Public Consultation

7 November 2013

Public consultation by the French Energy Regulation Commission on TIGF's and GRTgaz's ten-year transmission network development plans

The French transmission system operators (TSOs) have published an indicative ten-year development plan on their website every year since 2006 for GRTgaz and 2008 for TIGF. The French Energy Code, entered into force as at 1st June 2011, made the drafting and the publication of these plans mandatory for the TSOs.

GRTgaz and TIGF forwarded to the Commission de Régulation de l'Energie (CRE) their ten-year development plans for the period 2013-2022.

Pursuant to the Energy Code, CRE has to carry out a public consultation in order to collect the market's comments on these documents, which are published in the Annex to the present public consultation.

CRE invites the stakeholders to address their comments, no later than 25 November 2013.

COMMISSION DE RÉGULATION DE L'ÉNERGIE

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COMMISSION DE RÉGULATION DE L'ÉNERGIE

1) Background

a) Legal framework

Directive 2009/73/EC concerning common rules for the internal market in natural gas specifies new obligations for the TSOs and strengthens national regulators' powers in terms of the follow-up and the monitoring of the investments.

At European level, the European Network of Transmission Operators for Gas (ENTSOG) has to define every two years a non-binding community-wide ten-year network development plan (hereinafter referred to TYNDP), after an open and transparent consultation with all market players. The Agency for the Cooperation of Energy Regulators (ACER) has to issue an opinion on that plan and monitor its implementation, following an assessment of the consistency with the TSOs' plans.

Article L. 431-6 of the French Energy Code sets out that every year TSOs must submit to CRE a ten-year development plan for their network based on the existing and forecasted gas supply and demand, after consulting all stakeholders. This plan should indicate to market players the main transmission infrastructure that has to be built or upgraded over the following ten years, list the investment projects already decided, identify new investments to be made over the upcoming three years and provide a forecast schedule for all investment projects.

The Energy Code specifies that CRE has to carry out a consultation on the TSOs' ten-year plans, check that they cover all needs in terms of development of transmission infrastructures and ensure that they are consistent with the TYNDP. If there is any doubt on the last point, CRE may consult ACER and request the TSOs to modify their ten-year plan.

b) Ten-year network development plan published by ENTSOG for the 2013-2022 period

The community-wide TYNDP over the 2013-2022 period was published by ENTSOG on 21st February and submitted for public consultation until 21st May 2013. The final version of the plan was published and submitted to ACER on 10th July 2013. Identifying the projects relating to LNG terminals, transmission and storage infrastructures in Europe, the community-wide development plan is based on the data transmitted by the European TSOs and project promoters. The infrastructure projects are analysed in light of the forecast changes in the gas supply and demand at the European level in order to assess their relevancy. This plan also presents European network modelling as well as the ability of the system to cope with supply disruptions. ACER published its opinion on the TYNDP on 10th September[1].

c) Market consultation by the TSOs

The TSOs draw on several mechanisms to facilitate the collection of information from market players,:

- Concertation Gaz set up for the French market since 2008;
- work carried out within the framework of regional investment plans and North West as well as by the South regional initiatives steered by European regulators;
- work conducted under the auspices of ENTSOG within the framework of the elaboration of the TYNDP;

[1] http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Opinions/Opinions/ACER%20Opinion%2018-2013.pdf

- bilateral meetings, in particular with adjacent infrastructure operators;
- open seasons aimed at collecting subscription commitments over a duration of at least ten years from shippers interested in new capacity at PIRs (network interconnection points).

These mechanisms contribute to detect the emergence of new needs, in addition to network studies and project promoters' requests (industrial clients, adjacent infrastructure operators),

During the elaboration of ten-year plans from 2013-2022, GRTgaz consulted LNG and storage infrastructure operators through letters and presented its plan to the stakeholders on 5 July 2013. TIGF consulted shippers within the framework of its annual shipper conventions.

For future years, CRE intends to request TSOs to present the investment projects, prior to the publication of ten-year plans, during a working group within the framework of Concertation Gaz.

Question 1: Are you satisfied with the TSOs' current market consultation process? Do you agree with the presentation of ten-year plan drafts, within the framework of Concertation Gaz?

2) Assumptions of the evolution of natural gas consumption in France by the end of the TSOs' ten-year plans

The year 2012 was marked by a cold spell in February. During that spell, the system was heavily solicited and resisted major variations in consumption.

