



DELIBERATION

Deliberation of the Energy Regulatory Commission of 12 December 2019 relating to the functioning of the single gas market area in France

Present: Jean-François Carencu, president, Christine Chauvet, Catherine Edwige, Ivan Faucheux and Jean-Laurent Lastelle, commissioners.

Pursuant to point 1 and 4 of Article L. 134-2 of the French energy code, the French Energy Regulation Commission (CRE) "specifies [...] the rules concerning [...] the missions of natural gas transmission system operators in terms of operating and developing transmission networks" as well as "the conditions of use for the transmission networks [...] for natural gas".

Pursuant to point 4 of Article L. 134-3 of the French energy code, CRE is competent to approve "the technical and financial rules established by the operators and relating to the balancing of the natural gas networks [...]".

This deliberation concerns the functioning of the single gas market in France, Trading Region France (TRF), which is operational since 1 November 2018. It amends and supplements the deliberations of 26 October 2017, relating to the creation of a single gas market area in France on 1 November 2018¹, the deliberation of 24 July 2018, relating to the operation of the single gas market area in France² and the deliberation of 29 May 2019, which amended the deliberation of 26 October 2017³.

Within the single market area, in certain usage configurations of the network, residual congestion may appear. CRE's deliberations of 26 October 2017 and 24 July 2018 defined in particular the congestion removal mechanisms. The deliberation of 29 May 2019 amended the deliberation of 27 October 2017, by adding to the congestion removal mechanisms the interruption of exit capacities at the Transport Storage Interface Points (PITS)⁴ above nominal levels.

This deliberation aims to provide an overview of the first year of functioning of the TRF and to slightly amend the congestion removal mechanisms.

Moreover, after observing several suspected cases of balancing fraud in several European countries, at the request of CRE, the TSOs proposed strengthening the financial security of the balancing system.

CRE conducted a public consultation from 24 October to 18 November 2019⁵ on these subjects.

21 contributions were sent to CRE:

- 8 from shippers or shipping associations;
- 3 from industrialists or industrial associations;
- 5 from infrastructure operators;
- 5 from other market players.

The non-confidential responses have been published on CRE website.

¹ [Deliberation of the Energy Regulatory Commission of 26 October 2017 relating to the creation of a single gas market area in France on 1 November 2018](#)

² [Deliberation of the Energy Regulatory Commission of 24 July 2018 relating to the operation of the single gas market area in France](#)

³ [Délibération de la Commission de régulation de l'énergie du 29 mai 2019 portant décision de modification de la délibération du 26 octobre 2017 relative au fonctionnement de la zone de marché unique du gaz en France](#)

⁴ Corresponding to the injections in the underground gas storage

⁵ [Public consultation No 2019-020 of 24 October 2019 relating to the operation of the single gas market area in France](#)

CONTENTS

1. FEEDBACK FROM THE FIRST YEAR OF THE SINGLE GAS MARKET AREA	3
1.1 FIRST REVIEW OF THE SINGLE AREA'S OPERATIONS	3
1.2 FEEDBACK ON THE DELIBERATION OF 29 MAY 2019.....	3
1.2.1 A deliberation made in reaction to exceptional episodes of congestion.....	3
1.2.2 Summary of the responses to the public consultation.....	3
1.2.3 CRE analysis.....	4
2. CHANGES IN THE FUNCTIONING OF TRF	4
2.1 DOWNWARD ADJUSTMENT OF EXIT LEVELS AT PITS SUD-OUEST AND ATLANTIQUE	5
2.1.1 Review of proposals considered by CRE in the public consultation	5
2.1.2 Summary of the responses to the public consultation.....	5
2.1.3 CRE's analysis.....	5
2.2 MEASURES ON MAINTENANCE	8
2.2.1 Maintenance with impact less than 30 GWh/d.....	8
2.2.2 Shared maintenance programme.....	8
2.3 INCLUSION OF THE L-INTO-H GAS CONVERSION POINT IN THE POINTS ELIGIBLE FOR CONGESTION REMOVAL MECHANISMS	9
3. FINANCIAL SAFEGUARDING: FINANCIAL GUARANTEES AND TRANSMISSION CONTRACT SUSPENSION 9	9
3.1 REVIEW OF THE EXISTING RULES CONCERNING THE FINANCIAL GUARANTEE AND THE ACTIONS OF THE TSOS RELATING TO THE DAILY BALANCING LIABILITY LEVEL	9
3.2 PROPOSAL RELATING TO THE SUSPENSION OF THE SUPPLY CONTRACT.....	10
3.2.1 TSOs' proposal in CRE's public consultation	10
3.2.2 Summary of the responses to the public consultation.....	10
3.2.3 CRE analysis.....	10
3.3 PROPOSAL RELATING TO THE CALCULATION OF THE MINIMUM FINANCIAL GUARANTEE AMOUNT	11
3.3.1 TSOs' proposal in CRE's public consultation	11
3.3.2 Summary of the responses to the public consultation.....	11
3.3.3 CRE analysis.....	11
DECISION.....	12

1. FEEDBACK FROM THE FIRST YEAR OF THE SINGLE GAS MARKET AREA

1.1 First review of the single area's operations

In its public consultation of 24 October 2019, CRE gave a positive review of the operations of the single gas market area in France.

