

Deliberation of the Energy Regulatory Commission of 25 September 2014, on the decision relating to the change to the ATRT5 tariff concerning the transitional measures before the creation of a single gas exchange point by 2018

Participating in the meeting: Philippe De Ladoucette, President, Olivier Challan Belval, H el ene Gassin, Jean-Pierre Sotura and Michel Thioll ere, commissioners.

In application of Article L. 134-2, 4) of the French Energy Code, the CRE has the power to clarify the tariff setting methodology for the use of gas transmission networks and tariff changes.

Articles L. 452-2 and L. 452-3 of the French Energy Code frame the CRE's tariff powers. Article L. 452-2 of the Code provides that the CRE should establish the methodologies used to establish tariffs for the use of natural gas networks. In addition, Article L. 452-3 provides that *"the Energy Regulatory Commission deliberates on tariff changes... with, if necessary, tariff level and structure changes that it considers justified particularly in regard to the analysis of the accounting system of operators and foreseeable changes to operating and investment costs. These deliberations [...] may provide [...] appropriate incentives in the short or long term to encourage operators to improve their performance [...]. The Energy Regulatory Commission sends the ministers responsible for energy and the economy its reasoned deliberations on tariff level and structure changes for the use of transmission networks [...] of natural gas [...], as well as the tariff rules and their date of entry into force. These deliberations are published in the Official Journal of the French Republic"*.

The current tariffs for using the GRTgaz and TIGF natural gas transmission networks, called "ATRT 5 tariffs", entered into force on 1 April 2013 for a period of approximately four years and are the subject of an automatic update on 1 April of each year.

Given the strong tensions observed on the market of south of France for several months especially during winter 2013/2014, the CRE wanted to implement transitional measures beginning in winter 2014/2015 leading to the creation of a single market in France planned for 2018. In this perspective, the deliberation of 7 May 2014 considered the implementation of various transitional measures, some of which require a tariff change.¹

From 18 July to 29 August 2014, the CRE consulted market players in order to find out their positions on the transitional measures which could be implemented by winter 2014/2015².

The CRE also questioned market players on the phenomena, which led some players, since April 2014, to unload large quantities of liquefied natural gas (LNG) in Britain while the wholesale market prices appear more attractive in the PEG South with remaining available capacities at Fos terminals.

The purpose of this deliberation is to define the transitional measures which will be put in place as of winter 2014/2015 in the expectation of creating a single marketplace in France by 2018. The ATRT5 tariff has been amended in order to consider these measures.

The Higher Council of Energy has been consulted for opinion on 23 October 2014.

¹ Deliberation of 7 May 2014 on guidelines relating to the creation of a single market in France in 2018 ([click here](#))

² Public consultation concerning the change to the ATRT5 tariffs concerning the transitional measures prior to the creation of a single PEG and the incentive regulation of the Val de Sa one and Gascony/Midi projects ([click here](#))

I. Context

1) Previous work

In its deliberation of 7 May 2014, the CRE presented important guidelines:

- Creation of a single gas marketplace (PEG) in France by 2018 on the basis of the investment plan involving the Val de Saône on GRTgaz network and Gascogne-Midi projects on the GRTgaz and TIGF networks;
- Analysis of the measures that can be implemented as of winter 2014/2015 in order to reduce tensions on prices in the southern zone.

2) Public consultation by the CRE

The CRE conducted a public consultation between the 18 July and the 29 August in particular on the transitional measures which may be implemented as of winter 2014/2015 and on the situation of the LNG terminals in Fos in the light of LNG market developments.

37 contributions, including 8 confidential, were received including:

- 10 from industrialists, including 2 industrial associations (UNIDEN, UIC) and 6 identical to that of UNIDEN;
- 15 from shippers (13) or from shipper associations (AFIEG, EFET);
- 9 from infrastructure managers, including ENAGAS;
- 1 from the Spanish regulator (CNMC);
- 2 from associations (AFG, Uprigaz).

The non-confidential responses will be published on the CRE's website at the same time as this deliberation.

