



## DELIBERATION N° 2017-188

Deliberation of the French Energy Regulatory Commission of 27 July 2017 deciding on the change in the capacity selling arrangements at the Dunkirk PIR, the change in interruptible capacity selling arrangements, and the creation of entry capacity at the Oltingue PIR

Attending the session: Christine CHAUVET, Catherine EDWIGE, Hélène GASSIN, Jean Laurent LASTELLE and Jean-Pierre SOTURA, commissioners.

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

### Background

- **Capacity selling rules at the Dunkirk PIR**

GRTgaz sells capacity in the upstream transmission network, mainly at network interconnection points (PIRs), at the North/South link, at transmission/storage interconnection points (PITS), and at LNG terminal transmission interconnection points (PITMs).

Commission Regulation (EU) 2017/459 of 16 March 2017, establishing a network code on capacity allocation mechanisms (CAM code) in the gas transport systems, does not apply at the Dunkirk PIR, entry point on the Franpipe system connecting France to Norwegian production fields.

In order to be more in line with the selling arrangements as defined in the CAM network code, and to meet the demand of several clients, this deliberation changes the capacity selling rules at the Dunkirk PIR.

- **Interruptible capacity selling rules**

At the PIRs where the CAM network code applies, as well as the North/South link, GRTgaz and TIGF sell firm capacity and interruptible capacity in the form of yearly, quarterly, monthly, daily day-ahead and daily intraday products.

Interruptible capacity is currently sold according to the rules established by CRE's deliberation of 13 February 2014<sup>1</sup> deciding on the progressive implementation of the CAM network code in its drafting pursuant to regulation 984/2013 of 14 October 2013<sup>2</sup>, and by the deliberation of 3 February 2016<sup>3</sup> deciding on the transmission capacity selling rules at the link between GRTgaz's north and south zones.

The application of the new CAM network code (established by regulation 2017/459) will require changes to the interruptible capacity selling rules at these points as from January 2018 at the latest. The present deliberation plans the early application of these rules from 1 October 2017.

<sup>1</sup> CRE deliberation of 13 February 2014 deciding on the progressive implementation of the European gas transmission capacity allocation code at interconnection points between entry/exit zones

<sup>2</sup> Regulation (UE) 984/2013 of the European Commission of 14 October 2013 establishing a network code on capacity allocation mechanisms in gas transmission systems

<sup>3</sup> CRE deliberation of 3 February 2016 deciding on the rules for selling transmission capacity at the link between GRTgaz's north and south zones

- **Creation of entry capacity at the Oltingue PIR**

The Oltingue PIR currently enables one-way transmission of physical flows of natural gas from France to Italy through Switzerland.

Since 2010, GRTgaz, in consultation with the Italian and Swiss transmission system operators, have been working to find a solution enabling physical flow from Italy to France, through Switzerland.

In its deliberation of 17 December 2014<sup>4</sup>, CRE validated GRTgaz's investment enabling the creation of 100 GWh/d of quasi-firm entry capacity in France at the Oltingue PIR in 2018, without developing the network core, for a budget of 12M€ (within a range of 30% more or less).

The present deliberation specifies the rules for selling this new entry capacity at the Oltingue PIR.

- **Public consultation**

In order to collect participants' opinion on these three changes, CRE proceeded with a public consultation from 8 June to 7 July 2017.

9 contributions were addressed to the CRE:

- 6 responses from shippers;
- 2 responses from shipping associations;
- 1 response from an infrastructure operator.

The non-confidential responses will be published on the CRE's website<sup>5</sup>.

### CRE's powers

In accordance with the provisions of Article L.134-2, 4° of the French energy code, CRE is competent to define the rules regarding the conditions for use of transmission networks.

For the relevant interconnection points, these rules comply with the provisions of the Commission regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms (CAM code).