- the shift from two areas to a single area was done successfully on 1 November 2018;
- it improved the supply protection of the French gas system and gave French consumers a single wholesale price;
- the congestion removal mechanisms, and in particular the locational spread, worked well;
- the optimisation choices offered to the shippers however, turned into summertime congestions, with the consequences and costs for the community needing to be measured.

The large majority of players who responded to the public consultation agree with the positive review from CRE regarding the first year of operation of the single market area.

Thus, the industrial consumers consider the single market area as a major advance, with the project fully meeting the priority objectives of cost management for consumers and supply protection stability in France. One player believes that the establishment of the single area benefits everyone, namely the consumers located in the south of France, and thinks that the management of congestion through specific mechanisms is a good solution because it avoids disproportionate overinvestments. Another consumer states however that we need to be vigilant of the significant cost created by the congestion removal mechanisms and thinks that the community must not bear the additional costs generated in the economic interest of certain players.

The shippers agree with the positive review from CRE and emphasise how the French market is more attractive and has better liquidity. One shipper highlights how the single area was created without any technical issues and points to the fact that all of the market players were properly prepared for its launch. Another shipper states that the congestion management mechanisms established in the Concertation Gaz meeting showed their strength in the majority of the situations and allowed the single area to function well. However, several shippers stress that the occurrence of two mutualised restrictions over the first year is a point that needs to be reviewed further. Moreover, one shipper states that the maintenance programmes, the superpoints and the different congestion limits are complicated for new entrants.

The infrastructure operators also agree with the positive review and point out that the TRF mechanisms function in accordance with expectations.

Several players nevertheless temper this view by stating that the market conditions of the first year were favourable, with a relatively mild winter and high LNG entries, and that the French network's new single-area configuration has therefore not been stress tested yet.

1.2 Feedback on the deliberation of 29 May 2019

1.2.1 A deliberation made in reaction to exceptional episodes of congestion

On 25 and 26 May 2019, significant amounts of locational spread were requested to relieve the network, 146 GWh and 172 GWh respectively over the two days. The responses from shippers only covered 142 GWh for each of these requests, at the higher prices of 12.2 and 14 euros per MWh, leading to a total cost of €3.7M over this weekend alone, and a mutualised restriction on 26 May.

After an analysis, CRE observed that the use by shippers of additional flexibility to inject gas into the storage facilities, through additional subscriptions in PITS exits, contributed to putting the network's correct operations at risk.

That is why in its deliberation of 29 May 2019, CRE added to the list of congestion removal mechanisms the interruption of exit capacities at the PITS above their nominal levels. Starting on this date, during a day of congestion, the firm capacities at the PITS Atlantique and Sud-Ouest were thus limited to 330 GWh/d and 355 GWh/d, which guaranteed the firmness of the nominal capacities that had been sold through auctions by the storage operators and made possible to interrupt the use of certain additional services.

In the public consultation of 24 October 2019, CRE invited the market players to provide their comments on this deliberation made in a limited amount of time.

1.2.2 Summary of the responses to the public consultation

The players who responded to the public consultation are for the most part in favour of the measures taken by CRE to limit the firm capacities at the PITS Atlantique and Sud-Ouest as part of the deliberation of 29 May 2019.

On the other hand, the positions over the associated decision-making process are divided. Certain players applaud the responsiveness of CRE. Others have shown displeasure with the fact that the market players were not included

in the decision-making process. One player mentioned that the economic impact for the shippers was weak, but brought up its commitment to the principle of visibility on the bids.

1.2.3 CRE analysis

CRE fully agrees on the importance of the collaboration with all of the market players concerned by its decision making and reaffirms its commitment to the foreseeable regulatory framework so each player can position themselves on the market based on clear rules understood by everyone.

However, given the exceptional context of the weekend of 25 and 26 May, which resulted in €3.7M in congestion removal costs in two days, CRE deemed it necessary to quickly react in order to avoid any possible excessive costs in the future borne by the community. CRE also observe that the majority of contributors agree with the substantive reasons for this decision and believe that the measures deliberated upon on 29 May were adapted.

2. CHANGES IN THE FUNCTIONING OF TRF

As mentioned in the paragraphs above, the reinforcements implemented in the networks were used to easily supply the southern part of the territory throughout the 2018/19 winter, which was the first objective of the single zone. In the summer, as planned during the scaling of the investments, the congestion level is higher, due in particular to the significant amounts of gas injected into the storage facilities.

Thus, in the public consultation of 24 October 2019, CRE observed the difficulties the single area had in delivering all of its sold capacities without resorting to congestion removal mechanisms in the summer.

