

# Public consultation

5 June 2013

## **Public consultation by the French Energy Regulation Commission on the allocation of transmission capacity between GRTgaz's North zone, GRTgaz's South zone, TIGF's zone and Spain as from 1 April 2014**

Since the creation of a single North zone as from 1 January 2009, the French gas market has been structured into three distinct zones: GRTgaz North, GRTgaz South and TIGF. The rules for the allocation of gas transmission capacity at the GRTgaz North-GRTgaz South link, at the GRTgaz South – TIGF interface and at the interconnections between the TIGF network and Spain are reviewed each year within the framework of Concertation Gaz, followed by a public consultation and a deliberation by CRE.

The previous allocation of this capacity was conducted between the end of the year 2012 and the start of the year 2013 for capacity available between 1 April 2013 and 31 March 2014.

The present public consultation covers the allocation of capacity available from 1 April 2014, at the North-South link, at the GRTgaz South - TIGF interface (PIR Midi) and at the France/Spain interconnections.

Interested parties are invited to answer the questions at the end of this document by 26 June 2013 at the latest.

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# 1. Background

## 1.1 European context

The network code on transmission capacity allocation mechanisms (CAM network code) was adopted on 15 April 2013 after receiving a favourable opinion from European Union Member States. It must be implemented by 1 November 2015 at the latest.

This new European regulation provides that capacity at interconnection points between entry-exit systems within the European Union shall be allocated through an auction procedure, in the form of bundled products with standardised durations and according to a common auction calendar. In addition, according to the code, at least 10% of technical capacity shall be sold as short-term products with a duration of less than a year.

For interconnection points within a Member States, the CAM code provides that the regulatory authority may, after consulting with network users, decide to take proportionate measures to limit up-front bidding for capacity by any single network user.

In order to sell transmission capacity through auctions, 20 transmission system operators from seven EU Member States came together to create the PRISMA platform. This platform has been available since 1 April 2013 and will ultimately enable the allocation of primary and secondary capacity.

## 1.2 National context

### 1.2.1 CRE's course of action to reduce the number of marketplaces

In 2009, CRE started reflections on how to simplify the structure of the French gas market. In 2012, it carried out an extensive consultation with all market players on how to consolidate the three current marketplaces into a single marketplace.

At the end of this work, CRE retained the following decisions and courses of action (deliberations dated 19 July and 13 December 2012):

- creation of a common GRTgaz South – TIGF gas title transfer point (PEG) by 1 April 2015 at the latest;
- creation of a single PEG by 2018 at the latest, following the reinforcement of the Bourgogne pipeline (Val de Saône project) whose cost is estimated at €600 M.

### 1.2.2 Materialisation of north-south congestion since the first half of 2012

Since the first half of 2012, the North-South link has been congested, which has resulted in capacity demand that exceeds supply and almost 100% use of capacity. Significant differences have been observed in day-ahead prices at the PEG North and PEG South, with higher prices at the PEG South: an average €0.1/MWh in 2011, €1.5/MWh in 2012 and €2/MWh in the first quarter of 2013.

This situation is mainly due to current trends in the global LNG market. The high prices in the Asian markets create tension in the supply of natural gas in the south of France: between 2011 and 2012, LNG emissions from the Fos terminals dropped by 25%, whereas flows towards Spain increased by 40%.

### 1.2.3 The most recent North-South capacity allocation

During the last allocation procedure, carried out at the end of 2012 for capacity available between 1 April 2013 and 31 March 2014, CRE, after consultation with market players, decided to develop the allocation rules in order to better take into account the existence of congestion at this link.

The new procedure was conducted with capacity allocation in two portions:

- a first portion of 23 GWh/d, open to all shippers, was allocated in proportion to requests (these were limited to 2.5 GWh/d) with priority given to shippers with a connection contract;
- a second portion, open to all shippers except those that took part in the allocation of the first portion, was allocated in proportion to each shipper's physical delivery commitments.

Forty-six shippers obtained North to South capacity following this allocation procedure.

#### 1.2.4 GRTgaz South – TIGF interface

Since this interface is not congested, for capacity available from 1 April 2013 to 31 March 2014, CRE reused the previous rules for allocation by open subscription period proportional to requests.

