

Deliberation

Deliberation of the French Energy Regulation Commission of 13 December 2012 deciding on the tariffs for the use of natural gas transmission networks

Present at the session: Philippe de Ladoucette, President, Olivier Challan Belval, Frédéric Gonand, Jean-Christophe Le Duigou, Michel Thiollière, commissioners.

The tariffs for the use of the GRTgaz and TIGF (*Transport et Infrastructures Gaz France*) natural gas transmission networks, known as the “ATRT4” tariffs, came into effect on 1 January 2009, in accordance with the order of 6 October 2008 approving the tariff proposal made by the French Energy Regulation Commission (CRE) on 10 July 2008.

Articles L.452-2 and L.452-3 of the French Energy Code provide a framework for CRE's powers in terms of tariffs. Article L.452-2 of that code sets out that CRE defines the methods used to set the tariffs for the use of natural gas networks. In addition, Article L.452-3 sets forth that “*the Energy Regulation Commission debates and decides on tariff developments [...] with, where appropriate, modifications to tariff levels and structures which it deems justified following, notably, an analysis of the operators' accounts and any expected changes in operating costs or investment levels. [...] The Energy Regulation Commission submits to the ministers for energy and the economy its reasoned recommendations concerning evolutions in the level and structure of tariffs for the use of natural gas transmission networks, natural gas distribution networks and for the use of liquefied natural gas facilities, [...] as well as tariff rules and their effective dates. These deliberations are published in the Journal officiel de la République française.*”

In the present deliberation, CRE defines the method for determining the tariffs for the use of natural gas transmission networks, and establishes the “ATRT5” tariffs, that are set to take effect from 1 April 2013.

As part of CRE's work related to defining the new tariffs for the use of the public transmission networks, transmission system operators (TSOs) GRTgaz and TIGF made a request for new tariffs on 20 April and 9 July 2012 respectively. Without any change in the regulatory framework, the operators' final requests led to the following increases:

- for GRTgaz, a 20.7% increase in its tariff between 2012 and 2013, then an average 4.4% per year, in constant euros, between 2013 and 2016;
- for TIGF, a 13.7% increase in its tariff between 2012 and 2013, then an average 8.7% per year, in constant euros, between 2013 and 2016.

To establish these new tariffs, CRE took into account the legislative and regulatory developments associated with the 3rd Energy Package:

- independence obligations placed on shippers as part of the implementation of the ITO (independent transmission operator) model
- the “*Gas Target Model*” adopted by European regulators;
- the future network code for capacity allocation (CA) and the guidelines for congestion management (CM) that French TSOs will be obliged to follow.

CRE conducted detailed analyses of the estimated expenses presented by GRTgaz and TIGF and drew on different studies assigned to external firms:

- an international comparative study on incentive regulation mechanisms;
- a study on the weighted average cost of capital of electricity and gas infrastructure;

- an audit of GRTgaz's and TIGF's operating expenses, excluding taxes, duties, energy purchases and, for GRTgaz, IT systems;
- an audit of GRTgaz's IT systems.

CRE associated all market players with the preparation of these new tariffs, in particular, with regard to the development of the tariff structure and services offered by the TSOs. In addition to the work conducted within the framework of Concertation Gaz, CRE carried out five public consultations on the following subjects:

- the creation of a single North balancing zone for H gas and L gas on the GRTgaz network (29 March 2012);
- changes to gas marketplaces in France (31 May 2012);
- the intraday flexibility service on the GRTgaz transmission network (26 June 2012);
- general directions concerning the regulatory framework, the tariff structure and services of TSOs (31 July 2012);
- general directions concerning TSOs' tariff levels and structure (29 October 2012).

It organised two workshops (21 March and 4 May 2012) and a round table (10 July 2012) on the changes to marketplaces, as well as a round table (13 November 2012) on GRTgaz's and TIGF's tariff levels and structures.

CRE heard GRTgaz and TIGF and, if so requested, their shareholders.

Lastly, CRE took into account the general directions of the energy policy forwarded by the Minister of Ecology, Sustainable Development and Energy on 10 October 2012. These general directions relate to the economic efficiency of the tariff framework, consistency with future European network codes, integration of national natural gas marketplaces, security of supply and the role of underground storage, the development of biomethane injection into natural gas networks and the promotion of the use of natural gas.

On the basis of all of these elements, CRE has renewed and completed the existing regulatory framework encouraging TSOs to improve their efficiency over a period of approximately four years, in terms of cost control and the quality of service provided to users. An incentive to control the cost of investment programmes has been introduced, as well as a revision clause at the end of two years enabling the trajectory of GRTgaz's and TIGF's net operating expenses to be revised upwards or downwards, under certain conditions for the years 2015 and 2016.

As regards the tariff structure, the present tariff decision introduces significant changes, in particular, to the organisation of gas marketplaces in France (Gas exchange points or PEGs):

- as at 1 April 2013, merging of the H gas and L gas PEGs;
- as at 1 April 2015, a common GRTgaz and TIGF PEG will be created, with the possibility of maintaining a separate balancing zone for each TSO.

These developments, for which a wide consensus has been reached among market players, aim to prepare for the creation of a single marketplace in France by 2018. They are consistent with the general directions of French energy policy and with the European "Gas Target Model".

With regard to the tariff level of TSOs, CRE retains:

- for GRTgaz, an increase of 8.3% in 2013, followed by an increase, in constant euros, of 3.8%¹ per year from 2014;
- for TIGF, an increase of 8.1% in 2013, followed by an increase, in constant euros, of 3.6%¹ per year from 2014.

The tariff increases set for 2013 will apply as from 1 April 2013 until 31 March 2014. They were calculated in such a way as to cover all of the estimated expenses retained by CRE for the year 2013.

The differences between this tariff and the TSOs' requests are mostly related to the following parameters:

¹ This value includes an inflation assumption of 2% per year.

- the weighted average cost of capital, set at 6.50% actual before tax;
- revisions of assumptions retained concerning certain expenses, in particular, energy, L gas flexibility, IT systems for GRTgaz and certain provisions for TIGF;
- productivity objectives set for the two TSOs in relation to their operating expenses trajectory, on a like-for-like basis, within the same scope of activity compared to the previous tariff period.

The tariff increases retained by CRE for the ATRT5 period are due mainly to:

- the increase in capital expenses, related to the commissioning of significant investment projects;
- the increase in energy costs, due to the rise in the price of gas and electricity and the growth in engine power consumption, with supply marked by a decrease in liquefied natural gas (LNG) arrivals;
- the transposition of Directive 2009/73/EC, which requires TSOs to have at their disposal the resources necessary for their activities and to implement European network codes, and the new security rules related to the ministerial order on multfluids and the anti-damage decree;
- the increase in taxes and social security contributions, in particular, with the entry into effect of the flat-rate tax due by energy, telecom and railways transport industries (IFER), the increase in the rate of social security contributions and the broadening of their calculation base.

These increases are partially offset by the following main factors:

- the increase in capacity subscriptions, due in particular to the increase in capacity at interconnections;
- the drop in the weighted average cost of capital from 7.25% to 6.50%;
- the productivity objectives set for the two TSOs which would enable the tariff increase to be reversed after 2013.

The main elements behind the tariff increases as at 1 April 2013 compared to the current tariff are summarised in the table below for the two TSOs.

	GRTgaz	TIGF
Main factors behind the increase		
Operating expenses, of which:	+8%	+5%
• <i>Implementation of the 3rd EU Directive and safety standards related to the ministerial order on multfluids and the anti-damage decree</i>	+4%	+2%
• <i>Energy</i>	+3%	+1%
• <i>Taxes and duties</i>	+1%	+2%
Capital costs (increase in the regulated asset base (BAR) following the commissioning of installations)	+4%	+11%
CRCP reconciliation	+2%	+8%
Main factors behind the decrease		
Drop in the WACC from 7.25% to 6.50%	-4%	-4%
Increase in subscription volume	-2%	-12%

After 2013, the tariffs of the two TSOs will increase faster than inflation (+3.8% per year for GRTgaz, +3.6% per year for TIGF) primarily because of the rise in capital expenses due to investments decided over the last few years.

These structuring investments will strengthen the security of supply, simplify access to the market and maximise the potential for arbitration between the different sources of supply. These developments, as well as actions conducted for the creation of an integrated European natural gas market, contribute to improving liquidity and competition on the market, which enables customers to enjoy more competitive gas prices.

The effect of these increases in the bills of end customers connected to the distribution network and that heat with gas, remains moderate, since transmission tariffs represent approximately 6% of their total gas bill. These increases would lead to an increase of roughly €0.36/MWh inclusive of all taxes, i.e. approximately 0.5% in the final bill of an average individual customer heating with gas.

The Higher Energy Council, consulted by CRE on the draft tariff decision, rendered its opinion on 11 December 2012.

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METHODOLOGY

I - Regulatory framework

Article L.452-3 of the French Energy Code states that CRE's deliberations on the tariffs for the use of natural gas transmission networks "[...] may provide for a pluriannual management structure for the changes in tariffs as well as appropriate short- or long-term measures to encourage operators to improve their performance related in particular, to the quality of service provided, integration of the internal gas market, the security of supply and productivity efforts".

1. Tariff application period

The "ATRT4" tariffs entered into effect on 1 January 2009 and will remain in effect until 31 March 2013. The present tariff decision includes GRTgaz's and TIGF's tariffs which will enter into effect as from 1 April 2013 for a period of roughly four years.

2. Incentive regulation for investments

Incentive regulation for investments includes an incentive for making the necessary investments to improve the functioning of the French market and its integration within the European market, and an incentive to control the costs of investment projects.

2.1. Investment incentive

As part of the current tariff (ATRT4), a premium of 300 basis points over ten years applies to investments that serve to create new shipping capacity on the main network or to reduce the number of balancing zones.

For the ATRT5 tariff, CRE has decided to maintain the investment incentive regime, but to limit the allocation of the 300 basis points premium to the two major projects still to be carried out to improve the functioning of the French market and its integration within the European market:

- the doubling of the Bourgogne pipeline, which is essential for the merging of the North and South zones;
- decentralised odorisation of natural gas, to enable a physical flow of gas from France to Germany or Belgium.

The return on other investments corresponds to the weighted average cost of capital.

This decision is in keeping with the provisions previously quoted in Article L.452-3 of the French Energy Code relating to incentive regulation, which aims in particular to encourage operators to improve their performance related to the integration of the internal gas market and the security of supply. These provisions are reiterated in the general directions of the energy policy forwarded by the Minister of Ecology, Sustainable Development and Energy.

This development does not put into question previous decisions regarding the premiums and bonuses in the basic rate of return.

2.2. Incentive to control the cost of investment programmes

Article L.452-1 of the French Energy Code provides that the tariffs for the use of natural gas transmission networks must cover all of the costs borne by system operators provided that these costs correspond to those of an efficient system operator. Article L.452-3 sets the framework of an incentive regulation to encourage operators to improve their performance. CRE has set up incentives for TSOs to control the costs of their investment programmes.

a) Projects to which the premium of 300 basis points is allocated

Projects receiving the 300 basis points (bp) premium over a ten-year period will be subjected to a cost control incentive regime similar to that defined by CRE in its deliberation of 22 December 2011 for investments related to the connection of the Dunkerque LNG terminal to the GRTgaz network.

The return on investment expenses that surpass the target budget approved by CRE varies according to the following methods:

- up to a maximum of 110% of the target budget, the return on the operator's investment will be the 6/64 (translated from the French: only the original in French is authentic)

- weighted average cost of capital to which the 300 bp premium will be added for a 10-year period;
- if the investment costs exceed 110% of the target budget, the operator will no longer receive the 300 bp premium for the portion over that limit:
 - the return on the portion of the cost of the project comprised between 110% and 130% of the target budget will be the weighted average cost of capital;
 - the return on the portion of the cost of the project that exceeds 130% of the target budget will correspond to the rate for assets under construction;
 - if the investment expenses are lower than 90% of the target budget, the TSO will receive a bonus corresponding to the 300 bp premium for a ten-year period for the difference between the actual expenses and 30% of the target budget.

This mechanism will apply in particular to the Eridan project for which the target budget is €484 M (current euros).

For projects that will be decided during the ATRT5 period, an indexation parameter will be taken into account for the investment budget depending on the cost of steel in order to factor in changes in steel prices confronted by TSOs. As such:

- when the target budget is approved, the portion of this budget corresponding to purchases in steel materials will be identified, as well as the hot rolled coil (HRC) index used during the estimate;
- to calculate the differences between the target budget and actual expenses incurred by the TSO, CRE will take into account, for the cost price of steel materials, the value of the HRC index at the time of the purchase.

The target budget may be re-evaluated by CRE at the substantiated request of the operator, to take into account additional costs related to administrative procedures, if these costs have significant consequences on the project and are independent of the management of an efficient operator.

If the TSOs decide to modify or optimise the functional or technical specifications of projects approved by CRE, they must propose these developments to CRE for approval. CRE may then adapt the parameters of the incentive regulation mechanism if these changes result in a considerable change in the project budget.

b) Large projects to which the premium of 300 basis points is not allocated

The mechanism concerns all projects, excluding safety projects, for which the budget exceeds €50 M or represents at least 20% of the average annual sum of investments for the ATRT5 period. It is based on the following principles:

- when the budget for each project concerned is approved, CRE will define a target budget which may be audited if CRE deems it necessary;
- regardless of the investment expenses made by the TSO, the asset will be entered into the regulated asset base (RAB) at its real value when it is put into use;
- if the investment expenses incurred by the TSO for this project are between 90% and 110% of the target budget, no bonus or penalty will be applied;
- if the investment expenses are less than 90% of the target budget, the TSO will receive a bonus corresponding to 25% of the difference between the actual investment expenses and 90% of the target budget;
- if the TSO's actual investment expenses are higher than 110% of the target budget, the TSO will be given a penalty corresponding to 25% of the difference between the actual investment expenses and 110% of the target budget;
- this bonus or penalty will be taken into account via the expense and revenue clawback account (CRCP).

Furthermore, the indexation parameter related to the price of steel and the specific methods defined to manage additional costs linked to administrative procedures and any substantial revisions of functional or technical specifications will be taken into account under the same conditions as those for the previously described mechanism.

c) Other investment projects

Quantitative indicators have been implemented to analyse any changes in costs and the realisation of other investment projects compared to the trajectory retained in the tariff. These indicators will be monitored by CRE each year.

A financial incentive mechanism for TSOs to comply with the estimated investment expenditure trajectory taken into account for the tariff will be implemented as soon as the accuracy of these indicators has been tested. This mechanism will not concern safety investments or projects to which the mechanisms described above are applied.

3. Incentive regulation for operating expenses

The trajectory of TSOs' net operating expenses is defined for the 2013-2016 period. It corresponds to an annual change in these expenses based on the level retained for 2013, according to inflation and an annual trend coefficient which includes a productivity objective for a like-for-like scope of activity compared to the ATRT4 period.

Each TSO will keep all additional productivity gains which it may make outside of this trajectory, whereas under the ATRT4 tariff, TSOs kept only 50% of such gains. Similarly, any additional costs will be borne totally by the operators. CRE thus hopes to strengthen TSOs' incentive to control their costs.

4. Developments in the service quality incentive regulation

The incentive mechanism for TSOs' service quality aims to improve the quality of the service provided to users of transmission networks in areas deemed particularly important for the proper functioning of the market. The current mechanism has yielded satisfactory results.

Within this framework, in order to take into account the progress made by the TSOs and to maintain an incentive character, the present tariff decision has developed the service quality incentive regulation.

4.1. Balancing-related indicators

With the prospect of moving GRTgaz's and TIGF's balancing systems towards the target balancing system, the service quality incentive regulation has been developed as follows:

- implementation of a new indicator for GRTgaz and for TIGF, on the consumption estimate for the gas day (D), made the day before (D-1) and updated during the day (D), at the perimeter of their respective balancing zones;
- for TIGF, implementation of a new indicator for the quality of the intraday metering of industrial clients connected to its network. This indicator is calculated similarly to the indicator set up for GRTgaz. For GRTgaz, the methods for calculating the corresponding indicator are adapted in order to better take into account all measurement errors, in particular occasional errors;
- adaptation of existing indicators for the quality of daily allocations (conveyed D+1) at the transport and distribution interface points (PITD) and at interfaces with industrial clients connected to the GRTgaz and TIGF networks, in order to maintain their incentive character.

4.2. Indicators for monitoring maintenance

The following developments have been made to the incentive mechanism for maintenance:

- taking into account the importance of the North-South link for supply in the south of France, CRE has decided to strengthen the follow-up of maintenance at this link. In the first quarter of 2013, GRTgaz will present an assessment of interruptions at the North-South link, as well as their causes, for the years 2011 and 2012. Moreover, it will work as part of Concertation Gaz to define an indicator for interruptible capacity of the North-South link;
- GRTgaz's two indicators for compliance with the maintenance schedule (upward or downward) are merged into one indicator for each type of point on the network;
- moreover, GRTgaz will examine as part of Concertation Gaz the terms of a financial incentive for the current indicator for the maintenance schedule published at D-60.

4.3. Indicators for the relationship with clients

An indicator addressing the connection of distribution network operators and industrial clients to the transmission networks has been introduced to follow TSOs' compliance with deadlines related to connection procedures.

The indicator for the availability of TSO portals will henceforth include the availability of the public platforms Smart GRTgaz for GRTgaz and Data Gas for TIGF. In addition, for the accuracy of the information made available on the user portals Trans@ctions and Tetra, a new indicator compiling user complaints on the matter has been introduced.

5. The expense and revenue clawback account (CRCP)

The expense and revenue account (CRCP) is a non-ledger trust account which is credited at regular intervals by all or a part of the differences in cost or income recorded for predefined items. The reconciliation of this account's balance is performed by reducing or increasing the income to be collected through the tariffs.

In order to ensure financial neutrality of the mechanism, the amounts taken into account in the CRCP are adjusted to present value using an interest rate equivalent to the risk-free rate retained in the current tariff proposal. The rate is set at 4.0% per year, nominal before tax.