In fact, in April and May (the beginning of the storage facility injection period) and August (return to the injection programme after the maintenance period) of 2019, there were 45 days of congestion out of 92 (amounting to 49% of the total time), with 36 days using locational spread. The total cost of the locational spread for relieving these congestions rose to €7.2M for this first summer in TRF. Furthermore, two days of congestion required a mutualised restriction of the firm capacities held by the shippers.

By comparison, the scenario used as a reference established by Concertation Gaz between 2016 and 2017 to scale the congestion removal mechanisms for the future single market area only planned for 29 days relying on the locational spreads in the summer (and with no mutualised restrictions) despite parameters that were less favourable than those observed in 2019 (arrival of LNG in Fos and Montoir at their technical minimum, exits in Pirineos to Spain at subscribed capacities and a usage rate of combined cycle power plants (CCCGs) at the average of the highest recorded consumption).

In the public consultation, CRE observed two main reasons that explain the difficulties that the single area had in delivering its upstream capacities:

- The current firm sold levels for injection at the PITS Sud-Ouest and Atlantique (330 and 355 GWh/d respectively) seem too high in comparison to what the network is actually capable of delivering during certain summer months, given the firmness of the capacities in Pirineos.

CRE's analysis in the public consultation of 24 October 2019, thus shows a correlation between the high levels of injection at the PITS Sud-Ouest and the appearance of congestions. Over the 38 days where the market showed an interest in injections at the PITS Sud-Ouest that are higher than 300 GWh/d, there were 30 days where the TSOs relied on the locational spread, ultimately leading to acceptable nominations for the network in the PITS Sud-Ouest at a level generally lower than 300 GWh/d (80% of the cases). The firm capacities that are currently sold at the injection at the PITS Sud-Ouest thus seem too high in relation to what the network can truly manage to deliver without causing congestions. Furthermore, a level of 300 GWh/d of firm injections at the PITS Sud-Ouest does not limit the refilling of the storage facilities during the period.

As for the PITS Atlantique, it has less of a routine impact on congestions than the PITS Sud-Ouest because it is sometimes located upstream and sometimes downstream from the congestion points observed since the launch of the single area. Nevertheless, it is a storage facility grouping with significant capacities, with the largest PITS exit flow of the French network. In the cases of the largest congestions for the network, it is downstream from the NS3 congestion point. This was the particular case over the weekend of 25 and 26 May. With market conditions being less favourable than those from this year, it should thus more frequently be downstream from the congestions.

- Moreover, the current maintenance and minor construction work (capacity restrictions less than 30 GWh/d) performed at the centre of the network and managed by congestion removal mechanisms have a significant impact on the capacities available downstream and thus on the congestion events in the single area.

2.1 Downward adjustment of exit levels at PITS Sud-Ouest and Atlantique

2.1.1 Review of proposals considered by CRE in the public consultation

The deliberation of 29 May 2019, revised the order of priority of the congestion removal mechanisms, by introducing the interruption of the exit capacities at PITS (injection into the storage facilities) beyond their nominal levels. The prioritisation order of the congestion relief mechanisms currently in force is thus as follows:

	Congestion removal mechanisms
In case of daily restriction	<ol style="list-style-type: none"> 1. If possible, implementation of inter-operator mechanisms (in particular with Fluxys for NS1) 2. Interruption of interruptible capacities 3. Interruption of exit capacities at PITS beyond the nominal levels 4. No sale of available firm capacities 5. Locational spread
In case of failure of the above mentioned mechanisms	Mutualised restriction

The deliberation also set the value of these nominal levels for each PITS. CRE analysis in the public consultation of 24 October 2019, and especially the focus placed on the correlation between the high injections at the PITS Atlantique and Sud-Ouest and congestion events, tends to show that the network is not able to deliver these levels set for these PITS.

In the public consultation of 24 October 2019, CRE proposed to make a downward adjustment of the nominal levels of the PITS Atlantique and Sud-Ouest, currently set at 355 and 330 GWh/d and 340 and 300 GWh/d respectively.

2.1.2 Summary of the responses to the public consultation

The contributors to the public consultation are divided over CRE's proposal to lower the nominal levels at the PITS Sud-Ouest and Atlantique.

Thus, all of the consumers favour this proposal as well as a portion of the shippers and infrastructure operators. They believe it necessary to set a capacity level that the network is able to deliver and to avoid expensive congestions for the users linked with refill flows that are not indispensable for supply protection. They think that the levels proposed by CRE provide enough flexibility for refilling the storage facilities during the summer gas periods.

Certain shippers and infrastructure operators opposed such modifications. They believe it necessary to have additional feedback, or at least to not impact the capacities already sold through storage facility auctions. Thus, several players have raised an alarm over the fact that storage auctions for the 20120-21 season have already occurred in June and November on the basis of levels set during the deliberation of 29 May 2019.

Several players, including Storengy and GRTgaz, think that lowering the exit level at the PITS Atlantique is not relevant because it is not always downstream from congestions. Additionally, one operator emphasises that slowing down this product to a 170-day real injection period could no longer guarantee its full refilling depending on the observed maintenance periods.