#### 1.2.5 Interface between TIGF and Spain

Larrau and Biriadou are the two interconnection points that connect the TIGF network to gas transmission networks in Spain.

The Larrau interconnection has been reinforced and since 1 April 2013, its firm technical capacity amounts to 165 GWh/d in both directions. This capacity is fully booked until 31 March 2014 in the France to Spain direction.

The Biriadou interconnection will be reinforced as at 1 December 2015. Firm capacity will be increased to 60 GWh/d in the Spain to France direction and 60 GWh/d of interruptible capacity will be available in the France to Spain direction, including 10 GWh/d which will still be sold as firm capacity in summer.

## **2. Capacity allocation at the North-South link**

Two meetings of Concertation Gaz were held on 15 February and 18 March 2013 to prepare the allocation for capacity beyond 1 April 2014. Participants stressed the need to obtain visibility over several years with regard to allocation of North-South capacity. However, no consensus was reached on the allocation method to be implemented.

### **2.1 Quantities available for sale**

Annual technical capacity in the North to South direction amounts to 230 GWh/d of firm capacity and 220 GWh/d of interruptible capacity. A portion of this capacity has already been booked or allocated to the market coupling mechanism:

- 77 GWh/d of firm capacity and 34 GWh/d of interruptible capacity have been booked in the long term under long-term contracts, in particular for transit towards Spain;
- 27 GWh/d of firm capacity and 14 GWh/d of interruptible capacity have been booked until 31 March 2015 under allocations conducted in 2010 and 2011;
- 30 GWh/d of interruptible capacity has been attributed to the market coupling system.

Therefore, from 1 April 2014, GRTgaz will be able to sell 126 GWh/d of firm capacity and 142 GWh/d of interruptible capacity.

From 1 April 2015, GRTgaz will be able to sell 153 GWh/d of firm capacity and 156 GWh/d of interruptible capacity.

The numbers presented above are not indicative of the results of work that may be conducted between GRTgaz and the other operators aiming at increasing capacity which may be proposed for sale at the North-South link.

### **2.2 Capacity products sold**

#### 2.2.1 Preliminary analysis

Work conducted within the framework of Concertation Gaz has shown that market players attach great importance to visibility into the conditions for accessing the south of France. Almost all of them request that North-South capacity be sold over several years.

CRE agrees with this request. It considers that it is crucial to give the market visibility into capacity bookings at the North-South link. At this stage, CRE intends to have GRTgaz sell North-South capacity over a period of four years until 2018, the date at which a single marketplace will be potentially created in France.

With regard to the type of products, the annual products provided for by the CAM network code start as at 1 October. Up to this point, the annual North-South product was sold for periods starting 1 April.

Therefore, to be able to sell annual products in compliance with the periods in the CAM network code as from October 2014, a six-month "readjustment" product will have to be sold starting from 1 April 2014. Due to the increase in the volume of capacity available as at 1 April 2015, it will also be necessary to sell a readjustment product for the period from 1 April 2015 to 30 September 2015.

**Question 1:** Do you share the need for visibility expressed Concertation Gaz? Do you think that the four-year duration envisaged by CRE for North-South capacity is adequate?

### **2.3 Allocation rules for the six-month product starting 1 April 2014**

The CAM network code will enter into force as at 1 November 2015 at the latest. The implementation of auctions for capacity allocation is therefore not compulsory before that date. In addition, as part of the south regional initiative, capacity at the interconnections between TIGF and Spain is projected to be auctioned as at 1 October 2014 at the latest.

Therefore, North-South capacity may not be auctioned for the six-month product. This course of action received the support of almost all participants during the work in Concertation Gaz.

CRE envisages, for the allocation of the six-month readjustment product from 1 April to 30 September 2014, to reapply for all available capacity the method of capacity allocation in proportion to physical delivery commitments in two phases, which yielded satisfactory results. The allocation rules are reiterated in the Annex to this consultation.

The tariff for this product would be set on a *pro rata temporis* basis, i.e. 50% of the regulated tariff for annual capacity set by CRE.

**Question 2:** Are you in favour of allocation proportional to physical delivery commitments for the six-month readjustment product as from 1 April 2014 at the North-South link?

#### **2.3.1 Adjustment of the port folio development coefficient**

In order to promote the potential for competition development, the development factor taken into account to calculate the individual request limits based on physical delivery commitment portfolios may be increased from 1.2 to 1.3.

