COMMISSION DE RÉGULATION DE L'ÉNERGIE

DELIBERATION NO 2021-15

Deliberation by the French Energy Regulatory Commission of 21 January 2021 deciding on the update of the tariff for the use of GRTgaz's and Teréga's natural gas transmission networks as from 1 April 2021

Attendees: Jean-François CARENCO, president, Christine CHAUVET, Catherine EDWIGE, Ivan FAUCHEUX and 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 TSO) known as "ATRT7 tariff", took effect on 1 April 2020 for a period of approximately four years. It provides for an update to be made on 1 April of each year, starting from 1 April 2021, based on the terms and conditions defined in the deliberation by the Energy regulatory commission (CRE) of 23 January 2020 deciding on the tariffs for the use of GRTgaz and Teréga's natural gas transmission networks[1] (hereinafter "the ATRT7 deliberation").

The purpose of the present deliberation is to define the changes to the ATRT7 that will take effect as from 1 April 2021.

CRE consulted interested parties from 22 October to 19 November 2020[2] concerning the evolution of the scope of collection of the storage tariff charge, the rules relating to the congestion tariff at network interconnection points and the biomethane injection charge. The non-confidential responses to this public consultation are published on CRE's website.

The main changes established by the present deliberation are as follows:

Evolution of the tariff level

CRE sets a -1.23% drop in the tariff charges for GRTgaz's and Teréga's main network as from 1 April 2021, as well as a drop of -1.58% in GRTgaz's regional network charges, and a +1.26% increase in Teréga's regional network charges. These changes take into account the forecast inflation rate for 2021 adopted in the 2021 draft finance bill, as well as annual evolution factors for the main network and regional network charges defined in the ATRT7 deliberation. They also take into account the reconciliation of the balance of the expenses and revenues clawback account of the gas transmission system operators calculated as at 31 December 2020.

Evolution of the scope of collection of the storage tariff charge

CRE extends, as at 1 April 2021, the scope of collection of the storage tariff charge to customers directly connected to the transmission network. It specifies, in the present deliberation, the terms for calculating these customers' modulation, which are similar to those of "subscription-based" clients connected to the distribution network.

In order to take into account the context of the health crisis which may have had an impact on industrial customers' modulation during the year, CRE adopts a transitional adaptation of the mechanism: over this period, modulation

[1] Deliberation by the French Energy Regulatory Commission of 23 January 2020 deciding on the tariffs for the use of GRTgaz's and Teréga's natural gas transmission networks

[2] Public consultation No 2020-018 of 22 October 2020 concerning structure changes within the framework of the update as from 1 April 2021 of the tariff for the use of GRTgaz's and Teréga's natural gas transmission networks

will be calculated based on the two best years over a period of observation of four years, and not three years as in the normal regime, so that the consequences of the crisis are not reflected in the billing of the storage charge.

Contractual interruptibility, whose implementing regulations were published at the end of 2019, will enable clients that can suspend or lower their consumption during periods of tension to be partly or fully exempted from the payment of this charge.

Congestion tariff at network interconnection points (PIRs)

Transmission capacity at network interconnection points is sold at auctions based on the terms and conditions set out by regulation (EU) No 2017/459 establishing a network code on capacity allocation mechanisms, known as the "CAM network code".

The ATRT7 tariff sets out that once the allocation of firm annual products at auctions results in a capacity sale price higher than the reserve price, the interconnection point is considered as "congested", and its products with timeframes lower than a year are sold at a lower tariff (the multipliers associated with quarterly, monthly and daily products are not applied).

However, these conditions may have led to windfall effects for certain shippers, linked to the fact that the functioning of auctions can be utilised so as to not pay the multiplier. CRE has therefore changed the conditions for triggering the "congestion" tariff at network interconnection points.

Biomethane injection charge

The ATRT7 and ATRD6 deliberations[3] introduced an injection charge in the tariffs for the use of the transmission and distribution networks for biomethane-producing sites connected to these networks.

As concerns transmission, the ATRT7 deliberation specifies that the injection charge is billed to shippers that have entered into a purchase contract with a biomethane producer. For the purpose of consistency with biomethane support mechanisms, CRE has changed this billing mode and adopts the same conditions as for distribution, i.e. billing of the charge directly to producers as from 1 April 2021.

The Conseil supérieur de l'énergie, consulted by CRE on the draft decision, delivered its opinion on 12 January 2021.

