

DELIBERATION

Deliberation of the French Energy Regulatory Commission of 18 January 2017 forming a decision on the tariffs for the use of regulated LNG terminals

Present: Philippe de Ladoucette, Chairman, Christine CHAUVET, Catherine EDWIGE, Hélène GASSIN, Yann PADOVA and Jean-Pierre SOTURA, Commissioners.

The new tariffs for the use of regulated LNG terminals in Montoir-de-Bretagne (Montoir) and Fos Tonkin, which are operated by Elengy, and for the Fos Cavaou terminal, which is operated by Fosmax LNG, known as "ATTM5¹", take effect on 1st April 2017 for a period of approximately four years. They were adopted after a broad consultation of stakeholders and following studies that were made public.

The ATTM5 tariffs offer all stakeholders visibility on the changes to tariffs between 2017 and 2021, and provide incentive to LNG terminal operators to improve their efficiency in terms of both cost control and the service quality provided to the users of their terminals.

The ATTM5 tariffs show a significant reduction compared to the ATTM4 tariffs: the decrease of the average unit tariff for the ATTM5 period is of 6.5 % for Montoir, 18.2 % for Fos Tonkin, and 18.6 % for Fos Cavaou.

These decreases are mainly due to the lower return on assets. To a lesser extent, the reduced operating expenses reinforce the tariff reduction. They can be partly explained by the reduced expenditure related to the decrease in activity, and by the higher productivity achieved by Elengy and Fosmax LNG over the ATTM4 period, enabling the LNG terminal users to benefit from this.

The ATTM5 tariffs introduce a change to the structure of the services offer. They create in particular a basic service, the main offer of the LNG terminal operators, which can be supplemented by the subscription to a uniform option. They extend several experimental services initiated during the ATTM4 tariff period. They increase the flexibility available to the terminal's clients on their subscriptions. Finally, they give Fosmax LNG the possibility to offer over the long-term the 10 % capacity previously restricted to the short-term subscriptions.

Translated from the French: only the original in French is authentic

¹ Third Party Access to LNG Terminals

The current tariffs for using the regulated LNG terminals, known as "ATTM4", came into force on 1st April 2013, in accordance with CRE's deliberation of 13 December 2012².

REGULATORY FRAMEWORK

Article L.134-2, 4° of the French Energy Code authorises CRE to specify *"the conditions for the use [...] of liquefied natural gas facilities including the methodology to be used for establishing the tariffs for using these [...] facilities and the tariff changes"*.

Articles L.452-1 to L.452-3 of the French Energy Code specify CRE's tariff-related competencies.

Article L.452-1 states in particular that these tariffs *"are established in a transparent and non-discriminatory manner so as to cover all the costs borne by these operators, insofar as such costs correspond to those of an efficient facilities or system operator. These costs take account of the features of the service provided and of the costs linked to this service, including obligations laid down by the law and regulations as well as costs resulting from the execution of public service tasks and contracts mentioned at I of Article L.121-46"*.

Article L.452-2 stipulates that CRE sets the methods to be used for establishing the tariffs for use of liquefied natural gas facilities.

Furthermore, Article L.452-3 of the French Energy Code states that CRE debates and decides on the tariff developments *"with, where appropriate, tariff level and structural changes that it deems justified following, notably, an analysis of the operators' accounts and any foreseeable changes to operating and investment expenses"*. CRE's deliberation can make provision for *"a tariff review framework covering several years together with appropriate short or long-term incentives to encourage operators to improve their performance with regard in particular to the quality of service supplied, the integration of the domestic gas market, the security of supply and the search for improvements of productivity"*.

Pursuant to the provisions of article L.452-3, CRE will submit its deliberation to the ministers responsible for energy and economy. They have two months to request from CRE a new deliberation if they consider that it did not take the energy policy guidelines into account. In this case, CRE has received no specific energy policy guidelines for LNG terminals.

With the present deliberation, CRE defines the methodology to be used for establishing tariffs for the use of the regulated LNG terminals of Montoir-de-Bretagne (Montoir), Fos Tonkin, and Fos Cavaou, and sets the so-called "ATTM5" tariffs, which will enter into force on 1 April 2017 for approximately 4 years.

ATTM5 TARIFF FORMULATION PROCESS

The ATTM5 tariff formulation work started at the beginning of 2016. The LNG terminal operators, hereafter referred to as "operators", initiated in particular the work on the evolution of the services offer within the framework of the LNG Consultation Group, in order to involve their clients in the deliberations regarding tariffs.

CRE conducted a first public consultation from 25 February to 25 March 2016 to collect the opinions of key players on the main options envisaged regarding the structure and the regulation framework of the new access tariffs for transmission networks on the one hand, and LNG terminals on the other hand. 21 responses regarding the ATTM5 tariffs were received. The non-confidential responses are available on CRE's website.

In April 2016, the operators sent their tariff documentation to CRE. Within this framework, Elengy and Fosmax LNG requested that CRE introduce changes to the structure of the offerings of the LNG terminals they operate.

The operators' requests resulted in the following tariff changes:

- for the Fos Cavaou terminal, a 11.9% decrease of the average unit tariff for the ATTM5 period, in current euros;
- for the Fos Tonkin terminal, a 13.9% decrease of the average unit tariff for the ATTM5 period, in current euros;
- for the Montoir terminal, a 0.7% decrease of the average unit tariff for the ATTM5 period, in current euros.

CRE conducted a second public consultation from 14 September to 14 October 2016, to collect the opinions of key players on the options envisaged by CRE for the ATTM5 tariffs, on the tariff regulation framework, the tariff level and the structure of the tariff offerings of LNG terminals. 12 responses were received. The non-confidential responses are available on CRE's website.

CRE commissioned an external study on:

² CRE deliberation of 13 December 2012 deciding on the tariff for the use of regulated LNG terminals
Translated from the French: only the original in French is authentic

- the audit and critical analysis of the request for remuneration from French operators of LNG terminals. This audit particularly concerned the analysis of the justification for the remuneration bonus requested by operators;
- the relevance of establishing a weighted average cost of capital (WACC) specific to the activity of LNG terminals.

Furthermore, CRE had commissioned in 2015 an external study on the incentive-based regulation mechanisms for electricity and natural gas networks in Europe. This study examined more specifically the regulation of operating expenses and investment costs, and was published as part of the preparatory work for the ATRD5³ tariff of GRDF in 2015.

MAIN STRUCTURE DEVELOPMENTS INTRODUCED BY THE ATTM5 TARIFFS

Regarding the tariff structure, the ATTM5 tariffs introduce several changes. They create a basic service, the main service offer of the LNG terminal operators. This service can be supplemented by the subscription to a uniform option, which enables the “smoothing” of the send-outs of a terminal client. The ATTM5 tariffs extend several experimental services initiated during the ATTM4 tariff period: the pooling service, the dedicated storage services, and the transshipment service at the Fos Cavaou terminal. They introduce the subscription account, which increases the flexibility available to the terminals’ clients on their subscriptions. Finally, they give Fosmax LNG the possibility to offer in the long-term the 10 % capacity previously restricted to short-term subscriptions.

REGULATION FRAMEWORK

Based on all the works conducted, CRE has carried over, by supplementing it, the existing regulation framework encouraging operators to improve their efficiency, as regards both cost control and the quality of the service provided to the users of their terminals.

The tariffs will be updated after two years of application in order to adjust the projected authorised income. The review clause can be activated on this occasion according to the terms defined below.

EVOLUTION OF THE TARIFF LEVEL

As regards the operators' tariff level, the ATTM5 tariff retains:

- for the Fos Cavaou terminal, a 18.6% decrease of the average unit tariff for the ATTM5 period, in current Euros, which is established at €1.44/MWh unloaded;
- for the Fos Tonkin terminal, a 18.2% decrease of the average unit tariff for the ATTM5 period, in current Euros, which is established at €1.28/MWh unloaded;
- for the Montoir terminal, a 6.5% decrease of the average unit tariff for the ATTM5 period, in current euros, which is established at €0.84/MWh unloaded.

The differences between the tariff levels set by CRE and the operators' requests are mainly related to the following parameters:

- the weighted average cost of capital set at 5.25 % actual before tax, plus the bonus specific to the operating activity of LNG terminals maintained at its current level, i.e. 200 base points, to be compared to a request for a weighted average cost of capital at 6.5 % with a 200 base point bonus;
- the revision of the assumptions proposed by the operators regarding some expenditure items (in particular the business interruption insurance and the management fees).

The French Higher Energy Council, consulted by CRE on its draft decision, gave a favorable opinion on 10th January 2017.

Some members of the Higher Energy Council however considered that the tariffs reduction could affect the working conditions of operators’ employees. CRE underlines that retained trajectories for net operating expenses included all the personnel expenses requested by Elengy and Fosmax LNG.

CRE does not modify its decision with respect to the draft decision of December 8th 2016 it submitted to the Higher Energy Council.

³ Third Party Access to the Distribution Network

CONTENTS

1. MÉTHODOLOGY	6
1.1 TARIFF FORMULATION PROCESS	6
1.1.1 Consultation with stakeholders.....	6
1.1.2 Transparency.....	6
1.2 GENERAL PRINCIPLES	6
1.2.1 Tariff individualisation for each LNG terminal.....	6
1.2.2 Definition of forecast allowed revenue.....	7
1.2.3 Tariffs regulation framework	9
1.2.4 Provisions for defining tariff structures applicable as of 1 Avril 2017	10
1.3 INCENTIVE REGULATION FRAMEWORK FOR ATTM5 TARIFFS	11
1.3.1 Incentive regulation for operating expenses.....	11
1.3.2 Incentive regulation for the marketing of additional capacity.....	11
1.3.3 Principle of the return on assets.....	11
1.3.4 Incentive regulation for the development of new regasification capacity and the control of investment project costs	11
1.3.5 Revenues and expenses clawback account (CRCP).....	12
1.3.6 Review clause concerning net operating expenses.....	12
1.4 CHANGES TO THE TARIFF STRUCTURE FOR THE USE OF LNG TERMINALS	13
1.4.1 Changes to the services proposed.....	13
1.4.2 Changes to tariff charges	17
1.4.3 Drawing up reloading and trans-shipment schedules	19
1.4.4 Marketing capacities reserved in the short-term at Fos Cavaou	21
2. PARAMETERS AND TRAJECTORY OF THE TARIFFS FOR THE USE OF REGULATED LNG TERMINALS ..	22
2.1 ALLOWED REVENUE FOR THE 2017-2020 TARIFF PERIOD	22
2.1.1 Operators' requests	22
2.1.2 CRE analysis of net operating expenses	23
2.1.3 CRE analysis of capital charges	32
2.1.4 Accounting for the CRCP balance ATTM4.....	37
2.1.5 Allowed revenue for the 2017-2020 tariff period.....	38
2.2 ASSUMED CAPACITY SUBSCRIPTIONS FOR THE 2017-2020 PERIOD	39
2.2.1 Subscriptions recorded over the period covered by the ATTM4 tariff	39
2.2.2 Operators' requests	39
2.2.3 Approved trajectories for the ATTM5 tariffs	40
2.3 TARIFF CHANGES ON 1 AVRIL 2017 AND PROJECTED TARIFF TRAJECTORY FOR THE 2018-2020 PERIOD	41
2.3.1 Tariff change trajectory for the Fos Cavaou terminal	41
2.3.2 Tariff change trajectory for the Fos Tonkin terminal.....	41
2.3.3 Tariff change trajectory for the Montoir-de-Bretagne terminal	43
3. TARIFFS FOR THE USE OF REGULATED LNG TERMINALS, APPLICABLE FROM 1 APRIL 2017	44
3.1 PROVISIONS COMMON TO THE THREE TERMINALS	44
3.1.1 Unloading services proposed	44
3.1.2 Off-takes of gas in kind.....	45



3.1.3	Obligation to pay for subscribed capacity (“ship or pay”).....	46
3.1.4	Failures to stick to schedule	46
3.1.5	“Use it or lose it” mechanism.....	46
3.1.6	Capacity release mechanism	46
3.1.7	Management of send-out interruption periods related to GNL shortage	46
3.1.8	Secondary market in regasification capacity	47
3.1.9	LNG exchange point.....	47
3.1.10	Specific tariff for small-scale LNG tanker unloading and reloading	47
3.1.11	Cargo reloading service.....	47
3.1.12	Cargo sharing service for unloading operations	47
3.1.13	Intra-day flexibility service provided to GRTgaz by the Fos Cavaou terminal	47
3.1.14	Specific services	48
3.2	DEFINITIONS OF THE TARIFF CHARGES.....	49
3.2.1	Tariff charges	49
3.3	TARIFF CHARGES OF THE FOS CAVAOU TERMINAL.....	50
3.3.1	Allowed revenue trajectory	50
3.3.2	Tariff grid	50
3.4	TARIFF CHARGES OF THE FOS TONKIN TERMINAL	51
3.4.1	Allowed revenue trajectory	51
3.4.2	Tariff structure.....	51
3.5	TARIFF CHARGES OF THE MONTOIR-DE-BRETAGNE TERMINAL.....	52
3.5.1	Allowed revenue trajectory	52
3.5.2	Tariff structure.....	52
3.6	TRANSITIONAL MEASURES UNTIL THE CREATION OF A SINGLE MARKET PLACE	53
3.6.1	Improving visibility over available unloading slots at the Fos terminals.....	53
3.6.2	Tariff reduction for short-term subscriptions at the Fos terminals	53
3.7	REFERENCES FOR THE TARIFF UPDATE ON 1 APRIL 2019	53
3.7.1	Update of capital charges	53
3.7.2	Update of net operating expenses.....	53
3.7.3	Calculating the CRCP balance.....	54
3.7.4	Update of assumed capacity subscriptions	55
3.7.5	Adjustment of the off-take rate of gas in kind.....	56



1. MÉTHODOLOGIE

1.1 Tariff formulation process

1.1.1 Consultation with stakeholders

Given the need for visibility expressed by the stakeholders, the complexity of the issues to be addressed and the time needed to adapt the information systems of LNG terminal operators and market players, CRE started the tariff work from the beginning of 2016.

CRE set out to involve the stakeholders in a very broad way and at the earliest possible stage. Therefore, it conducted two public consultations:

- a first public consultation in February 2016⁴, common with the access tariff for the transmission networks of GRTgaz and TIGF. It presented CRE's preliminary analyses on the tariff regulation framework and on the tariff structure. 21 contributors responded to this consultation on the ATTM5 part, including 3 infrastructure operators, 8 shippers, 6 industrial consumers, 1 shipper association, and 3 trade unions;
- a second public consultation in September 2016⁵ on the detailed proposals of CRE regarding the regulation framework and structure of ATTM5 tariffs, and presenting CRE's analyses on the level of tariffs. 12 contributors responded to this consultation: 3 infrastructure operators, 7 shippers, 1 shipper association, and 1 trade union.

CRE auditioned the LNG terminal operators on three occasions:

- in June 2016, following the submission of their tariff documentation;
- in September 2016, before the publication of the second public consultation;
- in November 2016, before the publication of the present deliberation.

1.1.2 Transparency

CRE has published the external studies carried out as part of the formulation of the ATTM5 tariffs. These studies concern:

- the international comparison of the incentive-based regulation frameworks for operators of electricity and natural gas networks in Europe⁶;
- the audit and critical analysis of the remuneration request from French operators of LNG terminals⁷.

CRE has also published all the non-confidential responses to the two public consultations on the formulation of the ATTM5 tariffs.

1.2 General principles

The ATTM5 tariffs are established, for the coming tariff period, by determining, for each of the terminals (Montoir, Fos Tonkin, and Fos Cavaou), an allowed revenue and projected capacity subscriptions.

The allowed revenue of each terminal is collected from its users through various tariff charges, all of which constitute the "tariff structure".

The ATTM5 tariffs also fix a regulation framework that aims, on the one hand, to limit the financial risk of LNG terminal operators and/or users for some predefined expenditure or income items, through a revenues and expenses clawback account (*compte de régularisation des charges et des produits* or CRCP) and, on the other hand, to encourage the terminal operators to improve their performance with incentive-based mechanisms.

Taking account of all these elements makes it possible to establish the tariffs to be applied on 1st April 2017.

1.2.1 Tariff individualisation for each LNG terminal

The ATTM3⁸ tariffs which came into force on 1st April 2010 introduced the tariff individualisation of each terminal, to take into account the costs and the specific features of each of these infrastructures.

This principle has been carried over for the ATTM5 tariffs.

⁴ [Public consultation by CRE of 25 February 2016 relating to the new tariffs for the use of gas transmission networks of GRTgaz and TIGF and to the new tariffs for the use of regulated LNG terminals](#)

⁵ [Public consultation by CRE of 14 September 2016 relating to the new tariffs for the use of regulated LNG terminals](#)

⁶ [Critical analysis of the incentive regulation mechanisms for natural gas and electricity infrastructure and network operators](#)

⁷ [Assessment of the WACC for regulated activities of Elengy and Fosmax LNG for the ATTM5 period](#)

⁸ [Deliberation of CRE of 16 July 2009 on the proposed tariff for the use of LNG terminals and Decree of 20 October 2009 approving the tariffs for the use of LNG terminals](#)

1.2.2 Definition of forecast allowed revenue

CRE defines the forecast allowed revenue for each terminal over the period considered, based on the tariff file submitted by the operators.

This forecast allowed revenue consists of net operating expenses, normative capital charges, and clearance of the balance of revenues and expenses clawback account (CRCP):

$$RA = NOE + NCC + CRCP$$

Where:

- *RA*: allowed revenue for the period;
- *NOE*: net operating expenses for the period;
- *NCC*: normative capital charges for the period;
- *CRCP*: clearance of the balance of revenues and expenses clawback account.

1.2.2.1 Net operating expenses

The gross operating expenses correspond to the operational costs needed for operating the LNG plants, and particularly include purchases of energy, external consumption including the services billed by the ENGIE group, staff costs, tax expenses, provisions for dismantling infrastructures, as well as the services billed by Elengy to Fosmax LNG.

The net operating expenses are defined as the gross operating expenses from which the operating income (mainly: odourisation and metering activities, contribution of non-regulated services to the terminals' pooled expenses and flexible services) is deducted.