#### **2.3.2 Timetable and date at which physical delivery commitments are taken into account**

The sale of this capacity may take place in October 2013 in order to have the best possible visibility into shippers' physical delivery commitments as at 1 April 2014. As for the allocation procedure in November 2012, the most recent information in shippers' capacity portfolios would be taken into account to calculate physical delivery commitments.

**Question 3:** Do you support the allocation rules envisaged?

### **2.4 Allocation rules for North-South capacity as from 1 October 2014**

#### **2.4.1 Preliminary analysis**

As previously stated, CRE considers it necessary to provide shippers with the best possible visibility into their supply conditions in the south of France. In that regard, it proposes to allocate capacity at the North-South link until 2018.

Shippers with a connection contract have visibility into their delivery needs over four years since it is industrial sites that have stable delivery capacity bookings in the medium term. It is therefore possible for these players to envisage a pluriannual allocation method based on their needs.

The needs of other shippers however, depend on their client portfolio which varies each year. Therefore, for these shippers it does not seem possible for allocation of North-South capacity over a period of four years to be based on their current physical delivery commitments. So as to not freeze market share at its current level, the allocation of capacity through auctions would be more appropriate.

Therefore, at this stage, CRE intends to retain the method of allocation over four years in two phases respectively for firm and interruptible capacity:

- proportional to physical delivery commitments for a portion of 23 GWh/d;

- through auctions for the remaining capacity.

#### 2.4.2 Rule for limiting requests during auctions

In order to prevent one or two players from booking all available capacity, CRE is in favour of limiting shippers' individual requests to a third of the capacity sold from the second round of auctioning. This provision is authorised by the CAM network code.

#### 2.4.3 Volumes sold

At this stage, CRE considers that it is not desirable to sell from as early as 2013 all of the capacity available until 2018. That would prematurely freeze shippers' capacity bookings at the North-South link. CRE proposes to successively sell 100%, 50%, 25% and 25% of firm and interruptible capacity for the four years starting from 1 October 2014.

CRE currently intends to reserve 10% of capacity (i.e. 23 GWh/d of firm capacity and 22 GWh/d of interruptible capacity) for the short term (quarterly products) from 1 October 2015 pursuant to the CAM code.

#### 2.4.4 Allocation rules envisaged

##### a) Phase 1: Allocation proportional to needs for capacity starting from 1 October 2014 to 30 September 2018

Following the pro rata allocations of November 2012, 23 GWh/d of annual firm capacity and 23 GWh/d of annual interruptible capacity would be sold in the form of four annual products between 1 October 2014 and 30 September 2018.

The allocation rules would be the same as those implemented for the allocation of the six-month readjustment product (see Annex). All of the shippers on the GRTgaz network would be able to participate in this phase with priority given to shippers with a connection contract in case demand exceeds 23 GWh/d.

Capacity not sold during this phase would be sold in phase 2.

The tariff for this product would be equal to the regulated tariff set by CRE.

##### b) Phase 2: Auctioning of firm capacity starting from 1 October 2014 to 30 September 2018

If all capacity is sold at the end of phase 1, the capacity sold between 1 October 2014 and 30 September 2018 would be the following:

- 103 GWh/d of annual firm capacity for the period from 1 October 2014 to 30 September 2015;
- 26 GWh/d of firm capacity for the period from 1 April 2015 to 30 September 2015. This capacity will be sold in the form of quarterly products;
- 64 GWh/d of annual firm capacity for the period from 1 October 2015 to 30 September 2016;
- 32 GWh/d of annual firm capacity for the period from 1 October 2016 to 30 September 2018.

The reserve prices for these products for auctions would be equal to the regulated tariffs set by CRE.

All shippers present in the GRTgaz network would be able to take part in this phase.

CRE envisages that the commercialisation of capacity available from 1 October 2014 at the North-South link would take place in March 2014, in compliance with the timetable provided for in the CAM network code.

**Question 4:** Are you in favour of the allocation rules proposed by CRE for the commercialisation of capacity available from 1 October 2014?