[3] Deliberation by the French Energy Regulation Commission of 23 January 2020 deciding on the equalised tariff for the use of GRDF's public natural gas distribution networks

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1. LEGAL FRAMEWORK AND CRE'S POWERS

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 states that CRE shall define the methods used to set the tariffs for the use of natural gas networks. Article L.452-3 specifies that the "*the Energy Regulatory Commission debates and decides on tariff developments as well as developments for associated services carried out exclusively by the operators of these networks or installations with, as needs be, modifications to the tariff level and structure which it deems justified in view of, in particular, an analysis of the operators' accounts and any expected changes in operating or investment costs. These deliberations [...] 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*".

The current tariffs for the use of the natural gas transmission networks of transmission system operators GRTgaz and Teréga, known as the "ATRT7 tariff", took effect on 1 April 2020.

The ATRT7 deliberation provides for an update of the tariffs of both TSOs as at 1 April each year (see section 7.2). The purpose of the present deliberation is to determine the tariffs that will enter into effect as at 1 April 2021 within the framework of the first annual update of ATRT7. In addition, on the occasion of this update, CRE introduces changes concerning the following points:

- the scope of collection of the storage tariff charge (see part 2)
- the congestion tariff at the PIRs (see part 3)
- the biomethane injection charge (see part 4)

CRE has introduced these developments after consulting interested parties from 22 October to 19 November 2020: it received 20 contributions. The non-confidential responses are published on CRE's website.

2. EVOLUTION OF THE SCOPE OF COLLECTION OF THE STORAGE TARIFF CHARGE

Article L. 452-1 of the French energy code provides that the difference between storage operators' allowed revenue and the income they receive directly, particularly through the auctioning of their capacity, is offset through the ATRT tariff. Within this framework, storage operators receive their allowed revenue, defined by CRE:

- on the one hand, through the income they receive directly, mainly from the auctioning of their storage capacity; on the other hand, in the event that the income they receive directly is lower than their allowed revenue, through compensation collected by the transmission system operators from shippers and transferred to storage operators in compliance with Article L.452-1 of the energy code. It is within this framework that CRE introduced an additional charge in the ATRT6 tariff ("storage tariff charge"). CRE defined the initial scope of the storage charge collection base in its deliberation of 22 March 2018[4]: as at 1 April 2018, the scope adopted corresponded to all customers connected to the distribution network that had not contractually accepted interruptible supply or had not agreed to load shedding.

In its public consultation of 22 October 2020, CRE reiterated that the ATRT7 deliberation provided that the extension of the storage charge collection base to clients directly connected to the transmission network would be implemented during the first update of the ATRT7 tariff, i.e. 1 April 2021.

Indeed:

- on the one hand, the hypotheses considered to define the need for security of supply justifying the scope of gas storage regulation took into account all customers regardless of the network to which they are connected;
- on the other hand, since 2019, the safety net base defined by decree covers all non-interruptible consumers, including those connected to the transmission network. The scope of customers bearing the costs related to the activation of the safety net and the scope of customers bearing the costs of the storage charge are therefore no longer aligned.

[4] CRE's deliberation of 22 March 2018 deciding on the introduction of a storage charge in the tariffs for the use of GRTgaz's and TIGF's transmission networks

In addition, the implementing regulations for the interruptibility mechanisms were published in December 2019; they enable industrial clients capable of suspending their consumption during supply crises to be exonerated from all or part of the storage charge. Since that publication, the TSOs have endeavoured to give full visibility to their clients about the terms governing the operation of the interruptibility mechanism and its connection with the storage charge.

In the public consultation of 22 October 2020, CRE also specified the calculation and operational terms it envisaged in view of this extension of the storage tariff charge collection base.

Most contributors to the public consultation were in favour of the extension of the storage charge collection base as at 1 April 2021, and the conditions proposed by CRE for this extension. Shippers highlighted that the implementation of the contractual interruptibility mechanism had progressed sufficiently, and they therefore considered that the scope of the storage collection base could henceforth include all customers. Gas associations also agreed with this extension and the operational terms proposed. Infrastructure operators approved the terms and did not pinpoint any particular technical difficulties with their implementation.

However, several industrial players expressed their disagreement. Apart from the opposition of some of them to the very principle of the payment of the storage charge by customers connected to the transmission network, these players expressed reservations about the operational terms proposed: they requested in particular for the calculation of daily modulation to be performed at the scale of an industrial platform, or even of all the sites of a same industrial player. In addition, many contributors highlighted the natural gas consumption contingencies observed during the year because of the health crisis and requested that the year 2020 be considered as a blank year in the mechanism adopted.

