

## Appendix 1 : Market consultation 8 - public material

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

E-mail: invitation to submit comments



## Balansys: Market Consultation 8 Incentivizing the Network Users

Dear Customer,

From **3 April to 28 April 2023**, you will have the occasion to participate in our market consultation regarding changes in the regulated documents with a focus on the following subjects:

- Introduction of Main Causer and Minor Causer concept
- Changes to the settlement methodology where
  - Introduction of an encouragement factor for Within-Day settlements
  - Differentiation of small adjustments between Main and Minor Causers

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

We invite you to send your comments to [marketing@balansys.eu](mailto:marketing@balansys.eu) by **Friday 28 April 2023 (close of business) at the latest**. Do not forget to specify in your response, 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,  
The Commercial Team

List of documents in consultation

The documents are available on our website: <http://www.balansys.eu/market-consultation/>

## MARKET CONSULTATION FROM 3 APRIL TO 28 APRIL 2023

### MARKET CONSULTATION FROM 3 APRIL TO 28 APRIL 2023

Balansys is organizing a market consultation regarding changes in the regulated documents, in order to incentivize all Network Users to comply with their balancing obligations. This market consultation will focus on:

- Introduction of Main Causer and Minor Causer concept;
- Changes to the settlement methodology where
  - Introduction of an encouragement factor for Within-Day settlements
- Differentiation of small adjustments between Main and Minor Causers

The following document summarizes the proposed changes: [Summary note](#).

### Documents in consultation (with track changes)

- [Balancing Code](#)
- [Balancing Program](#)

You are kindly invited to send your written comments to [marketing@balansys.com](mailto:marketing@balansys.com) by Friday April 28<sup>th</sup> 2023 close of business.

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.

Printed copy of written comments

# 1. EPP

RE: Balansys - Market Consultation 8 - Incentivizing the Network Users



Emmanuel Vercausse <emmanuel.vercausse@eep.energy>

To: Balansys Marketing

Cc: Jelle De Neef; Emmanuel Dewulf

You forwarded this message on 04/05/2023 12:35.



Fri 28/04/2023 17:32

**[EXTERNAL EMAIL]** DO NOT CLICK links or attachments unless you recognize the sender and know the content is safe.

Dear,

We understand that the threshold to distinct minor and main causers will be a fixed value, applicable for all shippers.

This system will lead to different balancing incentives, depending on the size of the portfolio of the shipper.

A small supplier for example, would have no incentive anymore to balance its portfolio as there are no penalties foreseen.

The cost to balance a downstream portfolio will be higher in terms of €/mwh, related to the size of the downstream portfolio.

We therefore conclude that this system will undermine the level playing field, which has always been the intention of the market rules.

Have a nice WE,

Emmanuel

## 2. ENGIE

De : DEBACKER Beatrice (ENGIE Belgium)

Envoyé : vendredi 28 avril 2023 14:02

À : [marketing@balansys.com](mailto:marketing@balansys.com)

Cc : SAHBANI Nasma (ENGIE SA) <[nasma.sahbani@engie.com](mailto:nasma.sahbani@engie.com)>

Objet : ENGIE's comments to market consultation n°8

Dear,

Please find below ENGIE's comments on Balansys' market consultation n°8 'Incentivizing the Network Users' :

- The gas network flexibility should be used to absorb the uncertainty in the end customers hourly consumption. Therefore, we strongly suggest the Main Causer Upper and Lower Limits be equal to each shippers portion on the Belgian end customer's portfolio, instead of having a fix value for all shippers, whether they have end customers in Belgium or they are merely using the Belgian network for transit or for trading. Each shipper' portion can be determined once a year for example.
- Should Balansys decide to keep absolute Main Causer Limits, we strongly suggest they be determined in the Balancing Code or the Balancing Program and not subject to unexpected and one sided changes. Any changes should be consulted upfront, approved by the regulator and published in due time before their entry into force.
- Moreover, we believe a 10% Encouragement Factor for Main Causers is extremely high, and that a lower factor will suffice to incentivize shippers to stay within the Main Causer Upper and Lower Limits, we would suggest an Encouragement factor for Main Causers at 5%.