**Question 5:** Are you in favour of the rule for limiting individual requests to a third of the capacity sold?

**Question 6:** Are you in favour of CRE's proposal to sell in March 2014, capacity available from 1 October 2014?

## **2.5 Commercialisation of interruptible capacity**

The conversion of interruptible capacity into firm capacity at the North-South link is directly correlated, in summer and for up to 190 GWh/d, with gas emissions on the transmission network from the Montoir-de-Bretagne LNG terminal.

In an LNG market that favours the rerouting of cargo towards the Asian and South American markets, the rate of conversion of interruptible capacity into firm capacity has decreased because of the drop in the number of LNG vessel unloadings at the Montoir-de-Bretagne terminal.

Within this framework, GRTgaz and Elengy conducted an initial review of two mechanisms that would encourage the unloading of cargo at Montoir and ultimately increase gas flows to the south of France. These proposals are presented below and are also available in the Annex to the present consultation notice.

### **2.5.1 Elengy's proposal**

This mechanism consists in reserving 40 to 50 GWh/d of interruptible capacity at the North-South link (corresponding to the average emissions of one cargo over a month) for shippers unloading LNG at the Montoir terminal. This capacity would be converted into firm capacity thanks to the gas emissions from the Montoir terminal and sold at the regulated tariff for firm capacity.

### **2.5.2 GRTgaz's proposal**

With the same objective of encouraging the conversion of interruptible capacity into firm capacity at the North-South link, GRTgaz proposes to redistribute a portion of the surplus revenue from the auction of interruptible capacity to shippers that have sent out gas from the Montoir terminal.

This redistribution would take place on a monthly basis by redistributing to Montoir shippers a portion of the surplus revenue generated over the month in question (1/12<sup>th</sup> of the annual surplus plus the monthly and daily surpluses). This portion would be calculated based on the ratio between emissions from the Montoir terminal and the interruptible capacity booked.

### **2.5.3 CRE's analysis**

CRE is generally in favour of any proposal that results in maximising the capacity effectively available at the North-South link. In that regard, Elengy's and GRTgaz's proposals have the potential to increase the number of unloadings at Montoir and therefore reinforce the availability of interruptible capacity at the North-South link.

However, these two proposals have some disadvantages. Elengy's proposal would give users of the Montoir terminal priority access to capacity at the North-South link to the detriment of all the shippers wishing to book capacity at that point. GRTgaz's proposal could have an inflationary effect on the bid price for interruptible capacity, since shippers present at Montoir would have a high level of visibility into the rate of conversion into firm capacity and therefore on the portion of the surplus revenue that would be redistributed to them.

At this stage, CRE considers that these proposals may fall under the contractual tools that it has requested GRTgaz to analyse and test in its deliberation of 19 July 2012.

As such, it intends to request GRTgaz and Elengy to further define these products within the framework of Concertation Gaz in order to propose to CRE rules for experimentation from 1 April 2014.

CRE notes however that if it is decided to implement Elengy's proposal, it would be necessary to reserve 50 GWh/d of interruptible capacity for the commercialisation of monthly interruptible products for the period from 1 April to 30 September 2014.

The interruptible capacity (with the possible exception of the 50 GWh/d of capacity mentioned above) would be sold in compliance with the rules defined for firm capacity.

**Question 7:** What do you think of Elengy's proposal? What do you think of GRTgaz's proposal? Are you in favour of the proposal to reserve 50 GWh/d of interruptible capacity in the form of monthly products?

## **2.6 South to North capacity allocation**

203 GWh/d of firm capacity and 320 GWh/d of interruptible capacity will be sold between 1 April 2014 and 31 March 2015. From 1 April 2015, the amount of interruptible capacity will be increased to 350 GWh/d in the South to North direction.

In keeping with the allocation rules retained for capacity in the North to South direction, CRE currently envisages that the 1 April 2014 - 30 September 2014 readjustment product will be sold through a simple pro rata allocation. The tariff for this product will be set on a *pro rata temporis* basis, i.e. 50% of the regulated tariff for annual capacity set by CRE.

For capacity sold from 1 October 2014, CRE envisages that this capacity will be sold in the form of annual products through an auction covering four years with a reserve price equal to the regulated price.

**Question 8:** Are you in favour of the allocation rules envisaged by CRE for the allocation of South to North capacity?