II. Analysis of the market players on the European LNG market

Since April 2014, deliveries of LNG on the British and Belgian markets have increased strongly.

During the same period, gas prices in the southern zone were significantly higher than those of the north-west European markets and gasification capabilities have remained unused at the Fos Cavaou terminal. The CRE has sought the views of market players, with regard to the possible causes of this situation.

1) Summary of responses

Initially, several actors from the LNG chain recalled that all the European terminals have been under-used for several years. They also noted that the increase in deliveries is observed mainly at the South Hook terminal, in the United Kingdom and to a lesser extent at the Zeebrugge terminal.

The main explication is related to the specific characteristics of the South Hook terminal have been put forward: Qatar Petroleum International, a 67.5% shareholder, with Exxon (24.15%) and Total (8.35 %), supports the overall capacities of the terminal in the long term. The quantities unloaded since April 2014 correspond to the use of these contracted capacities.

Moreover, LNG supply contract destination clauses can be rigid, which does not allow advantage to be taken of arbitrations related to high prices on other markets in the short term.

Other contributors indicate that the specific features of the French market could also explain the events described earlier in the spring and summer of 2014:

- The lack of liquidity of the market in the southern zone and, in particular, on futures products, compared to other north European markets, notably the NBP;
- The high cost of using the Fos Cavaou terminal (nearly €2/MWh for insulated cargo);
- The late release of capacities on the secondary market. The users of regulated terminals are required to send operators their unloading schedule for the following month no later than on the 20th of the month m-1. The capacities possibly released are then published by operators on the 25th of the month m-1, which is too late for other shippers to use them.

Finally, one stakeholder suggested that the existence of the reloading service on many European terminals, including Fos Cavaou, could have been obstacle to the unloading operations performed by a producer because the latter might not want their cargoes to be re-exported to more appealing markets.

2) CRE analysis and proposals

CRE analysis

The elements forwarded by the contributors helped to clarify the situation without offering a really satisfactory explanation of the phenomenon.

The CRE shares the contributors' analysis with regard to the specific features of the South Hook terminal. The fact that the entire capacities is subscribed to by one LNG exporter may explain the increase of the use of this terminal while other terminals are hardly used, including on the British market. In addition, the CRE considers, like the majority of the contributors who responded to the public consultation, that the LNG market is not completely flexible, among other things, because the destination clauses are often still present in the long-term contracts.

The high liquidity of the NBP may also constitute a factor of attractiveness for market players, while it is possible that the low liquidity of the market in the south further hampers the arrival of an LNG cargo.

With regard to the attractiveness of the French terminal, and particularly that of Fos Cavaou, the CRE found that unused capacities are generally offered on the secondary market on the 25th of the month M-1 for month M, shippers wishing to retain their possibility of arbitrage until the last moment. This practice, in line with the regulatory framework in force, can curb the dynamism of the secondary market.

The CRE also notes that the Fos Cavaou terminal tariff is particularly high.

CRE propositions

The current rules on releasing unloading slots have been approved by the CRE after extensive consultation. They ensure a balance between the interests of long-term capacity subscribers, who permit the financial equilibrium of the terminals, and the other actors, who must be able to use the available capacity in the short term.

These rules have already been changed in the deliberation of 20 June 2013, relating to the published information regarding the use of LNG terminals³, in which the CRE recalls that "*users of LNG terminals are required to communicate their best estimates of use of the terminals to operators without delay, as soon as they have reached a decision or know what they are, (...)*".

The market situation of tension at the PEG South and the findings previously described could justify a change to this balance between long-term and short-term subscriptions in order to maximise the short-term attractiveness of the Fos terminals.

³Deliberation of 20 June 2013 on the decision relating to published information concerning the use of LNG terminals ([click here](#))

The CRE intends to consult market players on the developments of the temporary regulation of LNG terminals in the framework of updating the ATTM4 tariff, until the creation of a single PEG France, favouring short-term players on the Fos terminals:

- Establishment of binding nominations earlier than the 25th of the month M-1, accompanied by a penalty for shippers who alter their nominations late;
- Establishment of a tariff reduced by up to 50%, or approximately €1/MWh, on the tariff of short-term reserved cargoes, on the Fos Cavaou terminal.