For the present tariff decision, the expense and revenue items subjected to this mechanism are as follows:

- income related to shipping in the transmission network. Given the standardised subscription system for transmission capacity at transport and distribution interface points (PITD), the income related to transmission in the downstream transmission network (exit at main network, regional network and delivery) is fully covered by the CRCP. The same applies for income related to entries and exits at storage points (capacity allocated automatically based on subscriptions with underground storage operators) and for income related to the sale of capacity at the North-South link via the market coupling mechanism. In order to encourage TSOs to offer the best services to users, the income related to transmission in the upstream transmission network (other points in the main network) is covered:
 - 50% by the CRCP for a difference between actual and estimated income that is less than or equal to +/-10% of the income projected;
 - 100% by the CRCP for a difference between actual and estimated income that exceeds +/-10% of the income projected;
- income from the connection of combined-cycle gas turbines (CCGT) and combustion turbines (CT). This income is fully covered by the CRCP;
- capital expenses incurred by TSOs. These expenses are fully covered by the CRCP, within the limits of the incentive regulation provisions described above;
- engine power expenses (gas and electricity) and the difference between income and expenses related to TSOs' CO₂ quotas. These expenses are covered 80% by the CRCP;
- expenses for GRTgaz and income for TIGF related to the agreement between GRTgaz and TIGF

allowing GRTgaz to use TIGF's network. These expenses and income is fully covered by the CRCP;

- the difference between the projected inflation taken into account by CRE for the annual updating of the TSOs' operating expenses and actual inflation;
- the financial incentives related to the service quality incentive regulation mechanism, for all indicators concerned, in order to enable penalties, if the service quality level set is not attained, to be paid to network users, or bonuses to be paid to TSOs if objectives are surpassed.
- financial incentives linked to the incentive regulation mechanism for the cost of investment projects. the bonus or penalty generated is fully taken into account in the CRCP;
- expenses due to the provision of a flexibility service for the B network, provided that CRE has previously approved the contracts concerned.

Where applicable, the application of the CRCP will be accompanied by verifications into the effective nature of expenses incurred. These verifications may be performed, in particular, on investments made by TSOs and energy expenses that they incur.

In addition, the results of audits conducted by CRE will be taken into account in the CRCP.

6. Mid-term revision clause

The present tariff decision introduces a revision clause that may be activated at the end of two years following the entry into effect of the tariff, i.e. for the change in the tariff as at 1 April 2015.

Any consequences of new legislative or regulatory provisions or a judicial or quasi-judicial decision may be examined if the level of net operating expenses retained in GRTgaz's or TIGF's tariff is changed by at least 1%. The trajectory of net operating expenses to be covered by the ATRT5 tariff may be reviewed by CRE following this examination. The financial consequences caused by these external developments will only be taken into account for the period following the activation of this revision clause, provided that they correspond to the efficient management of the operator.

7. Development of the tariff structure during the tariff period

The tariff structure of both TSOs will change on 1 April each year as from 1 April 2014 according to the following principles:

- taking into account of the trajectory of the authorised income defined for four years and composed of:
 - the capital expenses trajectory defined by CRE;
 - the operating expenses trajectory set by CRE which changes each year based on inflation and a predefined coefficient;
 - the updating of the "energy and CO₂ quotas" item;
- updating of capacity subscription assumptions;
- reconciliation of a quarter of the overall balance of the CRCP;
- changes in tariff structure decided by CRE, in particular to reduce the number of marketplaces and implement the European network codes.

If any expenses related to flexibility of the L gas network were to increase during the tariff period – in accordance with agreements signed between GRTgaz and GDF Suez, which CRE will have previously approved - these additional expenses will be taken into account during the annual modification following this increase, and the expenses for the period comprised between the entry into effect of this increase and the annual modification taking that increase into account will be fully covered by the CRCP.

II - Tariff levels

1. Operating expenses

Article L.452-1 of the French Energy Code provides that *“the tariffs for the use of natural gas transmission and distribution networks and liquefied natural gas facilities [...], are established in a transparent and non-discriminatory manner so as to cover all of the costs incurred by these operators, provided that these costs correspond to those of an efficient network or facility operator. [...] These costs include, in particular, the operating, research and development expenses necessary to ensure the safety of the network and control of the quality of the natural gas injected or withdrawn, as well as the portion of the cost for network extensions payable by distributors.”*

Pursuant to the provisions of this Article of the Energy Code, the operating expenses to be covered by the tariffs were determined based on all of the operational costs necessary for the functioning of the transmission networks, such as they were forwarded to CRE and as they appear in the operators' accounts.

To set the level of these expenses, CRE used in particular:

- the trajectory proposed by the two shippers;
- the data from GRTgaz's financial statements and TIGF's unbundled accounts for the years 2009, 2010 and 2011;
- projections for developments in expenses for the years 2012 to 2016 communicated by GRTgaz and TIGF;
- the results of audits and analyses conducted for GRTgaz's and TIGF's operating expenses for the years 2009 to 2016.

1.1. Energy purchases

The TSOs' expenses related to the purchase of gas, electricity and CO₂ have increased considerably compared to previous tariffs. For GRTgaz, the “energy and CO₂ quotas” item represents €125.3 M in 2013, i.e. an increase of approximately 40% compared to the amount taken into account for the tariff in 2012. For TIGF, this item totals €6.3 M in 2013, i.e. an increase of roughly 50% compared to the amount taken into account for the tariff in 2012.

The unit prices for gas and electricity retained for ATRT5 are based, when possible, on the futures prices of wholesale markets (in particular the North PEG or failing that, the TTF increased by the average spread recorded since 2009 between the TTF and the PEG North price for gas) or on CRE's estimates, if there is no relevant market reference.

a) GRTgaz

The increase in energy expenses is due to the increase in energy needs related to the technical imbalance (EBT) and the increase in gas and electricity prices.

With regard to the EBT, the action plan implemented by GRTgaz significantly reduced consumption related to this item (2,255 GWh in 2009, 1,475 GWh in 2010, 735 GWh in 2011 and 125 GWh estimated for 2012). This decrease is compensated by improved metering at the Paris distribution transmission interface point (PITD), which has increased the EBT by an estimated 1.3 TWh for the year 2013. GRTgaz had in fact modified its metering method at the Paris PITD since 1 November 2012 drawing on the 120 new metering stations replacing the indirect calculation method used previously.

All things considered, CRE has retained an EBT assumption of 1,425 GWh for 2013, followed by a 100 GWh decrease in this item per year starting from 2014. Therefore, GRTgaz's EBT has therefore remained stable compared to the average for the previous tariff period. Consequently, CRE considers that it is not necessary, at this stage, to change the volume of losses retained in GrDF's tariff.

Consumption of gas and electricity for engine power has also increased significantly compared to that retained in the tariff for 2012. This high level of consumption is related to the configuration of supply flows: the drop in LNG imports is offset by an increase in gas imports from the north and east of France. Moreover, exports to Spain have reached major levels since mid-2011. This flow configuration has led to an increase in compression needs to transport larger quantities of gas from the north to the south of France. CRE considers that there is no indication that this situation will change in the short term. It therefore retains a stable energy consumption assumption compared to 2012.

Lastly, from 2013, GRTgaz's needs in CO₂ quotas will exceed its free allocations because of the progressive reduction in free CO₂ quotas.

<i>in €M</i>	2012 Tariff	2012 Estimate	2013 Tariff	2014 Tariff	2015 Tariff	2016 Tariff
Fuel gas + EBT	76.1	64.7	102.1	98.2	94	90.2
Electricity	16.8	19.2	22.7	26.3	27.5	28.7
CO₂ quotas	-3.1	-6.5	0.5	0.9	1.4	1.9
Other expenses and income		-0.5				
Total	89.8	77.0	125.3	125.4	122.9	120.8

b) TIGF

Energy expenses will be globally stable over the next tariff period. Projections for the EBT item are, as in previous years, nil for TIGF.

Despite the progressive reduction of free CO₂ quotas from 2013, there will be no expenses for this item for TIGF, since it has CO₂ quotas in stock.

<i>in €M</i>	2012 Tariff	2012 Estimate	2013 Tariff	2014 Tariff	2015 Tariff	2016 Tariff
Fuel gas + EBT	4.4	5.1	5.5	4.5	4.7	4.7
Electricity	0.3	0.8	0.8	0.8	0.9	1.3
CO₂ quotas	-0.5	0	0	0	0	0
Total	4.2	5.9	6.3	5.3	5.6	6.0

1.2. Actions to promote the use of gas

CRE has thoroughly analysed the actions to promote gas proposed by GRTgaz, aimed at encouraging industrial customers to switch to gas energy. Unlike the programme presented by GrDF, for which CRE has decided to cover the expenses within the framework of the ATRD4 tariff, the actions envisaged by GRTgaz would only, according to the elements provided by the operator, reduce the tariff for gas transmission at a further and uncertain time (in over 10 years). Consequently, for CRE, these uncertainties do not allow these costs to be considered as those of an efficient operator.

1.3. The energy mix of the future

In principle, CRE is in favour of the GRTgaz projects concerning the "energy mix of the future", which would enable gas transmission system operators to diversify the use of their infrastructure in the long term. However, these projects do not directly concern current users of the gas transmission networks. Given the increase in the ATRT5 tariff, CRE considers that these expenses must not be passed on to the system users and must therefore be included in the scope of expenses that fall within the productivity trajectory.

1.4. Other expenses

Following external audits and analyses conducted by CRE, certain items (in particular, central expenses for GRTgaz and different provisions for both TSOs) have been revised downwards to the following amounts:

Restatements in €M	2013	2014	2015	2016
GRTgaz	14.5	15.1	18.9	20.9
<i>of which central expenses</i>	<i>4.0</i>	<i>4.0</i>	<i>4.0</i>	<i>4.0</i>
TIGF	1.9	1.7	1.6	1.6

GRTgaz's central expenses comprise statutory costs (1% CCAS (central fund for social activities for employees in the gas and electricity industries) and staff rates) and headquarter expenses (management fees).

Pursuant to its certification decision of 26 January 2012, CRE limits the taking into account of headquarter expenses to only expenses strictly related to financial communication, audit and risk functions. Therefore, CRE has retained a level of €2 M per year for the upcoming tariff period, whereas GRTgaz had requested an average €6 M per year.

1.5. Productivity objective

Articles L.452-1 and L.452-3 define the principles of incentive regulation to encourage operators to improve their performance particularly by making efforts towards productivity.

Within this framework, CRE has thoroughly analysed the trajectory of changes in the TSOs' net operating expenses, from the actual expenses in 2011, the last year for which definitive results were available, to the estimates for the 2012-2016 period.

For each TSO, it has identified a like-for-like scope, excluding in particular changes in taxes and duties, expenses related to new regulatory constraints, energy purchases and expenses associated with the 3rd EU Directive, as well as the expenses and income from the inter-operator contract signed between TIGF and GRTgaz.

With this like-for-like scope, CRE observed that the operating expenses requested by GRTgaz and TIGF have increased significantly for the 2011-2016 period: +3.0% for GRTgaz (+4.7% per year between 2011 and 2013, and +1.8% per year between 2013 and 2016) and +4.0% for TIGF (+3.9% per year between 2011 and 2013, and +4.2% per year between 2013 and 2016) per year on average, i.e. well above inflation development.

CRE considers that the system operators must make efforts towards productivity over the upcoming tariff period with regard to their operating expenses on a like-for-like basis. It has set a level of expenses for this like-for-like basis for 2013 at the same level as that observed in 2011, adjusted for inflation. For the following years it has retained, for this same like-for-like basis, a change corresponding to an annual variation percentage equal to "inflation - 0.25%" in 2014, "inflation - 0.5%" in 2015, and "inflation - 0.75%" in 2016. These objectives are progressive in order to enable operators to organise themselves in order to make efforts towards productivity taking into account the efforts in 2013 related to the implementation of the independent transmission operator (ITO) model.

On the basis of this analysis, CRE has revised GRTgaz's request downwards by an average €26 M per year, and TIGF's request by an average €5.3 M per year, over the 2013-2016 period.

Therefore, for GRTgaz:

- the level of net operating expenses on a like-for-like scope totals €438.5 M in 2013, up €17 M compared to actual expenses in 2011. The level of this scope afterwards increases by an average €6M per year for the 2013-2016 period;
- the level of net operating expenses outside the scope totals €328 M in 2013, up €128 M compared to GRTgaz's actual expenses in 2011. This increase is due mainly to the increase in energy expenses (+€65 M) and new expenses (taxes and social contributions, resulting from the transposition of Directive 2009/73/EC and safety expenses) described in section 1.6.

For TIGF:

- the level of net operating expenses on a like-for-like scope totals €76.8 M in 2013, up €3 M compared to actual expenses in 2011. The level of this scope increases afterwards by an average €1.6 M per year for the 2013-2016 period;
- income from the inter-operator agreement signed with GRTgaz totals €33.1 M in 2013, up €2.5 M compared to income for 2011;
- lastly, the level of other net operating expenses outside the scope amounts to €20.5 M in 2013, up €3 M compared to TIGF's actual expenses in 2011. This increase is due mainly to new expenses (taxes and social contributions, resulting from the transposition of Directive 2009/73/EC and safety expenses) described in section 1.6, which are partially offset by a reduction in energy expenses (-€2 M) between 2011 and 2013 for TIGF.

1.6. Main factors behind the increase

Despite these revisions, the operating expenses trajectories retained by CRE for both TSOs have increased considerably compared to those set for ATRT4. Apart from the energy item, the main factors behind the increase are the new expenses compared to the previous period.

a) Taxes and social contributions

The taking into account of fiscal developments in the TSOs' projected operating expenses leads to an increase in the operators' expenses for the upcoming tariff period.

At this stage, the operators' best estimate of the total additional cost of fiscal developments to their operating expenses is €19 M and €4 M per year for GRTgaz and TIGF respectively, compared to the ATRT4 tariff period. These increases are mainly related to the entry into effect of the flat-rate tax due by energy, telecom and railways transport industries (IFER), the increase in the rate of social security contributions and the broadening of their calculation base.

b) Consequences of the transposition of Directive 2009/73/EC

The transposition of Directive 2009/73/EC in the French Energy Code requires TSOs to comply with organisation and independence rules vis-à-vis companies with a production or supply activity within the vertically integrated undertaking to which they belong. The main resulting obligations for the TSOs are the complete separation of their IT systems as well as the strengthening of their autonomy vis-à-vis their parent company. These obligations have contributed significantly to the increases in both of the French TSOs' operating expenses.

GRTgaz has internalised its support functions, which were previously provided by the group (purchases, accounting, HR, general services, computer services)). This change in scope has led to the integration of 271 persons employed by the parent company and the hiring of 39 additional employees. These increases in expenses are partially offset by the reduction in the use of services previously provided by the parent company. GRTgaz has estimated the consequences of this transposition (excluding IT systems) at approximately €10 M per year for the upcoming tariff period.

TIGF has strengthened its autonomy by creating 37 additional posts (including new posts resulting from an increase in its activity). TIGF has estimated the impact of the implementation of Directive 2009/73/EC, including the implementation of network codes, at €2 M per year for the following tariff period.

GRTgaz and TIGF have also launched major programmes aimed at completely separating their IT systems from those of the parent company. The system operators have estimated the additional costs at approximately €10 M and €1.4 M per year on average for GRTgaz and TIGF respectively.

c) Safety

The regulatory constraints related to safety, in particular, the regulation on work in the vicinity of TSO networks (anti-damage plan) and the implementation of the order on mult fluids, require the two TSOs to carry out new actions. This involves mainly additional investigations to be carried out at the request of developers, pipe renovation work and an increase in surface inspections.

GRTgaz has estimated the impact of this work at roughly €13 M per year for the 2013-2016 period. TIGF estimates the additional costs related to these actions at approximately €3 M per year for this period.

1.7. Summary

The TSOs' operating expenses on a like-for-like scope compared to the ATRT4 tariff period will change according to the productivity trajectory set by CRE, i.e. inflation - 0.4% per year on average between 2013 and 2016.

The main expenses not included in this like-for-like scope are energy purchases, taxes and duties, new expenses related to Directive 2009/73/EC and safety, and the income and expenses from the inter-operator contract signed between TIGF and GRTgaz. Each of these items will change according to its own trajectory based on needs identified by the TSOs and validated by CRE.

The sum of these two scopes leads to:

- for GRTgaz, a level of net operating expenses totalling €766.7 M in 2013, up €142.3 M compared to the 2012 tariff, and a later change corresponding to inflation - 1.45% per year on average between 2013 and 2016;
- for TIGF, a level of net operating expenses totalling €64.2 M in 2013, up €10.2 M compared to the 2012 tariff (defined for TIGF based on an average between 2011 and 2012), and a later change corresponding to inflation + 2.45% per year on average between 2013 and 2016.

2. Capital expenses

Capital expenses include the return on and depreciation of the regulated asset base (RAB) as well as the return on assets under construction and, where applicable, the stranded costs and adjustments decided by CRE.

The rate of return on the RAB is set at 6.50%, actual before tax.

2.1. Regulated asset base (RAB)

Capital expenses include depreciation and financial return on fixed capital. The calculation of these elements is established based on the valuation of the regulated asset base, which is carried out using a "current economic costs" method, whose main principles were decided by the Special Commission set up under Article 81 of the amending Finance law of 28 December 2011, to determine the transfer price for the State's natural gas transmission networks.

The lifetimes retained for the main categories of industrial assets are:

- 50 years for pipelines;
- 30 years for compression equipment.

Assets are re-valued on 1 January each year. The revaluation index used is the 641194 index for consumer prices excluding tobacco products, on a July-to-July basis, as calculated by INSEE for all households in France.

Since 2006, the conventional date for the entry of assets into the RAB has been 1 January of the year following their commissioning (instead of 1 July of the year of commissioning for assets commissioned before).

2.2. Investment programmes

The calculation of the RAB and capital expenses for ATRT5 takes into account investment projections provided by the operators and revised by CRE.

The investment trajectories retained are as follows:

Investments excluding subsidies in €M	2013	2014	2015	2016
GRTgaz	896	647	784	582
TIGF	132	121	89	82

For GRTgaz, CRE has retained:

- all estimated expenses related to fluidity investments decided;
- all of the expenses related to the doubling of the Bourgogne pipeline as well as 20% of the amount for other fluidity projects that have not yet been decided (which represent a total of €204 M for the period), in order to take into account the probability that certain investments may not be realised;
- the projected expenses related to investments outside of fluidity investments, with the exception of metering investments for which the operator has not demonstrated the necessity.

