



## DÉCISION N° 2019-091

# Communication by the French Energy Regulatory Commission (CRE) of 9 May 2019 concerning the reserve price to be used for capacity auctions at interconnection points (PIR) of GRTgaz and Teréga between 1 April 2020 and 30 September 2020

Attendees : Jean-François CARENCO, Chairman, Christine CHAUVET, Catherine EDWIGE, Jean-Laurent LASTELLE, commissioners.

### Translated from the French: only the original in French is authentic

The tariff for the use of the natural gas transmission networks of GRTgaz and Teréga (transmission system operators or TSOs), known as the "ATRT6 tariff", took effect on 1 April 2017 for a period of approximately four years.

However, as it indicated in its public consultation n° 2019-006 of 27 March 2019 relating to the structure of the next tariff for the use of natural gas transmission networks of GRTgaz and Teréga, CRE has planned given the implementation of the Tariff network code<sup>1</sup>, to shorten the ATRT6 tariff by one year. CRE has undertaken work to define new tariffs for the use of the natural gas transmission networks of GRTgaz and Teréga, termed "ATRT7" tariffs, which would apply as from 1 April 2020. CRE intends to adopt at the end of 2019 a decision concerning the ATRT7.

Since the ATRT4 tariff, which entered into effect in 2009, the gas transmission tariffs change as at 1 April each year. This timetable, which had been defined by CRE after consultation<sup>2</sup>, is in line with the storage gas year, which goes from 1 April of year N to 31 March of year N+1.

The CAM network code<sup>3</sup>, which entered into effect in 2013, provides for annual transmission capacity at interconnections to be allocated from a period between 1 October of year N and 30 September of year N+1. Annual capacity auctions start on the first Monday of the month of July of year N.

Therefore, for annual transmission capacity sold at interconnections on the French transmission network (PIRs), two tariff levels at PIRs currently apply for a product booked within the framework of CAM auctions: a first level, known at the time of the auction, applies from 1 October N to 31 March N+1. The tariff level then changes at the time of the annual tariff update on the basis of annual inflation, and it applies to the same product from 1 April N+1 to 30 September N+1.

However, the Tariff network code requires the level of tariffs, insofar as it constitutes the reserve price of PIR auctions, to be published, for interconnection points, at the latest one month before the start of annual capacity auctions in July for the period from October N to October N+1.

<sup>1</sup> Regulation (EU) 2017/460 of the Commission of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas (Text with EEA relevance)

<sup>2</sup> Public consultation of 27 July 2016 by the French Energy Regulatory Commission on the next tariff for use of the GRTgaz and TIGF natural gas transmission networks

<sup>3</sup> Regulation (EU) No 984/2013 of the Commission of 14 October 2013 establishing a network code on capacity allocation mechanisms in gas transmission systems

The next capacity auctions at PIRs are scheduled for July 2019 and will allocate capacity covering the period from 1 October 2019 to 30 September 2020. While the tariff level applicable to the RIPs is known until 30 March 2020 under the ATRT6<sup>4</sup>, the launch of the tariff works related to the ATRT7 tariff makes the level of the tariffs at the RIPs uncertain for the period from 1 April 2020 to 30 September 2020.

Many stakeholders therefore asked for visibility on the evolution of capacity tariffs at the PIRs between 1 April 2020 and 30 September 2020.

In response to this demand from the market to have the visibility necessary for the proper functioning of the July 2019 auctions for interconnection capacities, CRE proposed in its public consultation of 27 March 2019<sup>5</sup> to change the tariffs at the PIRs as at 1 October of each year, with an initial change in these tariffs as at 1 October 2020.

The majority of the actors who responded to the public consultation is in favor of this treatment, considering that it gives visibility to the market and that it guarantees the proper functioning of the auctions.

Consequently, CRE intends to maintain, for the period from 1 April 2020 to 30 September 2020, the tariff terms at the interconnection points (PIR) at the level currently in force, as specified in the deliberation of 13 December 2018<sup>6</sup>. The next ATRT7 tariff will take into account this orientation for the setting of tariffs at the RIPs.

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This decision will be published on the CRE website. It will be notified to GRTgaz and Teréga, and sent to the Minister of State, the Minister of the Ecological and Solidarity Transition as well as to the Minister of the Economy and Finance.

**Deliberated in Paris, 9 may 2019.**

**For the French Energy Regulatory Commission,**

**The Chairman,**

**Jean-François CARENCO**

<sup>4</sup> Decision of the French Energy Regulation Commission of 13 December 2018 deciding on the evolution of the tariff for the use of the natural gas transmission networks of GRTgaz and Teréga on 1 April 2019.

<sup>5</sup> Public consultation n° 2019-006 of 27 March 2019 relating to the structure of the next tariff for the use of natural gas transmission networks of GRTgaz and Teréga.

<sup>6</sup> Decision of the French Energy Regulation Commission of 13 December 2018 deciding on the evolution of the tariff for the use of the natural gas transmission networks of GRTgaz and Teréga on 1 April 2019.