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<sup>4</sup> CRE Deliberation of 17 December 2014 examining GRTgaz's ten-year development plan and approving its investment program for 2015

<sup>5</sup> <http://www.cre.fr/>

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## 1. SELLING OF CAPACITY AT THE DUNKIRK INTERCONNECTION POINT (PIR)

### 1.1 Current selling arrangements

At the Dunkirk PIR, GRTgaz sells network entry capacity in three forms:

- firm capacity, the use of which is guaranteed by GRTgaz under normal operating conditions;
- returnable capacity, which a shipper having booked over 20% of the firm annual capacity proposed commits to returning to GRTgaz under certain conditions;
- interruptible capacity, the availability of which mainly depends on the use and the configuration of the network.

This capacity is proposed for different time periods: pluriennial (long notice), yearly (short notice), monthly (calendar month) and daily.

Since the Dunkirk PIR does not connect the French transmission system to that of another European Union Member State, the CAM network code does not apply and the capacity booking arrangements applicable upstream from this point are specific.

#### 1.1.1 Long-notice pluriennial capacity

Currently, long-notice pluriennial capacity is sold in September of year Y and in February of year Y+1 for capacity starting on 1 October of year Y+1. Their durations range from two to fifteen years.

To facilitate access to new entrants, only 80% of capacity for sale is proposed in the form of pluriennial capacity. The remaining 20% is reserved for shorter-term sale (yearly, monthly and daily capacity).

Selling is done through open subscription periods (OSPs), during which shippers with a transmission contract can file their request with GRTgaz.

		Year Y	Year Y+1
Pluriennial long-notice capacity starting 1 October of year Y+1	Firm and returnable	OSP from 10 to 20 September	OSP from 10 to 20 February
	Interruptible	OSP from 1 to 10 October	OSP from 1 to 10 March

Requests exceeding or equal to five years are given priority over capacity requests of durations shorter than five years. Firm capacity requests are met before those for returnable capacity.

Every year, during the OSP, capacity is allocated based on new subscription requests. If demand exceeds supply, capacity distribution is done by capping requests at the firm capacity level proposed, then by allocating the firm capacity proposed in proportion to shippers' requests.

When all firm and returnable capacity is allocated, GRTgaz sells interruptible capacity.

#### 1.1.2 Short-notice annual capacity

Short-notice yearly capacity is sold in the form of rolling annual bands every month between the 11th and 20th of month M-7 by the OSP mechanism, then between the 21st of month M-7 and the last day of month M-2 by the "first-come, first-served" selling mechanism.

During each OSP, returnable capacity is sold simultaneously with short-notice firm annual capacity. Firm capacity is allocated first and foremost to returnable capacity and interruptible capacity is sold when all firm and returnable capacity has been allocated.

If demand is greater than supply, capacity is allocated in proportion to the requests expressed by shippers.

		Year Y	
Yearly short-notice capacity starting the first day of each month M	<b>Firm and returnable</b>	OSP from 11th to 20th of month M-7	<b>"First come, first served"</b> from 21st of month M-7 to the last day of month M-2
	<b>Interruptible</b>	OSP from 20th to the last day of month M-7	<b>"First come, first served"</b> from 21st of month M-7 to the last day of month M-2

## 1.2 New selling arrangements

### 1.2.1 GRTgaz's proposal

On 15 November 2016, GRTgaz presented several proposals for changing the capacity selling arrangements at the Dunkirk PIR to the Concertation gas "Capacity allocation" working group.

These developments were received favourably by members of the consultation group which however made several comments about the selling pace and capacity allocation. On the basis of these comments, GRTgaz made a new proposal which it presented during a meeting of the working group on 27 April 2017. This new proposal gave rise to more comments by shippers, particularly about the appropriateness of selling a quarterly product.

Following these remarks, GRTgaz drew up the detailed<sup>6</sup> proposal, which it proposes to apply as from June 2018.

Selling of monthly, daily and intraday capacity remains unchanged.

#### 1.1.1.1 Long-notice annual capacity

In its proposal, GRTgaz stated that it wished to keep one selling period for long-notice annual capacity, which would take place in June of year Y for the gas years starting on 1 October of years Y+1 to Y+14. That way, capacity at the Dunkirk PIR would be sold before capacity at the points where the CAM code applies, for which auctions occur simultaneously in July under PRISMA. Therefore, if the requests of certain shippers were not completely satisfied at the Dunkirk PIR, those shippers could book additional capacity at the other PIRs.