Lastly, several players were concerned about the late publication of the deliberation defining the storage tariff charge, taking effect as at 1 April and set hitherto each year by CRE at the end of the month of March.

CRE confirms the extension as at 1 April 2021 of the storage collection base, once secondary contractual interruptibility, already implemented by GRDF in the distribution network, is now known by industrial players and open to contracts in the transmission network. It will enable customers connected to the transmission network and able to suspend their consumption during supply crises to be exonerated from all or part of the storage charge.

CRE also maintains the principle of a calculation of winter modulation and an attribution of interruptible capacity specific to each delivery point. On the one hand, the aggregation of modulation and interruptible capacity at the level of an industrial platform or an entire company would no longer reflect individual contribution to the winter cold peak and therefore to the need for storage infrastructure. On the other hand, from an operational point of view, the effective interruption of consumption within 24 hours would become complex, possibly making the mechanism inoperative during a supply crisis.

With regard to the impact of the health crisis on natural gas consumption, and therefore on the calculation of winter modulation, CRE noted the concerns of industrial players and has decided to adopt the principle of a neutral year 2020 in the mechanism. CRE therefore adopts a temporary adaptation of the calculation method. Until 1 April 2024, modulation will be calculated based on the best two years over a period of observation of four years, and not three years as in the normal regime so that the consequences of the health crisis are not reflected in the billing of the storage charge.

Lastly, CRE is aware of the late nature of the deliberation defining the level of the storage tariff charge. The timetable for this deliberation is linked to the operation of storage auctions: CRE deems it preferable to wait until most of the storage auctions have ended before setting the charge. Otherwise, the charge might be poorly anticipated, generating an unpredictability considered by CRE to be more detrimental. CRE will attempt as far as possible to deliberate as soon as storage auctions have ended, i.e. at the start of the month of March.

Terms for the collection of the storage charge for clients directly connected to the transmission network

As from 1 April 2021, the operational terms for the collection of the storage charge are as follows for clients directly connected to the transmission network.

All shippers booking firm delivery capacity to supply sites directly connected to the transmission network will be applied a storage charge amount which will depend on the winter modulation of their clients. The basis for the collection of the charge to be received from each shipper will be defined as the sum of the modulation of each of its clients eligible for payment of the storage charge. The sum of winter modulation will be calculated every first day of the month, for all clients in their portfolio.

The level of winter modulation as at 1 April of a year Y of a customer connected to the transmission network or of a "subscription-based" customer in the distribution network will be calculated as follows:

$$\textbf{Client modulation as at 1 April Y } (\textbf{MWh/d}) = \ \mathrm{Max}(0; M_{fav3} - \mathrm{Int})$$

Where:

- M_{fav3} is the average of the two lowest annual modulations of the three previous years, i.e. years Y-3 to Y-1. For each of the three years considered, modulation is calculated as follows:

$$\textbf{Annual modulation Y (MWh/d)} = \text{Max}(0\ ;\ \frac{\text{Winter consumption}}{151} - \frac{\text{Annual consumption}}{365})$$

Where: - Winter consumption: the site's consumption from 1 November Y-1 to 31 March Y

- Annual consumption: consumption from 1 November Y-1 to 31 October Y

- Int corresponds to the sum of interruptible capacity under contract with the transmission system operators as at 1 April of the billing year in progress. This sum includes the annual interruptible capacity booked by the shipper to meet technical supply constraints at the request of the TSO and the capacity booked by the customer within the framework of the contractual interruptibility mechanisms defined by the order of 17 December 2019. The level of "Int" however, does not take into account the statements provided within the framework of the load shedding mechanism for natural gas consumption: only interruptible capacity booked with system operators can reduce client modulation.

Lastly, because of the health crisis, natural gas consumption faced setbacks in the year 2020, with, in particular, lower consumption in April and May which may have artificially increased winter modulation of certain industrial players. By way of derogation, the winter modulation adopted will correspond to the average of the two lowest annual modulations among the previous four years as long as modulation for the year 2020 is included in the history taken into account, i.e. until 1 April 2024. As from 1 April 2024, the winter modulation adopted will correspond to the average of the two lowest annual modulations among the previous three years, as explained above.