III. Transitional measures applicable as of winter 2014/2015

1) Optimisation of the use of the North to South link

a. Proposals submitted for public consultation

Change to the distribution key between Cruzy and Castillon

GRTgaz and TIGF propose reorganising the flows between the two interconnections to their networks, Cruzy and Castillon for winter 2014/2015, in order to limit the occurrence of congestion in the south-east of the GRTgaz network. This measure will help release an average of 40 GWh/d in winter to the North to South link including 20 GWh/d of firm capacities.

GRTgaz proposes selling 20 GWh/d of firm capacity fixed in the form of fixed monthly capacities in auctions on the Prisma platform and to devote the other 20 GWh/d to improving the availability of interruptible capacities to the North to South link.

Joint transport storage service (JTS) for winter 2014/2015

GRTgaz and Storengy have proposed extending the joint transport storage service (JTS⁴) for winter 2014/2015, provided by the ATRT5 tariff⁵. This service, which stems from the optimisation of the transport and storage infrastructure, will allow around 10 GWh/d of additional firm capacity to the North to South link to be made available on the market of the day for the next day starting in early winter. This quantity may increase through the winter depending on the fill level of the salt cavern storage facilities.

Creation of a circulating gas system

The purpose of the circulating gas system proposed by GRTgaz in collaboration with the other operators of infrastructure is to improve the availability of interruptible capacity of the North to South link. In periods of high availability, GRTgaz would decrease the rate of availability of the interruptible capacity to make gas transit from the north of France to the Fos terminals to form a gas stock. In periods of low availability, GRTgaz would use this stock to increase the rate of availability of interruptible capacity by injecting gas from the Fos terminals.

Two options were proposed in the public consultation for gas management in the northern zone:

- Option 1: management using the Storengy stocks;
- Option 2: management based on purchases/sales of GRTgaz to the PEG North.

b. Summary of the public consultation

Change to the distribution key between Cruzy and Castillon

The contributors are quasi-unanimously in favour of the change of distribution key between the interconnection stations of Cruzy and Castillon. Some of them have asked to go further by reducing the flows to Cruzy even more. Two players want the distribution rule to be optimised each day.

⁴ Joint Transport Storage service

⁵ Deliberation of the CRE of 29 January 2014 on the decision on the change to tariffs for using natural gas transmission networks on 1 April 2014 ([click here](#))

The players on the other hand are divided on how these capacities should be allocated.

Half of the shippers favour the proposal of GRTgaz. The others want all the capacity released to be devoted to strengthening the interruptible capacities already allocated. A last group of shippers on the contrary considers that all new capacity released should be allocated by auctions.

GRTgaz recalls that selling more than 20 GWh/d in firm capacities in auctions could reduce the availability of the interruptible capacities.

Joint transport storage service (JTS) for winter 2014/2015

The contributors are unanimously in favour of the continuation of the JTS for the winter 2014/2015.

The shippers quasi-unanimously favour the allocation of JTS capacities being performed on PRISMA. They believe that the daily capacity allowances should take place after the publication of the interruption rate of interruptible capacities and more generally that all allowances should take place on a single platform. Only one shipper wants to pursue the allocation of daily JTS capacities on the Trans@ction platform.

In its response, GRTgaz favours the continuation of the use of the Trans@ction platform.

The industrial consumers have asked for all new capacities to be released as a priority allocated to gas-intensive consumers as their activity is heavily burdened by tensions on the prices in the south. The situation of other market players would be unchanged.

Creation of a circulating gas system

All industrial consumers favour the creation of a circulating gas system. The other contributors are divided.

Several contributors are in favour of this system, which will give more stability to the rate of availability of interruptible capacity, which will improve the operation of the market in the south.