The selling of each year for which capacity is proposed would be independent, which would allow it to be more in line with the conditions specified in the CAM network code and with the products sold by the adjacent transmission system operator Gassco.

GRTgaz proposes the elimination of the duration priority, which, in its opinion, heavily complicates capacity allocation both for clients and for system operators. Therefore, if demand is greater than supply, capacity would be allocated, for each year, in proportion to the requests expressed by shippers.

Long-notice annual capacity would be sold only in bands from October to September, subject to a limit of 80% of capacity proposed for sale.

#### 1.1.1.2 Short-notice annual capacity

GRTgaz proposes that the short-notice yearly capacity selling arrangements be similar to the current mechanism with the exception of the selling date: the OSP would no longer take place seven months before the start of validity of the capacity sold, but only four months before.

Therefore, GRTgaz proposes to sell short-notice yearly capacity in an OSP from the 11th to the 20th of month M-4 for month M. This would enable capacity for the upcoming gas year (i.e. October Y to October Y+1) to be sold in June, simultaneously with long-notice capacity which will cover the following gas years. This OSP would be followed by a period of "first come, first served" between the 21st of month M-4 and the last day of month M-2.

<sup>6</sup> Proposal of GRTgaz regarding the change in selling arrangements at the Dunkirk PIR

		Year Y	
Yearly short-notice capacity starting the first day of each month M	Firm and returnable	OSP from 11th to 20th of month M-4	"First come, first served" from 21st of month M-4 to the last day of month M-2
	Interruptible	OSP from 21st to the last day of month M-4	"First come, first served" from the first day of month M-3 to the last day of month M-2

During the working group meeting on 27 April 2017, several shippers expressed their desire to have quarterly capacity. GRTgaz considers that this product would be incompatible with the rolling yearly product. The selling periods for quarterly products, starting in October, January, April and July, and rolling yearly products, starting each month of the year, would overlap.

**1.2.2 Summary of responses to the public consultation**

**Selling of long-notice yearly capacity**

All of the participants who responded to the public consultation are in favour of the proposal of GRTgaz regarding the schedule and the selling arrangements of long-notice capacity. They consider that such a change enables, on one hand, to be more in line with the provisions of the CAM code, and on the other hand, to align with the products offered by the adjacent operator Gassco. Furthermore, this allows more consistency between the Dunkirk PIR and other PIR in the French network.

**Selling of short-notice yearly capacity**

Time between the OSP and the start of the product

All the participants are in favour of the proposal of GRTgaz to shift the selling of short-notice capacities from M-7 to M-4. This change enables a true gain in efficiency.

Rolling yearly products

The participants who responded to the public consultation consider, like GRTgaz, that the quarterly products and the rolling yearly products are incompatible and therefore cannot be sold at the same time.

Quarterly products

Six participants expressed their preference for quarterly products rather than maintaining rolling yearly products. These participants consider that on one hand, selling capacity in rolling yearly bands does not respond to the expectations of the market participants, and that on the other hand, it is not consistent with the selling arrangements proposed by the adjacent operator Gassco. Some of them are nevertheless not favourable to the application of a multiplier marking up the price of these products with respect to the yearly prices. Thus three of these participants indicated that if a multiplier were to apply to quarterly products, they prefer maintaining rolling yearly products.

Moreover, GRTgaz would like to maintain rolling yearly bands. It highlights the fact that on one hand, this was the wish of shippers in the Concertation Gas, and that on the other hand, the quarterly product is not proposed by Gassco.

Lastly, under the assumption that the quarterly product would be implemented, all the participants are in favour of selling this product according to a schedule similar to the one defined by the CAM code.

**1.2.3 CRE's Analysis**

CRE is in favour of a change in the capacity selling arrangements at the Dunkirk PIR. Such a development meets the market's demand to simplify the allocation process at this PIR.

