

UNECE WORKING PARTY ON GAS

25 – 26 January 2006

BELGIUM

1. Inland Deliveries of Natural Gas by Sector

Table: Deliveries of Natural Gas for final inland consumption by sector:

	Actual Sales 2004 (Jan.04-Dec.04)			Sales 2005 (Jan.05-Dec.05)(Preliminary)			2004/2005 % CHANGE
	Mill.m ³	PJ	%	Mill.m ³	PJ	%	
<u>Inland deliveries:</u>							%
Residential and Commercial	7.325	257,6	38,2	7.450	262,0	38,3	1,7
Industry	6.767	238,0	35,3	6.628	233,1	34,1	-2,1
Power plants	5.095	179,2	26,5	5.357	188,4	27,6	5,1
Total inland sales	19.187	674,8	100,0	19.435	683,5	100,0	1,3

Evolution 2004 versus 2005

The sales to **residential and commercial** sectors went up by 1,7 % in 2005 compared with 2004.

The increase in sales volumes in this segment has to be considered in the context of:

- First, the milder weather conditions : -3,9 % (2.233 degree-days in 2005 compared to 2.323 degree-days in 2004).

- Secondly, the growing of the number of gas connexions and of dwellings with gas heating, supported by the investments in the networks, a low connection cost policy, and the marketing campaigns for natural gas.

Sales to **industrial clients** decreased by -2,1 % in 2005 compared with 2004 due to a weaker economic climate in Belgium.

The sales for **power production** increased by 5,1 % and are situated at the very high level of 188,4 PJ. The part of natural gas in the production of electricity remains higher than 20 %.

2. Price trends

The following statements have to be mentioned:

- A. The Belgian prices are competitive on the European level (especially for Belgium that isn't a natural gas producer) (Energy Advice and EUROSTAT gas prices).

For a consumption of 23,260 MWh following prices were registered (all taxes included):

January 2001: 42,6 EUR/MWh January 2002: 37,8 EUR/MWh January 2003: 38,8 EUR/MWh

June 2001 : 41,6 EUR/MWh June 2002: 37,0 EUR/MWh June 2003: 39,3 EUR/MWh

January 2004: 37,9 EUR/MWh January 2005: 41,7 EUR/MWh

June 2004: 37,9 EUR/MWh June 2005: 43,2 EUR/MWh

- The general VAT rate on energy is 21 %.
- For all sectors, special contributions (regulation, public services obligations) are levied (0,16193 EUR/MWh in 2004, 0,16097 EUR/MWh in 2005 and 0,21300 EUR/MWh in 2006).
- In the residential and commercial sector (< 976,944 MWh year) an energy tax is also charged (1,1589 EUR/MWh).

- B. For the liberalised market, there are no maximum prices except for social protected residential customers with low income or living in a precarious situation. For the non-liberalised market, there are still maximum prices imposed by the law (they are used for the prices of 2004 and 2005 mentioned here above in point A).

- C. Rebate on the prices for the first six months of 2006

To partially compensate the rise of the natural gas prices influenced by the barrel price, the Belgian government has decided to allocate a rebate of $\pm 6,4$ % on the residential bills for the heating consumption during the first six months of 2006. It represents ± 40 to 45 EUR/family.

The social protected residential customers will receive a rebate of 80 % of the price rise during the first six months of 2006. It represents ± 85 EUR/family.

3. National Energy Policy

1. Situation of the gas liberalisation in Belgium

A. The opening of the Flemish gas market

Since the 1st July of 2003 the whole Flemish market is opened.

It was decided to merge the three actors associated with the ELECTRABEL activities in the field of the distribution networks (strategy and economics, net exploitation and metering). This single operator will work for the mixed distribution system operators (8 on the 1st of November 2005). ELECTRABEL will have no more direct participation in this single operator whereas she will keep a participation of 30% in the capital of these mixed distribution system operators. The efficiency will thus be improved for these operators.

B. The opening of the Walloon gas market

On 23rd December 2004 the Walloon Government signed a decree that foresees a global opening of the natural gas market in the Walloon District on the 1st January 2007, six months ahead of the previous date (1st July 2007). On 1st July 2004 consumers with an annual consumption of 0,12 GWh per site as well as professional customers were liberalised.

C. The opening of the Brussels gas market

Since the 1st July 2004 all professional gas customers of the Brussels gas market are liberalised and are free to choose their gas supplier when they use gas only for professional purposes. In 2007 the gas market will be opened for all customers.

D. Transposition of the Directive 2003/54/CE

Within the frame of this Directive, Belgium has decided through a law dated of the 1st June, 2005 to reorganise the gas market. Particularly, the competence repartition between the Federal Administration and the federal regulator has been adapted and the transportation of the natural gas has been split in three separate activities: transport, storage and LGN activities.

2. Interconnector : new extension works

The capacity of reverse flow from the continent to the UK will be increased to 16,5 (initially 8,5) billion m³ a year on the 1st of December 2005. On that date two compressor stations will be operational in Zeebrugge.

3. Works on the fourth storage reservoir in Zeebrugge

Important works on the site of the fourth storage reservoir in Zeebrugge are carried out. These works are performed in the framework of the increase of the reception capacities of the LNG-terminal of Zeebrugge. End February 2005 a new agreement was signed for the delivery of 2, 5 billion m³ a year of LNG of Qatar in the LNG terminal of Zeebrugge. The deliveries will start in 2007.