

# 5. The CREG



### 5.1. The CREG's Board of Directors and staff

The Board of Directors is responsible for the operational management of the CREG and undertakes everything that is necessary or useful for the fulfilment of the assignments entrusted to it by the Electricity Law and Gas Law.

The chair and the three directors who make up the Board of Directors are appointed by royal decree after consideration

by the Council of Ministers for a six-year term of office, which can be renewed once. They deliberate as a college in accordance with the usual rules on deliberating meetings.

Since 1 September 2013, the Chairperson of the Board of Directors, a role which includes responsibility for managing the CREG, has been held by Ms Marie-Pierre Fauconnier. The three Directors are Mr Laurent Jacquet, who is in charge of price and accounts monitoring, Mr Koen Locquet, who heads

up the administrative directorate and Mr Andreas Tirez, who is in charge of the technical operations of the electricity and natural gas markets.

As at 31 December 2015, in addition to the Board of Directors, the CREG employed 67 members of staff.

Table 15: Directorates and staff of the CREG as at 31 December 2015

<b>CHAIRPERSON OF THE BOARD OF DIRECTORS</b>	
FAUCONNIER Marie-Pierre	Chairperson of the Board of Directors
DEVACHT Christiane	Assistant to the Director
FIERS Jan	Secretary of the Board of Directors
DE VREESE Annemarie	Communications Manager
VAN HAUWERMEIREN Geert	European Strategic Advisor
CASTELEYN Isabel	Senior Advisor
COZIGOU Liana	Advisor
<b>DIRECTORATE FOR THE TECHNICAL OPERATION OF THE MARKETS</b>	
TIREZ Andreas	Director
GOOVAERTS Wendy	Assistant to the Director
VAN KELECOM Inge	Multi-Purpose Secretary
GHEURY Jacques MARIEN Alain MEES Emmeric VAN ISTERDAEL Ivo WILBERZ Eric	Chief Advisors
CLAUWAERT Geert CUIJPERS Christian DE WAELE Bart FONTAINE Christian PONCELET Yves	Senior Advisors
FILS Jean-François LUICKX Patrick MAENHOUDT Marijn SCHOUTTEET Nico	Advisors
<b>DIRECTORATE FOR PRICE AND ACCOUNTS MONITORING</b>	
JACQUET Laurent	Director
FELIX Kim	Assistant to the Director
CORNELIS Natalie de RUETTE Patrick LAERMANS Jan	Chief Advisors
ALLONSIUS Johan BARZEELLE Elke DEBRIGODE Patricia DUBOIS Frédéric HERNOT Kurt JOOS Benedikt MAES Tom SOFIAS Anastasio	Senior Advisors
COBUT Christine LIBERT Brice PIECK An WILMART Gilles	Advisors
<b>DIRECTORATE FOR GENERAL AFFAIRS</b>	
LOCQUET Koen	Director
SELLESLAGH Arlette	Assistant to the Director
<b>Gas and Electricity Advisory Board</b>	
DE LEEUW Han HERREZEEL Marianne	Advisors
<b>General Administration</b>	
DE PEUTER Caroline	HR & Office Manager
SMEDTS Hilde	Senior Legal Advisor
VAN MAELE Nele	Administrative Assistant
BAUWENS Evi VAN ZANDYCKE Benjamin	Translators
LOI Sofia	Coordinator
DE DONCKER Nadine WYNS Evelyne	Multi-Purpose Office Staff
JUNCO Daniel	Logistics Staff Member
<b>IT Department</b>	
DAELEMAN Kurt	Systems and Networks Manager
GORTS-HORLAY Pierre-Emmanuel	IT Assistant
<b>Finance</b>	
SCIMAR Paul	Head of Finance
LECOCQ Nathalie	Accountant
CROMBEZ Thomas	Accounting and Administrative Assistant
PINZAN Laurent	Administrative Staff Member
<b>Research, Documentation and Archives</b>	
BOUCQUEY Pascal	Chief Advisor
CHICHAH Chorok DETAND Maria-Isabella GODDERIS Philip HEREMANS Barbara ROOBROUCK Myriam STEELANDT Laurence ZEGERS Laetitia	Senior Advisors
HENGESCH Luc	Archivist

## 5.2. Gas and Electricity Advisory Board

The Gas and Electricity Advisory Board (formally known as the General Council) provides advice and acts as a discussion forum, created within the CREG and the Federal Energy Ministry.

Its role is:

- to set guidelines for the application of the Electricity and Gas Laws and their implementation decrees, on its own initiative or at the Minister's request;
- to draft opinions on any issue submitted to it by the CREG's Board of Directors;
- to be a forum for discussion of energy policy objectives and strategies.

The Consulting Council met eight times in 2015.

The Chairman is Mr Mathieu Verjans and the Vice-Chairman Mr Peter Claes.

Regular participation by a representative of the Federal Energy Minister has enabled the General Council to focus its work on the most urgent aspects and to be kept informed periodically of the government's concerns regarding gas and electricity. The many questions members asked the Minister's representative made it possible to inform her of the concerns of the Advisory Board.

The Advisory Board issued three opinions in 2015. The "gas market operation", "price composition" and "electricity market operation" working groups respectively worked on their production.

Opinion No 62 of 6 March 2015 relating to study 1345 on the operation and trends in prices on the Belgian wholesale natural gas market - 2013 monitoring report:

The Advisory Board took great interest in this study by the CREG's management board that contributes significantly to the transparency of the natural gas market in Belgium. It has invited the management board to continue these analyses, to publish regular updates and to encourage its counterparts in the other European Member States to publish similar reports on the operation of the natural gas and electricity markets. The Advisory Board formed the following observations and suggestions with regards to this study:

- In terms of supply, supply sources should continue to be diversified in order to improve the security of supply;
- The Zeebrugge hub should be made more attractive in order to further increase the liquidity of the Belgian market. With this perspective in mind, the Advisory Board is asking that the CREG's Board of Directors conducts a specific study on the subject. In consideration of the hub's future regulation, this study would also suggest ways of improving its attractiveness;
- The degree of concentration of the Belgian market remains very high (75% of the market is held by three players). Continued attention should be given to this point;
- The Entry/Exit model introduced on 1 October 2012 for the transmission of gas has contributed to the improved operation and transparency of the Belgian market. The Advisory Board suggests to the CREG's Board of Directors that they carry out an in-depth evaluation of the model after three years of operation (e.g. with regards to the within-day settlement in the balancing mechanism);
- The Advisory Board underlines the necessity for greater transparency and clarity concerning the impact of decisions

made in the Netherlands on the issue of gas extraction at Groningen on the low calorific value gas market in Belgium. It invites the CREG's Board of Directors and the SPF Économie, each in their area of expertise, to write a report on this matter (analysis of the policy of the Netherlands in terms of L-gas and its impact on the Belgian market, the conversion plan and the cost of financing this conversion).

Opinion No 63 of 21 October 2015 relating to study 1407 on the updating of the cost structure of electricity production by nuclear power plants in Belgium, the economic evaluation of nuclear electricity production and an estimation of the profits made from these activities

The Advisory Board has decided to issue an opinion on the topic of the profits of nuclear power. Indeed, this file has already been the subject of intense debates within the board in the past<sup>128</sup> and, in view of its evolution and its importance, it seems opportune to share its recommendations on the matter.

The opinion is issued in the following context. On 8 January 2015, the Energy Minister gave the CREG and the National Bank of Belgium (BNB) the task of updating, based on current data, the studies relating to the cost structure of nuclear power plants in Belgium, the economic evaluation of nuclear electricity production and an estimation of the profits gained from these activities. The CREG's Board of Directors approved this study on 12 March 2015 and then forwarded it to the Minister. This study was the subject of a presentation by the CREG to members of the Federal Parliament's Economic Commission on 25 March 2015. A public version was sent to members of the Advisory Board on 22 June 2015. A hearing of this analysis was held on 8 July 2015 within the Advisory Board's "price composition" working group.

The Advisory Board issued the following recommendations:

- It takes account of the difference that the CREG's Board of Directors has made between nuclear profit, nuclear income and the distribution contribution. The CREG has calculated the nuclear profit, which is the difference between revenue from nuclear and the costs incurred for normal usage of the nuclear power plants (excluding investments made for renewals). According to them, the evaluation of the income is the Government's domain. The distribution contribution, for its part, is the tax office's responsibility. The Advisory Board believes that this differentiation is opportune and is pleased with the removal of ambiguity between the terms nuclear profit and nuclear income.
- It observes that the nuclear profit is estimated by the CREG and the BNB at between 421.38 million euros and 506.91 million euros for 2014 (according to the calculation methods of the strategies used by the two operators) and 434.31 million euros when taking into account the weightings of the strategies of the two operators. This amount is four times less than the estimation that was made in 2011, where nuclear profit was estimated at 1.75 billion euros for 2007.
- With regards to the change of methodology adopted by the CREG, namely switching from an approach taking into account the quantities produced at the time of the sale to an approach taking into account the differences between the planned, nominated and actual quantities, the Advisory Board takes this new methodology into consideration but is unfortunately unable to comment on it given the lack of transparency in the data used.
- However, the Advisory Board is giving thought to the definition that is used for some parameters, notably for the elements used to calculate "income". It believes that the parameters put forward by the CREG are not necessarily specific to the nuclear sector, given that no new player can enter the market (see the Nuclear Exit Law of 2003).
- It regrets that it was only able to have access to this study at a very late stage (22 June 2015), thereby preventing it from being able to take part in the debate on this matter.

- With regards to the distribution contribution, until now, this has been paid into the budget of ways and means, for the purpose of notably financing the energy transition and measures aimed at ensuring security of supply. Once again, the Advisory Board has noticed that this contribution only has budgetary aims, threatening the energy transition that the Advisory Board claims, however, is their wish.
- Finally, the Advisory Board notes the fact that, on 28 July 2015, the Government recorded an amount of nuclear income of 200 million euros for 2015 (instead of the 405 million euros initially recorded in the budget) and 130 million euros in 2016. The Advisory Board regrets the lack of transparency relating to this amount and therefore invites the Energy Minister (or one of her representatives) to come and explain to the Advisory Council the methods and the reasons behind this decision.

[Opinion No 64 of 10 December 2015 relating to study 1411 on the operation of and changes in prices on the Belgian wholesale electricity market - 2014 monitoring report](#)

The Advisory Board thanked the CREG Board of Directors for its annual monitoring report. This report contributes greatly to electricity market transparency in Belgium and therefore to improving how the market operates. The Advisory Board invites the Board of Directors to continue publishing this report each year and hopes that other European Union regulators will follow their example.

The Advisory Board shares a large part of the Board of Directors's analysis and supports the majority of its recommendations.

Also in 2014, the unavailability of various power plants (gas and nuclear) has resulted in a growing preoccupation regarding security of supply and has seen electricity prices rise progressively on the spot and forward markets to a level that is considerably higher than the averages in neighbouring countries. During its appeal, launched in 2013, to all players

concerned, the Advisory Board reiterated the necessity of removing, as soon as possible, the uncertainty related to the maintenance, or not, of the Doel 3 and Tihange 2 nuclear power plants and finding solutions to ensure security of supply over the coming winters and to keep the price of electricity in Belgium affordable.

The Advisory Board is requesting increased transparency immediately regarding the closure of existing production units. It proposes that either the CREG or the energy administration keep an up-to-date list of power plants, comprising of a certain amount of basic data, including any announced or expected closure dates.

In its study, the CREG observes that the electricity system offtake has systematically decreased over recent years. The Advisory Board proposes that a more detailed study be carried out regarding the cause of this decrease (energy efficient investments, increase in local production, reduced (industrial) demand, etc.).

The rise in intermittent energy sources, the use of peak capacity and the role of Demand Side Management all influence one another. The Advisory Board suggests that more details should be given about this element (e.g. what types of demand response, who offers it, problems and possible solutions to improve market integration, etc.).

Price gaps have grown noticeably wider in the Centre-West Europe (CWE) region over recent years. The gap between electricity prices (commodity component) has become more marked since 2012, both on the spot market and on the forward market, which does not correspond with consumers' expectations with regards to market integration.

Table 16: Members of the Gas and Electricity Advisory Board as at 31 December 2015 (source: Moniteur belge)

	ACTUAL MEMBERS	DEPUTY MEMBERS
Federal Government	VANEYCKEN Sven ROOBROUCK Nele CHAHID Ridouane ANNANE Jihane DORREKENS François DASGUPTA Jivan	JUSTAERT Arnout WAEYAERT Nicolas JOURDAIN Sigrïd NIKOLIC Diana NICOLAS Stéphane DEMEYERE Frank
Regional Governments	BIESEMAN Wilfried AUTRIQUE Henri JACQUET Annabelle	TANGHE Martine BOHET Maurice DECROP Jehan
Representative employees' organisations sitting on the National Labour Council	VERJANS Mathieu VERHUE Maureen VAN DAELE Daniel DE CROCK Bart	NICAISE Didier VAN WIJNGAERDEN Jan VAN MOL Christiaan SKA Marie-Hélène JONCKHEERE Caroline
Representative employees' organisations sitting on the Council for Consumption	DE WEL Bert STORME Sébastien	QUINTARD Christophe SPIESSENS Eric
Organisations for the promotion and protection of the general interests of small-scale users	ADRIAENSSENS Claude DOCHY Stéphane	RENSON Marie-Christine MOERS Jan
Representative organisations of industry, and the banking and insurance sector sitting on the Central Economic Council	VANCRONENBURG Geert BROUWERS Els VAN der MAREN Olivier	VANDERMARLIERE Frank CALOZET Michel AERTS Kristin
Representative organisations of the crafts, small and medium-sized trading companies and small-scale industry sitting on the Central Economic Council	DE BUYSER Capucine VANDEN ABEELE Piet	DEPLAE Arnaud VAN GORP Michel
Major electricity consumers	CLAES Peter	EELENS Claire
Major natural gas consumers	BRAET Luc	de MUNCK Laurent
Electricity producers who are members of FEBEG (the Belgian federation of electricity and gas companies)	VAN DEN BOSCH Marc SCHOONACKER Frank	DE GROOF Christiaan de VILLENFAGNE Aude
Electricity producer's renewable energy sources	LAUMONT Noémie	BODE Bart
Electricity producer's co-generation	BOYDENS Jean-Pierre	MARENNE Yves
Industries that generate electricity for their own needs	BÉCRET Jean-Pierre	ZADORA Peter
Distribution network operators - INTERMIXT	GRIFNEE Fernand HUJOEL Luc DE BRUYCKER Luc	DECLERCO Christine DEBATISSE Jennifer VERSCHELDE Martin
- INTER-REGIONALS	DE BLOCK Gert	HOUGARDY Carine
Transmission System Operator for Electricity	DAMILOT Julien	MERTENS Steven
Transmission System Operators for Natural Gas	GOSSUIN Luc	DESCHUYTENEER Thierry
Holders of a supply permit for natural gas who are members of FEBEG	VANDEN BORRE Tom VAN NUNEN Carlos	DE BUCK Hilde DEDECKER Gunnar
Environmental Associations	VAN DYCK Sara VANDE PUTTE Jan	TURF Jan DE SCHOUTHEETE Cécile
Holders of supply permits for electricity who are members of FEBEG	HEYVAERT Griet WYVERKENS Herman	GODTS Annemie VAN BOXELAER Kathleen
Market operator for the exchange of energy blocks proposed by BELPEX	MATTHYS-DONNADIEU James	PIERREUX Nicolas

The Advisory Board is appealing to the system operators and regulators to look for solutions with the market players in order to continue the positive regional market integration trend. To do so, the Advisory Board:

- encourages them to find solutions that prioritise balancing between the interconnections, competitive national production and, finally, sources of flexibility;
- asks them to find solutions that adhere to environmental regulations;
- asks them to optimise the use of existing interconnection capacities and
- asks for increased global harmonisation of the energy policies of the various countries in question.