**Selling of long-notice yearly capacity**

Concerning the date of the OSP for long-notice capacity, CRE considers that selling plurennial capacity in June, right before the PRISMA auctions, offers shippers whose requests were not fully met at the Dunkirk PIR the possibility of compensating for this under-allocation by booking additional capacity at the other entry points during the PRISMA auctions. CRE is therefore favourable.



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CRE is also in favour of selling of years independently. This would end the operational complexity, highlighted by GRTgaz and shippers, related to capacity allocation in pluriennial bands, and would be more in line with the selling arrangements applied at the CAM points.

Moreover, the elimination of the duration criterion for capacity allocation when supply exceeds demand can promote the emergence of mid-sized shippers. By allocating capacity by order of priority of duration, a shipper with short-duration interests would be systematically penalised compared to a shipper with long-term visibility.

Lastly, this proposal is consistent with the products proposed by the adjacent operator Gassco which sells yearly capacity from October to October independently.

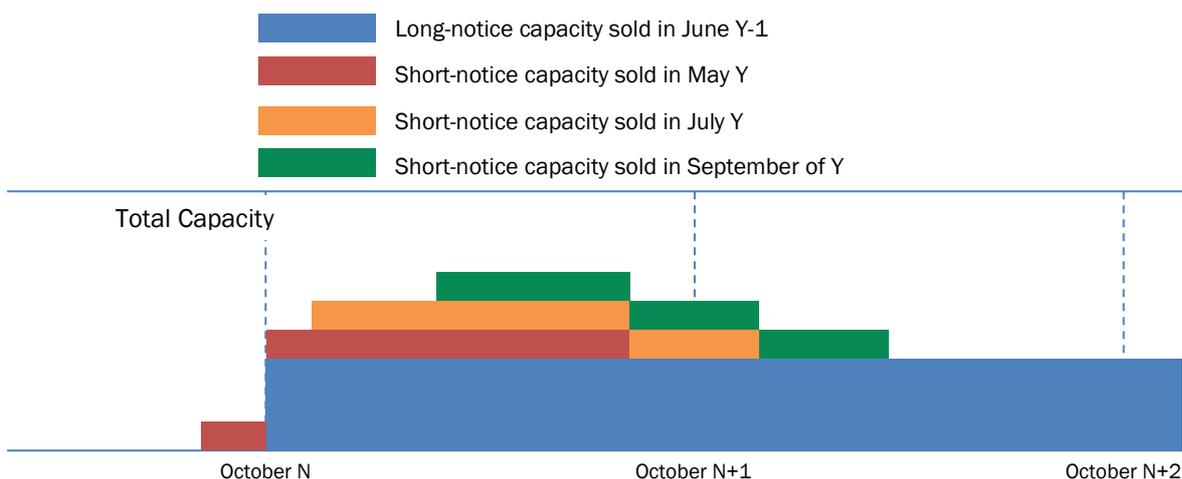
CRE is therefore in favour of the arrangements proposed by GRTgaz for selling long-notice yearly capacity.

### Selling of short-notice yearly capacity

#### Rolling yearly products

Maintaining rolling yearly bands presents a bias as is already the case in the current selling arrangements: outside of the June OSP, the OSPs for selling short-notice yearly capacity will give rise to bookings for years that do not correspond to the gas years. The profile of booked capacity would therefore be very irregular from one month to the other and the use of monthly products will be necessary for a shipper wishing to purchase capacity for certain periods.

This bias is shown in the schema below illustrating the standard capacity profile.



#### Quarterly products

The selling of quarterly products would be similar to the rules in effect for the CAM points, according to which four annual auctions of quarterly products are organised during each gas year in compliance with the following schedule:

- all of the quarters of the upcoming gas year (from October Y to September Y+1) would be sold between the sale of yearly products and monthly products;
- the last three quarters would be sold again during the month of October;
- the last two quarters would be sold again during the month of January;
- the last quarter would be sold again during the month of April;

Given the capacity profiles generated by rolling yearly products, CRE considers that the quarterly products and the rolling yearly products are incompatible.

Regarding the choice to be made between quarterly products and rolling yearly products, CRE considers that quarterly products allow the capacity selling arrangements at the Dunkirk PIR to be harmonised with the other PIR. For the record, Gassco does not sell capacity in rolling yearly bands or in quarterly products.

