

Deliberation of the French Energy Regulatory Commission of 20 December 2012 concerning the examination of the ten-year development plan and approving the 2013 investment programme of TIGF

Present: Philippe de LADOUCETTE, Chairman, Olivier CHALLAN BELVAL, Jean-Christophe LE DUGOU and Michel THIOLLIERE, commissioners.

I. Context and purpose

1. European Framework

Directive 2009/73/CE of 13 July 2009 concerning the common rules for the domestic market for natural gas (referred to as the Directive of the “3rd Energy Package”) provides that ENTSOG¹ must adopt, every two years, a non-binding ten-year plan for the development of the European gas transport networks, after an open and transparent consultation, involving all of the stakeholders. ENTSOG published the first ten-year network development plan (TYNDP) on 17 February 2011.

The Agency for the Cooperation of European Regulators (ACER) must give an opinion on this plan and monitor its implementation, after the national regulators have verified its consistency with the national plans prepared by the French transmission system operators. ACER gave its first opinion on the plan published by ENTSOG on 16 September 2011.

2. Domestic framework

The French transmission system operators (TSO) each publish a ten-year indicative development plan. Article L. 431-6 of the French Energy Code makes the publication of these plans compulsory and provides that the plans are subject to examination by the French Energy Regulatory Commission (CRE).

In mid-October 2012, TIGF sent its ten-year development plan for the period 2012-2021 to CRE. CRE organised a round table on 29 November 2012 covering the ten-year plans of the transmission system operators, in order to ensure the coverage of the needs of the markets in terms of investment and also the consistency of the ten-year plans of the TSOs with the European ten-year plan published by ENTSOG. In the event of doubt on this last point, CRE can consult ACER and can request that the transmission system operators modify their ten-year plan.

Moreover, in application of articles L. 134-3.2 and L. 431-6-II of the Energy Code, the transmission system operators must submit their annual investment programmes to CRE for approval. TIGF was heard by CRE on 6 December 2012.

The purpose of this deliberation is, firstly, the examination of the ten-year development plan of TIGF, and also the approval of its investment programme for 2013.

¹ European network of transmission system operators for gas

II. TIGF ten-year network development plan

1. *Reminder of the main points of the ten-year development plan*

TIGF's plan describes the possible developments on its network, taking into account for the next ten years the consumption forecasts and the various projects for the development of adjacent infrastructures, whether decided on or simply under consideration.

This plan is published on the TIGF² web site.

2. *Summary of the round table*

On 29 November 2012, CRE organised a round table on the ten-year network development plans of GRTgaz and TIGF. Ten stakeholders were represented: three shippers, four infrastructure operators and three associations.

In general, a large majority of the stakeholders consider that the ten-year plans of the TSOs are consistent with the 2011-2020 plan of ENTSOG. They are satisfied with the level of detail of the ten-year plans.

The remarks that follow, which were made during the round table, concern certain particular points of the ten-year plans:

- Several stakeholders consider that the assumptions for changes in consumption selected by the TSOs are optimistic in the current market context;
- The majority of the stakeholders consider that the projects mentioned by the TSOs in the ten-year plans correctly identify the needs of the market;
- Some stakeholders indicated that they were not in favour, at this stage, of the decentralized odourisation project, partly because the cost/benefit ratio is considered uncertain, and also because of the possible consequences of the project on the safety conditions of the distribution networks;
- Three stakeholders considered that the development of interconnections with Spain should be slowed down in order to promote the consumption of gas as close as possible to the place of origin and to integrate all the gas infrastructure into the development decisions.

3. *Analysis of CRE*

a) Consistency of the TIGF ten-year plan with the ENTSOG plan

CRE considers that the plan communicated by TIGF is consistent with the plan published by ENTSOG.

b) Contents of the TIGF ten-year plan

CRE considers that the projects presented by TIGF in its ten-year plan are in accordance with the needs of the market.

It considers that the making available of detailed information concerning projects for the development of storage of which TIGF is aware is necessary for the regulator for perfectly understanding the outlook for development of the transmission network.

Section II of article L. 431-6 of the Energy Code provides that the first three years presented in the ten-year plan are binding for the network operators. Furthermore, this article provides that investments not made for reasons "*other than urgent reasons* [that the network operator] *does not control*" can be subject to realisation obligations. CRE can, if necessary, send a formal warning to the GRT or organise a call for tenders open to third-party investors.