The Advisory Board invites the CREG's Board of Directors to conduct a more in-depth analysis of the following aspects of market operation:

- "Smart bids" on the spot markets;
- "Flowbased allocation" of cross-border capacities.

### 5.3. General policy plan and comparative report on the objectives and achievements of the CREG

As stipulated in the Electricity Law, on 29 October 2015, the Board of Directors prepared the general policy plan for 2016<sup>129</sup>. In the plan, the CREG lists thirteen objectives that it wishes to achieve, with respect to legal provisions, the directions drawn up by the federal government and the Federal Parliament in the energy sector, as well as its competencies and its independence. This general policy note for the year 2016 is a continuation of what has been undertaken by the Board of Directors since September 2013 and, more specifically, the CREG's Strategy Plan for 2013-2019.

The general policy note accompanies the CREG's draft budget for the year 2016. Both have been sent to the Chairperson of the Chamber of Representatives and to the Chairperson of the Commission for the Economy, Scientific Policy, Education, Scientific and National Cultural Institutions, for the middle classes and of the Chamber of Agriculture (hereafter: the Economic Commission) and presented during a CREG hearing before the Economic Commission on 17 November 2015.

A comparative report<sup>130</sup> has also been drafted between the objectives as formulated in the general policy note for the year 2014 and their effective completion. This report was sent, accompanied by the CREG's Annual Report 2014, on 29 April 2015 to the Energy Minister, to the President of the Chamber of Representatives and the members of the Economic Commission. In its general policy note of the year 2014, the CREG identified sixteen objectives to be achieved. These objectives can be broken down into two hundred and four actions corresponding to individual tasks to be completed. The comparative report shows, for each action, the degree of completion achieved and provides a reason in the case of partial or non-completion. It is provided as an annex to the CREG's Annual Report.

### 5.4. The new internal regulations of the Board of Directors

The CREG's Board of Directors has drawn up new internal regulations<sup>131</sup> following a public consultation relating to the changes it was planning to make in terms of reason giving, consultation and publication.

The obligation to provide reasons has been expanded to include all (legally contestable) decisions of the CREG's Board of Directors. Furthermore, the organisation and implementation

of the consultation procedure have been explained in more detail. The publication of the Board of Directors's actions on the website will take place in compliance with the "confidential information" confidentiality. A procedure has also been drawn up in the event that the Board of Directors is not convinced of the confidentiality invoked by the person in question. Finally, certain regular changes have been made to the internal operating rules in order for them to be suitable in practice. The terminology has been made compliant with legislation relating to public markets and some delegations of powers have been set up.

The new internal regulations came into effect on the date of their publication in the *Moniteur belge*, namely on 14 December 2015.

### 5.5. The Court of Auditors' audit report

The Court of Auditors carried out an operational audit of the CREG between November 2014 and June 2015.

The Court of Auditors concluded that "the CREG fulfils its role as regulator" and "adheres to the majority of norms in terms of independence, transparency and provision of proof", although some points have room for improvement. It formulates a certain number of recommendations to which the CREG will give careful consideration. The CREG sees this audit as an opportunity of which they should take advantage and will use this document to improve its operations, thereby providing the best service possible to the consumers.

129 Note (Z)151029-CDC-1470 general policy for the year 2016.

130 Comparative report (Z)150423-CDC-1417 of the objectives formulated in the CREG's general policy note and the accomplishments of the year 2014.

131 CREG Board of Directors's internal regulations (Z) 151204-CDC-1472.

## 5.6. Handling questions and complaints

The CREG continued in 2015 to handle on a voluntary basis the questions and complaints raised by consumers, businesses in the sector, lawyers, consultants, researchers, students, administrations, federal and regional mediation services or international bodies.

The CREG also continued working with the Federal Energy Mediation Service, the three regional energy mediation services (BRUGEL, CWaPE and VREG) and the SPF Économie, SME, Middle Classes and Energy (general directorate of the economic inspection and the general directorate of Energy), the outcome of an agreement reached in 2011, whereby the services concerned agreed on the procedure for handling questions and complaints that do not come from the service that receives them.

Additionally, in March 2015, the CREG sent the Federal Energy Mediation Service, as part of its annual duty to report to the European Commission, its complaints statistics for 2014. Of the 670 requests received between 1 January and 31 December 2014, 244 of them directly involved the CREG (163 in French and 81 in Dutch). The CREG defines a complaint as any form of discontent. The majority concerned the applicable prices and tariffs.

Finally, the possibility for any person who believes that they have been wronged by a decision made by the CREG to request a re-examination of the file by the latter was not taken up in 2015.

Furthermore, the Dispute Resolution Chamber<sup>132</sup>, which is a CREG body, was unable to operate in 2015 due to a lack of appointment of its members.

## 5.7. Transparency and the CREG website

In virtue of the Gas and Electricity Laws, the CREG must publish its decisions on its website, while preserving the confidentiality of commercially sensitive information and/or personal data.

The gas and electricity acts repeat this obligation for decisions regarding tariffs, additionally indicating that, within this framework, the CREG must, following consultation with the companies in question, draw up guidelines to define which information falls within the scope of confidentiality. The CREG published such guidelines<sup>133</sup> in August 2014. They only concerned the issue of tariffs. However, in these guidelines it was stated that the CREG's intention was to expand their scope of application to all matters that fall within the CREG's jurisdiction.

That is why the CREG submitted a new version of its guidelines for public consultation between 11 February 2015 and 12 March 2015. The new guidelines<sup>134</sup>, adopted on 27 August 2015 and published on 14 December 2015, replace the guidelines regarding tariffs.

With regards to their content, they carry over a very large part of the principles appearing in the previous guidelines, referring, for commercially sensitive data, to the criteria given by Article 39.2 of the Agreement on trade-related aspects of international property rights, annexed to the Marrakesh Agreement of 15 April 1994 establishing the World Trade Organisation; the guidelines contain an index of information that is primarily considered to be commercially sensitive or, inversely, non-sensitive information. With regards to personal information, it makes reference to the definition given in Article 1

of the Law of 8 December 1992 relating to the protection of private life with regards to the processing of data of a personal nature.

It should be noted that the CREG's new internal regulations (see section 5.4 hereof) provide the following procedure to be followed in the event of a dispute between the CREG and a market player on the confidential nature of the information that the CREG wishes to publish.

With regards to its website, in 2015, the CREG continued to add to it and update it in order to keep the market players and, in particular, gas and electricity consumers better informed.

In 2015, the CREG also continued with the consideration it began in 2014 with regards to giving its website a complete makeover. In 2015, a study was carried out in collaboration with an external partner in view of developing a structure for the CREG's website that was more based around the general public and deciding on the information to be developed and the way in which to make it more approachable, without compromising its depth or expertise. The new website is expected to go live during 2016.

In 2015, there were 145,933 visits to the CREG website, with a total of 458,659 viewed pages. The most frequently viewed pages (French and Dutch versions combined) were as follows: Price comparison (residential), m3/KWh conversion, Publications, Price trends/Safety net and Social tariffs.

<sup>132</sup> The dispute resolution chamber is called upon to resolve disputes between transmission system operators and users as regards the obligations imposed on TSOs, DSOs and the operators of closed industrial systems, with the exception of disputes over contractual rights and obligations.

<sup>133</sup> Guidelines regarding tariffs (R) 140828-CDC-1336 concerning confidential information due to their commercially sensitive or personal nature.

<sup>134</sup> Guidelines (R) 150827-CDC-1404 concerning confidential information due to their commercially sensitive or personal nature.



## 5.8. Presentations made by the CREG

Table 17: Overview of presentations made by the CREG in 2015

Organisational power	Context	Title of the presentation	Date
SPF ECONOMIE	World Energy Outlook presentation	Round table debate	14/01
Meeting CREG-University of Amsterdam & KU Leuven + representatives DG Competition	Merger GDF-Suez	Belgian gas markets 2001-2014	15/01
FEBELIEC	Information meeting	Étude 1384 sur la fourniture d'électricité des grands clients industriels en Belgique	16/01
CREG	Presentation for the FEBEG	Tariefmethodologie - transmissie elektriciteit: Eventueel gebruik injectietarieven Nieuwe tariefmethodologie – aardgasinfrastructuur: Regularisatierekening en ontmantelingsfonds	19/01
CEER	First task force meeting on security of supply	Work Programme TF Security of Supply for discussion purposes	21/01
FEBELIEC	FEBELIEC Energy Forum Session IV	Plenary session panel debate ; Transmission & Distribution Tariffs: An Introduction	22/01
Gas and Electricity Advisory Board (CCGE)	'Price composition', 'gas market operation' and 'electricity market operation' working groups	Méthodologies tarifaires ELIA - FLUXYS 2016-2020 - Nouvelle méthodologie tarifaire - Transport d'électricité - Accents spécifiques, Nouvelle méthodologie tarifaire - Infrastructure gaz naturel - Accents spécifiques ; Tariefmethodologieën ELIA - FLUXYS 2016-2020 - Nieuwe tariefmethodologie - Transmissie elektriciteit - Specifieke accenten, Nieuwe tariefmethodologie - Aardgasinfrastructuur - Specifieke accenten	9/02
CLUB MONTGOMERY	Energy challenges	Conducting the market towards a successful energy transition	10/02
CCGE	'SoS' working group	Note juridique de la CREG analysant les dispositions des contrats régulés dans l'hypothèse de l'application du plan de délestage en cas de pénurie d'électricité	12/02
CCGE	'Gas market operation' working group	Étude 1385 relative aux prix pratiqués sur le marché belge du gaz naturel en 2013	13/02
CCGE	'Electricity market operation' working group	Étude 1384 sur la fourniture d'électricité des grands clients industriels en Belgique	13/02
CCGE	'Gas market operation' and 'electricity market operation' working groups	Note 1398 relative aux évolutions marquantes sur les marchés de gros de l'électricité et du gaz en 2014	13/02
SMART GRID FLANDERS	Update market model	Belgian gas markets 2001-2014	23/02
CREG	"Market player registration in virtue of REMIT" workshop (French)  "Registratie van marktdeelnemers onder REMIT" workshop	Enregistrement des acteurs du marché en vertu de REMIT : Survol de REMIT, Base légale de l'enregistrement, Principes de base, Acteurs concernés, Vue d'ensemble de la plateforme CEREMP, Procédure d'enregistrement sur la plateforme CEREMP ; Registratie van marktdeelnemers onder REMIT: REMIT in vogelvucht, wettelijke basis van de registratie, basisprincipes, betrokken deelnemers, overzicht van het CEREMP-platform, registratieprocedure op het CEREMP-platform	24/02 <sup>1</sup>
INSEAD	Sustainable Energy Round Table	Electricity Wholesale markets in 2014 - some key facts	26/02
CEER	Third task force meeting on security of supply	Towards a CEER SOS concept paper: main principles applied for the EU Public Consultation	2/03
VOKA	Infosessie Energie	Actieve participatie aan de energiemarkt loont!	2/03 13/05 20/05 16/11
Svensk Energi – Swedenergy and NEPP – North European Power Perspectives	Electricity Market Integration - A North European Perspective	Will Flowbased market coupling lead to better usage of transmission capacity, increased welfare and security of supply?	3/03
PREMIER CERCLE	Energy Forecast Summit	Regulatory Aspects of Demand Side Integration - The Belgian case	4/03
Joint event: Benelux (BAEE) and French Association of Energy Economists (FAEE)	Capacity Remuneration Mechanism: a solution for European power market? Illustration in Central West Europe	Strategic Reserve in Belgium - Design and Functioning	9/03
CEER	118 <sup>th</sup> Gas Working Group Meeting	TF Security of Supply: State of Play	12/03
CEER	Training for Senior Staff and Board Members	Role of NRAs within CEER and ACER-GA, BoR, Working Groups and the decision-making processes	17-19/03
CHAMBER OF REPRESENTATIVES, Economy Commission	Hearing	Bénéfice nucléaire / Nucleaire winst	25/03