Some contributors are not in favour given that this measure presents a high cost while not creating additional capacity. One of them indicated that the measure is not useful because the use of the storage areas in the south, very subscribed for this winter, will amortise the variability of the availability of the link. Other contributors indicated that this service should in no case degrade the quality of the service delivered by the terminals.

Several contributors are in favour in principle but consider that the costs must be examined in the light of the service offered to the market.

Finally, many contributors would like more information on the costs of the system on the one hand, and on the implementation procedures on the other.

Choice of the option

The opinions of contributors are divided concerning the choice of the option. Some contributors simply want the implementation of the least costly solution for the market.

The majority of contributors are in favour of option 2, which is based on gas purchases/sale to the PEG North. They consider that this option would contribute to invigorate and enhance the liquidity of the market while limiting the costs for the system.

Finally, some contributors are opposed to option 2, without commenting in favour of option 1, based on the use of Storengy stocks. In fact, they believe that it is not the job of the TSO (transmission system operator) to intervene on the markets. Which is why GRTgaz notes that this system could be contrary to the French Energy Code. In addition to this legal risk, GRTgaz considers that this option poses difficulties operationally and economically: its cost is difficult to control and the size of the volumes traded could destabilise the market.

Accordingly, GRTgaz considers that the implementation of option 2 is ruled out for the winter 2014-2015.

c. CRE analysis

Change to the distribution key between Cruzy and Castillon

The CRE is in favour of the proposal of the TSOs, which will help to improve the overall availability of the North to South link and thus increase the flow to the North to South.

It considers that the released capacity should mainly be allocated in the form of fixed monthly products in order to improve visibility on the level of capacity to the North to South link. GRTgaz indicates that 20 GWh/d constitutes a maximum to devote to selling fixed products; further increasing this level would significantly impact on the availability of interruptible capacity. The CRE is in favour of the other capacities made available being devoted to improving the interruptible capacity.

This measure will generate additional compression costs for the TSOs, which are integrated in the energy expenditure item during the annual tariff update of ATRT5.

CRE has asked GRTgaz and TIGF to implement their proposal.

Joint transport storage service (JTS) for winter 2014/2015

The CRE is in favour of the continuation of the JTS by GRTgaz, in accordance with the provisions of the ATRT5. It notes that the shippers are quasi-unanimously in favour of the sale of capacities on the PRISMA platform.

The CRE has asked GRTgaz to sell the North to South capacity of the JTS on the PRISMA platform at the earliest opportunity. GRTgaz will regularly inform the market during the winter in Concertation Gaz on the developments of the supply of capacity to the North to South link from the JTS

Creation of a circulating gas service

The CRE considers, like many of those who have responded to the public consultation, that the circulating gas system presents an important interest. It allows the availability of interruptible capacity to be smoothed out in a context of high volatility of the North to South spread. By way of illustration, the spread has varied between €1 and 8/MWh in the last three months in a way often correlated to the availability of interruptible capacity. This volatility is detrimental to the proper functioning and effectiveness of the network.

With regard to option 2 based on purchases/sales on the wholesale markets, the CRE broadly shares the analysis of GRTgaz concerning the legal and operational risks and doubts the possibility of implementing this option for the winter 2014-2015.

The CRE notes that GRTgaz is able to implement option 1 based on the use by GRTgaz Storengy stores.

On 15 September 2014 Storengy submitted a commercial offer to GRTgaz. Concerning the service offered by Elengy and Fosmax LNG, for each terminal, the term is fixed at €40,000 per month and the variable term at €0.10 per MWh cycled.

On the basis of an assumption of use of 600 GWh (representing 3 cycles of 200 GWh/j during winter) the overall cost of the scheme is estimated to be €1.2 million (Elengy/Fosmax LNG costs: €500,000 and Storengy costs: €700,000). Added to this is the payment to the WACC for the immobilisation of a gas in tank stock of 200 GWh (€5 million immobilised on the basis of a price of €25/MWh) until the end of the service.

The CRE considers that the overall cost of, approximately €1.5 million, the scheme is reasonable in light of expected profits.