## **2.7 Market coupling**

Market coupling at the North-South link is an implicit capacity marketing mechanism that allows gas to be bought in the North zone and the corresponding volume to be sold in the South zone for the following day or vice-versa depending on the price spread between the PEG South and the PEG North.

Since 1 April 2013, 30 GWh/d of interruptible capacity has been devoted to the market coupling mechanism in the North to South direction. Capacity not sold following market coupling is reintegrated into the “use-it-and-buy-it” capacity offer.

The functioning of market coupling will be reviewed in 2013. At this stage, CRE intends to extend the market coupling mechanism as from 1 April 2014.

**Question 9:** Do you think that the interruptible capacity devoted to market coupling must be maintained as from 1 April 2014?

## **3. Capacity allocation at the PIR Midi**

The most recent allocation of seasonal capacity at the PIR Midi took place in April 2013. Capacity was sold via an open subscription period on a pro rata basis. Only a portion of capacity was effectively sold.

### **3.1 Quantities and products sold**

With regard to the PIR Midi, 198 GWh/d and 106 GWh/d of firm capacity would be sold respectively at the entry and exit point of the TIGF zone.

Capacity available at this interconnection will no longer be sold as from 1 April 2015, date at which the South PEGs and the TIGF PEG will be merged. As a result, all of the capacity available between 1 April 2014 and 31 March 2015 will be sold.

In keeping with the products sold at the North-South link, CRE envisages the commercialisation of:

- a six-month “readjustment” product starting as at 1 April 2014;
- a six-month product from 1 October 2014 to 31 March 2015.

### **3.2 Allocation rules**

CRE considers that it is not appropriate to develop the information system to implement auctions at the South-TIGF interface. This development would be used no more than twice, for products starting as at 1 April 2014 and as at 1 October 2014, and would provide little advantage given that there is no congestion at the PIR Midi.

Therefore, CRE envisages that GRTgaz and TIGF reapply the simple pro rata system for the two six-month products. The tariff for this product would be set on a *pro rata temporis* basis, i.e. 50% of the regulated tariff for annual capacity set by CRE.



Following previous allocations, CRE proposes that the commercialisation of capacity at the PIR Midi takes place after the sale of capacity at the North-South link. Given the absence of congestion at the PIR Midi, this would enable shippers to know their level of allocation at the North-South link in order to better adjust their capacity need at this interface.

**Question 10:** Are you in favour of the allocation rules proposed by CRE for capacity at the PIR Midi as from 1 April 2014?

#### **4. Capacity allocation at the interface between TIGF and Spain**

Capacity at Larrau was increased to 165 GWh/d as at 1 April 2013 in both directions. The last commercialisation of capacity available at Larrau took place in November 2012 for the period from 1 April 2013 to 30 March 2014. All capacity offered in the France to Spain direction, i.e. 18.4 GWh/d was sold on a pro rata basis. No capacity was sold in the Spain to France direction.

##### **4.1 Quantities and products sold**

18.4 GWh/d and 33 GWh/d of annual firm capacity is available respectively at the entry and exit point of the TIGF network towards Spain in Larrau as from 1 April 2014.

In keeping with the products sold at the North-South link, CRE envisages the commercialisation of:

- a six-month “readjustment” product starting as at 1 April 2014;
- annual products as from 1 October 2014.

##### **4.2 Allocation for the six-month product starting 1 April 2014**

###### *a) Selection of the allocation method*

It is envisaged as part of the south regional initiative, to auction capacity at the France/Spain interconnections as at 1 October 2014 at the latest. In that regard, CRE is in favour of TIGF and the Spanish TSOs accessing the PRISMA platform for the auctioning of their capacity.

The renewal of the simple pro rata system for the six-month readjustment product would be consistent with the rules envisaged at the North-South link and at the PIR Midi for products starting 1 April 2014. However, this question will have to be addressed within the framework of the south regional initiative.

###### *b) Sale timetable*

Following previous allocations, CRE is in favour of the commercialisation of capacity at Larrau after the sale of capacity at the North-South link.

##### **4.3 Allocation for capacity available as from 1 October 2014**

In compliance with work in progress within the framework of the south regional initiative, CRE intends to retain the rules for auctioning capacity at the interconnections with Spain.

