

Dear,

Please find enclosed our Fluxys Belgium response to the European Commission's consultation on an "EU strategy for liquefied natural gas and gas storage".

In addition to the enclosed document, structured in line with the order of the questions raised in your consultation document, please find below a summary of our key messages for respectively (i) LNG and (ii) gas storage:

(i) Key messages for "LNG":

- In NW Europe, there is an abundant regasification capacity. Therefore, we believe:
 - If investments for LNG are needed in NW Europe, it is cheaper to invest in the extension of existing LNG terminals rather than to build new terminals;
 - Market-driven investments in interconnection capacity will be required in the near future to address the increase of LNG imports as well as to improve access to LNG for those countries not having direct access to LNG;
- In terms of new regulation, in particular for the NW European terminals, we believe that further regulation would rather harm the well-functioning of the market than bringing any added-value. Instead, a stable framework is required and it is also important that the EU regulation should:
 - Not endanger sanctity of LT contracts nor give rise for shippers to step-out;
 - Be supportive/flexible for the development of new LNG services; and
 - Avoid discrepancies in regulatory framework/regime to minimize unfair competition;
- In order to maintain a proper investment climate, it is required for Europe to give a clear role of natural gas (including LNG) in the energy mix as it is the affordable solution supporting the development of intermittent renewable energy sources while minimizing the environmental impact;
- Continuing need to support the development of LNG in maritime and road transport (incl. road taxes & excise duties);

(ii) Key messages for "gas storage":

- Currently market conditions (low S/W spread) to cover supply risks with storage are not favorable despite:
 - Storage is a flexibility tool assuring a readily physical availability of natural gas; and
 - There will always be a need to cover peak demand.
- Nevertheless, for storages to play an effective role in SoS, adequate filling levels are needed. This implies for the storage users to sufficiently subscribe storage as well as to timely fill storage;
- Even in NW Europe where the market is mature in terms of SoS, the unfavorable market conditions are driving more and more countries to install non-market based measures (such as storage obligations, etc...) on a national level, a tendency which is heavily distorting the market as it is not applied uniformly amongst Europe;
- Market is increasingly demanding flexibility (both products and tariffs) implying a need for a supportive regulatory framework to be able to respond quickly;
- It is important to create/maintain a level playing field with both other storages and other flexibility tools;
- The rules for the tariff access regime to storage should not be discriminatory compared to other market players;

Finally, as active player in LNG and storage, we are always ready to discuss more in detail our views on LNG and storage.

Do not hesitate to contact me in case you have any questions.

Best regards,
Tom De Winter

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