

Deliberation of the French Energy Regulation Commission (CRE) of 31 March 2011 for the communication on the Ten-Year Network Development Plan 2011-2020 published by ENTSOG¹

The aim of the present communication is to examine the consistency of the ENTSOG ten-year network development plan with the gas infrastructures projects in France, and to evaluate the development perspectives of the North-South corridor in Western Europe. CRE is anticipating a legislative and regulatory evolution related to the implementation of the Third Energy Package.

1. Context of CRE's communication

1.1 Legal background

The Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas foresees new obligations for Transmission System Operators (TSOs) and gives new powers for National Regulatory Authorities (NRAs) regarding the monitoring of investments.

At the European level, ENTSOG shall define a non-binding Community-wide ten-year network development plan every two years, after an extensive consultation process, involving all stakeholders². The Agency for the Cooperation of Energy Regulators (ACER) shall provide an opinion on the plan and monitor its implementation, after checking its consistency with the national plans³.

At a national level,

- TSOs shall submit to the regulatory authorities, after consultation of all stakeholders, a ten-year network development plan based on existing and forecast supply and demand. This plan shall indicate the main transmission infrastructures that should be built or upgraded over the next ten years, list the already identified investments, identify new investments which will have to be executed in the next three years and provide for a time frame for each investment project.
- The national regulatory authorities shall organise a public consultation on TSOs ten-year network development plans and publish the synthesis of the consultation. Regulatory authorities shall also examine the consistency with the European ten-year network development plan published by ENTSOG, and if any doubt arises, consult ACER. They may also require the TSOs to amend their plan⁴.

1.2 Ten-year network development plan published by ENTSOG

Without waiting for the applicability of the Regulation (EC) n° 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks, ENTSOG published, on 17 February 2011, a ten-year development plan for the European network for 2011-2020. Presenting notably the gas infrastructures projects in Europe identified on 30 September 2010, this plan is based on the data collected from European TSOs and on those communicated by projects sponsors, following to an online questionnaire published on 5 July 2010.

¹ European Network of Transmission System Operators for Gas

² Article 8 § 3-b and Article 10 of the Regulation (EC) n° 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks.

³ Article 6 of the Regulation (EC) n° 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing and Agency for the Cooperation of Energy Regulators.

⁴ Article 22 of the Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas.

ENTSOG ten-year network development plan includes three main chapters:

- The identification of the infrastructures projects for transmission, LNG terminals and storage, with a distinction between Final Investment Decisions (FID) projects and non-FID projects;
- The forecasts of the evolution of the European gas supply and demand ;
- The modelling of the integrated European network with an analysis of the resilience of the system, based on supply disruption scenarios and an assessment of the market integration level.

2. Consistency between ENTSOG ten-year network development plan and gas infrastructures projects in France

French TSOs (TIGF and GRTgaz) publish every year indicative ten-year network development plans, since 2006 for GRTgaz and since 2007 for TIGF. Thus, they are already compliant with the new obligations regarding investments as stated in the Directive 2009/73/EC, which will be soon implemented in the French legislation⁵.

2.1 Consistency between ENTSOG ten-year network development plan and ten-year network development plans of GRTgaz and TIGF

The consistency is assessed on the basis of a comparison between the ten-year network development plans 2010-2019 of GRTgaz and TIGF with the plan 2011-2020 recently published by ENTSOG.

Concerning FID projects, the ten-year network development plan of ENTSOG identifies:

- the development of interconnection capacities with Spain, in the two directions, at the interconnection points of Larrau in 2013 and Biriadou in 2015, as well as the corresponding reinforcements for the TIGF (the Bearn and the Guyenne pipelines projects) and GRTgaz (Chazelles compression station) networks;
- the development of interconnection capacities from Belgium to France at the interconnection point of Taisnières in 2013.

These projects, decided after open seasons procedures lead by GRTgaz and TIGF and coordinated with adjacent operators, are taken into account in the ten-year network development plans of the French TSOs.

Concerning the non-FID projects, ENTSOG ten-year network development plan considers:

- GRTgaz network reinforcements necessary to connect the new Dunkirk or Fos Faster LNG terminals or to the Fos Tonkin and Fos Cavaou terminal extensions;
- the development of the North-South axis including the reinforcement of the link between GRTgaz North and GRTgaz South zones, the interconnection between TIGF and GRTgaz networks and the creation of a new interconnection point between France and Spain at Le Perthus (Midcat project);
- the development of the interconnection from France to Belgium at the interconnection points of Taisnières and Veurne;
- the development of the interconnection with Switzerland at the interconnection point of Oltingue;
- the connection of Corsica to the GALSI project (pipeline connecting Algeria, Sardinia and Italy).

