

Deliberation of the French Energy Regulatory Commission of 4 April 2014 approving the evolution of the balancing rules for the GRTgaz and TIGF transmission networks as at 1 May 2014

Present at the session: Catherine EDWIGE, Olivier CHALLAN BELVAL and Michel THIOILLIERE, commissioners.

Pursuant to Article L.134-3 of the French Energy Code, the French Energy Regulatory Commission (CRE) approves the "*technical and financial rules drafted by the operators on the balancing of natural gas systems and the coverage of needs cited in Articles L.431-4, L.431-5 and L.431-8*".

The purpose of the present deliberation is to approve the evolution of the balancing rules for the GRTgaz and TIGF transmission networks as at 1 May 2014.

1. Background

The present deliberation falls within the framework of the development of the balancing rules for the natural gas transmission system towards the target balancing system defined by the French Energy Regulatory Commission (CRE) in its deliberation of 1 December 2011. This target balancing system aims to ensure the implementation of homogenous balancing rules across the entire French territory in compliance with the network code for balancing gas transmission systems developed by ENTSOG¹ as adopted through comitology on 2 October 2013. This network code is expected to apply from 1 October 2015, after publication in the Official Journal of the European Union.

In addition, the implementation of homogenous balancing rules for the GRTgaz and TIGF networks is necessary with a view to the creation as of 1 April 2015 of a common market place for the TIGF and GRTgaz South zones.

In January 2014, GRTgaz and TIGF forwarded to CRE proposals for developing the balancing rules applicable to their systems as at 1 May 2014. These proposals are contained in the Annex to the present deliberation.

They cover:

- the information made available to shippers by the transmission system operators (TSOs) concerning balancing;
- the charging of shippers' imbalances;
- the TSOs' interventions in the market to ensure physical balancing of their systems.

CRE carried out a public consultation from 6 February to 6 March in order to collect contributions from market players on the TSOs' proposals.

¹ European network of transmission system operators for Gas.

33 contributions were addressed to CRE:

- 13 from shippers or shipper associations: AFIEG, ArcelorMittal Energy (confidential), Antargaz, Direct Energie, EDF & EDF Luminus, EFET, ENI (confidential), GDF Suez, Gas Natural, Statoil, Total G&P (confidential), Tégaz (confidential), Wingas (confidential);
- 2 from associations: AFG, UPRIGAZ;
- 18 from infrastructure operators:
 - 12 LDCs (local distribution companies) - DSOs (distribution system operators) (Caleo (confidential), Energie Services Seyssel (confidential), Energis Régie de Saint-Avold (confidential), Energies Services Lannemezan (confidential), Energies Services Occitans (confidential), Gazelec Peronne, Gedia Seml, GEG Grenoble, Régie électrique de Villard Bonnot (confidential), RMMS la Réole (confidential), Veolia (confidential), Vialis Colmar);
 - GDF SUEZ Branche infrastructures, GrDF, GRTgaz, Storengy, SPEGNN, TIGF.

The non-confidential responses are published on CRE's website.²

2. Information made available to shippers by the TSOs

2.1. Summary of the TSOs' proposal

GRTgaz and TIGF proposed completing the consumption data of clients made available to shippers for balancing purposes, whether the clients are directly connected to the transmission systems or to the distribution systems.

a) Information on telemetered clients connected to the transmission systems

For clients connected to the transmission systems, GRTgaz and TIGF make available to shippers, on an hourly basis, with a one-hour difference, the hourly consumptions telemetered.

b) Information on non-profiled clients connected to the distribution systems

For non-profiled clients connected to the distribution systems, GRTgaz and TIGF propose to make available to shippers, as at 1 May 2014 (for GRTgaz) and by the end of 2014 at the latest (for TIGF) twice per day the aggregate intraday consumption per balancing zone and per shipper, forwarded by GrDF, Régaz-Bordeaux and Réseau GDS:

- the telemetered hourly consumption from 6:00 a.m. to 10:00 a.m. will be published at 1:00 p.m.;
- the telemetered hourly consumption from 6:00 a.m. to 2:00 p.m. will be published at 5:00 p.m.

