

Question 1 : Partagez-vous le bilan globalement positif du cadre tarifaire mis en oeuvre par la CRE depuis 10 ans ?

In the assessment we read that part of the drivers behind the increased costs of GRTGaz and Terega are to be found in the process of unbundling from the respective mother companies and in the implementation of the EU Network Codes. While no evidence of such impact is offered, one would expect rather the opposite outcome as both processes were aimed, inter alia, at improving the functioning of the market and the efficiency of its underlying operations. Should the opposite be true, in particular with respect to the impact of unbundling, it would be very important for the market to understand why and to what extent the process has generated increased costs.

In general, more transparency on the drivers behind the evolutions of the cost basis of all the system operators is strongly recommended as the level of granularity behind what currently provided is not enough to draw any conclusion and/or make any substantive evaluation.

Question 2 : Partagez-vous les grands enjeux identifiés par la CRE pour la prochaine génération de tarifs ?

While in general we agree with the overarching challenges identified, we would like to stress that any form of incentive should be pondered in the context of a fair participation to the market and avoiding any form of discrimination.

Question 3 : Considérez-vous comme la CRE qu'une durée de la période tarifaire de 4 ans est adaptée pour l'ensemble des tarifs ?

We do not have strong views on the duration of the regulatory period and we regard the 4year period as acceptable. However, in the context of this consultation we would like to invite the CRE to reconsider the start and end of the tariff year (for GRTgaz and Terega) to align it to the validity period of other MSs, with our preference going for matching the tariff year with the gas year, or alternatively with the solar year.

Question 4 : Etes-vous favorable à la publication par les opérateurs de prévisions indicatives du tarif au-delà de la période tarifaire en cours et sur 4 années glissantes ?

Any opportunity to increase the level of visibility on tariff evolution is very much welcome, especially if combined with reduced tariff instability. In this context we would like to remind the CRE that the simplified model for GRTGaz and Terega should become available not later than May 31st, 2019.

Question 5 : Etes-vous favorable aux principes de fonctionnement du CRCP envisagés par la CRE ?

We consider the proposal to cap to +/- 2% tariffs variations on a year to year basis reasonable.

Question 8 : Etes-vous favorable à la reconduction du mécanisme incitant les opérateurs à maîtriser leurs charges de capital au même titre que leurs charges d'exploitation sur un périmètre d'investissement « hors réseaux » ? Le cas échéant, pensez-vous que les systèmes d'information de pilotage du réseau ou de mise à disposition des données devraient être exclus du périmètre « hors réseaux » incité et faire l'objet d'une régulation « classique » avec inclusion automatique dans la BAR des investissements réalisés ?

We believe that to the extent the relevant IT systems can contribute to the efficient utilisation of the networks, possibly reducing investment in alternative areas, it would be acceptable for them to be included in the regulated asset basis following a “classic” approach realised investment.

Question 15 : Partagez-vous la position préliminaire de la CRE selon laquelle une rémunération explicite des actifs amortis toujours exploités n’est pas souhaitable ?

Responding with the GRTGaz and Terega networks in mind, as a general principle we believe it would be appropriate to extend the depreciation period of relevant assets beyond the current standard accounting periods, matching the actual technical life of the assets.

Such decision would prove beneficial on multiple levels. In the short term it would lower transmission tariffs, while in the mid to long-term it would send a signal to the market about the future role of natural gas, as well as with respect to the readiness of the system to cater for the penetration of renewable gas when the market will so demand.

Notably, once the above is implemented a mechanism for an explicit remuneration of the costs incurred in the utilisation of already depreciated assets would no longer be necessary.

Question 16 : Partagez-vous la position préliminaire de la CRE selon laquelle une rémunération explicite des subventions d’investissement n’est pas souhaitable ?

We support CRE’s proposal. Any deviation from such solution would de facto constitute a form of double compensation for the system operators.

Question 17 : Etes-vous favorable aux évolutions des modalités de calcul de la rémunération des actifs des opérateurs, envisagées par la CRE, et principalement la différenciation des taux de rémunération des actifs historiques et des nouveaux actifs ?

We accept that the level of remuneration should reflect the cost of financing at the point in time when the investment is taken.

Question 22 : Etes-vous favorable à la définition des coûts échoués proposée par la CRE ?

We support the proposal.

Question 23 : Etes-vous favorable aux principes que la CRE propose de retenir pour le traitement des coûts échoués et qui sont ceux déjà en place dans l’ATRT ?

We support the proposal.

Question 29: Are you in favour of the approach envisaged by CRE to incentivise operators to promote innovation by all players?

First and foremost, we insist on the point that for both gas and electricity TSOs (and DSOs), strict unbundling principles must be observed. All activities that are not related to system management should be considered in the competitive domain, and hence the regulator ought to exercise scrutiny as to what should or should not be part of TSOs and DSOs’ R&D projects and strategy.

The recently approved recast Electricity Directive (part of the Clean Energy Package) reaffirms this principle by making clear that TSOs and DSOs shall not own or operate, e.g. energy storage

installations or electrical vehicle charging points. We hope to see similar principles enshrined in upcoming reforms of EU legislation pertaining to gas.

Hence, we agree, broadly speaking, that there should be a mechanism to allow TSOs to recover costs associated for R&D projects, but only as long as these projects are strictly related to the fulfilment of their tasks of system operators and neutral market facilitators.

Question 33 : Avez-vous toute autre proposition ou remarque sur le cadre de régulation tarifaire ?

In response to this question we would like to refer to the EFET letter sent to your Office on 20 February 2019 and confirm our understanding that the envisaged consultation schedule, which aims at setting new gas transportation tariffs in April 2020 with a final decision taken in November or December 2019, is NOT compliant with the EU TAR Network Code.

We base this interpretation on the provisions of both Article 29 and Article 27.5 of the EU TAR Code:

1. Article 29 (TAR NC) states that one month before the yearly auctions *“the reserve prices applicable until at least the end of the gas year beginning after the annual yearly capacity auction”*. This means that the tariffs available ahead of the July 2019 auctions will have to stay valid at least until the end of September 2020;
2. Article 27, par. 5 (TAR NC) states that *“the procedure consisting of the final consultation on the reference price methodology [...], the decision by the national regulatory authority [...], the calculation of tariffs on the basis of this decision, and the publication of the tariffs [...] shall be concluded no later than 31 May 2019”*. This means that time has already run out and any decision taking place after the end of May will lead to invalid tariff for the next gas year.

Against this background we strongly recommend the CRE to go forward with the envisaged consultation processes, and possibly even take a decision by December 2019, but only consider the new tariffs as valid not earlier than October 2020. Alternatively, the ATRT 6 could last until end of March 2021 with the new tariffs decided upon in December 2019 only becoming applicable from April 2021.

Both options would avoid a situation where the application of non-compliant tariffs may lead to network users to legally challenge the newly approved tariffs. The second one would have the additional benefit of avoiding regulatory instability on the French gas market as it would leave unchanged the duration of the current regulatory period.