Kind regards,

**Béatrice Debacker**

Manager Regulatory & Public Affairs

Federal and Large Projects

ENGIE Belgium



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



### 3. ENI

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Tel. +39 06 59821  
eni.com

**Eni S.p.A. response**  
**to Balansys' Market Consultation 8 of 3 April 2023,**  
**Incentivizing the Network Users,**  
**regarding changes in the regulated documents**

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Eni welcomes the opportunity to provide inputs to Balansys' Market Consultation 8, Incentivizing the Network Users, regarding changes in the regulated documents related to the following subjects:

- i. Introduction of Main Causer and Minor Causer concept
- ii. Changes to the settlement methodology with
  - a. Introduction of an encouragement factor for Within-Day settlements
  - b. Differentiation of small adjustments between Main and Minor Causers

Eni wants to highlight that it is not against the concept of the Main and Minor causer and the settlement methodology behind it. Nevertheless, Eni would like to provide its view on the following points:

- a) The Market Threshold

We learn that, according to the current proposal of amended Balancing Code, the Main Causer Lower Limit and the Main Causer Upper Limit shall not be available there but will be published at a later stage on the Balansys website. In that respect, we strongly suggest that the relevant parameters are determined in the Balancing regulatory documents, and not subject to unexpected and one-sided changes. Additionally, Eni proposes to set the minimum threshold applicable to the Main Causer Lower Limit and the Main Causer Upper Limit at 20%.

- b) The within-day and end-of-day settlement

Eni is of the opinion that, in case of Within-Day Market Shortfall or Within-Day Market Excess, Balansys should first consider the expected End-of-Day Network User Balancing Position, based on the projected nominations of the market players at that specific hour.

It should not be the purpose of within-day settlements to cause end-of-day shortfalls for players who were acting towards a balanced position end-of-day.

Hence, with reference to the relevant hour  $h$  to which either a Within-Day Market Shortfall or Within-Day Market Excess applies, Eni proposes a two-step approach:



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- 1) In a first stage, for the relevant hour  $h$  Balansys takes actions towards the (i) main causers and (ii) the minor causers who are not balanced end-of-day (i.e. for which the expected End-of-Day Network User Balancing Position is different from zero);
- 2) If those actions are not sufficient, then Balansys also takes actions towards the minor causers whose expected End-of-Day Network User Balancing Position is equal to zero.

To conclude, we kindly invite Balansys to consider our above-mentioned points.

## 4. LUMINUS

Date: 28/04/2023  
Auteur: Steven Harlem  
Adressee: Balansys



### BALANSYS CONSULTATION #8 Modification of the imbalance settlement

#### 1. INTRODUCTION

Balansys is organizing a market consultation (#8) on the proposals for modification of the imbalance settlement. The consultation is open until the 28th of April, 2023.

Luminus would like to thank Balansys for providing market actors with the possibility to comment the proposals. The comments and suggestions of Luminus are not confidential.

#### 2. COMMENTS AND SUGGESTIONS

Luminus believes that the **Balansys proposals for modification of the imbalance settlement are not balanced, not fair and even discriminatory**. Luminus is of the opinion that a fair imbalance settlement mechanism is based on the principle that all shippers contributing to the imbalance are incentivized to reduce this imbalance and that these incentives should be set in function of the shippers' contribution to this imbalance.

##### 2.1. END-OF-DAY SETTLEMENT

Luminus would consider it unfair and discriminatory that some shippers, i.e. minor causers, would be exempted from any small adjustment while they are also contributing to the imbalance. Therefore Luminus proposes to **maintain the small adjustments at 3 % for both the minor causers as the main causers**.

##### 2.2. WITHIN-DAY SETTLEMENT

As Luminus is of the opinion that all shippers should be incentivized, Luminus can accept that the small adjustments are **set at 0 % provided an encouragement factor is implemented for all shippers both minor causers as main causers**.

In order to implement a **fair and non-discriminatory encouragement factor**, Luminus recommends the following improvements:

- ***On the market threshold***

The gas network flexibility should be used to absorb the uncertainty in the end customers hourly consumption in Belgium. Luminus believes that an absolute market threshold is not acceptable as this **approach with a fixed value is discriminatory and disproportionately penalising main causers**.

Therefore, strongly suggests the main causer upper and lower limits to be **equal to each shippers actual share in the whole of the Belgian end customer's portfolio**, instead of having a fix value for all shippers whether they have end customers in Belgium or they are merely using the Belgian network for transit or for trading.

- ***On the level of the encouragements***

Luminus supports a differentiation between minor causers and main causers provided the proposals are fair and non-discriminatory. First of all, Luminus believes that a 10 % encouragement factor for main causers is extremely high, and that a lower factor will suffice to incentivize shippers to stay within the main causer upper and lower limits. **Luminus urges Balansys to set the encouragement factor for main causers at 5 %**. Secondly, Luminus is of the opinion that all shippers should be incentivized: as the small adjustments would be set at 0 % Luminus proposes **to introduce a 3 % encouragement factor for minor causers**.