The net operating expenses are determined based on all the costs incurred by an efficient operator. This level is fixed based on the analysis of:

- past financial years, from the operator's accounts;
- forecast evolution of expenses and extra-tariff income notified by operators for the years 2017 to 2020.

CRE carried out an analysis of the 2013-2015 balance sheet and 2016-2020 trajectories for net operating expenses intended to ensure that the projected expenses submitted by operators for the tariff period of 2017 to 2020 correspond, as provided for by Article L.452-1 of the French Energy Code, to those of an efficient infrastructure operator. In particular, CRE endeavours to use an operating expenses' trajectory that integrates productivity efforts.

1.2.2.2 Normative capital charges

1.2.2.2.1 Methods for calculating normative capital charges

Normative capital charges (NCC) consist of the return on and depreciation of fixed capital. These two components are calculated from the valuation and the evolution of assets operated by LNG terminal operators – the regulated asset base (RAB) – and assets under construction (AuC), i.e. investments made that have not yet led to the commissioning of assets.

The NCC equates to the sum of the depreciation of the constituent assets of the RAB and the return from fixed capital. This corresponds to the product of the value of the RAB and the rate of return on assets in service plus the product of the value of AuC and the rate of return on AuC.

1.2.2.2.2 Calculating the regulated asset base

Initial value of the RAB

For the Fos Tonkin and Montoir terminals, CRE undertook a revaluation on 31 December 2002 of the historic value of the operator's assets, on the basis of a "current economic costs" method comparable to that used for the transmission assets by the Special Commission instituted by Article 81 of the amended finance law of 28 December 2001, tasked with setting the price of disposal, by the French State, of its natural gas transmission networks.

Therefore, assets brought into service before 31 December 2002 are valued by means of adjusting the historical costs for inflation, using the following method:

- historical gross asset values are adjusted for the revaluation variances permitted in 1976, subsidies received in respect of carrying out these investments, and contributions received from the beneficiaries of these investments;
- these restated gross values were re-valued as at 31 December 2002 by applying the “market-sector GDP” price index;
- these adjusted gross values are then depreciated using the straight-line method on the basis of the economic lifespan of the various asset categories. Assets are deemed to have become operational on 1 July of the year.

For the Fos Cavaou terminal, the initial RAB was established by taking account of investments plus operating expenses and financial costs prior to the terminal’s entry into service. The date selected as the terminal’s entry into service is the actual date it entered into service, i.e. 1 April 2010.

Updating the RAB value

Assets becoming operational between 1 January 2003 and 31 December 2016 for the Fos Tonkin and Montoir terminals and between 1 April 2010 and 31 December 2016 for the Fos Cavaou terminal are included in the RAB at their gross value⁹. Investment planned from 1 January 2017 is included at its gross forecast value as submitted by Elengy and Fosmax LNG.

The nominal date on which assets enter the inventory has been set to 1 July each year, and they are removed on 30 June. Only assets actually in service are included within the RAB.

Once assets are included within the RAB, their value is updated according to the following method:

- assets are re-valued on 1 January of each year using the rate of inflation for the period from July to July. Until 2015, the revaluation index used was the index 641194 of consumer prices excluding tobacco, as calculated by INSEE for all households resident in France. As of 2016, and following the halt in publication by INSEE of this index, the revaluation index used is the index 1763852 of consumer prices excluding tobacco, for all households resident in France;
- assets are depreciated using the straight-line method on the basis of their economic lifespan. The lifespans used for asset depreciation after 31 December 2002 are identical to those used to adjust the value of assets brought into service prior to that date.

The lifespans used for the main categories of assets are set out in the following table for the Montoir and Fos Cavaou terminals:

Asset category	Economic lifespan (years)
Re-gasification facilities	40
Civil engineering and buildings	40
Storage facilities	40
Other facilities (flares, tools, etc.)	40
Ancillary and unloading facilities	20
Equipment (remote operations, gas quality analysers, etc.)	10
Property	30
Miscellaneous equipment (vehicles, etc.)	10
Minor equipment (micro-computers, etc.)	5

For the Fos Tonkin terminal, in accordance with the provisions stipulated at the Fos Tonkin Open Season and confirmed through CRE’s deliberation on 7 July 2011¹⁰, the depreciation period has been changed to take account of the potential shut-down of the terminal in 2021. In the event that a decision is taken to extend the useful life of the terminal, the useful lives of the assets will be reviewed as a result.

⁹ Assets becoming operational between 1 January 2016 and 31 December 2016 are included in the RAB at their gross projected value.

¹⁰ Deliberations of CRE on the Open Season procedure for the Fos-Tonkin LNG terminal and on the rules for the sale of transmission capacities between the three balancing zones.



Assets that are common to the Fos Tonkin and Montoir terminals are broken down over the entire ATTM5 period within the RAB of each of the two terminals pro rata on the basis of the value of their respective RAB on 31/12/2015.

The assets scrapped before the end of their economic lifespan are written out of the RAB without giving rise to either depreciation or financial return.

1.2.2.2.3 Rate of return on assets in service

In the absence of regulated LNG terminal operators listed on the stock exchange, CRE uses an indirect approach to define the rate of return on the activity.

For this, CRE estimates first the rate of return for the natural gas transmission system operating activity. The economic nature of this activity is close to that of the LNG terminal operating activity and is carried out by stock-listed companies.

The method adopted to evaluate this rate of return is based on the weighted average cost of capital (WACC) for a standard financial structure. Indeed, the operator's return should firstly enable it to finance the interest payments on its borrowing, and secondly generate a yield on shareholders' equity comparable to that which it could have obtained in addition for investments entailing a comparable level of risk. This cost of equity capital is estimated using the methodology known as the "Capital asset pricing model" (CAPM).

CRE then makes an adjustment to the rate of the natural gas transmission operating activity based on economic and financial considerations: it raises this rate by a specific bonus connected to the regulated LNG operating activity.

Indeed, unlike natural gas transmission systems, LNG terminals face risks of under-recovery of capital invested over the long-term, when current capacity subscription contracts in the portfolio come to an end, and can only compensate for these risks through significant returns, which are limited by regulation.

CRE also notes that other European regulators have a practice of differentiating rates of return between the activity of natural gas transmission system operator and that of LNG terminal operator¹¹.

The bonus applied to the WACC for gas transmission applies only to the assets operated on the LNG terminal sites.

1.2.2.2.4 Return on assets prior to their commissioning

The ATTM5 tariffs renew the principle of remunerating assets under construction (AuC) at the equivalent of the nominal cost of debt before tax (plus the specific LNG bonus) in accordance with the methodology generally used for interest during construction.

The amount of these AuC is equal to the average of their estimated level on 1 January and on 31 December, for each year of application of the tariff, taking into account investment expenses and assets commissioned during the year.

1.2.2.3 Revenues and expenses clawback account (CRCP)

The ATTM5 tariffs are defined from assumptions on the level of expenditure and subscription revenues. A mechanism for subsequent equalisation, the revenues and expenses clawback account (*Compte de régularisation des charges et des produits* - CRCP), was introduced to take account of variances between the actual expenditure and income figures recorded on the one hand, and the forecast expenditure and income on the other hand, for certain unpredictable items that the terminal operators had difficulty controlling. The principles of this mechanism are described in paragraph 1.3.5.

1.2.3 Tariffs regulation framework

The activity of Elengy and Fosmax LNG is regulated by various mechanisms that constitute the tariffs regulation framework.

The tariffs will be updated after they have been in use for two years, according to the terms defined below, which enables the forecast allowed revenue to be adapted according to the evolution of the subscriptions and the expenditure forecast on some less foreseeable items. The review clause can be activated on this occasion according to the terms defined in paragraph 1.3.6.

Secondly, the tariff regulation framework provides for account to be taken, through the CRCP, of the variances between forecast expenses or income and those actually reported for predefined items.

Indeed, in order to encourage operators to efficiently manage the terminals they operate, the ATTM5 tariffs provide for incentive mechanisms described in paragraph 1.3.

¹¹ For example: <http://www.creg.info/pdf/Divers/Z1110-7FR.pdf> (Article 17, § 4)
<http://www.autorita.energia.it/allegati/docs/15/583-15all.pdf> (paragraph 8.1)

Validity period and updating schedule

Consistent with the tariff periods approved for the access tariff for gas transmission systems ATRT6¹², the ATTM5 tariffs will come into force on 1 April 2017 for approximately four years.

Elements revised when the tariff is updated

The present tariff decision provides for a revision of the tariff structures of the two operators as of 1 April 2019.

Updating of the tariff levels will be carried out according to the following principles:

- a) the allowed revenue for the years 2019 and 2020 is determined by taking into account:
 - the normative capital charges' trajectory, fixed for four years by CRE in the present deliberation, which is not revised during the tariff updating;
 - the net operating expenses' trajectory, fixed for four years by CRE in the present deliberation, which is not revised during the tariff updating;
 - update of energy costs (electricity and CO₂) relative to market conditions;
 - clearing of half of the revenues and expenses clawback account (CRPC) at the end of the 2017-2018 period;
- b) the subscription assumptions are updated;
- c) the tariff charges change as of 1 April 2019, so that the subscription revenues cover the allowed annual revenue of terminal operators for 2019 and 2020;
- d) furthermore, CRE can take into account, during the tariff revision half-way through the period:
 - potential financial consequences of the review clause, as described in paragraph 1.3.6;
 - adjustment of the rate of gas in kind off-takes in view of the figures recorded;
 - updating of the tariff structure and services, in particular to take account of the development proposals resulting from the LNG Consultation Group.

To these elements can be added changes concerning the Fos Tonkin terminal according to the decisions to be taken on the future of the terminal beyond 2020.

Expenses related to the dispute between Fosmax LNG and STS

The construction of the Fos Cavaou LNG terminal was entrusted to the group of companies Sofregaz, Technimont SpA and SAIPEM SA ("STS"). Disputes between STS and Fosmax LNG have led the latter to seize the arbitration tribunal composed under the aegis of the International Chamber of Commerce (ICC), which rendered its decision on 13 February 2015. By a judgment of 9 November 2016¹³, the Council of State partially annulled the sentence.

Given the recent character of the Council of State's judgment and the procedures which remain open within the context of this litigation, CRE will examine its consequences on the tariffs during the update of the tariff.

1.2.4 Provisions for defining tariff structures applicable as of 1 April 2017

For the three regulated LNG terminals, CRE sets a tariff applicable for the entire ATTM5 tariff period. This tariff is based on the average of:

- the allowed revenue approved by CRE for the years 2017 to 2020 for each of the LG terminals;
- the contracted capacity assumptions approved by CRE for the years 2017 to 2020 for each of the LNG terminals.

¹² Deliberation of CRE of 17 November 2016 on the draft decision regarding the tariff for the use of GRTgaz and TIGF gas transmission networks

¹³ CE, 9 November 2016, Fosmax LNG

1.3 Incentive regulation framework for ATTM5 tariffs

The present tariff decision carries over the general principles of the regulation framework for ATTM4 tariffs encouraging Fosmax LNG and Elengy to improve their efficiency in terms of cost control.

1.3.1 Incentive regulation for operating expenses

The Elengy and Fosmax LNG incentive scheme for controlling operating expenses excluding the CRCP, applied in the ATTM4 tariffs, is extended.

Therefore, the Elengy and Fosmax LNG net operating expenses' trajectory is defined for the 2017 – 2020 period. Any productivity gains that could be made by the operators in addition to the trajectory set by the ATTM5 tariffs (excluding items covered by the CRCP) will be fully retained by the operators, as is the case for the ATTM4 tariffs. Conversely, any extra costs that may be incurred will be fully borne by the operators.

1.3.2 Incentive regulation for the marketing of additional capacity

The Elengy and Fosmax LNG incentive scheme for the marketing of additional capacities, in force in the ATTM4 tariffs, is extended.

The additional subscriptions for vessel unloading and reloading operations are partially included within the CRCP. Therefore, the revenues associated with the additional subscription in relation to the assumptions used to set the ATTM5 tariffs are refunded via the CRCP to the users of the terminals at 75 % and retained by the operators at 25 %.

1.3.3 Principle of the return on assets

The principles of return on assets are fixed for the tariff period for the two operators. They include in particular:

- the methods for calculating capital charges, including the weighted average cost of capital (WACC) and the bonus specific to the operating activity of the regulated LNG terminal;
- the incentive mechanism for the development of new regasification capacity;
- the incentive mechanism for the control of investment project costs.

1.3.4 Incentive regulation for the development of new regasification capacity and the control of investment project costs

1.3.4.1 Incentive-based regulation of the development of new regasification capacity

In order to give long-term visibility and to promote the decisions on capacity reservation and investment, CRE maintains for the ATTM5 tariffs an incentive to develop new regasification capacities. This incentive takes the form of an additional 200 base point bonus allocated to the rate of return on the assets concerned for 10 years, for extensions of the existing LNG terminals and new terminals, on condition that the increase in regasification capacity represents at least 20 % of the infrastructure's initial capacity and that the new capacities created are allocated according to the terms previously approved by CRE.

This incentive will be granted on a case-by-case basis, by means of *ad hoc* deliberations based on a specific analysis of the advantages of each project for the collectivity.

Furthermore, investments that benefited from bonuses under the previous tariffs will continue to benefit from them. Therefore, all the investments brought into service between 2004 and 2008 and all the investments decided between 1 January 2004 and before 31 December 2008 will benefit from a 125 base point remuneration bonus.

1.3.4.2 Incentive-based regulation of investment project costs

The ATTM5 tariffs maintain a mechanism, identical to that of the ATTM4, which gives an incentive to operators to control the costs of their investment projects, for investments amounting to more than €20 M or for projects that have an incentive regulation mechanism for developing new regasification capacities.

In order to take account of the specific features of each project, the detailed mechanism applicable will be fixed by an *ad hoc* deliberation of CRE, according to the following principles:

- for projects that have an incentive regulation mechanism for developing new regasification capacities, the application of the bonus for 10 years is capped at the projected investment budget;
- the remuneration of investment expenses that deviate from the projected budget varies according to the level of these deviations;
- the remuneration of assets under construction (AuC) is suspended beyond the date for the projected implementation of investments;

- for projects that are subject to a call-for-tender, an exit clause may be introduced for subscribers, which can be exercised in the event that the projected cost of the project significantly overruns after detailed studies, subject to the potential stranded costs generated by this clause being covered.

1.3.5 Revenues and expenses clawback account (CRCP)

The ATTM5 tariffs are defined from assumptions on the level of expenses and on the subscription revenues. An ex post equalisation mechanism, the revenues and expenses clawback account (CRCP), was introduced in order to take into account the variances between the actual expenditure and income recorded, and the projected expenditure and income, for less predictable items that the LNG terminal operators have more difficulty controlling.

The CRCP balance is calculated on 31 December of each year. It takes into account all or some of the variances in costs or income recorded on predefined items; in the event that the item is only partially covered by the CRCP, the gain or loss in relation to the provision, retained by the operator, constitutes an incentive to control costs. The clearing of the balance of this account is performed over four years, in constant annuities, taken into account on the occasion of tariff changes, through a reduction or increase of the revenue to be recovered by the tariff. To ensure the financial neutrality of the mechanism, an interest rate equivalent to the risk-free rate taken into account in the calculation of the WACC is applied to the CRCP balance.

In the event that the commercial exploitation of the Fos Tonkin terminal will cease in 2021, its CRCP calculated when updating the tariff would be cleared over two years over the 2019-2020 period.

A majority of contributors to the public consultation of September 2016 were in favour of extending the CRCP system under the same conditions as those of the ATTM4 tariff.

CRE decided to maintain the general principle of the existing CRCP while changing the scope of income and expenditure items covered by this mechanism.

The expenditure and income items included within the scope of the CRCP under the ATTM4 tariffs and carried over under the ATTM5 tariffs are the following:

- income from additional subscriptions for regasification capacities, 75 % covered;
- capital charges borne by operators, 100 % covered;
- energy costs and income (electricity and CO₂ quotas) 90 % covered;
- income related to the LNG exchange point access service, 50 % covered.

The new expenditure and income items included within the scope of the CRCP of ATTM5 tariffs or undergoing change in relation to the ATTM4 tariffs for the ATTM5 period, are the following:

- income related to additional subscriptions for the vessel reloading service: this item was 50 % covered for the ATTM4 period. CRE considers that the vessel reloading activity has developed significantly and that a differentiated treatment of the income related to additional subscriptions for the vessel reloading service and the income related to additional subscriptions for regasification capacity is no longer justified: the income connected to additional subscriptions for the vessel reloading service will be 75 % covered in the CRCP;
- the costs and income associated to non-regulated services. The non-regulated services generate revenues as well as costs for the regulated activity. Since the ATTM5 tariff takes into account the trajectories of subscriptions for non-regulated services, this item will make it possible to recover the variances between forecasts on the one hand, and the actual income related to the provision of non-regulated services on the other hand. This item is 100 % covered in the CRCP.

The accounting data presented by the operators will be used as the basis for the costs and revenues recorded taken into account through the CRCP.

1.3.6 Review clause concerning net operating expenses

The ATTM4 tariffs have introduced a review clause which applies mid-period for the Fos Cavaou and Montoir terminals. The present deliberation carries over this mechanism by extending it to the three regulated LNG terminals.

The review clause, identical to that approved for the ATRT6 tariff of GRTgaz and TIGF, the ATRD5 tariff of GRDF, the TURPE 5 HTA-BT and the TURPE 5 HTB, provides that the potential consequences of new legislative or regulatory provisions or of a jurisdictional or quasi-jurisdictional decision may be reassessed in the event that the level of net operational expenses of a terminal stipulated by the ATTM5 tariffs is changed by at least 1 %. The trajectory of net operational expenses to be covered by the ATTM5 tariffs may be changed after this assessment,

the financial consequences induced by these changes being only taken into account for the years 2019 and 2020.