For example, for the calculation of a customer's charge as at 1 April 2021, four values are calculated:

2020 modulation = (consumption from 01/11/2019 to 31/03/2020 / 151) – (consumption from 01/11/2019 to 31/10/2020 / 365)

2019 modulation = (consumption from 01/11/2018 to 31/03/2019 / 151) – (consumption from 01/11/2018 to 31/10/2019 / 365)

2018 modulation = (consumption from 01/11/2017 to 31/03/2018 / 151) – (consumption from 01/11/2017 to 31/10/2018 / 365)

2017 modulation = (consumption from 01/11/2016 to 31/03/2017 / 151) – (consumption from 01/11/2016 to 31/10/2017 / 365)

For a customer whose different modulation values are as follows: 2020 modulation = 100 MWh/d; 2019 modulation = 50 MWh/d; 2018 modulation = 80 MWh/d and 2017 modulation = 60 MWh/d, the calculation of winter modulation will correspond to the average of the two lowest values, i.e. in this example the average of 2017 and 2019 modulations = 55 MWh/d.

The value of winter modulation adopted for billing this customer as at 1 April 2021 will correspond to the difference between 55 MWh/d and the sum of interruptible capacity booked by this customer as at 1 April 2021 for the period 1 April 2021 – 31 March 2022. If this value is negative, the winter modulation adopted will be 0 MWh/d.

Evolution of the terms for the collection of the storage charge for clients connected to the distribution network

The collection terms remain unchanged with the exception of the few adaptations below:

- as with transmission, the evolution of the terms for calculating modulation until 1 April 2024 in order to neutralise any effects of the health crisis (see above);
- "Int" in the calculation of client modulation corresponds to the sum of interruptible capacity booked with the transmission system operators as at 1 April of the billing year in progress. This sum includes the annual interruptible capacity booked by the shipper to meet technical supply constraints at the request

of the TSO and the capacity booked by the customer within the framework of the contractual interruptibility mechanisms defined by the order of 17 December 2019. The level of "Int" however, does not take into account the statements provided within the framework of the load shedding mechanism for natural gas consumption: only interruptible capacity booked with system operators can reduce client modulation;

- the determination of the interruptible capacity level: CRE reiterates that for distribution, a site's interruptible capacity level, defined as the difference between the delivery capacity booked and the capacity ceiling under contract, is in theory likely to change with variations in delivery capacity booked during the course of a year. For the purposes of simplification of the mechanism and consistency between the transmission and distribution networks, the level of interruptible capacity booked by a "subscription-based" site will be frozen as at 1 April of each year Y until 31 March of year Y+1. It will be equal to the difference between the average value of the sum of annual, monthly and daily capacity booked each day between 1 November Y-1 and 31 March Y and the capacity ceiling under contract for the period going from 1 April Y to 31 March Y+1. If the value obtained by this difference is negative, the level of interruptible capacity booked will be considered as zero.

Treatment of new sites

In the case of a new site connected to the transmission network, in the absence of a history of actual consumption, the site's modulation will be determined by the TSOs based on the best estimate of winter modulation forwarded by the shipper supplying the site. The storage charge will therefore be billed as from the month following the connection.

In the case of a new site connected to the distribution network with a "subscription-based" option, in the absence of a history of actual consumption, the site's modulation will be determined by the distribution system operators (DSOs) based on the best estimate of the reference annual consumption (CAR) and the consumption profile communicated to the DSO within the framework of connection by the site's supplier. Billing of the storage charge will begin as from the first month following the connection of the site based on this estimate.

Once, as at 1 April of a year Y, a complete year of calculation data is available (i.e. that the consumption data dating back up to 1 November of year Y-2 are available), billing will be performed based on this first year of actual consumption data. As at 1 April of the following year, modulation will be calculated as the average of the two modulation values available and lastly, as at the following 1st of April, the modulation adopted will correspond to the average of the two lowest values among the three available values.

Operational terms for taking into account interruptibility contracts

If the interruptibility contract is signed for several delivery points, the customer must specify to the TSO how the interruptible capacity is to distributed among these delivery points, for the sole purpose of calculating the storage charge (without any attempt to predict the operational outcome on interruptibility).

When a customer loses their interruptibility contract approval, because of non-activation of interruptible capacity during a supply crisis or the failure of an activation test, the storage charge amount is adapted, with the corresponding interruptible capacity being set to zero, as from the following billing month and until any booking of new interruptible capacity.