Teréga is opposed to lowering the levels at the PITS because it would represent a decline in the downstream storage offering, considering that congestions essentially come from minor maintenance work performed upstream.

One operator thinks that the levels at PITS Sud-Ouest should be lowered below 300 GWh/d in order to avoid more congestion events if the market conditions become less favourable (LNG entries that are lower than in 2019).

2.1.3 CRE's analysis

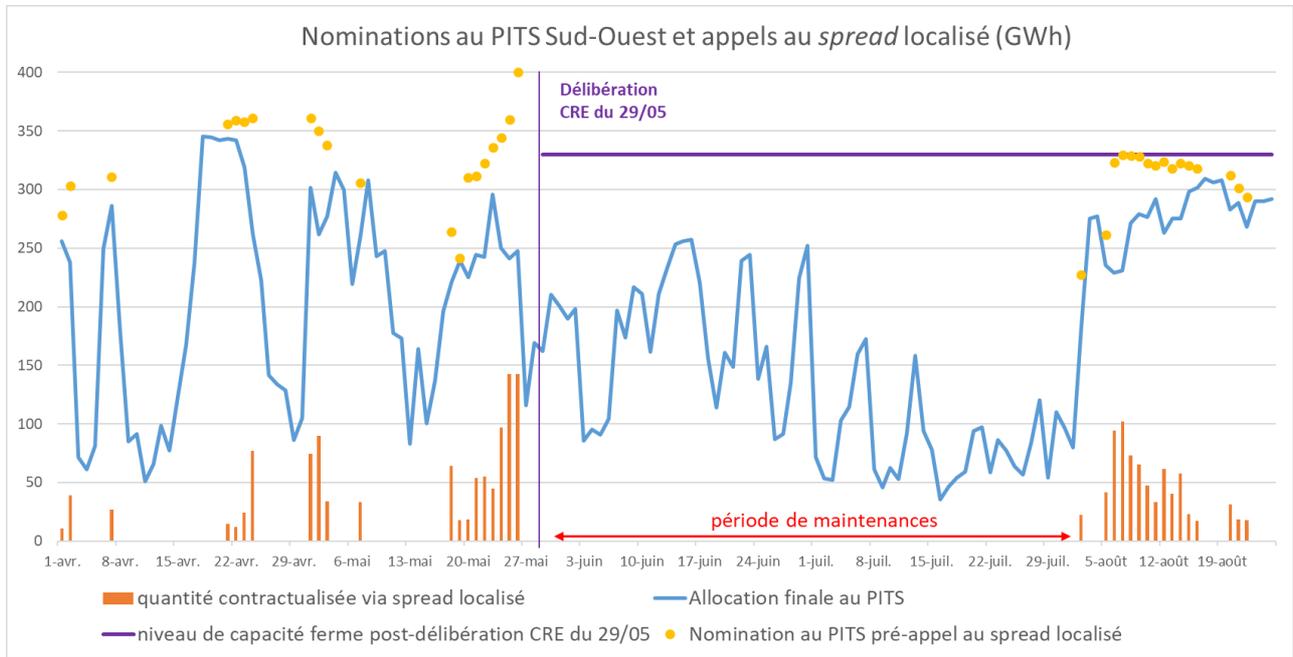
The analysis provided in the public consultation of 24 October 2019, based on the figures observed over the first injection season in the single area, show that the network has difficulty in its ability to deliver the firm capacities levels currently sold at PITS Atlantique and Sud-Ouest without leading to congestions.

Thus, CRE studied the shippers nominations history and the capacities finally allotted at these two PITS for the 2019 injection season.