For TIGF, CRE has retained:

- the estimated expenses related to fluidity investments decided;
- 20% of the projected expenses related to fluidity projects not decided (which represent an envelope of €34.3 M for the period);
- the estimated expenses related to investments other than fluidity investments.

CRE reiterates that any differences between the investment estimates above and the expenses calculated based on actual elements observed will be fully covered by the CRCP mechanism, subject to the results of any audit that may have been conducted and the effects of the incentive mechanisms to control the cost of investment programmes.

2.3. Cost of capital

The method retained to set the basic rate of return on assets is based on the weighted average cost of capital (WACC), for a normative financial structure. The operator's return must in fact enable it to finance its debt interest and provide it with a return on equity that is comparable to that which it could obtain for investments with similar risk levels.

This cost of equity is estimated based on the capital asset pricing model (CAPM).

As for each new tariff, CRE has re-examined the different parameters used to calculate the WACC and the resulting range of values. It also:

- commissioned an external consultant to perform a study on the weighted average cost of capital for electricity and gas infrastructure carried out in summer 2011;
- carried out in-house assessments on a regular basis assessments of the parameters of the cost of capital;
- held discussions with the TSOs which jointly commissioned an external consultant to conduct a study on the analysis of the profitability of the gas transmission activity in France;
- held discussions with TSO stakeholders that so requested;
- took into account the developments in the tariff framework.

In the present tariff deliberation, CRE has set the weighted average cost of capital for the ATRT5 tariff at 6.50%, actual before tax, based on the range of values for each of the parameters used in the WACC formula. The estimates for each of these parameters are shown in the table below:

Actual risk-free rate ^(*)	2.0%
Debt spread	0.6%
Market premium	5.0%
Asset beta	0.58
Equity beta	0.96
Leverage (debt/(debt + equity))	50%
Corporate tax rate	34.43%
Cost of debt ^(**)	2.6%
Cost of equity ^(**)	10.4%
Weighted average cost of capital ^(**)	6.50%

^(*) i.e. a nominal risk-free rate of 4.0%

^(**) Actual before tax

Compared to the values taken into account to define the ATRT4 tariff, the main modifications concern:

- the reduction in the asset beta. This reflects CRE's reassessment of the level of risk related to the gas transmission activity compared to the overall market. Gas transmission in fact remains a relatively low-risk activity, with predictable cash flows, partly decorrelated from the equity market even while the financial crisis has globally increased risk in this market. This development is also consistent with the reduction in the risk profile of the gas transmission activity given the introduction of a revision clause at the two-year mark;
- an actual risk-free rate of 2.0%, which corresponds to a drop in the nominal risk-free rate assumption compared to the ATRT4 tariff (4.2%);
- widening of the debt spread and increase in the market risk premium;
- a leverage assumption (debt / (debt + equity)) in line with European practices.

2.4. Return on the financial cost of investments before commissioning

The capital expenses to be covered by the gas transmission tariffs also include the financial cost of assets under construction. The sum of these assets under construction is equal to the average, for each year the tariff is applied, between their level estimated as at 1 January and that at 31 December, taking into account the expenses incurred during the year. This return, which corresponds to the cost of debt, is set at 4.6% within the framework of the present tariff.

2.5. Treatment of stranded costs

Within the framework of the ATRT4 tariff, residual accounting value of assets withdrawn from inventory before the end of their service life (stranded costs), as well as expenses related to upstream technical studies and procedures, which could not be capitalised if the projects concerned were not realised, were included in the expenses to be covered by the tariff. These costs are taken into account on a case-by-case basis, based on well-argued files submitted by the operators to CRE. Income from any transfer of assets is deducted, where applicable, from the net book value covered by the capital expenses.

This mechanism was implemented in particular to facilitate decision-making for new investments, by reducing the long-term financial risks for the operators.

CRE has decided to maintain this mechanism with the following modifications:

- only the costs of studies previously approved by CRE and which are abandoned during the tariff period following CRE's approval will be taken into account;
- only the stranded costs related to the compression stations and large-scale projects withdrawn from inventory before the end of their service life will be taken into account.

The projected trajectory retained for the ATRT5 tariff is approximately €2 M per year on average for GRTgaz. TIGF has not envisaged any stranded costs.

2.6. Activation of certain expenses

In its deliberation of 28 October 2010, CRE identified safety and compliance expenses (related to the order on multfluids of 2006) treated in accounting terms as investments made by the operator, whereas they had been covered as operating expenses for the 2009-2010 period when the trajectory for the ATRT4 tariff was established. CRE corrected GRTgaz's corresponding capital expenses, since, on the tariff level, it had resulted in the same expense being considered both as an operating expense (in the ATRT4 estimated trajectory) and as a capital expense (via the CRCP).

CRE has decided to continue the retreatment of these expenses, by neutralising the impact of capital expenses for the 2013-2016 period.

The re-treatments are outlined below:

in €M	2013	2014	2015	2016
Correction	-€14.4 M	-€13.8 M	-€10.4 M	-€10.3 M

3. Transmission capacity subscriptions

To establish the unit transmission tariffs, it is necessary to predict the capacity volumes which will be sold by the TSOs during the upcoming tariff period.

Because of the difficulty in establishing these predictions, the regulation framework provides for:

- the annual updating of subscription assumptions for the two TSOs;
- full or partial coverage in the CRCP of income related to capacity subscription.

CRE has retained higher subscription assumptions for ATRT5 mainly because of the development of interconnections with Spain and Belgium.

3.1. Main network

The assumptions retained for the main network are established based on the capacity subscribed in 2011, estimates of capacity subscribed for the year 2012 as well as capacity already subscribed for the upcoming tariff period related in particular to commitments made within the framework of open seasons. Subscription assumptions for exit capacity from the main network to the regional network are made in coherence with those retained for the regional network (see the second point below). Income related to subscription assumptions are calculated on a like-for-like tariff basis compared to the 2012 tariff:

- the income assumptions related to capacity subscriptions at the main network entries from land interconnections, LNG terminals and production transmission interface points, result in stable associated income for GRTgaz, going from €249.2 M in 2012 to €250.1 M in 2013 (+0.4%) and for TIGF, in a major increase from €7.4 M in 2012 to €12.5 M (+69%). This significant increase for TIGF is due mainly to the results of open seasons organised at Larrau (+€6 M). GRTgaz estimated subscription assumptions related to biomethane injections at 300 MWh/d at the end of the tariff period. On the TIGF network, subscription of injection capacity in the Lacq production field will cease in 2014;
- the income assumptions related to exit capacity subscriptions from the main network to the land interconnections result in an increase for GRTgaz from €94.2 M in 2012 to €95.9 M in 2013 (+1.8%) and for TIGF, an increase from €29.5 M in 2012 to €45.6 M (+55%). These increases are mainly due to the increase in exit capacity subscriptions at Oltingue for GRTgaz (+€1.2 M) and at Larrau for TIGF (+€14.4 M);

- the income assumptions related to capacity subscriptions at GRTgaz's North-South link and at the GRTgaz South-TIGF interface result in an increase for GRTgaz from €75.2 M in 2012 to €108.8 M in 2013 (+45%) and for TIGF, in an increase from €23.1 M in 2012 to €26.6 M (+15.2%). These increases are due mainly to the increase in North to South capacity subscriptions (+€19.6 M, including €7.4 M in income related to market coupling) and to the increase in subscriptions at the interface between GRTgaz's and TIGF's networks, related to the development of interconnections (+€16.5 M for GRTgaz and TIGF);
- the income assumptions related to subscriptions at transmission-storage interface points (PITS) have dropped from €36.2 M in 2012 to €30.4 M in 2013 (-16%) for GRTgaz and from €21.9 M in 2012 to €18.7 M in 2013 (-14.6%) for TIGF, because of the decrease in storage subscriptions;
- the termination of the commercialisation of the basic H gas to L gas conversion service following the merging of the H and B areas in the North zone as at 1 April 2013 results in a drop in income of approximately €6 M in 2013 for GRTgaz compared to assumptions retained for 2012;
- the assumptions concerning other income (sale of daily capacity, access and transactions at the PEG, local discounts, etc.) have increased by €4.4 M between 2012 and 2013 for GRTgaz and €1.9 M for TIGF.

3.2. Regional network and delivery

The capacity subscription assumptions retained for the regional network take into account standardised capacity subscriptions at transport-distribution interface points as well as capacity subscriptions for customers directly connected to the transmission network and for regional network interconnection points (PIRRs).

3.3. Standardised delivery capacity subscriptions at PITDs

The standardised subscription system serves to guarantee that the transmission capacity necessary to supply the distribution networks during cold peaks is booked. It consists in the automatic allocation by TSOs of delivery capacity at PITDs, based on the portfolio of end clients supplied by each shipper downstream of each PITD. A detailed description of its operating principle is presented in the document "Système de souscriptions normalisées des capacités de transport aux PITD" published on the website of the 2007 gas working group (<http://www.gtq2007.com>).

Under this system, at each PITD, the annual firm delivery capacity ("standardised capacity") is allocated to each shipper by the TSOs. It is equal to the sum:

- of annual capacity subscribed on the distribution network for "subscribable" delivery points (PDL) supplied downstream of the PITD in question;
- of capacity calculated by the TSOs for "non-subscribable" delivery points supplied downstream of the PITD in question, by multiplying the daily peak consumption of "non-subscribable" delivery points by the corresponding adjustment coefficient "A".

The "A" adjustment coefficients applicable from 1 April 2013 are defined for each balancing zone and each distribution network operator (DNO) in the table below:

Balancing zone	North		South	TIGF
	L gas	H gas		
GrDF	1,184	1,074	1,027	1,110
Régaz	N/A	N/A	N/A	1,118
Other DNOs	1	1	1	1

Changes may be made to the A coefficients on 1 April each year to take into account the updating of peak consumption with a 2% risk calculated by the TSOs for each balancing zone, as well as the updating of the profiling system and reference annual consumption of "non-subscribable" delivery points calculated by the DNOs.

The level of standardised delivery capacity subscriptions at PITDs retained for GRTgaz is defined based on the average of the results for the last three winter analyses, to which is applied the trend coefficient for consumptions retained by GRTgaz in its 10-year plan, i.e. -0.4%. Under this method, the subscription assumption retained at PITDs for 2013 has dropped 0.5% compared to the level retained for 2012 in the ATRT4 tariff and 0.4% compared to the level estimated for 2012. These subscriptions will then decrease by approximately 0.2% per year between 2013 and 2016.

For TIGF, the projected level of capacity subscription at PITDs in 2013 is equal to that estimated for 2012, and is up by 1% compared to the level retained in the ATRT4 tariff for 2012. This level will remain stable between 2013 and 2016.

3.4. Delivery capacity subscriptions for customers directly connected to the transmission network and regional network interconnection points (PIRRs)

Capacity subscriptions projected for these points are established based on actual capacity subscribed in 2011 and 2012 and forecasts for the following years.

The delivery capacity subscription assumptions for customers directly connected to the transmission network, excluding sites with high flexibility requirements, as well as for PIRR increase in 2013 by 1.9% for GRTgaz, while dropping by 9.4% for TIGF compared to the assumptions retained for 2012. These differences are due, for GRTgaz, to the underestimation of 2012 assumptions (made at the end of 2011) and for TIGF, to the overly optimistic nature of subscription assumptions for its network (established in October 2010).

The retained assumptions for these subscriptions are, on average, stable for GRTgaz (-0.1% per year) and TIGF (0%) from 2013 to 2016.

The subscription assumptions for sites with high flexibility requirements increase significantly from 2012 to 2013 (+12.9%) and will continue to increase significantly until 2016 (+9.3% per year) due to the commissioning during 2012 of gas-fired power plants and the forecast commissioning of new plants in 2015 and 2016. No power plant construction project is taken into account in the subscription assumptions retained for TIGF.

3.5. Change in income from subscriptions on the regional network

The income assumptions related to subscriptions on the regional network drop slightly for the upcoming tariff period (-€1.8 M cumulated between 2012 and 2016).

	between 2012 and 2013	from 2013 to 2016 (cumulated)
GRTgaz	+€0.3 M (0%)	-€1.8 M (-0.1%)
TIGF	- €0.3 M (-0.4%)	0

3.6. Global development in subscriptions

The capacity subscription assumptions retained for GRTgaz and TIGF result, on average, in the following changes compared to the capacity subscription assumptions retained for the year 2012 in the ATRT4 tariff:

Development in the income assumptions related to capacity subscriptions	between 2012 and 2013	from 2013 to 2016 (on average per year)
GRTgaz	+€30.2 M (+2%)	€15.2 M (+1%)
TIGF	+€23.8 M (+12%)	+€5.2 M (+2.5%)

4. Review of the tariff level

4.1. Operating expenses

- GRTgaz:

€M	2013
Gross operating expenses	960.5
Operating income	-193.8
Total net operating expenses (OPEX)	766.7

For the 2014-2016 period, excluding any significant variation in the price of energy and the revision clause, net operating expenses change each year by applying to the OPEX of the previous year a coefficient equal to inflation - 1.45%.

- TIGF:

€M	2013
Gross operating expenses	104.9
Operating income	40.7
Total net operating expenses	64.2

For the 2014-2016 period, excluding any significant variation in the price of energy and the revision clause, net operating expenses change each year by applying to the OPEX of the previous year a coefficient equal to inflation + 2.45%.

4.2. Capital expenses

- GRTgaz: projected RAB

€M	2013	2014	2015	2016
RAB as at 1/1/y	7,079.5	7,567.4	7,957.8	8,873.4
Commissioning ^(*)	702.8	635.4	1,172.8	805.0
Depreciation	353.5	390.3	420.1	459.0
Revaluation	138.6	145.3	162.8	173.0
RAB as at 31/12/y	7,567.4	7,957.8	8,873.4	9,392.3

^(*) Investments entering the RAB

Projects to be commissioned during the next tariff period concern mainly network development with, in particular, construction of infrastructure for the connection of the Dunkerque terminal and the doubling of the Rhône pipeline.

- TIGF: projected RAB

€M	2013	2014	2015	2016
RAB as at 1/1/y	1,117.6	1,210.1	1,248.0	1,365.5
Commissioning ^(*)	123.9	72.8	153.4	100.2
Depreciation	53.1	57.4	60.5	64.6
Revaluation	21.8	22.5	24.7	25.9
RAB as at 31/12/y	1,210.1	1,248.0	1,365.5	1,427.0

^(*) Investments entering the RAB

The increase in the RAB is due to the commissioning of structural projects decided during ATRT4, such as the increase in capacity at the France-Spain interconnections.

- GRTgaz: forecast capital expenses

€M	2013	2014	2015	2016
Depreciation of commissioned assets	353.5	390.3	420.1	459.0
Return on commissioned assets	498.4	538.6	573.2	654.3
Return on fixed assets under construction	54.1	56.6	59.9	36.9
Stranded costs (at net book value)	2.0	2.0	2.0	2.0
Tariff retreatment ^(*)	-14.4	-13.8	-10.4	-10.3
Total Capital Expenses	893.6	973.8	1,044.8	1,142.0

^(*) See section 2.6 "Activation of certain expenses"

- TIGF: forecast capital expenses

€M	2013	2014	2015	2016
Depreciation of commissioned assets	53.1	57.4	60.5	64.6
Return on commissioned assets	83.3	92.4	94.9	106.3
Return on fixed assets under construction	7.8	7.9	9.3	6.2
Tariff retreatment ^(*)	-0.3	-0.3	-0.3	-0.3
Total Capital Expenses	143.8	157.3	164.5	176.8

^(*) See CRE's deliberation of 28 October 2010 on the audit of the Guyenne pipeline project

4.3. Taking into account of the 2011-2012 CRCP

The definitive balance sheet of the CRCP for the year 2011 is as follows:

€M	2011 CRCP balance (Actual – forecast in the tariff)
GRTgaz:	-7.4
- Downstream transmission revenue, 100% coverage	+4.9
- Upstream transmission revenue, 50% coverage	0
- Energy	+4.1
- Capital expenses	+0.7
- Connection income (CCGT)	-11
- Service contract between GRTgaz and TIGF	-5.1
- Difference in consumer price index (CPI)	+0.3
- Payments related to the service quality incentive regulation mechanism	-1.3
TIGF:	3.6
- Downstream transmission revenue, 100% coverage	-0.8
- Upstream transmission revenue, 50% coverage	-0.4
- Energy	-3.5
- Service contract between GRTgaz and TIGF integrating the retreatment of this item ^(*)	+7.5
- Capital expenses	+1
- Payments related to the service quality incentive regulation mechanism	-0.2

For the year 2012, the CRCP balance is estimated at €7.6 M for GRTgaz and €1.8 M for TIGF:

€M	Estimated 2012 CRCP <i>(Estimated – forecast in the tariff)</i>
GRTgaz:	-7.6
- Downstream transmission revenue, 100% coverage	+7.9
- Upstream transmission revenue, 50% coverage	+3.5
- Energy	+10.2
- Capital expenses	-19
- Connection income (CCGT)	-11.9
- Service contract between GRTgaz and TIGF	+1
- ATRT4 stranded costs	+0.9
- Difference in consumer price index (CPI)	+0.3
- Payments related to the service quality incentive regulation mechanism	-0.5
TIGF:	-1.8
- Downstream transmission revenue, 100% coverage	-0.6
- Upstream transmission revenue, 50% coverage	-1.2
- Energy	-1.4
- Service contract between GRTgaz and TIGF integrating the retreatment of this item ^(*)	+1.8
- Capital expenses	0
- Payments related to the service quality incentive regulation mechanism	-0.4

^(*) Following discussions with TIGF concerning the calculation of the CRCP for the years 2011 and 2012 and an audit, CRE identified a material error in the deliberation on its tariff proposal of 28 October 2012, regarding the amount of income to be taken into account in the CRCP for the inter-operator contract with GRTgaz. This effort would lead to the same expense being covered twice. Therefore, CRE has decided to neutralise it by re-evaluating the item corresponding to TIGF's CRCP at +€2.4 M for 2011 and +€2.8 M for 2012.

