

Deliberation

Deliberation of the French Energy Regulatory Commission dated 18 June 2014 deciding on the redistribution rules for gas transmission capacity and their application over the period from 1 October 2014 to 30 September 2015

The following attended the meeting: Olivier CHALLAN BELVAL, Catherine EDWIGE, H  l  ne GASSIN and Jean-Pierre SOTURA, Commissioner.

Given the French Energy Code, and in particular its article L.134-2.

The tariffs for the use of the GRTgaz and TIGF natural gas transmission networks, known as the "ATRT 5 tariffs", came into effect on 1 April 2013 for a period of approximately four years. They provide for an update on April 1 of each year commencing 1 April 2014 in accordance with the procedures laid down in the tariff decision of the French Energy Regulatory Commission (CRE) dated 13 December 2012¹.

The Deliberation deciding on changes to the ATRT5 tariff as from 1 April 2014² sets out the redistribution rules for transmission capacity surplus auction revenue for all interconnection points on the French transmission networks. This Deliberation specifies the redistribution rules for surplus auction revenue for annual and quarterly capacity and their application over the period from 1 October 2014 to 30 September 2015, with regard to the following in particular:

- The extension of the redistribution of surplus auction revenue at the North-South link and at the Pirineos interconnection point to the GRTgaz South and TIGF balancing zones ;
- The treatment of capacity obtained during the first phase of capacity allocation at the North-South link ;
- The frequency of redistribution and the calculation of reference amounts eligible for redistribution.

This decision was submitted to the CSE (Higher Energy Council) for its opinion on 4 June 2014.

¹ [Deliberation of the French Energy Regulatory Commission \(CRE\) of 13 December 2012 deciding on the tariffs for the use of natural gas transmission networks](#)

² [Deliberation of the French Energy Regulatory Commission \(CRE\) of 29 January 2014 deciding on the evolution of the tariffs for the use of natural gas transmission networks as of 1 April 2014](#)

I. Calculation of surplus auction revenue

Annual capacity auctioned in March 2014 was sold at a price exceeding the reserve price at the North-South link from North to South on the GRTgaz network and at the Pirineos interconnection point from France to Spain for the TIGF network. The results of these auctions for the year 1st October 2014 – 30 September 2015 are stated in the table below:

Auction results

1 October 2014 – 30 September 2015	Reserve price (€/MWh/d/year)	Premium (€/MWh/d/year)	Quantity sold (MWh/d/year)	Surplus revenue (M€)
North to South firm annual capacity	208.04	1082.86	124 094	134.38
North to South interruptible annual capacity	104.02	385.00	78 085	30.06
North to South total				164.44
Pirineos France to Spain within the scope of TIGF	442.88	45.84	1 910	0.09

CRE's Deliberation dated 29 January 2014 states that surplus revenue related to capacity auctions is equal to the difference, in €/MWh/d, between the price from the auction and the reserve price, multiplied by the capacity sold in MWh/d.

As a result, the surplus revenue for annual capacity auctions for the period from 1 October 2014 to 30 September 2015, are equal to:

- 164,439 k€ for the North-South link from North to South,
- 88 k€ for the France-Spain interconnection,
- 0 € for the other interconnection points.

II. Redistribution of surplus auction revenue

A. Rules set out in the Deliberation dated 29 January 2014

CRE's Deliberation dated 29 January 2014 provides for the following as from 1 October 2014:

- On the North-South link, from North to South, surplus revenue will be redistributed to shippers delivering end customers in the GRTgaz South zone, in proportion to the volumes consumed in the GRTgaz South zone for the period concerned,
- At the interconnection with Spain, surplus revenue will be redistributed to shippers delivering end customers in the TIGF zone in proportion to the volumes consumed in the TIGF zone for the period concerned.

With regard to revenue surpluses generated at the North-South link from North to South, volumes consumed in respect of capacity obtained between 1 October 2014 and 30 September 2018 by a gas-intensive consumer or by a shipper appointed by a gas-intensive consumer during phase 1 of capacity allocation are not eligible for this redistribution.