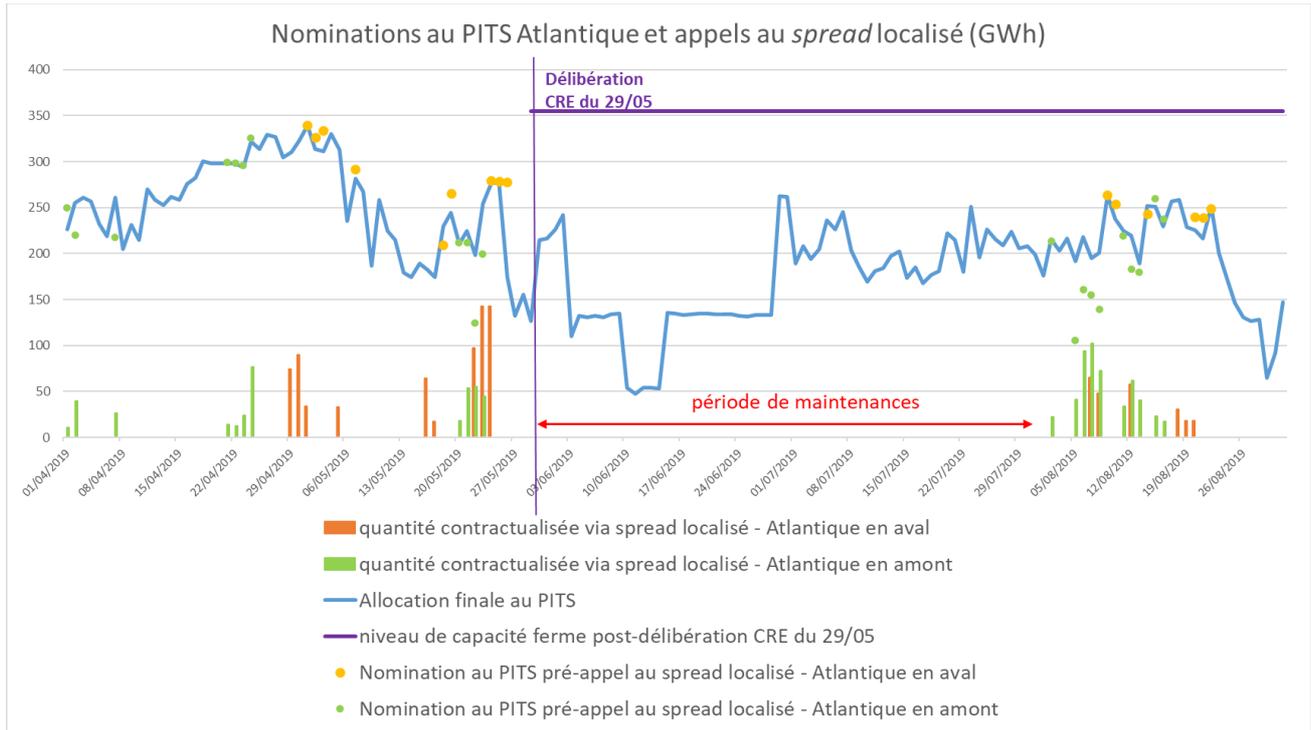
The following graph shows for the PITS Sud-Ouest:

- the nominations in the half hour preceding the calls for locational spread;
- the contractualised locational spread volumes;
- the final allocations.



This graph shows a strong correlation between high nominations at PITS Sud-Ouest at the start of the congestion day (orange dots) and the use of locational spreads (orange bars). Thus, we can see that over the 38 days where the market showed an interest in injections at Lussagnet higher than 300 GWh/d, there were 30 days where the TSOs relied on the locational spread, ultimately leading to deliveries at a level generally lower than 300, or 79% of the time. We also see an identical ratio above 330 GWh/d, with 11 days relying on the locational spread for 14 days of market interest, amounting to 79% of the time.

CRE conducted a similar analysis on the PITS Atlantique. The resulting graph is as follows:



The graph for the PITS Atlantique reveals less than the one representing the PITS Sud-Ouest. It has been observed however that in certain network configurations, for example on the first days of May, high injection levels at PITS Atlantique contributed to calls for locational spreads.

These levels at PITS Sud-Ouest and Atlantique were not predicted during the studies conducted before the merger in order to assess the residual congestion levels and establish the congestion removal mechanisms.

CRE considers it necessary to account for the limits that exist in the transport network in order to ensure that it functions properly.

Moreover, CRE thinks that the exit levels that it set at PITS Sud-Ouest and Atlantique leave enough a of a margin to refill the storage facilities over the summer gas season.

In particular, at PITS Sud-Ouest, a level at 300 GWh/d can refill the storage facilities in 117 days out of the 214 days in the injection period (from 1 April to 31 October). Such a development thus provides significant flexibility for the refilling of this storage that is on of the most flexible storage facilities in the single area.

At PITS Atlantique, lowering the exit level to 340 GWh/d reduces the available flexibility for refilling this storage. However, the 170-day refilling duration outside of operator maintenance work (out of 214 days in the summer period) corresponds to the refilling of a total volume of 47.5 TWh, as planned by the multi-annual energy programming (PPE) for the Atlantique storage facility, starting from an empty level in the beginning of the injection season. Historically, the initial stocks that injection campaigns started out of were always non-zero. Moreover, at this stage Storengy is only selling 45 TWh for the 2020/21 season. CRE thus believes that the shippers will have sufficient flexibility to ensure that the Atlantique storage facilities are refilled.

Consequently, in case of congestion, the exit capacities at the PITS can be interrupted starting above the following levels:

Exit capacity at PITS in GWh/d	Firm exit capacity
Nord B	115
Nord-Ouest	145
Nord-Est	115
Sud-Est	145
Atlantique	340
Sud-Ouest	300



The rest of the capacities that are technically available at the PITS beyond these level are sold in interruptible capacities.

As stated in the public consultation, the levels established in this deliberation could change again if the storage volumes sold by the operators change in the future, particularly if they increase.