Price multipliers apply on all PIR for booked capacities of a duration shorter than one year. The goal of these multipliers is to encourage shippers to book capacities of durations of at least one year. They do not apply to the PIR considered congested, when the selling price of capacities is higher than the reserve price. Moreover, such multi-

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pliers are applied to the sale of monthly products at the Dunkirk PIR. Therefore, if quarterly products are proposed at the Dunkirk PIR, CRE considers that multipliers marking up the price of capacities should apply.

If a shipper holds more than 20% of the firm annual capacity sold at the Dunkirk PIR, 20% of the portion of the capacity that it holds beyond these 20% is converted into returnable capacity. If there is no more or not enough firm capacity available, the returnable capacity of a shipper may be returned to benefit another shipper that books a capacity for a duration of one or more full years, up to a limit of four years, and which holds a capacity strictly below 20% of the total firm annual capacity after having benefited from this return. CRE considers that if quarterly products are introduced at the Dunkirk PIR, a request for quarterly capacity would not give rise to a return of capacity by another shipper. Otherwise, the holders of returnable capacities would be required to return the most desirable quarters for the market and keep only the quarters that are less desirable.

Although several participants expressed their interest in quarterly products, the work in the scope of the Concertation gaz did not cover the arrangements for the implementation of quarterly products at the Dunkirk PIR. CRE considers that it is not desirable that these products be introduced before a detailed presentation to the Concertation gaz.

CRE is in favour of the GRTgaz proposal regarding sale of short-term yearly capacities on the basis of, in particular, rolling yearly products. It nevertheless asks that GRTgaz present, to the market participants, within the scope of the Concertation gaz, the conditions that may apply to quarterly products if they were to be introduced. A summary of this presentation and discussions which follow should be sent to CRE before the end of 2017.

## **2. SELLING OF INTERRUPTIBLE CAPACITY**

### **2.1 Current interruptible capacity selling arrangements**

Interruptible capacity is proposed on TIGF's network at the Pirineos network interconnection point and on GRTgaz's network at the North/South link as well as at the Taisnières B, Taisnières H, Obergailbach, Dunkirk and Oltingue PIRs.

CRE's deliberation of 13 February 2014<sup>7</sup> deciding on the progressive implementation of the European gas transmission capacity allocation code at interconnection points between entry/exit zones specifies that the selling of interruptible capacity depends on the prior allocation of 98% of firm capacity at the corresponding firm capacity auction.

In order to limit cases in which interruptible capacity cannot be sold despite greater supply compared to demand for firm products, CRE's deliberation of 3 February 2016<sup>8</sup> deciding on the rules for selling transmission capacity at the link between GRTgaz's north and south zones lowered the cap from 98% to 95% for interruptible capacity products at the link between GRTgaz's north and south zones.

### **2.2 Provisions introduced by the revision of the CAM code**

The most recent revision of the CAM code, adopted in March 2017, makes changes in the interruptible capacity selling arrangements at the points where this code applies.

Article 32§1 of the CAM code specifies that as from 1 January 2018, *"transmission system operators may only offer standard capacity products for interruptible capacity of a duration longer than one day if the corresponding monthly, quarterly or yearly standard capacity product for firm capacity was sold at an auction premium, was sold out, or was not offered."*

### **2.3 Summary of responses to the public consultation**

All of the participants who responded to the public consultation are in favour of an implementation of the provisions of the CAM code regarding the interruptible capacity selling rules as from 1 October 2017. These participants consider that this change will harmonise the selling conditions of the capacity in accordance with the rules set by the code for the CAM network.

### **2.4 CRE's analysis**

CRE considers that it is not desirable for interruptible capacity to be sold if the firm capacity proposed is not fully booked. The only acceptable exception to this rule is the case where unsold capacity results from the operation of the auction, with demand being greater than supply.

