

Press release

***The CREG asks FLUXYS S.A. to draw up new rules for the allocation of natural gas storage capacity***

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The COMMISSION FOR ELECTRICITY AND GAS REGULATION (CREG) has asked FLUXYS S.A. to modify its rules on the allocation of storage capacities so as to make storage more accessible to all suppliers. Access to storage is generally recognised as being essential to enable effective competition on the natural gas market. In the case of Belgium, access to storage is also one of the keys to the development of the Zeebrugge Hub. While acknowledging the importance of existing storage sites to guarantee supplies to the distribution networks, the CREG does not wish to see other suppliers operating on the transport network excessively penalised by the current storage congestion situation.

FLUXYS S.A. operates the only two natural gas storage sites in Belgium - the underground natural gas storage site in Loenhout and the liquefied natural gas storage site in Dudzele. These sites can only partially meet the demand for the storage of natural gas in Belgium.

The Gas Act, which grants a priority right of allocation to certain network users, was amended on 1 June 2005. The categories of network users who benefit from a priority right for the allocation of gas storage capacity have been redefined. The priority right now only exists for distribution network operators and captive clients. However, in principle the former do not sell gas and therefore have no need to store gas. The latter group will have disappeared completely from the gas scene by 1 July 2007 at the latest.

One of the consequences of this amendment to the law is that the rules on the allocation of storage capacities currently set out in the main conditions of storage have become inadequate. Amongst other things, the rules on the allocation of available capacities should set a clear upper limit on the capacity allocated by priority to the new user categories defined by the law. Moreover, it should be noted that natural gas storage in Belgium is in a state of permanent congestion and that many market players have already expressed their wish to access storage during the public consultations organised by the CREG. Besides, it is generally recognised that access to storage is one of the factors determining the success of a gas hub. The lack of gas storage facilities is currently hindering the development of the Zeebrugge Hub.

Consequently, the CREG has asked FLUXYS S.A. to submit a proposal for the revision of Articles 36 to 38 of its main conditions of storage, which contain the rules on the allocation of the storage capacity provided by FLUXYS S.A.

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