2.2 Measures on maintenance

2.2.1 Maintenance with impact less than 30 GWh/d

2.2.1.1 Public consultation proposal

In the decision of 26 October 2017, CRE decided that the TSOs will not apply initial mutualised restrictions when the provisional impact of a maintenance action is less than 30 GWh per day (deemed "minor maintenance") in order to avoid compounding capacity restrictions. The day where minor maintenance is performed, if a congestion results from it, it will be managed by the congestion removal mechanisms, even if it is in part due to the maintenance work.

In the public consultation, CRE indicated that it does not plan to change this measure, insofar as the TSO would again publish numerous capacity restrictions that would be disadvantageous to the shippers.

Nevertheless, CRE proposed to ask the TSOs to publish after the fact, each time a congestion arises during "minor maintenance", the impact of this minor maintenance on the gas volume lacking downstream from the bottleneck.

Based on the observed results, an indicator could be set up in the incentive regulation of the operators' service quality.

2.2.1.2 Summary of the responses to the public consultation

Nearly all of those who responded to the public consultation agree with the idea of the TSOs publishing the impact of minor maintenance on the missing capacity due to the maintenance from when a bottleneck arises.

A consumer mentioned that if the impact turns out to be significant, the 30 GWh/d threshold for the publication of restrictions for forecast maintenance should be adjusted downward. One infrastructure operator requested that these minor maintenance be subject again to a restriction publication as part of the scheduled maintenance in order to reduce congestions.

One shipper requested a forecast publication of the envisioned maintenance impact in order to provide greater visibility to the shippers. Other market players expressly mentioned that they only want a publication after the fact, based on a frequency to be determined. Concerning this point, one infrastructure operator believes it valuable to measure the impact of minor maintenance actions but wants to see feedback at the end of the summer rather than a publication after each congestion. This operator cautioned against the high development costs of information technology that such a publication could lead to.

Several shippers expressed their agreement for tracking the number and volume of minor maintenance work through an indicator in the ATRT7 tariff.

Another market player feared that encouraging TSOs to minimise maintenance will be a detriment to the network's protection.

2.2.1.3 CRE analysis

The minor maintenance work could have major consequences on the network's ability to transport gas as expected. Consequently, it seems necessary to reinforce the transparency and have precise monitoring of their impact when a congestion occurs. CRE has thus requested the TSOs to publish the day after a congestion the impact of the minor maintenance on the missing capacity (in GWh/d). The TSOs must also provide within the Concertation Gaz an assessment of the impact of minor maintenance on the network's capacities (including the days where there was no congestions).

As mentioned in the public consultation, CRE maintains the handling of minor maintenance smaller than 30 GWh/d set forth in the deliberation of 26 October 2017, to avoid the publication of the many capacity restrictions that impede the proper functioning of the single market area. In addition, as part of the information on the state of the network, the TSOs currently already publish ahead of time the days where minor maintenance work is planned and what the limits are.

2.2.2 Shared maintenance programme

2.2.2.1 Public consultation proposal

In addition to the existing coordination between the operators of different infrastructures (transport networks, underground storage and LNG terminals) for establishing maintenance programmes, CRE proposed to ask these operators to publish a single annual programme of maintenance. This joint programme would provide greater visibility to the market players.

2.2.2.2 Summary of the responses to the public consultation

All of the market players are strongly in favour of the publication of an annual joint programme among all of the operators connected to the TRF, which some of them even view as indispensable. Such a measure would strengthen the coordination between the operators and boost market visibility.

One market player emphasises that this publication will highlight the overall maintenance issues.

Several shippers stress that the joint programme must be published by a deadline that is compatible with the storage facility auction calendar and not by a publication deadline in addition to the current calendar.

2.2.2.3 CRE analysis

CRE believes that the publication of a joint maintenance programme for all of the regulated operators will contribute to the proper functioning of the single market area.

Currently, the maintenance programmes for the storage facilities are published in October N, before the auctions of November N, January and February N+1, affecting the capacities injected starting in April N+1. Also in order to provide visibility within the framework of these storage auctions, the TSOs now publish a first programme in October N, then a definitive programme in February N+1. The terminals have better visibility when the annual programmes from year N+1 in December N are established.

Taking into account these calendars for the different infrastructures, the TSOs and the storage system operators must publish a first joint publication by October in order to provide greater visibility to the shippers given the storage capacity auctions.

A definitive programme must be published in February, which includes the maintenance of the LNG terminals.

All of the operators must publish on their respective websites this single document, for which they must do their best to ensure that it is as clear and coherent as possible and in a format that is easy for users to read and understand. The maintenance work on all of the infrastructures must be consolidated in a single optimised calendar.

2.3 Inclusion of the L-into-H gas conversion point in the points eligible for congestion removal mechanisms

To increase the responses options for the locational spread, CRE stated that it is considering adding, in the points that provide an upstream response, a virtual point that corresponds to the L-into-H gas conversion service. This virtual point would then also be involved with the last resort mechanism, the mutualised restriction, if the locational spread is unsuccessful.

The majority of those who responded are in favour of this proposal, as they favour of any additional option to reduce congestions.