These amounts as well as the remainder of the CRCP for the years 2009-2010 will be reconciled over the ATRT5 period with constant annuity payments. An interest rate equivalent to the risk-free rate, i.e. 4% nominal before tax, will apply annually to these sums.

These results lead to an increase in the expenses to be covered by the ATRT5 tariffs by €2.2 M per year for GRTgaz and a decrease by €3.2 M per year for TIGF.

4.4. Authorised revenue

The level of expenses to be covered by the tariff for each TSO is as follows:

- GRTgaz:

€M	2013	2014	2015	2016
Capital expenses	893.6	973.8	1,044.8	1,142.0
Net operating expenses	766.7	CPI - 1.45% ^(*)		
ATRT4 CRCP	2.2	2.2	2.2	2.2
Total authorised revenue	1,662.4			

^(*) Excluding any significant variation in the energy price and the revision clause.

- TIGF:

€M	2013	2014	2015	2016
Capital expenses	143,8	157,3	164,5	176.8
Net operating expenses	64,2	CPI + 2.45% ^(*)		
ATRT4 CRCP	-3,2	-3.2	-3.2	-3.2
Total authorised revenue	204,9			

^(*) Excluding any significant variation in the energy price and the revision clause.

4.5. Tariffs

Given the expenses trajectories and capacity subscription hypotheses retained by CRE, the TSOs' tariffs will change according as follows:

	2013	2014	2015	2016
GRTgaz	+8.3%		+3.8%	
TIGF	+8.1%		+3.6%	

On the basis of an inflation assumption of 2% and excluding changes in the parameters taken into account during each annual revision, GRTgaz's and TIGF's tariff will increase by 3.8% and 3.6% respectively per year on average from 2014.

III - Tariff structure

As at 1 January 2009, the merging of GRTgaz's West, North and East PEG into a large North H PEG simplified access to the market and increased suppliers' arbitration potential between different sources of gas, while strengthening security of supply.

While competition in the wholesale and retail markets has increased significantly in the north of France, enabling customers, particularly industrial clients, to enjoy competitive prices, liquidity in GRTgaz's South PEG and the TIGF zone remain low. Consequently, customers, in particular industrial clients, do not have equally appealing market conditions as in the North zone.

On the basis of thorough consultation work associating all stakeholders, CRE, in its deliberation of 19 July 2012², set the objective of having a single marketplace and therefore a single gas price in France by 2018 at the latest. This development is essential for achieving an efficient wholesale gas market, enabling suppliers to balance their portfolios optimally for the benefit of gas customers. It requires intermediary steps during the ATRT5 tariff period: merging of the North H PEG and the North B PEG and creation of a common GRTgaz South-TIGF PEG in 2015.

These developments require the tariff structure to be adapted, while maintaining the current fundamental principles of transmission network pricing:

- tariff 100% for capacity;
- an entry-exit tariff per balancing zone on the main network, with full independence of entry subscriptions and exit subscriptions;
- a tariff based on the distance on the regional network (cost of the regional network up to the connection pipe entry), with a standardised capacity subscription system at distribution-transmission interface points (PITDs) and automatic capacity subscriptions at storage-transmission interface points (PITS) and at LNG terminals-transmission interface points (PITMs).

1. Development in the organisation of marketplaces

During the upcoming tariff period, the overall schema of GRTgaz's and TIGF's networks will evolve as follows.

As at 1 April 2013, a North PEG will be created by combining the former North L and North H PEGs. This development will make the swap of L gas and H gas possible without quality distinction on the North PEG.

As at 1 April 2015, the GRTgaz South and TIGF PEG will be merged. This common PEG may be implemented based on the "trading region" model, which would enable the two independent GRTgaz South and TIGF balancing zones to be maintained in the same marketplace.

These decisions are part of the target model for the European gas market (gas target model) which recommends the implementation of efficient implementation of marketplaces and their interconnection. These objectives are reiterated in the general directions of the energy policy forwarded by the Minister

² CRE's deliberation of 19 July 2012 defining policy guidelines for the development of gas marketplaces in France 24/64 (translated from the French: only the original in French is authentic)

of Ecology, Sustainable Development and Energy.

1.1. Creation of a common marketplace (North PEG) for H gas and L gas

The loss of income related to the termination by GRTgaz of billing shippers for the H gas to L gas conversion service, estimated at approximately €8 M per year over the ATRT5 period, will be passed on to all of GRTgaz's tariff charges.

The tariff for the L gas to H gas contractual conversion applied to shippers transmitting on the B network a quantity of L gas exceeding the total consumption of their clients connected to the B network, is set at €1/MWh. It is applied beyond a daily tolerance limit set in the tariff section of this decision, based on work conducted as part of Concertation Gaz. It is not applied to shipper(s) providing GRTgaz with the H gas to L gas conversion service. Moreover, it is not applied to gas produced on the B network.

GRTgaz will have to define the rules for managing the L gas status for shipper(s) providing the H gas to L gas conversion service. The other lines of approach presented by CRE in its deliberation of 29 May 2012 are reiterated in the "Tariff" section of the present tariff decision.

1.2. Creation of a marketplace (South PEG) common to the GRTgaz and TIGF balancing zones

The analyses presented by GRTgaz and TIGF as part of Concertation Gaz do not reveal any major technical difficulty to create a common GRTgaz South-TIGF PEG as at 1 April 2015. However, the methods for governing the common PEG must be analysed further and these analyses will be conducted during the first half of 2013 with both TSOs and in consultation with market players.

To prepare this development, the tariff charge at the interface between the TIGF and GRTgaz South zones will drop progressively to attain 0 as at 1 April 2015. As at 1 April 2013, the sum of these charges is set at €100 MWh/day/year instead of €140 MWh/day/year previously. The drop of €40/MWh/day/year is distributed equally between GRTgaz and TIGF.

The tariff for exit capacity to Spain at the Larrau and Biriadou interconnection points is set in such a way that the price for the transmission of gas from the north of France to Spain increases as much as the average transmission tariff as at 1 April 2013, i.e. 8.1%.

The creation of a common PEG as at 1 April 2015 will bring the storage operators present in the GRTgaz South and TIGF zones directly into competition. This development is consistent with the negotiated regime currently in force in France for access to underground storage.

Today, there is a considerable difference in the tariff charges at the PITS on the networks of both TSOs, which may limit effective competition between the different storage operators. In the first half of 2013, CRE will conduct a thorough study with transmission and storage operators to define the most relevant target by 2015 for these tariff charges, in light of the costs generated by storage infrastructure for the TSOs, the characteristics of the service provided by the TSOs and the proper functioning of the market.

As at 1 April 2013, CRE will proceed with a moderate convergence of tariffs at the GRTgaz South and TIGF PITS, i.e. all other things being equal, +10% at the PITS of the GRTgaz South zone and -10% at the TIGF PITS. These changes will not generally increase the cost of access to the transmission networks for users of underground storage points in France.

This decision takes into account the general directions of the French energy policy forwarded by the Minister of Ecology, Sustainable Development and Energy, according to which, in order to contribute to the security of supply, the structural developments of the transmission network should not lead to the deterioration of the appeal of underground storage.

The difference in income related to the previously described developments is compensated homogeneously over all of the other tariff charges for GRTgaz and TIGF.

1.3. Taking into account of the future creation of a single PEG France

To prepare the implementation, by 2018, of a single marketplace in France, the tariff for GRTgaz's North-South link is maintained at its current level in constant euros. Pursuant to the aforementioned deliberation of 19 July 2012, CRE retained in its tariff trajectory the study and investment costs related to the Bourgogne pipeline doubling project.

Moreover, the possible implementation by GRTgaz of contractual tools aimed at reducing congestion between the North and South zones will be the subject of a specific deliberation by CRE, which will define in particular, the methods for covering the costs generated.

1.4. Transfer service proposed by Storengy

In summer 2012, Storengy proceeded with the sale of a service for the transfer of gas quantities stocked in the Sediane Littoral group, located in the GRTgaz North zone, to that of Serene Sud, located in the GRTgaz South zone. Following CRE's deliberation of 26 July 2012³, GRTgaz and Storengy proposed, within the framework of Concertation Gaz, an indicator to quantify the impact of the transfer service on the availability of interruptible capacity on the North to South link. The results of this indicator for summer 2012 indicate that the use of the transfer service did not lead to any reduction in interruptible capacity on the North-South link.

The transfer service may therefore be maintained, without any impact on the tariff structure of gas transmission in France. It may be interrupted if the indicator proposed by GRTgaz and Storengy reveals a reduction in interruptible capacity at the North to South link.

2. Implementation of the development of the European framework

The present tariff decision provides for accompanying and anticipatory measures for the implementation of European network codes and guidelines. These measures take into account the general directions of the energy policy forwarded by the Minister of Ecology, Sustainable Development and Energy, according to which the future tariffs for the use of gas transmission networks must be prepared in such a way as to be consistent with future European network codes.

2.1. Network code on capacity allocation mechanisms (CAM)

a) Sale of capacity by auction

Drafted by ENTSOG based on the framework guideline prepared by ACER, the network code on capacity allocation mechanisms (CAM) will be submitted for approval by Member States early 2013, through the comitology procedure. Its publication in the Official Journal of the European Union should take place in summer 2013, which would put the deadline for the implementation of the code during spring 2015.

The draft network code provides that capacity at interconnection points between entry-exit zones of the European Union is to be sold via auction. It also provides that the reserve price of these auctions will correspond to the regulated tariff.

In anticipation of upcoming deadlines, CRE has authorised GRTgaz and TIGF to auction capacity products at cross-border interconnections and at links between entry-exit zones, from 1 April 2013.

The implementation of auctions will be consistent with the development of the common allocation platform created at the initiative of 16 TSOs from north-west Europe, including GRTgaz, and which will open to the other TSOs of the European Union in January 2013.

The first auctioned capacity will concern short-term products at the interconnections with Belgium and Germany, and will then be progressively extended to all types of products. The "South" Regional Initiative has expressed its support for the efforts of TIGF and the Spanish and Portuguese TSOs to join the common platform as soon as possible and therefore enable the CAM network codes to be implemented at the earliest possible time.

The auctioning conditions will be discussed as part of Concertation Gaz and with the TSOs and regulators of neighbouring countries. The TSOs' proposals will be submitted to CRE for approval.

Pursuant to the deliberation of 15 November 2012⁴ and taking into account the congestion observed regarding capacity at the North-South link, North-South capacity available as from 1 April 2014 will be auctioned.

³ CRE's deliberation of 26 July 2012 regarding the service for the transfer of gas in storage from the Sediane Littoral storage group to the Serene Sud storage group marketed by Storengy

⁴ Deliberation by the French Energy Regulation Commission of 15 November 2012 deciding on the rules for the sale of transmission capacity at the link between the GRTgaz North and South zones

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b) End of the sale of seasonal capacity and introduction of quarterly capacity

The CAM network code provides that capacity products sold will be of annual, quarterly, monthly and daily durations. However, it excludes the sale of seasonal capacity products.

Therefore, capacity available from 1 April 2014 at the GRTgaz South-TIGF interface and at the interconnection with Spain will no longer be sold in the form of seasonal products. At that date, quarterly products may be introduced at the cross-border interconnection points and at links between balancing zones. The methods for implementing these developments, and in particular the establishment of tariffs for these capacity products, will be discussed as part of Concertation Gaz and with the TSOs of neighbouring countries and will be submitted by the TSOs for CRE's approval.

2.2. Guidelines for congestion management procedures

The guidelines for congestion management procedures (CMP)⁵ were published in the Official Journal of the European Union on 28 August 2012, in the form of an annex to Regulation 715/2009. They are intended to optimise the use of capacity on the transmission network in the event of contractual congestion. Four mechanisms are introduced in order to free up unused capacity and reallocate it within the framework of the usual allocation processes:

- three mechanisms must be implemented as from 1 October 2013:
 - “use-it-or-lose-it” (UIOLI) for booked long-term capacity (mechanism very similar to the long-term UIOLI in effect in France);
 - surrender of contracted capacity;
 - capacity oversubscription and buyback.
- the UIOLI mechanism for booked short-term capacity must be implemented as from 1 July 2016.

These mechanisms must apply to the physical or virtual interconnection points between entry-exit systems within the European Union. Their application at entry and exit points and from and towards third-party countries is left to the discretion of the regulator.

a) Capacity surrender, oversubscription and buyback mechanisms

- The annex to the Regulation provides that TSOs are required to accept any surrender of firm capacity booked by a shipper at an interconnection point, with the exception of capacity products with a duration of one day or shorter. The shipper retains its rights and obligations under the capacity contract until the capacity is reallocated by the TSO. Surrendered capacity is sold through the standard allocation process and can only be reallocated once all available capacity has been allocated.

⁵ Decision by the Commission of 24 August 2012 amending Annex I of EC Regulation No.715/2009 of the European Parliament and Council concerning the conditions for access to the natural gas transmission networks. 27/64 (translated from the French: only the original in French is authentic)

- The Annex to the Regulation also provides that TSOs must offer additional firm capacity in addition to the technical capacity based on statistical scenarios for capacity use. This additional capacity is only allocated once all other capacity, including capacity resulting from the application of the other congestion management procedures, has been allocated. When nominations exceed the available technical capacity, the TSO shall apply a market-based buyback procedure. The oversubscription and buyback system is based on an incentive regime reflecting the risks of TSOs.

The terms for implementing these mechanisms will be discussed within the framework of Concertation Gaz and with the TSOs of neighbouring countries prior to CRE's approval.

b) Elimination of returnable capacity

A returnable capacity mechanism was implemented in the previous tariffs, in order to improve access of new players at contractual congestion points. In the current tariff, this mechanism applies to the Obergailbach, Taisnières B and Dunkerque interconnection points. The implementation of the CMP guidelines aims to meet the same objective. Therefore, the introduction of the capacity surrender, oversubscription and buyback mechanisms must be accompanied by the elimination of the returnable capacity mechanism.

Since the Taisnières B and Obergailbach interconnection points are no longer congested, returnable capacity will no longer be sold at these points as from April 2013, in anticipation of the entry into effect of the CMP guidelines as at 1 October 2013.

The Dunkerque interconnection point is not under the obligation to implement the CMP guidelines. Following work as part of Concertation Gaz and based on GRTgaz's proposal, CRE will determine if the oversubscription and buyback mechanisms must be applied at the Dunkerque interconnection point. Depending on this choice, the returnable capacity will or will not be maintained at the Dunkerque interconnection point.

2.3. Management of overcosts and surplus income related to the implementation of European regulation

Surplus income from capacity auctions starting on 1 April 2013 will be paid into the CRCP. The rules for the management of surplus capacity available as from 1 April 2014, as well as the rules for the management of overcosts related to capacity buybacks will be defined by CRE after TSOs have submitted proposals and discussions have taken place within Concertation Gaz.

3. Coordination among infrastructure operators

It is necessary that all network users do not bear, via the transmission tariffs, the cost for the development of capacity created specifically for the needs of users of a particular infrastructure. It is therefore the responsibility of storage and LNG terminal operators to coordinate their investments with TSOs in order to offer shippers coherent capacity.

Therefore, all subscribers of capacity on an LNG terminal or storage facility are obliged to book the corresponding volume and duration of transmission capacity at the given interface point.

Moreover, for any development project for entry capacity on the transmission network from an LNG terminal or for entry-exit capacity from an underground storage point or for new storage offers involving a non-climate related usage of capacity at the PITS, the financial impact for the gas transmission network will be analysed. If a project entails high investment costs on the transmission network not covered by long-term commitments, the corresponding tariff charge will be increased or a financial contribution will be requested of the infrastructure operator concerned.

3.1. Interface between the transmission networks and LNG terminals

a) Rules for capacity allocation at the Fos and Montoir LNG terminal-transmission interface points (PITMs)

The holding of regasification capacity, regardless of its duration and level, confers the right and obligation to book the corresponding entry capacity on the transmission network. This rule:

- guarantees shippers that have booked regasification capacity that access to the transmission network will not pose a problem;
- ensures that the cost of investments on the transmission network related to LNG terminals is covered, at least partially, by shippers' capacity subscriptions.

CRE has maintained the principle of capacity subscription at the PITTMs, according to which all capacity at the PITTMs is not billed if the terminals are not fully booked.

Moreover, the principle of *ex ante* distribution of capacity at the Fos PITTMM between the Fos Tonkin and Fos Cavaou terminals would lead to capacity allocation that does not reflect the effective use of the PITTMM by the shippers. Therefore, CRE has not retained this principle.

CRE retains GRTgaz's proposal to no longer bill monthly exceedances based on the maximum exceedance of the previous month. Terminal users have only limited control of their emissions on the transmission network. Daily exceedances observed will be billed as firm daily capacity for which the tariff will be equal to 1/240th of the tariff for firm annual capacity.

b) Creation of a Dunkerque PITTMM and a new interconnection point at Veurne

The operator of the Dunkerque LNG terminal, with an annual regasification capacity of 13 Gm³, anticipates that it will be commissioned at the end of 2015. The ministerial order of 18 February 2010⁶ authorised the Dunkerque LNG company to be exempted from regulated third party access. In compliance with the results of the economic test provided for in the ATRT4 tariff, the tariff at the Dunkerque PITTMM will be set, before the commissioning of the terminal, at a level equal to that of the other entry charges at the PITTMMs. The capacity allocation rules at the Dunkerque PITTMM will be proposed to CRE by GRTgaz following work within the framework of Concertation Gaz.

The new interconnection with Belgium at Veurne, whose commissioning is planned for the end of 2015, will enable non-odorised gas to be physically exported to Belgium. The price applicable for exit capacity at Veurne will be set according to the tariff guidelines provided for by CRE's deliberation of 12 July 2011.

c) Daily backhaul capacity at PITTMMs

Daily backhaul capacity at PITTMMs is introduced in order to simplify the conditions for sharing emissions between terminal users. This daily capacity is billed according to other backhaul capacity on the network, i.e. 1/1200th of the price of firm annual capacity at the PITTMM in the direct flow direction.