Organisational power	Context	Title of the presentation	Date
FLUXYS BELGIUM	FLUXYS Shippers day, Berlin	The future outlook of regulation in Europe	27/03
FUTURE POWER MARKET PLATFORM (FPM)	Workshop 8	Balancing, quo vadis ?	27/03
PUC (Latvian regulator)	Opening of the gas market in Latvia	Belgian gas markets 2001-2014 ; Regulation in Belgium ; Wholesale Gas market 2013	23/04
CEER, EU Gas Coordination Group	Workshop on the revision of the Security of Supply Regulation	Protected Customers and Solidarity	4/05
KVAB	Debatavond "Opslag van Energie"	De rentabiliteit van elektriciteitsopslag in België	5/05
SRBE/KBVE	Seminar: Do we still need energy production in Belgium?	Mécanismes de rémunération de la capacité	6/05
SPF ECONOMIE	Technical workshop on Energy storage: needs and opportunities for the future of our energy system	The Rentability of Electricity Storage in Belgium	8/05
IAEE	38th International Conference	Gas Market Integration in North West Europe: Is moving from Market Coupling to Market Merging Necessary?	25/05
CCGE	'SoS' working group	Étude 1412 sur la rentabilité du stockage d'électricité en Belgique	26/05
PUC (régulateur letton)	Opening of the gas market in Latvia	Wholesale gas market, Regulation & Regulation Evolution in Belgium	3/06
FLUXYS BELGIUM	Singapore LNG Corporation and EMA (Singapore Energy Regulator) visit	Regulation in Belgium	9/06
SRBE - KBVE	Network Codes : élaboration, structure et nouveautés - Network Codes : opstelling, structuur en nieuwigheden	Network codes - ACER perspective	10/06
FLUXYS BELGIUM	Seminar CREG/FLUXYS BELGIUM	The regulatory bridge to energy union	15/06
CCGE	'Price composition' working group	Rapport 1416 sur le monitoring des éventuels effets perturbateurs sur le marché - Mécanisme de filet de sécurité	19/06
ECOLO-GROEN	Expert meeting: "Capaciteitsmechanisme: oplossing of meer problemen"	Mécanismes de rémunération de la capacité	22/06
CEER	CEER Training on Retail Markets	Monitoring Retail Markets : Belgian Case Study	23/06
FLUXYS BELGIUM / CREG	Yearly seminar FLUXYS BELGIUM/CREG	Impacts of Changing Market Circumstances: Position of Belgium	25/06
FLANDERS' PLASTIC VISION	Zet je energiefactuur op dieet!	Actieve participatie aan de energiemarkt loont!	30/06
CCGE	Groupe de travail 'composants des prix'	Étude 1407 relative à une mise à jour de la structure de coûts de la production d'électricité par les centrales nucléaires en Belgique, de l'évaluation économique de la production nucléaire d'électricité ainsi que d'une estimation des bénéfices tirés de ces activités	8/07
CEER	CEER Away Day	Findings on communication towards energy consumers	15/07
CCGE	'Electricity market operation' working group	Étude 1411 relative aux fonctionnement et évolution des prix sur le marché de gros belge de l'électricité – rapport de monitoring 2014	15/07
FEBELIEC	Workshop REMIT regulation	REMIT : Practical consequences for large consumers	7/09
ECONOMY CENTRAL ADVISORY	Information meeting	Studie 1453 over de elektriciteitsbeleving van grote industriële klanten in België Étude 1453 sur la fourniture d'électricité des grands clients industriels en Belgique	15/09
CREG	Information meeting for the European Commission's Competition DG	Study 1422 on the measures to be taken in order to ensure an adequate volume of conventional production means to assure Belgium's electricity security of supply	18/09
FLANDERS INVESTMENT&TRADE	Site selectors familiarisation tour	A European Comparison of electricity and gas prices for the large industrial consumers (CREG & PWC)	21/09
CCGE	'SoS' and 'Electricity market operation' working groups	Étude 1422 sur les mesures à prendre afin de disposer du volume adéquat de moyens de production conventionnels pour assurer la sécurité d'approvisionnement en électricité de la Belgique	21/09
CEER	Chinese delegation	European Retail Energy Markets	21/09
FORBEG	Gas working group	Market Based Balancing Gas Market Belgium	22/09
CREG/FLORENCE SCHOOL OF REGULATION	Annual conference: "Regulated energy prices" Jaarconferentie: "Gereguleerde energieprijzen"	Retail Price Regulation and EU Law: Mapping the Issues; Regulated Prices & EU Energy Law after the Federutility case; The Economics of Regulated Prices: Mapping the Issues; Electricity Tariff Deficit: Temporary or Permanent Problem in the EU?	28/09 <sup>2</sup>
CCGE	'Price composition' working group	Étude 1419 Composantes des prix de l'électricité et du gaz	30/09
Belgo-Luxembourg Industry Chamber of Commerce (CCILB)	Energy info-session	La participation active au marché de l'énergie rapporte	30/09
FRIENDS OF EUROPE	Climate and Energy conference	Fixing Europe's Electricity markets	15/10
ROYAL MILITARY SCHOOL	Hoge studies Veiligheid en Defensie: Seminarie 2: sleutelfactoren en tendensen	Energy : A strategic factor in international relations	17/10

Organisational power	Context	Title of the presentation	Date
ELIA	ELIA Regulatory day /Workshop CREG/ELIA	Ambitions en matière de régulation ; Impact of bidding zones size	19/10
CCGE	'SoS' and 'Electricity market operation' working groups	Étude 1454 concernant la réserve stratégique et le fonctionnement du marché au cours de la période hivernale 2014-2015	20/10
CHAMBER OF REPRESENTATIVES, Economy Commission	Hearing	Étude relative à la réserve stratégique et au fonctionnement du marché durant la période hivernale 2014-2015; Studie over de strategische reserve en de marktwerking tijdens de winterperiode 2014-2015	27/10
FLUXYS BELGIUM	Swiss workshop BFE/OFEN	Regulatory context in Belgium	29/10
ACER	Market Monitoring Steering Committee ACER (MM SC) (REMIT)	The case of crossborder capacity auction in 2013	6/11
CHAMBER OF REPRESENTATIVES, Economy Commission	Hearing	Budget – Note de politique générale 2016 Begroting – Beleidsnota 2016	17/11
CREG	Workshop « Working paper on the price spikes observed on the Belgian day-ahead spot exchange Belpex on 22 September 2015 »	The price spikes on BELPEX DAM on 22 September 2015	18/11 <sup>3</sup>
CCGE	'Electricity market operation' working group	Étude 1453 sur la fourniture des grands clients industriels en Belgique en 2014	25/11
CCGE	'Gas market operation' working group	Studie 1460 over de werking van en prijsevolutie op de Belgische groothandelsmarkt voor aardgas - Monitoringrapport 2014	25/11
FEBELIEC	Infosession: intermittent power generation: how flexible can (we) not be?	Storage: solution for us or for our children?	30/11
ULB, Judicial Law Unit	Collective reparation action conference	L'action en réparation collective en matière d'énergie	3/12
CEER	Closed Seminar on Projects of Common Interest	Experiences from projects in the first PCI list	10/12
Nordic TSOs and NRAs	Joint NordREG / Nordic TSO workshop on Flow-Based capacity calculation	Price spikes, base case, bidding zones and adequacy patch in a FB context	14/12

- On 24 February 2015, the CREG organised an interactive workshop on the topic of the registration of market players in view of Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency (REMIT). The practical aspects of registration were covered, namely who has to register, how to register on the CEREMP platform, what information is collected, and what to expect in the future. A large panel of organisations and companies were present. The presentations from this workshop are available on the CREG's website.
- On 28 September 2015, the CREG organised its annual conference in cooperation with the Florence School of Regulation on the theme of "Regulated energy prices". In February 2015, the European Commission, in its communication on the Energy Union<sup>135</sup>, clearly indicated that it would consider the progressive removal of regulated energy prices a priority. But what are the economic and legal objections to regulated prices? How can we ensure a fluid transition? And finally, what do we mean by regulated prices? On this topic, the CREG and the Florence School of Regulation invited a number of international speakers who discussed the topic from an interdisciplinary point of view. The presentations from this conference are available on the CREG's website.
- On 18 November 2015, the CREG organised a workshop on the "Working paper on the price spikes observed on the Belgian day-ahead spot exchange Belpex on 22 September 2015"<sup>136</sup>. The aim of this working paper is to present the CREG's preliminary analysis and conclusions concerning the appearance of high prices and price spikes on the Belpex Belgian day-ahead spot exchange on 22 September 2015. The day-ahead market takes up a significant amount of the analysis, although some topics from the intra-daily and real time markets are also discussed. The working paper primarily concludes that the use made of the cross-border capacity is inefficient and discriminatory. The case of 22 September 2015 very clearly demonstrates that non-competitive flows, mainly loop-flows, have priority access over cross-border capacity, regardless of the rarity of this capacity or the desire to pay for it. Sometimes, well over half of the physical flows noted are non-competitive. This is also the case when market players are willing to pay the maximum price of 3,000 euros/MWh, which increases the risk for security of supply. The CREG suggests five solutions to make the use of, sometimes very rare, cross-border capacity efficient and non-discriminatory, not only for the players on the Belgian market, but for all market players contributing to the flow-based market coupling. These solutions are a necessary condition to finalise the interior European market and the Energy Union.  
In light of comments received during the workshop and a more in-depth study, the CREG will complete its analysis of 22 September and will update this working paper. The update will also contain an analysis of the price peaks of 16 October 2015.

## 5.9. CREG cooperation with other bodies

### 5.9.1. CREG and the European Commission

The CREG has participated, either directly or indirectly, depending on the case, in the meetings of different working groups set up by the European Commission on the following themes: Vulnerable consumers, price transparency, e-billing, consumer complaints and smart grids.

In order to expand on these activities, the CREG has also actively taken part in the Madrid (for gas), Florence (for electricity), London (for citizens) and Copenhagen (for infrastructure) forums. Please see sections 5.9.4. to 5.9.7. below.

In its role as a member of the CEER, the CREG has also, as for previous years, provided assistance in a number of consultations and reports for the benefit of the European commission (see section 5.9.3 hereof).

The CREG has fulfilled its advisory assignment by helping the public powers during the various comitology meetings presided by the European Commission in view of the approval of European network codes (see section 5.9.2 hereof). Finally, the "2014 National Report from Belgium"<sup>137</sup>, was submitted to the European Commission and the ACER by the CREG on 28 August 2015. It was written in close collaboration with the regional regulators (BRUGEL, CWaPE and VREG) and the Federal Energy Mediation Service, and includes the measures taken and the results obtained within the framework of the legal missions of these bodies.

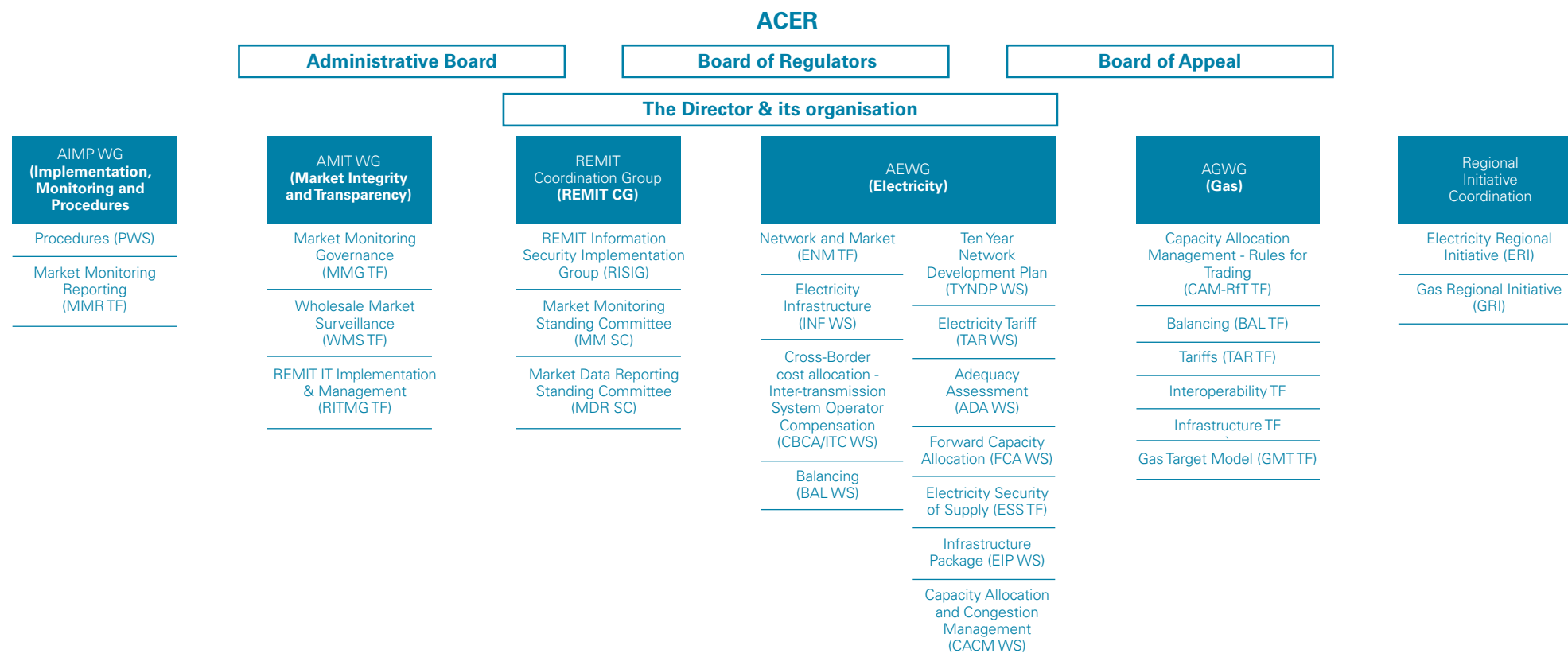
135 "Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee, the Committee of the Regions and the European Investment Bank - A framework strategy for a resilient energy union, with a forward-looking climate change policy" COM(2015) 80 final, 25 February 2015.

136 Working paper (Z)151113-CDC-1476 on the price spikes observed on the Belgian day-ahead spot exchange Belpex on 22 September 2015.

137 2015 Belgian national report to the European Commission and ACER, 27 August 2015.

## 5.9.2. The CREG within ACER

Figure 32: ACER organisational chart as at 31 December 2015 (source: CREG)



ACER (Agency for the Cooperation of Energy Regulators) was created by the third energy package in order to encourage the end of the interior energy market, both for electricity and for natural gas. The three objectives that it formulated based on the drawn-up legislation concern:

- a **more competitive** integrated market offering more choice to consumers<sup>138</sup>.
- an **efficient** energy infrastructure in which the free circulation of energy beyond borders and the transmission of new energy sources are guaranteed, thereby improving **security of supply** for the companies of the European Union and consumers<sup>139</sup>;

- a **controlled and transparent** energy market on which consumers pay a price which is guaranteed to be honest and reflect costs and the **abuse of which is deterred**<sup>140</sup>.

In many ways, 2015 has been a pivotal year for the Agency. In the month of May, Lord J. Mogg and Mr Walter Boltz were re-elected for a mandate of two and a half years to their roles

<sup>138</sup> In this case, these are the directives and rules of the third energy package, and specifically Regulation (EC) No 713/2009 establishing the agency.

<sup>139</sup> In this case, this is Regulation (EU) No 347/2013 on guidelines for trans-European energy infrastructure.

<sup>140</sup> In this case, this is Regulation (EU) No 1227/2011 on wholesale energy market integrity and transparency (REMIT).

of Chairman and Vice-Chairman of the Regulatory Council. Additionally, the European Commission and the Council have confirmed that Alberto Pototshnig has been appointed Director of the Agency until September 2018.

Furthermore, it has been confirmed that a new phase has begun in 2015 in view of achieving the first aforementioned objective. In addition to the development of network codes, this new phase involves the creation of investments to follow-up and monitor the implementation of the network codes and orientations published, both in terms of natural gas and electricity. The regulators, including the CREG, are therefore working together to prepare the Europe-wide transition from pre-implementation stage to implementation stage of the network codes and orientations.

In addition to these administrative and structural reforms, the creation of the integrated energy market has been the subject of works. To this end, the CREG's role within the Agency is to establish and implement the necessary technical documents.

With regards to natural gas, the following points may be cited:

a) The first implementation and assessment reports to which the CREG has contributed have been published by the ACER and provide a clear image of the status of the situation in each European Member State. This includes,

amongst other things, an implementation report concerning congestion management procedures<sup>141</sup>, the final roadmap relating to the implementation of capacity allocation mechanisms<sup>142</sup>, including the reservation platforms, and the second status report for the implementation of the Balancing network code<sup>143</sup>. Each time, implementation in Belgium appears to meet the prescriptions. In the specific case of the reservation platforms, the CREG has contributed, in its role as co-president of the Regulatory Advisory Group, to finalising the monitoring. It will continue to do so in the future.

b) In the case of the development of code texts, the ACER issued, on 13 October 2015, its recommendation 04/2015 on the adaptation of the network code for the capacity allocation mechanisms with regards to the additional new capacity<sup>144</sup>. In this respect, the CREG has also ensured that newly developed methods are both usable and flexible. The discussion at the Member States' Gas Committee led by the European Commission will ensure the follow-up during 2016. Discussion related to a new network code concerning harmonised transmission tariff structure rules have not, however, led to a recommendation. The European Commission has decided to take care of this issue itself with Member States in 2016.