The telemetered consumption of the other distribution system operators is currently being addressed in a study carried out jointly by the TSOs and the association of non-nationalised gas distribution companies (SPEGNN), to assess the level of information that may be transmitted given the costs that it might generate for the local distribution companies.

c) Information on profiled clients connected to the distribution systems

Since mid-2013, GRTgaz publishes a coefficient k_0 per balancing zone. These k_0 coefficients enable shippers to estimate the consumption of their profiled clients connected to the distribution systems. TIGF proposes to publish a similar k_0 coefficient for its balancing zone from May 2014.

Moreover, GRTgaz and TIGF, in collaboration with GrDF, Régaz Bordeaux and Réseau GDS propose to publish, from May 2014, per balancing zone and per shipper, the consumption forecasts for profiled clients

² <http://www.cre.fr/documents/consultations-publiques/evolution-des-regles-d-equilibrage-sur-les-reseaux-de-transport-de-grtgaz-et-tigf-au-1er-mai-2014>

connected to the distribution systems of the three DSOs. These forecasts will be published the day before at 1:00 p.m. and updated at each nomination cycle for GRTgaz at twice per day for TIGF.³

d) Indicator of end-of-day system imbalance

GRTgaz and TIGF publish for each balancing zone and every hour, the estimated end-of-day imbalance for their system for the current day and the following day. This imbalance forecast is determined based on the TSOs' consumption estimates and shippers' nominations.

e) Balancing notice

GRTgaz and TIGF propose to make available to shippers on a daily basis as from 1 May 2014 (for GRTgaz) and by the latest at the end of 2014 (for TIGF) a balancing notice D-1 at 1:00 p.m. which will be updated at each nomination round. This will review, for each shipper, the information below:

Global aggregate data per balancing zone :

- k_0 (Nord H, Nord B, South, TIGF) ;
- indicators of forecast end-of-day imbalance (North H, North B, South, TIGF) ;
- consumption forecasts (all consumers) ;
- Average Prices and Marginal Prices for imbalances ;
- for TIGF only, aggregate hourly measurements of telemetered consumption at PITDs (Interconnection points between TSO and DSO) and aggregate telemetered consumption for sites connected to the transmission system.⁴

Data specific to each shipper's portfolio :

- hourly consumption of sites directly connected to the transmission systems ;
- intraday measurements of consumption of non-profiled clients connected to the distribution systems;
- consumption forecasts transmitted by the shipper for its non-profiled clients connected to the distribution systems ;
- consumption forecasts for profiled clients connected to the distribution systems.

2.2. Summary of responses to the public consultation

Almost all shippers and associations that answered to the public consultation are favourable to the proposals of the TSOs regarding the provision of information. Many of them stressed the need to ensure consistency between the frequency and the quality of the information made available to the shippers by the TSOs on the one hand, and the trajectory for the reduction in balancing tolerance on the other hand. They highlighted the importance of incentive regulation to ensure that the TSOs transmit high-quality data within the scheduled time frame. Some requested a study into the possibility of depenalising penalised suppliers when their imbalance is related to wrong information provided by operators.

The LDCs and SPEGNN are not in favour of the transmission to the TSOs of information on the consumption of non-profiled clients connected to the DSOs' systems with fewer than 100,000 clients, since it would be very costly and complex to set up.

TIGF is not favourable to the provision, as from 1 May 2014, of telemetered intraday consumption for non-profiled clients connected to the systems of GrDF and Régaz-Bordeaux. This provision, which would occur before the finalisation of its IT system, would require manual processing involving additional costs and the risk of error.

Three contributors considered that it would be useful to have, for their non-profiled clients connected to a distribution system, telemetered consumption after 2:00 p.m.

³ These consumption forecasts will take into account, for each shipper, its portfolio of profiled clients connected to the systems of GrDF, Régaz Bordeaux and Réseau GDS updated daily.

⁴ GRTgaz is unable to provide this data, since approximately 27% of the delivery stations towards public distribution networks on its system are not telemetered.