Nevertheless, several of them highlight the special features of operating L-gas area, with the swap service to supply the area. Also, GRTgaz states that the area's operational management is very restricted, namely within the framework of the area's gradual conversion towards H gas.

Given the operational challenges expressed by GRTgaz, and in a context where L-gas area is poised to be gradually reduced and already responds to specific operational constraints, CRE has decided to not include the L-into-H gas conversion point in the points eligible for congestion removal mechanisms.

3. FINANCIAL SAFEGUARDING: FINANCIAL GUARANTEES AND TRANSMISSION CONTRACT SUSPENSION

At the end of 2018 and in the first quarter of 2019, several suspected cases of balancing fraud arose in different European countries (Germany, the Netherlands, Spain, Poland) for large amounts (several million euros).

CRE asked the TSOs to analyse the risk of such a situation occurring in France, with the current financial safeguard procedures in effect. They concluded that it was necessary to strengthen these procedures in order to face this type of behaviour, and they sent CRE a list of proposals to upgrade these procedures, aiming on one hand to improve responsiveness in the event of a risk situation, and on the other hand, to better adapt the financial guarantee. The TSOs presented these proposals in Concertation Gaz on 30 September 2019, and then CRE included it in the public consultation of 24 October 2019.

3.1 Review of the existing rules concerning the financial guarantee and the actions of the TSOs relating to the daily balancing liability level

Currently, the financial guarantee of a shipper who is active on the French transmission network is equal to the amount of the two monthly transmission invoices, excluding imbalances payments, the highest from the last twelve

months. The amount of the financial guarantee is adjusted only every 6 months, in October and April. Lastly, shippers have the option of voluntarily raising the level of their guarantee to a level higher than the one required. In return, this mechanically reduce their liability level of this guarantee.

The daily calculation of the balancing liability level, as expressed in a percentage, is based on the ratio between:

- the amount of daily imbalances multiplied by the price of the day's imbalance payments;
- the financial guarantee level or the financial guarantee theoretical level, which corresponds to the guarantee or cash deposit that the shipper pays except if it is exempted by its financial rating (in this last case, the opening rate is calculated in relation to the guarantee's theoretical amount).

Based on reaching different thresholds of this daily liability level, the TSOs take the following actions:

- the first alert threshold, defined and set by the TSO, triggers a reminder for the shipper of further measures by telephone or email;
- the second threshold, set at 50% of the liability guarantee, leads to a formal notice to the shipper of the breach of the threshold;
- beyond the third threshold, set at 90% of the liability guarantee, the TSO can ask the shipper to make an advance down-payment on the recorded imbalance, within 2 working days;
- after three successive days above a 100% breach of the guarantee, the TSO has the choice of suspending the transmission contract after a formal notice for payment remains unanswered for two days. The contract's suspension bans the shipper from booking new capacities or from nominating any quantity in the TSOs' network, but does not release it from their contractual obligations as well as those for paying their outstanding invoices. It applies without prejudice to the exercising of the other rights acquired under the transmission contract.

3.2 Proposal relating to the suspension of the supply contract

3.2.1 TSOs' proposal in CRE's public consultation

In order to provide greater responsiveness in case of any exceptional imbalance leading to the presumption of a fraud case and to protect the TSOs and the shipping community, the TSOs proposed that contract suspensions are possible as soon as a 100% breach is reached and without prior notice. It will therefore be possible to suspend the transmission contract of a shipper involved in suspicious activity as of the first day with immediate effect.

The TSOs also proposed to be able to partially suspend the transmission contract, which can for example limit the suspension of the transmission contract with an excessive breach to be limited to the nominations of the shippers in question at the PEG to prevent them from exacerbating their imbalances while giving them the option of supplying their customers.

3.2.2 Summary of the responses to the public consultation

The respondents to the public consultation are overall in favour of the proposal relating to the changes in transmission contract suspension's conditions. They have a positive view of strengthening financial protections and introducing the option of a contract's partial suspension.

One market player emphasises the necessity of accounting for the potential impact of suspending a shipper's contract for supplying its customers.

A respondent requests that the TSO quickly inform the market and the trading platforms in particular after the suspension of a shipper's contract.

Lastly, a market player requests that these changes and their consequences be provided in greater detail to a specific working group within the Concertation Gaz.

3.2.3 CRE analysis

CRE believes that the proposed change will strengthen the systems financial protections and thus improve its reliability, which will benefit not just the final users but also the market players and operators.

In particular, CRE believes it is necessary for the TSOs to react quickly when a potential fraud case arises. The suspension when breaching the 100% guarantee liability level appears appropriate. The previous actions put in place by the TSOs based on the gradual increase of the balancing liability level must already allow the shippers to re-establish their balance:

- the first alert threshold, defined and set by the TSO, triggers a reminder for the shipper of further measures by telephone or email;

- the second threshold, set at 50% of the liability guarantee, leads to a formal notice to the shipper of the breach of the threshold;
- beyond the third threshold, set at 90% of the liability guarantee, the TSO can ask the shipper to make an advance down-payment on the recorded imbalance, within 2 working days;

The TSO will thus already contact the shipper and inform it of the drop in its liability level. Therefore, not giving notice for the suspension of the contract when reaching 100% breach is not problematic.

