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Press Release

CREG approves the services of FLUXYS S.A. for the year 2006, for its natural gas transmission and storage activities

The COMMISSION OF REGULATION OF ELECTRICITY AND GAS (CREG) has just approved, on December 22nd 2005, the 2006 services of FLUXYS S.A. for its regulated activities, namely the domestic transport and storage of natural gas.

For the first time, CREG approved FLUXYS' "indicative transmission program" (ITP), after having rejected the two preceding proposals. The indicative transmission program is the official catalogue of domestic transport and storage services offered by FLUXYS S.A. It describes in detail the content of the services commercialized by the transmission company, including the flexibility services allowing the shippers to manage their imbalances, the various types of transport contracts, how the services are allocated to the shippers and which services can be exchanged on the secondary market.

The ITP submitted to CREG relates to the period 2006-2007. This document must be adapted each year. As many modifications are awaited for 2007, CREG approved the proposal for the year 2006 and requested FLUXYS S.A. to introduce by the end of March 2006 its next ITP for the period 2007-2008.

The indicative transmission program must take into account the needs of the market. This is why CREG consulted the market in spring 2005, on the one hand by publishing for consultation FLUXYS' first ITP proposal, on the other hand through a questionnaire related, among other things, to the expected evolution of the domestic transmission services. The results of this consultation, available on CREG's website (under "Opinions"), were communicated to FLUXYS S.A. and allowed a noticeable improvement of the indicative transmission program between the first proposal and the third one, that CREG has just approved.

Compared to the previous years, FLUXYS S.A. introduced a certain number of innovations into its 2006 services, in particular:

- The « capacity matching » rule, which establishes a contractual link between the entry and exit capacities, is slightly less rigid.
- The Zeebrugge hub is considered as an offtake point of the domestic network, as from June 1, 2006.
- A new service of conditional (non firm) exit capacity is proposed.
- The final customers having a connection to both the L and the H networks can switch from one network to the other, thanks to the new "switch H/L" capacity service.
- The final consumers having a very "flat" consumption profile and very near to the subscribed average capacity, receive a transmission tariff rebate.
- The shippers having interruptible input capacity can switch of entry point in the course of the contract.

- The injection and send-out capacities reserved by FLUXYS S.A. at the storage installations of Loenhout and Dudzele, are commercialized on the market in the form of interruptible capacities.
- A gas transfer service is proposed at the storage installations.
- The secondary market of capacity and flexibility starts to take shape: the services exchangeable on this market are clearly identified, and FLUXYS S.A. is about to put at the shippers' disposal a "bulletin board" on which they will be able to announce their offers

In its approval decision of the ITP, CREG indicates that significant improvements of the offer of services of FLUXYS S.A. are necessary as from 2007, in particular:

- A far more significant relaxing of the « capacity matching » rule
- The commercialization for the next day, on the primary market, of the non nominated capacities and of the not subscribed capacities (« day ahead » market)
- The development of an SLP profiled capacity
- The possibility for the shippers of exchanging capacity without release of the assignor

In its decision, to be published in early January 2006, CREG also recalls that, in the medium term, the transport model of FLUXYS S.A. must evolve to a pure ' entry-exit' system and that the three balancing zones of the H network must be merged into a single zone.

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