In 2013, operators' consumption forecasts were considerably revised downwards for GRTgaz and TIGF.

TWh/year[2]	2012	2015	2022	Average annual growth rate 10-year plan 2013-2022	Average annual growth rate 10-year plan 2012-2021
GRTgaz[3]	**464**	**461**	**466**	**+0.2%**	***+0.9%***
Residential sector	243	237	218	-1.1%	*-0.9%*
Electricity production	50	58	93	+7.0%	*+6.7%*
Industrial clients	167	162	152	-0.9%	*+0.7%*
TIGF	**30,7**	**31,3**	**33,7**	**+1,1%**	***+2,0%***
Residential sector	25,8	25,4	24,5	-0,5%	*+0,02%*
Industrial clients	4,9	5,9	9,2	+6,5 %	*+9,2%*

[2] Estimates adjusted for climate
[3] Excluding the TSO's consumption

a) Evolution of consumption by the end of the plan

For the years 2013 to 2022, GRTgaz forecasts a 0.2% average yearly increase in consumption in its zone (compared to +0.9% per year in its previous plan) and TIGF forecasts a 0.5% drop in residential consumption per year in its zone (compared to a yearly 2% increase in its previous plan).

i) Slowdown in consumption of residential and industrial sectors

In its previous ten-year plan, GRTgaz forecasted a consumption of 479 TWh in 2012, while actual consumption was 464 TWh. The difference was due mainly to a drop in consumption in the industrial sector (-7 TWh) and in electricity production (-8 TWh).

For the period 2013 to 2022, GRTgaz forecasts a more significant drop in consumption in the residential and industrial sectors than in its previous plan (-1.1% and -0.9% per year respectively), due in particular to the worsening of the impact of the economic crisis and the effects of the climate and energy package and of the Grenelle environmental initiative.

In the TIGF zone, consumption is globally stable in 2012 compared to the 2011 forecast, at 30.7 TWh. For the years 2013 to 2022, TIGF forecasts a yearly 0.5% drop of the residential consumption and an increase of the industrial consumption as of 2015.

ii) Future growth of the combined cycle gas turbines (CCGT)

In the long term, the TSOs forecast that this sector will have a positive impact on gas consumption, making up for the decrease of the residential and industrial sectors.

In 2012 and 2013, the use of the CCGTs was lower than forecast. Three sites were even mothballed, SPEM, Combigolfe, Cycofos (which will be shut down for three years). Therefore, gas consumption for electricity production was 50 TWh in 2012, compared to an initial forecast of 58 TWh.

Compared to the previous plan, the consumption forecast for 2013 was revised downwards by GRTgaz, to 50 TWh versus 60 TWh. However, GRTgaz considers that this is a cyclical trend, since at the end of the plan, GRTgaz forecasts a consumption by CCGTs of 93 TWh, i.e. an average annual increase of 7% over ten years. Two CCGTs are set to be commissioned in the future, Bouchain after 2015 and Landivisiau from January 2017.

CRE notes that these estimates are in line with the estimates from RTE's 2013 forecast[4] for installed capacity. Therefore, the production capacity of combined cycle plants will reach 6.6 GW by 2018.

iii) Evolution of the peak consumption

GRTgaz forecasts an average yearly 0.5% drop in peak consumption between 2013 and 2022, compared to a 0.2% average yearly increase in its previous plan.

TIGF forecasts an increase of 40 to 50 GWh/d in its zone between 2013 and 2022, due to the increase of power production from gas.

CRE notes a general decrease in peak requirements by 2022. This is consistent with consumption forecasts, in particular for non-interruptible clients (public distribution).

[4] http://www.rte-france.com/uploads/Mediatheque_docs/vie_systeme/annuelles/bilan_previsionnel/bilan_actualisation_2013_v2.pdf

b) ENTSOG forecasts

Building on the TSOs' national demand estimates, ENTSOG forecasts an average yearly 1% increase in European consumption for the 2013-2022 period. This increase will be due mainly to the consumption of gas to produce electricity, with an increase estimated at an average 3.2% per year. Despite country differences, consumption in the domestic and industrial sectors mostly stagnates at European level.