CRE is therefore in favour of the implementation of these provisions as soon as possible, i.e. as from 1 October 2017. Therefore, GRTgaz could only propose standard capacity products for interruptible capacity of a duration longer than one day if the corresponding monthly, quarterly or yearly standard capacity product for firm capacity is sold at an auction premium, is sold out, or was not proposed. This would apply to all points for which interruptible capacity products exist.

This evolution does not concern TIGF which does not offer any standard products of interruptible capacity of a duration longer than one day at the Pirineos PIR.

<sup>7</sup> CRE deliberation of 13 February 2014 deciding on the progressive implementation of the European gas transmission capacity allocation code at interconnection points between entry/exit zones

<sup>8</sup> CRE deliberation of 3 February 2016 deciding on the rules for selling transmission capacity at the link between GRTgaz's north and south zones<sup>9</sup> CRE Deliberation of 17 December 2014 examining GRTgaz's ten-year development plan and approving its investment programme for 2015

### 3. CREATION OF ENTRY CAPACITY AT THE OLTINGUE PIR

#### 3.1 Capacity currently sold at the Oltingue PIR

In the previously-cited deliberation of 13 February 2014, CRE chose GRTgaz’s proposal to proceed with selling, by auction, capacities in the France to Switzerland direction on the PRISMA platform and of backhaul capacities at the Oltingue PIR, although this point is outside the scope of the CAM code.

Currently, GRTgaz sells the following capacity at the Oltingue PIR:

Capacity (GWh/d)		France to Switzerland	Switzerland to France
Oltingue	Firm	223	-
	Interruptible	30	-
	Backhaul	-	45

#### 3.2 GRTgaz’s proposal

##### 3.2.1 Entry capacity product selling arrangements at the Oltingue PIR

Following the failure of *Open Season* organised in 2012, CRE in its deliberation of 17 December 2014<sup>9</sup>, approved GRTgaz’s investment enabling the creation of 100 GWh/d of “quasi-firm” entry capacity in France at the Oltingue PIR in 2018, without developing the network core, for an amount of 12 M€ (within a range of 30% more or less). This investment decision was adopted because it creates an additional supply source for the French market at a low cost. Nevertheless, in the absence of investments on the network core, this capacity cannot be considered to be firm as are those of the Taisnières H and Obergailbach PIR.

The entry point at Oltingue uses the same network core infrastructure, designed for Taisnières H and Obergailbach PIR. Therefore, the 100 GWh/d of capacity cannot be fully proposed the entry capacity at Taisnières H and Obergailbach PIR are also.

GRTgaz wishes to propose 100 GWh/d of firm entry capacity at Oltingue to the market, as well as 100 GWh/d of interruptible capacity. Backhaul capacity would be eliminated. These developments would commence between 1 April and 1 October 2018, according to the progress of physical works conducted by GRTgaz.

640 GWh/d of firm entry capacity is sold at Taisnières H, 620 GWh/d at Obergailbach, and in the future 100 GWh/d at Oltingue, whereas the total firm capacity that the network can absorb at these three points is 1,260 GWh/d.

GWh/j	Taisnières H	Obergailbach	Oltingue	Network core capacity common to the three points
Firm capacity	640	620	100	1260

GRTgaz proposes that the newly-created entry capacity from the Oltingue PIR be sold on the PRISMA platform for yearly, quarterly, monthly, daily and intraday durations. Yearly capacity would be sold only for the following year with a lower priority with respect to the Taisnières H and Obergailbach PIR. Interruptible capacity would be sold only for quarterly and monthly durations, provided that all of the firm capacity for these durations is sold.

GRTgaz therefore proposes, for each auction, to sell the newly-created entry capacity at Oltingue after selling entry capacity at Taisnières H and Obergailbach. The selling schedule would therefore be as follows:

<sup>9</sup> CRE Deliberation of 17 December 2014 examining GRTgaz’s ten-year development plan and approving its investment programme for 2015

Product	Sale date for firm entry capacity at Oltingue	Sale date for interruptible entry capacity at Oltingue
Yearly (following year)	1st slot for selling yearly interruptible capacity on PRISMA	-
Quarterly	1st slot for selling quarterly interruptible capacity on PRISMA	2nd slot for selling quarterly interruptible capacity on PRISMA
Monthly	1st slot for selling monthly interruptible capacity on PRISMA	2nd slot for selling monthly interruptible capacity on PRISMA
Daily	1st slot for selling daily interruptible capacity on PRISMA	-
Intraday	PRISMA slots for selling intraday capacity	-

For each auction, the volume of firm entry capacity sold at Oltingue would be defined according to the firm capacity already booked at Taisnières and Obergailbach, without going over 100 GWh/d.