Within this framework, the 18.4 GWh/d of capacity available represents approximately 11% of maximum technical capacity (165 GWh/d). According to the CAM code, at least 10% of technical capacity shall be sold as short-term products with a duration of less than a year. At this stage, CRE is in favour of this capacity being sold in the form of quarterly products.

The capacity available would be sold in compliance with the timetable laid out by the CAM network code, i.e. in June 2014 for quarterly products going from 1 October 2014 to 30 September 2015.

Following the recommendations of the CAM network code, a virtual interconnection point with Spain combining capacity at Larrau and at Biriadou may be created. The distribution of this capacity among the different maturities may be reviewed if this virtual point is created.

**Question 11:** Are you in favour of the allocation rules envisaged by CRE for capacity starting 1 April 2014 at Larrau and Biriadou?

## 5. Management of surplus revenue from allocation through auctioning

The implementation of auctions may lead to capacity prices that exceed the auction reserve price, which will be equal to the regulated tariffs.

For each interconnection point, the CAM network code provides for a distribution of the surplus revenue from auctions among the TSOs concerned. It defines a default rule that distributes the surplus equally to each TSO.

The ATRT5 tariff decision provides that the rules for the management of this surplus for capacity available as from 1 April 2014 will be defined by CRE after TSOs have submitted proposals and discussions have taken place within Concertation Gaz.

CRE is generally in favour of the application of the default rule for the distribution of any surplus revenue, i.e. a 50/50 distribution to the TSOs concerned.

With regard to interconnections with Spain, the application of this rule is envisaged within the framework of the south regional initiative.

Regarding the North-South link, the application of this rule would lead to the allocation of all of potential surplus revenue to GRTgaz.

CRE considers that GRTgaz and TIGF will have to return all of the surplus revenue from auctions. The principles governing the redistribution of this surplus are being defined in the draft framework guideline on the harmonisation of the tariff structures of transmission networks.

It is necessary to define the arrangements for returning to users of transmission networks any surplus revenue received by the French TSOs. Following the work conducted as part of Concertation Gaz, CRE analysed three different types of mechanisms.

### **5.1 Transfer of surplus revenue from auctions to the regulatory account (CRCP)**

The rules for the management of the CRCP would lead to the homogenous redistribution to users of the transmission network over a period of four years and across all tariff charges.

#### **Preliminary analysis**

This is the simplest option since it does not require the tariff rules to be changed. However, it does have the following disadvantages:

- the surplus revenue from auctions would be fully paid back to users only four years after the year in which the capacity is used;
- with regard to the North-South link, the surplus would be redistributed indifferently to users of GRTgaz's North and South zones, whereas, under the current market conditions, only shippers booking capacity at the North-South link would be exposed to the additional costs from auctions.

For these reasons, CRE is not in favour of this option at this stage.

**Question 12:** Do you agree with CRE's unfavourable analysis of the transfer of surplus revenue from auctions to the CRCP?

### **5.2 Transfer of surplus revenue from auctions to a regulated account for investment funding**

This solution would lead TSOs to use the surplus revenue from auctions to finance investments aimed at decongesting the network.

#### **Preliminary analysis**

A similar mechanism was implemented within the framework of the third tariff for the use of public electricity networks (TURPE3) for RTE (French electricity transmission system operator).

However, CRE did not renew this mechanism within the framework of the new RTE tariff (TURPE4), since the sums allocated to it were subject to corporate tax and deduction of dividends. Therefore, if this mechanism was implemented for the TSOs, only a portion of the surplus would be effectively available for financing investments.

For these reasons, CRE is not in favour of this option at this stage.

**Question 13:** Do you agree with CRE's unfavourable analysis of the transfer of surplus revenue to a regulated account for investment funding?

### **5.3 Redistribution on an annual basis to shippers delivering to end customers**

At this stage in its analysis, CRE is in favour of redistributing on an annual basis surplus revenue to shippers delivering to end customers.

This option would lead to the redistribution, each year, of surplus revenue from auctions to all shippers supplying end clients. Each year, GRTgaz's and TIGF's tariffs will have to be adapted so that the surplus revenue generated in a particular year is redistributed during that same year.

This redistribution may be done in the form of a decrease in certain tariff charges or a discount on the transmission bill proportional to the volumes delivered by each shipper. At this stage, CRE is rather in favour of the first of these two options.