B. Extension of the redistribution of surplus auction revenue at the North-South link and at the Pirineos interconnection point to the GRTgaz South and TIGF balancing zones

In its Deliberation dated 29 January 2014, CRE deemed it desirable that as from 1 April 2015, creation date of a single marketplace for the south of France, the surplus revenue at the North-South link and at the interconnection with Spain be redistributed to shippers delivering end customers in the two TIGF and GRTgaz South zones.

This change is consistent with the existence of a single gas price for the wholesale market for the GRTgaz South and TIGF zones as from 1 April 2015. It will strengthen the harmonization of access conditions to the gas transmission networks in the south of France launched by CRE in 2013.

As a result, as from 1 April 2015, the surplus revenue collected at the North-South link, from North to South, and at the Pirineos interconnection point will be redistributed to shippers delivering end customers in the GRTgaz South and TIGF zones. The redistribution will be conducted by each TSO to shippers active on their networks in proportion to the volumes delivered in their zone for the period concerned.

The pooling of surplus auction revenues will result in a financial flow between the TSOs prior to redistribution to shippers.

C. Treatment of capacity allocated during the first phase of annual capacity allocation over the period from 1 October 2014 to 30 September 2015

The Deliberation dated 29 January 2014 provides that volumes consumed in respect of capacity obtained during the first allocation phase are not eligible for the redistribution of surplus auction revenues at the North-South link.

Capacity obtained during the first phase may be firm or interruptible. In order to take into account the type of capacity, the calculation of volumes excluded from the redistribution will consider capacity equal to:

- 100% of firm capacity obtained,
- 50% of interruptible capacity obtained.

D. Calculation of unit amount of redistribution of surplus auction revenue for annual and quarterly products and frequency of redistribution from 1 October 2014 to 30 September 2015

To calculate the redistribution amount under the conditions set out in the Deliberation dated 29 January 2014, several steps are required:

- Determine a reference value of amounts eligible for redistribution for the October 2014 – September 2015 gas year. Eligible amounts must take into account the large GRTgaz South + TIGF marketplace as from 1 April 2015, and must exclude, for the North-South link, volumes consumed in respect of capacity obtained in phase 1. For the calculation, CRE has selected capacity consumption for the 2013 calendar year as a reference, i.e. the last year for which data is available,
- Calculate the unit amount of redistribution, equal to the quotient of the surplus auction revenue for annual and quarterly products divided by the reference value of amounts eligible for redistribution.

For each shipper, the amount of the redistribution, conducted by each TSO, is equal to the unit redistribution amount multiplied by the amounts eligible for redistribution for the period concerned.

1. Calculation of unit redistribution amounts for surplus auction revenues for annual capacity from 1 October 2014 to 30 September 2015

For the North-South link, the unit amount for annual capacity will be equal to the quotient of:

- The surplus auction revenues for annual capacity,
- Divided by total recorded consumption:
 - Of the GRTgaz South zone from 1 January to 31 December 2013, less volumes excluded

- o in respect of capacity obtained during phase 1 for gas-intensive consumers in the GRTgaz South zone,
- o And of the TIGF zone from 1 April 2013 to 30 September 2013, less volumes excluded in respect of capacity obtained during phase 1 for gas-intensive consumers in the TIGF zone.

To calculate the volumes excluded from redistribution, CRE has selected as a reference value the average of delivery capacities subscribed for each gas-intensive site concerned over the two last calendar years, in line with the principle for calculating the ceiling of capacity requests for gas-intensive sites during phase 1. The calendar years taken into account are 2012 and 2013

As a result, for each site having obtained capacity in phase 1, the volumes excluded from redistribution are calculated by multiplying:

- The total volume consumed by this site from 1 January to 31 December 2013 if the site is located in the GRTgaz South zone or from 1 April 2013 to 30 September 2013 if the site is located in the TIGF zone,
- By the quotient of:
 - o The total of firm capacity and half of interruptible capacity obtained during phase 1 for the site concerned,
 - o Divided by the average delivery capacity subscribed for the site over the years 2012 and 2013.