In order to assess the physical capacity of the European network in peak situations, ENTSOG elaborated several scenarios to estimate the evolution of peak demand, drawing in particular on estimates considered by the national TSOs. According to these scenarios, daily peak demand will increase by an average 0.6% per year over the 2013-2022 period, with a drop in demand in the residential, commercial and industrial sectors and a 3% increase in electricity production.

Question 2: Do you have any comments on GRTgaz and TIGF annual consumption forecasts by the end of the ten-year plans?

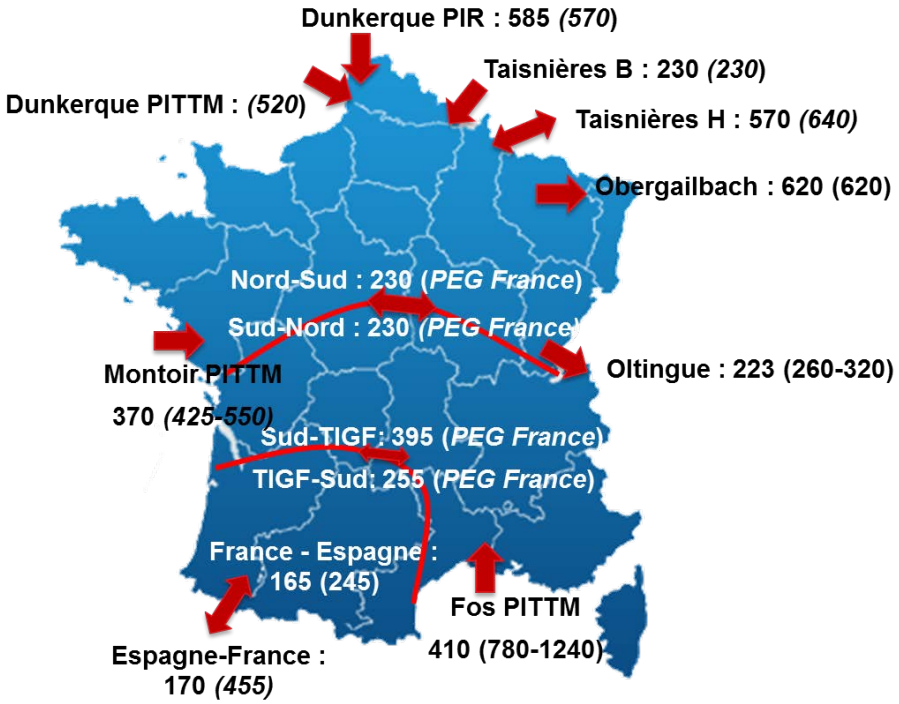
3) Transmission capacity offer on the entries and exits of the French network in 2013

a) Development of GRTgaz and TIGF networks

On the basis of the network development plans communicated by GRTgaz and TIGF, firm entry capacity in France totals 6,537 GWh/d and is distributed between entry capacity from adjacent networks via network interconnection points (2,865 GWh/d), entry capacity from storage sites (2,892 GWh/d) and entry capacity from LNG terminals (780 GWh/d).

Firm annual exit capacity from France totals 388 GWh/d (excluding storage and consumption). Exit capacity towards Switzerland at Oltingue amounts to 223 GWh/d and the exit firm capacity towards Spain amounts 165 GWh/d.

Status of capacity offer in France in 2013 (beyond 2016)



Unité : GWh/j, Sources : GRTgaz, TIGF

Sources: GRTgaz, TIGF, CRE analysis

Two investment projects were commissioned in 2013 in view of the increase of transmission capacities at the interconnection points.

i) Capacity increase at the Larrau France-Spain interconnection

The first open season launched in 2009 within the framework of the South Regional Initiative led to the reinforcement of the Larrau PIR, increasing its capacity to 165 GWh/d in both directions as at 1st April 2013. This open season also served to develop capacity at the interface between the GRTgaz South and TIGF zones as of 2013 to 395 GWh/d in the GRTgaz South to TIGF direction and to 255 GWh/d in the TIGF to GRTgaz South direction. This capacity entered into service at the scheduled date. CRE notes that this capacity increase is taken into account in the French transmission operators' plans and in ENTSOG's plan.

ii) Capacity increase at the Taisnières H France-Belgium interconnection

In 2007, an open season procedure was initiated between France (GRTgaz North zone) and Belgium at the Taisnières H PIR. The shippers' subscriptions allowed increasing the total capacity of the Taisnières H PIR from 590 GWh/d to 640 GWh/d. The commissioning of this PIR was scheduled for December 2013. The capacity was commissioned earlier than scheduled, in October 2013. This capacity increase is taken into account in the French transmission operators' plans and in ENTSOG's plan.

