

## Deliberation of the French Energy Regulation Commission of 12 July 2012 regarding the execution point of the 2011 and 2012 investment programmes of TIGF

Present: Philippe de LADOUCKETTE, Chairman, Olivier CHALLAN BELVAL, Frédéric GONAND, Jean-Christophe LE DUGOU and Michel THIOILLIERE, commissioners.

In application of articles L. 134-3 and L.431-6-II of the French Energy Code, the Transmission System Operators (TSOs) must submit their annual investment programmes to the French Energy Regulation Commission (CRE) for approval. Furthermore, in application of the aforementioned articles, the CRE *"ensures that the investment required for the proper development of the networks and their transparent and non-discriminatory access are guaranteed"*.

In this respect, by deliberation of 15 December 2011, CRE approved TIGF investment programme for 2012 and asked TIGF to present an intermediate report on the implemented investments, during the course of June 2012.

TIGF was heard by the board of the on 3 July 2012 and presented, on this occasion, the final implementation assessment for its investment programme for 2011 as well as the mid-year investment programme implementation report for 2012. The differences reported between the levels of investment approved, the forecasts updated for 2012 and the investments actually made for 2011 were presented and explained by TIGF.

### 1. Observations on the implementation assessment for the 2011 investment programme

The investment programme approved for 2011 by CRE in its deliberation of 16 December 2010 amounted to €90.4m.

The definitive implementation assessment for its 2011 investment programme amounts to €86.8m, down by €3.6m (4%) compared to the approved programme.

This difference results mainly from a discrepancy in expenditure of €3.8m linked to the six month postponement in the construction schedule of TIGF's new unique headquarters. Certain differences have also been reported in the development projects for the main network. Their balance leads to a residual increase of €0.2m.

The state of progress of the investment projects on the bulk transmission system affecting, in particular, decisions regarding reinforcement capacities at the Franco-Spanish interconnections subsequent to the 2013 and 2015 open seasons is in accordance with the provisional programme approved by CRE in its deliberation of 16 December 2010.

### 2. Observations on the implementation report for the 2012 investment programme

The investment programme approved for 2012 by CRE in its deliberation of 15 December 2011 amounted to €163m.

TIGF submitted the mid-year implementation report for this programme to the CRE showing a reduction of €19m (i.e. 12%) in the provisional amount of investment expenditure with regard to the programme approved for 2012. Henceforth this provisional amount is set at €144m.

This reduction in investment expenditure is mostly associated with the Girland project which corresponds to the second phase of reinforcing capacities at the level of the Guyenne pipeline (between Lussagnet and Captieux and the Sauveterre compression station). This project is in fact subject to:

- an advance of certain expenditure in 2011 of the order of €6m;
- a decrease of €8m in its overall cost that falls from €115m to €107m;
- a postponement of the works beginning leading to €4.6m of expenditure being reported initially forecast for 2012 to the 2013 investment budget. This postponement, that according to TIGF will not affect availability on 1 April 2013 of capacities decided as part of the 2013 Franco-Spanish open season, is linked to administrative permits being delivered later than expected.

Furthermore, with regard to the Girland project, the construction of a third compressor at the level of the Sauveterre station (estimated at €27m) has been postponed. In fact, studies undertaken by TIGF show that this safety compressor may not be necessary to ensure the steadiness of the capacities decided on during the 2013 open season.

### **3. Decision regarding the 2011 investment programme**

The CRE states that the difference between the investment expenditure undertaken and the investment programme approved for 2011 is in principle linked to the postponement of the construction of the single headquarters. This postponement in no way affects the operation of the system by TIGF and in particular the provision of capacities.

The CRE also notes that for the rest of the investment programme, and in particular the development of interconnections with Spain, TIGF investment programme is being implemented in accordance with the programme as approved.

### **4. Decision regarding the 2012 investment programme**

The CRE notes that the difference between the re-estimated investment expenditure and the investment programme approved for 2012 is linked, on the one part, to the review of the reduction in certain costs and, on the other part, to the re-staggering of expenditure over both the immediately preceding and following budgetary periods, due to the fact of waiting for administrative permits or with the aim of optimising purchasing costs.

The CRE also notes that the implementation report of the investment programme, and in particular the development of interconnections with Spain, complies with the programme as approved.

As a result, CRE approves the investment programme as re-assessed by TIGF for 2012.

Paris, 12 July 2012

For the French Energy Regulation Commission  
The Chairman,

Philippe de Ladoucette