## Questions & Answers

Questions and Answers

#	From	Confidential?	Topic	Questions / Comments by Stakeholders	Answers / Comments by Balansys
1	EEP	No	Thresholds Main and Minor causers	<p>We understand that the threshold to distinct minor and main causers will be a fixed value, applicable for all shippers.</p> <p>This system will lead to different balancing incentives, depending on the size of the portfolio of the shipper.</p> <p>A small supplier for example, would have no incentive anymore to balance its portfolio as there are no penalties foreseen.</p> <p>The cost to balance a downstream portfolio will be higher in terms of €/mwh, related to the size of the downstream portfolio.</p> <p>We therefore conclude that this system will undermine the level playing field, which has always been the intention of the market rules.</p>	<p>A part of the network flexibility is allocated to the imbalance smoothing that aims at neutralising, on a daily basis, the hourly profiled flow on the Belgian distribution domestic points. The hourly imbalance smoothing allocations of each network user are calculated according to the total forecasted flow of the distribution networks and the provisional allocations for each network user to the distribution networks. This mechanism helps neutralizing the difference in portfolio size.</p> <p>For end consumers connected directly to the transmission network, the consumer and the network user have to work together in order to match the hourly consumption and supply.</p> <p>The remaining network flexibility is given to the market and all its participants via the market thresholds and all network users have the obligation to balance its market position, no matter the type or size of its portfolio.</p> <p>For the avoidance of doubt: as long as the market remains within its limits, no within day settlements will occur.</p>
2.1	Engie	No	Thresholds Main and Minor causers	<p>The gas network flexibility should be used to absorb the uncertainty in the end customers hourly consumption. Therefore, we strongly suggest the Main Causer Upper and Lower Limits be equal to each shippers portion on the Belgian end customer's portfolio, instead of having a fixed value for all shippers, whether they have end customers in Belgium or they are merely using the Belgian network for transit or for trading. Each shipper's portion can be determined once a year for example.</p>	See 1.1
2.2	Engie	No	Main Causer Limits	<p>Should Balansys decide to keep absolute Main Causer Limits, we strongly suggest they be determined in the Balancing Code or the Balancing Program and not subject to unexpected and one-sided changes. Any changes should be consulted upfront, approved by the regulator and published in due time before their entry into force.</p>	We take this feedback into account and include it in the regulated documents to be consulted in Consultation 9.
2.3	Engie	No	Encouragement Factor	<p>Moreover, we believe a 10% Encouragement Factor for Main Causers is extremely high, and that a lower factor will suffice to incentivize shippers to stay within the Main Causer Upper and Lower Limits, we would suggest an Encouragement factor for Main Causers at 5%.</p>	The Encouragement Factor will be published on the Tariff Sheet after consultation from the market and validation of the regulators.
3.1	Eni	No	Main Causer Limits	<p>Eni wants to highlight that it is not against the concept of the Main and Minor causer and the settlement methodology behind it. Nevertheless, Eni would like to provide its view on the following points:</p> <p>a) The Market Threshold</p> <p>We learn that, according to the current proposal of amended Balancing Code, the Main Causer Lower Limit and the Main Causer Upper Limit shall not be available there but will be published at a later stage on the Balansys website. In that respect, we strongly suggest that the relevant parameters are determined in the Balancing regulatory documents, and not subject to unexpected and one-sided changes. Additionally, Eni proposes to set the minimum threshold applicable to the Main Causer Lower Limit and the Main Causer Upper Limit at 20%.</p>	We take this feedback into account and include it in the regulated documents to be consulted in Consultation 9.