With regards to electricity, the following points may be listed:

a) ACER has published its recommendation 02/2015 of 23 June 2015 for the development of the network code in

case of emergency and restoration<sup>145</sup>, as well as its recommendation 03/2015 of 20 July 2015 for the development and adaptation of the network code concerning electricity balancing<sup>146</sup>. The CREG has contributed to the preparatory works and has also encouraged the development of the two texts with the help of a few ongoing pilot projects and in view of the final completion of the internal energy market. The discussion at the Member States' Electricity Committee led by the European Commission will ensure the follow-up during 2016.

b) Following the implementation of the first published guideline relating to capacity allocation and congestion management of 24 July 2015<sup>147</sup>, the ACER has invited, in opinion 09/2015 issued on 23 September 2015, the regulators and operators in the Centre-East Europe region to apply the capacity allocation procedure also coordinated at the German-Austrian border. For Belgium, this position is important given that, due to its restrictive nature, it can influence the cross-border capacity available in the Centre-West Europe region, of which it is a part.

c) During 2015, the ACER considered the necessity for a new network code concerning the harmonised transmission tariff structure rules<sup>148</sup>. The CREG is backing a careful approach aiming to develop, in 2016, shared principles for the development of transmission tariffs, favouring shared understanding and the exchange of experiences.

Through the development and monitoring of this network codes programme, the CREG supports the European

141 ACER publication of 13 January 2015 ([http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Publication/ACER%20CMP%20Implementation%20Monitoring%20Report%202014.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER%20CMP%20Implementation%20Monitoring%20Report%202014.pdf)).

142 ACER publication of 9 November 2015 ([http://www.acer.europa.eu/Gas/Regional\\_%20Initiatives/CAM\\_roadmap/Documents/CAM%20Roadmap%20update%20November%202015.pdf](http://www.acer.europa.eu/Gas/Regional_%20Initiatives/CAM_roadmap/Documents/CAM%20Roadmap%20update%20November%202015.pdf)).

143 Joint ACER and ENTSOG publication of the 5th November 2015 ([http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Publication/Second%20ACER-ENTSOG%20Report%20on%20the%20status%20of%20the%20implementation%20of%20the%20Balancing%20Network%20Code.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/Second%20ACER-ENTSOG%20Report%20on%20the%20status%20of%20the%20implementation%20of%20the%20Balancing%20Network%20Code.pdf)).

144 ACER publication of 13 October 2015 ([http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Recommendations/ACER%20Recommendation%2004-2015.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2004-2015.pdf)).

145 Publication of ACER's recommendation of 23 June 2015 ([http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Recommendations/ACER%20Recommendation%2002-2015.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2002-2015.pdf)).

146 Publication of ACER's recommendation of 23 June 2015 ([http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Recommendations/ACER%20Recommendation%2003-2015.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Recommendations/ACER%20Recommendation%2003-2015.pdf)).

147 This is Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management (JO L 197/24, 25 July 2015).

148 [http://www.acer.europa.eu/Electricity/FG\\_and\\_network\\_codes/Pages/Harmonised-transmission-tariff-structures.aspx](http://www.acer.europa.eu/Electricity/FG_and_network_codes/Pages/Harmonised-transmission-tariff-structures.aspx).

Commission, together with its counterpart regulators, via the ACER, to implement the rules imposed in the third energy package. One year after the publication of the **Bridge strategy document**<sup>149</sup>, national regulators have, furthermore, made their outlook more Europe-centric. The consultations, workshops and discussion platforms have strengthened the commitments of the market players. Additionally, the regulators have taken part in the European Commission's public consultation aiming to create a new European electricity market model. In this context, the CREG has participated in the discussion about the new monitoring structure, adapted to the future integrated energy market.

In accordance with the primary objectives of the European Commission's "Energy Union" communication of 18 November 2015, the CREG feels drawn to provide the necessary support for efficient regulation, to the European integrated energy system, through which energy moves freely beyond borders, based on competitive markets making use of the best possible sources available. As it does every year, the CREG provided a written contribution to the **Annual Report on the results of monitoring the internal electricity and natural gas markets in 2014**<sup>150</sup>. This is the annual market monitoring report, co-written by the ACER and the CEER (point 5.9.3. below). Based on the experience acquired over the last few years, this report is focused on new retail markets and their consumers, on the recent trends on the electricity and gas wholesale market and on the access to infrastructure. Additionally, the imagined obstacles to commercial market access are closely studied. An internal energy market in favour of the consumer cannot be achieved as long as these obstacles exist.

In addition to the monitoring of commercial markets, the CREG continues to closely monitor, within the ACER, the development of infrastructure, through the implementation of the ACER's second objective and in support of security of supply. In preparation for the European Commission's publication of the second list of **projects of common interest**, the CREG has evaluated the ACER's<sup>151</sup> complete procedure. The necessary recommendations have been formulated so that all parties can better meet the schedule of successive steps for the procedure until 2017 and so that integrity and coherence are guaranteed in the future for the selection and monitoring of projects. To this end, an update of a 2013 recommendation relating to the possible allocation of cross-border costs concerning these projects has been published (05/2015). In 2015, the CREG did not take part in any cost allocations in the investment files ongoing in the neighbouring countries.

Additional monitoring tasks have been developed as part of the ACER's third objective, namely the implementation of the **REMIT Regulation** (see also section 3.2.2.4 hereof)<sup>152</sup>. Following the actual entry into force of the Implementing Regulation<sup>153</sup> on 8 January 2015, the CREG has given market players the opportunity to register on their website and provides them with assistance for any question that they may have on this registration and data declaration procedure. The whole energy sector has, nevertheless, been provided with information, through manuals, guidelines, Q&A documents and workshops, on the standard data declaration process. The first data declaration phase began on 7 October 2015 for standardised products on organised market places, which has already allowed for the partial monitoring of the market.

The complete roll-out of the reporting process will be systematically subject to works until 2016.

#### ■ Questionnaires

Finally, the CREG actively contributed to the creation of ACER questionnaires and responded to them within the framework of the harmonisation and integration of the European gas and electricity markets. They notably covered the following topics in 2015 (original titles):

- 1) Assistance with stakeholder contacts (electricity tariffs)
- 2) Monitoring the appropriateness of the ranges of annual average transmission charges paid by producers in 2014
- 3) Unit investment cost (gas & electricity)
- 4) Criteria for the valuation of losses at national level and the value of losses for ITC mechanism 2014
- 5) ACER-ENTSOG questionnaire on online survey on balancing network code implementation
- 6) ENTSOG summer supply outlook
- 7) BoR summit (September 2015) preparatory questionnaire
- 8) A 2nd ACER recommendation on Cross-Border Cost Allocation (CBCA) of projects of common interest.

All these questionnaires were used as a basis to write reports, status reviews, position papers and other documents from the ACER. They not only give a detailed description of the differences and similarities between the Member States, but also provide information on the degree of application of European legislation in each Member State. The European Commission, for its part, uses these documents as the basis for the creation of legal initiatives.

149 <http://www.acer.europa.eu/Media/News/Pages/A-Bridge-to-2025.aspx>.

150 [http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Publication/ACER\\_Market\\_Monitoring\\_Report\\_2015.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/ACER_Market_Monitoring_Report_2015.pdf).

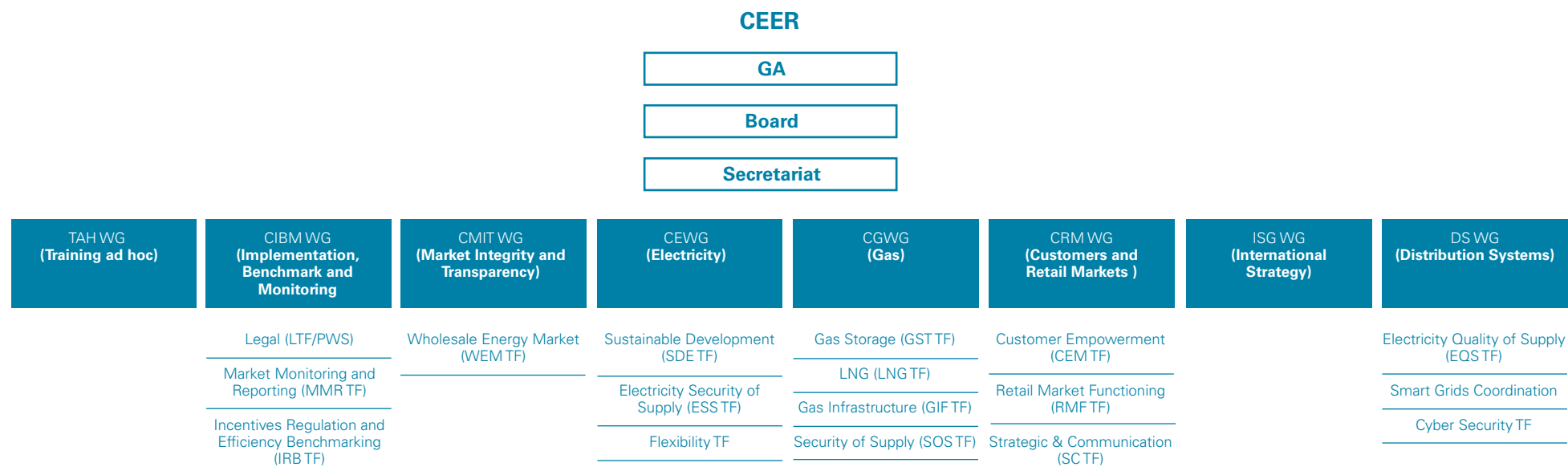
151 [http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Publication/Consolidated%20report%20on%20the%20progress%20of%20electricity%20and%20gas%20Projects%20of%20Common%20Interest.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Publication/Consolidated%20report%20on%20the%20progress%20of%20electricity%20and%20gas%20Projects%20of%20Common%20Interest.pdf)

152 Regulation (EU) No 1227/2011 of the European Parliament and of the Council of 25 October 2011 on wholesale energy market integrity and transparency.

153 Commission Implementing Regulation (EU) No. 1348/2014 of 17 December 2014 on data reporting under Article 8, paragraphs 2 and 6 of Regulation (EU) No 1227/2011 of the European Parliament and of the Council on wholesale energy market integrity and transparency (OJ L363/121, 18 December 2014).

### 5.9.3. CREG within CEER

Figure 33: CEER organisational chart as at 31 December 2015 (source: CREG)



In its role as a founding member of the CEER (Council of European Energy Regulators), formed by a Memorandum of Understanding on 7 March 2000, the CREG takes an active part in the discussions, deliberations and decisions of the CEER's General Meeting, which met ten times over the course of 2015.

In May 2015, the Chairperson of the CREG, Ms Marie-Pierre Fauconnier, was elected Vice-Chairperson of the CEER for a period of thirty months.

The CREG also actively took part in the working group meetings of the CEER (and of the task forces and work streams set up within these different working groups), in its role as member, president or co-president.

#### ■ The Electricity Working Group

The Electricity Working Group (EWG) focuses on questions related to the European electricity systems, to security of supply and to long-term development.

The EWG is made up of the three task forces:

- the Flexibility Task Force specifically deals with questions related to the flexibility of the system's response to requirements, as discussed in the ACER document entitled "Bridge to 2025";
- the Sustainable Development Task Force is tasked with questions linked to renewable energy and energy efficiency;
- the Electricity Security of Supply Task Force focuses on the challenges relating to the security of supply from the point of view of the adequacy of production capacities.

In 2014, the EWG focused on the following work:

- State aid: the Sustainable Development Task Force examined the consequences of the new "Guidelines on State aid for environmental protection and energy 2014-2020" on renewable energy with regards to their integration into the market, the offers and bidding process, the new tariff structures ("feed-in" replaced by "premiums"), the cost and benefits of the new support mechanisms and the new cooperation mechanisms.
- flexibility: in the ACER document entitled "Bridge to 2025", European regulators committed, in cooperation with the ACER, to defining the concept of flexible response and to developing an action plan aimed at removing the obstacles to its development and promoting response to demand in particular.



- security of supply: regulators have continued to examine the approaches that are most coordinated and most coherent for the assessment of how well the system works.

#### ■ *The Gas Working Group*

The European Energy Regulators' Gas Working Group (GWG) is dedicated to dealing with questions linked to the European gas transmission systems and the European Union's gas market. The CREG acts as vice-chair.

The GWG works on the various issues in close collaboration with ENTSOG, GSE and GLE, as well as with the other market players, and the other working groups of the ACER and the CEER.

Within the CEER, the GWG is made up of four task forces: the Gas Storage Task Force (GST TF), the Liquefied Natural Gas Task Force (LNG TF), the Gas Infrastructure Task Force (GIF TF) and the Security of Supply Task Force (SoS TF).

In 2015, the CEER GWG approved the following documents (original titles):

- CEER vision on the regulatory arrangements for the gas storage market (Ref: C15-GWG-119-03)
- CEER Concept Paper on Security of Gas Supply (Ref. C15-GWG-122-04)
- CEER Monitoring Report on Implementation of the Gas Storage Guidelines of Good Practice and the GSE Transparency Template (C15-GWG-121-03)
- CEER Response to European Commission Consultation on an EU strategy for liquefied natural gas and gas storage was approved (C15-GWG-123-03).

Amongst its other activities, the organisation appears and/or participates at:

- Madrid Forum (see section 5.9.4 hereof)
- CEER Workshop on Gas Storage Regulatory Vision
- CEER Workshop on LNG's role to improve regional Security of Supply.

#### ■ *The Market Integrity and Transparency Working Group*

The Market Integrity and Transparency Working Group (MIT WG) focuses on questions regarding transparency and the surveillance of energy exchanges, as well as the link between the legislation of the wholesale energy market and that of the appropriate financial market. As such, the MITWG is tasked with tracking all the measures concerning the operation of the energy markets and the surveillance of energy exchanges in general. This specifically includes the legislative proposals and the questions linked to energy exchanges, for example the decrease of VAT fraud on the energy markets.

The MIT is made up of one task force. The Wholesale Energy Market Task Force (WEM-TF) deals with all questions linked to the operation of the wholesale energy markets and their monitoring. The guarantee of a required level of transparency for the data relating to the market (transaction and fundamental data) is essential in this context and constitutes one of the main working areas of the task force.

In 2015, the MIT WG primarily focused its attention on financial legislation.

Following a discussion on the European Parliament and Council's regulatory project concerning the indexes used as reference indexes in the context of financial instruments and contracts, a joint ACER-CEER position was sent, in April 2015, to the members of the European Parliament's Committee on Economic and Monetary Affairs (ECON) and the Latvian presidency of the Council of the European Union. This regulation was finally adopted on 19 May 2015.

Later, a shared position concerning the negative impacts of MiFID II on the European energy market and on the objective of the third European energy package was defined by the working group and sent to the European Commission.

