



Consultation 12 Report

Version : 0.1

Status: Final

Classification: Public

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1. INTRODUCTION

As from 19 August 2024 until 9 September 2024, Balansys SA consulted the market on the proposed Balancing tariffs applicable for Calendar year 2025. In accordance with CREG decision (B)150903-CDC-656G/29 and ILR regulation ILR/G23/44 Balansys SA shall introduce a proposal to CREG and ILR for approval, regarding the balancing tariffs applicable during the next balancing period (e.g. 1st January 2025 to the 31st December 2025), by 1st October 2024. This consultation has therefore been organised before such introduction.

2. CONSULTATION PROCESS

Balansys SA launched this market consultation by announcement of the proposed documents on its website - at the usual location for such consultations, supported by an announcement on the homepage - and via direct e-mailing to all duly registered market participants and associations. During the period from 19 August 2024 till 9 September 2024, stakeholders were invited to submit their written feedback and, if needed, seek additional information through bilateral contacts with Balansys SA. Taking into account the different comments received, Balansys SA submits for approval to CREG a tariff amounting to – 0.02 €/MWh for the neutrality charge.

3. OUTCOME OF CONSULTATION PROCESS

All comments received are listed and individually treated in the “Q&A” which makes part of the consultation report submitted to CREG – see appendices.

Feedback was received from 3 market participants (SEFE Marketing & Trading, FEBEG and BASF).

SEFE supports the proposed tariffs for the next balancing period and appreciates that Small Adjustments and Incentivizing Factors remain stable, as this helps to conducive to mid-long term commercial strategies. They encourage a continuation of this approach going ahead.

FEBEG has no remarks on the consultation, even it was declared that individual members could react personally (this was not the case).

BASF asks to investigate two concerns. First, BASF recommend using a volume weighted average price of all trades as ‘balancing price’. According to the Balancing Network Code, the applicable price is the marginal buy or sell price which is used by Balansys for the daily imbalance. The other concern was on the multiplication of the Small Adjustment with Incentivizing Factor for causers leading to a difference for shortfall and excess. Small adjustments end of day are not cumulated with incentivizing factor within day. Balansys does not apply a small adjustment to helpers for the market balancing system. Balansys will provide additional information during a call.

4. APPENDICES

4.1 Appendix 1: Market consultation – public material

4.2 Appendix 2: Market consultation – confidential material

1. Market consultation – public material

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

E-mail: invitation to submit comments



Balansys: Market Consultation 12

Balancing tariffs in the Belux Area for 2025

Dear Customer,

Balansys consults the market on the balancing fee for neutrality purposes, the values of the small adjustments and the incentivizing factor for 2025.

The market consultation is open from **August 19, 2024 to September 9, 2024** and the document explaining the proposed adjustments is available on our [website](#):

- [Consultation on balancing tariffs 2025](#)

We invite you to send your comments to marketing@balansys.eu before **5.00 p.m. on 9 September 2024**. Do not forget to specify in your email 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 for further information via info@balansys.eu.

Yours sincerely,

The Commercial Team

List of documents in consultation

The document is available on our website, via the following link:

<https://www.balansys.eu/wp-content/uploads/2024/08/Market-consultation-on-tariffs-Balansys-2025.pdf>

MARKET CONSULTATION FROM 19 AUGUST TO 09 SEPTEMBER 2024

Balansys consults the market on the balancing fee for neutrality purposes, the values of the small adjustments and the incentivizing factor for 2025.

The market consultation is open from August 19, 2024 to September 09, 2024 on the following document:

- [Market consultation 12 from 19 August to 09 September 2024](#)

Questions & Answers

All reactions			
Company	First Name	Last Name	Confidential
SEFE Marketing & Trading	Julian	Khayar	No
FEPEG	Luc	Huysmans	No
BASF	Dries	Vanden Bussche	No

Questions & Answers						
From	Confidential?	Topic	Questions / Comments by Stakeholders	Answers / Comments by Balansys	Type of reaction (formal or clarification)	
SEFE Marketing & Trading	No	General	SMT supports the proposed tariffs for the next balancing tariff period. We appreciated the fact the proposed tariffs i.e., the Small Adjustments and the Incentivizing Factors have remained stable since this is conducive to long term commercial strategies and helps shippers and market participants to properly plan in the mid-long term. We encourage a continuation of this approach going ahead.	Balansys welcomes the comment. However, some incentives may have to evolve depending on the number and volume of imbalances.	Formal	
FEBEG	No	General	With regards to Market Consultation 12 (balancing tariffs in the Belux Area for 2025), FEBEG informs you that it has no remarks.	Balansys welcomes the comment	Formal	
BASF	No	Shortfall / Excess balancing prices	Currently, the 'balancing settlement price' for causers is based on either the 'balancing price' or the 'gas price' to which the 'small adjustment' is applied. In case the 'balancing price' is applicable, the balancing price is the price of the worst trade of all trades in which Balansys is involved during balancing operations. Now that there is a separate factor to incentivize causers (i.e. 'the incentivizing factor'), BASF thinks a volume weighted average price of all trades would better suit the neutrality principle of the balancing operations. This means that all trades during balancing operations would be financially neutral which currently is not the case. Consequently, this would reduce the current reimbursement via the negative neutrality charge. Therefore, BASF strongly recommends investigating and considering this volume weighted average.	The balancing rules and prices are determined in the Balancing Network Code. According to article 22 of this Network Code, the applicable price for the calculation of daily imbalance is the marginal buy or sell price. A volume weighted average price of the daily trades is not allowed. This pricing system, the incentivizing factor within day and the small adjustment end of day contribute to cover the functioning cost of Balansys.	Clarification	
BASF	No	incentivizing factor and small adjustment	In case the 'balancing price' is not applicable, the application of 'small adjustment' to the 'gas price' is applicable (where the 'gas price' is currently the published EGS1 price index). However, for causers, the resulting multiplication of the small adjustment with the incentivizing factor is arithmetically not equal in case of shortfall compared to excess. For example, for main causers with current proposed tariffs this means the shortfall settlement price is the gas price increased with 13,3% while the excess settlement price is the gas price reduced with 12,7%. BASF wants to point out this arithmetic imbalance, which could be amplified if incentivizing factors and/or small adjustments would increase in future.	Small adjustments end of day are not cumulated with incentivizing factor within day. Balansys does not apply a small adjustment to helpers for the market balancing system. Balansys will provide additional information during a call.	Clarification	