1.4 Changes to the tariff structure for the use of LNG terminals

1.4.1 Changes to the services proposed

1.4.1.1 Regasification services

Under the ATTM4 tariffs, three regasification services were offered by the regulated LNG terminals:

- The “S-Smart” continuous send-out service for users that schedule more than one vessel per month on average across the year;
- The “S-30” uniform service for users that schedule less than one vessel per month on average across the year and which book a total annual capacity of less than 12 TWh for this service. The send-out of a cargo using the uniform service was done with a constant send-out over 30 days. In addition, CRE’s deliberation of 5 February 2015¹⁴ required Elengy and Fosmax LNG to offer users of the regulated terminals who so wish, as of 1 April 2015 and temporarily until a single gas exchange point is created:
 - the option of sending out on the gas transmission network at a constant level over a period of 20 to 30 days;
 - for Fos terminal users, an interruptible service enabling them to send out on the gas transmission network at a constant level with a duration of up to 60 days. The send-out service with a range of 40 to 60 days can be offered only in case of low impact on the send-outs of other users of the Fos terminals;
- The “S-Spot” spot service, reserved for unloading operations booked, for a given month M, after the 20th day of month M-1. The booking is done on the basis of the available capacities in the monthly schedule on the booking date. The send-out profile of users that have booked the “S-Spot” service tends to be uniform for a range of 30 days from the unloading end date, provided that the send-outs planned for the other users in the monthly schedule do not change any more than 10 % each day.

The continuous “S-Smart” service, which enables uninterrupted send-out to the transmission network for users that unload cargos on a regular basis, was intended to be the basic service offered by each terminal. It is currently the most booked service, by long-term users in particular.

The “S-Spot” service has not been booked by any participant during the ATTM4 period, for all terminals combined.

Under current market conditions, the uniform service has few subscriptions from the shippers. The last uniform service subscriptions date back 5 years and ran until 2015.

1.4.1.1.1 Setting up of the basic service

As part of the LNG Consultation Group, in order to give more promotion to “continuous” service long-term capacities, several players proposed to withdraw the “uniform” service, and to keep only a basic service, with a uniform option, accessible to all the client categories. In its two public consultations, CRE questioned the stakeholders on this point. The responses were all favourable to such a change.

The present tariff deliberation introduces the basic service, equivalent to the “continuous” service. This service is accessible to any shipper from the first booking.

The spread of the physical send-outs from the terminal between the shippers will be done according to the total volumes of LNG unloaded and reloaded during the month, as well as the level of pooled inventory level at the start of the month and the projected inventory level at the end of the month.

The rules for calculating the end-of-month inventory level are the same for the three terminals and identical to those of the continuous service which apply at the Elengy terminals during the ATTM4 tariff period:

- if an unloading is planned by the shipper concerned for the month M+1, the end-of-month inventory level of this shipper is determined by supposing a uniform send-out of the last cargo unloaded during the month M up to the day of unloading of the first cargo of month M+1;
- if no unloading is planned for month M+1 by the shipper concerned, the end-of-month inventory level of this shipper is determined by supposing a uniform send-out of the last cargo unloaded during month M up to the last day of month M+1.

¹⁴ Deliberation of CRE of 5 February 2015 deciding on the evolution of the tariff for the use of regulated LNG terminals as of 1 April 2015
Translated from the French: only the original in French is authentic

The customers of the basic service access, from the first reserved unloading, all of the flexible services offered by the terminal operators, such as dedicated storage, send-out flexibility, the subscription account, and pooling.

In order to minimise the impact of an isolated cargo on the other terminal clients, the operator can, on its initiative, anticipate the start of the send-out of this cargo within the limit of two days. In this case, the shipper concerned is not obliged to have a guarantee corresponding to the anticipated volumes of send-outs.

1.4.1.1.2 Creation of a uniform option

As part of the LNG Consultation Group, in order to maintain an offering that enables a smoothing of the send-out despite the withdrawal of the “uniform” service, the operators proposed to introduce a chargeable uniform option, enabling a smoothing of the send-out. In its two public consultations, CRE questioned the stakeholders on this point. The responses were largely in favour of the creation of such an option.

The present tariff deliberation introduces a uniform option.

Subscription to this option leads to the preferential allocation of the send-out of a cargo in the form of a constant send-out band, over a period of 20 to 40 days from the date of unloading the cargo according to the technical possibilities of the unloading terminal. This period is requested by the shipper concerned upon subscription to the uniform option.

The tariff of the uniform option is added to the price for subscribing to the basic service. In the second public consultation on the ATTM5 tariffs, CRE questioned the market on the price of this option. The opinions of the stakeholders were divided between the price of €0.1/MWh proposed by the operators and the price of €0.05/MWh, then envisaged by CRE. The present tariff deliberation sets the uniform charge (*terme bandeau* or TB) at €0.07/MWh.

This option is accessible to any shipper who has a basic service subscription, from the publication of the annual unloading schedule by the operator and up to the request for the monthly schedule for the month of unloading (before the 20th day of M-1), according to the first-come/first served principle.

For each terminal, a shipper may subscribe to not more than one uniform-option cargo per month and an annual quantity of 12 TWh in uniform option.

For a given month, the total quantities proposed with the uniform option must be at least 20 % of the monthly regasification capacity of the terminal.

The revenues generated by this option are covered in the CRCP by the “income related to additional subscriptions for regasification capacities” item, covered at 75 %.

1.4.1.1.3 Spot service

In order to enable the unloading of cargoes with a short notice, the spot service is maintained.

It is reserved to unloading operations subscribed, for a given month M, after the 20th day of month M-1. The subscription is done on the basis of available capacities in the monthly schedule at the date of subscription.

The send-out profile for a spot cargo is determined by the operator upon request from the shipper. It is calculated so as to correspond to the shipper’s request, on condition that its impact on the daily send-outs of the other shippers does not exceed the threshold of 35 GWh/day. It is also determined so as to make the space necessary in the tanks before the cargo arrival date.

The uniform option is not accessible to the spot shipper during unloading month M. Conversely, this shipper has access to it to send out the residual quantity of LNG for month M+1. The dedicated storage, the send-out flexibility service for the month of unloading, the subscription account, and pooling of intra-monthly capacities between terminals are not accessible to spot clients.

As part of a spot unloading operation, the operator may decide, on its initiative, to anticipate the associated send-out, within a two-day limit, in order to limit the impact of this on other clients. In this case, the shipper concerned is not obliged to have a guarantee corresponding to the anticipated volumes of send-outs.

1.4.1.2 Other regulated services

1.4.1.2.1 Vessel loading service

The ATTM4 tariffs have introduced a vessel loading service for the three regulated LNG terminals. This service is carried over by the present tariff deliberation. CRE ensured that the costs related to this service are covered by the revenues it generates.

This service is billed, on the basis of users’ subscriptions according to the following terms:

- a fixed berthing charge (*terme fixe d’accostage* or TNA);
- a fixed reloading charge (*terme fixe de rechargement* or TFR) ;

Translated from the French: only the original in French is authentic

- a variable charge: the quantity reloaded charge (*terme de quantité rechargée* or TQR), according to the contractual quantity reloaded.

The “ship or pay” obligation applies to this service.

1.4.1.2.2 Dedicated storage services

CRE's deliberation of 13 November 2013¹⁵ enabled an experiment to be set up for the improvement of send-out flexibility at the Montoir LNG terminal, under the business name “Nominate”. This flexibility is possible through using one dedicated storage per client, up to 20 % of the in-tank storage capacity, i.e. approximately 500 GWh.

CRE's deliberation of 19 May 2016¹⁶ enabled the experimentation, by Fosmax LNG, of a dedicated stock service at the Fos Cavaou terminal. The principle of this service is similar to the service proposed at Montoir. The stock volume allocated to this experiment is approximately 100 GWh.

In each terminal, the dedicated stock is available to clients proportionate to their subscriptions. Reallocations are carried out in the case of new subscriptions to the basic service. Each week, clients submit their send-out flexibility requests for the following week and the operators confirm the feasibility of these to them.

Elengy and Fosmax LNG presented a feedback on the experiment for these services as part of the LNG Consultation Group. In its second public consultation relating to the ATTM5 tariffs, CRE proposed to extend this service, by increasing the dedicated stock volume to 625 GWh at the Montoir terminal, according to Elengy's proposal.

The feedback submitted by the operators at the LNG Consultation Group showed that clients are satisfied with these services. The players who responded to the public consultation were also in favour of extending these services.

CRE deems that these services contribute to the downstream flexibility offered by the terminals and that they are accessible in a non-discriminatory way to the clients of the terminals.

CRE extends these services under the present tariff deliberation by bringing the volume of dedicated stock to 625 GWh at Montoir. The detailed terms for using this service are specified as part of the LNG Consultation Group. Elengy and Fosmax LNG will be able to adjust the volumes of dedicated stock each year after having submitted a feedback at the LNG Consultation Group and obtained the agreement of the participants for such a change. Elengy and Fosmax LNG will notify CRE of such a change and will be able to implement it, except if CRE expresses its refusal within two months from the notification.

Marketing of non-allocated capacity

The available storage quantity is allocated to the terminal clients in proportion to their subscriptions. The share of the dedicated storage corresponding to unsubscribed capacities remains free.

The operators wished to be able to market this available share rather than distributing it proportionately between existing players. CRE consulted the stakeholders on this point. The majority of responses were favourable, estimating that additional dedicated storage could meet ad hoc needs.

CRE considers that some players may be interested by the fact of having access to more dedicated storage than the share automatically allocated in proportion to subscriptions. This is particularly the case for players who are transporting few cargoes for which the share allocated automatically is low.

The present tariff deliberation enables operators to market this residual capacity, each month for the following month, when drawing up the monthly schedules. Only the subscribers at terminal have access to this. When this marketed dedicated storage capacity does not find a taker, it is reincorporated in the pooled storage.

The shippers who hold dedicated storage have the possibility to transfer a part of it to third-party shippers.

The revenues generated by the marketing of dedicated storage are covered in the CRCP by the “income related to additional subscriptions for regasification capacities” item, covered at 75 %.

1.4.1.2.3 Pooling service

CRE's deliberation of 17 December 2015¹⁷ enabled Elengy and Fosmax LNG to conduct an experiment for a pooling service for intra-monthly capacities. This service allows any shipper who has subscriptions in at least one of the three regulated terminals and who is not planning to use them in full in month M, to use a part of these

¹⁵ [Deliberation of CRE of 13 November 2013 concerning the decision relating to the set up of an experiment concerning the improvement of send-out flexibility at the Montoir-de-Bretagne terminal](#)

¹⁶ [Deliberation of CRE of 19 May 2016 concerning the decision relating to the experiment, conducted by Fosmax LNG, for the dedicated stock service at the Fos Cavaou terminal](#)

¹⁷ [Deliberation of CRE of 17 December 2015 concerning the decision regarding the experimentation of a pooling service for intra-monthly capacities in regulated LNG terminals](#)

capacities at one of the other regulated terminals, by accessing, based on a specific tariff, the capacities still available after the 20th day of month M-1 at this second terminal.

In this deliberation, CRE asked the operators to submit an assessment regarding the implementation of this service to the LNG Consultation Group before 31 October 2016. In its second public consultation relating to ATTM5 tariffs, CRE proposed to extend this service.

The feedback on experience submitted by the operators at the LNG Consultation Group showed that the clients are satisfied with this service. Within this framework, the operators proposed to simplify the formula for calculating the price of the subscription with this service. This change was favourably welcomed by all the players present at the LNG Consultation Group.

The players who responded to the public consultation were in favour of extending this service.

CRE extends the pooling service for intra-monthly capacities, under the same terms as those applied for the experiment, by changing the reduction calculation formula. The new formula is:

$$P = (S - C) + 0.1 * C, \text{ where:}$$

- P: the price of the pooling operation
- C: the shipper's pooling credit
- S: the price applicable to the subscription without pooling

The price of the pooling operation cannot be lower than the maximum between the TNA and 10 % of the subscription price without pooling ($0.1 * S$).

1.4.1.3 Services proposed on a competitive basis

1.4.1.3.1 Transshipment services

The transshipment services proposed at Montoir and Fos Cavaou do not come under the regulated services. The operators can set the price to supply this service themselves.

[Montoir Terminal](#)

CRE's deliberation of 23 May 2013¹⁸ defined the marketing conditions for a transshipment service of LNG cargoes at the Montoir terminal.

The implementation of this service has required investments relating to the renovation of one of the two jetties at the terminal. These investments are covered by the service.

The present deliberation carries over this service. Transshipment operations are subject to the following conditions:

- complete allocation to the transshipment service of the additional expenses caused by the supply of the latter;
- allocation in due proportion, through suitable accounting measures, of the charges resulting from the pooled use of assets and of the operating costs currently covered by the tariffs regulated through the application of objective allocation criteria audited by CRE.

[Fos Cavaou Terminal](#)

In its deliberation of 15 July 2015¹⁹, CRE authorised Fosmax LNG to market a transshipment service at Fos Cavaou. This service is similar to that proposed at the Montoir terminal, except for two points:

- it only uses one single jetty, as opposed to two at Montoir;
- Fosmax LNG uses a service provider for transferring the LNG.

CRE deems that this service strengthens the appeal of the terminal by diversifying its activity and has decided to extend it under the present tariff deliberation.

These operations are subject, just as for the Montoir terminal, to the following conditions:

- complete allocation to the transshipment service of the additional expenses caused by the supply of the latter;

¹⁸ Deliberation of CRE of 23 May 2013 concerning the decision relating to the marketing of a transshipment service at the Montoir-de-Bretagne LNG terminal operated by Elengy

¹⁹ Deliberation of CRE of 15 July 2015 concerning the decision relating to the experimental marketing of a transshipment service at Fosmax LNG's Fos Cavaou LNG terminal

- allocation in due proportion, through suitable accounting measures, of the charges resulting from the pooled use of assets and of the operating costs currently covered by the tariffs regulated through the application of objective criteria audited by CRE.

1.4.1.3.2 LNG tanker truck loading service

The LNG tanker truck loading service does not come under regulated services. The operators can set the price to supply this service themselves.

During the ATTM4 period, the truck-loading activity intensified: in 2015, more than 1500 truck-loading operations were carried out at the Elengy terminals. This is subject to the following conditions:

- complete allocation to the truck-loading service of the additional expenses caused by the supply of the latter;
- allocation in due proportion, through suitable accounting measures, of the charges resulting from the pooled use of assets and the operating costs currently covered by the tariffs regulated by application of objective allocation criteria audited by CRE.

1.4.2 Changes to tariff charges

1.4.2.1 Levels of off-take of gas in kind (TN)

Terminal operators need gas so that each terminal can operate smoothly. The off-take of gas in kind charge (TN), expressed as a percentage of volume discharge, enables this need (which is specific to each terminal) to be covered.

During the ATTM4 period, this charge was fixed at 0.2 % for the Fos Tonkin and Fos Cavaou terminals and at 0.5 % for the Montoir terminal.

Yet, over the period from December 2015 to October 2016, the self-consumption at the Montoir terminal corresponded to 0.38 % of the quantity unloaded.

Elengy has implemented an evaporation compression project for direct send-out onto the transport network at Montoir, which enables the gas consumption at the terminal to be reduced. In 2017, these compressors allowing send-outs to be reduced during LNG shortage periods will come into service and will have the effect of reducing the terminal's self-consumption level.

CRE consulted the market on the possibility of reducing the TN to 0.3% at Montoir. This change was favourably welcomed by the players who expressed their opinion.

Therefore, in order to adapt the level of off-take of gas in kind to the actual off-takes recorded and to anticipate the implementation of the compressors, the level of the gas in kind charge is set at 0.3 % for the ATTM5 period.

1.4.2.2 Withdrawal of the incentive charge to encourage regularity of unloading operations (TR)

The operators as well as the members of the LNG Consultation Group consider that this charge is no longer suitable to the current context, marked by a low rate of use of the terminals. Furthermore, as it is calculated retrospectively, this tariff charge generates financial uncertainties for terminal users.

The regularity charge (TR) aims to provide an incentive for players to transport the same volume of LNG in summer and in winter. It was introduced in order to avoid winter congestion in a context of high use of regasification capacity and high price variances between summer and winter.

CRE proposed to withdraw the TR in its second public consultation. It considered that many elements must be taken into consideration to determine the vessel arrival dates and that the TR level was insufficient to influence vessel arrival dates. It also deemed that withdrawing the TR would contribute to simplifying the terminals' offering.

All the players who expressed their opinion on this point as part of the public consultation were in favour of this withdrawal.

CRE maintains its analysis. Therefore, the regularity charge is withdrawn.

1.4.2.3 Withdrawal of the charge for using regasification capacities (TUCR)

The charge for using regasification capacities (TUCR) is a charge which aims to reflect the fact that the greater the number of cargoes transported by a user in a given period, the less storage capacity is used by each of its cargoes. It thereby reduces the cost of access to the terminal for a player transporting more than one cargo per month. The operators asked in their tariff documentation to rename TUCR so that its name is more consistent with its utility.

In its second public consultation, CRE proposed to withdraw this charge. Indeed, it considered that this charge had the effect of adding a little to the access price to the terminal for clients transporting less than 12 cargoes per year, which generated a competitive disadvantage for a potential new client of the terminals. Furthermore, CRE considers that this charge, calculated based on subscriptions, did not reflect the actual cost of storage, particularly for a shipper transporting less vessels than planned.

The majority of responses were in favour of withdrawing the TUCR. Three players were opposed to this, considering that this charge was an incentive to transport a greater number of cargoes and that it enabled the cost for using the terminals' storage facilities to be reflected.

CRE maintains its analysis and deems that withdrawing the TUCR will contribute to simplifying the terminals' offering.

Therefore, the TUCR is withdrawn.

1.4.2.4 Rebalancing between the fixed charges and the variable charges for vessel reloading operations (TFR and TQR)

A shipper who wishes to carry out a reloading operation must pay two fixed charges: the charge for the number of berthing operations (*terme de nombre d'accostages* or TNA) and the fixed reloading charge (*terme fixe de rechargement* or TFR). In addition to these fixed charges, the shipper pays a variable charge in proportion to the quantity reloaded, the quantity reloaded charge (*terme de quantité rechargée* or TQR).

Under the ATTM4 tariffs, the fixed reloading charge (TFR), set at €240,000 for Montoir, €300,000 for Fos Cavaou, and €180,000 for Fos Tonkin, represented more than half the price of an average reloading operation. Based on the experience gained from operations carried out since 2013, the operators consider that such levels of fixed costs are no longer suitable and proposed to lower the TFR to €100,000.