Finally, a consultation on the financial market was launched by the European Commission on Regulation (EU) No 648/2012

of the European Parliament and of the Council of 4 July 2012 on OTC derivatives, central counterparties and trade repositories, to which the MIT WG responded in July 2015.

The WEM TF's main duty was the creation and distribution of a questionnaire for the attention of the members on the REMIT implementation at national level.

#### ■ *The Implementation, Benchmarking and Monitoring Working Group*

The Implementation, Benchmarking and Monitoring Working Group (IBM WG), successor of the Implementation, Benchmarking and Policy Working Group and of the Energy Package Working Group, carried out its work in 2015 on the basis of continuity. The CREG plays a leading role in this working group and in its task forces, and even chairs it.

The IBM WG consists of three task forces:

- the Incentives Regulation and Efficiency Benchmarking Task Force (IRB TF), as its name indicates, is primarily in charge of benchmarking. This task force ensures that essential information is collected and exchanged between national regulatory authorities (NRA) in view of the performance of their regulatory duties and, as a result, to prioritise coherent regulatory practices throughout Europe. Previously known as the Efficiency Benchmarking Task Force, its name was changed at the end of 2013 in order to better reflect its future tasks. Therefore, a comparative internal study relating to the efficiency of gas transmission system operations began in 2015 and an internal investment conditions paper was created.
- the Market Monitoring and Reporting Task Force (MMR TF) mainly centred its 2015 works around the writing of the Joint Market Monitoring Report created in close collaboration with the ACER. This report provides a full annual overview of the results obtained in the European Union in terms of the integration of the gas and electricity markets.

As a result, the report reflects the degree of implementation of various directives, regulations and network codes. Workshops have also been set up throughout the preparatory procedure, in which the structure and the indicators required to write the monitoring report have been finalised.

- the Legal Task Force (LTF) was re-created in 2013 in order to issue opinions on the legal and institutional aspects of the implementation of the third energy package (e.g. the certification of transmission system operators). Where applicable, it also looks into legal questions from the NRA. Additionally, this task force gives legal advice to the IBM WG or other working groups if specific legal support is requested for the implementation of their missions (e.g. analysis of specific provisions of the third energy package, requests relating to the confidentiality of the CEER's documents, CEER statute amendments). Its work was started in 2015, giving an overview of the progress status of the unbundling requirements imposed upon transmission and distribution system operators by the various energy packages, and, in particular, the third one. This internal document will be finalised in the first quarter of 2016.

The CEER's General Meeting has tasked the IBM WG with the organisation, in terms of content, of the training programme launched at CEER in 2014. In 2015, this structure was named the CEER Training Academy. During this training, the national regulatory authorities' representatives can freely exchange their views on topics that are of particular concern to them. This training may, in some cases, be made accessible (depending on the confidential nature of the issues discussed and the related basic data) to other European regulatory authorities (competition authorities, financial regulation authorities, etc.) and energy regulators that are not members of the CEER. The ad hoc working group responsible for ensuring that the Training Academy is being properly run,

in cooperation with the CEER secretariat, is also directed by the chairman of the IBM WG.

#### ■ *The Customers and Retail Markets Working Group*

The Customers and Retail Markets WG (CRM WG) is dedicated to giving priority to the interests of consumers by promoting consumer responsibility and the operation of the retail market in order to facilitate the development of competition for the benefit of energy consumers.

The CRM WG consists of three task forces:

- the Customer Empowerment Task Force (CEM TF) considers questions related to the retail market such as billing, customer complaints, extra judiciary dispute settlement procedure, price comparison tools, the protection of vulnerable energy consumers, etc.
- the Retail Market Functioning Task Force (RMF TF) operates on the retail markets where smart metering systems and the design of the electricity and gas markets are concerned. This TF is geared towards making the energy consumer responsible, whilst improving competition between the market players and by offering the consumer more choice through the development of efficient market procedures and measurement services.
- the Strategy and Communication Task Force (SC TF) works on the development and implementation of the "2020 vision for European energy consumers". Amongst other things, the SC TF develops new forms of communication, new hiring procedures and capacity building.

Over the course of 2015, the working group has covered a number of themes within its three task forces, including: the association and participation of consumer organisations in the regulatory process, the assessment of the correct

operation of the retail market, of which the situation, in both the present and the future, is examined, and the management of data aimed at improving retail market operations, with special attention being paid to the protection of private life and to security.

Since summer 2015, the CRM WG has also taken into account recommendation works published by the European Commission in its communication of 15 July 2015, entitled "Delivering a new deal for energy consumers"<sup>154</sup>.

Representatives of the CRM WG played an active role in the European Commission's "Consumers" working group, which addressed the topic of "Consumers as Market Agents" in 2015.

The CREG also actively took part in training sessions organised at the CEER. The CREG's retail market monitoring activities have been discussed during the CEER training on Retail Markets.

#### ■ *The Distribution Systems Working Group*

The Distribution Systems Working Group (DS WG) is a new CEER working group, having only been in existence for two years.

The DS WG deals with potential developments and changes in the energy distribution sector, consequences on the regulatory framework and subjects related to the current and future activities of the distribution system operators, namely the quality of electricity and natural gas supply, cyber security, intelligent systems and flexibility in the operation of the distribution systems.

The DS WG is made up of the three task forces:

- the Electricity Quality of Supply Task Force (EQS TF) is tasked with aspects of quality of supply by the system operators;
- the Smart Grids Coordination Task Force (SGC TF) deals with the regulatory aspects, deployment and development of intelligent systems;
- the Cyber Security Work Stream (CS WS) covers the cyber security challenges in the European energy sector.

In 2015, the DSWG finalised a document entitled "The Future Role of DSOs - A CEER Conclusions Paper" that summarises the conclusions from the public consultation organised by the DS WG on the future role of distribution system operators as well as considerations related to the responses received during the public consultation and comments received during the workshop organised in March 2015 by the working group. Finally, this document describes the way in which European energy regulators plan to address the problems that the distribution system operators face, the expectations of the latter and the works that the DS WG plans to carry out.

#### ■ *The International Strategy Group*

The CREG's chairman assumes the presidency of this working group. The International Strategy Group (ISG) is responsible for forging and maintaining links with its counterparts in third-party countries and with international institutions in the energy regulation sector. The primary objective of creating the international system is to exchange good regulatory practices throughout the world and to issue specific opinions on the matter upon request from a member of the CEER.

In 2015, the ISG asked its members about the role and tasks that this working group must take on within the CEER. A Strategy Paper has been written based on the responses received. The role of the ISG has therefore been clarified. The ISG will strengthen its activities relating to the exchange of information and good practices, the development of

relationships and contacts with other international institutions and foreign country regulators, and the organisation of workshops on topics decided upon in collaboration with the other working groups and in which contacts in foreign countries or international institutions are considered advantageous. The aim is to make use of know-how perfected in the CEER's other working groups with contacts maintained in foreign countries. The ISG would like, in this way, to contribute to the CEER's visibility and to the development and implementation of European knowledge.

#### ■ *Questionnaires*

Finally, the CREG actively contributed to the creation of the CEER questionnaires and responded to them within the framework of the harmonisation and integration of the European gas and electricity markets. They notably covered the following topics in 2015 (original titles):

- 1) ICG questionnaire on international activities and identifying their expectations towards CEER's new International Coordination Group
- 2) Quarterly report: update UTB-TF: status of transposition of the 3rd Package in Belgium
- 3) REMIT implementation at national level 2015
- 4) Status review of NRA Staff and Resources 2011-2015
- 5) Update in unbundling 2015 - DSO's
- 6) NRA's role in RES support schemes
- 7) National indicators 2015 for gas & electricity
- 8) Strategies of the NRA to remove cross-border entry barriers for energy suppliers
- 9) Investment conditions 2014
- 10) Investment conditions and incentives for 2014 and 2015
- 11) Questionnaire on Flexibility Task Force Survey
- 12) CEER Work programme 2016 - online poll public and internal deliverables
- 13) Poll of NRA resources for experts for CEER's new regulatory knowledge initiative
- 14) Quality of Supply (gas & electricity).

All these questionnaires were used as a basis to write reports, status reviews, position papers and other documents from the CEER, the ACER, and the European Commission. They not only give a detailed description of the differences and similarities between the Member States, but also provide information on the degree of application of European legislation in each Member State. The European Commission, for its part, uses these documents as the basis for the creation of legal initiatives.

### 5.9.4. Madrid Forum

The European Gas Regulatory Forum, also known as the Madrid Forum, serves as a platform for consultation on the development of the internal natural gas market in Europe. The Member States, the European regulators (including the CREG) and all other market stakeholders in Europe take part, under the presidency of the European Commission. The 27th and 28th Forum meetings were held on the 20-21 April and 14-15 October 2015<sup>155</sup>.

Both meetings were centred on the work carried out in 2014 and on the development of a single gas market in Europe. The technical foundations may already have been established in 2014, but the main part of the implementation should be completed in 2015. Very concretely, this means that for the first network code relating to the capacity allocation mechanisms, published on 14 October 2013, the implementation should have taken place before 1 November 2015. For the second network code related to gas balancing, published on 26 March 2014, the implementation should have taken place before 1 October 2015. Thanks to European monitoring reports, the Forum has been kept up-to-date regarding these changes and the base way of structuring this monitoring has been the subject of discussions with all market players.

Nevertheless, the technical completion of the single European gas market is not always limited to the two aforementioned network codes. The third network code on interoperability and the exchange of data was published on 30 April 2015<sup>156</sup>. Furthermore, the ACER completed the process begun in 2014 by sending, on 14 October 2015, its network code adaptation recommendation relating to new

marginal capacity allocation mechanisms<sup>157</sup> to the European Commission. The ACER has not, however, reached a recommendation for the network code concerning the harmonised transmission tariff structure. The Forum has been made aware of the European Commission's intention to begin a formal legislative process in the first quarter of 2016.

In addition to this technical monitoring of the development of network codes and guidelines, the Forum was invited by the European Commission to take part in the complete creation of a single European market. The communication relating to the energy union of 25 February 2015 states that gas-related issues are among the main themes of this forum. The network codes covered above, as well as questions regarding infrastructure, such as projects of common interest and decade-long development plans, come from the interior market of integrated energy. Although the energy union has five pillars<sup>158</sup>, only security of supply was discussed. The market players who attended the Forum were therefore able to help the European Commission finalise a new communication for winter 2015-2016 on the role of storage and LNG in the security of gas supply.

### 5.9.5. Florence Forum

The European Electricity Regulatory Forum, also known as the Florence Forum, is a platform for consultation on the development of the internal electricity market whose participants include the European Commission, the Member States and the European regulators (including the CREG). The 28th and 29th Forum meetings were held on 4-5 June 2015 and 9 October 2015<sup>159</sup>.

Changes to the technical foundations of the single European electricity market were initially discussed, namely network codes and directions. On 24 July 2015, the first guidelines relating to the allocation of capacity and congestion management were published. This publication was centred around the discussion of the different network codes being developed in dedicated cross-border commission meetings. The results of this discussion were positive in 2015, notably including production unit network connection conditions (RfG), high voltage direct current system requirements and Power Modules (HVDC) for the DC connection of conditions relating to demand connections (DDC) and long-term capacity distribution (FCA).

A final discussion on network codes that began in 2015 related to the system operation code. It will not, however, be completed until 2016, just like the discussion related to balancing and Emergency & Restoration, which will be covered at a later date. The Forum has thereby noted that the foundations of a single electricity market are taking shape, which requires another form of monitoring and structure. To this end, the forum has created new coordination committees for the market players to accompany the projects formally known as "pre-implementation" as well as the "implementation" projects.

Of all these projects, the day-ahead flow market coupling project in the Centre-West Europe region is the first of its type to have been put in place, in Spring 2015. However, the development of intraday coupling, integrated balancing and long-term bidding rules projects is still difficult. Belgium is helping build a Europe of tomorrow in each of these three areas. To this effect, the following announcements have

<sup>155</sup> The conclusions of the Forum and all related documents are available on the European Commission website: [http://ec.europa.eu/energy/gas\\_electricity/gas/forum\\_gas\\_madrid\\_en.htm](http://ec.europa.eu/energy/gas_electricity/gas/forum_gas_madrid_en.htm).

<sup>156</sup> Commission Regulation (EU) 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange, European Union (OJ L 113, 1 May 2015).

<sup>157</sup> "Amendment Proposal to Commission Regulation (EU) No 984/2013 of 14 October 2013 establishing a network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and supplementing Regulation (EC) No 715/2009 of the European Parliament and of the Council": [http://www.acer.europa.eu/Gfficial\\_documents/Acts\\_of\\_the\\_Agency/Annex1%20to%20Recommendation%20042015/Annex%201-ACER%20Recommendation%2004-2015%20on%20the%20amendment%20to%20the%20network%20code%20on%20CAM%20in%20gas%20transmission%20systems.pdf](http://www.acer.europa.eu/Gfficial_documents/Acts_of_the_Agency/Annex1%20to%20Recommendation%20042015/Annex%201-ACER%20Recommendation%2004-2015%20on%20the%20amendment%20to%20the%20network%20code%20on%20CAM%20in%20gas%20transmission%20systems.pdf).

<sup>158</sup> [http://ec.europa.eu/priorities/energy-union-and-climate\\_en](http://ec.europa.eu/priorities/energy-union-and-climate_en).

<sup>159</sup> The conclusions of the Forum and all related documents are available on the European Commission website: [http://ec.europa.eu/energy/gas\\_electricity/forum\\_electricity\\_florence\\_en.htm](http://ec.europa.eu/energy/gas_electricity/forum_electricity_florence_en.htm).

been made during the forum: the development of quick wins in terms of intraday coupling at our north and south borders, participation of Elia and RTE in one of the pilot projects in terms of balancing and the implementation of long-term bidding rules.

All these topics are related to questions covered as part of the general conception of the electricity markets. The results will determine to what extent flexibility can be called upon, to what extent decentralised integration and production will succeed and the way in which management of demand can play a role. The forum discussions have not yet provided a definitive response, but the steps to follow have been drawn up. Additionally, there are questions that should be answered, such as the frequency of the real time approach to the information flow, the role of Capacity Remuneration Mechanisms (CRM) in the Energy only Market (EoM), the definition of regions for regional collaboration and the necessary accompanying regional monitoring structure.

### 5.9.6. London Forum

The Seventh Citizens' Energy Forum, also known as the London Forum, has set itself the objective of creating a competitive, efficient and reliable retail market for the consumer. The European Commission has created working groups aimed at considering the themes covered at this forum. At its seventh edition, which took place on 12-13 March 2015<sup>160</sup>, the forum discussed a wide range of topics, such as consumer rights, new technological evolutions, self-generation and questions related to protected and social consumers.

This seventh edition focussed entirely on the topic of the communication announced on "Delivering a New Deal for Energy Consumers", which was published by the European Commission on 15 July 2015. Three topics were discussed

in-depth: energy market reforms, improved access to information relating to energy prices and costs and empowering consumers. With regards to the regulation of the energy markets, the question of an adapted market model was raised, in which the consumer plays a central role (consumer-centric), in which the integration of aggregates, with fair commercial conditions and simple balancing rules allowing the consumer to participate in the market, and in which the regulation provides for transparent data management and encourages cooperation between distribution system operators and transmission system operators.