Question 3: Do you have any comment on the status of the capacity offer in 2013 in GRTgaz's and TIGF's networks?

b) Evolution of the capacity offer at the France-Germany interconnection

The Medelsheim/Obergailbach interconnection point connects the networks of two German TSOs, Open Grid Europe (OGE) and GRTgaz Deutschland, to GRTgaz's network in the North zone. In 2005 and 2006, OGE and GRTgaz launched a capacity development project which required an investment of approximately €200 M in France. End 2009, firm annual capacity was increased to 620 GWh/d in France and 660 GWh/d in Germany. However, between 1st October 2012 and 1st January 2013, the two German TSOs, without prior consultation with the French counterparts, performed four successive transfers of firm marketable capacity from Medelsheim to other exit points in their networks. Firm exit capacity at Medelsheim is now lower by roughly 50 GWh/d than firm marketable entry capacity in France at Obergailbach.

CRE notes that this capacity reduction is not reflected in the ENTSOG plan, which takes into account a capacity of 644 GWh/d on the German side and 620 GWh/d in France over the period.

CRE considers that these unilaterally decided reductions have a negative impact on the security of supply in France, in particular given the importance of the Obergailbach point for the French market, which represents roughly 20% of firm entry capacity in the French network. In addition, these decisions go against the objective to maximise the bundled capacity offer set out by the CAM network code. They also create a risk of stranded costs for the shippers present in the French network since GRTgaz would not be able to sell all of the entry capacity developed following the 2006 open season. Lastly, CRE notes that this reduction has already led to contractual congestion at this interconnection, as reflected in the results of the recent quarterly auctions which took place on the PRISMA capacity allocation platform[5].

CRE has formal discussions with its German counterpart, Bundesnetzagentur.and has informed the French Minister for Energy, ACER and the European Commission of this situation.

Question 4: What is your position on the evolution of the capacity offer in 2013 at the France/Germany interconnection point?

c) Congestions identified by ENTSOG on the French TSOs' networks

The modelling of the European network by ENTSOG confirms that the Iberian Peninsula and GRTgaz's South zone and TIGF's zone remain highly dependent on LNG supply. This region appears to have a limited capacity to offset a reduction in LNG deliveries, due to the lack of interconnection with North-West Europe via the North-South link. The implementation of projects that have not been decided (in particular the merger of GRTgaz's North and South zones and the Midi-Catalogne project (MidCat) would considerably improve the situation according to ENTSOG's analysis.

CRE highlights that the congestion identified by ENTSOG has already been studied by the TSOs and the market actors. In addition to the KEMA study which took place in 2011, CRE has commissioned an external firm Pöyry Management Consulting to conduct in 2013 a cost/benefit study on the investment schemes for the creation of a single France PEG by 2018. This latter project is in line with the creation of the European gas market and contributes to the creation of the North-South corridor and to the diversification of supplies of

[5] https://primary.prisma-capacity.eu/

the Iberian Peninsula.

Pending the study's results, CRE is examining all measures likely to improve the functioning of the gas market in the south of France, in order to, in particular, limit the impact of price spreads between the PEG Nord and PEG Sud on gas customers in that zone[6]:

- market coupling, set up in 2011 by GRTgaz and Powernext. This mechanism enables simultaneous and implicit allocation of interconnection capacity between balancing zones through the matching of order books in coupled wholesale markets. As at 1 April 2013, capacity made available by the TSO increased reaching a maximum of 30 GWh/d. In its decision of 17 October 2013, CRE decided to continue this mechanism beyond 1 April 2014[7];
- the *Joint Transport Storage service*: since 11 June 2013, GRTgaz proposes, on an experimental basis, additional firm daily link capacity between the North and South zones in its network in the North to South direction. This service consists in offering each day on a day ahead basis up to 15 GWh/d of firm capacity at the North-South link in the North to South direction. The supply of this capacity depends on the joint optimisation of the GRTgaz network and storage infrastructure operated by Storengy. GRTgaz will propose, on an experimental basis, a similar additional daily capacity service next winter;
- optimisation of GRTgaz's maintenance programme: CRE has invited GRTgaz to continue to strengthen its action to limit the consequences of its maintenance programme and improve its North-South capacity unavailability forecasts.

