

23 October 2012

Public consultation by the French Energy Regulatory Commission (CRE) relating to the rules for the sale of transmission capacity at the link between GRTgaz the North and South zones

1. Background and aim

CRE received an informal appeal from GDF Suez relating to its deliberation of 4 October 2012 on the rules for the sale of transmission capacity at the link between North and South zones of GRTgaz and at the interconnection between GRTgaz and TIGF. Having reviewed the arguments put forward by GDF Suez in its informal appeal and at its hearing on 17 October 2012, CRE decided to partially revoke its deliberation of 4 October 2012 and carry out a second public consultation, at the end of which it will determine the new rules for allocation at the link between the North and South zones of GRTgaz.

Under these circumstances and pending the sale of this capacity by auction from 1 April 2014, CRE submits the allocation rules outlined below for consultation with the aim of reducing the risk of affecting the smooth operation of the market and of enabling shippers to receive capacity allocations in line with their delivery commitments in the South zone.

2. Proposed rules for allocation

Only annual firm and interruptible capacities available at the North-South link for the period 1 April 2013 to 31 March 2014 is offered for sale by GRTgaz.

Each sale is organised in two separate phases: an initial guaranteed allocation phase and a second phase of pro rata allocation with an upper limit for applications and taking account of physical delivery commitments.

2.1. Phase 1 “guaranteed allocation”

- Opened to all shippers, but shippers taking part in phase 1 will not be entitled to take part in phase 2 ;
- Proposed capacity volume: 23 GWh/d annual capacity;
- Upper application limit for each shipper 2.5 GWh/d;
- If demand is higher than what is on offer: capacity is allocated pro rata to applications subject to the following rule of priority. Applications for shippers directly connected to the transport network will receive allocations at priority level 1, within the limits of delivery capacity for the sites in question as at 1 October 2012 plus 20%. Other applications will receive allocations at priority level 2;

- Any capacity left unsold at the end of this phase will be sold in the next phase.

2.2. Phase 2 “allocation taking account of physical delivery commitments”

- Opened to all shippers (apart from those who chose to take part in phase 1) ;
- Proposed capacity volume: 76 GWh/d firm annual capacity and 114 GWh/d annual interruptible capacity;
- Applications by each shipper restricted to physical delivery commitments within the limits of the portion of capacity offered(as defined below) ;
- If demand is higher than what is on offer: capacity allocated pro rata to applications In compliance with rules relating to affiliated companies, as defined by article L. 222-3 of the French Commercial Code, such companies will have to submit a single application, limited to their joint aggregated needs.

2.3. Procedure to determine physical delivery commitment and the upper limit for applications by each shipper

An upper limit is applied to applications by each shipper based on their physical delivery commitments. The physical delivery commitment of each shipper is defined as the maximum of the following terms (A) and (B):

- (A) total actual bookings relating to:
 - delivery capacity held as at 1 October 2012 at GRTgaz Sud and TIGF Consumer Interface Points (industrial customers) ;
 - delivery capacity held as at 1 October 2012 at GRTgaz Sud and TIGF PITD (public distribution);
 - transmission capacity held as at 1 October 2012 at PIRR (Jura, Savoie, Monaco);
 - exit capacity to Spain held as at 1 April 2013 (Larrau, Biriadou) ;
- (B) total injection capacity held as at 1 October 2012 in TIGF and Storengy storage facilities located in the GRTgaz South zone.

In order to maintain the potential for the development of competition, individual shipper applications are limited to their physical delivery commitment multiplied by 1.2. Such applications may not exceed the total capacity volume offered for sale (i.e. 76 GWh/d for firm capacity and 114 GWh/d for interruptible capacity).

All shippers have the option to apply for 2.5 GWh, if their physical delivery commitment as calculated above results in limiting their application to a value lower than 2.5 GWh/d.

3. Indicative timetable

Monday 5 November 2012: present consultation ends;

Week beginning 12 November 2012: deliberation by the CRE determining new rules for allocation;

Start of the allocation phase: week beginning 26 November 2012.

Questions:

Do you have any comments with regard to the rules for selling capacity proposed by CRE?

The CRE invites interested parties to give their comments by 6 November 2012:

- by email to dirgaz.cp1@cre.fr
 - by contributing directly to the "Documents /Public Consultations" section of the CRE web site (www.cre.fr)
 - by post: 15, rue Pasquier - F-75379 Paris Cedex 08
 - by contacting the Direction des infrastructures et réseaux de gaz: + 33.1.44.50.41.44
- We would ask you to make it clear if your contribution is confidential.