For the period 2013-2015, TIGF plans to invest 176 M€ for projects dedicated to smoothing the operation of the network. In particular, TIGF plans to develop 60 GWh/d of capacities in both directions in Biriadou,

²http://www.tigf.fr/fileadmin/Nos_projets/Projets_transport/20121004_Publication_Programme_TIGF_%C3%A0_10_ans_FR.pdf

between now and 2015. However, the results of the 2015 open season allowed for confirmation of only the creation of 60 GWh/d of firm capacities in the Spain to France direction in Biriadou (see CRE-CNE joint press release dated 16 July 2010). CRE confirmed these results in its deliberation of 16 December 2010 and in this regard, the 60 GWh/d of capacities in the France to Spain direction can only be marketed in interruptible form, because marketing in the form of firm capacities would require additional investments on the GRTgaz network.

III. Investment programme of TIGF for 2013

By exercising its power of approval of the investment programmes of the gas transmission system operators, CRE oversees, as part of its mission, the making of the investments necessary for the proper functioning of the market and transparent and non-discriminatory access to the transmission networks.

This annual approval power is fully included within the objectives pursued through the implementation of Directive 2009/73/CE regarding the common rules for the domestic gas market, which reinforces the independence and the autonomy of the manager of the transmission network in terms of investments in the transmission network.

CRE based its decision for approval of the TIGF investment programme taking into account:

- The presence in the investment programme of projects for development of the network or the studies necessary for the proper functioning of the market;
- The transparent and non-discriminatory treatment of the stakeholders with regard to the connection of combined-cycle gas plants for example;
- The control of the cost of the projects appearing in the investment programme, particularly with regard to the impact on the rates for the use of the gas transport networks.

1. *Main elements of the TIGF annual investment programme for 2013*

The 2013 investment programme presented by TIGF was in the amount of 152 M€, in line with the planned budget of 153 M€ for 2013 in the ATRT5 tariff scheme. As a reminder, the programme approved for 2012 was 163 M€.

a) Investments dedicated to smoothing the operation of the network

The investment expenditures for projects for the development of the main TIGF network are 86 M€ in 2013. They concern essentially the reinforcement of the Guyenne pipeline for 48 M€ and the Adour pipeline for 32 M€, these projects are linked to the development of the capacities for interconnection with Spain in 2013 and 2015.

b) Investments in conjunction with the other purposes of the TIGF investment programme

The investment expenditures for projects for the reinforcement of the TIGF regional network represent 1 M€, a much lower budget compared with the 2012 estimate (11 M€).

The investment expenses for the projects for improvement of safety and the replacement of obsolete assets represent 40 M€ and are essentially linked to the implementation of the multi-fluid ruling of 4 August 2006.

The other investment expenses amounted to 23 M€, including 12 M€ for the information systems and 10 M€ for the construction of a single site to group together all TIGF personnel in the Pau metropolitan area.

c) Investments linked to study budgets for the projects not undertaken

The expenditures planned for the studies amount to 2 M€ and cover mostly projects for the connection of new facilities (electricity production plant, new delivery points) to the transmission network. TIGF indicates that all of the studies carried out are within the framework of connection study agreements which provide that, in the event of non-fulfilment, the associated study costs are covered by the project carriers involved.

2. CRE analysis of the TIGF annual investment programme for 2013

CRE observes that TIGF's investment expenses for 2013 are consistent with the ATRT5 tariff scheme and compliant with the past deliberations, as well as with the results of the 2013 and 2015 *open seasons*.

IV. Decision of CRE

1. Decision of CRE concerning the TIGF ten-year plan

CRE considers that the TIGF ten-year network development plan covers the needs in terms of investment and is consistent with the European plan developed by ENTSOG.

It asks TIGF to specify, in its 2012-2021 ten-year plan, the interruptible nature of the 60 GWh/d of exit capacities towards Spain at Biriadou, for which the development is planned between now and 2015. TIGF must also specify the conditions of their interruption before the sale of these capacities.

It also asks TIGF, for its next ten-year development plans, to provide detailed information concerning the storage development projects that it is aware of, regardless of whether reinforcement of the network would be necessary.

2. Decision of CRE concerning the TIGF annual investment programme for 2013

Within the framework of its missions, CRE approves the investment programme of TIGF for 2013. The investment programme approved is for 152 M€, broken down in the following manner:

In millions of euros	Year 2012 (approved)	Year 2012 (estimated)	Year 2013 (approved)
Main network – development	100.4 M€	76.0 M€	86.3 M€
Regional network – development	12.4 M€	11.1 M€	3.3 M€
Safety and maintenance	35.9 M€	30.6 M€	39.8 M€
Other	14.3 M€	13.4 M€	22.7 M€
Total	163.0 M€	131.1 M€	152.1 M€

The approval of the investment programme does not prejudice the tariff processing of these expenses.

All modifications of the investment programme must be submitted to CRE for approval. TIGF will present to CRE, during the month of June 2013, a report on the execution of this decision and on this occasion will give it information concerning the processing of the investment decision in the Sauveterre compression project.

Paris, 20 December 2012

For the Energy Regulation Commission

The Chairman,

Philippe de LADOUCETTE