Questions and Answers

#	From	Confidential?	Topic	Questions / Comments by Stakeholders	Answers / Comments by Balansys
3.2	Eni	No	Within-day settlements	<p>b) The within-day and end-of-day settlement</p> <p>Eni is of the opinion that, in case of Within-Day Market Shortfall or Within-Day Market Excess, Balansys should first consider the expected End-of-Day Network User Balancing Position, based on the projected nominations of the market players at that specific hour. It should not be the purpose of within-day settlements to cause end-of-day shortfalls for players who were acting towards a balanced position end-of-day.</p> <p>Hence, with reference to the relevant hour h to which either a Within-Day Market Shortfall or Within-Day Market Excess applies, Eni proposes a two-step approach:</p> <p>1) In a first stage, for the relevant hour h Balansys takes actions towards the (i) main causers and (ii) the minor causers who are not balanced end-of-day (i.e. for which the expected End-of-Day Network User Balancing Position is different from zero);</p> <p>2) If those actions are not sufficient, then Balansys also takes actions towards the minor causers whose expected End-of-Day Network User Balancing Position is equal to zero.</p>	<p>According Article 25 of the Network Code on Gas Balancing of Transmission Networks , a system-wide within day obligation shall be designed to provide incentives for network users to keep the transmission network within its operational limits and the related charge shall be based on the individual within day position of the network user. For the avoidance of doubt: as long as the market remains within it limits, no within day settlements will occur.</p>
4.1	Luminus	No	Small adjustments EOD	<p>Luminus believes that the Balansys proposals for modification of the imbalance settlement are not balanced, not fair and even discriminatory. Luminus is of the opinion that a fair imbalance settlement mechanism is based on the principle that all shippers contributing to the imbalance are incentivized to reduce this imbalance and that these incentives should be set in function of the shippers' contribution to this imbalance.</p> <p>2.1. END-OF-DAY SETTLEMENT</p> <p>Luminus would consider it unfair and discriminatory that some shippers, i.e. minor causers, would be exempted from any small adjustment while they are also contributing to the imbalance. Therefore Luminus proposes to maintain the small adjustments at 3 % for both the minor causers as the main causers.</p>	<p>The small adjustments is only applied to the ZTP Gas Spot Index price which is in most of the cases not used as settlement price (cfr Article 22 of the Balancing Network Code).</p> <p>All shippers are incentivized to reduce its imbalance to avoid a settlement that occurs at an unpredictable price.</p>

Questions and Answers

#	From	Confidential?	Topic	Questions / Comments by Stakeholders	Answers / Comments by Balansys
4.2	Luminus	No	Within-day settlement	<p>2.2. WITHIN-DAY SETTLEMENT</p> <p>As Luminus is of the opinion that all shippers should be incentivized, Luminus can accept that the small adjustments are set at 0 % provided an encouragement factor is implemented for all shippers both minor causers as main causers.</p> <p>In order to implement a fair and non-discriminatory encouragement factor, Luminus recommends the following improvements:</p> <ul style="list-style-type: none"> <li>- On the market threshold</li> </ul> <p>The gas network flexibility should be used to absorb the uncertainty in the end customers hourly consumption in Belgium. Luminus believes that an absolute market threshold is not acceptable as this approach with a fixed value is discriminatory and disproportionately penalising main causers.</p> <p>Therefore, strongly suggests the main causer upper and lower limits to be equal to each shippers actual share in the whole of the Belgian end customer's portfolio, instead of having a fix value for all shippers whether they have end customers in Belgium or they are merely using the Belgian network for transit or for trading.</p>	<p>A part of the network flexibility is allocated to the imbalance smoothing that aims at neutralising, on a daily basis , the hourly profiled flow on the Belgian distribution domestic points. The hourly imbalance smoothing allocations of each network user are calculated according to the total forecasted flow of the distribution networks and the provisional allocations for each network user to the distribution networks. This mechanism helps neutralizing the difference in portfolio size.</p> <p>For end consumers connected directly to the transmission network, the consumer and the network user have to work together in order to match the hourly consumption and supply.</p> <p>The remaining network flexibility is given to the market and all its participants via the market thresholds and all network users have the obligation to balance its market position, no matter the type or size of its portfolio.</p> <p>For the avoidance of doubt: as long as the market remains within its limits, no within day settlements will occur.</p>
4.3	Luminus	No	Within-day settlement	<p>On the level of the encouragements</p> <p>Luminus supports a differentiation between minor causers and main causers provided the proposals are fair and non-discriminatory. First of all, Luminus believes that a 10 % encouragement factor for main causers is extremely high, and that a lower factor will suffice to incentivize shippers to stay within the main causer upper and lower limits. Luminus urges Balansys to set the encouragement factor for main causers at 5 %.</p> <p>Secondly, Luminus is of the opinion that all shippers should be incentivized: as the small adjustments would be set at 0 % Luminus proposes to introduce a 3 % encouragement factor for minor causers.</p>	<p>The Encouragement Factor will be published on the Tariff Sheet after consultation from the market and validation of the regulators.</p> <p>The small adjustments is only applied to the ZTP Gas Spot Index price which is in most of the cases not used as settlement price (cfr Article 22 of the Balancing Network Code).</p> <p>Minor causers are also incentivized because they do not have control over the settlement price.</p>