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## Press Release

### ***CREG requests S.A. FLUXYS to complete its third party access (TPA) rules to the network***

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**THE COMMISSION FOR THE REGULATION OF THE ELECTRICITY AND GAS (CREG) has requested S.A. FLUXYS to submit for approval its entry capacity allocation rules applicable in case of persistent congestion.**

Part of the natural gas transmission network in Belgium, managed by S.A. FLUXYS, is currently in a congestion situation. For several months, it is particularly difficult to obtain firm transport capacity on several entry points of the transmission network. This situation hinders the good functioning of the gas market, because it makes it more difficult for new entrants to penetrate the Belgian market and because it is an obstacle for the end consumers to change of supplier.

The code of conduct (royal decree of 4 April 2003) states that, in case of persistent congestion, the transporter has to apply modified capacity allocation rules. Indeed, the current *First Committed First Served* allocation rule is no longer adequate when the amount of subscribed capacity is close to the technical capacity in the medium or long term.

In accordance with the code of conduct, the modification of the allocation rules requires an adaptation of the main conditions and their approval by the regulator. This is why CREG asked S.A. FLUXYS to submit to it for approval, by 21 April 2006 at the latest, a proposal of main conditions for its domestic transport activity, describing the allocation rules to be applied in a situation of persistent congestion.

**Furthermore, CREG asks S.A. FLUXYS to publish, by 1 July 2006, its TPA rules applicable for transit. CREG will organize a public consultation on this subject.**

The European regulation 1775/2005 of the European Parliament and of the Council of 28 September 2005 on conditions for access to the natural gas transmission networks applies from 1 July 2006, without requiring any transposition in national law.

Until adoption of a code of conduct applicable to the transit in Belgium, the European regulation thus forms the most complete legal framework for the third party access to the transit capacities.

The legal framework applicable to transit includes provisions related to:

- the way in which the services are offered on a non discriminatory basis ;
- the procedures to request access to the network ;
- the financial guarantees and the applicable rules as regards responsibility ;
- the conditions of termination ;
- the methods for calculation of the maximum, technical, contracted and available capacities;
- the way in which the requirements for transparency will be respected;

- the rules concerning the treatment of confidential data ;
- the capacity allocation rules ;
- the rules concerning the negotiability of the capacity ;
- the congestion management rules and the related contractual provisions ;
- the network balancing rules ;
- the follow-up of the imbalance position of the network users ;
- the information relating to the quality of natural gas and the pressure requirements.

As there does not exist yet a legal procedure to define and approve these rules, CREG requires S.A. FLUXYS to consult it before any publication. CREG will organize a public consultation in order to know the opinion of the network users as regards the future TPA rules suggested by S.A. FLUXYS for its transit activity. CREG does everything possible in order to come to a decision as quickly as possible about the conformity of the rules of S.A. FLUXYS with the European regulation

**Lastly, CREG rejected the second network code proposal of S.A. FLUXYS for its domestic transport and storage activities.**

Following the decision to reject, on 20 October 2005, the first network code proposal of S.A. FLUXYS, the latter submitted to the approval of CREG a second proposal in January 2006, in accordance with the code of conduct.

Although this second proposal included noticeable improvements compared to the original proposal, CREG rejected it on 23 March 2006 because it was incomplete and partially incompatible with the code of conditions and the main conditions approved by CREG.

Among other problems, CREG can not accept the following points of the second proposal:

- that S.A. FLUXYS reserves the right unilaterally not to apply or to modify the network code, without prior approval of CREG ;
- that procedures to prevent and to manage the congestions are confusing and incomplete ;
- that the regime and the procedures of capacity transfer on the secondary market are not very clear and do not respect certain provisions of the main conditions ;
- that S.A. FLUXYS reserves the right to determine and adapt unilaterally the natural gas quality specifications applicable on the network ;
- that the rules concerning the CO2 content limitation of the gas injected in the storage of Loenhout are not described, as opposed to the provisions of the main conditions of storage
- that the proposal of S.A. FLUXYS does not cover the gas quality conversion installations at Lillo and Loenhout.

CREG requested S.A. FLUXYS to submit it for approval:

- a new network code proposal for its storage and domestic transport activities, at the latest on 11 June 2006 ;
- a first network code proposal for the gas quality conversion installations, at the latest on 27 avril 2006.

Furthermore, CREG reminded S.A. FLUXYS the obligation to publish the "Glossary of definitions", to which the indicative transport program and the network code refer. The new deadline fixed by CREG for this publication is 6 April 2006.

**Contact point for any additional information:**

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