Printed copy of written comments – Public

1. SEFE Marketing & Trading Limited

SEFE Marketing & Trading Limited, SEFE Group,
20 Triton Street, London NW1 3BF,
United Kingdom

Date: 22/08/2024

RE: Market consultation on tariffs Balansys 2025.

Response to be treated as confidential.

Dear Balansys colleagues,

SEFE Marketing & Trading Limited ("SMT") is a wholly owned subsidiary of SEFE Securing Energy for Europe GmbH ("SEFE"), responsible for the optimisation of SEFE's energy commodity assets through SMT's marketing and trading network. SMT is active as a trader and marketer of gas in Belgium, France, Germany, UK and Europe. SMT appreciates the opportunity to provide input in response to this consultation on the proposed tariffs for the next balancing tariff period.

Response to the consultation:

SMT supports the proposed tariffs for the next balancing tariff period. We appreciated the fact the proposed tariffs i.e., the Small Adjustments and the Incentivizing Factors have remained stable since this is conducive to long term commercial strategies and helps shippers and market participants to properly plan in the mid-long term. We encourage a continuation of this approach going ahead.

We remain at your disposal for any question you may have,

Your sincerely,



Samuel Repetto
Commercial Regulatory Affairs
Manager

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2. FEBEG

De : Luc Huysmans (Febeg)
Envoyé : lundi 9 septembre 2024 13:03:28 (UTC+01:00) Bruxelles, Copenhague, Madrid, Paris
À : Balansys Marketing
Sujet : FEBEG reaction Balansys Market Consultation 12

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

Dear

With regards to Market Consultation 12 (balancing tariffs in the Belux Area for 2025), FEBEG informs you that it has no remarks.

Of course, this doesn't prevent individual members to react to the consultation.

Best regards

Luc Huysmans
power generation & energy policy advisor



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3. BASF



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09/09/2024
Frederic Viaene
Head of Utility Management
BASF Antwerpen NV
Scheldelaan 600
B-2040 Antwerpen 4

Feedback on market consultation 12

BASF Antwerpen NV wants to provide its feedback on Market consultation 12 concerning the updated balancing tariffs. We also want to take the opportunity to review the application of these balancing tariffs according to the new methodology as of the beginning of 2024.

We support an effective application of the principles of neutrality in balancing operations and incentivizing market players to help keep market balance within flexibility limits. However, the current proposed balancing tariffs and the application with the new balancing methodology does not fully reach the intended objective. We see 2 points of attention:

Shortfall / Excess balancing prices (SBP_d & SBP_n / EBP_d & EBP_n)

Currently, the 'balancing settlement price' for causers is based on either the 'balancing price' or the 'gas price' to which the 'small adjustment' is applied. In case the 'balancing price' is applicable, the balancing price is the price of the worst trade of all trades in which Balansys is involved during balancing operations. Now that there is a separate factor to incentivize causers (i.e. 'the incentivizing factor'), BASF thinks a volume weighted average price of all trades would better suit the neutrality principle of the balancing operations. This means that all trades during balancing operations would be financially neutral which currently is not the case. Consequently, this would reduce the current reimbursement via the negative neutrality charge. Therefore, BASF strongly recommends investigating and considering this volume weighted average.

The arithmetic effect of the incentivizing factor and small adjustment

In case the 'balancing price' is not applicable, the application of 'small adjustment' to the 'gas price' is applicable (where the 'gas price' is currently the published EGSi price index). However, for causers, the resulting multiplication of the small adjustment with the incentivizing factor is arithmetically not equal in case of shortfall compared to excess. For example, for main causers with current proposed tariffs this means the shortfall settlement price is the gas price increased with 13,3% while the excess settlement price is the gas price reduced with 12,7%. BASF wants to point out this arithmetic imbalance, which could be amplified if incentivizing factors and/or small adjustments would increase in future.

If any questions would arise, we are happy to answer these and provide further clarification.

Kind regards

Dries Vanden Bussche & Frederic Viaene

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2. Market consultation – confidential material

a. Questions & Answers

Questions & Answers					
From	Confidential?	Topic	Questions / Comments by Stakeholders	Answers / Comments by Balansys	Type of reaction (formal or clarification)
No confidential comments					

b. Printed copy of written comments

All reactions			
Company	First Name	Last Name	Confidential
No confidential reactions			

c. List of bilateral meetings

Bilateral meetings			
Date	Company	Attendees	Subject
No bilateral meetings			