

**CRE's "PUBLIC CONSULTATION NO. 2019-013 OF 23 JULY 2019 RELATING TO
THE NEXT TARIFF FOR THE USE OF NATURAL GAS TRANSMISSION NETWORKS
OF GRTGAZ AND TERÉGA"**

Comments from Galp Gás Natural

Galp Gás Natural (GGN) is a Shipper operating in France's wholesale market, being a user of the transportation network and active in the French hubs.

We welcome CRE's Public Consultation as a mean to guarantee the transparency of the tariff calculation methodology adopted by CRE, which we consider to be generally in line with the European Network Code on Tariffs (NC-TAR).

Specific comment – Exit Interconnection Tariffs

GGN understands that CRE has considered the "*Capacity Weighted Distance*" as the base methodology, as recommended in the NC-TAR, with some adjustments namely:

- in what respects the definition of the entry tariffs, they were adjusted in a way that the most relevant PITs and the PITMTs would have the same value: $106 \text{ €/}[(\text{MWh/d})/\text{y}]$ and $95 \text{ €/}[(\text{MWh/d})/\text{y}]$, respectively;
- the split between the entries and exits for the recovery of the allowed revenues was set at 34/66% (base case in NC-TAR is 50/50%).

As a general comment, GGN considers both the resulting entry tariff levels and their evolution as adequate, in line with the objectives of the NC-TAR, creating a relatively stable and foreseeable scenario, according to good regulatory practices.

However, the same conclusion could not be reached from the analysis of the exit tariffs: whereas the exit tariff for the different connection to the distribution networks ("*Sortie RP*") was set at a uniform value ($92 \text{ €/}[(\text{MWh/d})/\text{y}]$), the international connections points have not only much higher values than these, but they also show a dispersion that we deemed potentially discriminatory and not in line with the European Directive' objectives for the creation of an European market.

In fact, disregarding the exceptional situation of PIR Virtualys, there is an enormous difference between the tariffs for the PIRs Oltingue and Pirineos (the latter is 50% higher) that would hardly seem justifiable, if the same principle of equalling the tariffs for points of similar nature – noted for both the entry tariffs and the PIRs to the domestic market - were applied.

The previous is particularly noteworthy, if the special relevance of PIR Pirineos is considered. This interconnection point is the gateway for the Northern European gas transportation to the Iberian Peninsula, and the establishment of an artificially high tariff would in practice create a barrier for the gas flow towards South, maintaining a situation of isolation of the Portuguese and Spanish gas markets, contrary to the principles of the Directive¹.

GGN therefore recommends that a revision on the exit tariff levels is conducted by CRE, suggesting that the same principle of levelling the tariffs for identical points, that was applied for the entry tariffs at PIRs and LNG Terminals, as well for the entry and exit at the Underground Storages (PITs), is considered for the exit interconnection points at Oltingue and Pirineos.

¹ See for instance point 9.2 of EU Regulation 460/2017 that indicates that tariff levels could be adjusted to ending the isolation of Member States, with the aiming of increasing the security of supply.