Lastly, from an operational management point of view, CRE requests system operators to be able to provide a binding modulation value that can be forwarded to the supplier of any client that so requests it. If there is a change in supplier or a takeover of a site, it will also be the responsibility of system operators to ensure continuity of billing of the storage charge through the use of the consumption history in their possession.

3. CONGESTION TARIFF AT NETWORK INTERCONNECTION POINTS

Transmission capacity at network interconnection points (PIRs) is sold at auctions according to the terms set out by (EU) regulation no. 459/2017 establishing a network code on capacity allocation mechanisms in gas transmissions systems known as the "CAM network code". The auction reserve price is equal to the tariff for the use of the natural gas transmission networks defined by CRE ("ATRT tariff").

Firm daily transmission capacity products are available in annual, quarterly, monthly, daily and intraday timeframes. In order to encourage shippers to book mainly annual capacity products, the ATRT7 tariff provides for tariff multipliers to be applied to capacity bookings of timeframes lower than a year. These multipliers range between 1 and 1.5.

However, a network point can be commercially congested when capacity demand exceeds the TSO's offer. In this situation, since the yearly capacity does not satisfy all shippers' requests, these shippers may have to book intra-annual capacity. To avoid an increase in the subscription cost of this capacity, the ATRT tariff allows the multipliers to not be applied in the case of congestion. The multipliers are thus eliminated for a point, if, during allocation of the annual firm products at auctions, the capacity sale price is strictly higher than the reserve price.

However, given the algorithm of capacity auctions, the fact that the capacity sale price is higher than the reserve price does not necessarily mean that the point is congested commercially. The emergence of a price higher than the reserve price depends on demand in the first auction round, but does not necessarily imply that all annual capacity is allocated. Thus, a capacity demand higher than the capacity offer in the first bidding round, followed by a marginal booking at the end of a subsequent auction round suffices to trigger the elimination of multipliers for intra-annual capacity, even though almost all of the annual capacity has not been booked.

Therefore, in its public consultation of 22 October 2020, CRE proposed the introduction of an additional minimum annual capacity booking condition to trigger the application of the congestion tariff for products with timeframes lower than a year. The level of subscription proposed is at least 98% of capacity sold during the annual capacity auction for the PIR (only in the congested direction).

Almost all contributors were in favour of CRE's proposal.

Some contributors, including TSOs, even wished to go further with the full elimination of the congestion tariff. Tariff multipliers would apply permanently for intra-annual capacity. One TSO considered that the tariff must continue to encourage annual bookings, even in the case of congestion. Lastly, the TSOs highlighted that the drop in income resulting from the application of the congestion tariff to intra-annual bookings led to a higher unit tariff.

However, some participants wished for the multipliers to remain limited. One participant even proposed completely eliminating the multipliers, in order to increase the liquidity of the European gas market and the French market in particular. It considered that shorter-term bookings do not jeopardise security of supply and therefore that shippers that book intra-annual capacity should not have to pay a higher unit price than shippers that book annual or multi-annual capacity.

CRE is not in favour of the elimination of the congestion tariff, which continues to be beneficial: in the case of unavailability of annual capacity to meet all demand, shippers should be able to access capacity of a lower timeframe without an additional cost.

CRE is also not in favour of the full elimination of multipliers. Their aim is not to penalise shippers that book intra-annual capacity, but to reflect the costs associated with sizing the network. The cost of capacity on a timeframe lower than a year does not aim to be strictly proportional to the cost for a year: in a network sizing approach, the cost of infrastructure having to accommodate a certain capacity over three months is not proportional to the cost to accommodate capacity over a year. In addition, annual bookings indeed have additional value from the security of supply point of view compared to bookings of lower timeframes.

CRE therefore decides to maintain the existence of tariff multipliers, and their elimination when the PIR is congested and to add the condition proposed in the public consultation. The elimination of intra-annual multipliers will henceforth be applied based on the following cumulated conditions, concerning the annual capacity auctions (in July Y for the gas year going from 1 October Y to 30 September Y+1):

- the capacity sale price is strictly higher than the reserve price (synonymous with initial capacity demand higher than capacity sold), and;
- at least 98% of capacity put on the market is booked.

4. BIOMETHANE INJECTION CHARGE

The ATRT7 and ATRD6 deliberations respectively introduced a biomethane injection charge in the tariffs for the use of the transmission and distribution networks.