CRE submitted this proposal to the public consultation. All the players were in favour of reducing fixed charges but some shippers wished to maintain different TFR for each terminal.

CRE considers justified to maintain different tariffs between the three terminals, each having a specific cost structure.

The present tariff deliberation therefore introduces a reduction of the TFR for each of the three terminals: the TFR is set at €60,000 for Montoir, €120,000 for Fos Cavaou, and €40,000 for Fos Tonkin. This enables the costs generated by the provision of the vessel reloading service to be fairly covered. In return, the TQR is set at €0.32/MWh in order to maintain the cost of a standard reloading operation at a level close to its current level.

1.4.2.5 Introduction of the optional stored quantity charge (TQS)

As part of the dedicated storage services, the quantity of storage available is allocated to terminal clients in proportion of their subscriptions.

The share of the dedicated stock corresponding to unsubscribed capacities remains available and operators are able to market it.

The present tariff deliberation therefore introduces a stored quantity charge (*terme de quantité stockée* or TQS), expressed in €/MWh/month.

On the occasion of the public consultation, CRE indicated that it envisaged the price of €1/MWh/month for this charge. Only two players considered that this price is too high. CRE considers this price to be consistent with the prices of the other means of storage.

This charge is set at €1/MWh/month. The income associated with this charge is incorporated at 75 % in the CRCP, through the "income connected to additional subscriptions for regasification capacities" item.

1.4.2.6 Introduction of the optional uniform charge (TB)

The present tariff deliberation introduces the possibility for a terminal user to subscribe to a uniform option.

The tariff for the uniform option is in addition to the price of the initial subscription. The uniform charge (*terme bandeau* or TB), associated with any subscription to the uniform option, is expressed in €/MWh.

In the second public consultation on the ATTM5 tariffs, CRE indicated that the operators proposed a price of €0.1/MWh for this charge. It considered this charge too high and deemed that a charge set at €0.05/MWh would be more appropriate for this service. The responses were divided on this point: some players considered that given the constraints brought by the uniform option on the other shippers, this charge was too low. Others considered on the contrary that since the uniform service is free, the uniform option should not exceed the price proposed by CRE.

This charge is set at €0.07/MWh. The income associated with this charge is incorporated in the CRCP, through the "income connected to additional subscriptions for regasification capacities" item.

1.4.2.7 Changes to the main charges

Except for the off-take of gas in kind charge, only the charges for number of berthing operations (TNA) and quantity unloaded (TQD) apply to an unloading operation in basic service.

The operators wished to align the TNA between the Montoir and Fos Cavaou terminals: they proposed to maintain the TNA of the Fos Cavaou terminal at €100,000 and to increase the TNA of the Montoir terminal from €90,000 to €100,000.

CRE proposed this harmonisation in its second public consultation. Three market players were against this change, considering that this difference reflects the fact that the costs of the Montoir terminal are lower than those of the Fos Cavaou terminal.

CRE considers that the harmonisation of tariff charges should not be done to the detriment of the fair cost coverage, and that harmonising the TNA between the Montoir and Fos Cavaou terminals is not justified.

Therefore, the TNA are maintained at their current levels. The TQD are adjusted so that the tariff revenues cover the allowed revenue of each terminal over the ATTM4 period.

1.4.3 Drawing up reloading and trans-shipment schedules

During the fourth quarter of each year, each user of the regulated LNG terminals sends an annual schedule request to Elengy and Fosmax LNG. Under the ATTM4 tariffs, only unloading operations were accessible for reservation when drawing up the annual schedule.

1.4.3.1 Reloading schedule

In order to give visibility to players that wish to reload cargoes at the terminals, the operators proposed that any shipper that has subscribed to unloading capacities can reserve a reloading operation when the annual schedule is drawn up.

CRE consulted the stakeholders on this proposal by stating the conditions to be fulfilled so that its implementation is not detrimental to the security of supply. The majority of responses were in favour of this change, estimating that it allows shippers to have more visibility on their schedule.

CRE considers that this possibility would increase the appeal of the terminals without hindering their smooth operation and that the agreed terms ensure that it does not hinder the security of supply.

Therefore, the reloading operations can be reserved when the annual schedule is drawn up.

The following rules apply:

- when the annual schedule is drawn up, unloading operations take priority in the event of requests for the same date;
- a reloading operation is scheduled so that its potential cancellation cannot prevent an unloading operation to take place because of surplus LNG in the tanks;
- the shipper who wishes to reload a cargo is responsible for ensuring the availability of the LNG volume needed for the operation. The reloadable volume will be determined by the operator according to the unloading operations planned by the shipper and the terminal's operational constraints;
- the operators ensure at all times that the maximum unloading capacity of the terminal can be attained if needed.

The "ship or pay" obligation applies to this service.

1.4.3.2 Transshipment schedule

CRE's deliberation of 23 May 2013 concerning the decision relating to the marketing of a transshipment service at the Montoir terminal defined the rules for scheduling transshipment operations at the Montoir terminal. These are scheduled when the annual schedule is drawn up. The drawing up of the annual schedule will be governed by the management of storages and regasification capacities, with special attention being given to unloading dates

which form the backbone of the annual schedule. The transshipment slots are then ring-fenced under the same conditions as the unloading slots.

Fosmax LNG wishes that transshipment operations at Fos could be reserved intra-annually, after the annual schedule has been drawn up.

CRE consulted the stakeholders on this proposal. They were all in favour of this change, estimating that it allows shippers to have more visibility on their schedule.

CRE deems that the proposal of Fosmax LNG enhances the appeal of the Fos Cavaou terminal without hindering unloading operations.

It therefore introduces the possibility for a shipper to plan its transshipment operations at Fos Cavaou intra-annually, after the annual schedule has been drawn up.

The difference between the schedule possibilities for transshipment operations at the Montoir and Fos Cavaou terminals is explained by the fact that the transshipment service at the Montoir terminal responds to a specific need anticipating a large number of operations and requiring a high visibility on the slots. This is not the case at the Fos Cavaou terminal.

The “ship or pay” obligation, defined in paragraph 3.1.4, applies to this service.

1.4.3.3 Subscription account

The annual schedule allocates timeslots to the operations reserved by shippers. It is then possible for a shipper to move a slot during the same month, with the agreement of the operator. Conversely, it is not possible to postpone a slot reserved from one month to another: any operation cancelled for a month M is lost, but nevertheless paid for via the Ship or Pay mechanism.

The operators proposed to provide flexibility to shippers in managing their subscriptions by giving them an option to reschedule over several months.

To do this, the operators proposed to implement a subscription account (*compte de souscription* or CS) for the sole fixed and variable components connected to unloading operations (number of unloading operations and quantity unloaded). It would be divided into two different sections, CS1 and CS2:

- the CS1 would be credited when the annual schedule is drawn up, with the unloading operations that have been subscribed to but not scheduled. It could be used during the year to schedule unloading operations over the other months of the year, as if this were primary capacity;
- the CS2 would be credited intra-annually, when an unloading operation is cancelled. The operators consider that an unloading operation must be unscheduled before a deadline, which they deem necessary to be between the 20th day of month M-2 and the 20th day of month M-1, so that the associated tariff charges can be credited to CS2. The CS2 could then be used only to schedule operations when the monthly schedule is drawn up or intra-monthly.

CS1 just like CS2 could never be negative. The fixed and variable charges from the subscription accounts could be used independently.

Each shipper's CS1 and CS2 would be reset to zero at the end of each shipper Billing Period. The CS1 and CS2 charges would be transferable by the shippers on the secondary market.

CRE consulted the stakeholders on this proposal. The responses were divided. One player recalled that no other terminal enables such flexibility and deemed that the operators' proposal poses risks of unloading capacity monopolisation over some periods.

CRE considers that this proposal would increase the value of subscriptions at the terminals. However, it deems that the CS1 could lead some players to keep non-scheduled reservations in order to have a re-scheduling option in the event of a change in the economic situation, or to use their CS1 to reserve operations without any real intention to transport a cargo. It is therefore not in favour of this proposal.

For the same reasons, CRE does not wish the CS2 to be able to be debited for reserving an operation in the medium- or long-term. It is therefore not in favour of the operators' proposal regarding the possibility of using the subscription account for scheduling beyond the monthly grid.

In view of these elements, the ATTM5 tariffs introduce the subscription account (CS) according to the following terms:

- the CS is credited with the values (number of unloading operations and unloaded quantities) of unscheduled operations when the annual schedules are drawn up as well as operations cancelled before the 20th of month M-2 for the month M;

- the CS is usable for a month M when the monthly schedule for this month is drawn up or intra-monthly;
- the CS can never be negative;
- the CS is reset to zero each year or at the end of each billing period, i.e. at least once a year;
- the CS is transferable by shippers on the secondary market.

1.4.4 Marketing capacities reserved in the short-term at Fos Cavaou

The Fos Cavaou terminal has a total regasification capacity of 97 TWh per year. CRE's deliberation of 15 December 2003²⁰ provided that *"as long as the competitive offering is underdeveloped, at least 10 % of the capacity of the new terminal can be reserved for all suppliers, for short-term contracts under non-discriminatory conditions."*

Fosmax LNG currently wishes to be able to market all the terminal's capacities in the long-term and proposes to implement a coordinated sales operation in 2017, then to offer the remaining capacities according to the first-come first-served rule.

CRE consulted the market on this subject. The majority of players were in favour of the request from Fosmax LNG.

CRE deems that currently a player who wishes to transport LNG in France or in Europe has a sufficient number of possibilities. Indeed, many terminals are located on various European coastlines. A player who wishes to transport gas in France is able to subscribe to Fos Cavaou or Montoir where capacity remains available. It can also transport LNG in Spain, Belgium, or the Netherlands, then subscribe for transport capacity with the GRTs in question. In addition, the Dunkirk terminal's entry service further increases these possibilities.

So that Fosmax LNG can respond favourably to a potential long-term subscription request, the ATTM5 tariffs remove the reservation constraint of 10 % of capacity for the short-term.

²⁰ Deliberation on the protocol between Gaz de France and TOTAL, regarding the outcome of their joint stakeholding in CFM and GSO

Translated from the French: only the original in French is authentic

2. PARAMETERS AND TRAJECTORY OF THE TARIFFS FOR THE USE OF REGULATED LNG TERMINALS

2.1 Allowed revenue for the 2017-2020 tariff period

2.1.1 Operators' requests

2.1.1.1 Tariff request for the Fos Cavaou terminal

The projected allowed revenue request submitted by Fosmax LNG for the Fos Cavaou terminal in April 2016 breaks down as follows:

Allowed revenue requested by Fosmax LNG for the ATTM5 period at the Fos Cavaou terminal

Current €M	ATTM4 level 2015/16	Operator request				ATTM5 average request
		2017	2018	2019	2020	
Net operating expenses*	47.43	44.10	47.81	49.30	49.85	47.77
Normative capital charges	105.55	98.69	97.30	96.24	95.03	96.81
CRCP clearing	-0.55	-9.42	-9.42	-4.86	-4.86	-7.14
Allowed revenue	152.42	133.37	135.69	140.69	140.03	137.44
Evolution (%)			+1.74 %	+3.68 %	-0.47 %	

*including provisions for decommissioning

The trajectory requested represents, for the Fos Cavaou terminal, an average drop of approximately 10 % in allowed revenue. This evolution breaks down as follows:

- 0.5 % connected to the drop in operating expenses;
- 5.6 % connected to the drop in capital charges, calculated based on a rate of return of 8.5 %, actual before tax (i.e. a base rate of 6.5 %, plus a remuneration bonus of 200 base points);
- 4.3 % connected to clearing the CRCP.

Given the change in subscriptions anticipated by the operator, this drop in allowed revenue would be manifested by a tariff reduced by -11.9 % compared to that of the second ATTM4 period.

From this data, the Fos Cavaou terminal's average tariff would consequently go from €1.773/MWh to €1.562/MWh for the period from 1 April 2017 to 31 March 2019.

2.1.1.2 Tariff request for the Fos Tonkin terminal

The projected allowed revenue request submitted by Elengy for the Fos Tonkin terminal in April 2016 breaks down as follows:

Allowed revenue requested by Elengy for the ATTM5 period at the Fos Tonkin terminal

Current €M	ATTM4 level 2015/16	Operator request				ATTM5 average request
		2017	2018	2019	2020	
Net operating expenses*	29.41	27.84	27.36	27.75	25.99	27.23
Normative capital charges	30.67	28.59	26.07	22.47	10.86	22.00
CRCP clearing	-6.78	-2.94	-2.94	-1.33	-1.33	-2.14
Allowed revenue	53.30	53.49	50.49	48.89	35.49	47.09
Evolution (%)			-5.61 %	-3.17 %	-27.39 %	

*including provisions for decommissioning

The trajectory requested represents, for the Fos Tonkin terminal, an average drop of 12 % in allowed revenue. This drop breaks down as follows:

- 4.0 % connected to the drop in operating expenses;

- - 15.9 % connected to a drop in capital charges, calculated based on a rate of return of 8.5 %, actual, before tax (i.e. a base rate of 6.5 %, plus a remuneration bonus of 200 base points);
- + 8.5 % connected to a lower amount of CRCP to be cleared over the ATTM5 period compared to the ATTM4 period.

Given the change in subscriptions anticipated by the operator, this drop in allowed revenue would be manifested by tariff reduced by -13.9 % compared to that of the second ATTM4 period.

From this data, the Fos Tonkin terminal's average tariff would consequently go from €1.562/MWh to €1.345/MWh for the period from 1 April 2017 to 31 March 2019.

2.1.1.3 Tariff request for the Montoir terminal

The allowed revenue request submitted by Elengy for the Montoir terminal in April 2016 breaks down as follows:

Allowed revenue requested from Elengy for the ATTM5 period at the Montoir terminal

Current €M	ATTM4 level 2015/16	Operator request				ATTM5 average request
		2017	2018	2019	2020	
Net operating expenses*	55.91	52.94	50.61	49.94	50.29	50.94
Normative capital charges	55.90	52.02	50.90	49.80	48.90	50.41
CRCP clearing	-6.34	-8.68	-8.68	-4.59	-4.59	-6.63
Allowed revenue	105.47	96.28	92.84	95.15	94.60	94.72
Evolution (%)			-3.58 %	+2.49 %	-0.58 %	

*including provisions for decommissioning

The trajectory requested represents, for the Montoir terminal, an average drop of approximately 11 % in allowed revenue. This drop breaks down as follows:

- - 5.3 % connected to the drop in operating expenses;
- - 5.8 % connected to the drop in capital charges, calculated based on a rate of return of 8.5 %, actual, before tax (i.e. a base rate of 6.5 %, plus a remuneration bonus of 200 base points);
- - 0.3 % connected to clearing the CRCP.

Given the change in subscriptions anticipated by the operator, this drop in allowed revenue would be manifested by a tariff reduced by -0.7 % compared to that of the second ATTM4 tariff period.

From this data, the Montoir terminal's average tariff would consequently go from €0.900/MWh to €0.894/MWh for the period from 1 April 2017 to 31 March 2019.

2.1.2 CRE analysis of net operating expenses

The net operating expenses consist of operating costs, operating revenue being deducted, as well as the provisions for decommissioning.

The net operating expenses incorporate assumptions for the refunding of the share of non-regulated service revenue corresponding to the terminal's pooled usage costs (use of infrastructure and personnel) for truck loading and transshipment activities.

The net operating expenses incurred by the operators for the ATTM4 period were lower than the projected expenses actually covered by the ATTM4. The variances are mainly explained by a lower usage level of the terminals than anticipated, the setting up of a performance plan from 2013 and adapting operations to the decrease in activity.

To fix the level of the projected operating expenses to be covered for the ATTM5 tariffs, CRE analysed the requests from Elengy and Fosmax LNG based on:

- the data from the accounts of Elengy and Fosmax LNG 2013 to 2015;
- the assumptions regarding the evolution of expenses for the years 2016 to 2020 as submitted by the operators;



- the responses to the public consultation of October 2016 at which 8 players (Elengy & Fosmax LNG, 5 shippers and 2 associations or unions) expressed opinions on the operators' tariff application.

CRE takes as a benchmark for its work the level of costs incurred by the operators for the ATTM4 period, so that the users benefit from the efficiency gains achieved during this period.

2.1.2.1 Operators' requests

The projected net operating expenses, submitted by the operators for the ATTM5 period (2017-2020) are as follows:

2.1.2.1.1 Fos Cavaou

Tariff request for the Fos Cavaou terminal – Net operating expenses

Current €M	2015 Made	2017	2018	2019	2020	Average 2017-2020
Net operating expenses*	41.24	43.34	47.01	48.46	48.97	46.95

*excluding provisions for decommissioning

The net operating costs request for the Fos Cavaou terminal would lead for the period 2017 to 2020 to an increase in average annual costs of €5.7 M, i.e. +13.8 % compared to the actual figures for 2015.

The increase is mainly explained by:

- the increase in services re-invoiced by Elengy on behalf of Fosmax LNG for the operation of the Fos Cavaou terminal;
- the increase in taxes and duties (essentially due to the increase in property tax);
- the reduction of extra-tariff income and capital production.

2.1.2.1.2 Fos Tonkin

Tariff request for the Fos Tonkin terminal – Net operating expenses

Current €M	2015 Made	2017	2018	2019	2020	Average 2017-2020
Net operating expenses*	24.93	26.84	26.31	26.64	25.99	26.44

*excluding provisions for decommissioning

The net operating costs request for the Fos Tonkin terminal would lead for the period 2017 to 2020 to an increase in average annual costs of €1.5 M, i.e. +6.6 % compared to the actual figures for 2015.

The increase is mainly explained by:

- projected expenses connected to decisions to be made by Elengy regarding the future of the Fos Tonkin terminal;
- the drop in revenue relating to various services.

2.1.2.1.3 Montoir-de-Bretagne

Tariff request for the Montoir terminal – Net operating expenses

Current €M	2015 Made	2017	2018	2019	2020	Average 2017-2020
Net operating expenses*	48.30	52.24	49.87	49.16	49.48	50.19

*excluding provisions for decommissioning

The net operating costs request for the Montoir terminal would lead for the period 2017 to 2020 to an increase in average annual costs of €1.9 M, i.e. +3.9 % compared to the actual figures for 2015.



