

*By mail only*

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Milan, 30<sup>th</sup> April 2019

**Subject: Public consultation No 2019-006 of 27 March 2019 – Relating to the structure of the next tariff for the use of the natural gas transmission networks of GRTgaz and Teréga**

We welcome the opportunity to provide some initial comments on the main features of the new ATRT7 tariff structure, as described by CRE in the consultation document at hand.

We acknowledge that - according to Regulation (EU) 2017/460 - a second, more comprehensive, consultation will be published in the coming months, nevertheless we deem important to submit, already at this stage, some elements of concern raised by CRE's initial proposal.

The Italian regulator actively supports any regulatory mechanism intended to foster a well-functioning and better integrated European gas market allowing a stronger alignment of the prices at the hubs, that's why it looks with great interest to the new ATRT7 decision by

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CRE as it will significantly influence the costs related to the transportation of gas from TTF gas hub to the Italian PSV and eventually the Italian gas price.

CRE's document provides a synthetic description of the current development of the French natural gas transmission network, as well as of the capacities available at the main entry and exit points of the network, including storage sites and LNG terminals.

We appreciate the similarities between the French and the Italian natural gas systems, mainly designed to supply the internal consumption by external sources, with a significant internal storage capacity and the presence of old regulated LNG terminals together with newer merchant ones; therefore we deem easy to understand the rationale of some measures designed by the French regulator as they resemble some of those applied by the Italian regulator, mainly the auctioning of the storage capacities and the possibility to transfer booked capacities at entry points.

Nevertheless, we find it difficult to share the envisaged decision to keep, also for ATRT7, a simplified mechanism to calculate the distance of the cross-border exit points which seem to be neither duly justified by the provided description of the French gas system, nor compliant with the EU Regulation. The intended adoption of the simplified determination of the distances of the cross-border exit points, which will imply that the costs related to exiting the French system will be calculated as all the gas entered the French system at Dunkerque PIR, would negatively discriminate the cross-border exchanges favouring the domestic points over the cross border ones.

The French system, as described in CRE's consultation document, is now a well interconnected gas system, with several active supply routes, a developed meshed transmission network and a liquid virtual trading point thus considering Dunkerque as the only possible entry point used to export gas to neighbouring system appears as potentially incoherent and not fully justifiable. In particular this simplified approach may prove even more inadequate now that a significant part of the German TENP pipeline system is out of service, and the French system is more and more used to transport gas towards foreign markets.

We invite CRE to consider a possible revision of this element of the tariff methodology and in order to support such revision we would welcome the opportunity to

discuss and cooperate with you at technical level also to provide additional considerations on the potential utilization of the French system from the perspective of a downstream market.

Yours sincerely,



Stefano Besseghini