TRANSMISSION TARIFF METHODOLGY FOR THE USE OF NATURAL GAS TRANSMISSION NETWORKS OF GRTGAZ AND TERÉGA: SUMMARY OF REPONSES TO THE CONSULTATION PAPER

1. INTRODUCTION

CRE started its work on gas transmission tariffs at the beginning of 2019. CRE has sought to involve stakeholders as widely and as early as possible. Thus, CRE conducted three public consultations:

- a first public consultation in February 2019 presenting CRE's preliminary analyses on the tariff regulatory framework. 41 contributors responded to this consultation;

- a second public consultation in March 2019 on CRE's detailed proposals for the structure, and timetable of the ATRT7 tariff. 66 contributors replied to this consultation;

- a third public consultation in July 2019 on CRE's detailed proposals for the structure, in particular the transmission tariff methodology, timetable of the ATRT7 tariff, and the tariff level. 91 contributors replied to this consultation, among them industrials and their associations, shippers and their associations, infrastructure operators, foreign stakeholders, and other stakeholders ;

This paper provides a summary of the responses received to CRE's third consultation on the transmission tariff methodology for gas. It summarises by subject the most important arguments given. This paper does not provide CRE's view of the responses themselves.

2. SUMMARY OF RESPONSES REGARDING THE TARIFF METHODOLOGY

Reference price methodology

In compliance with the objectives pursued by the Tariff network code, CRE envisaged to apply a tariff methodology based on the main cost drivers: capacities and distances between the different main network entry and exit points. The tariffs are defined in order to ensure that the transit unit costs and the domestic consumer's unit costs are aligned.

The majority of the respondents support CRE's methodology. These actors are in favour of a network tariff that passes on costs to the users that generate them and consider that CRE's proposal is heading in the right direction.

- Entry/Exit split :

CRE proposed an entry-exit split of 34/66. The majority of the respondents support this proposal.
Some respondents consider that the split proposed by CRE penalises the exit points as it results in higher exit tariffs than a split where more revenues are allocated to entry points.
On the contrary, other respondents consider that lower revenues should be allocated to entry points in order to favour imports to the Trading Region France.

- Flow scenarios and distances calculation:

CRE considered economically relevant flow scenarios to fix the tariff terms at the different entry and exit points of the main network.

The majority of the respondents support CRE's proposal.

Some stakeholders consider that the pricing principles envisaged by CRE, in particular the methodology used to calculate distances for the reference price methodology, penalize transit users.

First, they state that taking into account only Dunkirk IP as an entry point for transit in a well-interconnected entry-exit system, with the presence of an increasingly liquid hub, is irrelevant and not realistic.

Second, they consider that CRE's approach to the application of different tariffs to exit points located close to each other (e.g. between points used to supply users from Southern France and PIR Pirineos), which is not cost-reflective.

Finally, they consider that CRE's methodology is in detriment to market integration and cross-border trade.

- Storages (PITS) discount :

CRE proposed a discount of 80 % at storage entry and exit points. The majority of the respondents support this proposal.
One respondent considers that this discount represents a cross-subsidy between storage and transmission facilities.
Other respondents consider that the discount should be higher or equal to 100% in order to ensure that under all market conditions the storage facilities are well filled.

- LNG terminals (PITTM) discount :

CRE plans to apply a differentiation of 10% between the tariffs at the PITTMs and those at entry PIRs. The majority of the respondents support this proposal.

Some stakeholders consider that a further reduction in tariffs at PITTMs should be considered for several reasons (e.g. security of supply).

One respondent considers that France does not need to increase security of supply. Another one indicated that the discount should not be substantially higher than 6%.

- Multipliers :

Multipliers proposed by CRE are presented below:

Capacity	Special conditions	Coefficient	Multipliers
Quarterly	In the event of congestion*	1/4 of the annual tariff	1
	No congestion	1/3 of the annual tariff	1.3
Monthly	In the event of congestion	1/12 of the annual tariff	1
	No congestion	1/8 of the annual tariff	1.5
Daily	N/A	1/30 of the monthly tariff	1.5

All the respondents support CRE's proposal. One TSO proposes that congestion coefficients should be applied if the annual auction generates a premium and a significant part (e.g. 80%) of the annual products offered have been subscribed.

- Discount levels envisaged by CRE for interruptible capacities at the PITS :

CRE proposed the following tariff reductions, in line with the estimated probabilities of interruption by the TSOs:

entry/exit points from the main network	Rebate
PIR entry	50%
PIR exit at Oltingue and Pirineos	15%

CRE also proposed to retain a discount of 50% for interruptible capacity tariff at the PITS.

The majority of the respondents support CRE's proposal. One respondent states that the reduction of the PIR exit discounts at Oltingue and Pirineos from 25% to 15% are too excessive and that the original discount (25%) should remain. Another stakeholder underlines that in fact, interruptible capacity offered at VIP Pirineos is already firm and therefore should be priced as firm products, without any discount.