For the Pirineos interconnection point, the unit amount in respect of annual capacity is equal to the quotient of:

- The surplus auction revenue for annual capacity,
- Divided by the total recorded consumption:
 - o Of the TIGF zone from 1 January to 31 December 2013,
 - o And of the GRTgaz South zone from 1 April 2013 to 30 September 2013.

The unit amounts in respect of annual capacity auctions from 1 October 2014 to 30 September 2015 will be calculated by each TSO, notification sent to CRE by 1 July 2014, and published by the TSOs by 15 July 2014, unless CRE expresses its opposition.

Between 1 October 2014 and 31 March 2015:

- The unit amount of redistribution for the North-to-South link applies in the GRTgaz South zone,
- The unit amount of redistribution for the Pirineos interconnection point applies in the TIGF zone.

Between 1 April and 30 September 2015, the unit amounts of redistribution for the North-to-South link and for the Pirineos interconnection points apply in both the GRTgaz South and TIGF zones.

2. Calculation of unit redistribution amounts for surplus auction revenues for quarterly capacity from 1 October 2014 to 30 September 2015

The unit amounts of redistribution for each of the four quarterly products are calculated according to the same principles as the calculation for annual products. For each of the four quarters, the unit amount is calculated by using the following parameters:

- The surplus auction revenue for quarterly capacity for the quarter considered,
- For each of the two quarters from 1 October 2014 to 31 March 2015, the consumption on the GRTgaz South zone for the North-to-South link and on the TIGF zone for the Pirineos interconnection point over the quarter corresponding to the 2013 calendar year,
- For each of the two quarters from 1 April 2015 to 30 September 2015, the total consumption of the GRTgaz South and TIGF zones for the North-to-South link and the Pirineos interconnection point over the quarter corresponding to the 2013 calendar year,

- For the calculation of volumes excluded pursuant to phase 1 allocation:
 - The volumes consumed for each gas-intensive site for the corresponding quarter of 2013,
 - Firm capacity and half of interruptible capacity obtained during phase 1 for the site concerned,
 - Average delivery capacity subscribed for the site over the years 2012 and 2013.

The unit amounts in respect of quarterly capacity auctions from 1 October 2014 to 30 September 2015 will be calculated by each TSO, notification sent to CRE by 1 July 2014, and published by the TSOs by 15 July 2014, unless CRE expresses its opposition.

Between 1 October 2014 and 31 March 2015:

- The unit amounts of redistribution for the North-to-South link applies in the GRTgaz South zone,
- The unit amounts of redistribution for the Pirineos interconnection point applies in the TIGF zone.

Between 1 April and 30 September 2015, the unit amounts of redistribution for the North-to-South link and for the Pirineos interconnection points apply in both the GRTgaz South and TIGF zones.

3. Redistribution of surplus auction revenue

Redistribution will be conducted once every quarter during the first month of the following quarter.

For each shipper, redistribution will be calculated by each TSO by multiplying the unit amount of redistribution for the quarter considered by the volumes allocated by the TSOs to the shipper at the consumption points, less the volumes excluded in respect of phase 1 for the North-to-South link.

For the North-to-South link, for each shipper delivering gas to a gas-intensive site having obtained, whether directly or via an appointed shipper, capacity during phase 1, the volumes excluded from redistribution are calculated by multiplying:

- The total volume consumed by this site over the quarter in question,
- By the quotient of:
 - The total of firm capacity and half of interruptible capacity obtained during phase 1 for the site concerned,
 - Divided by the average delivery capacity subscribed for the site over the years 2012 and 2013.

4. Treatment of other surplus auction revenues

The rules concerning surplus auction revenue for monthly and daily capacity between 1 October 2014 and 30 September 2015 will be specified by CRE following a public consultation during the tariff update applicable as from 1 April 2015. The same applies to:

- The rules concerning differences between the total redistributed amounts and surplus auction revenue collected over this period,
- The rules concerning surplus auction revenue for capacity as from 1 October 2015.

The present deliberation will be published in *Journal officiel de la République française*.

Executed in Paris, 18 June 2014

On behalf of the French Energy Regulatory Commission
(CRE),

A commissioner,

Olivier CHALLAN BELVAL