3.2. Interface between the transmission networks and storage points

a) Rules for the allocation of capacity at storage-transmission interface points (PITS)

The holding of storage, withdrawal and injection capacity, regardless of its duration and level, confers the right and obligation to book the corresponding entry and exit capacity on the transmission network.

This rule guarantees all shippers the availability of transmission capacity corresponding to the injection and withdrawal capacity that they hold at a storage group, within the limit of GRTgaz's or TIGF's network capacity.

b) Monthly entry and exit capacity at the PITS

TIGF has proposed to introduce a monthly capacity product at the PITS. CRE has accepted this proposal. The tariff charges applied to monthly products for the PITS on the GRTgaz and TIGF networks will be equal to 1/8th of the corresponding annual tariff charges, in coherence with the ratio applicable to the PIRs and in order to favour annual capacity bookings.

4. Development of the service offer to users of the gas transmission networks

CRE has developed certain services offered by the TSOs to take into account their proposals, the work conducted as part of Concertation Gaz and changes in the European regulatory framework.

⁶ Order of 18 February 2010 authorising Dunkerque LNG to be exempted from regulated third party access for its LNG terminal project at Dunkerque
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4.1. Taking into account of a portion of connection costs

In order to facilitate the connection of new clients, the TSOs have proposed to partially pass on to the networks' existing users the costs for the connection of new public distribution and new industrial clients.

Given the increase in the ATRT5 tariff, CRE considers that these expenses must not be passed on to the current users of the network and therefore does not retain the TSOs' proposal.

4.2. Daily capacity on GRTgaz's and TIGF's main network

a) Firm daily capacity

Firm daily capacity is sold, up to the previous day, according to a "first come first served" mechanism". The tariff charge applied to this capacity is set at 1/240th of the tariff charge applied to the corresponding firm annual capacity, instead of 1/160th in the ATRT4 tariff. This change is consistent with the general direction envisaged in the future European network code on tariffs, which provides for a maximum factor of 1.5 between the tariff for short-term capacity and that for annual capacity.

Any unsold capacity will then be sold by auction with a reserve price, a minimum sale price, set at 1/240th of the price of firm annual capacity. The auction mechanism is intended to prepare for the entry into effect of the CAM network code.

b) Use-it-and-buy-it (UBI) mechanism

In the ATRT4 tariff, capacity subscribed and not nominated by their holders is sold through the interruptible short-term "use-it-or-lose-it" (UIOLI) mechanism. For the upcoming tariff period, the TSOs will indifferently sell under the term "use-it-and-buy-it" (UBI) the daily capacity unsold at the end of the sale process for daily capacity (first come first served, auction, market coupling), as well as capacity subscribed and not nominated. The tariff charge applied to this capacity is set at 1/240th of the tariff charge applied to the corresponding firm annual capacity. The capacity sold under the use-it-and-buy-it mechanism is billed according to use.

Equality in the tariff charges applied to daily capacity, regardless of the type and method of sale, is aimed at avoiding arbitration between the different sale processes.

If there is unsold capacity at the end of the market coupling mechanism implemented at the North-South link, it will be proposed for sale through the UBI mechanism.

4.3. Interruptible monthly capacity at interconnection points and at the link between GRTgaz's balancing zones

Interruptible monthly capacity is sold at the following contractual points:

- at entry points from the Dunkerque, Obergailbach, Taisnières H and Taisnières B network interconnection points (PIRs);
- at exit points to the Oltingue PIR;
- at the link between GRTgaz's North and South balancing zones in both directions.

The tariff charge applicable to interruptible monthly capacity is set at 1/8th of the corresponding annual charge, as for firm capacity.

4.4. Sale of interruptible annual exit capacity from the main network

GRTgaz and TIGF sell interruptible annual exit capacity from the main network. For each shipper, the subscription of this capacity must be equal to the annual subscriptions of interruptible delivery capacity. Interruptible annual exit capacity from the main network will be sold at 50% of the tariff charge for the corresponding firm annual capacity, for the purposes of consistency with the price for interruptible capacity on the regional network.

4.5. Injection capacity charge for biomethane production sites

The analyses carried out by the TSOs show that the transmission costs due to biomethane production sites are very low. Given the small number of projects and the low costs identified during the upcoming tariff period, CRE has decided to set the capacity injection charge for biomethane production sites at 0 for the ATRT5 tariff period.

This decision takes into account the general direction of the French energy policy forwarded by the Minister of Ecology, Sustainable Development and Energy, according to which it is essential to create favourable conditions for the proper development of the biomethane production sector.

5. Intraday flexibility

A specific service providing intraday flexibility to sites with major flexibility requirements was implemented as from 1 April 2011. This service is interruptible and applies to all sites with an average daily modulated volume greater than 0.8 GWh per operating day. It is billed on use depending on the amplitude and the modulated volume observed each day given the site's recorded hourly consumption.

To provide this service, GRTgaz uses the flexibility sources at its disposal based on economic precedence.

The intraday flexibility service for sites with strong flexibility requirements introduced on 1 April 2011 has been satisfactory. CRE has introduced developments to the service as from 1 April 2013, while taking into account a finer distribution of intraday flexibility costs between the different categories of users of the transmission networks.

5.1. Development of the intraday flexibility service

The use of intraday flexibility sources and the hourly operational management of the network generate internal costs for GRTgaz of approximately €3.8 M per year. These expenses cover the cost of studies, additional personnel, IT costs and compression costs. The developments made by GRTgaz in terms of the hourly management of its network will henceforth benefit all users, in particular with regard to the implementation of the target balancing system. Therefore, CRE has decided to share the internal expenses necessary for the hourly management of the network in the tariff, whereas those were previously borne by the sites with strong flexibility requirements.

As a result, the tariff for the intraday flexibility service covers only the external charges for GRTgaz's intraday flexibility.

5.2. The case of industrial customers

Industrial customers connected to the transmission networks generally have very low intraday flexibility needs. Their consumption profiles facilitate the hourly operational management of the network.

Therefore, the delivery capacity charge for these customers has been reduced so that they do not bear GRTgaz's internal costs for the management of intraday flexibility.

TARIFFS FOR THE USE OF THE NATURAL GAS TRANSMISSION NETWORK

I - Definitions

Network Interconnection Point (PIR):

Physical or notional interconnection point between the main transmission networks of two transmission system operators (TSOs).

Regional Network Interconnection Point (PIRR):

Physical or notional interconnection point between a regional transmission network and a foreign operator's network.

LNG terminal-Transmission interface point (PITTM):

Physical or notional interconnection point between a transmission network and one or more LNG terminals.

Storage-Transmission Interface Point (PITS):

Physical or notional interface point between a transmission network and a storage group.

Production-Transmission Interface Point (PITP):

Physical or notional interface point between a transmission network and a natural gas or biomethane production facility.

Distribution-Transmission Interface Point (PITD):

Physical or notional interface point between a transmission network and a public distribution network.

Main network entry charges:

TCE charge for entry capacity on the main network, applicable to the subscription of daily capacity at main network entry points from a PIR or PITTM;

TCES charge for main network entry capacity from storage facilities, applicable to the subscription of daily entry capacity on the main network from a PITS;

TCEP charge for main network entry capacity from a gas production facility, applicable to the subscription of daily entry capacity on the main network from a PITP;

Main network exit charges:

TCST charge for exit capacity at transmission network interconnection points, applicable to the subscription of daily exit capacity to a network interconnection point (PIR);

TCS charge for exit capacity from the main network, applicable to the subscription of daily exit capacity from the main network, except to a PITS or PIR;

TCSS charge for exit capacity from the main network to storage facilities, applicable to the subscription of daily exit capacity from the main network to a PITS;

TP proximity charge, applicable to quantities of gas injected at a transmission network entry point and withdrawn in an exit zone in the immediate proximity of this point;

Link capacity charge between balancing zones:

TCLZ link capacity charge, applicable to the subscription of daily link capacity between balancing zones of the main network of the same TSO;

Regional network transmission charge:

TCR charge for transmission capacity on the regional network, applicable to the subscription of daily transmission capacity on the regional network;

Delivery charge:

TCL charge for delivery capacity, applicable to the subscription of daily delivery capacity to a delivery point;

Firm capacity:

Gas transmission capacity which the TSO guarantees by contract to be non-interruptible.

Firm seasonal capacity:

Gas transmission capacity which the TSO guarantees by contract, depending on the season, to be non-interruptible. This definition applies in particular to injection and withdrawal capacity at the PITS sold by GRTgaz.

Backhaul capacity on the main network:

Capacity allowing the shipper to make nominations in the counter direction to the predominant flow when gas flow is only possible in one direction. It can only be used on a given day if the overall flow resulting from all shipper nominations is in the predominant flow direction.

Interruptible capacity:

Gas transmission capacity that can be interrupted by the TSO under conditions stipulated in the contract for use of the gas transmission network.

Returnable capacity:

Firm capacity which the shipper commits itself to returning to the TSO upon request at any time.

Shipper:

Natural or legal person that signs a transmission contract with a TSO on the gas transmission network. Depending on the case, the shipper is the eligible customer, supplier or their agent.

“Subscribable” PDL:

Delivery point on the public distribution network coming under options T4 and TP of the current tariffs for use of distribution networks.

“Non-Subscribable” PDL:

Delivery point on the public distribution network coming under options T1, T2 and T3 of the current tariffs for use of distribution networks.

Authorised income:

The sum of forecast capital expenses and forecast operating expenses, plus or minus the CRCP annuity, retained to set the tariff structure of each TSO.

II - Tariff for the use of GRTgaz's network

The tariff for the use of GRTgaz's network defined below applies as from 1 April 2013 for approximately four years.

1. Authorised income trajectory

GRTgaz's authorised income trajectory for the ATRT5 period is as follows:

€M	2013	2014	2015	2016
Capital expenses	893.6	973.8	1,044.8	1,142
Net operating expenses <i>of which "energy and CO₂ quotas"</i>	766.7 125.3	125.4	CPI - 1.45% 122.9	120.8
CRCP	2.2	2.2	2.2	2.2
Authorised revenue	1,662.4			

2. Tariff structure for the use of GRTgaz's network applicable as at 1 April 2013

2.1. Main network transmission

The tariff for the use of GRTgaz's main network includes the following charges:

- charge for entry capacity on the main network (TCE);
- charge for link capacity between balancing zones (TCLZ);
- charge for exit capacity at PIRs (TCST);
- charge for exit capacity from the main network (TCS);
- proximity charge (TP);
- charges for entry and exit capacity at PITS (TCE and TCSS).

At the interface between the GRTgaz and TIGF network:

- until 31 March 2014, subscriptions will be seasonal:
 - summer season, from April to October inclusive;
 - winter season, from November to March inclusive.
- from 1 April 2014, seasonal products will no longer be sold.

a) Charges for entry capacity on the main network

The charges applicable to annual or seasonal subscriptions of daily entry capacity on GRTgaz's main network are defined in the table below:

Entry point	Balancing zone	TCE (€/MWh/day per year or season)		TCE (coefficient for firm charge) Interruptible subscriptions
		Firm subscriptions		
Taisnières B	North	87.67		50%
Taisnières H	North	112.72		50%
Dunkerque	North	112.72		50%
Obergailbach	North	112.72		50%
Montoir	North	106.45		N/A
Fos	South	106.45		N/A
TIGF	South	55.00		75%
		Summer: 32.08	Winter: 22.92	

At the Montoir and Fos PITTM:

- the holding of regasification capacity at an LNG terminal confers the right and obligation to book entry capacity on the transmission network that correspond in duration and level;
- all shippers subscribing to a continuous service with LNG terminal operators will be allocated firm daily capacity (C), for the corresponding regasification capacity subscription period, equal to:

$$C = (Q_{Aexp} / Q_{TM}) * C_{PITTM}$$

Where:

Q_{Aexp} = annual regasification capacity subscribed by the shipper at the terminals;

Q_{TM} = total firm annual regasification technical capacity of the Montoir LNG terminal for the Montoir PITTM or the sum of total firm annual regasification technical capacity of the Fos Cavaou LNG terminal and the total firm annual subscribed regasification capacity of the Fos Tonkin terminal for the Fos PITTM;

C_{PITTM} = firm daily entry capacity at the PITTM;

- all capacity bookings at the PITTM following the subscription to a continuous regasification service can only be made for a whole number of months;
- all shippers subscribing to a “banded” or “spot” service with LNG terminal operators will be allocated basic firm monthly capacity (C) equal to 1/30th of the regasification capacity subscribed with the LNG terminal operators. The price applicable is equal to 1/12th of the price for firm annual subscription;
- at the beginning of each month, the TSO calculates for each shipper the daily send-out for the previous month. If it exceeds the C capacity calculated according to the methods defined above, it bills the shipper for an additional daily capacity subscription equal to the sum of the positive difference between the daily send-out of the previous month and the C capacity, at a price equal to 1/240th of the price for firm annual subscription.

b) Charge for link capacity between balancing zones

The charges applicable to annual daily link capacity subscriptions between GRTgaz’s balancing zones are defined in the table below:

Link between balancing zones	TCLZ (€/MWh/day per year) Firm subscriptions	TCLZ (coefficient for firm charge) Interruptible subscriptions
North → South	208.04	50%
South → North	50	50%

c) Charge for exit capacity at PIRs

The charges applicable to annual or seasonal subscriptions of daily exit capacity at the PIRs are defined in the table below:

Exit to PIR	Balancing zone	TCST (€/MWh/day per year or season) Firm subscriptions	TCST (coefficient for firm charge) Interruptible subscriptions
TIGF	South	55,00	90%
		Summer: 32.08	
Oltingue	North	393.26	75%
Jura	South	87.67	75%

d) Charge for exit capacity from the main network

Each exit zone on GRTgaz’s main network is defined by all of the delivery points attached to it.

For each shipper and in each exit zone, firm annual subscription, respectively interruptible, of main network exit capacity must be greater than or equal to the sum of the firm annual subscriptions, respectively interruptible, for delivery capacity in that exit zone.

The charge applicable to firm annual subscriptions, respectively interruptible, of daily exit capacity on GRTgaz's main network is equal for all exit zones to €83.35 MWh/day per year, respectively €41.68 MWh/day per year.

e) Proximity charge

The proximity charge is deducted from the monthly bill of each shipper concerned. It is applied for each shipper, to the quantity of gas equal, each day, to the minimum between the quantity of gas allocated at the transmission network entry point and the quantity of gas withdrawn in the associated exit zone.

The proximity charge applies to the following pairs of entry points / exit zones:

Balancing zone	Entry point	Associated exit zone	TP (€/MWh)
North	Taisnières B	Taisnières B region	0.19
North	Taisnières H	Taisnières H region	0.25
North	Dunkerque	Dunkerque region	0.25
North	Obergailbach	Obergailbach region	0.25

f) Charges for storage entry and exit capacity

Each of GRTgaz's balancing zones has several PITS:

- the North balancing zone has four PITS: North-Atlantic, Nord-West, North-East, North L (B gas);
- the South balancing zone has two PITS: South-Atlantic and South-East.

The charges (TCES and TCSS) applicable as at 1 April 2013 to the annual subscriptions to daily entry and exit capacity at the PITS are defined in the table below:

For the PITS in the GRTgaz North zone:

PITS	TCES (€/MWh/day per year)	TCSS (€/MWh/day per year)
	16.28	3.26

For the PITS in the GRTgaz South zone:

PITS	TCES (€/MWh/day per year)	TCSS (€/MWh/day per year)
	17.91	3.58

For annual or pluriannual products sold by storage operators, the annual entry and exit capacity at the PITS allocated by GRTgaz to each shipper is equal respectively to the nominal daily withdrawal capacity, to which is added where applicable the daily conditional withdrawal capacity, and to the nominal daily injection capacity, to which is added where applicable the daily conditional injection capacity, subscribed by that shipper with the storage operator, within the limit of the network's capacity.

Interruptible annual entry and exit capacity at the PITS is sold at the North Atlantic and South Atlantic PITS. This interruptible annual capacity is sold only when all firm annual capacity has been booked. The price applicable to interruptible annual subscriptions of daily entry capacity from the North Atlantic and South Atlantic PITS is equal to 75% of the price for firm annual subscription of daily capacity. The price applicable to interruptible annual subscriptions of daily exit capacity from the North Atlantic and South Atlantic PITS is equal to 50% of the price for firm annual subscription of daily capacity.

For products with a duration of less than a year sold by storage operators, monthly entry and exit capacity at the PITS equal to the nominal daily withdrawal and injection capacity is allocated by GRTgaz to each shipper. The price applicable to monthly capacity subscriptions at the PITS is equal to 1/8th of the price for the corresponding annual subscription.

g) Backhaul capacity on the main network

The price applicable to annual daily subscriptions of backhaul capacity is equal to 20% of the price of firm annual subscription of daily capacity in the predominant flow direction.

Backhaul capacity exists at the following points on GRTgaz's network:

Entry points	Taisnières H
	Obergailbach
Exits to PIR	Oltingue

h) Returnable capacity on the main network

At the Dunkerque PIR, firm "returnable" capacity exists, which the shipper commits to returning at any time at the request of GRTgaz, for a duration of one, two, three or four years.

For any shipper that has subscribed more than 20% of firm annual capacity sold at the Dunkerque PIR, a 20% fraction of the portion of that subscription exceeding 20% of the firm annual capacity sold at that point will be converted into returnable capacity.

The price of annual returnable capacity is equal to 90% of the price of the corresponding firm annual capacity.

The rules for the return and subscription of this capacity are defined by GRTgaz, on an objective and transparent basis, preventing any discrimination, and are published on its website.

2.2. Regional network transmission

a) Firm annual subscription

The charge applicable to firm annual subscriptions of daily transmission capacity on the regional network is the product of the unit charge, set at €60.12 MWh/day per year, and the regional tariff level (NTR) of the delivery point in question:

	TCR (€/MWh/day per year)
GRTgaz	60.12 x NTR

The list of delivery points on GRTgaz's network, along with their exit zone and their NTR value, is contained in the annex of this document.

When a new delivery point is created, GRTgaz calculates the value of the NTR in a transparent and non-discriminatory fashion, on the basis of a calculation method published on its website, and communicates the result to CRE.