Accordingly, it has asked GRTgaz to implement the circulating gas system for the winter 2014/2015, according to the option based on storage within the limit of a stock of 200 Gwh. The CRE has also asked GRTgaz to present as soon as possible the detailed functioning of the service in Concertation Gaz.

2) Tariff rebates for the Fos PITTM

a. Proposal submitted for public consultation

In its deliberation of 7 May 2014, the CRE asked for the allocation of a tariff rebate to the Fos PITTM be considered in Gas Consultation for quantities of LNG issued beyond a certain threshold. The objective of the measure is to limit the price peaks in the south. It could lead to marginally increasing the quantities of imported LNG in the south of France.

b. Summary of responses

A huge majority of contributors are not in favour of the tariff rebates for the Fos PITTM. They consider this measure to be complex, costly, and its effectiveness uncertain. Several contributors consider that it introduces a differentiated treatment between the shippers by benefiting those with significant LNG capacities, in particular the historical operator. In addition, some consider that this measure creates a distortion of the market and a price signal loss. Finally, several contributors consider that it introduces a distortion of competition between French LNG terminals.

Several players are asking for the scheme to be extended to the PIR Pirineos if the CRE decides to implement it.

On the contrary, one shipper is very enthusiastic about this scheme as it considers that its implementation would reduce the risk of price peaks in the southern zone. In order to limit the arbitrage possibilities of the scheme, it proposes a new option, which caps the rebates distributed to a shipper to a proportion which corresponds to its needs in the southern zone (outputs to Spain, stocks and consumption).

Finally, one player renew its proposal of implementing an "ARENH type" mechanism, which consists of requiring the historic operator to maximise the unloading of its historical LNG resources deliverable to the Fos terminals, and to make them available at cost price to all suppliers of end-customers in the south, in proportion to their customer portfolios.

c. CRE analysis

The CRE found that the vast majority of contributors are not in favour of the lowering of the tariff to the Fos PITTM. It shares the point of view of contributors regarding the inability to define an effective mechanism of tariff rebates to the Fos PITTM.

Accordingly, the CRE does not to retain this measure.

3) ***Rebalancing of flows to the Spanish border, via market mechanisms, in the case of a situation of considerable tension in the south***

a. Proposal submitted for public consultation

This measure is about rebalancing the flows to the interconnection between France and Spain, via a market mechanism, in the event of significant tension on the price of gas or the supply in the south of France.

GRTgaz and TIGF would issue a joint call for tenders, which could focus on two types of products or services:

- Buyback of transport capacity from France to Spain;
- Commitment of Spain to France flows.

In its public consultation note, the CRE presented an unfavourable legal analysis on the implementation of a call for tenders in the form of a capacity buyback.

Estimate of the cost of this measure:

The costs of this measure will depend on the market conditions in the south of France and in Spain at the time of issuing the call for tenders and are therefore impossible to assess in advance.

In its analysis, the CRE considered that these costs should be capped prior to the launch of the calls for tender. The proposed prices, which are too high, would therefore lead to the call for tenders being declared unsuccessful.

The costs would be shared between the GRTgaz and TIGF tariffs following a distribution key representative of their permitted revenue and would be compensated over a maximum period of one year.

b. Summary of responses

All industrial consumers are in favour of the call for tenders scheme for flow commitments from Spain to France in case of significant tension in the south of France.

The opinions of the other contributors are divided.

Many contributors are in favour in principle of this measure. However, the majority expressed reservations regarding the purpose or the procedures for implementing the scheme. Several players have called for a clarification of the costs, the tariff treatment and other procedures of the measure. Some are in favour of the CRE's proposal with respect to the operational procedures: the call for tenders would be limited to situations of high tension and a cap would be set in order to limit the costs of the call for tenders and potential windfall effects. Finally, one shipper asked to extend this to all points of entry and exit and two infrastructure operators are asking to extend it to the PITTMs and PITTS in the southern zone.