In addition, several contributors wish for the TSOs to clarify their methodology for forecasting consumption and for calculating the end-of-day imbalance indicator.

Lastly, some contributors wish for the balancing notices to be transmitted automatically via the Edig@s protocol (European standard).

2.3. CRE's analysis

The TSOs propose to increase the level and frequency of information made available to shippers. These elements will be used to calculate shippers' consumption provisions, enabling them to reduce their imbalances. CRE considers that the TSOs' proposals make a step towards the implementation of the information obligations established by Article 32 of the balancing network code. These proposals even exceed the provisions set out by the balancing network code in certain aspects.

Therefore, the TSOs' proposals, in terms of the provision of information, are satisfactory.

A good understanding by shippers of the methods used for producing data provided by the TSOs is necessary in order to enable them to make optimal use of that information. The TSOs should therefore specify, within the framework of Concertation Gaz, their methodology for forecasting consumption and for calculating the end-of-day imbalance indicator.

The network code does not specify any exemptions for small DSOs regarding the provision of information on the consumption of clients connected to their systems. Under these conditions, the TSOs must strengthen and accelerate work with the LDCs and SPEGNN to define an economically acceptable solution regarding the transmission of information on the consumption of non-profiled clients connected to the LDCs' systems.

The information on intraday consumption measurements for non-profiled clients connected to the distribution systems will enable shippers to better manage their balancing during the day and more accurately forecast consumption for this category of clients. This information will be forwarded to TIGF by GrDF and Régaz-Bordeaux as from 1 May 2014. Moreover, TIGF proposes to reduce the tolerance given to shippers that are active on its system as at 1 May 2014. Under these conditions, CRE considers that TIGF must make this information available to shippers as from 1 May 2014. It will therefore have to accelerate the development of its IT system, or failing that, implement transitory measures, which may be limited to working days, to transmit this information to shippers.

CRE considers that the quality of data published by the TSOs is essential for the proper functioning of the balancing system. In that regard, it recalls that it decided, during the updating of the ATRT5 tariff as at 1 April 2014, to strengthen the incentive regulation mechanism pertaining to the quality of this data. This mechanism can be improved and strengthened, if necessary, during the tariff update as at 1 April 2015.

Work will be carried out within the framework of Concertation Gaz to prepare CRE's decisions.

Lastly, the quality of information transmitted to shippers influences the quality of their forecasts, and therefore their nominations. Therefore, CRE considers that the request of certain players to "depenalise" shippers that receive wrong information from operators should be examined in terms of relevance and feasibility.

3. Charging shippers' imbalances

3.1. Summary of the TSOs' proposal

3.1.1. GRTgaz's proposal

For the period from 1 May 2014 to 31 March 2015, and in compliance with CRE's deliberation of 5 February 2013 deciding on the balancing rules for the gas transmission systems, the changes proposed by GRTgaz are :

- the reduction in shippers' daily imbalance tolerance, according to the following terms :

| Delivery capacity subscribed (GWh/d 0°C) | Daily imbalance tolerance until 31 April 2014 (% of the delivery capacity subscribed) | |
|---|--|-------------------|
| | GRTgaz North zone | GRTgaz South zone |
| Up to 0.5 GWh/d | +/- 30% | +/- 30% |
| Over 0.5 and up to 2 GWh/d | +/- 20% | +/- 20% |
| Over 2 and up to 50 GWh/d | +/- 5% | +/- 5.5% |
| Over 50 GWh/d | +/- 4.5% | +/- 5% |

| Delivery capacity subscribed (GWh/d 0°C) | Daily imbalance tolerance as at 1 May 2014 (% of the delivery capacity subscribed) | |
|---|---|-------------------|
| | GRTgaz North zone | GRTgaz South zone |
| Up to 0.5 GWh/d | +/- 15% | +/- 18% |
| Over 0.5 and up to 2 GWh/d | +/- 10% | +/- 14% |
| Over 2 and up to 50 GWh/d | +/- 2% | +/- 2.5% |
| Over 50 GWh/d | +/- 1% | +/- 1.5% |