This change is mainly explained by the evolution of energy purchases in connection with the usage level of the terminal (volume effect), partly offset by the increase in extra-tariff income related to the costs transferred to the non-regulated activity of the transshipment service.

2.1.2.2 Main conclusions

In its public consultation of October 2016, CRE presented its preliminary analysis relating to the projected trajectories of net operating expenses submitted by the operators.

The adjustments proposed by CRE would concern mainly the costs transferred to non-regulated activities. Furthermore, adjustments were proposed concerning the procedures for taking into account income from LNG tanker reloading operations. Apart from this last point, CRE approves all of these adjustments.

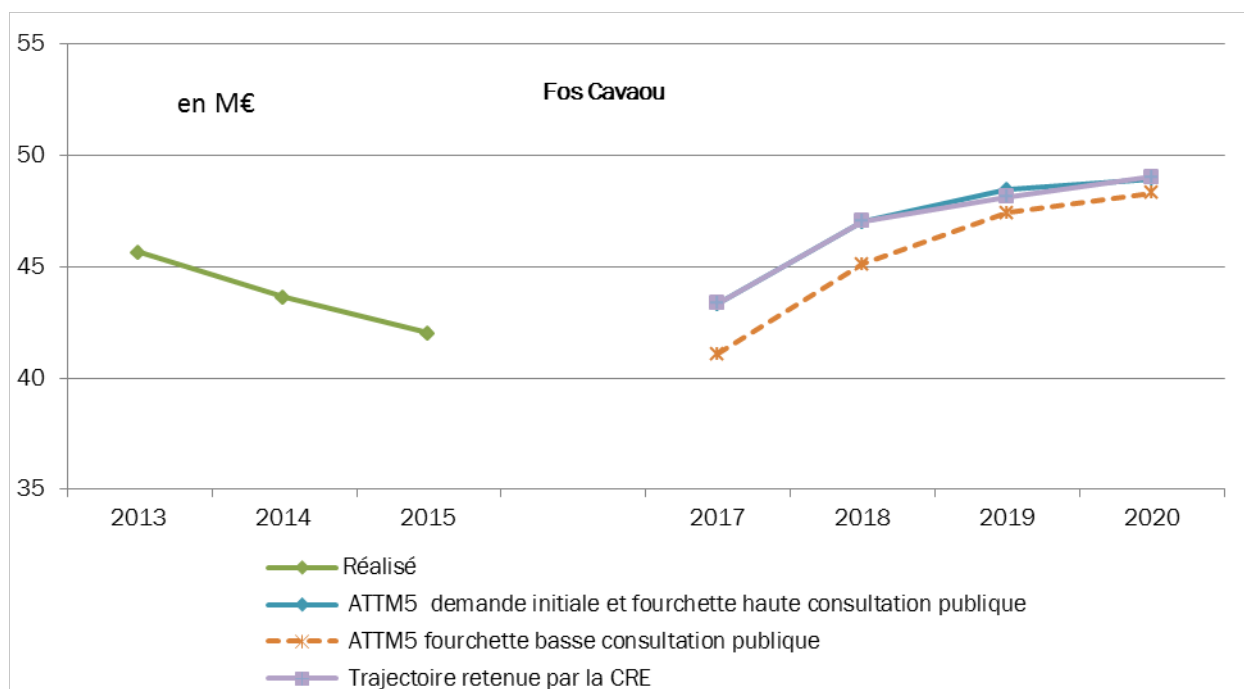
Following these analyses, CRE approves in addition other adjustments concerning primarily social costs (corrections in favour of the operators) to take account of the latest available data (see 2.1.2.3).

Approved adjustments for the Fos Cavaou terminal

Current €M	Made 2015	2017	2018	2019	2020	Average 17-20
Request from Fos Cavaou		43.34	47.01	48.46	48.97	46.95
Final adjustments approved by CRE <i>Compared to the request from Fos Cavaou (%)</i>		+0.03 +0.1 %	+0.03 +0.1 %	-0.31 -0.6 %	+0.09 +0.2 %	-0.04 -0.1 %
Trajectory approved by CRE* <i>Evolution (%)</i>	41.24	43.36	47.05 +8.5 %	48.15 +2.3 %	49.06 +1.9 %	46.90

*excluding provisions for decommissioning

Fos Cavaou terminal – Net operating expenses: graph



DELIBERATION

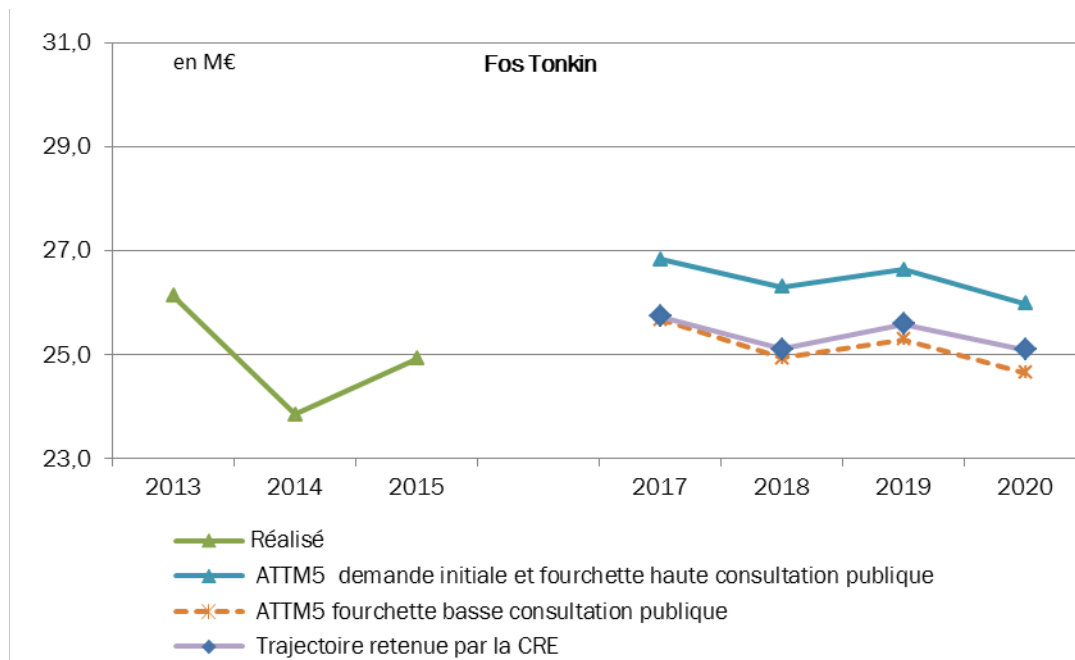
18 January 2017

Approved adjustments for the Fos Tonkin terminal

Current €M	Made 2015	2017	2018	2019	2020	Average 17-20
Request from Fos Tonkin		26.84	26.31	26.64	25.99	26.44
Final adjustments approved by CRE <i>Compared to the request from Fos Tonkin (%)</i>		-1.10 -4.1 %	-1.20 -4.6 %	-1.05 -3.9 %	-0.89 -3.4 %	-1.06 -4.0 %
Trajectory approved by CRE* <i>Evolution (%)</i>	24.93	25.74	25.11 -2.5 %	25.59 +1.9 %	25.10 -1.9 %	25.38

*excluding provisions for decommissioning

Fos Tonkin terminal – Not operating expenses: graph

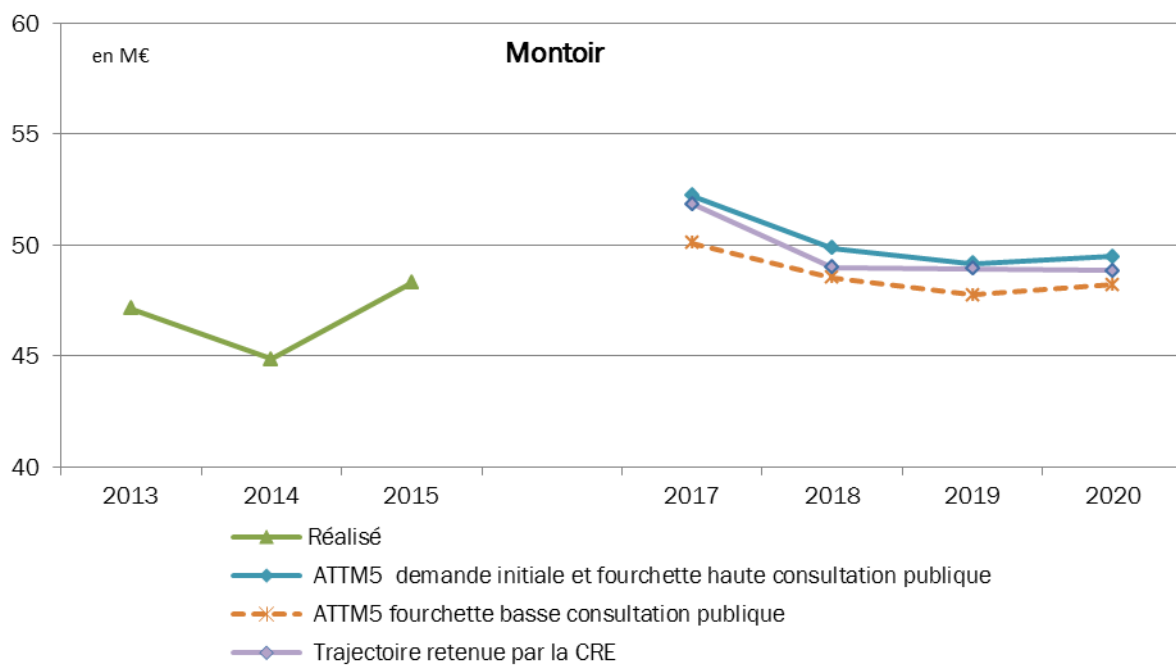


Approved adjustments for the Montoir terminal

Current €M	Made 2015	2017	2018	2019	2020	Average 17-20
Request from Montoir		52.24	49.87	49.16	49.48	50.19
Final adjustments approved by CRE <i>Compared to the request from Montoir (%)</i>		-0.37 -0.7 %	-0.89 -1.8 %	-0.23 -0.5 %	-0.62 -1.2 %	-0.53 -1.0 %
Trajectory approved by CRE* <i>Evolution (%)</i>	48.30	51.87	48.98 -5.6 %	48.93 -0.1 %	48.86 -0.1 %	49.66

*excluding provisions for decommissioning

Montoir terminal - Net operating expenses: graph



These adjustment proposals were shared with the operators.



2.1.2.3 Analysis of the main adjustments

The conclusions of CRE’s analyses on the main items adjusted are as follows:

Social costs

The decree of 21 April 2016 relating to the contribution rate to be paid by the employer specified the rates applicable in 2015 and 2016. These elements were not known to the operators at the time of establishing the tariff documentation. CRE considers that the factors of change in contribution rates as of 2017 should be taken into account in the tariff trajectories and accordingly makes the following upward adjustments:

Charges sociales Social costs

Adjustment to social costs (current €M)	2017	2018	2019	2020	Average ATTM5
Fos Cavaou	+0.09	+0.17	+0.21	+0.27	+0.19
Fos Tonkin	+0.08	+0.12	+0.17	+0.20	+0.14
Montoir	+0.16	+0.24	+0.35	+0.42	+0.29

Management fees

In its deliberation of 13 December 2012 on the ATTM4 tariffs, CRE noted that the management fees “must correspond to services actually provided by the parent company to its subsidiaries”.

CRE had then approved a 25 % decrease of the overall management fees request from the operators and had specified that the operators should submit to CRE the direct service contracts signed with the parent company.

In 2016, Elengy individualised in the form of service agreements some services provided by Engie on behalf of Elengy. These agreements amount to approximately €2.5 M per year and concern the human resources, finance, and information systems departments.

Other services that could not be individualised represent approximately €1 M per year. These services (management fees) concern the audit, strategy, and research departments, and the presidency.

As regards the management fees, CRE considers that Elengy has only partially justified the nature of the services provided and the associated amount. Therefore, CRE selects for the ATTM5 tariff a level of management fees at 50 % of the operators’ request and asks Elengy to further the service individualisation carried out by Engie. CRE makes the following adjustment:

Management fees

Adjustment to management fees (Current €M)	2017	2018	2019	2020	Average ATTM5
Request from operators	0.99	0.99	0.99	0.99	0.99
Adjustment to management fees	-0.49	-0.49	-0.49	-0.49	-0.49

This cost included in the common costs will be allocated according the allocation criteria between the three terminals.

Business interruption insurance

Elengy and Fosmax LNG have subscribed to a supplementary insurance “damage to property” which covers business interruption.

In its deliberation of 13 December 2012 on the ATTM4 tariff, CRE decided not to cover the part of the insurance premium relating to business interruption.

CRE considers that the existence of a return on assets’ bonus, specific to the regulated LNG terminal operating activity, is such that it covers these risks. Therefore, CRE adjusts the entire “business interruption insurance” item. The amounts relating to the various insurances to be covered by the tariff are therefore as follows:



DELIBERATION

18 January 2017

« Insurances » item - Fos Cavaou

Current €M	2017	2018	2019	2020	Average ATTM5
Request from operators	0.77	0.77	0.78	0.79	0.78
Adjustment « business interruption insurance »	-0.13	-0.14	-0.14	-0.14	-0.14
Approved trajectory	0.63	0.64	0.64	0.65	0.64

« Insurances » item - Fos Tonkin

Current €M	2017	2018	2019	2020	Average ATTM5
Request from operators	0.50	0.48	0.45	0.26	0.42
Ajustment « business interruption insurance »	-0.09	-0.08	-0.08	-0.05	-0.07
Approved trajectory	0.41	0.40	0.37	0.21	0.35

« Insurances » item - Montoir

Current €M	2017	2018	2019	2020	Average ATTM5
Request from operators	0.91	0.94	0.99	1.19	1.01
Adjustment « business interruption insurance »	-0.16	-0.16	-0.17	-0.21	-0.18
Approved trajectory	0.75	0.78	0.82	0.98	0.83

CO₂ quotas

For the ATTM5 period, Elengy must purchase CO₂ quotas for the Montoir terminal. The projected amount submitted by the operators, constructed based on a price of CO₂ between €8 and €20/t, is €180,000 on average per year.

CRE considers that the trajectory of CO₂ quota costs should be valued based on the first fifteen EU ETS quotations of October 2016, in keeping with the different tariffs. CRE therefore approves the following adjustment:

CO₂ quotas - Montoir

Current €M	2017	2018	2019	2020	Average ATTM5
Request	0.11	0.11	0.21	0.30	0.18
Adjustment CO ₂ quotas	-0.03	-0.03	-0.12	-0.21	-0.10
Approved trajectory	0.08	0.08	0.09	0.09	0.08

The projected costs for this item (price and volumes) will be revised when updating the tariffs midway through the ATTM5 period.

Cost transfer

Translated from the French: only the original in French is authentic

30/56



DELIBERATION

18 January 2017

Elengy and Fosmax LNG have developed marketing activities of tanker loading and LNG transshipment between vessels. The operating costs generated by these activities must be neutralised in the revenue to be covered by the tariffs.

The present deliberation provides for the following tariff treatment for these activities:

- full allocation to these activities of additional costs induced by their provision;
- allocation in due proportion, of the costs resulting from the pooled use of assets and the operating costs currently covered by the regulated tariffs by applying objective allocation keys criteria audited by CRE.

Therefore, in view of the elements produced to justify the transferable amounts concerning these activities, CRE approves adjustments of + €0.1 M over the 2017-2020 period for Montoir.

Summary

The tables represent the trajectories of net operating expenses approved in the ATTM5 tariff for each terminal. These trajectories result from the adjustments presented above.

Fos Cavaou terminal – Net operating expenses*: approved trajectory

Current €M	2015 Made	2017	2018	2019	2020	Average ATTM5
Operator request		43.34	47.01	48.46	48.97	46.95
Adjustment approved by CRE		+0.03	+0.03	-0.31	+0.09	-0.04
Approved trajectory	41.24	43.36	47.05	48.15	49.06	46.90
Evolution (%)			+8.5 %	2.3 %	1.9 %	

*excluding provisions for decommissioning

Fos Tonkin terminal – Net operating expenses*: approved trajectory

Current €M	2015 Made	2017	2018	2019	2020	Average ATTM5
Operator request		26.84	26.31	26.64	25.99	26.44
Adjustment approved by CRE		-1.09	-1.20	-1.05	-0.89	-1.06
Approved trajectory	24.93	25.74	25.11	25.59	25.10	25.38
Evolution (%)			-2.5 %	+1.9 %	-1.9 %	

*excluding provisions for decommissioning

Montoir terminal - Net operating expenses*: approved trajectory

Current €M	2015 Made	2017	2018	2019	2020	Average ATTM5
Operator request		52.24	49.87	49.16	49.48	50.19
Adjustment approved by CRE		-0.37	-0.89	-0.23	-0.61	-0.53
Approved trajectory	48.30	51.87	48.98	48.93	48.86	49.66
Evolution (%)			-5.6 %	-0.1 %	-0.1 %	

*excluding provisions for decommissioning

2.1.2.4 Provisions for decommissioning

The LNG terminal operators have been required, since 2003, to recognize provisions in their accounts for restoring sites. The costs to be covered by the tariff include contributions to provisions based on estimated dates and costs of decommissioning the terminals supplied by the operators.

In connection with the significant and long-term decrease in interest rates and inflation rates compared to the levels that prevailed during the previous tariffs, CRE adapts the assumed inflation and return rates taken into account in the tariff calculation of the contributions to provisions for decommissioning, leading to an adjustment of the provision amounts covered by the tariffs.

For the present tariff decision, CRE selects, as of 2017, an assumed inflation of 1.1 % and an assumed rate of return of 2.7 % (corresponding respectively to the inflation and the nominal risk-free rate defined in paragraph 2.1.3.1) for calculating the contributions to provisions for decommissioning.

