

## Interim statement

Information on key events since 1 January 2009  
and their impact on the financial situation of the Fluxys Group

- Increase of sales owing to integration of Fluxys & Co activities and to commissioning of capacity enhancement at Zeebrugge LNG terminal;
- Implementation of the investment programme is continuing, despite the financial and economic crisis;
- Enhancement of Fluxys grid's role as crossroads for Western European natural gas flows:
  - Eynatten-Opwijk pipeline (RTR2)
  - Construction of Open Rack Vaporizer at Zeebrugge LNG terminal
  - Studies into construction of a second jetty for the LNG terminal after signing a Memorandum of Understanding with Exmar
- Development of commercial activities:
  - New models for transit and storage services
  - Expansion of interruptible transit capacity offer
  - New approach to capacity reservations for transport customers
  - Joint Fluxys/GRTgaz platform for capacity exchange

### 1. Customer invoicing

**Customer invoicing.** The total amount invoiced to customers for all activities amounted to €193 million for the first quarter of 2009, as opposed to €122 million for the same period the previous year. For the most part, this increase is attributable to the integration of Fluxys & Co activities on 1 July 2008 and the commissioning of the Zeebrugge LNG terminal capacity enhancement in April of that year.

**Offtake.** The amount of gas consumed by industry has considerably decreased as a result of the economic crisis. For industrial companies directly connected to the Fluxys grid, an average drop of around 25% has been observed since November 2008. At this point, the contraction of offtake has not led to less booked capacity and as such has not affected the amounts invoiced for transport activities.

**Tariffs.** On 15 May and 6 June 2008, CREG made a series of decisions pertaining to tariffs for transit, which was accompanied by a decision to set new, provisional tariffs for transport and storage 17% below the initial provisional tariffs. Fluxys contests the legitimacy and legality of these decisions and therefore took legal action to have them suspended and annulled. Given the prevailing uncertainty, provisions have been booked for the spread between the contractual tariffs and those which would result from the CREG decisions if they were to become applicable.

- As regards the transit activities, on 10 November 2008 the Brussels Court of Appeal handed down a judgment on the petitions to suspend the relevant decision. Pending a final ruling on the merits of the case, Fluxys continues to apply the existing contracts and tariffs mentioned in these contracts for transit services.
- Concerning transport and storage activities, the Court of Appeal has not yet handed down a judgment on the Fluxys petitions to suspend and annul the relevant decision. Pending the Court's decision, invoices for Fluxys transport and storage services have a provisional nature and are based on the provisional tariffs imposed by CREG on 19 December 2007.

## **2. Simplification of Group structures**

At the extraordinary general meeting held on 12 May 2009, Fluxys SA absorbed its 100% subsidiary SEGEO (owner of the natural gas transmission infrastructure between 's-Gravenvoeren and Blaregnies) as well as the transit activities of its 100% subsidiary Fluxys & Co (formerly Distrigas & C°). The final result is that from now all transport and transit activities directly come under Fluxys SA and that the company now meets the request of the federal Minister of Energy, who agreed with the remarks made by CREG, regarding the designation of Fluxys as the sole operator of Belgium's natural gas transmission network under the definitive system. This simplification has no impact on the Group's consolidation scope and therefore does not affect the company's consolidated accounts.

## **3. Investments**

**The 2009 investment programme**, which principally focuses on the following projects, continues to be implemented:

- Eynatten-Opwijk pipeline (RTR2);
- renovating compressor stations;
- enhancing compression capacity;
- expanding underground storage capacity in Loenhout;
- laying the Lommel-Ham and Ranst-Lier pipelines.

A total of €23 million was allocated to this programme during the first quarter.

**Financing.** A second instalment of €120 million of the €400 million financing package granted by the European Investment Bank in December 2008 was drawn down in March 2009. This new instalment, with a term of 25 years, will help to ensure the Group's long-term financing of its investment programme.

**European support.** In the context of its economic recovery plan, the European Commission aims to simultaneously increase investments and modernise European infrastructures. For 2009 and 2010, the Commission proposes to make available an additional budget envelope for trans-European initiatives such as LNG projects and the enhancement of interconnections between grids. A number of Fluxys' major future projects rank among the initiatives involved. Through a decision ratified by the European Council and Parliament, the European Commission has granted a €35 million subsidy for the RTR2 project (see point 6 below) as well as a subsidy to increase north/south capacity (€200 million), a project to be implemented partly in Belgium and partly in France over the next few years.

#### **4. Development of commercial services**

**Joint Fluxys/GRTgaz platform for capacity exchange.** In January 2009, Fluxys and GRTgaz developed under the **capsquare** brand a joint electronic capacity trading platform in order to stimulate grid users to exchange capacity on the secondary market. The platform enables grid users to offer capacity they have booked in the Fluxys or GRTgaz grid but which they do not intend to use. This gives other grid users the opportunity to buy additional capacity in the short term.

**New step in operational data publishing.** Since the middle of January 2009, Fluxys' website has provided daily updated information on gas flows at the interconnection points. Operational data on the Fluxys website now includes the entire range of information identified at this stage as being relevant to the market within the Northwest Gas Regional Initiative. Identification of the information required resulted from a joint consultative process with transmission system operators, shippers, traders (represented by EFET – European Federation of Energy Traders) and the International Federation of Industrial Energy Consumers. The Northwest Gas Regional Initiative was launched by the European Regulators Group for Electricity and Gas (ERGEG) to optimize gas trade and competition in the regional gas market covering Belgium, Denmark, France, Germany, Great Britain, Ireland, the Netherlands, Northern Ireland and Sweden.