- the reduction in the mid-ranges to 10% and 25% of the daily imbalance tolerance in the North zone and South zone respectively (compared to 25% and 30% until 31 April 2014) ;
- the development in the price for imbalances :
 - the portion of the imbalance comprised between the mid-range and the tolerance will be billed at the average price of gas weighted by the volume of trades on the Powernext Gas Spot Exchange for within-day products for the day in question in the given balancing zone (Average Price),
 - the portion of the daily imbalance that exceeds the tolerance limit will be billed :
 - at the marginal sell price of gas (if the shipper's daily imbalance is positive, i.e. if the shipper is selling this quantity of gas to the TSO)
 - the marginal sell price is the lower of the following two prices :
 - the lowest price of all the TSO's sales on the exchange; or
 - the weighted Average Price of gas for the gas day in question, from which is subtracted an adjustment of 10%;
 - at the marginal buy price (if the shipper's daily imbalance is negative, i.e. if the shipper is buying this quantity of gas from the TSO):
 - the marginal buy price is the higher of the following two prices :
 - the highest price of all the TSO's purchases on the exchange; or
 - the weighted Average Price of gas for the gas day in question, to which is added an adjustment of 10%.

The adjustment is introduced by the European network code to provide incentives to shippers to balance their portfolios. GRTgaz proposes to set the level of these parameters to 10%, this being the maximum provided for by the network code.

GRTgaz proposes that the maximum level of the cumulative imbalance be maintained at five times the mid-range until 31 March 2015.

The P3 penalty applied for the quantities of gas exceeding the maximum level of the cumulative imbalance will be equal to 10% of the Average Price.

Lastly, GRTgaz proposes to maintain the volumes and price of the optional balancing tolerance.

Reconciliation of the financial neutrality account for balancing

Since 1 January 2014, GRTgaz physically reconciles the neutrality account on a monthly basis. It is done M+2, through the purchase or sale of gas with a monthly contract M+1, when the total balance of the account for the month in question exceeds 8 GWh (minimum quantity required for gas exchange with monthly maturity). When the total balance of the account for the month in question is lower than or equal to 8 GWh, GRTgaz does not intervene in the market and this balance is valued at the average balancing price.

Since 1 January 2014, financial reconciliation of the neutrality account is also done on a monthly basis. The key for redistribution among shippers, based on subscriptions of daily delivery capacity, remains unchanged.

3.1.2. TIGF’s proposal

TIGF, like GRTgaz proposes a gradual reduction in imbalance tolerances:

- as at 1 May 2014, the daily tolerance will evolve as set out below, depending on the delivery capacity subscribed by the shipper :

| Delivery capacity subscribed (GWh/d 0°C) | Daily imbalance tolerance (% of the delivery capacity subscribed) | |
|--|---|-----------------|
| | until 31 April 2014 | from 1 May 2014 |
| TIGF zone | | |
| Up to 1 GWh/d | +/- 20% | +/- 10% |
| Over 1 GWh/d | +/- 5% | +/- 2.5% |

- the cumulative imbalance tolerance will go from two times to one times the daily tolerance. It will be eliminated as at 1 April 2015 ;
- from 1 May 2014, the cumulative imbalance account will no longer be settled at the end of the month. It will be settled entirely on 31 March 2015, at the average price of gas (Average Price) on that day.

In parallel, TIGF proposes to change the prices for imbalances in order to be consistent with the provisions of the European network code :

- the P1 price for imbalances will be replaced by a marginal price (Marginal Price) defined by the network code, the adjustment will be set at +/-10% ;
- an average price (Average Price) will be calculated according to the methods defined by the network code (see part 3.1.1.).

Reconciliation of the financial neutrality account for balancing

As for GRTgaz, the physical reconciliation of TIGF's balancing account has been carried out on a monthly basis since 1 January 2014. During the working days of the first two weeks of month M+2, TIGF carries out gas sales or purchase transactions with day-ahead maturities in the TIGF PEG. When the quantities to be reconciled for the month in question are too low to be handled through a daily contract on the Powernext Gas Spot Exchange, they are valued at the average balancing price.