Furthermore, as the subscriptions for the Fos Tonkin terminal run until the end of 2020, CRE adjusts the coverage history of the provisions for decommissioning in order to take into account the fact that the decommissioning can only begin in 2021.

Therefore, the amounts of the contributions to provisions for decommissioning to be covered by the ATTM5 tariffs are as follows:

Fos Cavaou terminal – Contributions to provisions for decommissioning

Current €M	2017	2018	2019	2020	Average
Operators' request	0.63	0.66	0.69	0.73	0.68
Adjustment approved by CRE	+ 0.42	+0.42	+ 0.41	+ 0.41	+ 0.41
Approved trajectory	1.05	1.08	1.11	1.14	1.09

Fos Tonkin terminal – Contributions to provisions for decommissioning

Current €M	2017	2018	2019	2020	Average
Operators' request	1.01	1.06	1.11	-	0.79
Adjustment approved by CRE	- 0.29	- 0.32	- 0.35	+ 0.78	- 0.05
Approved trajectory	0.72	0.74	0.76	0.78	0.75

Montoir terminal – Contributions to provisions for decommissioning

M€ courants	2017	2018	2019	2020	Average
Operators' request	0.70	0.74	0.77	0.81	0.76
Adjustment approved by CRE	+ 0.12	+ 0.11	+ 0.09	+ 0.08	+ 0.10
Approved trajectory	0.82	0.84	0.87	0.89	0.86

2.1.3 CRE analysis of capital charges

2.1.3.1 Parameters for calculating capital charges

In support of their remuneration rate request, the operators presented a study by an external consultant. This study focused in particular on the justification of the construction of the rate of return on the RAB from the rate of return for the gas transport activity and a bonus related to the regulated LNG terminal operating activity, and on the evaluation of the level of this bonus.



As part of the ATTM5 work, CRE reassessed the method and the parameters selected for calculating the capital charges of LNG terminal operators. It hired in particular an external consultant to carry out an audit of the remuneration rate request from the operators for the ATTM5²¹ tariff period.

[Public consultation of CRE of 14 September 2016 relating to the new tariffs for using regulated LNG terminals \(ATTM5\)](#)

The contributors to the public consultation expressed their opinions on the method used for defining the rate of return applicable in the ATTM5 tariffs and on the level of this rate of return.

Some stakeholders stated that they were in favour of the method envisaged by CRE whereas others called into question the principle of a bonus in relation to the rate of return for the gas transport activity. Finally, for other players, a comparison with the rates of return of the other regulated LNG terminals in Europe would be interesting.

[Rate of return on the RAB](#)

For the present tariff decision, CRE defines the rate of return on the RAB as the weighted average cost of capital (WACC) defined for the gas transport activity in the ATRT6 tariff, plus a bonus of 200 base points.

The values selected by CRE for each parameter used for calculating the WACC in the ATRT6 tariffs are shown in the table below:

Parameters of the WACC used in the ATRT6 tariff	
Real risk-free rate (*)	1.6 %
Debt spread	0.6 %
Asset beta	0.45
Equity beta	0.75
Market risk premium	5.0 %
Gearing (debt / (debt + equity))	50 %
Corporation tax rate (CT)	34.43 %
Tax deductibility of net financial charges	75 %
Cost of debt (real, before CT)	2.4 %
Cost of equity (real, before CT)	8.1 %
WACC (real, before CT)	5.25 %

(*) i.e. assumed nominal risk-free rate of 2.7 %

With regard to the values taken into account to define the WACC of the ATRT5 tariff, the main changes, in line with the evolution of the macro-economic and financial data, concern:

- the real risk-free rate – fixed at 1.6 % – below the risk-free rate selected for the ATRT5 tariff period (2.0 %). This decrease is justified by the significant and lasting fall of interest rates observed compared to the levels that prevailed at the time of fixing the previous tariff;
- the asset beta – fixed at 0.45 – lower than the level selected for the ATRT5 period (0.58). The value selected takes account in particular of the market observations and the betas of the gas transport activity in Europe, as well as the context of uncertainty over the long-term prospects of gas;
- the tax deductibility of net financial charges – fixed at 75 % – pursuant to the provisions of Article 212 bis of the French General Tax Code which caps at 75 % (against 100 % previously) the share of net financial charges deductible from the taxable income of companies whose total amount of net financial charges is greater than three million euros. This provision increases the cost of the operator's debt.

The level of the remuneration bonus – fixed at 200 base points in relation to the rate of return for the gas transport activity – is in line with the conclusions of the audit of the remuneration rate request from the operators and takes into account the assessment by CRE of the specific features of the regulated LNG terminal operating activity.

²¹ Compass Lexecon, « Evaluation du CMPC des activités régulées d'Elengy et de Fosmax LNG pour la période de l'ATTM5 » (Assessment of the WACC for regulated activities of Elengy and Fosmax LNG for the ATTM5 period), August 2016

Translated from the French: only the original in French is authentic



[Rate of return on assets under construction](#)

In accordance with what is set out in paragraph 1.2.2.2.4, assets under construction (AuC) are remunerated at the nominal pre-tax cost of debt (3.7 %), plus the bonus specific to the LNG activity, i.e. 5.7 % under the ATTM5 tariffs.

2.1.3.2 Projected trajectories for investments

The projected trajectories of investments for each of the three terminals are as follows:

Current €M	2016	2017	2018	2019	2020	Average 2017-2020
Fos Cavaou	3.1	3.2	6.2	8.2	3.2	5.2
Fos Tonkin	5.5	4.4	0.3	0.3	0.3	1.3
Montoir	18.9	17.0	5.3	7.7	9.1	9.8

The projected investments at the Montoir terminal essentially concern the evaporation compression project. This project aims to install a sustainable compression system for direct send-out of GNL evaporations onto the gas transport network. These facilities will allow send-outs of the terminal to be reduced to the bare minimum in periods of low usage, avoiding the sending of boil-off gas to the flare.

Fosmax LNG has planned in particular investments aimed at reducing the minimum send-out rate of the Fos Cavaou terminal. This project will be discussed in the LNG Consultation Group group but CRE considers that it is appropriate to include these investment forecasts in the ATTM5 tariff trajectories.

Various investments related to maintenance and security will also be made on the three terminals.

CRE approves all the investment forecasts featuring in the operators' request.

[Projected trajectories for assets under construction](#)

The projected trajectories of assets under construction (AuC) for each terminal are presented below:

AuC at 01.01.N Current €M	2016 Made	2017	2018	2019	2020	Average 2017-2020
Fos Cavaou	0.9	0.4	1.5	4.9	1.0	2.0
Fos Tonkin	1.0	0.0	0.1	0.1	0.1	0.1
Montoir	8.4	19.6	13.1	9.0	12.0	13.4



2.1.3.3 Projected trajectories of standard capital charges

Projected trajectories of the RAB

The projected trajectories of the regulated assets base (RAB) for each of the three terminals are as follows:

Fos Cavaou

Current €M	2016 estimated	2017	2018	2019	2020	Average 2017- 2020
RAB (at 01.01.N)	732.2	715.0	695.8	676.7	666.5	688.5
Assets commissioned (*)	3.6	2.1	2.7	12.2	3.2	5.1
Depreciation	-27.8	-28.2	-28.5	-29.0	-29.4	-28.8
RAB (at 31.12.N)	708.0	688.9	670.0	659.9	640.3	664.8
Revaluation	7.1	6.9	6.7	6.6	6.4	6.6

(*) Investments entered in the RAB

Fos Tonkin

Current €M	2016 estimated	2017	2018	2019	2020	Average 2017- 2020
RAB (at 01.01.N)	84.0	69.7	52.4	31.6	12.5	41.5
Assets commissioned (*)	6.5	4.3	0.3	0.3	0.3	1.3
Depreciation	-21.0	-22.2	-21.4	-19.6	-10.1	-18.3
RAB (at 31.12.N)	69.5	51.9	31.3	12.3	2.7	24.5
Revaluation	0.7	0.5	0.3	0.1	0.0	0.2

(*) Investments entered in the RAB

Montoir

Current €M	2016 estimated	2017	2018	2019	2020	Average 2017- 2020
RAB (at 01.01.N)	284.2	270.2	271.5	258.8	240.8	260.3
Assets commissioned (*)	7.7	23.5	9.4	4.7	18.7	14.1
Depreciation	-24.8	-24.9	-24.7	-25.0	-25.3	-25.0
RAB (at 31.12.N)	267.1	268.8	256.2	238.4	234.2	249.4
Revaluation	2.7	2.7	2.6	2.4	2.3	2.5

(*) Investments entered in the RAB

Over the ATTM5 period, the projected value of the RAB decreased on average by 8.5 % for the Montoir terminal and 6.0 % for the Fos Cavaou terminal compared to the values as at 1 January 2016.

In accordance with the provisions set out at the Fos Tonkin Open Season and approved by CRE's deliberation of 7 July 2011²², the depreciation period for assets of the Fos Tonkin terminal has been adapted to take into account a potential shut-down of the terminal in 2021.

²² Deliberation of CRE of 7 July 2011 on approval of the Open Season procedure for the revamping of the Fos Tonkin terminal
Translated from the French: only the original in French is authentic



Projected trajectories of normative capital charges

The projected amounts of capital charges to be covered over the ATTM5 period for each of the three terminals are as follows:

Fos Cavaou

Current €M	2016 estimated	2017	2018	2019	2020	Average 2017- 2020
RAB (at 01.01.N)	732.2	715.0	695.8	676.7	666.5	688.5
Return on the RAB	71.5	60.7	59.1	57.8	56.5	58.5
Depreciation of the RAB	27.8	28.2	28.5	29.0	29.4	28.8
Return on the AuC	0.0	0.1	0.2	0.2	0.1	0.1
Normative capital charges	99.3	89.0	87.8	86.9	85.9	87.4

Fos Tonkin

Current €M	2016 estimated	2017	2018	2019	2020	Average 2017- 2020
RAB (at 01.01.N)	84.0	69.7	52.4	31.6	12.5	41.5
Return on the RAB	7.6	5.3	3.9	2.3	0.6	3.0
Depreciation of the RAB	21.0	22.2	21.4	19.6	10.1	18.3
Return on the AuC	0.0	0.0	0.0	0.0	0.0	0.0
Normative capital charges	28.6	27.5	25.3	21.9	10.7	21.3

Montoir

Current €M	2016 estimé	2017	2018	2019	2020	Average 2017- 2020
RAB (at 01.01.N)	284.2	270.2	271.5	258.8	240.8	260.3
Return on the RAB	26.3	22.2	21.7	20.6	19.7	21.0
Depreciation of the RAB	24.8	24.9	24.7	25.0	25.3	25.0
Return on the AuC	0.9	0.9	0.6	0.6	0.4	0.6
Normative capital charges	52.1	48.0	47.0	46.1	45.4	46.7

On average over the ATTM5 period, the normative capital charges are lower than the normative capital charges estimated for 2016 by 10 % for the Montoir terminal, 26 % for the Fos Tonkin terminal, and 12 % for the Fos Cavaou terminal. This decrease is explained essentially by the decrease of the RAB value for each terminal and by the lower rate of return on the RAB.



2.1.4 Accounting for the CRCP balance ATTM4

In accordance with the deliberation of 5 February 2015²³, the CRCP balance for the first ATTM4 period (2012_{made}-2014_{estimated}) is cleared in constant annuities from 2015 to 2018.

The CRCP balance for the second period of the ATTM4 (2014_{made}-2016_{estimated}) will be cleared over a period of four years as of 2017 in constant annuities, with an interest rate of 2.7 % (corresponding to the nominal risk-free rate defined in paragraph 2.1.3.1), applicable annually.

The amounts of the CRCP balance for each terminal for the year 2016 are provisional amounts. The final amounts will be taken into account when the tariff changes midway through the ATTM5 period.

The amounts taken into account to establish the projected trajectories for allowed revenue are presented below for each terminal.

2.1.4.1 Fos Cavaou terminal

The differences covered by the CRCP for the last four years are as follows:

Item	Differences covered by the CRCP 2012r-2014e [€M]	Differences covered by the CRCP 2014r-2016e [€M]
Normative capital charges	-3.7	-9.8
Energy expenses	-2.0	-1.0
Income from the loading service	2.9	1.3
Income from unloading operations	8.2	5.9
Income from the LNG exchange point	-	-
Total	-17.2	-18.3

They lead to the following annuities:

Current €M	2017	2018	2019	2020
Annuities	-9.3	-9.3	-4.8	-4.8

2.1.4.2 Fos Tonkin terminal

The variances covered by the CRCP for the last four years are as follows:

Item	Differences covered by the CRCP 2012r-2014e [€M]	Differences covered by the CRCP 2014r-2016e [€M]
Normative capital charges	-4.5	-3.5
Energy expenses	0.1	-0.2
Income from the loading service	-	-
Income from unloading operations	1.5	1.3
Income from the LNG exchange point	0.0	0.0
Total	-6.1	-5.0

They lead to the following annuities:

Current €M	2017	2018	2019	2020
Annuities	-2.9	-2.9	-1.3	-1.3

²³ Deliberation of the French Energy Regulatory Commission of 5 February 2015 concerning the decision relating to the change as of 1 April 2015 of the tariff for the use of regulated LNG terminals.

Translated from the French: only the original in French is authentic



2.1.4.3 Montoir-de-Bretagne terminal

The variances covered by the CRCP for the last four years are as follows:

Item	Differences covered by the CRCP 2012r-2014e [€M]	Differences covered by the CRCP 2014r-2016e [€M]
Normative capital charges	-1.0	-6.5
Energy expenses	-3.9	-1.1
Income from the loading service	1.4	2.3
Income from unloading operations	8.8	7.0
Income from the LNG exchange point	-	-
Total	-15.4	-17.3

They lead to the following annuities:

Current €M	2017	2018	2019	2020
Annuities	-8.6	-8.6	-4.5	-4.5

2.1.5 Allowed revenue for the 2017-2020 tariff period

The projected allowed revenue for the 2017-2020 tariff period is equal to the sum of net operating expenses (operating expenses, operating revenue being deducted, as well as provisions for decommissioning), normative capital charges and the clearance of the CRCP balance of the ATTM4 tariff. It breaks down as follows for each terminal:

Fos Cavaou

Current €M	2017	2018	2019	2020	Average 2017-2020
Net operating expenses	44.4	48.1	49.3	50.2	48.0
Normative capital charges	89.0	87.8	86.9	85.9	87.4
Clearing the CRCP balance ATTM4	-9.3	-9.3	-4.8	-4.8	-7.1
Allowed revenue	124.0	126.6	131.4	131.4	128.4
<i>Evolution (%)</i>		+2.0 %	+3.8 %	-0.5 %	

Fos Tonkin

Current €M	2017	2018	2019	2020	Average 2017-2020
Net operating expenses	26.5	25.8	26.3	25.9	26.1
Normative capital charges	27.5	25.3	21.9	10.7	21.3
Clearing the CRCP balance ATTM4	-2.9	-2.9	-1.3	-1.3	-2.1
Allowed revenue	51.0	48.2	47.0	35.3	45.4
<i>Evolution (%)</i>		-5.6 %	-2.5 %	-24.9 %	

Montoir

Current €M	2017	2018	2019	2020	Average 2017-2020
Net operating expenses	52.7	49.8	49.8	49.8	50.5
Normative capital charges	48.0	47.0	46.1	45.4	46.7
Clearing the CRCP balance ATTM4	-8.6	-8.6	-4.5	-4.5	-6.6
Allowed revenue	92.1	88.3	91.4	90.7	90.6
<i>Evolution (%)</i>		-4.0 %	+3.6 %	-0.8 %	

2.2 Assumed capacity subscriptions for the 2017-2020 period

2.2.1 Subscriptions recorded over the period covered by the ATTM4 tariff

Over the ATTM4 period, only one subscription for an unloading operation occurred. This subscription was done in the summer 2016, at the Montoir terminal for the year 2017. Actual subscriptions in volume were therefore identical to the anticipated subscriptions taken into account for establishing the tariffs.

Average subscriptions for unloading operations (2013-2016 period)	Fos Tonkin	Montoir	Fos Cavaou
Subscriptions provided for in the tariffs (TWh/year)	40.7	115.0	86.4
Actual subscriptions (TWh/year) (estimated data for 2016)	40.7	115.0	86.4

Whereas no reloading operation subscription was taken into account for establishing the ATTM4 tariffs, some subscriptions were observed at the Montoir and Fos Cavaou terminals:

Average subscriptions for reloading operations (2013-2016 period)	Fos Tonkin	Montoir	Fos Cavaou
Subscriptions provided for in the tariffs (TWh/year)	0	0	0
Actual subscriptions (TWh/year) (estimated data for 2016)	0	2.9 2013: 1.3 2014: 3.0 2015: 3.2 2016 ^e : 4.2	3.8 2013: 5.0 2014: 3.4 2015: 3.4 2016 ^e : 3.1

The income from additional subscriptions for the vessel reloading service was covered at 50 % by the CRCP for the ATTM4 period.

2.2.2 Operators' requests

2.2.2.1 Unloading operations

The levels of usage of the LNG terminals are currently low, around 25 %. Because of this, with regard to the unloading operations, the projected subscriptions proposed by the operators are equal to the subscriptions already in the portfolio:



Unloading operations (TWh)	Average level ATTM4	2017	2018	2019	2020
Fos Cavaou MTC: 97 TWh	86.4	87.2	87.2	87.2	87.2
Fos Tonkin Maximum technical capacity (MTC) since 2015: 35 TWh	40.7	35.0	35.0	35.0	35.0
Montoir MTC: 123 TWh	115.0	106.9	106.9	106.9	102.8

2.2.2.2 Reloading operations

The operators anticipate the following trajectories for the subscriptions for vessel reloading operations:

Reloading operations (TWh)	2017	2018	2019	2020
Fos Cavaou	3.4	2.6	0.9	0
Fos Tonkin	0	0	0	0
Montoir	3.0	2.3	1.5	0.8

2.2.2.3 Other operations

The operators take into account a certain number of transshipment and truck loading operations in the calculation of their tariff request. These operations have a downward impact on the tariffs.

Given the non-regulated nature of these services, CRE does not communicate the operators' request on this point.

