complaint about violation of CP
- Can ask for specific measures in case of violation of CP and have access to all necessary data
- Yearly report about it's missions, the necessary measures to be taken to ensure the respect of the CP, the complaints (report published on Balansys website & sent to NRAs)



Administration



Legal



Invoicing



Accounting

## Introduction: Balansys – Who does what\*?

### Fluxys Belgium

- Dispatching:
  - Operational set-up
  - Market balancing operations (follow-up, purchase/sale of gas, etc)
  - Capacity solution operations (not activated)
  - 24/7 interactions with grid users
  - 24/7 nomination service
- Back-office:
  - Interactions (non-operational) with grid users:
    - Commercial support (front/back office)
    - Contracting
    - ICT set-up
  - Interactions with TSO's, platform operators & other service providers
  - Electronic Data Platform management
  - Contract accounting
- Invoicing
  - Managing of invoice contact details
  - Creation and export of invoicing details
  - E-billing management
  - Approval of invoice received by Balansys from platform operators (quantities/price)

### CREOS Luxembourg

- Administrative and legal management of Balansys
  - Secretarial works
  - Corporate works
  - Administrative formalities
  - Drafting of legal documents
  - Website management
  - Insurance
- Invoicing
  - Administration of invoicing based on relevant data provided by Balansys (aggregate monthly amount of settlements, neutrality charge, and administrative fees)
  - Invoice payment follow-up
  - Administration and payment of invoices received (Creos, Fluxys Belgium, Powernext, etc)
- Accounting
  - Accounting and tax management
  - Treasury and cash management
  - Creditworthiness follow-up & risk management
  - Neutrality fee calculation
  - Controlling
- Capacity solution
  - Design and management of the capacity solution

E&Y

Audit

(\*) at 31/01/2020



## Compliance Program: General

- Official document aiming at ensuring non-discrimination, equal treatment of market participants as well as preserving the confidentiality of commercially sensible information
- “Compliance Program” (CP) requires, among others:
  - A training program for Balansys responsables explaining the content of the CP and
  - The undertaking of any necessary measure to ensure the respect of the CP by its employees and its subcontractors

### General Principles

- Non-discriminatory treatment of the grid users: grid users must be treated equally by Balansys
- Transparency: Regulated documents (Balancing Agreement, Balancing Code and Balancing Program) are published and applied equally to the grid users. Public consultations.

### Independence

- Balansys responsible/employees, TSO’s employees and subcontractors employees must act independently and must not act under the influence of any personal interest. Avoidance of any discriminatory treatment of grid users

### Presents

- General principle: no present can be received by any Balansys/TSO’s/Subcontractors’ employees; exceptions can be accepted if no influence on independence principle, if present limited in value and if not frequent.
- If >75€ value → inform the Managing Director (MD) and Balansys Compliance Officer (CO)

### Invitations

- Acceptable if reasonable (normal course of activity, limited value, not frequent) and without influence on independence principle (in case of doubt: check with MD) → reporting obligation to the CO

### Collaboration with CO

- The CO has access to all relevant information

## Compliance Program: Impact on Fluxys Belgium

- “Programme d’engagements” must be signed by internal and external personnel coming in contact with commercial sensitive information
  - Personnel of non-certified TSO’s which performs tasks for Balansys should receive a copy of the CP and confirm in writing they have taken notice of the content of the CP
  - SLAs & contracts with subcontractors must also refer to CP
- Balansys must establish a list of commercially sensitive information and a list of the persons who have access to that information.
  - The CO must receive a copy of such lists at 1<sup>st</sup> request
  - ICT-wise a system of individual access authorisations to commercial sensitive information must be put in place
- CP violation & treatment of complaints:
  - Must be referred to the CO
  - The CO will inform the MD
  - During investigation, confidentiality will be applied
  - The CO, in collaboration with the MD, reports to the board of directors of Balansys
  - Correcting measures and, eventually, sanctions are decided by the relevant entity

## Compliance Program: Commercial sensitive information (CSI)

- Allocations:
  - Entry and exit allocations (aggregated per shipper, per hour, per TSO)
  - Imbalance pooling data
- Grid user Balancing position:
  - Individual shipper balancing position
  - Settlements per shipper (EoD & WD)
  - Steering and forecast
- Trading data of Balancing Operator:
  - Individual price of trades
  - Individual lot size
  - Deal confirmation on Pegas screen
- Invoicing:
  - Shippers' monthly aggregated balancing settlements
  - Shippers' monthly neutrality charge
  - Balancing monthly invoice
  - Shippers' invoice details (EDP)
- Contractual: Individual signed contracts
- Creditworthiness: Size and type of collateral

