



MARKET CONSULTATION ON BALANCING TARIFFS IN THE BELUX AREA FOR 2024

28 August 2023 – 15 September 2023

21 August 2023

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 1st of January 2024 and 31st of December 2024).

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, the small adjustments and the incentivizing factor (new concept proposed in the balancing code subject to approval by CREG and ILR).

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 2023 shall be taken into account in order to determine the neutrality charge for the next tariff period.

End of June 2023, the BeLux neutrality account was standing at +17.970.124 €.

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”*.

After a year of extreme high gas price in 2022, the BeLux neutrality account reaches approximately 26M€ end 2022. Balansys anticipated this amount, even it was underestimated, by applying a negative neutrality charge of -0,1€/MWh in 2023 (compared to -0,021€/MWh in 2022) in order to reduce the level of the BeLux neutrality account by half in 2023. Due to lower gas price since spring 2023, we see this reduction and Balansys expects that the BeLux neutrality account should reach approximatively 9,5M€ at end 2023. As foreseen in the previous tariff proposal, Balansys will propose to reduce the neutrality account further in 2024.

We will therefore **propose to apply a negative neutrality charge of -0,05 €/MWh for 2024** (payable to market participants pro rata to provisional exit energy allocation on domestic exit points).

If the gas price starts again to evolve with significant magnitudes and that has the consequence of deviating from the projected trajectory of the neutrality account, it is possible to introduce to the CREG and ILR a reviewed tariff proposal¹ – based on this consultation² – with an adapted neutrality charge.

Small Adjustments

The level of end-of-day settlements for causers is still high in the last years, even with very high gas price in 2022. We interpret this as a sign that the market is still 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.

¹ In accordance with CREG decision (B)150903-CDC-656G/29 and ILR regulation E15/38/ILR

² For the sake of clarity, if a reviewed tariff proposal is introduced to CREG for another reason, it will be preceded by a new market consultation

However, to prevent a further increase of the end-of-day settlements for causers, we therefore propose to maintain the **small adjustment for main causers** at its current value of **3% and to reduce the small adjustment to 0% for minor causers**³. As a reminder and as defined in the consulted Balancing Code, a shipper is a main causer if he uses more than 20% of the total flexibility of the market when a settlement must be done.

Concerning the within-day settlements, as some shippers use a major part of the market flexibility during the day, Balansys will incentivize these shippers to better follow their balancing position during the day. In this context, an incentivizing factor will be apply for the within-day settlements. This **incentivizing factor** is proposed to **10% for main causers** and **0% for the minor causers**⁴.

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%**.

The values of the small adjustments 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: marketing@balansys.eu and this before 5.00 p.m. on 15 September 2023. 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.

³ Subject to approval by CREG and ILR

⁴ Subject to approval by CREG and ILR