Subscription of firm transmission capacity on the regional network is equal, for each delivery point, to the subscription of firm delivery capacity at that point.

b) Interruptible annual subscription

For all interruptible annual transmission capacity subscribed on the regional network, the charge for the transmission capacity on the regional network is reduced by 50%.

Subscription of interruptible transmission capacity on the regional network is equal, for each delivery point, to the subscription of interruptible delivery capacity at that point.

The interruptibility conditions on the regional network are defined by GRTgaz, on an objective and transparent basis, preventing any discrimination, and are published on its website.

2.3. Delivery of gas

a) For customers connected to the transmission network and PIRRs

For shippers supplying end customers connected to the transmission network and PIRRs, the delivery charge is made up of:

- a fixed charge equal to €4,759.09/year and per delivery station;

- a charge applicable to daily delivery capacity subscriptions.

The charge applicable to firm annual subscriptions of daily delivery capacity subscriptions is defined in the table below:

	TCL (€/MWh/day per year)
Customers with strong flexibility needs*	25.79
Industrial customers	24.66
PIRR	31.66

* *Customers with an average daily moderated volume higher than 0.8 GWh per operating day (see section 2.15)*

For all interruptible annual delivery capacity booked, the charge for delivery capacity is reduced by 50%.

All shippers supplying one or more end customers connected to GRTgaz's transmission network will be allocated simultaneously, at its request, the existing delivery capacities corresponding to their needs.

If several shippers simultaneously supply an end customer connected to the transmission network or a PIRR, the fixed charge is divided in proportion to their delivery capacity subscriptions.

b) For the PITDs

For shippers supplying PITDs, the charge applicable to firm annual subscriptions of daily delivery capacity is defined in the table below:

	TCL (€/MWh/day per year)
PITD	31.66

In accordance with the standardised subscription system for transmission capacity at the PITDs, at each PITD, the firm annual delivery capacity ("standardised capacity") is allocated to each shipper by the TSOs. It is equal to the sum:

- of annual capacity subscribed on the distribution network for "subscribable" delivery points (PDL) supplied downstream of the PITD in question;
- of capacity calculated by GRTgaz for "non-subscribable" delivery points supplied downstream of the PITD in question, by multiplying the daily peak consumption of "non-subscribable" delivery points by the corresponding adjustment coefficient "A".

Changes to the A coefficients are defined by CRE, on a proposal by the TSOs.

2.4. Summary of GRTgaz's tariff structure as at 1 April 2013

Annual capacity	Tariff charges in €/MWh/d per year
PITTM Montoir, Fos	106.45
PIR entries Taisnières H, Dunkerque, Obergailbach Taisnières B	112.72 87.67
PIR exits Oltingue Jura	393.26 87.67
GRTgaz North zone PITS Entry Exit	16.28 3.26
GRTgaz South zone PITS Entry Exit	17.91 3.58
North→South link South→North link	208.04 50
South interface↔TIGF	55
Main Network Exit	83.35
Regional Network Transmission	60.12
Delivery Industrial clients Sites with strong flexibility needs PITDs, PIRRs	24.66 25.79 31.66

2.5. Subscription of quarterly capacity

Quarterly capacity products may be sold by GRTgaz as from 1 April 2014 for all PIRs, at the North-South link and at the GRTgaz South-TIGF link. The level of the corresponding tariffs will be set by CRE during the next tariff update.

2.6. Subscription of monthly capacity

- At entry points, excluding PITTMs, at exits at PIRs and on the North-South link:

The charges applicable to firm monthly subscriptions of daily capacity at entry points, excluding PITTMs and entry points from TIGF, at exits to PIRs, excluding exits to TIGF, and at the North-South link are equal to 1/8th of the corresponding annual charges.

Until 31 March 2014, the charges applicable to firm monthly subscriptions of daily capacity at entry and exit points at the interface with TIGF are equal to 1.5/7th of the corresponding charge in summer and 1.5/5th of the corresponding charge in winter.

From 1 April 2014, the charges applicable to firm monthly subscriptions of daily capacity at entry and exit points at the interface with TIGF starting after 1 April 2014 are equal to 1/8th of the corresponding charge.

Interruptible monthly capacity is sold by GRTgaz at the following contractual points:

- at entry points from the Dunkerque, Obergailbach, Taisnières H and Taisnières B PIR;
- at exit points to the Oltingue PIR;

- at the link between GRTgaz’s North and South balancing zones in both directions.

The tariff for this capacity is equal to 1/8th of the corresponding interruptible annual charges.

- At PITS:

Monthly capacity at PITS is sold according to the methods defined in section 2.1. above.

- At main network exits, on the regional network and as delivery capacity:

The charges applicable to firm monthly subscriptions of daily exit capacity from the main network, transmission capacity on the regional network and delivery capacity, are equal to the charges applicable to the corresponding firm annual subscriptions, multiplied by the following coefficients:

Month	Monthly charge in proportion to annual charge
January – February	8/12th
December	4/12th
March – November	2/12th
April – May – June – September – October	1/12th
July – August	0.5/12th

2.7. Subscription of daily capacity

- At entry points, excluding PITTMs, at exits at PIRs and on the North-South link:

The charges applicable to daily subscriptions of daily capacity at entry points excluding PITTMs, at exits to PIRs and on the North-South link are equal to 1/30th of the price of corresponding monthly firm subscriptions.

- At PITS:

The daily entry and exit capacity at the PITS allocated to each shipper by GRTgaz is equal, respectively, to the daily withdrawal capacity and the daily injection capacity allocated by the storage operator in addition to the corresponding annual capacities, within the limit of the network’s capacity.

The charge applicable to daily subscriptions of daily capacity at the PITS is equal to 1/240th of the price of the firm annual subscriptions at those points.

- At main network exits, on the regional network and as delivery capacity:

Daily capacity subscriptions are sold by GRTgaz to meet a sporadic and exceptional need of an end customer.

The charges applicable to firm daily subscriptions of daily exit capacity from the main network, transmission capacity on the regional network and delivery capacity, are equal to 1/30th of the charges applicable to the corresponding firm monthly subscriptions.

The charges applicable to interruptible daily subscriptions of daily exit capacity from the main network, transmission capacity on the regional network and delivery capacity, are equal to 50% of the tariff charge for the corresponding firm daily capacity.

Daily interruptible capacity is sold by GRTgaz, when all available firm daily capacity has been subscribed for the day in question.

2.8. Methods for the short-term selling of daily capacity

- “Use it and buy it” (UBI)

At the entry points excluding PITTMs, at exits to PIRs and on the North-South link, unsold capacity and capacity subscribed but not nominated the previous day for the following day are sold as interruptible capacity each day by GRTgaz at a price equal to 1/240th of the price for firm annual subscription or at 1/240th of the sum of the price for firm summer season subscription and the price for firm winter season subscription at those points.

The operating rules of the UBI service are defined by GRTgaz, on an objective and transparent basis preventing any discrimination, and published on its website.

Capacity at the GRTgaz and TIGF interface is sold and allocated in a coordinated manner by the two TSOs.

- **Auctions**

At entry points excluding PITTMs, at exits to PIRs and on the North-South link, GRTgaz is authorised to sell on a daily basis firm capacity that remains available at the end of the sales period for daily firm capacity at the regulated tariff.

The operating rules for the daily capacity auction mechanism are defined by GRTgaz, on an objective and transparent basis preventing any discrimination, and published on its website. The reserve price used for the auction mechanism is equal to 1/240th of the price for the corresponding firm annual capacity subscription.

2.9. Subscription of hourly delivery capacity

Hourly delivery capacity applies only to end customers connected to the transmission network.

All annual, monthly or daily subscriptions of daily delivery capacity confers the right to an hourly delivery capacity equal to 1/20th of the daily delivery capacity subscribed (except in particular cases where that hourly capacity is not available).

In order to receive, within the limits of the network's possibilities, a greater hourly capacity, the shipper must pay an additional price p equal to:

$$p = (C_{max} - C) \times 10 \times (TCL + TCR)$$

Where:

C_{max} : Hourly delivery capacity requested by the shipper.

C : Hourly delivery capacity booked by means of the annual, monthly or daily subscription of daily delivery capacity.

TCL : Annual, monthly or daily charge for daily delivery capacity.

TCR : Annual, monthly or daily charge for daily transmission capacity on the regional network.

2.10. Short-notice interruptible transmission service

An optional interruptible transmission offer is proposed to clients connected to GRTgaz's H gas network, that simultaneously meet the following conditions:

- the annual subscription of daily delivery capacity is greater than 10 GWh/d;
- the site's connection point on GRTgaz's network is located less than 50km as the crow flies, from a PITTM or one of the Dunkerque, Taisnières H or Obergailbach entry points.

To access this offer, the client in question must commit to GRTgaz, before signing the connection contract, to subscribe or have a shipper subscribe to this offer.

This offer provides for a reduction in or interruption of the supply of the sites concerned at the request of GRTgaz, with a minimum notice of two hours, when the following two conditions are met:

- the quantity of gas physically injected into the network at the nearest entry point is less than the subscription of daily delivery capacity of the sites benefitting from this interruptible offer within the perimeter of this entry point,
- the day's temperature is lower than the average daily temperature likely, statistically, to be reached or negatively exceeded for more than 20 days per year, with a 2% risk.

Interruptibility conditions are defined by GRTgaz, on an objective and transparent basis, preventing any discrimination, and are published on its website.

Shippers subscribing to this offer receive a tariff reduction equal to the delivery capacity that they have subscribed for that delivery point multiplied by the sum of:

- 50% of the charge for main network exit capacity;
- 50% of the charge for main network entry capacity at the nearest entry point.

For the same site, a shipper cannot combine the tariff reduction granted under the terms of this exceptional offer with the tariff reductions granted under the terms of:

- interruptible transmission on the regional network;
- the proximity charge for customers located in the “Dunkerque region”, the “Taisnières H region” and the “Obergaillbach region” exit zones.

The cancellation of this optional offer is subject to a minimum notice of four years.

2.11. Daily subscription of short-notice daily delivery capacity

An optional offer for the subscription of short-notice daily delivery capacity is proposed to clients connected to GRTgaz’s transmission network.

Under the terms of this offer, GRTgaz commits to meeting a request for the subscription of daily delivery capacity with a shorter minimum notice period than that set out in the contract for the use of its transmission network.

Access to this offer is contracted between the client and GRTgaz for a year at a price of €2,000 per year. The implementation of this offer is carried out under the following tariff conditions.

When the subscription request is made to GRTgaz with a notice:

- comprised between the standard notice set out in the contract for the use of GRTgaz’s transmission network and 9 a.m. on the second working day preceding the day considered in the request, the tariff applicable is that defined in the present tariff decision;
- after 9 a.m. on the second working day preceding the day considered in the request, the tariff applicable is increased by 20%.

2.12. Injection of gas into the network from a gas production facility

The charges applicable to annual subscriptions of daily entry capacity on GRTgaz’s network from the transmission-production interface points (PITPs) are as follows:

- for the PITPs with an entry capacity on the network of less than 5 GWh/d, the applicable charge is €8.76 MWh/day per year;
- for the other PITPs, the applicable charge is determined following a specific study.

These conditions do not apply to biomethane injection capacity.

2.13. Gas quality conversion

a) Peak H gas to B gas conversion service

A firm annual "peak" conversion service for H gas to B gas is sold by GRTgaz. This service is accessible to all shippers with H gas in the North balancing zone.

The level of this tariff is defined in the following table:

	Capacity charge (€/MWh/day/year)	Quantity charge (€/MWh)
“Peak” service	161.6	0.02

The operating rules of the H gas to B gas quality conversion service are defined by GRTgaz, on an objective and transparent basis preventing any discrimination, and are published on its website.

b) B gas to H gas conversion service

The B gas to H gas conversion service is accessible to all shippers providing their own B gas from the Taisnières B PIR or a PITP, within the limit of the physical quantities of L gas concerned.

The tariff for the L gas to H gas quality conversion service is as follows:

- for the annual offer, a charge proportional to the annual capacity subscription equal to €25.26 MWh/day per year;

- for the monthly offer, a charge proportional to the monthly capacity subscription equal to €3.15 MWh/day per year.

A retrospective check of quantities of L gas physically converted into H gas is carried out based on the calculation of the daily difference between quantities converted and quantities allocated at Taisnières B and at the PITPs of the L gas network, between 1 April of year Y and 31 March of year Y+1.

The quantities converted, from which are deducted the quantities allocated at Taisnières B and at the PITPs of the L gas network, between 1 April of year Y and 31 March of year Y+1, are recorded in a cumulated daily account:

- each day, if the balance of this cumulated account is positive, the shipper is billed a penalty of €1/MWh of the cumulated daily imbalance recorded, until the imbalance is resorbed;
- if the balance is positive as at 31 March of year Y+1, the balance is carried forward to the period from 1 April of the year Y+1 to 31 March of the year Y+2;
- if the balance is negative or nil as at 31 March of the year Y+1, the account is reset to zero as at 1 April of the year Y+1.

c) **Retrospective contractual tariff for conversion of L gas to H gas**

A contractual tariff for conversion of L gas to H gas is charged retrospectively to any shipper whose use of the Taisnières B PIR, the Sédiane B PITS and physical conversion tools (peak converter of H gas to L gas) leads to sending out on the B network a quantity of L gas that exceeds the total consumption of its clients connected to the B network.

This tariff applies to the difference calculated daily for each shipper, between the quantity of L gas injected into the network and the total consumption of its clients connected to the B network. However, this tariff does not apply to quantities of L gas injected at PITPs, or to shippers providing GRTgaz with an H gas to L gas swap service.

This tariff does not apply to L gas imbalances due to a revision of nominations following a request by GRTgaz as described in point d) below.

The level of this tariff is set at €1/MWh after application of the tolerance level below:

Delivery capacity subscribed on the L gas network	≤ 0.5 GWh/d	> 0.5 GWh/d and ≤ 1 GWh/d	> 1 GWh/d
Tolerance before application of the conversion tariff	15%	10%	2.5%

d) **Verification of nominations on the B network's physical infrastructure**

GRTgaz may, in circumstances in which the physical balancing of the B network requires it, oblige shippers that have capacity on the physical infrastructure of the B transmission network, to revise upwards or downwards their nominations on this infrastructure.

2.14. Optional balancing tolerance

GRTgaz offers an optional balancing service proportional to delivery capacity for which the tariff is equal to €21.29 MWh/day per year.

2.15. Intraday flexibility service for sites with strong flexibility needs

The intraday flexibility service applies to clients connected to the transmission network that have a daily modulated volume greater than 0.8 GWh.

For currently existing sites, GRTgaz evaluates this criterion based on historical consumption for the previous year. For newly connected sites, this criterion is evaluated based on the daily modulated volume on operating days declared by the site, then based on a quarterly statement, with retroactive effect on the past period if the criterion is met.

The operator of the site for which the intraday flexibility service is subscribed declares to the TSO an hourly consumption profile a day ahead, and if applicable, a new profile in the course of the day complying with the notice period published. For any modification in the site's hourly consumption that

is \pm 10% lower than the hourly capacity subscribed, the site will be allowed not to notify GRTgaz of its new hourly consumption.

The flexibility service is billed based on the hourly consumption profile measured, depending on the modulated volume for the day and the amplitude of the hourly flow recorded (difference between the minimum hourly flow and the maximum hourly flow during the day).

The tariff charges billed as from 1 April 2013 are as follows:

Charge for hourly flow amplitude	1.00	€/MWh/h
Charge for volume modulated during the day	0.20	€/MWh

3. Development of GRTgaz's tariff structure as from 1 April 2014

In addition to the structural changes which may be decided by CRE, GRTgaz's tariff structure will be updated as at 1 April of each year starting from 1 April 2014 according to the methods below:

3.1. Updating of capital expenses

For the years 2014 to 2016, the capital expenses taken into account for updating the tariff structure as at 1 April of each year are those defined in the table in section 1 "Authorised income trajectory".

3.2. Updating of net operating expenses

For the years 2014 to 2016, the net operating expenses (OPEX) will evolve as follows:

- the net OPEX for the year 2014 (respectively 2015 and 2016) are calculated by applying to the OPEX of the year 2013 (respectively 2014 and 2015) a percentage change equal to CPI - 1.45%, where the CPI corresponds to the actual annual average variation observed for the preceding calendar year in the consumer price index excluding tobacco products, as calculated by INSEE for all households throughout France⁷. If the actual CPI value is not available when the tariff is updated, CRE will use the CPI forecast retained in the draft budget bill. The difference between actual inflation and inflation forecast in the draft budget will be covered fully by the CRCP;
- to this net OPEX for the year 2014 (respectively 2015 and 2016) is added the difference between the forecast "energy and CO₂ quotas" item retained in the net OPEX trajectory (defined in the table in section 1 "Authorised income trajectory") and the revision of the forecast for this item for the year 2014 (respectively 2015 and 2016);
- to the net OPEX, for the years 2015 and 2016, are added, where applicable, the amounts retained by CRE under the revision clause.

If any expenses related to flexibility of the L gas network were to increase during the tariff period – in accordance with agreements signed between GRTgaz and GDF Suez, which CRE will have previously approved - these additional expenses will be taken into account during the annual modification following this increase.

3.3. Taking into account of the CRCP balance

For the years 2014 to 2016, the updating of the tariff structure as at 1 April each year takes into account the reconciliation of a quarter of the overall CRCP balance.

The overall CRCP balance corresponds to the CRCP amount calculated for the past year, to which is added the CRCP not reconciled in previous years.

The CRCP is calculated by CRE for the previous year by taking into account, for each item concerned, the reference amounts and the coverage rates defined below:

⁷ The annual average variation for year Y-1 is equal to the rate of change in percentage of the annual average index, corresponding to the simple arithmetic mean of the 12 monthly indices of the year, i.e. from January to December, of consumer prices excluding tobacco products for all households throughout all of France (series No. 641194), between years Y-2 and Y-1.