In the forum's conclusions, the European Commission is notably invited to convene the working group dedicated to protected customers to analyse the results of the studies of the topic and assess the potential of the finalisation of definitions and shared consumer protection policies and of energy insecurity in Europe. A follow-up on these themes will take place in future forums. Furthermore, the importance of flexibility of demand for future wholesale and retail markets has once again been highlighted. The challenges that this poses to the consumer must be studied in more detail.

### 5.9.7. Copenhagen Forum

The Energy Infrastructure Forum, also known as the Copenhagen Forum, was held for the first time on 9-10 November 2015<sup>161</sup>. This forum was created by the Energy Union package<sup>162</sup> in view of developing a European energy infrastructure. Over two hundred representatives of institutions, authorities, system operators, industries and other European market players met during the first edition of this forum, with a view to making it an annual event.

This first two-day long forum was divided into four sessions during which an overview of the following themes was given, respectively: gas, electricity, regional cooperation and the financing of infrastructure projects. Additionally, special attention was paid to the topic of the role of long-term investments in the energy infrastructure. The link with the objectives to becoming a low carbon emission society was also discussed, taking into account the necessity of justified economic investments.

### 5.9.8. CREG and the other regional regulators

In 2015, the CREG also continued to maintain a good relationship with its foreign regulatory counterparts. In particular, with regards to the neighbouring countries, it has kept dialogue open at the highest level and has looked for new areas of cooperation. Therefore, in 2015, it maintained a relationship with the Dutch, Luxembourg (BeLux project, see section 4.1.3.4 hereof), German (cross-border agreement, organised between the relevant transmission system operators by the PRISMA European Capacity Platform GmbH, PRISMA itself and the relevant national regulators, aiming for the implementation of the CAM network code. Furthermore, it ensures that the general conditions of use for the PRISMA capacities platform form a balanced collection of rules that are compliant with the regulations to which the shippers must adhere. In this context, the CREG plays a proactive role and is a driving force from the beginning and chairs, along with the German regulator, this collaboration from the side of the national regulators in question), French (gas pipeline at Avelgem, see point 4.4.2 of this report) and British (IUK case, see point 4.1.2.1 of this report; Nemo, see sections 3.1.3.1 and 3.4.4 hereof) regulators.

<sup>160</sup> The conclusions of the Forum and all related documents are available on the European Commission website: <https://ec.europa.eu/energy/en/events/citizens-energy-forum-london>.

<sup>161</sup> The documents from the Forum and all related presentations are available on the European Commission website: <https://ec.europa.eu/energy/en/events/citizens-energy-forum-london>.

<sup>162</sup> Energy Union package, published on 25 February 2015 and available on the European Commission website: [http://ec.europa.eu/priorities/energy-union-and-climate\\_en](http://ec.europa.eu/priorities/energy-union-and-climate_en).

In 2015, the CREG has also worked in close collaboration with the regulators of the Centre-West Europe (CWE) region, comprising of Austria, Belgium, France, Germany, Luxembourg and the Netherlands. In most cases, this was a matter of continuing the work undertaken in previous years. This includes monitoring the coupling on the North-West Europe (NWE) intra-daily market launched in 2014 and its geographical expansion. This intra-daily market coupling is now called the Multi Regional Coupling (MRC) and covers a large part of Europe (Belgium, Denmark, Estonia, Finland, France, Germany, Italy, Latvia, Lithuania, Netherlands, Norway, Poland, Portugal, Spain, Sweden and the United Kingdom). In the area of calculation of the interconnection capacity, discussions about flowbased market coupling have also continued between the regulators of the CWE region, transmission system operators and the relevant stock exchanges. In this context, the CREG issued its final decision on the permit authorisation for the Elia System Operator proposal concerning this calculation and allocation method on 23 April 2015<sup>163</sup>. On 20 May 2015, flowbased market coupling was launched in the CWE region. All of the regulators in the CWE region have approved or validated the flowbased market coupling method in accordance with their national procedures. This is a very important step towards greater market integration and is part of the target model for capacity allocation and congestion management (CACM) in the electricity domain. The flowbased market coupling principle is an evolution of the current market coupling method and concerns both the calculation of capacity and allocation. It consists of using the limited system resources more efficiently. Thanks to this improved use of transmission lines and other elements of the available systems, this method should allow for the more efficient formation of wholesale market prices and more efficient exchanges within the CWE region.

The CREG also monitored discussions concerning the long-term market, the intraday trading platform and balancing. In October 2015, the CREG, in cooperation with the other relevant European regulators and following public consultation, issued a decision concerning European allocation rules on the long-term market<sup>164</sup>. At the end of 2015, the CREG issued two draft decisions concerning the intraday time frame<sup>165</sup> on interconnections, each followed by a public consultation: one on intraday capacity calculation and the other on allocation<sup>166</sup>.

Finally, in 2015, the CREG also gave their assistance to the Latvian regulator as part of the liberalisation of the Latvian gas market and responded to the different requests for information from Hungarian and Estonian regulators on electricity storage, the m3/kWh conversion, certain provisions of the third energy package, price comparison tools and the correction of gas meter readings.

#### 5.9.9. CREG and the regional regulators

The CREG's informal collaboration with the three regional regulators (BRUGEL, CWaPE and VREG) has continued in 2015 within the FORBEG. Six plenary sessions were organised. VREG acted as Chairperson in the first semester and BRUGEL in the second semester.

The CREG has, once again, chaired the working groups on "gas", "the exchange of information" and "Europe".

In 2015, the "gas" working group met six times and continued its discussion on the following topics: the conclusion of the connection contract between Fluxys Belgium and the distribution system operators, the drawing up of the investment plans of the system operators Fluxys Belgium, Eandis,

ORES, Infrac, RESA and Sibelga, the status of the situation of the heating systems, the overview of regulations relating to the supplier of last resort for natural gas at a federal and regional level, Synergrid's technical note comprising recommendations on the connection conditions for the production of biomethane and its injection into the distribution system, the discussion of the L/H conversion project and the associated investments from the system operators, the explanation of various ongoing transmission cases, the market based balancing model and its impact on distribution system operators, the implementation of the capacity allocation network code, the examination of gas leak detection reports from SPF Économie's Quality and Safety general directorate, the Belgo-Luxembourg market integration project and the monitoring of European network codes and European regulations and, more specifically, the operation of the CEER and the ACER.

In 2015, the "information exchange" working group met nine times, primarily to improve the process relating to the shared annual publication of the four regulators on the evolution of the Belgian energy market<sup>167</sup>, in particular, the text-based part. This publication's aim is always the same: take stock of the market trends for electricity and natural gas and competition in Belgium based on a statistical overview of these markets. The Beconnected platform, in particular, has made this work easier, in that it allows the four independent organisations to make contributions and process data simultaneously, which increases transparency and efficiency. The working group is also responsible for filling in the ACER and CEER questionnaires. In this capacity, it has completed the following CEER questionnaires in 2015: Elec-Continuity of Supply (Part 1 et 2), Elec-Voltage Quality Pt-1, Elec-Voltage Quality Pt-2, Elec-Commercial Quality, Gas-Technical Operational Quality,

163 Final decision (B)150423-CDC-1410 relating to a permit authorisation request from Elia System Operator relating to the implementation of daily flowbased market coupling in the CWE region (Centre-West Europe).

164 Final decision (B)151009-CDC-1446 relating to Elia System Operator's proposal of a method for the allocation of annual and monthly available capacities for energy exchanges with other offer zones to access managers, as well as capacity allocation rules via fictitious auctions.

165 Draft decision (B)151203-CDC-1479 on the request for approval of Elia System Operator's proposal on the general model for calculation of total transfer capacity and transmission reliability margin; method applicable to Belgian borders for intraday capacities.

166 Draft decision (B)151210-CDC-1467 on the request for approval of Elia System Operator's proposal on the intra-daily capacity allocation at the France-Belgium and Netherlands-Belgium interconnection.

167 Press release: The development of the electricity and natural gas markets in Belgium - Year 2014: <http://www.creg.info/pdf/Presse/2015/Press20150619nl.pdf>.

Gas-Natural Gas Quality, Gas-Commercial Quality. The working group has also carried out the ACER monitoring report, in the sense that data has been collected from the four regulators in view of providing indicators for Belgium.

As in the previous year, the "Europe" working group met four times. The legal obligation to work together on European files has therefore been implemented. Meeting participants have ensured the optimal distribution of European discussion points between the FORBEG's different working groups and between the four regulators. This formal framework has therefore allowed the CREG to perform its tasks as national regulator and to ensure Belgian representation within the CEER and the ACER. Meeting participants notably reviewed communications from the European Commission and the conclusions of the various European forums, clarified activities relating to the implementation of certain articles of the energy efficiency directive, discussed the CEER's work programme for 2016 relating to distribution system operators and the retail market, responded to the CEER's questionnaire with regards to obstacles to entering the market and ensured the follow-up of relevant documents published by the CEER and the ACER notably relating to the continuity of electricity supply, the participation of consumer associations, the future role of distribution system operators and the participation in consultations of the European Committee relating to the electricity market design. Intermediary reports specific to the CEER's general meeting and the ACER's Council of Regulators have been drawn up as a basis.

Finally, a new working group was set up at the request of the regional regulators: the "distribution systems" working group, that aims to better rationalise the distribution of information and discussions on this topic in Europe. The first two meetings were held in 2015 and the first "Belgian" contribution will appear in the CEER's study on flexibility, which is currently being created.

Moreover, the CREG took part, within the other FORBEG working groups, in discussions on the following topics: adaptation and impact of transmission system tariffs, impact of federal electricity contribution, impact of the application of tax on companies and distribution system operators, the correct application of additional offtakes and capacity tariffs applied to dropped and protected customers, impact of ongoing court cases on the operation of the energy market, processing of regulatory balances, impact of regional tariff decree amendments (and rulings), transparency criteria concerning tariff decisions, operation and adaptation of price comparison websites, submetering on the distribution systems, adaptations of access and contracts and ARP indicators of smart meters, design of closed distribution systems in the Brussels Capital region, normalisation of drops in voltage, image of the "Emergency and Restoration" European network code on distribution system operators, transposition of European network codes and summary of supplier of last resort regulations.

#### 5.9.10. CREG and the competition authorities

##### ■ *General collaboration between the CREG and the Belgian Competition Authority*

Following on from the informal contacts previously established between the CREG and the Belgian Competition Authority ("ABC") (see point 5.8.7 of the Annual Report 2014) in view of prioritising the collaboration between the two authorities, they have continued the development and formalisation of their collaboration in 2015.

In application of article 43, paragraph 2, of book IV "Competition Protection" of the Economic Law Code, the collaboration between the CREG and ABC appears in the form of a royal decree. Amongst other things, the discussion between the two authorities will include, in particular, the exchange of confidential information and collaboration procedures.

The two authorities have worked together closely on drafting the text for a royal decree proposal governing the collaboration between the CREG and the ABC. At the start of 2015, a shared text proposal (written in close collaboration with SPF Économie) was sent to the competent Energy and Economy Ministries.

After a request on the matter, in mid-May 2015, the CREG issued a (positive) opinion to the Energy Ministry on the final royal decree text. On 12 November 2015, the Legislation section of the Council of State issued an opinion on the royal decree project relating to the collaboration between the CREG and the ABC. The adoption and publication of the royal decree are expected in 2016.

##### ■ *Decision of the Belgian Competition Authority relating to the acquisition of the GAZPROM share in Interconnector (UK) by Fluxys Belgium*

On 19 August 2015, the CREG received a formal request for information from the ABC concerning the case relating to the concentration CONC-C/C-15/0020. It concerned the acquisition by Fluxys SA (via its Fluxys Europe BV subsidiary) of a 10% share held by GAZPROM OAM in the company Interconnector (UK) Ltd ("IUK"). Through this acquisition, Fluxys holds a 50.75% share of IUK, which gives them exclusive control of the latter.

By letter of 27 August 2015, the CREG sent the competition authority the information they requested, as well as the response to a questionnaire they had received. Additional clarifications were then requested and supplied.

In its Decision of 3 September 2015, the ABC's auditors' office noted, in virtue of article IV63, paragraph 3 of economic law, that the conditions applicable to the simplified procedure were fulfilled and there was no opposition to the concentration notified to them.

This concentration was then considered concluded, in application of article IV63, paragraph 4 and article IV61, paragraph 2, 1 of the economic law code, by a decision<sup>169</sup> of admissibility of the acquisition by SA Fluxys (via its Fluxys Europe BV subsidiary) of the 10% share held by Gazprom in the company Interconnector (UK) Ltd.

■ *CREG study on the relationship between costs and prices on the Belgian natural gas market in 2014*

In compliance with its permanent gas market monitoring role, the CREG conducted, on 26 November 2015, a study on the relationship between costs and prices on the Belgian natural gas market in 2014<sup>170</sup> in application of Article 15/14, paragraph 2, line 2, 2 of the Gas Law.

On 27 November 2015, the CREG sent the report to the Belgian Competition Authority and to the Energy Ministry, in application of Article 15/14ter, paragraph 3 of the gas act (see also section 4.2.1.1 hereof).

## 5.10. CREG finances

### 5.10.1. Federal contribution

The federal contribution is a surcharge levied on the quantity of electricity and natural gas used in Belgium<sup>171</sup>. The contribution is used to supply the various funds run by the CREG (see section 5.10.2 hereof).

In December 2015, in accordance with the regulations<sup>172</sup>, the CREG calculated and published the unit surcharges of the various components of the federal electricity and gas contribution to be applied from 1 January to 31 December 2016.

#### A. Federal contribution to natural gas

Since the amendment of 1 April 2014<sup>173</sup> on the means of payment of the natural gas federal contribution (read point 2.6 of the Annual Report 2014 for more on this subject), the natural gas transmission operator (Fluxys Belgium) and the direct pipeline operators<sup>174</sup> pay the CREG a federal contribution on a quarterly basis that they previously billed to their customers. In 2015, these companies also directly fed the CREG fund, the social energy fund, and the protected clients fund.

For their part, the natural gas companies who offered their customers discounts (degressivity and exemption) submit their requests for reimbursement to the CREG on a quarterly basis (see below).

#### ■ *Feeding the funds*

The expected amounts of the federal contribution are generally made up of the basic amount for each fund for the current year as well as any possible supplements destined to compensate for the previous years' deficit and cover the various exemptions.

Globally, the natural gas federal contribution products realised in 2015 were greater than the expected amounts due to the increased natural gas consumption, both by industries and by customers connected to the distribution system (see point 4.4.1.A of this report).

#### ■ *Exemptions and degressivities*

With the new cascade contribution system, the natural gas companies are, in principle, billed at the top of the cascade for the entire federal contribution whilst they are unable to recuperate the total amount from their end customers as a result of the granting of a reduction (degressivity) or even an exemption. It is now the case that, each quarter, these companies may reclaim the reimbursement of the exemption and degressivity measures that they have granted their end customers from the CREG.