Moreover, the partial suspension proposed by the TSOs can help maintain the supply to consumers by the shipper in question (as well as potential nominations that would go on to reduce the shipper's imbalance).

Consequently, CRE changes the rules in accordance with TSOs' proposal.

3.3 Proposal relating to the calculation of the minimum financial guarantee amount

3.3.1 TSOs' proposal in CRE's public consultation

The TSOs also wish to modify the minimum financial guarantee by integrating the amount of the paid balancing payments, so that the financial guarantee is consistent with the risk associated with the shipper's imbalance, against which they seek to protect themselves.

3.3.2 Summary of the responses to the public consultation

The majority of respondents who gave their opinions on this point are not in favour of this proposal. In particular, certain market players point out the volatility of the prices on the market, on which the imbalance payments are calculated. Thus, the invoices paid by the shippers for imbalances can vary greatly from one month to another. Taking into account past imbalance payments would thus not make it possible to determine future amounts and it would add further complexity to the management of these guarantee levels. In all, this change would not help protect the market against fraud risks.

3.3.3 CRE analysis

CRE shares the analyses of those who responded to the public consultation concerning the integration of the paid balancing invoices in the calculation of the financial guarantee. In fact, the changes to imbalance invoicing would lead to an increase or decrease of the financial guarantee of a shipper, particularly in accordance with the changes in the market prices, regardless of the financial burden and commitments of the shipper toward the network and the market.

They do not appear suitable for determining the financial guarantee of a shipper. In this respect, the financial guarantee of the balancing responsible party in electricity does not take it into account neither.

CRE thus does not endorse the proposal from the TSOs concerning the changes to how the minimum financial guarantee amounts are calculated.

DECISION

Pursuant to point 1 and 4 of Article L. 134-2 of the French energy code, the French Energy Regulation Commission (CRE) "specifies [...] the rules concerning [...] the missions of natural gas transmission system operators in terms of operating and developing transmission networks" as well as "the conditions of use for the transmission networks [...] for natural gas".

Pursuant to point 4 of Article L. 134-3 of the French energy code, CRE is competent to approve "the technical and financial rules developed by the operators and relating to the balancing of the natural gas networks [...]".

This deliberation amends the functioning rules of the single gas market in France as follows:

Exit capacities at the PITS

The firm exit capacity levels at the PITS are set at 340 GWh/d for PITS Atlantique and 300 GWh/d for PITS Sud-Ouest respectively starting on 1 April 2020. Consequently, in case of congestion, the exit capacities at the PITS can be interrupted starting above the following levels:

Exit capacity at PITS in GWh/d	Firm exit capacity
Nord B (L-gas)	115
Nord-Ouest	145
Nord-Est	115
Sud-Est	145
Atlantique	340
Sud-Ouest	300

The rest of the capacities that are technically available at the PITS beyond these levels are sold as interruptible capacities.

The interruption of the exit capacities at the PITS is done according to the following order of prioritisation:

	Congestion removal mechanisms
In case of daily congestion	<ol style="list-style-type: none"> 1. If possible, implementation of inter-operator mechanisms (in particular with Fluxys for NS1) 2. Interruption of interruptible capacities 3. Interruption of exit capacities at the PITS beyond the firm capacity levels 4. No sale of available firm capacities 5. Locational spread
In case of failure of the above mentioned mechanisms	Mutualised restriction

Publication of the impacts of minor maintenance less than 30 GWh/d

The day after a congestion happens, the TSOs must publish the impact of minor maintenance on the lacking capacity (in GWh/d).

Publication of a programme of maintenance shared by all of the operators

Starting in October 2020, the operators must publish a shared maintenance programme. A first joint publication by the TSOs and the storage system operators will be done in October of each year in order to provide greater visibility to the shippers for the storage capacity auctions. A definitive programme will be published in February of each year, integrating the elements for the LNG terminals.

All of the operators must publish this single document on their respective websites.

Financial safeguarding of the balancing system



DELIBERATION

12 December 2019

CRE approves the proposal of the TSOs to change the suspension conditions of the transmission contract. The TSOs may suspend, completely or partially, a shipper's transmission contract as soon as it breaches by 100% its guarantee liability on a daily basis.

CRE does not approve the modification of the minimum financial guarantee calculation.

This deliberation will be published in the *Journal officiel* of the French Republic and sent to the minister for the Ecological and inclusive transition . It will also be published on CRE's website and sent to GRTgaz, Teréga, Elengy, Fosmax LNG, Dunkerque LNG, Storengy and Géométhane.

Deliberated in Paris on 12 December 2019.

For the Energy Regulatory Commission,

The President

Jean-François Carenco