However, financial reconciliation of the balancing account is done on a quarterly basis, using a key for redistribution among shippers based on subscriptions of daily delivery capacity.

3.2. Summary of responses to the public consultation

Most contributors are in favour of the TSOs' proposals concerning the evolution of the terms for charging shippers' imbalances. In addition, the vast majority of them are in favour of a rapid convergence of the balancing rules applicable to the GRTgaz and TIGF systems, in view of the creation of a common market place for the GRTgaz South and TIGF zones as at 1 April 2015.

Most of them however consider that the level of the small adjustment set at +/-10%, which corresponds to the maximum set out by the European network code, should be lower or at least reevaluated on a regular basis.

Four contributors wish to have an adaptation period for the implementation of the new balancing rules.

Several contributors are favourable to the elimination, as from 1 May 2014, of the mid-ranges and the possibility of cumulating imbalances over several days, considering that these rules generate too much operational complexity compared to the benefit received by shippers. They also question the value of discontinuing the monthly reconciliation of TIGF's cumulative imbalance account.

Many contributors stressed the need to maintain tolerance after 2015. Some insisted in particular on the case of shippers that supply profiled clients whose consumption could still be difficult to forecast.

With regard to the outcome of TIGF's daily balancing service, opinions were divided. Some are favourable to its elimination and question whether it is compliant with the European network code. Others are favourable to maintaining it because it serves to reduce financial risks associated with balancing.

The contributors also request greater transparency in the storage service subscribed by the TSOs for their balancing needs.

Lastly, the vast majority are in favour of the monthly reconciliation of the balancing account proposed by GRTgaz and TIGF.

3.3. CRE's analysis

CRE considers that the TSOs' proposals concerning the development of the terms for charging shippers' imbalances are satisfactory and in line with the European network code :

- the drop in tolerance proposed by the TSOs is in line with the European guidelines, which specify that daily tolerances will be eliminated with the target system ;
- the price for imbalances comply with the definition of the network code, according to which the imbalances observed each day must be billed at a market price reflecting tension in the network.

At this stage, CRE considers that the initial adjustment level of +/-10% proposed by the TSOs will significantly encourage shippers to balance their gas volumes. This parameter will be able to be adjusted depending on the feedback from TSOs following the implementation of these new rules.

CRE is in favour of the request of certain shippers concerning the implementation of a transitory period. In that regard, it adopts the proposal, presented 31 March 2014 by GRTgaz within the framework of Concertation Gaz, to implement a transitory period of one month, during which the P3 penalty would be applied for quantities of gas that exceed, not the maximum cumulative imbalance, but the maximum cumulative imbalance corresponding to five times the value of a mid-range that would be virtually set at 40% for each of the balancing zones.

With regard to the request to eliminate mid-ranges and the possibility of cumulating imbalances over several days, GRTgaz has stated that introducing this development as at 1 May 2014 is premature, and TIGF has specified that its IT system cannot make the change at that date. CRE requests that the TSOs examine, following feedback and before 1 August 2014, the elimination before 1 October 2014 of mid-ranges and the possibility of cumulating imbalances over several days.

In addition, given the feedback from shippers and TIGF, CRE deems it desirable to set TIGF's cumulative imbalance account to zero on a monthly basis because of the costs and time required to develop its IT system. The account will be zeroed out at the average weighted Average Prices of the first seven gas days of the following month.

Lastly, in order to respond to the request of contributors for greater transparency regarding the storage service subscribed by the TSOs for their balancing needs, the TSOs must present in Concertation Gaz at least once per year, a review of their use of storage and of any other flexibility tool as well as the costs related to the physical balancing of the system.