During the year 2015, the CREG has, first of all, reimbursed natural gas companies a total of 26,087,790 euros corresponding to the exemption of the federal contributions made

168 Opinion (A)150709-CDC-1437 on the Royal Draft Decree concerning the cooperation between the Gas and Electricity Regulation Committee and the Belgian Competition Authority.

169 Decision ABC-2015-CC-25 in the case CONC-C/C-15/0020: Acquisition by Fluxys (via its Fluxys Europe BV subsidiary) of a 10% share held by Gazprom OAM in the company Interconnector (UK) Ltd ("IUK").

170 Report (I)151126-CDC-1473 on the relationship between costs and prices on the Belgian natural gas market in 2014.

171 International institutions, which include European institutions as well as diplomatic assignments, consular posts, international organisations and armed forces located in Belgium, are completely exonerated.

172 In particular the Royal Decree of 18 December 2015 modifying the Royal Decree of 24 March 2003 setting the federal contributions destined for the financing of certain public service obligations and costs related to the regulation and control of the electricity market and the Royal Decree of 2 April 2014 setting the federal contribution methods destined for the financing of certain public service obligations and costs related to the regulation and control of the natural gas market (Moniteur belge, 24 December 2015) which, for the year 2016, once again sets the amount destined for the greenhouse gas funds to 0 euros and prolongs the freeze on the amount destined for the social energy fund. The CREG, in this context, gave an opinion to the Ministry in November 2015 (opinion (A)151123-CDC-1483 on a royal draft decree amending the Royal Decree of 24 March setting the federal contribution modalities destined for the financing of certain public service obligations and costs related to the regulation and control of the electricity market, and the Royal Decree of 2 April 2014 setting the federal contribution modalities destined for the financing of certain public service obligations and costs related to the regulation and control of the natural gas market).

173 The Royal Decree of 2 April 2014, that amends on 1 April 2014, the natural gas federal contribution payment system has been confirmed by the Law of 27 March 2015 confirming the Royal Decree of 2 April 2014 establishing the federal contribution modalities destined for the financing of certain public service obligations and the costs associated with the regulation and control of the natural gas market (Moniteur belge, 31 March 2015).

174 As at 31 December 2015, the WINGAS company was the only operator of a direct connection in Belgium.



on natural gas destined for the generation of electricity injected into the system (electricity power plants and quality cogeneration units). The CREG has also reimbursed natural gas companies a global amount of 326,089 euros of federal contributions that they were not able to bill to international institutions (this mainly includes adjustments from the past). These reimbursements were made with the help of the available means in the various funds.

The same natural gas companies have also made degressivity reimbursement applications totalling 17482.450 euros.

Additionally, an amount of 1,015,670 euros, not paid to the CREG by the direct pipeline operator due to the granting of degressivity measures to their customers, has been split between the various funds. As the CREG has only received an advance of 17,300,000 euros from SPF Finances, not all requests for reimbursement and distribution between the funds could be honoured as at 31 December 2015. In 2016, an additional amount of 1,198,120 euros will have to be claimed from SPF Finances to cover this deficit.

#### ■ *Annual adjustment*

Each year, the CREG carries out an adjustment with the natural gas suppliers. This involves comparing what had been requested for the previous year by the CREG and what the suppliers were actually able to bill their customers during this same period. The last annual adjustment was made in 2015, applicable to the first quarter of 2014; in other words, the last period before the aforementioned reform of April 2014.

Final adjustments with suppliers totalled, on the one hand, 264,049 euros for the CREG fund, 1,101,975 euros for the energy social fund and 3,308,593 euros for the protected customers fund, and, on the other hand, 11,454 euros reimbursed to suppliers for the heating grant fund.

#### ■ *Irrecoverables*

The annual adjustment mechanism for the legal tariff destined to cover the natural gas companies against the federal contribution that they have been unable to recover from their customers was also set up in April 2014. The first adjustments were made in 2015. A net amount of 84,633 euros was collected from the majority of suppliers and distributed at the end of the year between each of the funds fed by the natural gas federal contribution.

#### B. The federal electricity contribution

The electricity transmission system operator, Elia System Operator, pays the contribution it billed to its customers the previous quarter to the CREG on a quarterly basis. In 2015, Elia also directly feeds the CREG fund, the social energy fund, the denuclearisation fund, and the protected clients fund.

#### ■ *Feeding the funds*

As for previous years, the expected amounts of the federal contribution for the year 2015 are generally made up of the basic amount for each fund for the current year as well as any possible supplements destined to cover the aforementioned exemptions from which the international institutions benefit.

Globally, however, the federal electricity contribution revenue received in 2015 was 8% less than the expected amounts due to the constant reduction of the quantity of electricity taken from the transmission system on which the federal contribution must initially be paid. For its part, the quantity of decentralised electricity produced that is injected into the distribution systems is continuously increasing.

Due to the expansion of the emptying of the greenhouse gas fund (see point 5.10.2.D below), it was no longer being fed on a regular basis in 2015. Only a few adjustments on past energy quantities have been implemented.

#### ■ *Exemptions and degressivities*

With the cascade contribution system, the electricity companies are, in principle, billed at the top of the cascade, for the entire federal contribution whilst they are unable to pass on the total amount to their end customers. They must deduct from it, if applicable, the exemptions and degressivities. It is now the case that, each quarter, these companies may reclaim the reimbursement of the exemption and degressivity measures that they have granted their end customers from the CREG.

In 2015, the CREG once again reimbursed 68,530 euros and 122,020 euros respectively for exemptions (fuel mix) following supplier corrections related to greenhouse gas and denuclearisation surcharges paid on quantities of green electricity delivered until 31 December 2012. Electricity companies have also been reimbursed a global amount of 1,261,809 euros of federal contributions that they were not able to bill to international institutions (this mainly includes adjustments from the past). These reimbursements were made with the help of the available means in the various funds.

The same electricity companies have also made degressivity reimbursement applications totalling 22,313,500 euros. Additionally, an amount of 22,441,017 euros, not paid to the CREG by the transmission operator due to the granting of degressivity measures to their customers, has been split between the various electricity funds. As the CREG has only received an advance of 44,250,000 euros from SPF Finances, not all requests for reimbursement and distribution between the funds could be honoured as at 31 December 2015. In 2016, an additional amount of 504.517 euros will have to be claimed from SPF Finances to cover this deficit.

### ■ Irrecoverables

In 2015, the legal tariff adjustment destined to cover electricity companies against federal contributions that they have been unable to recover from their customers has generated an amount of 126,113 euros that has been collected from the majority of suppliers and distributed, at the end of the year, between each of the funds fed by the federal electricity contribution.

### C. The offshore surcharge

This surcharge levied by transmission system operators to electricity companies who then pass it on to their customers is intended to offset the costs borne by the transmission system operator resulting from its obligation to purchase the green power certificates granted to electricity generation in the North Sea. The CREG is responsible for reimbursing the transmission system operator and the electricity companies who granted their customers a degressivity on this surcharge.

Requests submitted in 2015 by the transmission system operator (23,387,893 euros) and electricity companies (63,981,477 euros) total 87,369,370 euros. As the CREG has only received an advance of 80,300,000 euros from SPF Finances, not all requests for reimbursement could be honoured as at 31 December 2015. In 2016, an additional amount of 7,069,370 euros will have to be claimed from SPF Finances to cover this deficit.

## 5.10.2. The funds

### A. CREG fund

Partial coverage of the CREG's total operating fees for 2015 were set at 14,952,254 euros by the Chamber of Representatives during its plenary session of 15 January 2015. This amount is, however, supplemented by 325,575 euros and 69,703 euros in view of topping up the reserve and for the reimbursement for the international institutions.

A decision by Belgium's Council of Ministers on 12 March 2012 froze the CREG's budgets for 2012, 2013 and 2014 at the level of the budget for 2011. The CREG's Board of Directors has followed this same principle by proposing a frozen budget to the Chamber of Representatives for 2015. The latter approved the budget as it was proposed by the CREG. The CREG accounts for 2015 are set out in detail in section 5.10.3 below.

### B. Social energy fund

For 2015, a total of 52,890,292 euros was provided to help the public centres for social well-being with their task of providing guidance and financial social support in the field of energy. This sum was made up of 30,750,170 euros from the electricity sector and 22,140,122 euros from the natural gas sector<sup>175</sup>. However, these amounts were supplemented by 4,797,409 euros and 8,736,233 euros respectively to offset the shortfalls of the past and repay the international

institutions. A total income of 32,360,427 euros available for these centres was ultimately earmarked for electricity in 2015. For natural gas, a total net income of 36,884,839 euros, from which the adjustments mentioned in section 5.10.1.A above need to be added for a net total of 1,101,975 euros.

In addition to the payment to C.P.A.S of the 2014 balance (13,445,146 euros), the sum received in 2015 allowed for the total payment of the first three quarters requested by SPP Intégration sociale (39,667,719 euros). However, these payments could only be made by making partial quarterly payments, settled the following quarter.

As at 31 December 2015, the fund assets totalled 17,346,957 euros, which was not enough for the CREG to pay the fourth quarter of 2015 to the C.P.A.S. at the end of January 2016. The CREG will therefore have to make up for its late payment.

<sup>175</sup> The freeze on amounts has been extended for 2015 by the Royal Decree of 19 December 2014 on amendments to the Royal Decree of 24 March 2003 and the Royal Decree of 2 April 2014 (Moniteur belge, 30 December 2014). The royal decree has been confirmed by the Programme Law (I) of 26 December 2015 (Moniteur belge, 30 December 2015).

### C. Denuclearisation fund

This fund, which is supplied exclusively by the federal contribution charged by the electricity sector, should have stood at 69,000,000 euros<sup>176</sup> for 2015, plus 536.226 euros to offset shortfalls from the past and repay the international institutions. A net total product of 64.825.197 euros was recorded for the fund in 2015.

In addition to the reimbursements carried out as part of the exemptions for international institutions and past adjustments for a total amount of 665,824 euros, the CREG has paid the ONDRAF all of the 69,000,000 euros it was expected to receive in 2015.

On 31 December 2015, the fund assets totalled 3,005,969 euros.

### D. Greenhouse gases fund

The amount destined for the fund, fed exclusively by the federal contribution billed by the electricity sector, was set to 0 euros for 2015<sup>177</sup>. Only 765 euros have been recorded for past adjustments.

The annual flat-rate amount of 3,600,000 euros related to the year 2015 was paid into SPF Environment's organic budget fund for the financing of the federal policy on the reduction of greenhouse gas emissions.

In addition to the reimbursements made for the exemption of the international institutions and past adjustments for a total amount of 95.802 euros, the greenhouse gas fund also pre-finances each year the 14,490,000 euros corresponding to the VAT due on the annual amount owed to the ONDRAF. The VAT authorities refunded the CREG for the amount of these quarterly advances.

On 31 December 2015, the fund assets totalled 54.884.664 euros.

#### ■ *The Kyoto JI/CDM Fund*

The Kyoto Joint Implementation/Clean Development Mechanism (Kyoto/CDM) fund, which is also managed by the CREG, is used by SPF Environment to purchase the CO<sub>2</sub> emissions credits so that Belgium can meet its targets under the Kyoto Protocol.

The Kyoto JI/CDM fund collects the amounts from the greenhouse gas fund. During the year 2015, however, no amount was transferred from the greenhouse gas fund to the Kyoto JI/CDM fund while SPF Environnement contacted the latter in view of collecting the CO<sub>2</sub> emission credits at a rate of 68,226 euros. Additionally, 1,500,000 euros have been paid as a 2015 contribution from the federal government to the "United Nations Adaptation Fund under the Kyoto Protocol"<sup>178</sup>.

On 31 December 2015, the Kyoto JI/CDM fund assets totalled 15,215,599 euros.

### E. The protected electricity customers and protected natural gas customers' funds

For the year 2015<sup>179</sup>, the needs of these funds totalled 63,750,000 euros for electricity and 67,575,000 euros for natural gas, to which were added respectively 359,321 euros and 84,558 euros to reimburse the international institutions.

A net total product of 58,266,539 euros was recorded for the electricity fund. For natural gas, a total net income of 82.281.509 euros, from which the adjustments mentioned in section 5.10.1.A above need to be added for a net total of 3.308.593 euros.

In 2015, the reimbursements for the sector's companies who supplied the protected household customers at the social tariff in 2014 amounted to 72,061,621 euros for electricity and 55,650,841 euros for natural gas. Due to the lack of available means in the protected electricity customer fund, certain suppliers could not be reimbursed until December 2015, after receipt of the federal electricity contribution sums paid by the transmission system operators.

On 31 December 2015, the assets of the two funds totalled 4,989,202 euros for electricity and 49,538,291 euros for natural gas.

<sup>176</sup> Royal Decree of 26 January 2014 setting the amounts required for the financing of BP one and BP two nuclear liabilities for the period 2014-2018, in implementation of article 3 paragraph 2 of the Royal Decree of 24 March 2013 setting the federal contribution modalities for the financing of certain public service obligations and costs associated with the regulation and control of the electricity market (Moniteur belge, 3 February 2014).

<sup>177</sup> The return to zero of the amount has been extended to 2015 by the aforementioned Royal Decree of the 19 December 2014.

<sup>178</sup> Royal Decree of 6 December 2015 amending the Royal Decree of 28 October 2004 setting the fund management modalities for the financing of the federal greenhouse gas emission reduction policy (Moniteur belge, 10 December 2015).

<sup>179</sup> Royal Decree of 19 December 2014 determining the 2015 amounts of the funds destined to finance the actual costs resulting from the application of maximum prices for electricity and natural gas supply to protected residential customers (Moniteur belge, 30 December 2014). This royal decree has been confirmed by the programme law (I) of 26 December 2015 (Moniteur belge, 30 December 2015).

#### F. The fund for flat-rate reductions for natural gas and electricity heating

This fund was abolished from the Electricity Law but is still mentioned in a royal decree of 24 March 2003 "federal electricity contribution". No amount was however drawn in 2015. Only federal electricity (1,823 euros) and natural gas (612 euros) contribution exemptions from international institutions and some adjustments at gas sector level (-11,454 euros) and based on past energy quantities have been recorded.

As at 31 December 2015, the total amount of the heating grant fund was 24,404,138 euros split between 16,810,598 euros for electricity and 7,593,540 euros for natural gas. As long as no legal allocation of the balance of the funds is defined, the CREG will continue to manage it, in particular as regards possible past adjustments.

#### G. Fund to offset the loss of revenue suffered by the municipalities

The fund, that has been completely inactive for several years, had a balance of 578,691 euros as at 31 December 2015, corresponding to interest received since 2005. As long as no legal allocation of the balance of the fund is available, it cannot be closed.

### 5.10.3. 2015 Accounts

The low level of electricity consumption extracted in 2015 from the transmission system once more resulted in income from the federal contribution for electricity being insufficient to cover the CREG's costs relating to the electricity industry. The total income ultimately amounted to only 92% of the expected figure.