2.2.3 Approved trajectories for the ATTM5 tariffs

The current market conditions are uncertain for LNG. Even though new regasification capacity subscriptions at the French terminals are possible, at this stage CRE considers that uncertainty warrants using the current subscriptions as projections. In addition, as the capacities already subscribed at the terminals have low usage, new incomers could use the secondary market. CRE has decided to use only the subscriptions in the portfolio for calculating the ATTM5 tariffs.

In the light of the above, the following subscriptions are selected for calculating the unit tariff:

Approved subscriptions for unloading operations (TWh)	Average level ATTM4	2017	2018	2019	2020
Fos Cavaou MTC: 97 TWh	86.4	87.2	87.2	87.2	87.2
Fos Tonkin Maximum technical capacity since 2015: 35 TWh	40.7	35.0	35.0	35.0	35.0
Montoir MTC: 123 TWh	115.0	108.8	106.9	106.9	102.8

The subscriptions for reloading operations are often the consequence of short-term arbitrations of the terminal users. Furthermore, any additional subscription will be covered at 75 % by the CRCP, which will enable the tariffs to be reduced during the next tariff deliberations.



In the light of the above, the approved trajectory for reloading operations is that proposed by the operators.

2.3 Tariff changes on 1 April 2017 and projected tariff trajectory for the 2018-2020 period

For each terminal, the tariff change on 1 April 2017 is determined so that the total projected income resulting from application of the tariff grid for ATTM5 tariffs to the capacity subscription assumptions are equal to the total allowed revenue over the period, in present value from 2017 to 2020. The discount rate used is 2.7 %, corresponding to the nominal risk-free rate defined in paragraph 2.1.3.1.

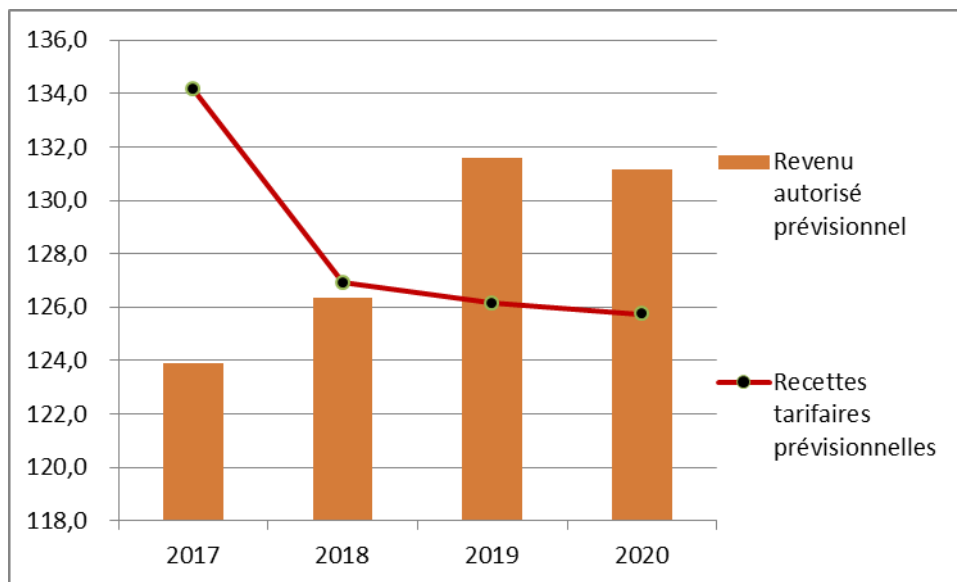
The tariff for the use of LNG terminals will not change on 1 April 2018. The parameters taken into account for the tariff change as of 1 April 2019 are defined in paragraph 1.2.3.

2.3.1 Tariff change trajectory for the Fos Cavaou terminal

The tariff structure applicable as of 1 April 2017 is defined by the present deliberation in paragraph 3.2. The average unit access tariff decreases by 18.6 % in current euros compared to the average tariff of the second ATTM4 period, to reach €1.44/MWh. The TNA is fixed at €100,000/unloading operation and the TQD at €1.343/MWh.

Therefore, for the ATTM5 tariff period, the projected allowed revenue and the projected income are as follows:

Allowed revenue and projected tariff income of Fos Cavaou



Given the balance between income and allowed revenue during the 2017-2020 period, there may be annual differences between the income and allowed revenue figures. However, the updated sum of these annual differences for the 2017-2020 period is equal to 0.

Allowed revenue and projected tariff income of Fos Cavaou

Current €M	2017	2018	2019	2020	Net present value 2017
Projected allowed revenue	124.0	126.6	131.4	131.4	493.2
Projected tariff income	134.1	126.8	126.1	125.7	493.2
Annual difference between the projected income and projected allowed revenue	-10.1	-0.2	+5.4	+5.7	0.0

2.3.2 Tariff change trajectory for the Fos Tonkin terminal

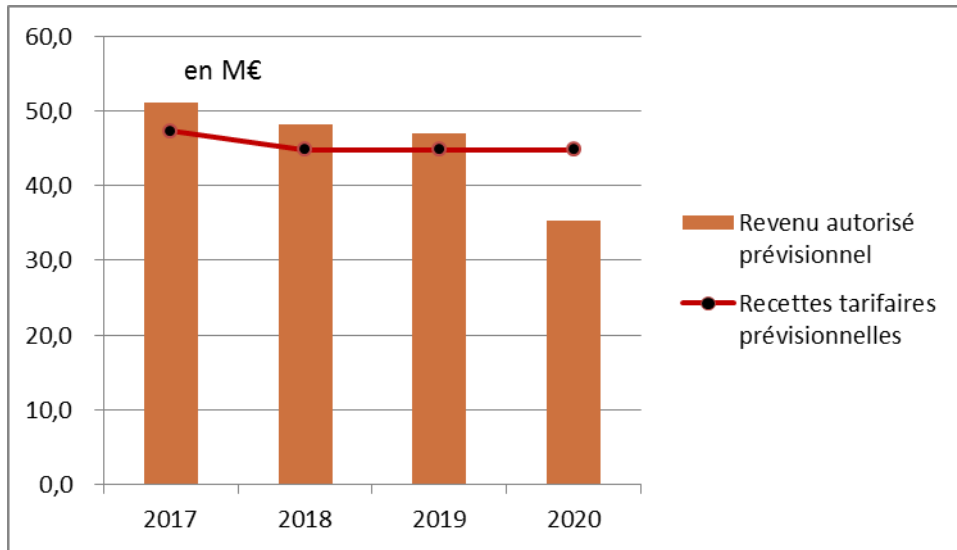
The tariff grid applicable as of 1 Avril 2017 is defined by the present deliberation in paragraph 3.3. The average unit tariff decreases by 18.2 % in current euros compared to the average tariff of the second ATTM4 period, to reach €1.28/MWh. The TNA is fixed at €75,000/unloading operation and the TQD at €1.132/MWh.

Translated from the French: only the original in French is authentic



Therefore, for the ATTM5 tariff period, the projected allowed revenue and the projected income are as follows:

Allowed revenue and projected tariff income of Fos Tonkin



Given the balance between income and allowed revenue during the 2017-2020 period, there may be annual differences between the income and allowed revenue figures. However, the updated sum of these annual variances during the 2017-2020 period is equal to 0.

Allowed revenue and projected tariff income of Fos Tonkin

Current €M	2017	2018	2019	2020	Net present value 2017
Projected allowed revenue	51.0	48.2	47.0	35.3	175.0
Projected tariff income	47.3	44.9	44.9	44.9	175.0
Annual difference between the projected income and projected allowed revenue	+3.7	+3.3	+2.1	-9.6	0.0

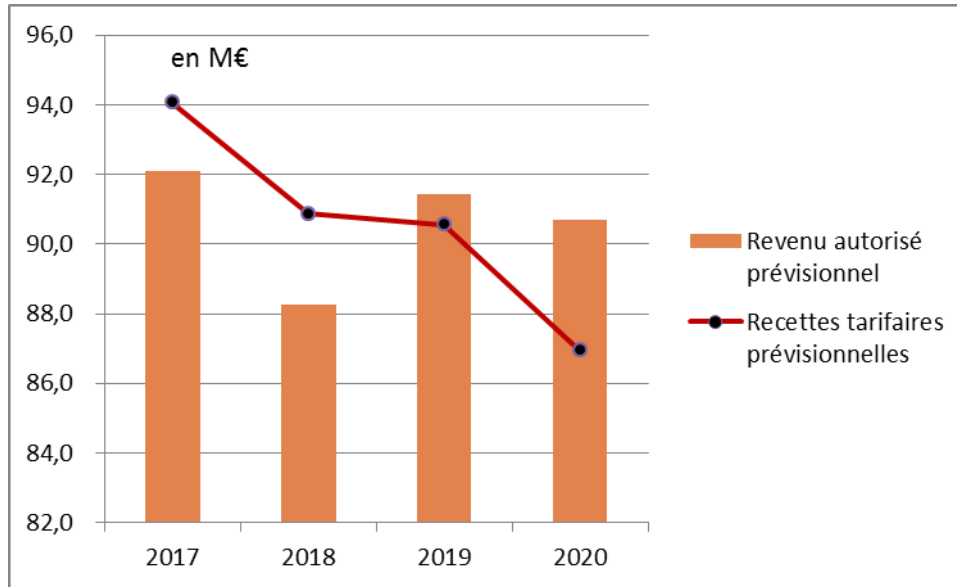


2.3.3 Tariff change trajectory for the Montoir-de-Bretagne terminal

The tariff structure applicable as of 1 Avril 2017 is defined by the present deliberation in paragraph 3.4. The average unit access tariff decreases by 6.5 % in current euros compared to the average tariff of the second ATTM4 period, to reach €0.84/MWh. The TNA is fixed at €90,000/unloading operation and the TQD at €0.735/MWh.

Therefore, for the ATTM5 tariff period, the projected income and the projected allowed revenue are as follows:

Allowed revenue and projected tariff income of Montoir



Given the balance between income and allowed revenue during the 2017-2020 period, there may be annual differences between the income and allowed revenue figures. However, the updated sum of these annual differences for the 2017-2020 period is equal to 0.

Allowed revenue and projected tariff income of Montoir

Current €M	2017	2018	2019	2020	Net present value 2017
Projected allowed revenue	92.1	88.3	91.4	90.7	348.5
Projected tariff income	94.0	90.8	90.5	86.9	348.5
Annual difference between the projected income and projected allowed revenue	-2.0	-2.5	+0.9	+3.8	0.0

3. TARIFFS FOR THE USE OF REGULATED LNG TERMINALS, APPLICABLE FROM 1 APRIL 2017

3.1 Provisions common to the three terminals

3.1.1 Unloading services proposed

The subscription of regasification capacity results in the right and the obligation to book the corresponding capacities on the adjacent transmission network.

Basic service

This service is accessible to any shipper from the first booking.

The spread of the physical send-outs from the terminal between shippers is done according to the volumes of LNG unloaded and reloaded during the month at the LNG terminal, as well as the level of storage at the start of the month and the projected storage at the end of the month.

The rules for calculating the end-of-month storage of a shipper are the same for the three terminals and identical to those of the continuous service which applied at the Elengy terminals during the ATTM4 period:

- If an unloading operation is planned for month M+1, the end-of-month M level of storage for a shipper is determined by supposing a uniform send-out of the last cargo unloaded during month M up to the day of unloading the first cargo of month M+1;
- If no unloading is planned for M+1, the end-of-month M level of storage for a shipper is determined by supposing a uniform send-out of the last cargo unloaded during month M+1.

In order to minimise the impact of an isolated cargo on the other terminal clients, the operators can anticipate on their initiative the start of sending out this cargo within a two-day limit. In this case, the shipper concerned is not obliged to have a guarantee corresponding to the anticipated volumes of send-outs.

Spot service

This service is reserved for unloading operations subscribed, for a given month M, after the 20th day of month M-1.

The subscription is taken on the basis of the available capacities in the monthly schedule on the date of subscription.

The send-out profile of a spot cargo is determined by the operator upon the shipper's request, and calculated so as to correspond to the shipper's request, on condition that its impact on the send-outs of other shippers does not exceed 35 GWh/d, so as to make the space necessary in the tanks before the cargo arrival date.

As part of a spot unloading operation, the operator may decide, on its initiative, to anticipate the associated send-out, within a two-day limit, in order to limit the impact of this on other clients. In this case, the shipper concerned is not obliged to have a guarantee corresponding to the anticipated volumes of send-outs.

Uniform option

The subscription to this option causes the send-out of a cargo in the form of a constant send-out band, over a period of 20 to 40 days from the date of unloading the cargo. This period is defined upon the subscription to the uniform option, on the basis of the request of the shipper concerned and according to the technical possibilities of the unloading terminal.

This option is accessible to any shipper who has a basic service subscription, from the publication of the annual unloading schedule by the operator and up to the request for the monthly schedule for the month of unloading (before the 20th day of month M-1), according to the first-come/first-served principle.

The uniform option is not accessible to the spot shipper during the month M of unloading. However, this shipper has access to it to send out the residual quantity of LNG for month M+1.

For each terminal, a shipper may subscribe at the most to one uniform-option cargo per month and an annual quantity of 12 TWh in uniform option.

For a given month, the total quantities unloaded with the uniform option cannot be greater than 20 % of the total monthly regasification capacity of the terminal.

Dedicated storage

A dedicated storage service is proposed at the Montoir and Fos Cavaou terminals. The dedicated storage is available to clients proportionate to their subscriptions. Reallocations are carried out in the case of new

subscriptions to the basic service. Each week, clients submit their send-out flexibility requests for the following week and the operators confirm the feasibility of these to them.

The volume of storage available to shippers as part of this service is approximately 625 GWh at the Montoir terminal and approximately 100 GWh at the Fos Cavaou terminal. The operators may adjust this volume each year after having submitted an experience feedback to the LNG Consultation Group and obtained the agreement of the participants for such a change. They must notify CRE of such a change, and will be able to implement it, except if CRE expresses its refusal within two months from the notification. The detailed terms of this service are identical to those applied to the experiments initiated during the ATTM4 period.

The quantity of storage available is allocated to terminal clients in proportion to their subscriptions, the share of the dedicated storage corresponding to unsubscribed capacities therefore remains available.

The operators are able to market this residual capacity, each month for the following month, when drawing up the monthly schedules. Only the subscribers at the terminal have access to this. When this marketed dedicated storage capacity finds no taker, it is reincorporated in the pooled storage.

The shippers who hold dedicated storage have the possibility to transfer a part of it to third-party shippers.

Pooling

This service allows any shipper who has subscriptions in at least one of the three regulated terminals and who is not planning to use them in full in month M, to use a part of these capacities at one of the other regulated terminals, by accessing, based on a specific tariff, the capacities still available after the 20th day of month M-1 at this second terminal.

This service is extended, under the same terms as those applied for the experiment, by changing the formula for calculating the reduction. The new formula to be applied is:

$$P = (S - C) + 0.1 * C, \text{ where:}$$

- P: the price of the pooling operation
- C: the shipper's pooling credit
- S: the price applicable to the subscription without pooling

The price of the pooling operation cannot be lower than the maximum between the TNA and 10 % of the price of subscription without pooling ($0.1 * S$).

Subscription account

The ATTM5 tariffs introduce a subscription account (*Compte de Souscription* or CS), which enables non-scheduled or cancelled operations to be credited with sufficient notice. This account can then be debited to schedule operations over the short-term.

The following terms shall apply:

- the CS is credited with the values (number of unloading operations and unloaded quantities) of non-scheduled operations when the annual schedule is drawn up as well as operations cancelled before the 20th day of month M-2 for month M;
- the CS can be used for month M when the monthly schedule is drawn up for this month or intra-monthly;
- the CS can never be negative;
- the CS is reset to zero each year or at the end of each billing period, i.e. at least once a year;
- the CS is transferable by the shippers on the secondary market.

3.1.2 Off-takes of gas in kind

As a basis, the off-takes of gas in kind are conducted by each terminal operator according to the TN gas in kind charge applied to the quantity of LNG actually unloaded by each user of a terminal (expressed in MWh per year).

In addition to these standard provisions, the operator must draw up an annual statement (at a minimum) of the use of off-take of gas in kind. If this shows that the quantity of gas taken is greater than the quantity of gas consumed by the LNG terminal, the operator pays shippers that have unloaded LNG at the terminal during the previous year for the gas surplus. Payment is either financial or in kind, and is proportional to the quantities unloaded. If this shows that the quantity of gas taken is insufficient to cover the terminal's consumption, the negative balance of year N will be carried over to the opening balance of year N+1.

Should the terminal operator forecast a send-out level less than the minimum level required to incorporate the evaporations, it could be required to increase the quantities of gas taken in excess of the TN charge set in this tariff decision. The operator must notify CRE and its terminal's users ahead of this increase.

3.1.3 Obligation to pay for subscribed capacity ("ship or pay")

Shippers have an obligation to pay the tariffs applied at 100 % of the quantities and of the number of unloading and reloading operations booked.

3.1.4 Failures to stick to schedule

Any user cancelling during month M a scheduled unloading operation for month M is subjected to an obligation to compensate, either in gas or financially, the shipper(s) whose send-out is reduced as a result.

3.1.5 "Use it or lose it" mechanism

The holders of regasification capacity have to indicate to the operators, at the latest on the 20th day of month M-1, their requested monthly schedule of unloading operations for month M, as well as their draft unloading schedules for months M+1 and M+2.

The terminal operator publishes, on the 25th day of month M-1 for month M, the available capacity by taking into account the subscribed capacity that is not subject to a schedule request. For information, the operator also publishes this data for months M+1 and M+2. It updates the information daily.

If the schedule for month M shows no available unloading slot, each cancellation of an unloading operation without notice, unless for reasons of force majeure, is formally noted and the regulator informed. When the terminal's capacity is fully booked, CRE may require the concerned shipper to release subscribed capacity on a case by case basis, in order to free capacity at the terminal.

If access to the terminal's regasification capacity is seen to be congested, the terminal operator will, upon CRE's request, provide it with full information on subscription requests for the period of congestion.

