



**Public consultation No 2019-020
of 24 October 2019 relating to the
functioning of the single gas
market area in France**

Enagás comments
NON-CONFIDENTIAL RESPONSE

15th November 2019



1. General remarks

1. Enagás welcomes CRE's opportunity to contribute to the public consultation to provide feedback after an almost full year of the TRF existence and to possibly propose changes to its operation.
2. Enagás response to this consultation is not confidential and not anonymous.

3. Enagás view is that:

- **The implementation of TRF has moved the internal congestion from the middle of France to VIP Pirineos, as would be expected.**
- **The offer of "interruptible" capacity the whole winter suggests that the interruptibility restrictions may have been overestimated and therefore the firmness if the so-called "interruptible" capacity should be reassessed.**

2. Questions

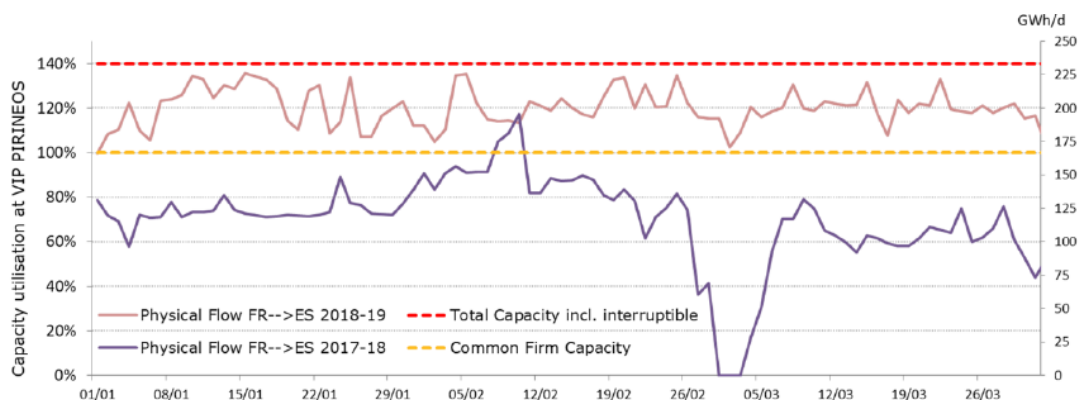
Question 1. Do you share CRE's positive assessment of the implementation of the Trading Region France?

Movement of internal congestion in France to the VIP Pirineos in winter

1. The implementation of the single market zone in France has provoked a structural change in capacity utilization at VIP Pirineos, which several times a year was underutilized due to the unavailability of gas in Southern France. In particular, in the 1st Nov 2018 – 31st Mar 2019 period:

- There has been an increase of the use of the interconnection in the FR=>ES direction. Compared to the 1st Nov 2017 – 31st Mar 2018 period, it is observed that the average use has increased from 68% to 111%, measured as physical flow over common firm capacity at VIP Pirineos. This usage is even higher since 1st January 2019, at 120% on average.
- The physical flow has exceeded 100% of firm capacity for 102 days, compared to 3 days in the previous period.
- This is because, given that firm capacity in France has been booked at a level higher than 98% and the conditions within France allowed to offer "interruptible" capacity at VIP Pirineos (no restrictions at the "congested fronts"), Teréga has offered 60 GWh/d of "interruptible" capacity every single day, and part of this capacity has been booked 119 days, including all single days from December 27th to 31st March. In the same period of the previous gas year "interruptible capacity was offered only 3 days and booked twice.

Physical flow and capacity at VIP PIRINEOS 1st Nov 18–31st Mar 19 vs 1st Nov 17–31st Mar 18



- The increase of booked of capacity at VIP Pirineos in the FR-->ES direction has meant that capacity at the annual auction for yearly

products and the yearly auction for the winter quarters was allocated at a premium over the reserve price.

2. In summary, the implementation of TRF has moved the internal congestion from the middle of France to VIP Pirineos, as would be expected. This has had a clear reflection in capacity demand.
3. The functioning of the French gas system and its impact on neighbouring countries should be reassessed after one year since the start-up of the single market zone.

"Interruptible" capacity at VIP Pirineos

4. The offer of "interruptible" capacity the whole winter suggests that the interruptibility restrictions may have been overestimated and therefore the firmness if the so-called "interruptible" capacity should be reassessed.
5. "Interruptible" capacity is offered at VIP Pirineos on a daily basis when the following conditions are met:
 - 98% of total firm capacity has already been booked, and
 - There is no maintenance on the day concerned
6. Besides, the interruption conditions of this capacity depend on the congestion limits where VIP Pirineos is involved on downstream (NS2, NS3, S1 and EO2); if the info vigilance took shows on gas day D-1 that no physical congestion is foreseen for the following gas day (additionally to the reasons above); then, "interruptible" capacity is offered at VIP Pirineos. Thus, when this capacity is offered at VIP Pirineos is no longer interruptible but firm.
7. From 1st November 2018 to 31st March 2019 (151 days) the "interruptible" capacity at VIP Pirineos has been offered every day and has never been interrupted. Thus,
 - Taking into account that when "interruptible" capacity is offered at VIP Pirineos is already firm it should be priced as firm products, no tariff reduction should be applied, and
 - The level of interruptibility should be reassessed
8. Consequently, STEP's degree of firmness may have also been underestimated hampering the viability of the project.

Maintenance

9. According to CRE, one of the main points subject to capacity restrictions due to maintenance works in summer 2019 has been VIP Pirineos together with PITS Sud-Ouest and PITS Atlantique. Surprisingly, CRE sets a number of measures to reduce the capacity problems at the underground storages Sud-Ouest and Atlantique but no measure is included neither in CRE's Decision on May 2019 nor is planned in this public consultation.