In gas, however, the CREG was able to benefit from revenue 16% above expectations, paid by Fluxys Belgium and WIN-GAS. Furthermore, it notably benefited from 264,049 euros from the closure of past adjustments (see section 5.10.1.A).

The various and extraordinary compensates for a small part of the expenditure borne by the CREG and notably includes the structural reductions of the ONSS contributions from which the CREG benefits, as well as the re-billing of the remuneration of a CREG employee on assignment during the year 2015. Therefore, all of this revenue, as well as the financial revenue (526,237 euros), is associated with the electricity and gas sectors with a ratio of 69%/31% and is added to the aforementioned federal contribution revenue.

The total revenue for the electricity sector therefore amounts to 10,216,41 euros. For its part, the total revenue of the natural gas sector amounts to 5,841,659 euros. This corresponds to a total revenue for the CREG of 16,058,140 euros (up by 9% compared to the 2014 financial year).

Regarding the CREG's total charges for the 2015 financial year, they amount to 14,242,216 euros (up by 2% for the 2014 financial year).

Staff costs have increased globally by 411,906 euros (+3.7%) compared to the 2014 financial year due to the year-long presence, in 2015, of colleagues mainly recruited during 2014 to replace those who left the CREG or who changed roles in previous years.

The operating costs have, however, decreased by 120,189 euros (-4.2%).

It should be noted that for "external experts", the cost increase of 42,477 euros (+37%) compared to the 2014 financial year, relating to the implementation of communication tools has been offset by the 91,707 euros (-39%) reduction of "translation, auditor and social secretariat fees", primarily due to the CREG's ability to once again manage the book-keeping internally. Furthermore, the decrease of 26,344 euros (-34%) in the cost of legal assistance required to defend the CREG's interests in the event of lawsuits taken against it cannot be overlooked, despite the new disputes that the CREG must deal with.

In terms of "operating costs", on the one hand, the revision of an office lease has resulted in a substantial reduction in the annual rent. On the other hand, the lease expenses have also been revised downwards. Thanks to the adjustment, in CREG's favour, of the lease expenses for 2014, this has led to a global reduction of 143,321 euros (-15%) for this budget item, the highest of the operating costs.

The replacement of the IT administrator has also resulted in a substantial reduction in "external IT support". From then on, "equipment maintenance and support fees" have been reduced by 107,094 euros (-40%).

The "meeting and transport fees" have increased respectively by 17,431 euros (+20%) and 10,840 euros (+20%) due to the CREG's close collaboration with the public authorities and other Belgian authorities, as well as its proactive role with European and international bodies (CEER, ACER, European Commission, European regulators, etc.).

The 57,903 euros (+39%) increase in depreciation results from extraordinary investments made in view of strengthening the reliability of the IT infrastructure (servers and security) notably in view of the implementation of the REMIT regulation (see section 3.2.2.4 hereof).

The result of this is that the 2015 financial year ends with a global surplus of revenue received by the CREG compared to its charges that amounts to 1,815,924 euros. This amount is divided between a surplus of 389,344 euros associated with the electricity sector and a surplus of 1,426,580 euros associated with the natural gas sector.

The electricity reserve, having been called upon in recent years, now only has a balance of 1,008,389 euros (65% of the maximum legal amount of 1,547,558 euros). In accordance with the aforementioned Royal Decree of 24 March 2003, all of the electricity profits from 2015 will be transferred to it to partially top it up. It currently totals 1,397,734 euros.

For its part, the natural gas reserve is entirely topped up. In accordance with the aforementioned Royal Decree of 2 April 2014, all of the gas profits will be deducted from the amount to be financed by the federal gas contribution revenue during the next CREG gas surcharge calculation (2017 surcharge calculated in December 2016).

As at 31 December 2015, the balance sheet total consolidated with the funds was 178,495,089 euros.

The assessment rules are available on the CREG's website. Since 1 January 2013, the CREG has organised its book-keeping in accordance with the principles laid down in the law of 22 May 2003 on the organisation of the budget and accounts of the federal State, and following the accounting schedule set out by the royal decree of 10 November 2009 setting the accounting schedule applicable to the federal State, communities, regions and the common community commission. Although a postponement means that this law will not come into effect until 1 January 2016<sup>180</sup>, the CREG has continued to use this method of accounting.

The following tables provide a summary of the budget accounts for expenditure and revenue.

#### Summary of the 2015 budget accounts in expenditure (euros) (source: CREG)

Budget	14,952,254
Commitments	14,410,568
Liquidation	13,663,821
Differentiated appropriations	746,747

As the CREG's budget for 2015 is set at 14,952,254 euros, the 14,410,568 euros of aforementioned commitments corresponds to 96.4% of the budget.

It should be noted that the 2014 differentiated appropriations (studies and training) still open at the closure of the 2015 financial year total 60,709 euros. All of the differentiated appropriations from 2014 and 2015 therefore amount to 807,456 euros, primarily for studies, the Communication Department, investments, training, audits and IT maintenance.

All these differentiated appropriations will affect the general accounting results when they are liquidated/covered.

#### Summary of the 2015 budget accounts in revenue (euros) (Source: CREG)

Budget	15,728,879
Disputed rights	16,047,140
Liquidation	16,047,140

The CREG's revenue for 2015 is higher than expected (see above for explanations).

<sup>180</sup> Law of 8 May 2014 modifying the Law of 22 May 2003 concerning budget organisation and Federal State accounting (Moniteur belge, 17 June 2014).

Table 18: Balance sheet as at 31 December 2015 (euros) (source: CREG)

	2015	2014
<b>ASSETS</b>		
<b>FIXED ASSETS</b>		
<b>Intangible and tangible fixed assets</b>	<b>361,876</b>	<b>266,210</b>
Building refurbishment	119,356	113,416
Office furniture and decoration	75,224	25,283
IT and telephone equipment	167,296	127,511
<b>Financial fixed assets</b>	<b>558</b>	<b>558</b>
Various guarantees	558	558
<b>CURRENT ASSETS</b>		
<b>Amounts receivable within one year</b>	<b>1,166,981</b>	<b>1,201,698</b>
Trade receivables	117,876	23,577
Other amounts receivable	65,977	64,639
Funds receivables	983,128	1,113,482
<b>Cash at bank and in hand</b>	<b>175,943,517</b>	<b>158,682,639</b>
CREG Fund	6,622,802	4,815,610
Social Energy Fund	17,117,535	113,621
Greenhouse Gases Fund	54,883,898	58,579,700
Denuclearisation Fund	2,752,338	7,827,225
Kyoto JI/CDM Fund	15,215,599	16,783,825
Protected Customers Fund - Electricity	4,757,466	18,771,189
Protected Customers Fund - Gas	49,306,964	19,608,552
Municipalities Fund	578,691	578,691
Heating Grant Fund	24,403,997	24,417,885
Federal Contribution Fund	4,460	1,113
Federal Contribution Electricity Degressivity Fund	43,798	7,164,667
Offshore Degressivity Fund	3,275	19,778
Federal Contribution Gas Degressivity Fund	882	0
Irrecoverable Fund - Electricity	181,870	0
Irrecoverable Fund - Natural Gas	69,473	0
Cash	467	783
<b>Deferrals and accruals</b>	<b>1,022,157</b>	<b>1,037,643</b>
<b>TOTAL ASSETS</b>	<b>178,495,089</b>	<b>161,188,748</b>

<b>LIABILITIES</b>	<b>2015</b>	<b>2014</b>
<b>CAPITAL AND RESERVES</b>		
<b>Profit brought forward</b>	<b>1,314,222</b>	<b>1,314,222</b>
<b>CREG sector reserve</b>	<b>2,092,828</b>	<b>1,703,482</b>
Electricity	1,397,734	1,008,389
Gas	695,094	695,093
<b>PROVISIONS</b>		
<b>Indemnities of outgoing Members of the Board of Directors</b>	<b>311,166</b>	<b>177,809</b>
<b>Other provisions</b>	<b>5,710</b>	<b>0</b>
<b>AMOUNTS PAYABLE</b>		
<b>Amounts payable within one year</b>	<b>4,467,786</b>	<b>3,013,507</b>
Trade debts	2,756,090	1,382,024
Taxes, salaries and social charges payable	1,711,696	1,631,483
<b>Various debts</b>	<b>170,303,378</b>	<b>154,979,728</b>
Social Energy Fund	17,346,957	119,736
Greenhouse Gases Fund	54,884,664	58,579,700
Denuclearisation Fund	3,005,969	7,845,960
Kyoto JI/CDM Fund	15,215,599	16,783,825
Protected Customers Fund - Electricity	4,989,202	18,784,284
Protected Customers Fund - Gas	49,538,291	19,608,552
Municipalities Fund	578,691	578,691
Heating Grant Fund	24,404,138	24,417,885
Federal Contribution Fund	4,460	0
Federal Contribution Electricity Degressivity Fund	43,798	7,164,667
Offshore Surcharge Degressivity Fund	3,275	19,778
Federal Contribution Gas Degressivity Fund	882	1,076,650
Irrecoverable Fund - Electricity	202,819	0
Irrecoverable Fund - Natural Gas	84,633	0
<b>Deferrals and accruals</b>	<b>0</b>	<b>0</b>
<b>TOTAL LIABILITIES</b>	<b>178,495,089</b>	<b>161,188,748</b>

Table 19: Income statement as at 31 December 2015 (euros) (source: CREG)

	2015	2014
<b>Personnel costs</b>	<b>11,418,894</b>	<b>11,014,663</b>
Salaries and charges	10,904,575	10,359,765
Variation provisions for indemnities for outgoing Members of the Board of Directors	133,357	132,468
Variation provisions for holiday bonuses	51,076	144,747
Temporary staff	6,942	18,345
Recruitment costs	545	29,343
Training, seminars	37,026	52,736
Leasing, company cars	285,374	277,258
<b>Bodies</b>	<b>52,489</b>	<b>44,814</b>
Indemnities, Gas and Electricity Advisory Board (attendance fees and various expenses)	52,489	44,814
<b>"Personnel costs" sub-total</b>	<b>11,471,383</b>	<b>11,059,477</b>
<b>External experts</b>	<b>671,313</b>	<b>613,445</b>
External studies	318,922	185,480
Communication service	156,111	113,634
Translators, Auditor, Social Secretariat	144,403	236,110
Legal fees relating to lawsuits	51,877	78,221
<b>Operating costs</b>	<b>1,889,097</b>	<b>2,112,969</b>
Rental and charges - premises	818,897	962,218
Parking facility rental	76,505	75,912
Building maintenance and security	135,035	136,050
Equipment maintenance and servicing	159,441	266,535
Documentation	124,227	126,753
Telephone, post, Internet	50,899	44,379
Office supplies	10,800	11,296
Costs of meetings and expenses	103,462	86,031
Travel expenses (including abroad)	65,772	54,932
Membership of associations	62,953	62,325
Insurance, taxes and sundry costs	281,106	286,537
<b>Depreciation costs</b>	<b>205,560</b>	<b>147,657</b>
Depreciation on tangible fixed assets	205,560	147,657
<b>Financial costs</b>	<b>4,863</b>	<b>16,951</b>
Financial charges on leasing and loans	0	27
Other	4,839	6,297
Transfer to irrecoverable funds and federal contributions	23	10,627
<b>"Other operating costs" sub-total</b>	<b>2,770,833</b>	<b>2,891,022</b>
<b>TOTAL CHARGES</b>	<b>14,242,216</b>	<b>13,950,499</b>
<b>Income (surcharges and fees)</b>	<b>13,715,978</b>	<b>13,461,304</b>
Electricity and natural gas contribution	15,252,822	12,602,064
Transfer of irrecoverable fund	10,531	5,806
Gas suppliers' adjustment, year n-1	264,049	1,576,248
CREG adjustment electricity, year n	-389,345	215,781
CREG adjustment gas, year n	-1,426,580	-950,595
Other fees	4,500	12,000
<b>Financial income</b>	<b>405</b>	<b>398</b>
Income from current assets	405	2
Other financial income	1	395
<b>Extraordinary income</b>	<b>525,832</b>	<b>488,797</b>
Other extraordinary income	525,832	488,797
<b>TOTAL INCOME</b>	<b>14,242,216</b>	<b>13,950,499</b>
<b>RESULT FOR THE FINANCIAL YEAR</b>	<b>0</b>	<b>0</b>



#### 5.10.4. AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS OF THE COMMISSION FOR ELECTRICITY AND GAS REGULATION (GREG) FOR THE YEAR ENDED 31 DECEMBER 2015

In accordance with the assignment entrusted to us by the Management Board pursuant to Article 31, Si of the internal rules of 14`11 December 2015 of the Commission for Electricity and Gas Regulation, we have the pleasure of reporting to you on the accounts for the past financial year. This report contains our opinion on the accounts as well as the required additional. statements and information.

##### Report on the accounts - unqualified opinion

31 December 2015, prepared in accordance with the valuation rules adopted by the Management Board. These accounts are summarized in a balance sheet, the total of which amounts to 178.495.089 EUR and an income statement, the balance of which stands at 0 EUR, in accordance with the Royal Decrees of 24 March 2003 and of 2 April 2014 on the financing of the Commission, with the total income and charges standing at 14.242.216 EUR.

##### Responsibility of the Management Board for the preparation of the accounts

The Management Board is responsible for the preparation of accounts that give a true and fair view in accordance with the financial reporting framework applicable to the Commission, and for such internal control as the Management Board determines is necessary to enable the preparation of accounts that are free from material misstatement, whether due to fraud or error.

##### Responsibility of the auditor

Our responsibility is to express an opinion on these accounts based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA's). Those standards require that we comply with the ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the accounts are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the accounts, whether due to fraud or error. In making those risk assessments, the auditor considers the Commission's internal control relevant to the preparation of accounts that give a true and fair view, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Management Board, as well as evaluating the overall presentation of the accounts.

We have obtained from the Management Board and Commission officials the explanations and information necessary for performing our audit.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion..

##### Unqualified opinion

In our opinion, the balance sheet for the year ended 31 December 2015 and the income statement for the 2015 financial year give a true and fair view of the Commission's net equity

and financial position of the Commission in accordance with the valuation rules adopted by the Management Board.

##### Additional statements and information

We would like to supplement our report with the following additional statements and information, which do not modify our audit opinion on the accounts:

- Without prejudice to formal aspects of minor importance, the accounting records were maintained in accordance with the general rules of the law of 22 May 2003 on the organization of the budget and the accounting of the federal State and with the Royal Decree of 10 November 2009 fixing the chart of accounts applicable to the federal State, Communities, Regions and the Joint Community Commission
- It should be highlighted that the Commission has, as at 31 December 2015, commitments for an amount of 807.456 EUR. These commitments do not appear in the accounts as it is not a debt.
- We have not noted any infringements of the "Electricity" and "Gas" Acts or their implementing decrees as regards transactions referred to in the accounts of the Commission.

Brussels, the 23rd of February 2016



André KILELSE  
Réviseur d'Entreprises