**New method for subscribing transport capacity.** Fluxys in consultation with CREG has developed for customers in the transport business for supply to the Belgian market, a new method for subscribing capacity at those entry points where demand exceeds availability. During a defined capacity subscription period, all the medium-term capacity that transport customers want to book is listed so as to provide a general overview of demand and to allocate available capacity on the basis of transparent criteria. This approach will also allow Fluxys to even better align future investments with changes in the market.

**Interruptible transit capacity offer extended.** Considering the success of the interruptible transit services launched in 2008, Fluxys has renewed its offer through the introduction of two levels of interruptible transit capacity: *level 1* capacity with an indicative interruption probability of less than 5% and *level N* capacity with an indicative interruption probability beyond the 5% range.

**New model for storage services.** Fluxys, in consultation with CREG, in April 2009 introduced a new model for offering storage services. The new model provides more flexibility in the use of capacity and makes it easier for storage facility users to manage their own capacity.

**Entry/Exit principle for transit services under development.** In late 2009 and in consultation with CREG, Fluxys plans to introduce a new model for offering transit services. The new operating rules will enable transit customers to use their booked capacity as per the entry/exit principle. This approach offers greater flexibility in the use of capacity and, as a result, more opportunities for transit customers to take advantage of commercial opportunities. Market players were invited to a workshop in October 2008 to learn more about the new transit model.

## **5. Notification of works gets simpler**

For works to be executed in Flanders, since the end of March 2009 one single notification is enough for contractors, engineering firms and project owners to request maps of all underground infrastructures. This administrative simplification is again a step forward in preventing damage from excavation work and therefore helps utilities to safely operate their infrastructure. The single notification solution is the result of linking the federal and Flemish cable and pipeline information checkpoints CICC/KLIM and KLIP. As a member of Fetrapi (the federation of Belgian transmission pipeline companies), Fluxys was closely involved in the development of CICC/KLIM and the link with KLIP.

Until recently, anyone planning works in the Flemish Region and requesting infrastructure maps had to use both CICC/KLIM and KLIP to provide notification of the activities and ask for maps. The two applications have now been linked up, meaning that only one notification is needed, with notifications via KLIP being passed automatically to CICC/KLIM and notifications via CICC/KLIM of works in the Flemish Region being communicated automatically to KLIP.

## 6. Prospects

### 6.1 New investment projects

**New east/west transit capacity: decision made to lay a second pipeline between Eynatten and Opwijk.** In June 2005 Fluxys launched a market survey to assess the level of interest in new east/west transit capacity on the Zeebrugge-Zelzate/Eynatten (RTR1) transmission route. The market survey led to contracts for additional transit flows in both directions on the route in question. On the basis of this, the Fluxys Board of Directors decided to lay a second pipeline between Eynatten and Opwijk (the RTR2 project) alongside the existing RTR1 pipeline (Zeebrugge Zelzate/Eynatten). The additional pipeline requires an investment of over €300 million and is expected to be commissioned at the end of 2010. The marketing and development of this new capacity will stimulate the development of the natural gas market in Europe and reinforce Belgium's role as a crossroads for natural gas in North-Western Europe.

**LNG terminal: decision made to build Open Rack Vaporizer.** The Fluxys Board of Directors has also decided to complement the regasification facilities at the LNG terminal in Zeebrugge with a so-called Open Rack Vaporizer (ORV). ORVs heat LNG using heat from seawater and can provide additional regasification capacity at times of peak demand. Their use will lead to a significant reduction in energy consumption and therefore also in carbon dioxide and nitrogen oxide emissions. Fluxys has initiated consultations with the relevant federal and regional authorities to implement the project.

**Detailed study into building a second jetty at LNG terminal.** Fluxys LNG is to start a detailed study into building a second jetty at the LNG terminal in Zeebrugge to also enable regasification ships to moor. For its part, Exmar is prepared to book long-term capacity with Fluxys LNG. The companies have signed a Memorandum of Understanding setting out their agreement. The possibility to handle regasification ships would once again extend the scope of services on offer at the terminal. Zeebrugge would also be the first LNG terminal in the world allowing both standard LNG ships and regasification ships to moor.

### 6.2 Towards an expanded role on the northwest European market

Against a background of changing supply patterns, a range of major pipeline projects and projects for new LNG capacity are being developed to satisfy growing consumer demand for natural gas in Europe. As part of its strategy to enhance Belgium's role as a crossroads, Fluxys is taking part in these efforts by planning and carrying out projects with a European dimension. At the same time, the company is working to expand its role on the North-Western European market. The United Kingdom, the Netherlands, northern France, part of Germany and Belgium make up a natural

regional market and the company is looking into new opportunities within that North-Western European area, both domestically and internationally.

### **6.3 Perspectives for 2009**

Bearing in mind the development of its activities for the financial year underway and barring unforeseen circumstances, Fluxys expects for financial year 2009 to be in a position to pay a dividend which is at least equal to that paid out for financial year 2008. As a reminder, the results from Fluxys' regulated activities consist of a return on invested capital calculated in accordance with applicable law. Tariff levels, by contrast, are determined by other factors as well, for the most part operating costs and depreciations for these activities. As a result, the CREG decisions involving tariffs and their suspension should have a limited impact on results.

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**Other languages:** this press release is also available in French and Dutch on the Fluxys website at [www.fluxys.com](http://www.fluxys.com).