€M	GRTgaz			
	2013	2014	2015	2016
Transmission income, 100% coverage	1,149.4			
Transmission income, 50% coverage	481.3			
Income from CCGT and CT connections, 100% coverage	0.9	3.3	12.3	14.5
Capital expenses, 100% coverage	893.6	973.8	1,044.8	1,142
Engine power expenses and difference between income and expenses related to CO ₂ quotas, 80% coverage	125.3	125.4	122.9	120.8
Expenses related to the inter-operator contract, 100% coverage	33	33.6	34.2	34.8
Expenses related to flexibility of the L gas network, 100% coverage where applicable	0	0	0	0

An interest rate equivalent to the risk-free rate, i.e. 4% applies annually to the overall CRCP balance.

3.4. Updating of capacity subscription assumptions

For the years 2014 to 2016, the annual capacity subscription assumptions are revised for the updating of the tariff structure as at 1 April each year.

III - Tariff for the use of TIGF's network

The tariff for the use of TIGF's network defined below applies as from 1 April 2013 for approximately four years.

1. Authorised income trajectory

TIGF's authorised income trajectory for the ATRT5 period is as follows:

€M	2013	2014	2015	2016
Capital expenses	143.8	157.3	164.5	176.8
Net operating expenses	64.2	CPI + 2.45%		
of which "energy and CO ₂ quotas"	6.3	5.3	5.6	6
CRCP	-3.2	-3.2	-3.2	-3.2
Authorised revenue	204.9			

2. Tariff structure for the use of the TIGF network applicable as at 1 April 2013

2.1. Main network transmission

The tariff for the use of TIGF's main network includes the following charges:

- charge for entry capacity on the main network (TCE);
- charge for exit capacity at PIRs (TCST);
- charge for exit capacity from the main network (TCS);
- proximity charge (TP);
- charges for entry and exit capacity at PITS (TCE and TCSS).

At the interface between the GRTgaz and TIGF networks as well as the interconnection with Spain:

- until 31 March 2014, subscriptions will be seasonal:
 - summer season, from April to October inclusive;
 - winter season, from November to March inclusive.
- from 1 April 2014, seasonal products will no longer be sold.

a) Charge for entry capacity on the main network

The charges applicable to seasonal subscriptions of daily entry capacity on TIGF's main network are defined in the table below:

Entry point	TCE (€/MWh/day per season) Firm subscriptions		TCE (coefficient for firm charge) Interruptible subscriptions
	Summer	Winter	Summer and Winter
GRTgaz Sud	26.25	18.75	90%
Lacq	20.19	22.95	75%
Biriatou	62.16	44.40	75%
Larrau	62.16	44.40	75%

b) Charge for exit capacity at PIRs

The charges applicable to seasonal subscriptions of daily exit capacity at the PIRs are defined in the table below:

PIR	TCST (€/MWh/day per season) Firm subscriptions		TCST (coefficient for firm charge) Interruptible subscriptions
	Summer	Winter	Summer and Winter
GRTgaz Sud	26.25	18.75	75%
Biriatou	22.97	161.40	75%
Larrau	225.97	161.40	75%

c) Charge for exit capacity from the main network

Each of TIGF's main network exit zones is defined by all of the delivery points attached to it.

For each shipper and in each exit zone, firm annual subscription of main network exit capacity must be greater than or equal to the sum of the firm annual subscriptions of delivery capacity in that exit zone.

The charge applicable to firm annual subscriptions of daily exit capacity from TIGF's main network is equal to €83.19 MWh/day per year for all exit zones.

Moreover, TIGF sells interruptible annual main network exit capacity. For each shipper, the subscription of this capacity must be equal to the annual subscriptions of interruptible delivery capacity. Interruptible annual main network exit capacity will be sold at 50% of the tariff charge for the corresponding firm annual capacity, for the purposes of consistency with the price for interruptible capacity on the regional network.

d) Proximity charge

The proximity charge is deducted from the monthly bill of each shipper concerned. It is applied for each shipper, to the quantity of gas equal, each day, to the minimum between the quantity of gas allocated at the transmission network entry point and the quantity of gas withdrawn in the associated exit zone.

The proximity charge applies to the following pairs of entry points / exit zones:

Entry point	Associated exit zone	TP (€/MWh)
GRTgaz Sud	Hérault region / Dordogne region	0.37
Lacq	Lacq region	0.37

e) Charges for storage entry and exit capacity

TIGF's transmission network comprises a transport-storage interface point (PITS): *South-west storage facility*

The charges (TCES and TCSS) applicable to the annual subscriptions of daily entry and exit capacity at the PITS are defined in the table below:

PITS	TCES (€/MWh/day per year)	TCSS (€/MWh/day per year)
South-west storage facility	20.65	46.47

For annual or pluriannual products sold by storage operators, the annual entry and exit capacity at the PITS allocated by TIGF to each shipper is equal respectively to the nominal daily withdrawal capacity, to which is added where applicable the daily peak withdrawal capacity, and to the nominal daily injection capacity subscribed by that shipper with the storage operator, within the limit of the network's capacity.

No annual interruptible entry or exit capacity is sold at the PITS.

For products with a duration of less than a year sold by storage operators, monthly entry and exit capacity at the PITS equal to the nominal daily withdrawal and injection capacity is allocated by TIGF to each shipper. The price applicable to monthly capacity subscriptions at the PITS is equal to 1/8th of the price for the corresponding annual subscription.

2.2. Regional network transmission

a) Firm annual subscription

The charge applicable to firm annual subscriptions of daily transmission capacity on the regional network is the product of the unit charge, set at €43.50 MWh/day per year, and the regional tariff level (NTR) of the delivery point in question:

	TCR (€/MWh/day per year)
TIGF	43.50 x NTR

The list of delivery points on TIGF's network, along with their exit zone and their NTR value, is contained in the annex of this document.

When a new delivery point is created, TIGF calculates the value of the NTR in a transparent and non-discriminatory fashion, on the basis of a calculation method published on its website, and communicates the result to CRE.

Subscription of firm transmission capacity on the regional network is equal, for each delivery point, to the subscription of firm delivery capacity at that point.

b) Interruptible annual subscription

For all interruptible annual transmission capacity subscribed on the regional network, the charge for transmission capacity on the regional network is reduced by 50%.

Subscription of interruptible transmission capacity on the regional network is equal, for each delivery point, to the subscription of interruptible delivery capacity at that point.

The interruptibility conditions on the regional network are defined by TIGF, on an objective and transparent basis, preventing any discrimination, and are published on its website.

2.3. Delivery of gas

a) For customers connected to the transmission network

For shippers supplying end customers connected to the transmission network, the delivery charge is made up of:

- a fixed charge equal to €1,816.75/year and per delivery station;
- a charge applicable to daily delivery capacity subscriptions.

The charge applicable to annual firm or interruptible daily delivery capacity subscriptions is defined in the table below:

	TCL (€/MWh/day per year)
TIGF	11.47

All shippers supplying one or more end customers connected to TIGF's transmission network will be allocated simultaneously, at its request, the existing delivery capacity corresponding to its needs.

If several shippers simultaneously supply an end customer connected to the transmission network, the fixed charge is distributed in proportion to their delivery capacity subscriptions.

b) For the PITDs

For shippers supplying PITDs, the charge applicable to annual firm or interruptible daily delivery capacity subscriptions is defined in the table below:

	TCL (€/MWh/day per year)
TIGF	15.34

In accordance with the standardised subscription system for transmission capacity at the PITDs, at each PITD, the annual firm delivery capacity ("standardised capacity") is allocated to each shipper by the TSOs. It is equal to the sum:

- of annual capacity subscribed on the distribution network for "subscribable" delivery points (PDL) supplied downstream of the PITD in question;
- of capacity calculated by TIGF for "non-subscribable" delivery points supplied downstream of the PITD in question, by multiplying the daily peak consumption of "non-subscribable" delivery points by the corresponding adjustment coefficient "A".

Changes to the A coefficients are defined by CRE, on a proposal by the TSOs.

2.4. Summary of TIGF's tariff structure as at 1 April 2013

Annual capacity	Tariff charges in €/MWh/d per year
PIR entries Larrau, Biriadou	106.56
PIR exits Larrau, Biriadou	387.37
TIGF PITS zone Entry Exit	20.65 46.47
South interface ↔ TIGF	45
Main Network Exit	83.19
Regional Network Transmission	43.50
Delivery Industrial clients PITD	11.47 15.34

2.5. Subscription of quarterly capacity

Quarterly capacity products may be sold by TIGF as from 1 April 2014 for all PIRs and at the interface with the GRTgaz network. The level of the corresponding tariffs will be set by CRE during the next tariff update.

2.6. Subscription of monthly capacity

- At entry points and exits to PIRs:

Until 31 March 2014, the charges applicable to firm monthly subscriptions of daily entry and exit capacity to TIGF's PIRs are equal to 1.5/7th of the corresponding firm summer season charge and 1.5/5th of the corresponding firm winter season charge. Interruptible monthly capacity is sold by TIGF at the Larrau entry point and at the exit to the Biriadou PIR. The tariff for this capacity in summer is equal to 1.5/7th of the corresponding interruptible summer season charge, and in winter to 1.5/5th of the corresponding interruptible winter season charge.

From 1 April 2014, the charges applicable to firm monthly subscriptions of daily capacity at entry and exit points at the interface with GRTgaz starting after 1 April 2014 are equal to 1/8th of the corresponding annual charge.

- At the PITS:

Monthly capacity at the PITS is sold according to the methods defined in section 2.1.e) above.

- At main network exits, on the regional network and as delivery capacity:

The charges applicable to firm monthly subscriptions of daily exit capacity from the main network, transmission capacity on the regional network and delivery capacity, are equal to the charges applicable to the corresponding firm annual subscriptions, multiplied by the following coefficients:

Month	Monthly charge in proportion to annual charge
January – February	8/12th
December	4/12th
March – November	2/12th
April – May – June – September – October	1/12th
July – August	0.5/12th

2.7. Subscription of daily capacity

- At entry points and exits to PIRs:

The charges applicable to firm daily subscriptions of daily capacity at entry points and exits to PIRs are equal to 1/30th of the charges applicable to the corresponding firm monthly subscriptions.

Interruptible daily capacity is sold by TIGF at the Larrau entry point and at the exit to the Biriadou PIR at a price equal to 1/30th of the price for the corresponding interruptible monthly subscriptions at these points.

- At the PITS:

The daily entry and exit capacity at the PITS allocated to each shipper by TIGF is equal, respectively, to the daily withdrawal capacity and the daily injection capacity allocated by the storage operator in addition to the corresponding annual capacity, within the limit of the network's capacity.

The charge applicable to daily subscriptions of daily capacity at the PITS is equal to 1/240th of the price for firm annual subscriptions at those points.

- At main network exits, on the regional network and as delivery capacity:

Daily capacity subscriptions are sold by TIGF to meet a sporadic and exceptional need of an end customer.

The charges applicable to firm daily subscriptions of daily exit capacity from the main network, transmission capacity on the regional network and delivery capacity, are equal to 1/30th of the charges applicable to the corresponding firm monthly subscriptions.

The charges applicable to interruptible daily subscriptions of daily exit capacity from the main network, transmission capacity on the regional network and delivery capacity, are equal to 50% of the tariff charge for the corresponding firm daily capacity.

Daily interruptible capacity is sold by TIGF, when all firm daily capacity for sale has been subscribed for the day in question.

2.8. Methods for the short-term selling of daily capacity

- "Use it and buy it" (UBI)

At entry points and exits to PIRs, unsold capacity and capacity subscribed but not nominated the previous day for the following day are sold as interruptible capacity each day by TIGF, at a price equal to 1/240th of the price for firm annual subscription or at 1/240th of the sum of the price for firm summer season subscription and the price for firm winter season subscription at those points.

The operating rules of the UBI service are defined by TIGF, on an objective and transparent basis preventing any discrimination and are published on its website.

Capacity at the GRTgaz and TIGF interface is sold and allocated in a coordinated manner by the two TSOs.

- Auctions

At entry points and at exits to PIRs, TIGF is authorised to sell on a daily basis firm capacity that remains available at the end of the sales period for daily firm capacity at the regulated tariff.

The operating rules for the daily capacity auction mechanism are defined by TIGF on an objective and transparent basis preventing any discrimination and are published on its website. The reserve price used for the auction mechanism is equal to 1/240th of the price for the corresponding firm annual capacity subscription.

2.9. Subscription of hourly delivery capacity

Hourly delivery capacity applies only to end customers connected to the transmission network.

All annual, monthly or daily subscriptions of daily delivery capacity confers the right to an hourly delivery capacity equal to 1/20th of the daily capacity subscribed (except in particular cases where that hourly capacity is not available).

In order to receive, within the limits of the network's possibilities, a greater hourly capacity, the shipper must pay an additional price p equal to:

$$p = (C_{max} - C) \times 10 \times (TCL + TCR)$$

Where:

C_{max} : Hourly delivery capacity requested by the shipper.

C : Hourly delivery capacity booked by means of the annual, monthly or daily subscription of daily delivery capacity.

TCL : Annual, monthly or daily charge for daily delivery capacity.

TCR : Annual, monthly or daily charge for daily transmission capacity on the regional network.

2.10. Injection of gas into the network from a gas production installation, excluding Lacq

The charges applicable to annual subscriptions of daily entry capacity on TIGF's network from the transmission-production interface points (PITPs) are as follows:

- for the PITPs with an entry capacity on the network of less than 5 GWh/d, the applicable tariff is €8.76 MWh/day per year;
- for the other PITPs, the applicable charge is determined following a specific study.

These conditions do not apply to biomethane injection capacity.

3. Development of TIGF's tariff structure as from 1 April 2014

In addition to structural changes, TIGF's detailed tariff structure will be updated as at 1 April of each year starting from 1 April 2014 according to the methods below:

3.1. Updating of capital expenses

For the years 2014 to 2016, the capital expenses taken into account for updating the tariff structure as at 1 April of each year are those defined in the table in section 1 "Authorised income trajectory".

3.2. Updating of net operating expenses

For the years 2014 to 2016, the net operating expenses (OPEX) will evolve as follows:

- the net OPEX for the year 2014 (respectively 2015 and 2016) are calculated by applying to the OPEX of the year 2013 (respectively 2014 and 2015) a percentage change equal to CPI + 2.45%, where the CPI corresponds to the actual annual average variation observed for the preceding calendar year in the consumer price index excluding tobacco products, as calculated by INSEE for all households throughout France⁸. If the actual CPI value is not available when the tariff is updated, CRE will use the CPI forecast retained in the draft budget bill. The difference between actual inflation and inflation forecast in the draft budget will be covered fully by the CRCP;
- to this net OPEX for the year 2014 (respectively 2015 and 2016) is added the difference between the forecast "energy and CO₂ quotas" item retained in the net OPEX trajectory (defined in the table in section 1 "Authorised income trajectory") and the revision of the forecast for this item for the year 2014 (respectively 2015 and 2016);
- to the net OPEX for the years 2015 and 2016, are added, where applicable, the amounts retained by CRE under the revision clause.

3.3. Taking into account of the CRCP balance at the end of the tariff period

For the years 2014 to 2016, the updating of the tariff structure as at 1 April each year takes into account the reconciliation of a quarter of the overall CRCP balance.

The overall CRCP balance corresponds to the CRCP amount calculated for the past year, to which is added the CRCP not reconciled in previous years.

The CRCP is calculated by CRE for the previous year by taking into account, for each item concerned, the reference amounts and the coverage rates defined below:

€M	TIGF			
	2013	2014	2015	2016
Transmission income, 100% coverage	110.5			
Transmission income, 50% coverage	91.3			
Income from CCGT and CT connections, 100% coverage	0	0	0	0
Capital expenses, 100% coverage	143.8	157.3	164.5	176.8
Engine power expenses and difference between income and expenses related to CO ₂ quotas, 80% coverage	6.3	5.3	5.6	6
Income related to the inter-operator contract, 100% coverage	33.1	33.8	34.4	35.1

An interest rate equivalent to the risk-free rate, i.e. 4% applies annually to the overall CRCP balance.

⁸ The annual average variation for year Y-1 is equal to the rate of change in percentage of the annual average index, corresponding to the simple arithmetic mean of the 12 monthly indices of the year, i.e. from January to December, of consumer prices excluding tobacco products for all households throughout all of France (series No. 641194), between years Y-2 and Y-1.

3.4. Updating of capacity subscription assumptions

For the years 2014 to 2016, the annual capacity subscription assumptions are revised for the updating of the tariff structure as at 1 April each year.

IV - Transfer of transmission capacity on the GRTgaz and TIGF networks

The transmission capacity subscribed at the entry points, the exits to the PIRs and at the links between balancing zones are freely transferable and without additional cost.

In the case of full transfer, the acquirer recovers all the rights and obligations tied to those subscriptions.

In the event of a transfer of the right of use, the initial owner keeps the obligations vis-à-vis the TSO. The right of use transferred may be as small as a daily time slot, regardless of the duration of the initial subscription.

The right of use of downstream transmission capacity, between the title transfer point (PEG) and the point of delivery at an industrial site directly connected to the transmission network, is transferable in cases where the industrial customer concerned has subscribed this capacity with the TSO.

The conditions governing these transmission capacity transfers are defined by the TSOs, on an objective and transparent basis, preventing any discrimination, and are published by the TSOs on their websites.

V - Penalties for exceeding capacity on GRTgaz's and TIGF's networks

1. Penalties for exceeding daily capacity

1.1. Methods for calculating penalties for exceeding daily capacity

Each day, the exceeding of daily exit capacity on the main network, transmission capacity on the regional network and delivery capacity is subject to penalties.

For the exceeding portion less than or equal to 3% of the daily capacity subscribed, no penalty will be applied.

For the exceeding portion greater than 3%, the calculation of penalties is based on the price of the firm daily subscription of daily capacity, as follows:

- for the exceeding portion comprised between 3% and 10%, the penalty is equal to 20 times the price of the firm daily subscription of daily capacity;
- for the exceeding portion greater than 10%, the penalty is equal to 40 times the price of the firm daily subscription of daily capacity.

The TSOs give shippers the possibility of rapidly adjusting their capacity subscriptions when the exceeding of the capacity limit is observed, subject to the network's availabilities.