4. The TSOs' interventions in the market to ensure physical balancing of their systems

4.1. Summary of the TSOs' proposal

4.1.1. GRTgaz's proposal

Pursuant to CRE's decision of 5 February 2013 on the balancing rules for gas transmission systems, since 1 April 2013, GRTgaz has intervened in the market depending on the end-of-day imbalance forecast published on the Smart GRTgaz website, according to the following terms:

- in the South zone, GRTgaz intervenes in within-day products only when the end-of-day imbalance forecast volume is higher than 2.4 GWh. This intervention represents a gas volume equal to 10% of its end-of-day imbalance forecast, with a minimum volume for intervention of 240 MWh and limited to 7 GWh ;
- in the North zone, GRTgaz intervenes in within-day products only when the end-of-day imbalance forecast volume is higher than 10 GWh. This intervention represents a gas volume equal to 10% of its end-of-day imbalance forecast, with the volume for intervention limited to 10 GWh ;
- interventions for weekend products follow the same principles but are limited to 1.5 GWh/d in the South zone and 2 GWh/d in the North zone ;
- GRTgaz intervenes in day-ahead products optionally, if it anticipates a major imbalance for the following day.

GRTgaz proposes to maintain these intervention volumes as from 1 May 2014.

In addition, GRTgaz modified its automatic interventions in the market to cover its balancing needs at the beginning of January 2014, in particular so that it may be the initiator of orders. It intends to change its automatic intervention process again as at 1 May 2014 to enable it to use a gradual offer mechanism.

4.1.2. TIGF's proposal

Since 1 January 2014, TIGF intervenes at the TIGF PEG:

- for weekend products from 5:15 p.m. to 5:45 p.m., if a forecast imbalance exceeding 20 GWh is anticipated the day before at 5:00 p.m., intervening for a quantity limited to 250 MWh/d;
- for day-ahead products from 5:15 p.m. to 5:45 p.m., if a forecast imbalance exceeding 20 GWh is anticipated the day before at 5:00 p.m., intervening for a quantity limited to 1 GWh;
- for within-ahead products from 3:45 p.m. to 4:15 p.m., if a forecast imbalance exceeding 2.5 GWh is anticipated that same day at 3:00 p.m., intervening for a quantity equal to 10% of the imbalance and not exceeding 2 GWh.

TIGF studied, in compliance with CRE's request, the possibility of intervening directly at the South PEG as from 1 May 2014.

4.2. Summary of responses to the public consultation

While most contributors are in favour of the TSOs' proposals, many of them deplore the lack of evolution in this area compared to current practice. They consider that an increase and extension or addition of intervention windows could have contributed to making the intraday market more fluid.

Players that gave their opinion on this point are in favour of the optional nature of the TSOs' interventions for weekend and day-ahead sessions to deal only with cases in which major imbalances are anticipated, as long as it is not possible for the TSOs to intervene in within-day products during weekends and on holidays.

Opinions were divided on the subject of TIGF's interventions at the South PEG as at 1 May 2014 :

- most contributors consider that TIGF's intervention at the South PEG could be a "liquidity concentrator", considering the daily balancing service as an obstacle to the development of this liquidity at the TIGF PEG,
- a minority is in favour of an intervention at the TIGF PEG as long as the common market place between the GRTgaz South zone and the TIGF zone is not in place. They consider in particular that the

TIGF/South PEG spread product launched at the beginning of the year contributes to improving the liquidity of TIGF's PEG.

TIGF is not in favour of an intervention at the South PEG for its balancing needs and has mentioned considerable operational and financial constraints.

4.3. CRE's analysis

CRE considers that the TSOs' proposals concerning their interventions in the market to ensure physical balancing of their systems are acceptable. They will enable greater consistency between their interventions in the market and their real needs for the physical balancing of their system.

In that regard, they are in line with the objectives set out by point 4 of Article 6 of the network code which states that "*the balancing actions shall have regard to any obligation upon transmission system operators to operate an economic and efficient transmission network.*"

However, it considers that the TSOs must study the potential increase in the volumes handled in the markets and the adjustment or extension of intervention windows, in view of the development of the balancing rules for their systems as at 1 April 2015. However, the increase in the TSOs' intervention windows must not lead to the systematic intervention of the TSOs during each window and must not result in the dispersion of liquidity in the intraday market. It should serve to offer the TSOs greater flexibility for their interventions, in particular in the event of major tension in their system. In parallel, CRE wishes for Powernext to present in Concertation Gaz the prospects for developing the Exchange's opening hours and days.