With regard to the development of the infrastructures at the France-Spain interconnection, CRE recalls that the open season for the creation of a third interconnection east of the Pyrenees (Midcat project) was not successful in 2010. A new open season could be launched after 2015. The realization of this project remains subject to the success of the open season, which could be launched after 2015.

Question 5: What is your position on the evolution of the capacity offer on the North-South axis, in particular at the France/Spain border?

4) Development needs identified by the TSOs in the ten-year network development plans

a) Decided projects for the network development

i) The connection of the Dunkirk LNG terminal and Arc de Dierrey

The *Arc de Dierrey*[8] project, approved by CRE in its deliberation of 22 December 2011, is set to enter into service in two stages, in 2015 and 2016. GRTgaz confirms that the first stage of the project will enable the connection of the Dunkirk LNG terminal to the transmission network, as soon as it is commissioned end 2015. The *Arc de Dierrey* project will also

[6] Deliberation of the French Energy Regulation Commission of 29 May 2013 on the formation of gas prices in the south of France

[7] Deliberation of the French Energy Regulation Commission of 17 October 2013 deciding on the rules for the sale of transmission capacity at the link between GRTgaz's North and South zones, at the GRTgaz/TIGF interface and at interconnections with Spain

[8] This project is on the list of "Projects of Common Interest" (hereinafter "PCI") adopted by the European Commission on 14 October 2013. These projects are infrastructure projects considered essential for the integration of European energy markets. See Appendix "List of projects of common interest" for a list of PCI in France.

contribute to the decongestion of the North-South link and the increase in entry capacity at Taisnières.

ii) Capacity development at the France-Belgium border (Veurne)[9]

The construction of the LNG terminal in Dunkirk offers the possibility to physically export non-odorised gas to Belgium through the creation of a new point of interconnection with Belgium at Veurne. In May 2010, GRTgaz launched, in coordination with Fluxys, an open season for the creation of firm capacity enabling the transmission of non-odorised gas from France to Belgium. The binding phase of the open season resulted in a favourable investment decision in 2012. The firm capacity developed totals 270 GWh/d and will enter into service end 2015. It is distributed between direct capacity to Belgium from the Dunkirk LNG terminal sold by Fluxys and interconnection capacity between the North PEG and the Belgian market sold by GRTgaz in coordination with Fluxys.

CRE notes that this project is inventoried in the ENTSOG plan.

iii) Capacity increase at Biriatou

The demand expressed during the second open season launched within the framework of the South regional Initiative was sufficient to strengthen the Biriatou PIR increasing its capacity to 60 GWh/d in the Spain-France direction in December 2015. TIGF's plan is compliant with the results of this open season.

However, ENTSOG's plan presents firm entry and exit capacity of 60 GWh/d at Biriatou from the beginning of 2016. CRE recalls that the results of the 2015 open season did not enable the validation of the creation of 60 GWh/d of firm exit capacity to Spain. Thus, the capacity will be sold as interruptible capacity.

b) Projects not yet decided

i) Investments contributing to remove the congestion at the North South link

One of the congestions identified by the ENTSOG plan is at the North South link in GRTgaz's network. Several investment projects, identified in GRTgaz's plan, aim to contribute to the merger of the balancing zones by 2018.

The ERIDAN project, approved by CRE in its deliberation of 16 April 2011, was initially set to be commissioned in 2016. GRTgaz's new plan indicates that it may be postponed to early 2017.

CRE notes that there is a difference between GRTgaz's and ENTSOG's estimates for the commissioning of the ERIDAN project. However, it considers that postponing the project for one year does not call into question the orientations set out in CRE's deliberation of 19 July 2012.

Two other projects are being studied within the framework of the zone merger; the Val de Saône and Est lyonnais pipelines[10]. The Val de Saône project is studied within the framework of the merger of the North-South zones of GRTgaz. The Est lyonnais would enable to transport more gas between the North and the South zones of GRTgaz network, in particular in case of an increase of the LNG imports in the South of France. GRTgaz launched a public debate common procedure for these two projects in 2013. The

[9] Listed in the Projects of Common Interest
[10] Listed in the Projects of Common Interest

commissioning of these infrastructures is scheduled for 2018 and 2019 respectively, in line with ENTSOG's plan.