### Who has access to CSI?

- Fluxys Be employees
- Creos Lu employees working for BSYS (only access to aggregated monthly invoicing data)
- Subcontractors, if any
- Compliance Officer
- Managing Director

CSI's must be treated as confidential; in case of doubt about the sensitive character of an information, refer to Balansys Managing Director

## Compliance Program: Contacts

- The CP and the regulated documents are published on Balansys website: [www.balansys.eu](http://www.balansys.eu)
- In case of questions:
  - Balansys Managing Director: José Ghekière – [Jose.Ghekiere@balansys.eu](mailto:Jose.Ghekiere@balansys.eu)
  - Balansys Compliance Officer: Valérie Vandegaart – [complianceofficer.external@balansys.eu](mailto:complianceofficer.external@balansys.eu)

# Compliancy Check of Compliance Program

CSI information

Data type	Description	IT System concerned	Risk if published
Balancing Allocations (per shipper, per hour)	Luxembourg: - Sum of entry IP's (per zone) - Sum of entry domestic (per zone) - Sum of exit IP's (per zone) - Sum of exit domestic points (per zone)	Connect Balansys, Lama Balansys, RABIT Balansys, Cube Balansys	Breach of confidentiality. Individual business behavior would leak and could be abused by other competing shipper.
	Belgium - Sum of entry IP's (per zone) - Sum entry domestic (per zone) - Sum of exit IP's (per zone) - Sum of exit domestic points (per zone) - Net of entry & exit ZTP (per zone)	Connect Balansys, Lama Balansys, RABIT Balansys, Cube Balansys	Breach of confidentiality. Individual business behavior would leak and could be abused by other competing shipper.
Balancing Position	- Individual hourly shipper balancing position and forecast - Settlements per shipper (EoD & WID) - Hourly Market balancing position and forecast - Market Thresholds	Connect Balansys, Lama Balansys, RABIT Balansys, Cube Balansys, EDP Balansys	Breach of confidentiality. Individual business behavior would leak and could be abused by other competing shipper.
Balancing Trading data	Individual price of trades	Lama Balansys, RABIT Balansys, Cube Balansys, Sharepoint Balansys	Shippers/traders would have access to our trading habits and could benefit from this. However, in practice, the market knows when Balansys undertakes its balancing transactions.
	Individual quantities of trades	Connect Balansys, Lama Balansys, RABIT Balansys, Cube Balansys, Sharepoint Balansys	Shippers/traders would have access to our trading habits and could benefit from this. However, in practice, the market knows when Balansys undertakes its balancing transactions.
Invoicing	Shippers' monthly aggregated balancing settlements	IBIS Balansys, Sharepoint Balansys, Cube Balansys, SAP Balansys, EDP Balansys	Breach of confidentiality. Individual business behavior would leak and could be abused by other competing shipper.
	Shippers' monthly neutrality charge & neutrality Monthly quantities	IBIS Balansys, Sharepoint Balansys, SAP Balansys, Cube Balansys, EDP Balansys	Breach of confidentiality. Individual business behavior would leak and could be abused by other competing shipper. Gives a view on the size of the shipper's domestic portfolio.
	Balancing monthly invoice bill and self bill	IBIS Balansys, Sharepoint Balansys, SAP Balansys, EDP Balansys	Breach of confidentiality. Individual business behavior would leak and could be abused by other competing shipper. Gives a clear view on the size of the shipper's portfolio.
	Shippers' invoice details (EDP)	IBIS Balansys, EDP Balansys	Breach of confidentiality. Individual business behavior would leak and could be abused by other competing shipper. Gives a view on the size of the shipper's portfolio.
Contractual	Individual signed contracts	Mithra Balansys, Sharepoint Balansys	Breach of confidentiality
Creditworthiness	Size, type and collateral details	Sharepoint Balansys	Breach of confidentiality. Individual business behavior would leak and could be abused by other competing shipper.
KYC data & contact details	KYC data per shipper	CRM Balansys, SAP Balansys, Mithra Balansys, Sharepoint Balansys	Breach of confidentiality
Imbalance pooling data	Agreement	Mithra Balansys	Breach of confidentiality
	Quantities	Lama Balansys, RABIT Balansys, Cube Balansys, Connect Balansys, EDP Balansys	Breach of confidentiality. Individual business behavior would leak and could be abused by other competing shipper.