



Gazprom Marketing & Trading Limited Response to

Public Consultation on the update of tariffs for third party access to the transmission network from 1st April 2014

GM&T is the UK registered wholly-owned subsidiary of Gazprom Group ("Gazprom"), responsible for the optimisation of Gazprom's energy commodity assets through GM&T's marketing and trading network. GM&T Ltd is active as a trader and marketer of gas at various points in Europe, and especially in France. It is also engaged in the Retail business through its subsidiary Gazprom Marketing and & Trading Retail Ltd. Therefore, it has a keen interest in ensuring a workable French gas market on both points of views.

Question 1: *Are you in favour of the recommendations of the study on the tariffs at PITS? What in your view is the most appropriate factor between tariffs at PITS in TIGF area and at PITS in the GRTgaz South area?*

GM&T Ltd welcomes any initiative resulting in an increase of level of competition in the underground storage sector in France. The underground gas storage activity is an essential component of a well-functioning gas market and more competitive access in this sector is essential to boost the development of competition in the rest of the market and achieve lower costs of supply for end-customers.

Therefore, GM&T Ltd supports the recommendation of the study performed by Poyry and accepts a stabilisation of the tariffs at the PITS in GRTgaz South balancing zone while tariffs at PITS in the TIGF zone will decrease in order to create a common level playing field between storage operators in France.

GM&T Ltd has little view on what exact factor should be taken into account to differentiate between PITS in the GRTgaz area and PITS in the TIGF area. This is a difficult subject as entry/exit capacity in the GRTgaz area is climatic and, by definition, their availability will largely depends on the climatic conditions that can vary from a year to another.

Therefore, GM&T does not have all the elements necessary to provide a view on this specific value, which is a decision to be taken by the regulator on the basis of the statistical data provided by the SSOs.

Question 2: *Do you consider that it is necessary to harmonise the tariffs structure at PITS between GRTgaz (entry into storage more expensive than exit from storage) and TIGF (entry into storage less expensive than exit from storage)? If yes, in which direction?*

As discussed at Question 1, GM&T Ltd thinks that it is important to have a common level playing field between storage operators in France. However, we currently have no view whether the common model to adopt should be the one in place in GRTgaz area or in TIGF area and both possibilities can be envisaged.

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Question 3: *Are you in favour of the proposal to maintain the North-South capacity tariff at the same level in nominal euros from 1st April 2014?*

GM&T Ltd agrees on maintaining the level of the North-South capacity tariff at the current level for next year. However, this should be reassessed next year during the consultation on the grid tariffs from 1st April 2015.

Question 4: *Are you in favour of maintaining the level of entry tariffs and transit tariffs at their level? Do you prefer to maintain it in nominal euros or in real euros?*

GM&T Ltd fully shares the analysis made by CRE with regard to the level of entry tariffs into France and hence supports the proposal to freeze entry tariffs until the end of ATRT5. This would be a positive signal sent to upstream shippers and will ensure that the French market does not marginalise in Europe due to high entry costs.

GM&T Ltd would prefer seeing the tariff maintained as they are in nominal euros (euros courant).

Question 5: *Are you in favour of a tariff for quarterly products as one third of the annual tariff when the interconnection point is not congested?*

Are you in favour of a tariff for quarterly products as one quarter of the annual tariff when the interconnection point is congested?

GM&T Ltd does not really see the point in differentiating the tariffs for quarterly products based on the potential congestion at such point. Indeed, this could also apply to monthly and daily products if they haven't been booked during the quarterly auctions. Considering this measure is not proposed in the Memorandum of consultation, there is no benefit in introducing such rule for quarterly products only.

In fact, GM&T Ltd would have appreciated more explanations from stakeholders about this proposal. What is the rationale behind it? What is the interest for the market? Why should this apply only to quarterly products? Such questions must be answered before taking a decision on the matter and a discussion at COncertation Gaz seems to be needed.

The introduction of the Tariffs Network Code will reopen this debate, as different multipliers for non-congested and congested IPs could be introduced. However, this should be done at a later stage and cover the whole tariffs grid of GRTgaz and not only quarterly tariffs. Of course, this should be undertaken in consultation with market participants.

Question 6: *Are you in favour of CRE's proposal to redistribute directly after the auctions the potential premiums gathered to shippers supplying final customers according to a pro-rata based on the volumes delivered?*

Are you in favour of the application of such a principle for the redistribution of the premiums to interconnection points in the North of France and at the interface with Spain?

No, GM&T Ltd strongly disagrees with the principles of the redistribution expressed by CRE in the Memorandum of consultation.

Under this proposal, a shipper active only upstream will pay for the cross-border capacity, bear all the risks linked to the fluctuation in the price of the booking, but not get anything in return for taking such risks. In fact, the downstream shippers will quietly buy gas from the hubs and wait for a potential premium to be

redistributed to them, without having taken any risk. Moreover, it remains highly unclear whether the final customers will benefit from these premiums.

Therefore, CRE proposal could not be envisaged and accepted. In the short term, and waiting for the creation of some EU rules on this subject (probably through the incremental capacity workstream), premiums should be used to decrease the reserve price of capacity proposed during auctions.

Question 7: *Are you in favour of CRE's proposal to reduce to zero the cost of the within-day flexibility service from 1st April 2014?*

GM&T Ltd is in favour of this proposal to set at zero the cost of the within-day flexibility service.

Question 8: *Are you in favour of CRE's proposal to apply the same tariff at PITTM Dunkirk than at PITTMs Montoir and Fos? Are you in favour of the 45€/MWh/d/y for capacity at the PIR Veurne?*

Considering that the future PITTM Dunkirk and the infrastructures created to accommodate these volumes will benefit to the whole market, it seems rationale to apply to the PITTM Dunkirk the same tariff as for the other PITTMs in France.

With regard to PIR Veurne, it is difficult to provide an opinion so far on the matter as this Exit point may operate differently from the other interconnection points in France, considering its particularities. Will there be firm capacity at this point? How will this be operated in the current times of low LNG deliveries? What will happen if nominations at the point are over the send out at Dunkirk? Will there be any odorised gas shipped through this point? These questions must have answers before providing a comment to the questions asked.

if this interconnection point will be subject to the same provisions to other interconnection points, then the same tariff methodology should apply to avoid discrimination.

Question 9: *Are you in favour of the inclusion of the JTS in the CRCP?*

GM&T Ltd thinks that such a mechanism could be integrated into the CRCP as soon as it is confirmed as part of the offers of services proposed by GRTgaz.