The formula for calculating the firm entry capacity that can be proposed at each auction at Oltingue would be as follows

$C = \min(\text{firm capacity available at Oltingue}; \text{network core firm capacity available} - \text{firm capacity booked at the Oltingue, Taisnières H and Obergailbach PIRs})$

**Example:**

*For a yearly capacity auction, 10% of capacity must be set aside for the short term.*

*Assuming that for the year of sale concerned, subscriptions are at 30 GWh/d for entry at Oltingue, 570 GWh/d at Taisnières H and 500 GWh/d at Obergailbach.*

*Firm capacity available at Oltingue is  $(90 \% \times 100) - 30 = 60 \text{ GWh/d}$ .*

*Network core firm capacity available is  $(90 \% \times 1260) = 1,134 \text{ GWh/d}$ .*

*Firm capacity booked at the Oltingue Taisnières H and Obergailbach PIRs is  $30 + 570 + 500 = 1,100 \text{ GWh/d}$ .*

*Firm capacity that can be proposed at Oltingue is therefore  $C = \min(60; 1,134 - 1,100) = 34 \text{ GWh/d}$ .*

Although for a given duration, priority is given to the Taisnières H and Obergailbach PIRs, the firm entry capacity allocated at Oltingue reduces the firm capacity proposed at the Taisnières H and Obergailbach PIRs for auctions covering shorter durations.

**3.2.2 Specific selling measures**

GRTgaz proposes that for each of the Oltingue, Obergailbach and Taisnières H PIRs, if the firm capacity selling limit is reached, then the interruptible capacity proposed should be increased so that the total capacity sold at each of these three PIRs is unchanged.

For the purposes of supply security, GRTgaz proposes, in the event of a supply shortage at either of the Oltingue, Obergailbach and Taisnières H PIR, that it be able to increase the firm capacity that can be sold at the other two PIRs up to the unusable capacity level at the PIR affected by the supply shortage.

**3.3 Summary of responses to the public consultation**

Capacity selling arrangement proposed by GRTgaz

The majority of participants who responded to the public consultation is in favour of selling entry capacity at the Oltingue PIR after those at Taisnières H and Obergailbach. These participants consider that the Swiss market is not liquid enough, and that contrary to the markets located upstream from Taisnières H and Obergailbach, the entry capacity at the Oltingue PIR presents less interest for shippers. They also remind us of the failure of the *Open Season* organised in 2012, which was unable to approve reinforcement of the network core that would have been necessary for using entry at the Oltingue PIR in the same conditions as the Taisnières H and Obergailbach PIR.



Only one participant is not in favour of selling capacities at Taisnières H and Obergailbach in priority with respect to the entry capacities at the Oltingue PIR. This participant considers that the gas must be able to enter the French network in equal conditions at all entry points.

Regarding the GRTgaz proposal for selling entry capacities at the Oltingue PIR in yearly durations only for the following year, the majority of the participants is favourable. This proposal is, according to them, consistent with the desire to leave the priority to the existing capacities at Taisnières H and Obergailbach PIR. Nevertheless, this proposal could be transitory according to two of these participants. They suggest that the entry capacity sold at the Oltingue PIR may also be sold in the short term for the following 15 years, for the purpose of harmonisation with the CAM points.

#### Specific measures proposed by GRTgaz

All of the participants are in favour of GRTgaz's proposal to increase the interruptible capacity so that the total capacity for each one and for all of these PIRs is unchanged when the firm capacity selling limit is reached. Two participants highlight the fact that the principle of this mechanism appears redundant with the already-existing mechanisms and would like this mechanism to be explained in Concertation Gaz to better understand its operation.