Several actors have raised questions about the effectiveness of this device because they consider that the flow commitment might be accompanied by a shift of the Fos LNG terminals to Spain, which would negate the effect of the measure on the supply/demand balance of the southern zone.

Several shippers are not at all in favour of the very principle of such a scheme because they consider it to be an attempt to oppose the gas flow induced by the normal functioning of the market. As such, this constitutes a market manipulation.

For the same reasons, the Spanish TSO is not in favour of this scheme.

The two French TSOs are cautious about the implementation of this scheme. TIGF believes that the purchase of flow for a need other than balancing is not the core business of the TSO. In addition, GRTgaz reported that the time lag between recognition of the crisis and the effect of the measure could cancel out the benefits. Finally, it emphasised the legal fragility of this measure, in light of European law.

Finally, one shipper proposed implementing a mechanism, which consists of remunerating unused France-Spanish capacity under certain conditions and a tariff set by the regulator (spread, level of nomination of the shipper).

c. CRE analysis

The CRE notes that industrial consumers are unanimously in favour of the flow commitments scheme. The other contributors are divided.

This scheme is the only tool available to the CRE in the event of strong tensions on the price of the south of France this winter. Nevertheless, as several shippers having responded to the public consultation, the CRE considers that the effect of the scheme on the price to the PEG South is uncertain.

CRE acknowledged the position of some of the shippers and the Spanish TSOs, who are strongly opposed to this scheme because this measure is contrary to the normal functioning of the market.

In addition, the CRE broadly shares the analysis of GRTgaz, in its response to the public consultation, concerning the operational difficulties associated with the implementation of this scheme. It notes in particular that the parameters of the call for tenders are difficult to define, especially the trigger conditions, the choice of the price cap, the volume, the notice and the duration of the call for tender.

At this stage, the CRE considers the risks of the scheme to be greater than the expected gains. It will not implement this scheme for winter 2014/2015.

4) Incentive regulation of fixed additional capacity to the North to South link

a. Proposal submitted for public consultation

In application of the ATRT5 tariff⁶, GRTgaz returned to the users all of the revenue related to the JTS service to the market, via the CRCP after deducting the amounts due to Storengy.

CRE, in the tariff update, introduced a financial incentive for the creation of additional fixed North to South capacities. Each GWh offered by GRTgaz for sale (either by the service JTS, or in the form of fixed monthly capacity) above a threshold of 3 TWh is compensated at €0.2/MWh. In its deliberation of 7 May 2014, the CRE plans to strengthen this incentive by creating a threshold of 5 TWh beyond which each MWh would be compensated at €0.4/MWh.

In its public consultation note, the CRE proposed putting this rule in place for the year 2014, which covers the additional costs of GRTgaz and creates a strong incentive for GRTgaz to sell the additional North to South capacity. GRTgaz has requested a more significant tariff incentive, which would start from the first MWh at €0.2, and for the MWh beyond 1.2 TWh at €0.48.

b. Summary of responses

Market players are mostly in favour of the incentive regulation on additional capabilities to the North to South link proposed by the CRE.

Three players consider that the costs of additional compression must be covered but that no financial incentive for the creation of capacity shall be implemented, this mission is part of the core business of the TSOs.

On the contrary, two players consider that the incentives proposed by the CRE are not sufficient.

TIGF would like the incentive regulation mechanism proposed by the CRE to also apply to it, due to its active role in creating these additional capacities.

c. CRE analysis

The CRE considers, like the majority of contributors, that the mechanism proposed in its public consultation note creates a sufficient incentive to sell the additional North to South capacities.

Accordingly, the CRE upholds the rule proposed in its public consultation for the year 2014.

The CRE will consider the application of an incentive regulation mechanism to TIGF in the framework of the next tariff update.