It is currently in favour of the full redistribution of the surplus revenue at the North-South link to shippers delivering to customers in the south of France. As such, there would be no rise in the global transmission bill related to auctions at the North-South link.

For the period from 1 October 2014 to 31 March 2015, GRTgaz would transfer all of the surplus revenue related to auctions at the North-South link to shippers delivering to clients in the GRTgaz South zone, and TIGF would transfer 50% of the surplus revenue related to the auctioning of bundled products at interconnections with Spain to shippers delivering to clients in the TIGF zone.

The transfer would take the form of a decrease in the tariff charges for delivery capacity, transmission on the regional network and exit capacity of the main network. The tariff charges at the France/Spain interconnections and at the North-South link would not be concerned by this decrease since they would be the auction reserve price for the year in question. Modifying the reserve price depending on the result of auctions would disturb the functioning of the auctions and may have an inflationary effect.

As from 1 April 2015, date at which the common South-TIGF PEG is set to be created, the surplus revenue of TIGF at the France-Spain interconnections and of GRTgaz at the North-South link may be pooled. In that instance, the redistribution will be carried out homogeneously for all users of the GRTgaz South and TIGF balancing zones. The arrangements for the common management of any surplus revenue from auctions will have to be discussed and decided.

**Question 14:** Are you in favour of the full redistribution of the surplus revenue at the North-South link on an annual basis to shippers delivering to customers in the south of France?

**Question 15:** Do you prefer a redistribution in proportion to the downstream capacity booked or volumes delivered?

**Question 16:** Are you in favour of TIGF's and GRTgaz's surplus revenue being pooled from 1 April 2015?

## **6. List of questions**

**Question 1:** Do you have the same need for visibility as expressed in Concertation Gaz? Do you think that the four-year duration envisaged by CRE for North-South capacity is adequate?

**Question 2:** Are you in favour of allocation proportional to physical delivery commitments for the six-month readjustment product as from 1 April 2014 at the North-South link?

**Question 3:** Do you support the allocation rules envisaged?

**Question 4:** Are you in favour of the allocation rules proposed by CRE for the commercialisation of capacity available from 1 October 2014?

**Question 5:** Are you in favour of the rule for limiting individual requests to a third of the capacity sold?

**Question 6:** Are you in favour of CRE's proposal to sell in March 2014, capacity available from 1 October 2014?

**Question 7:** What do you think of Elengy's proposal? What do you think of GRTgaz's proposal? Are you in favour of the proposal to reserve 50 GWh/d of interruptible capacity in the form of monthly products in order to implement Elengy's proposal?

**Question 8:** Are you in favour of the allocation rules envisaged by CRE for the allocation of South to North capacity?

**Question 9:** Do you think that the interruptible capacity devoted to market coupling must be maintained as from 1 April 2014?

**Question 10:** Are you in favour of the allocation rules proposed by CRE for capacity at the PIR Midi from 1 April 2014?

**Question 11:** Are you in favour of the allocation rules envisaged by CRE for capacity starting 1 April 2014 at Larrau and Biriadou?

**Question 12:** Do you agree with CRE's unfavourable analysis of the transfer of surplus revenue from auctions to the CRCP?

**Question 13:** Do you agree with CRE's unfavourable analysis of the transfer of surplus revenue to a regulated account for investment funding?

**Question 14:** Are you in favour of the full redistribution of the surplus revenue at the North-South link on an annual basis to shippers delivering to customers in the south of France?

**Question 15:** Do you prefer a redistribution in proportion to the downstream capacity booked or volumes delivered?

**Question 16:** Are you in favour of TIGF's and GRTgaz's surplus revenue being pooled from 1 April 2015?

## 7. Indicative timetable envisaged

Tuesday, 26 June 2013: closing of the present consultation;

CRE invites all interested parties to submit their contributions by 26 June 2013 at the latest:

by email to the following address: [dirgaz.cp1@cre.fr](mailto:dirgaz.cp1@cre.fr);

by contributing directly on CRE's website ([www.cre.fr](http://www.cre.fr)), in the section "Documents/  
Public consultations";

by post: 15, rue Pasquier - F-75379 Paris Cedex 08 – France;

by contacting the Gas Infrastructure and Networks Department: + 33.1.44.50.41.44

Please state clearly whether you wish for your contribution to remain confidential.