Lastly, one participant considers that the proposal of GRTgaz to offer additional firm entry capacities on the Oltingue, Obergailbach and Taisnières H PIRs in the event of a supply shortage must not in any case represent a source of additional income for GRTgaz.

### **3.4 CRE's analysis**

#### Capacity selling arrangements proposed by GRTgaz

During the *Open Season* organised in 2012, the bookings by the market participants were not sufficient to cover the costs of an investment in the network core, which would have allowed the entry capacity at Oltingue PIR to be received in the same conditions as those at Taisnières H and Obergailbach. GRTgaz cannot transport 100 GWh/d in entry capacity at Oltingue in addition to all of the firm entry capacity at Obergailbach and Taisnières H.

CRE considers that deterioration of the capacity which already exists at Obergailbach and Taisnières H must not be a consequence of the selling rules for this new capacity, and, on the other hand, that they must ensure that France's supply security is not affected. This conclusion results from the outcome of the *Open Season*, or the choice of shippers not to invest in the network core. CRE considers that GRTgaz's proposal to only sell, for each auction, entry capacity at Oltingue after the auctions for the Obergailbach and Taisnières H PIRs enables these goals to be attained. CRE is therefore favourable.

#### Specific measures proposed by GRTgaz

CRE believes that in the event of cold spells in Europe, it is highly unlikely that the Oltingue PIR would be used in the Switzerland to France direction. Over the last few winters, this interconnection was heavily used in the France to Switzerland direction.

GRTgaz's proposal to maintain the total capacity level constant at each PIR (firm + interruptible) can enable gas to be shipped within the limit of the technical capacity at the Obergailbach and Taisnières H PIRs if the Oltingue PIR is not used. In such a situation, the firm capacity not used at Oltingue would free up interruptible capacity that would be made firm at the other two PIRs the day before. CRE is therefore favourable.

GRTgaz's proposal to sell additional firm entry capacity at the Oltingue, Obergailbach and Taisnières H PIRs if there is a supply shortage on one of the routes can strengthen supply security in the longer term in the event of foreseeable or long-lasting crises. Given that such a crisis would not be owing to GRTgaz, CRE sees no inconvenience in having these sales performed by GRTgaz. CRE is therefore favourable.

## **4. CRE'S DECISION**

### Capacity selling rules at the Dunkirk PIR

CRE approves the proposal of GRTgaz relating to the change in the capacity selling arrangements at the Dunkirk PIR.

For the long-notice yearly capacities, these changes specify:

- only one sale in June of Y, just before the CAM point auctions;
- selling of years independently;
- elimination of allocations by priority of duration.

For short-notice yearly capacities, these changes specify:

- sale 4 months before the validity date of the capacity;
- maintaining rolling yearly bands.

CRE considers that these changes allow the selling process to be simplified at this PIR and meet market demand.

CRE requests that GRTgaz present, to participants in this market, within the scope of the Concertation Gaz, the arrangements that could apply to quarterly products at the Dunkirk PIR if they were to be introduced. A summary of this presentation and discussion that follow it should be sent to the CRE before the end of 2017.

### Interruptible capacity selling rules

CRE approves the proposal of GRTgaz relating to the change in selling arrangements of interruptible capacity.

This proposal aims to harmonise, in anticipation as from 1 October 2017, the interruptible capacity selling conditions in accordance with the new provisions introduced by the CAM network code. Therefore, the interruptible capacity will only be sold if the firm capacity is fully booked, as well as in the case that auction leads to a reserve of the unsold capacity.

### Creation of entry capacity at the Oltingue PIR

CRE approves the proposal of GRTgaz relating to selling of entry capacity at the Oltingue PIR. This proposal allows, on one hand, new capacity to be sold while conserving capacities already existing at the Taisnières H and Obergailbach PIRs, and on the other hand, to improve France's supply security.

This deliberation will be published in the *Official Journal of the French Republic*.

**Deliberated in Paris, on 27 July 2017.**

**For the Regulatory Commission of Energy,**

**A commissioner,**

**Christine CHAUVET**