Moreover, the study commissioned by CRE mandated aims at setting at setting out the optimal investment scheme in view of a decision on the market zone merger in 2018. This study identified an alternative investment project to allow the merger, thanks to the coordinated use of GRTgaz and TIGF networks.

This project, which is not included at this stage in the network development plans of the TSOs, was presented to market participants on 17 September 2013 as part of the Concertation Gaz.

ii) Creation of new France-Spain capacity[11]

While the second open season conducted within the framework of the South Regional Initiative validated the reinforcement of the Biriatou PIR, it did not enable the launch of the MidCat project. This project aims at creating a new PIR between France and Spain in Perthus. It is included in the list of "Projects of Common Interest" adopted by the European Commission on 14 October. TIGF plans the commissioning of MidCat for 2021, given the delays necessary to realise the project. The launch of this project will require a new open season and sufficient long term commitments from the users in order to cover the costs.

CRE notes that the date of commissioning scheduled by TIGF for the MidCat project is different from the forecast by ENTSOG (2020).

iii) Creation of firm France-Germany exit capacity[12]

The possibility of creating 100 GWh/d of firm exit capacity to Germany at Obergailbach is envisaged by GRTgaz for 2020. However, the development of firm capacity in that direction depends on the harmonisation of odorisation practices between France and Germany. In 2012, GRTgaz launched a study on the decentralisation of odorisation in its network and plans to set up pilot installations with the assistance of a distribution operator.

This project is inventoried in the ENTSOG plan; however, ENTSOG indicates the commissioning of capacity in 2018.

iv) Creation of France-Luxembourg exit capacity[13]

End 2010, GRTgaz and the Luxembourger TSO, CREOS, launched an open season in order to assess market interest in long term natural gas transmission capacity from France to Luxembourg (9 or 40 GWh/d) for 2018. The binding phase of this open season ended in May 2013 but shippers' demand was not sufficient to launch the project. However, the project could be maintained if Luxembourg confirms its need as part of the security of supply. This project is inventoried in the ENTSOG plan.

v) Creation of entry capacity at Oltingue

The Italian, Swiss and French TSOs (Snam Rete Gas, FluxSwiss and GRTgaz) intend to

[11] Listed in the Projects of Common Interest
[12] Listed in the Projects of Common Interest
[13] Listed in the Projects of Common Interest

carry out investments in order to be able to invert the direction of flows between France and Italy. In 2012, GRTgaz in collaboration with Fluxswiss, launched an open season to assess shippers' interest in the creation of entry capacity at Oltingue from Switzerland. Two development scenarios and two capacity products were envisaged within that framework:

- the development of 100 GWh/d of interruptible capacity, with commissioning scheduled for 2016 for €11 M;
- the development of 100 GWh/d of firm capacity subject to the gas delivery pressure at Oltingue from Switzerland, with commissioning scheduled for 2018. The investments necessary for this development totalled €258 M.

The market consultation did not enable the validation of the project based on the projects proposed. GRTgaz is working on defining a capacity product better suited to shippers' demands and is expected to organise shortly a new open season on that basis.

CRE notes a one-year difference in the commissioning of entry capacity from Switzerland scheduled for 2017 according to GRTgaz and 2018 according to ENTSOG.

vi) Increasing exit capacity at Oltingue[14]

GRTgaz has stated that several shippers might show an interest in increasing exit capacity to Switzerland, which today totals 223 GWh/d. The commissioning of this project is planned for 2022 since it depends on the possibility of increasing exit capacity in Switzerland to Italy. This project is taken into account in ENTSOG's plan, but commissioning is planned for 2019.

c) Development of the other infrastructures

i) Biogas development

The expected development of biogas production sites wishing to recover biogas to generate energy and inject it into gas networks after it is purified and upgraded to biomethane is a major challenge for the TSOs. GRTgaz's objective is to inject 3 to 9 TWh of biomethane into the gas networks, in line with the estimates of the working group regarding biomethane injection into the natural gas networks. GRTgaz has listed 65 projects under examination in 2013, while TIGF has recorded 25. GRTgaz and TIGF do not forecast any major network development linked to the development of biomethane.