On all these mentioned projects, the ten-year development plans of the TSOs are consistent with ENTSOG's plan.

The GRTgaz network reinforcement, linked to a potential expansion of Fos Cavaou LNG terminal by 2020, identified in the ENTSOG plan, does not appear in the GRTgaz ten-year plan as it only concerns the 2010-2019 period.

As a conclusion, CRE notes that the ten-year network development plans of the French TSOs are consistent with the ten-year plan published by ENTSOG.

⁵ By an ordinance as stated by article 4 of the law n° 2011-12 of 5 January 2011 for the adaptation of the national legislation to the EU legislation

CRE invites GRTgaz and STMFC (the company operating Fos Cavaou LNG terminal) to analyze the impacts on the transmission network of the expansion of the Fos Cavaou LNG terminal when preparing the GRTgaz ten-year network development plan for 2011-2020.

2.2 Inclusion of the storage and LNG terminals projects announced in France in the ENTSOG ten-year network development plan

In accordance with ERGEG recommendations, ENTSOG questioned storage and LNG terminals project sponsors on technical and financial data of their projects.

Concerning underground storages, the technical data introduced in the ENTSOG plan are consistent with those communicated by Storengy. However, the expansion project of Lussagnet storage project over a ten year period is not included in the ENTSOG plan, while TIGF was granted a licence by the decree of 9 April 2008.

As for LNG terminals projects identified by ENTSOG, CRE notices that the Dunkirk LNG project is not considered, while its connection to GRTgaz network is included in the chapter dedicated to gas transmission networks.

Furthermore, ENTSOG mentions in its ten-year plan that some operators, notably storage and LNG terminals project sponsors in France, did not communicate the costs estimates of their projects.

Although the analysis on the storage and LNG facilities by ENTSOG is not an explicit obligation of the Regulation (EC) n°715/2009, CRE considers it useful for all stakeholders. CRE thus invites operators of gas infrastructures projects in France to communicate to ENTSOG all the necessary data in the future.

3. Development of the North-South corridor in Western Europe

In its communication on the energy infrastructure priorities for 2020 and beyond⁶, the European Commission has notably identified the development of the North-South Corridor in Western Europe as a priority in order to maximize opportunities of LNG supply for the Northern European gas market from the Iberian Peninsula and French coasts.

The ten-year network development plan of ENTSOG identifies two congestions, including one in France, limiting the access of LNG shipped from Southern Europe to the Northern European market. The plan also mentions that, in 2020, despite the expected development of interconnection capacities between France and Spain, the French congestion will still hamper LNG maximisation in Iberian Peninsula and France and its spread further into the European gas network.

The existence of this congestion is also mentioned in the GRTgaz ten-year network development plan.

CRE welcomes European work on a new energy infrastructure package as well as the identification of the North-South corridor of Western Europe. CRE considers that France has a crucial role to play in the development of this corridor along with LNG entry points in Europe.

In this perspective, the open seasons realised in 2009 and 2010 in the framework of the ERGEG South Gas Regional Initiative will lead to the creation of 7.5 Gm³/year of new interconnection capacities between France and Spain. The creation of a new interconnection at le Perthus was not approved due to insufficient demand from market players, not allowing the recovery of the necessary investments amounting 100M€ for Spain and 900M€ for France.

However, the work on this issue is still ongoing, notably at the European level. Within the framework of ERGEG, a working group was created on the appropriate cost allocation of European gas projects. Within the South GRI, CRE and CNE are considering to launch a new open season for the development of interconnection between France and Spain.

In addition, GRTgaz asked CRE on 15 February 2011 to amend its annual investment program in order to launch the works on the ERIDAN project (doubling of the Rhône pipeline), enabling the reinforcement of the North-South axis of the French transmission network. GRTgaz' request is currently being examined by CRE.

⁶ Communication of the European Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the regions, "Energy infrastructure priorities for 2020 and beyond – A Blueprint for an integrated European energy network", (COM(2010) 677/4, 17 November 2010

CRE noted that since the commissioning of the Fos Cavaou LNG terminal in November 2010, the congestion between the North and the South of France decreased physically and contractually, but did not totally disappear.

Finally, different rules of gas odourisation represent a technical barrier for the spread of LNG coming from South Europe into the European gas network and to the development of new LNG terminals in France.

Several solutions are envisaged to settle this issue:

- a project of a gas deodorisation station at Taisnières;
- a new interconnection point at Veurne in order to export physically non odourised gas to Belgium;
- a study by GRTgaz of the evolution of the gas odourisation modalities in France

Signed in Paris, 31st March 2011

For the Energy Regulation Commission

The President,

Philippe de LADOUCKETTE