⁶Deliberation of the CRE of 29 January 2014 on the decision on the change to tariffs for using natural gas transmission networks on 1 April 2014 ([click here](#))

5) ***Fall in the monthly capacity tariffs to the North to South link***

a. Proposal submitted for public consultation

In its deliberation of 7 May 2014, the CRE plans to decrease the multiplier between the applicable annual and monthly products North to South to the regulated monthly capacity tariff by 1.5 to 1. Accordingly, the regulated tariff for daily capacity, equal to $1/30^{\text{th}}$ of the price of monthly capacity, would be reduced by the same proportion.

In its public consultation note, the CRE proposed implementing this measure.

b. Summary of responses

Market players are mostly in favour of the CRE's proposal.

Nevertheless, a large majority of industrialists are not in favour of reducing the short-term capacity because they consider that this measure will mainly benefit financial players and suppliers.

Two players are asking for this reduction to solely apply to daily capacity to not increase the duration of monthly capacity auctions.

Some actors noted that the effect of this measure will be small given the North to South spreads observed.

c. CRE analysis

The CRE notes that a majority of players are in favour of this measure that has with limited effect but enables the facilitation of flows from North to South even in cases of low tension on the market in the south of France.

In addition, the CRE notes that as the North to South link is congested, the decline of short-term coefficients will not have any effect on long-term capacity bookings.

Accordingly, the CRE upholds the reduction of the monthly capacity tariff to the North to South link.

IV. **CRE's decision**

a. Change to the distribution key of flows between Cruzy and Castillon

The CRE has asked GRTgaz and TIGF to change of distribution key of flows between Cruzy and Castillon. The CRE approves the sale of 20 GWh/d of fixed monthly capacity for auctions on the North to South link in the months of November to March; the remainder of the capacity freed up by this new distribution key shall be devoted to improving the availability of interruptible capacity on the North to South link.

b. Continuation of the JTS service

The CRE has asked GRTgaz to continue the JTS service, under the conditions provided by the deliberation concerning the decision on the afore-mentioned change to the ATRT5 tariff on 1 April 2014.

The CRE has asked GRTgaz to sell the North to South capacity of the JTS on the PRISMA platform at the earliest opportunity.

c. Fall in the monthly capacity tariffs to the North to South link

The CRE is fixing the tariff multiplier between monthly and annual capacity products to the North to South link to 1 in the direction North to South, beginning 1 november 2014. The regulated tariff for daily capacity remains equal to $1/30^{\text{th}}$ of the regulated tariff for monthly capacity.

d. Circulating gas system

The CRE ask GRTgaz to create a gas stock, within the limit of 200 GWh, and to sign the mandatory contracts with Storengy, Elengy and Fosmax LNG in order to implement the circulating gas system as of 1 November 2014. The corresponding costs will be covered within the framework of the next tariff update.

e. Strengthening of the incentive regulation on the availability to the market of fixed additional capacity to the North to South link

A threshold of 5 TWh above which each MWh is compensated at €0.4/MWh is added to the financial incentive introduced during the tariff update on 1 April 2014 for the creation of additional fixed North to South capacities.

Calculation:	Annual cumulative fixed additional capacity volume sold by GRTgaz to the North to South link, in the direction North to South
Perimeter:	<ul style="list-style-type: none">- Cumulative volume of fixed capacity sold beyond the level of 230 GWh/day in the first quarter 2014, then 270 GWh/day- This volume does not incorporate any conversions of interruptible capacity into fixed capacity
Monitoring:	<ul style="list-style-type: none">- Calculation frequency: monthly- Feedback frequency to the CRE: monthly- Publication frequency: monthly- Calculation of financial incentives frequency: annual
Incentives:	<ul style="list-style-type: none">- No incentive for the first three TWh cumulated over the year of fixed daily capacity sold.- €0.20 per MWh/day additional sold beyond the threshold of 3 TWh and below the threshold of 5 TWh.- €0.40 per MWh/day additional sold beyond the threshold of 5 TWh.
Effective date	<ul style="list-style-type: none">- 1 January 2014

The present deliberation will be published in the *Journal officiel de la République française*.

Signed in Paris, on 30 October 2014,

For the Energy Regulatory Commission
The Chairman,

Philippe De Ladoucette