CRE points out an inconsistency between the ENTSOG's ten-year plan and the French TSOs forecasts concerning the increase in biogas production at European level to 3.5 TWh from 2018 (i.e. the lower range envisaged by GRTgaz for its network). This difference in the forecasts could be related to the fact that, in several European countries, the regional network (level of injection of the biogas) is often part of the distribution network and is thus, not within the scope of the ENTSOG network development plans.

ii) LNG terminals

In 2013, no final investment decision was made concerning development projects under examination. CRE notes that most of the commissioning dates forecast for these projects in ENTSOG's plan are consistent with those indicated by GRTgaz in its ten-year plan.

[14] Listed in the Projects of Common Interest

	Commissioning forecast by the TSOs	Commissioning forecast by ENTSOG	Max. capacity envisaged in Gm^3	Decided
Dunkirk LNG terminal	2015	Q4 2015	13	Yes
Extension of the Montoir terminal	2018 2021	Q4 2018	12.5 16.5	No
Fos Faster terminal	2019	2019	16	No
Development of Fos Tonkin	2020	2019	5.5	No
Extension of the Fos Cavaou terminal	2020/2021	Q4 2020	16.5	No

iii) Development of underground natural gas storage sites

ENTSOG's plan presents an exhaustive list of new storage development projects. Some are not mentioned in the TSOs' ten-year plans, such as the Alsace Sud storage facility in GRTgaz's zone and Salins des Landes located in TIGF's zone.

Regarding the Salins des Landes project, initiated by EDF, it was abandoned on 15 January 2013. In the updated version of ENTSOG's TYNDP published in June 2013, this project abandonment is not mentioned. CRE notes that EDF did not inform ENTSOG of this abandonment during the consultation phase for the ENTSOG plan between February and May 2013.

In addition, Storengy has forwarded to GRTgaz the elements concerning the development of the Etrez and Hauterives storage facilities, nevertheless, GRTgaz's ten-year plan does not mention the elements communicated by Storengy.

CRE considers that the information on the development of storage facilities included in GRTgaz's ten-year plan is insufficient and notes that they are not included in TIGF's ten-year plan.

iv) Connection of Corsica[15]

In 2013, the GALSI[16] project was postponed by its promoters. In its ten-year plan, GRTgaz states that "*Two possibilities are envisaged by the public authorities:*

- *the Cyrénée project to connect Corsica to the future GALSI underwater pipeline, connecting Algeria to Italia via Sardinia. […]*
- *supply from two LNG barges off Bastia and Ajaccio or one LNG barge off Bastia, connected to Ajaccio by a land pipeline [...].*"

In addition, in its ten-year plan, GRTgaz specifies that its participation in the project will

[15] Listed in the Projects of Common Interest
[16] Gas pipeline Algeria – Sardinia – Italy

depend on the legal and regulatory framework adopted for this connection. CRE states that the TYNDP presents only the first option.

Question 6: Do you think GRTgaz's and TIGF's projects correctly reflect market requirements by the end of the plan?

Question 7: Do you think the TSOs' ten-year plans are sufficiently consistent with ENTSOG's ten-year development plan?

Question 8: Do you have any other comments?

5) Summary of CRE's analysis

As a conclusion, CRE notes that the ENTSOG's TYNDP highlights significant investment needs in gas infrastructures at European level. These investments would be necessary for the construction of the internal market and are in accordance with the objective of security of supply in a context of declining gas production in the European Union. They would also achieve an appropriate level of diversification of supply sources in Europe.

Without questioning the conclusions of the TYNDP, CRE would like to emphasize that the demand assumptions considered in this plan were established in 2012, with 2011 as the reference year. However, the long-lasting unfavourable economic conditions led to the decrease of the consumption outlook. This evolution is notably reflected by the downward revision of the long-term scenarios used by the TSOs of the North West Regional Initiative, for the preparation of the GRIP published in November 2013, compared to the ENTSOG reference scenario. In addition, the roadmap of the European Commission on energy policy provides for a significant reduction in gas demand.

In such an uncertain environment, promoting the achievement of high investments should be considered with caution. This could lead to a substantial increase of the price of gas for European consumers if demand continues to decline. The clarification by the European Commission of its medium and long-term vision on the role of gas is needed, particularly through the "2050 Energy Roadmap."