In order to enable a proper functioning of the UIOLI mechanism, the operators must publish at least the following information on their website:

- the terminal's marketable capacity for the months M to M+5;
- the terminal's subscribed capacity for the months M to M+5;
- the projected number of available unloading slots for the months M to M+5.

This monthly publication will be supplemented by a publication of annual aggregate data:

- on the terminal's marketable capacity, at least for the years n+1 to n+20;
- on the terminal's available capacity, at least for the years n+1 to n+20.

The terminal operators provide CRE with access to a commercial information system to control cancelled unloading operations, postponements, and anticipated send-outs.

3.1.6 Capacity release mechanism

The ATTM5 tariffs carry over the possibility for holders of regasification capacity to explicitly renounce the use of their capacity for months M+1 and M+2. This capacity remains payable by the initial holder under the "ship or pay" clause until it is booked by another shipper.

3.1.7 Management of send-out interruption periods related to GNL shortage

Under some operational conditions, LNG terminals are likely to consume additional gas in kind. Indeed, below a minimum send-out rate, and in the absence of boil-off gas compressors, terminal operators have to flare some of the evaporations of LNG stored in the tanks if they are unable to reintroduce it in the gas send-out towards the transmission network.

In this case, additional quantities of flared gas are allocated to all the users of the terminal in question, proportionate to the difference, for each of them, between a threshold of 50 % of the unloaded quantities planned in the annual schedule notified in December and the net quantities actually unloaded, i.e. by deducting the quantities reloaded, over the period considered.

In the event of a long-term lack of LNG unloading operations that may affect the conditions for keeping a terminal cold, the operator informs CRE as soon as possible and proposes the measures planned after consulting the users.

At the Montoir terminal, a compressor will be available from April 2017, in order to compress the boil-off gas to send it onto the transport network. When using this compressor, the send-out is allocated between the clients

according to their LNG quantities in storage on the first operating day of the compressor.

3.1.8 Secondary market in regasification capacity

Regasification capacity marketed by operators may be transferred in whole or in part between users. Operators do not charge any amount to the buyer and/or seller.

3.1.9 LNG exchange point

Each LNG terminal has a gas exchange point, so that users can exchange quantities of LNG between themselves.

The operators define how LNG exchange points are managed in practice, based on objective, transparent and non-discriminatory criteria, communicated to CRE and made public on the operator's website.

The tariff for accessing an LNG exchange point includes:

- a fixed charge, no higher than €500 per month per exchange point;
- a charge proportional to the quantities exchanged, no higher than €0.01/MWh.

3.1.10 Specific tariff for small-scale LNG tanker unloading and reloading

The ATTM5 tariffs carry over the principle of a specific tariff for the unloading and reloading of small-scale LNG tankers (volumes less than 20 000 m³).

For small-scale tanker unloading operations, for the Montoir, Fos Tonkin, and Fos Cavaou terminals, the number of berthing operations charge (TNA) is fixed at €50,000. The other charges are identical to those applied to classic LNG tankers.

For the small-scale tanker reloading service, a fixed charge of €50,000 and a variable charge of €0.5/MWh apply.

The small-scale tanker unloading and reloading operations will be scheduled from the 25th day of month M-1 for month M, on the basis of the slots left vacant after drawing up the monthly schedules.

3.1.11 Cargo reloading service

This service is billed, on the basis of user subscriptions, as follows:

- a fixed berthing charge (*terme fixe d'accostage* or TNA);
- a fixed reloading charge (*terme fixe de rechargement* or TFR) ;
- a variable charge: quantity reloaded charge (*terme de quantité rechargée* or TQR), according to the contractual reloaded quantity.

The "ship or pay" obligation as defined above applies to this service.

3.1.12 Cargo sharing service for unloading operations

This service, carried over for the ATTM5 period, allows several shippers to share an unloading operation.

This service is billed, on the basis of user subscriptions, as follows:

- A fixed charge, billed to each subscriber, equal to TNA/n:
 - where TNA is equal to the number of berthing operations charge in force for the terminal in question;
 - and n is equal to the number of users who subscribed to regasification capacity as part of the unloading operation in question;
- a variable charge, billed to each user, equal to TQD x Q_e
 - where TQD is equal to the quantity unloaded charge in force for the terminal in question;
 - and Q_e is equal to the quantity subscribed by the user for the unloading operation in question.

The total quantities subscribed by each user must be equal to the total quantity unloaded.

The obligation to "ship or pay" subscribed capacity applies in the event of capacity subscribed as part of the cargo sharing service.

3.1.13 Intra-day flexibility service provided to GRTgaz by the Fos Cavaou terminal

Fosmax LNG offers GRTgaz an interruptible intra-day flexibility service.

GRTgaz must confirm to Fosmax LNG an hourly profile of intra-day flexibility demand a day ahead and, where necessary, a new profile during the day.

Fosmax LNG's offer is deemed to be available except in situations of extreme flow rates (close to the send-out minimum or maximum).

In these situations, Fosmax LNG may decide to reduce or cancel the intra-day flexibility service it offers.

Under all circumstances, Fosmax LNG will confirm to GRTgaz a day ahead the availability and the level of the intra-day flexibility service at Fos Cavaou.

The tariff for the flexibility service comprises a fixed charge and two usage-based charges. The usage-based charges are billed based on the profile agreed on each day by Fosmax LNG and GRTgaz, depending on the amplitude of the upward hourly flow and the amplitude of the downward hourly flow requested.

The tariff charges are as follows:

Fixed annual charge	€/year	93 000
Charge related to the upward demand	€/d/ (MWh/h)	4.11
Charge related to the downward demand	€/d/ (MWh/h)	0.67

3.1.14 Specific services

The specific services proposed by operators, for instance the official authorisation of LNG tankers, are described in a catalogue of services published on the operator's website, together with the tariff that applies to each service.

3.2 Definitions of the tariff charges**3.2.1 Tariff charges**

The tariff charges applicable for the ATTM5 period include:

- TNA** charge for number of berthing operations, applied to each cargo loaded or unloaded on the LNG terminal, expressed in € per berthing operation;
- TQD** quantity unloaded charge, applied to the quantity of LNG unloaded, expressed in €/MWh;
- TN** charge for gas in kind, intended to cover the gas consumed by the LNG terminal;
- TFR** fixed reloading charge, applied to each cargo loaded on the LNG terminal, expressed in € per loading operation;
- TQR** quantity reloaded charge, applied to the quantities of LNG reloaded, expressed in €/MWh;
- TB** optional uniform charge, applied to the quantity subscribed in uniform option, expressed in €/MWh;
- TQS** optional stored quantity charge, applied to the dedicated storage quantity subscribed, in €/MWh/month.

3.3 Tariff charges of the Fos Cavaou terminal

3.3.1 Allowed revenue trajectory

The allowed revenue trajectory of Fosmax LNG for the Fos Cavaou terminal is the following:

Current €M	2017	2018	2019	2020	Average 2017-2020
Net operating expenses	44.4	48.1	49.3	50.2	48.0
Normative capital charges	89.0	87.8	86.9	85.9	87.4
Clearing the CRCP	-9.3	-9.3	-4.8	-4.8	-7.1
Allowed revenue	124.0	126.6	131.4	131.3	128.3

3.3.2 Tariff grid

The tariff for use of the Fos Cavaou terminal is defined in the following table:

- Charges applicable to unloading operations:

TNA	$€100,000 \times (T + T_c)$
TQD	For the basic service: $€1.343 \times Q$ For the spot service: $€1.007 \times Q$
TN	$0.2 \% \times Q$

- Charges applicable to reloading operations:

TNA	$€100,000 \times (T + T_c)$
TFR	$€120,000 / \text{loading}$
TQR	$€0.32 \times Q_c$

- Charges applicable to ancillary services:

TB	$€0.07 \times Q_b$
TQS	$€1 \times S_d \times D_d$

Where:

- T = number of cargoes unloaded per year
- T_c = number of cargoes loaded per year
- Q = quantity of LNG unloaded per year, expressed in MWh
- Q_c = quantity of LNG loaded per year, expressed in MWh
- Q_b = quantity of LNG unloaded per year with the uniform option, expressed in MWh
- S_d = quantity of dedicated storage subscribed, expressed in MWh
- D_d = subscription period of the dedicated storage, expressed in months



3.4 Tariff charges of the Fos Tonkin terminal

3.4.1 Allowed revenue trajectory

The allowed revenue trajectory of Elengy for the Fos Tonkin terminal is the following:

Current €M	2017	2018	2019	2020	Average 2017-2020
Net operating expenses	26.5	25.8	26.3	25.9	26.1
Normative capital charges	27.5	25.3	21.9	10.7	21.3
Clearing the CRCP	-2.9	-2.9	-1.3	-1.3	-2.1
Allowed revenue	51.0	48.2	47.0	35.3	45.4

3.4.2 Tariff structure

The tariff for use of the Fos Tonkin terminal is defined in the following table:

- Charges applicable to unloading operations:

TNA	$€75,000 \times (T + T_c)$
TQD	For the basic service: $€1.132 \times Q$ For the spot service: $€0.849 \times Q$
TN	$0.2 \% \times Q$

- Charges applicable to reloading operations:

TNA	$€75,000 \times (T + T_c)$
TFR	$€40,000 / \text{loading}$
TQR	$€0.32 \times Q_c$

- Charges applicable to ancillary services:

TB	$€0.07 \times Q_b$
TQS	$€1 \times S_d \times D_d$

Where:

- T = number of cargoes unloaded per year
- T_c = number of cargoes loaded per year
- Q = quantity of LNG unloaded per year, expressed in MWh
- Q_c = quantity of LNG loaded per year, expressed in MWh
- Q_b = quantity of LNG unloaded per year with the uniform option, expressed in MWh
- S_d = quantity of dedicated storage subscribed, expressed in MWh
- D_d = subscription period of the dedicated storage, expressed in months

3.5 Tariff charges of the Montoir-de-Bretagne terminal

3.5.1 Allowed revenue trajectory

The allowed revenue trajectory of Elengy for the Montoir is the following:

Current €M	2017	2018	2019	2020	Average 2017-2020
Net operating expenses	52.7	49.8	49.8	49.8	50.5
Normative capital charges	48.0	47.0	46.1	45.4	46.7
Clearing the CRCP	-8.6	-8.6	-4.5	-4.5	-6.6
Allowed revenue	92.1	88.3	91.4	90.7	90.6

3.5.2 Tariff structure

The tariff for use of the Montoir terminal is defined in the following table:

- Charges applicable to unloading operations:

TNA	$€90,000 \times (T + T_c)$
TQD	For the basic service: $€0.735 \times Q$ For the spot service: $€0.551 \times Q$
TN	$0.3 \% \times Q$

- Charges applicable to reloading operations:

TNA	$€90,000 \times (T + T_c)$
TFR	$€60,000 / \text{loading}$
TQR	$€0.32 \times Q_c$

- Charges applicable to ancillary services:

TB	$€0.07 \times Q_b$
TQS	$€1 \times S_d \times D_d$

Where:

- T = number of cargoes unloaded per year
- T_c = number of cargoes loaded per year
- Q = quantity of LNG unloaded per year, expressed in MWh
- Q_c = quantity of LNG loaded per year, expressed in MWh
- Q_b = quantity of GNL unloaded per year with the uniform option, expressed in MWh
- S_d = quantity of dedicated storage subscribed, expressed in MWh
- D_d = subscription period of the dedicated storage, expressed in months

3.6 Transitional measures until the creation of a single market place

In view of the tensions observed on the gas market in the South zone, CRE has decided, when updating the tariff, to implement transitional measures until the creation of a single market place for 2018. The present deliberation carries over the following transitional measures.

3.6.1 Improving visibility over available unloading slots at the Fos terminals

The terminal users send no later than the first day of month M-1 the best forecast of their unloading and reloading schedule for months M, M+1, and M+2, for information purposes only. The operators publish no later than the 10th day of month M-1 the aggregated schedules for unloading operations, reloading operations, and send-outs onto the transmission network for months M, M+1, and M+2. This publication will be daily updated for month M, in accordance with the deliberation of 20 June 2013²⁴, and at each change in the schedule of a shipper for months M+1 and M+2.

The UIOLI mechanism existing on the 20th day month M-1 is maintained. From the 25th day of month M-1, the aggregated unloading schedules published by the operators for month M are firm.

CRE asks holders of regasification capacity to make their best efforts to return to the terminal operator a part of the capacity that they are not planning to use during month M, from the first day of month M-1.

3.6.2 Tariff reduction for short-term subscriptions at the Fos terminals

When the North-South link is in a situation of congestion, i.e. when the last bid for annual firm North-South capacity revenue gave rise to a bonus, the quantity unloaded charges (TQD) for the new subscriptions in short-term basic services (use of regasification capacities within no more than 6 months from the date of subscription) and spot are fixed as follows, for the terminals connected to the Trading Region South (TRS):

€/ MWh	Fos Tonkin	Fos Cavaou
TQD basic service	0.566	0.672
TQD spot	0.566	0.672

3.7 References for the tariff update on 1 April 2019

The tariff structure does not change on 1 April 2018.

3.7.1 Update of capital charges

The capital charges taken into account for updating the tariff structure on 1 April 2019 are those defined in the following table:

Projected CCN (€M current)	2017	2018	2019	2020
Fos Cavaou	89.0	87.8	86.9	85.9
Fos Tonkin	27.5	25.3	21.9	10.7
Montoir	48.0	47.0	46.1	45.4

The modalities for the treatment, through the tariff, of the costs related to the litigation for the construction of the Fos Cavaou terminal will be examined when the tariff is updated.

3.7.2 Update of net operating expenses

The tariff structure update on 1 April 2019 may include changes for the items of energy expenses (electricity and CO₂). These changes will be implemented according to the market conditions and will draw on the projected trajectories. The net operating expenses taken into account for updating the tariff grid on 1 April 2019 will be those defined in the following table:

²⁴ Deliberation of CRE dated 20 June 2013 deciding on the information published on the use of LNG terminals
Translated from the French: only the original in French is authentic



Projected operating expenses (€M current)	2017	2018	2019	2020
Fos Cavaou	44.4	48.1	49.3	50.2
<i>including Energy</i>	4.1	3.9	4.3	4.5
Fos Tonkin	26.5	25.8	26.3	25.9
<i>Including Energy</i>	2.1	2.1	2.1	2.3
Montoir	52.7	49.8	49.8	49.8
<i>including Energy</i>	3.3	3.7	3.8	3.9
<i>including CO₂</i>	0.08	0.08	0.08	0.08

To these elements may be added:

- the potential amounts approved by CRE under the review clause;
- changes concerning the Fos Tonkin terminal according to the decisions to be taken on its future activity.

3.7.3 Calculating the CRCP balance

Clearing of the balance of this account takes place by reduction or increase of the revenue to be recovered by the tariffs. To ensure the financial neutrality mechanism, amounts included in the revenues and expenses clawback account (CRCP) are valued at an interest rate equivalent to the nominal risk-free rate selected within the framework of this tariff decision.

For the present tariff decision, the income and expenditure items covered by this mechanism are:

- income from additional subscriptions for regasification capacities, 75 % covered, in order to provide incentive to operators to offer their best services to potential clients;
- capital charges borne by the operators, 100 % covered;
- energy expenses and income (electricity and CO₂ quotas) 90 % covered;
- income related to subscriptions for the vessel loading service, 75 % covered by the CRCP;
- income related to the LNG exchange point access service, 50 % covered;
- the costs and income associated to non-regulated services, 100 % covered.

The reference values for these items are as follows:

Fos Cavaou (€M current)	Rate	2017	2018	2019	2020
Income related to additional subscriptions for regasification capacity	75 %	132.9	125.7	125.7	125.7
Capital charges borne by operators	100 %	89.0	87.8	86.9	85.9
Energy expenses and income (electricity and CO ₂ quotas)	90 %	4.1	3.9	4.3	4.5
Income related to subscriptions for the vessel loading service	75 %	1.6	1.2	0.4	0
Income related to the LNG exchange point access service	50 %	0	0	0	0
Costs and income associated to non-regulated services	100 %	<i>Confidential data</i>			

Fos Tonkin (€M current)	Rate	2017	2018	2019	2020
Income related to additional subscriptions for regasification capacity	75 %	47.3	44.9	44.9	44.9
Capital charges borne by operators	100 %	27.5	25.3	21.9	10.7
Energy expenses and income (electricity and CO ₂ quotas)	90 %	2.1	2.1	2.1	2.3
Income related to the LNG exchange point access service	50 %	0	0	0	0
Costs and income associated to non-regulated services	100 %	<i>Confidential data</i>			

Montoir (€M current)	Rate	2017	2018	2019	2020
Income related to additional subscriptions for regasification capacity	75 %	93.1	89.9	89.9	89.9
Capital charges borne by operators	100 %	48.0	47.0	46.1	45.4
Energy expenses and income (electricity and CO ₂)	90 %	3,4	3.8	3.9	4.0
Income related to subscriptions for the vessel loading service	75 %	1.2	0.9	0.6	0.3
Income related to the LNG exchange point access service	50 %	0	0	0	0
Costs and income associated to non-regulated services	100 %	<i>Confidential data</i>			

In case of variances between the forecasts and the actual figures, the application of the CRCP will be accompanied by controls on the efficiency of expenses incurred. These controls may cover in particular the investments committed by the operators and energy expenses. The financial consequences of these audits will be accounted for in the CRCP.

3.7.4 Update of assumed capacity subscriptions

For the years 2019 and 2020, the annual capacity subscription assumptions below will be revised as part of the tariff grid update on 1 April 2019.

Approved unloading subscriptions (TWh)	2019	2020
Fos Cavaou	87.2	87.2
Fos Tonkin	35.0	35.0
Montoir	106.9	102.8

Approved reloading subscriptions (TWh)	2019	2020
Fos Cavaou	0.9	0
Fos Tonkin	0	0
Montoir	1.5	0.8



18 January 2017

3.7.5 Adjustment of the off-take rate of gas in kind

The level of the gas in kind off-take rates can be adjusted in line with the statement of off-takes recorded over the years 2017 and 2018.

The present deliberation will be published in the Official Journal of the French Republic.

Signed in Paris, 18 January 2017

On behalf of the Energy Regulatory Commission,
Chairman,

Philippe de LADOUCETTE