1.2. Methods for calculating the exceeding of daily capacity

a) Exceeding of daily regional network and delivery capacity for end customers connected to the transmission network and PIRs

For a given day, the value of the exceeding daily capacity that is taken into account is equal to the difference, if it is positive, between the quantity of gas delivered and the daily delivery capacity subscribed.

b) Exceeding of daily regional transmission and delivery capacity for PITDs

For a given day, the value of the exceeding daily capacity that is taken into account is equal to the difference, if it is positive, between the two following values:

- the value of the difference between the daily quantity of gas delivered and the corresponding daily delivery capacity, if this difference is positive, or zero if this difference is negative;

- the value of the difference between the sum of the daily quantities delivered at “non-subscribable” PDLs and the sum of standardised capacity for the “non-subscribable” PDLs, if this difference is positive, or zero if this difference is negative.

c) Exceeding of daily main network exit capacity

For a given day, the value of the exceeding daily capacity that is taken into account is equal to the difference, if it is positive, between the following two values:

- the value of the difference between the daily quantity of gas delivered and the corresponding daily main network exit capacity, if this difference is positive, or zero if this difference is negative;
- the value of the difference between the sum of the daily quantities delivered at the exit zone of “non-subscribable” PDLs and the sum for the standardised capacity exit zone for the “non-subscribable” PDLs, if this difference is positive, or zero if this difference is negative.

If interruptibility is exercised by the TSO, the calculations for exceeding capacity presented above are carried out by reducing the interruptible capacity from the interrupted portion requested by the TSO.

2. Penalties for exceeding hourly capacity

Each day, the exceeding of hourly transmission capacity on the regional network and delivery capacity, to supply end customers connected to the transmission network, is subject to penalties. For a given day, the exceeding of hourly capacity is calculated by considering the maximum value of the hourly average of quantities delivered at the delivery point in question over four consecutive hours.

For the exceeding portion less than or equal to 10% of the hourly capacity subscribed, no penalty will be applied.

For the exceeding portion greater than 10%, the calculation of penalties is based on the price of the daily subscription of hourly capacity, as follows:

- for the exceeding portion comprised between 10% and 20%, the penalty is equal to 45 times the price of the daily subscription of hourly capacity;
- for the exceeding portion greater than 20%, the penalty is equal to 90 times the price of the daily subscription of hourly capacity.

The penalties for exceeding hourly capacity are not applied by GRTgaz if the shipper corrects its annual subscription of hourly capacity to include the exceeding portion.

3. Annual redistribution of penalties for exceeding capacity

Each TSO redistributes the amount of penalties for exceeding capacity collected each year, during the month of June of the following year at the latest.

For each TSO, the amount of penalties to be redistributed is divided between shippers in proportion to the quantities of gas delivered to end customers connected to the transmission network and to PIRRs. Each TSO publishes on its website the unit amount of penalties distributed, expressed in euros per MWh consumed by end customers connected to the transmission network.

VI - Notional gas title transfer points on GRTgaz’s and TIGF’s networks

There is a notional gas title transfer point (PEG) in each balancing zone, offering shippers the possibility to exchange gas quantities.

The operating methods of PEGs are defined by the TSOs, on an objective and transparent basis, preventing any discrimination, and are published on their websites.

The charge for access to gas title transfer points consists of:

- an annual fixed charge, equal to €6,000 per title transfer point;
- a charge proportional to quantities exchanged equal to €0.01/MWh.

Gas exchanges made through an electronic platform may be delivered at a gas exchange point by a third party responsible for compensating the exchanges performed on that platform. Nominations at 54/64 *(translated from the French: only the original in French is authentic)*

PEGs made by such entities for compensation purposes, neutral with respect to the market, are not subject to the charge proportional to the quantities exchanged.

VII - Incentive regulation mechanism for the TSOs' quality of service

In accordance with the principles defined in the methodology section of this tariff decision, a mechanism to monitor service quality was introduced for both TSOs in key fields of their activity. This monitoring consists of indicators regularly sent by the TSOs to CRE and published on their websites.

Some indicators that are particularly important for the proper functioning of the market are subject to a financial incentive system.

Moreover, the TSO service quality monitoring system may be subject to any audit that CRE deems useful.

1. TSO service quality monitoring indicators occasioning financial incentives

Five indicators are subject to financial incentive. These concern the availability of data to users.

1.1. Quality of quantities measured at PITDs and sent to the DNOs the day before to calculate provisional allocations

Calculation:	Number of non-conforming days⁽¹⁾ per balancing zone and month (one value monitored per balancing zone: i.e. two values monitored by GRTgaz and one value monitored by TIGF)
Scope:	- all shippers - all DNOs
Monitoring:	- frequency of calculation: monthly - frequency of transmission to CRE: monthly - frequency of publication: monthly - frequency of financial incentive calculation: monthly
Objective:	GRTgaz: - basic objective: 1 non-conforming day per month - target objective: 0 non-conforming days per month TIGF: - basic objective: 1 non-conforming day per month - target objective: 0 non-conforming days per month

Incentive:	<p>GRTgaz:</p> <ul style="list-style-type: none"> - penalties: <ul style="list-style-type: none"> • €25 K for the 2nd non-conforming day; • €12.5 K per non-conforming day, from the 3rd non-conforming day. - bonus: €25 k if the target objective is attained. - limit: the total annual amount, corresponding to the absolute value of the algebraic sum of penalties to be paid and bonuses to be received by GRTgaz, is limited to €300 k per year per balancing zone. <p>TIGF:</p> <ul style="list-style-type: none"> - penalties: <ul style="list-style-type: none"> • €25 K for the 2nd non-conforming day; • €12.5 K per non-conforming day, from the 3rd non-conforming day. - bonus: €25 k if the target objective is attained. - limit: the total annual amount, corresponding to the absolute value of the algebraic sum of penalties to be paid and bonuses to be received by TIGF, is limited to €300 k per year.
Implementation date of the modifications made	<ul style="list-style-type: none"> - 1 April 2013

(1): For a given balancing zone (ZET), day D of month M is non-conforming if the difference, in absolute value, between the following values is strictly greater than 2%:

- the provisional measurement of the quantity of gas delivered to all of the PITDs of the ZET on day D and sent to the DNOs on day D+1 of month M;
- the final measurement of the quantity of gas delivered to all of the PITDs of the ZET on day D and sent to the DNOs on the 20th of month M+1.

1.2. Quality of the quantities telemetered at delivery points of customers connected to the transmission network and transmitted the following day

Calculation:	<p>Number of conforming readings for telemetered industrial delivery points in the month⁽²⁾ / Total number of readings for telemetered industrial delivery points in the month</p> <p>(one value monitored by each TSO)</p>
Scope:	<ul style="list-style-type: none"> - all shippers - all ZETs - all telemetered industrial delivery points
Monitoring:	<ul style="list-style-type: none"> - frequency of calculation: monthly - frequency of transmission to CRE: monthly - frequency of publication: monthly - frequency of financial incentive calculation: monthly
Objective:	<p>GRTgaz:</p> <ul style="list-style-type: none"> - basic objective: 97% per month - target objective: 98% per month <p>TIGF:</p> <ul style="list-style-type: none"> - basic objective: 97% per month - target objective: 98% per month

Incentive:	<p>GRTgaz:</p> <ul style="list-style-type: none"> - penalties: €25 k per percentage point (strictly) below the basic objective - bonus: €50 k per percentage point (strictly) above the target objective - limit: the total annual amount, corresponding to the sum of penalties to be paid and bonuses to be received by GRTgaz, is limited to €1 million per year. <p>TIGF:</p> <ul style="list-style-type: none"> - penalties: €12.5 k per percentage point below (strictly) the basic objective - bonus: €25 k per percentage point above (strictly) the target objective - limit: the total annual amount, corresponding to the sum of penalties to be paid and bonuses to be received by TIGF, is limited to €500 k per year.
Implementation date of the modifications made	<ul style="list-style-type: none"> - 1 April 2013

(2): For a given month *M*, a reading conforms if there are no more than 3 days in month *M* for which the difference, in absolute value, between the following values is strictly greater than 1% and 100 kWh:

- the provisional measurement of the energy of day *D* sent on day *D*+1 of month *M*;
- the final measurement of the energy of day *D* sent on the 20th day of month *M*+1.

1.3. Availability rate of TSOs' user portals and public data platforms

Calculation:	Number of hours the user portal and the public data platform is available during the month / Total number of opening hours planned for the month for the two interfaces (one value monitored by each TSO)
Scope:	- calculated for a time slot from 7:00 a.m. to 11:00 p.m., 7 days a week - rounded off to one decimal place
Monitoring:	- frequency of calculation: monthly - frequency of transmission to CRE: monthly - frequency of publication: monthly - frequency of financial incentive calculation: monthly
Objective:	- basic objective: 99% per month - target objective: 100% per month
Incentive:	GRTgaz: - penalty: €30 k per percentage point (strictly) below the basic objective - bonus: €15 k if the target objective is attained TIGF: - penalty: €15 k per percentage point (strictly) below the basic objective - bonus: €7.5 k if the target objective is attained
Implementation date of the modifications made	- 1 April 2013

1.4. Quality of the intraday quantities telemetered at delivery points of customers connected to TIGF's network and transmitted during the day

Calculation:	Number of conforming intraday readings for telemetered industrial delivery points in the month⁽³⁾ / Total number of intraday readings for telemetered industrial delivery points in the month (one value monitored by TIGF per time slot)
Scope:	- all shippers - all telemetered industrial delivery points - calculated for the following time slots: 6:00 a.m.-10:00 a.m., 6:00 a.m.-2:00 p.m., 6:00 a.m.-6:00 p.m., 6:00 a.m.-10:00 p.m. and 6:00 a.m.-1:00 a.m. 7 days a week - rounded off to one decimal place
Monitoring:	- frequency of calculation: monthly - frequency of transmission to CRE: monthly - frequency of publication: monthly - frequency of financial incentive calculation: monthly

Objective:	<ul style="list-style-type: none"> - basic objective, 6:00 a.m.-10:00 a.m.: 65% per month - basic objective, 6:00 a.m.-2:00 p.m.: 70% per month - basic objective, 6:00 a.m.-6:00 p.m.: 75% per month - basic objective, 6:00 a.m.-10:00 p.m.: 80% per month - basic objective, 6:00 a.m.-1:00 p.m.: 85% per month - target objective for each time slot: 90% per month
Incentive:	<ul style="list-style-type: none"> - penalty: €1 K per percentage point (strictly) below the basic objective for each time slot - bonus: €1 K per percentage point (strictly) above the basic objective for each time slot - limit: the total annual amount, corresponding to the sum, for all time slots, of penalties to be paid and bonuses to be received by TIGF, is limited to €300 k per year.
Implementation date	<ul style="list-style-type: none"> - 1 April 2013

(3): For a given month M, a reading conforms if there are no more than 5 days in month M for which the difference, in absolute value, between the following values is strictly greater than 3% and 100 kWh:

- the measurement of the energy for the time slot for day D transmitted on day D;
- the measurement of the energy for the time slot for day D transmitted on day D+1;

1.5. Quality of intraday quantities telemetered at delivery points of customers connected to GRTgaz's network and transmitted during the day

Calculation:	<ul style="list-style-type: none"> - Information rate of very good quality⁽⁴⁾ - Information rate of good quality - Information rate of poor quality <p>(These three rates are calculated for each of the following time slots: 6:00 a.m.-10:00 a.m., 6:00 a.m.-2:00 p.m., 6:00 a.m.-6:00 p.m., 6:00 a.m.-10:00 p.m. and 6:00 a.m.-1:00 a.m.)</p> <p>(three values monitored by GRTgaz TSO, for all shippers, all ZETs and all telemetered industrial delivery points)</p>
Scope:	<ul style="list-style-type: none"> - all shippers - all ZETs - Each counter provides one piece of information per day for each of the following time slots: 6:00 a.m.-10:00 a.m., 6:00 a.m.-2:00 p.m., 6:00 a.m.-6:00 p.m., 6:00 a.m.-10:00 p.m. and 6:00 a.m.-1:00 a.m. - rounded off to one decimal place
Monitoring:	<ul style="list-style-type: none"> - frequency of calculation: monthly - frequency of transmission to CRE: monthly - frequency of publication: monthly - frequency of financial incentive calculation: monthly
Incentive:	<ul style="list-style-type: none"> - The financial incentive applies to the average, of all time slots, of information rates of very good quality and of poor quality. - penalties: €15 k per percentage point of poor quality information - bonus: €1 k per percentage point of very good quality information - limit: the total annual amount, corresponding to the sum, for all time slots, of the penalties to be paid and the bonuses to be received by GRTgaz, is limited to €0.6 M per year.
Implementation date of the modifications made	<ul style="list-style-type: none"> - 1 April 2013

(4): information is considered to be of very good (respectively of good and poor) quality if the difference, in absolute value, between the following values is strictly lower than 1% (respectively comprised between 1% and 3% and strictly higher than 3%) and higher than 100 kWh:

- the measurement of the energy for the time slot for day D transmitted on day D;
- the measurement of the energy for the time slot for day D transmitted on day D+1.

2. Other TSO service quality monitoring indicators

2.1. Quality of day-ahead and within-day global forecasts for gas day consumption

Calculation:	<ul style="list-style-type: none"> - Information rate of very good quality⁽⁵⁾ - Information rate of good quality - Information rate of poor quality <p>(These three rates are calculated for each balancing zone and for values published a day ahead and within day)</p>
Scope:	<ul style="list-style-type: none"> - rounded off to one decimal place
Monitoring:	<ul style="list-style-type: none"> - frequency of calculation: monthly - frequency of transmission to CRE: monthly - frequency of publication: monthly
Implementation date of the modifications made	<ul style="list-style-type: none"> - 1 April 2013

(5): regarding day-ahead forecasts, a piece of information is considered to be of very good respectively of good and poor, quality if the difference, in absolute value, between the following values is strictly lower than 4%, respectively comprised between 4% and 7% and strictly higher than 7%:

- forecast consumption for day D published the day before at 5:00 p.m.;
- the final measurement of the energy consumed on day D sent on the 20th day of month M+1.

Regarding within-day forecasts, information is considered to be of very good, respectively of good and poor, quality if the difference, in absolute value, between the following values is strictly lower than 3%, respectively comprised between 3% and 5% and strictly higher than 5%:

- forecast consumption for day D published on day D at 5:00 p.m.;
- the final measurement of the energy consumed on day D sent on the 20th day of month M+1.

The global consumption forecasts for the gas day used to calculate the indicator concerning industrial clients, excluding sites with strong flexibility needs, and public distribution networks connected to the TSO's network.

2.2. Indicators related to maintenance programmes

Description of the indicator	Calculation of the indicator	Frequency of transmission to CRE and of publication	Implementation date
Reduction of available capacity	Firm capacity made available during work / firm technical capacity (one value per type of network point ⁽⁶⁾ for each TSO)	Monthly Indicator calculated for January to December	1 April 2009
Compliance with the annual maintenance programme published at the start of the year by the TSO	Variation (in percentage) of the capacity made available between the forecast maintenance programme published at the beginning of the year and the actual maintenance programme followed (one value per type of network point ⁽⁶⁾ for each TSO)		1 April 2009
Compliance with the maintenance programme published at M-2 by the TSO	Variation (in percentage) of the capacity made available between the forecast maintenance programme published at M-2 and the actual maintenance programme followed (one value per type of network point ⁽⁶⁾ for each TSO)		GRTgaz: mid 2009 TIGF: 1 April 2009
Compliance with the maintenance programme for interruptible capacity of the North-South link published at M-2 by GRTgaz	Example: Variation (in percentage) between the forecast maintenance programme for interruptible capacity published at M-2 and the actual maintenance programme followed at the North-South link <i>Specific methods to be defined within the framework of Concertation Gaz</i>		Implementation date to be defined within the framework of Concertation Gaz

(6): five types of points selected:

- the North / South link in both directions,
- the PIRs in the predominant direction,
- the entry at the PITTMs;
- the entry and exit at PITS;
- the GRTgaz South / TIGF interface in both directions.

2.3. Indicators related to the relationship with shippers

Description of the indicator	Calculation of the indicator	Frequency of transmission to CRE and of publication	Objective / Implementation date
Monitoring of the time taken to complete connections	Ratio of the number of days overdue for supplying gas through the connection structures compared to the deadline set out in the contract with the client (Each TSO monitors one value for the DNOs, one for industrial customers and one for biomethane producers)	Quarterly	Objective: 0% Implementation date: 1 April 2013
Accuracy of information on client interfaces	Number of claims regarding accuracy of information (one value monitored per TSO)	Monthly	Objective: 0 claims Implementation date: 1 April 2013
Time taken to process capacity booking requests on the main network	Average processing time of booking requests (one value monitored per TSO)	Monthly	Objective: 2 working days per month Implementation date of the modifications made: 1 April 2010

2.4. Indicators related to the environment

Description of the indicator	Calculation of the indicator	Frequency of transmission to CRE and of publication	Implementation date
Greenhouse gas emissions	Monthly greenhouse gas emissions (CO₂ equivalent) (one value monitored per TSO)	Quarterly	1 January 2009
Greenhouse gas emissions in proportion to the volume of gas transported	Monthly greenhouse gas emissions / monthly volume of gas transported (one value monitored per TSO)		1 January 2009

2.5. Indicator related to the lead times for transmitting data

Description of the indicator	Calculation of the indicator	Frequency of transmission to CRE and of publication	Objective / Implementation date
Time taken to transmit files on offtakes at PITDs to DNOs	Number of days per month for which the TSO has sent the file related to provisional daily offtakes at PITDs to DNOs outside the deadline set between the TSO and the DNOs (one value monitored per TSO, all shippers, all ZETs, all DNOs)	Monthly	<i>Objective:</i> one file sent outside the deadline per month <i>Implementation date:</i> 1 January 2009

VIII - Annex

Annex 1: List of GRTgaz's gas transmission network delivery points classed by main network exit zone.

Annex 2: List of TIGF's gas transmission network delivery points classed by main network exit zone.

In accordance with Article L.452-3 of the French Energy Code, the present deliberation will be published in the *Journal officiel de la République française*.

Paris, 13 December 2012

For the French Energy Regulation Commission,
The Chairman,

Philippe de Ladoucette