Furthermore, CRE considers that the 10-year network development plans of the TSOs correctly reflect the needs expressed by the market and are generally consistent with the guidelines of ENTSOG regarding the creation of North-South and East-West corridors.

CRE notes however some minor inconsistencies between the TYNDP and the plans of the French TSOs. It requires from GRTgaz and TIGF to make sure to communicate the latest information to ENTSOG, especially during the public consultation organized by ENTSOG following the publication of the first version of the TYNDP.

6) Questions synthesis

Question 1: Are you satisfied with the TSOs' current market consultation process? Do you agree with the presentation of ten-year plan drafts, within the framework of Concertation Gaz?

Question 2: Do you have any comments on GRTgaz and TIGF annual consumption forecasts by the end of the ten-year plans?

Question 3: Do you have any comment on the status of the capacity offer in 2013 in GRTgaz's and TIGF's networks?

Question 4: What is your position on the evolution of the capacity offer in 2013 at the

France/Germany interconnection point?

Question 5: What is your position on the evolution of the capacity offer on the North-South axis, in particular at the France/Spain border?

Question 6: Do you think GRTgaz's and TIGF's projects correctly reflect market requirements by the end of the plan?

Question 7: Do you think the TSOs' ten-year plans are sufficiently consistent with ENTSOG's ten-year development plan?

Question 8: Do you have any other comments?

CRE invites all interested parties to submit their contributions by 25 November 2013 at the latest:

- by email, to the following address: dirgaz.cp4@cre.fr;
- by contributing directly on CRE's website (www.cre.fr) in the "Documents/Public Consultations" section;
- by post to: 15, rue Pasquier - F-75379 Paris Cedex 08 – France;
- by directly contacting the Gas Infrastructure and Networks Department:

  + 33.1.44.50.89.23;
- by requesting an audience with the Commission.

Please state in your answer whether you wish for your contribution to remain confidential and/or anonymous. Interested parties are invited to provide well-grounded answers to the questions above.

7) Appendix

Appendix 1

(GWh/d)	Firm capacity Q1 2013	Firm capacity forecast after investment	Commissioning forecast by TSOs	Commissioning forecast by ENTSOG	Comments
Larrau entry	100	165	Q2 2013	Q2 2013	commissioned
Larrau exit	100	165	Q2 2013	Q2 2013	commissioned
Biriatou entry	5	60	2015	2015	decided
Biriatou exit	0	0	2015	2015	Decided - inconsistent with ENTSOG's plan (60 GWh/d firm exit capacity)
MidCat entry	0	230	2021	2020	not decided
MidCat exit	0	80	2021	2020	not decided
Taisnières H entry	590	640	Q4 2013	Q4 2013	commissioned
Veurne exit	0	270	2015	2015	decided
Obergailbach exit	0	100	2020	2018	not decided
Luxembourg exit	0	40	2018	2018	not decided
Oltingue entry	0	100	2017	2018	not decided
Oltingue exit	223	260-320	2022	2019	not decided

Appendix 2: http://ec.europa.eu/energy/infrastructure/pci/doc/2013_pci_projects_country.pdf

List of Projects of Common Interest concerning GRTgaz's and TIGF's networks
PCI Eastern Axis Spain-France - interconnection point between Iberian Peninsula and France at Le Perthus– currently known as Midcat
PCI Reinforcement of the French network from South to North – Reverse flow from France to Germany at Obergailbach/Medelsheim Interconnection point (France)
PCI Reinforcement of the French network from South to North on the Bourgogne pipeline between Etrez and Voisines (France)
PCI Reinforcement of the French network from South to North on the east Lyonnais pipeline between Saint-Avit and Etrez (France)
PCI Reverse flow interconnection between Switzerland and France
PCI New interconnection between Pitgam (France) and Maldegem (Belgium)
PCI Reinforcement of the French network from South to North on the Arc de Dierrey pipeline between Cuvilly, Dierrey and Voisines (France)
Cluster between Luxembourg, France and Belgium including one or more of the following PCIs: Interconnection between France and Luxembourg. Reinforcement of the interconnection between Belgium and Luxembourg
PCI Gas Pipeline connecting Algeria to Italy (Sardinia) and France (Corsica) [currently known as Galsi & Cyréné pipelines]