In addition, GRTgaz's and TIGF's interventions for weekend and day-ahead sessions should become optional, and reserved for cases in which a major imbalance is anticipated. In compliance with the European network code, a within-day intervention must be prioritised, in relation to the system imbalance observed and/or anticipated.

Shippers' imbalances would then be billed during weekends and holidays:

- at the Weighted Average price of gas (daily average price (DAP)) for the maturity in question and at the given PEG;
- at the marginal price, i.e. the Average Price to which/from is added/deducted an adjustment.

CRE notes that the TIGF/South PEG spread product did not sufficiently improve liquidity at TIGF's PEG. Given the greater liquidity in the adjacent South PEG market place and the prospect of implementing a common market place in the south of France, CRE considers that TIGF should intervene for within-day products as early as possible at the South PEG. The flows resulting from TIGF's interventions at the South PEG will be managed by GRTgaz and TIGF within the framework of their operational management agreement for the interconnection between their two systems.

5. Requests concerning the continuation of work on balancing rules and their evolution as at 1 April 2015

Concerning information made available to shippers by the TSOs:

CRE requests the TSOs, the LDCs and SPEGNN to work to define, before 30 June 2014, an economically acceptable solution concerning the transmission of information on the consumption of non-profiled clients connected to the LDCs' systems.

Concerning the charging of shippers' imbalances:

CRE requests the TSOs to examine, following feedback and before 1 August 2014, the elimination before 1 October 2014 of mid-ranges and the possibility of cumulating imbalances over several days.

It requests the TSOs to study the development of the level of the adjustment of +/-10% as at 1 April 2015 in parallel with the feedback and the discontinuation of balancing tolerance.

It requests the TSOs to specify, within the framework of Concertation Gaz, their methodology for forecasting consumption and for calculating the end-of-day imbalance indicator.

It also requests the TSOs to consider, in Concertation Gaz, the possibility of depenalising the imbalances of shippers having received wrong information on their clients' consumption.

Concerning the TSOs' interventions in the market to ensure physical balancing of their systems:

CRE requests the TSOs, within the framework of feedback on their interventions, to work in Concertation Gaz to increase volumes and adjust or extend intervention windows, in view of the evolution of the balancing rules for their systems as at 1 April 2015.

It also invites Powernext to present in Concertation Gaz the prospects for developing the Exchange's opening hours and days.

6. CRE's decision

CRE approves the proposals of GRTgaz and TIGF on the development of the balancing rules for their systems as at 1 May 2014, subject to the following modifications:

Concerning information made available to shippers by the TSOs:

TIGF will transmit, at least for working days, the information on intraday consumption measurements for non-profiled clients connected to the distribution systems as from 1 May 2014.

Concerning the charging of shippers' imbalances:

The TSOs will present in Concertation Gaz, at least once per year, a review of their main flexibility tools and the costs related to the physical balancing of their systems.

GRTgaz will implement, between 1 May 2014 and 31 May 2014, a transitory period during which the P3 penalty will be applied for quantities of gas that exceed, not the maximum cumulative imbalance, but the maximum cumulative imbalance corresponding to five times the value of a mid-range that would be virtually set at 40% for each of the balancing zones.

Concerning the TSOs' interventions in the market to ensure physical balancing of their systems:

The TSOs will limit their interventions in weekend and day-ahead products to cases in which major imbalances are expected, as long as the Exchange's opening hours and days do not enable the TSOs to intervene in within day products on weekends and holidays.

TIGF must be able to intervene in within day products at the South PEG from 1 July 2014 at the latest.

Paris, 4 April 2014,

For the Energy Regulatory Commission,
Commissioner,

Olivier CHALLAN BELVAL

ANNEX:

- GRTgaz's proposal for the development of the balancing rules applicable to their system as at 1 May 2014
- TIGF's proposal for the development of the balancing rules applicable to their system as at 1 May 2014