In addition to the mechanisms implemented within the framework of the injection right, and particularly connection zoning schemes specifying for each producer of an injection zone the most efficient network connection option and reinforcement plan from a technical and economic point of view, the injection charge aims to add another signal enabling project initiators to take into account the operating costs associated with network reinforcements generated by their choice of location (and more particularly the new compression costs incurred by the network operators).

The mechanism adopted by CRE is based on the definition of three levels for the injection charge, according to the type of zone. The biomethane injection charge (expressed in €/MWh) is attributed to each production site during the D2 milestone connection study, based on the typology of reinforcement infrastructure provided for by the connection zoning scheme in effect within the zone.

For the purposes of the practical implementation of the mechanism, the ATRT and ATRD tariffs plan at this stage for different terms for billing the biomethane injection charge (corresponding to the respective contractual architecture of the TSOs and DSOs with their users):

- for installations injecting into the transmission network, it is billed to shippers;
- for installations injecting into the distribution network, it is directly billed to producers.

The biomethane development support mechanisms were supplemented by article 50 of law no. 2019-1147 of 8 November 2019 concerning energy and the climate, which introduced, in article L. 446-2 of the energy code, an obligation for natural gas suppliers supplying more than 10% of the national market to sign a biogas purchase agreement with any biogas producer that so requests it. CRE's deliberation of 20 February 2020[5] does not provide for the inclusion of the injection charge in the public service costs related to the purchase of biomethane injected into the natural gas networks.

In this new context, in its public consultation of 22 October 2020, CRE proposed changing the pricing mode for sites connected to the transmission network and adopting the same terms as for the distribution network, i.e. to bill the injection charge directly to producers as from 1 April 2021. CRE highlighted that the current mechanism creates a difference in the treatment of biomethane producers based on the network to which they are connected. Moreover, billing the injection charge to the shipper no longer sends to producers connected to the transmission network the location signal which is the very purpose of this tariff charge.

Almost all contributors were in favour of billing the injection charge to producers directly connected to the transmission network, highlighting on the one hand, that billing shippers brought no added value to customers and on the other hand, that the tariff signal relating to location would thus be taken into account at the very start of projects. In addition, participants agreed with the approach to align practices between the transmission and distribution networks.

CRE decides that, as from 1 April 2021, the injection charge will be billed directly to biomethane producers connected to the transmission networks.

5. FRAMEWORK OF THE TARIFF UPDATE AS AT 1 APRIL 2021

5.1 Main principles in effect in the ATRT7 deliberation

The deliberation of 23 January 2020 deciding on the tariff for the use of GRTgaz's and Teréga's natural gas transmission networks defines a certain number of parameters for this period, in particular:

- the operating expenses trajectory;
- the normative capital expenses trajectory;
- the principles for setting the operators' allowed revenue and their annual update;

[5] CRE's deliberation of 20 February 2020 deciding on the appropriate accounting rules applicable to operators bearing energy public service charges for the declaration of costs recorded and on the declaration format for forecast expenses

- the principles for updating the different transmission network tariff charges during tariff updates.

In addition, the ATRT7 deliberation establishes incentive regulation mechanisms covering four different components:

- incentive regulation for investment expenses:
    - incentive for controlling "non-network" investment expenses, with the introduction of a TOTEX incentive mechanism for expenses relating to Teréga's information system;
    - enhancement of the incentive to control transmission network investment project costs, with the systematic definition of a target budget for projects over €20 million; and by CRE's decision for the other projects;
- incentive regulation for operating expenses: the TSOs' net operating expenses will be updated each year according to inflation based on the level adopted for 2020. The productivity gains or losses that may be made compared to this trajectory are kept by each TSO with the exception of expenses and income covered partly or wholly by the expenses and revenues clawback account (CRCP);
- incentive regulation for the quality of service, which aims to improve the quality of service provided to transmission system users in the fields deemed important for the well-functioning of the market;
- incentive regulation for research and development and innovation (R&D&I) expenses: the sums allocated to R&D&I and which would not have been used will be given back to users at the end of the tariff period through the CRCP account. If the TSOs go over the trajectory set for four years, the differences remain at their expense.

5.2 Principles of the tariff update

The ATRT7 deliberation provides for an update of the tariffs of both TSOs as at 1 April of each year. This update is based on the following elements:

- the update of the allowed revenue trajectory defined for four years, which is composed of:
    - the normative capital expenses trajectory defined by CRE in the ATRT7 deliberation;
    - the net operating expenses trajectory defined by CRE in the ATRT7 deliberation and updated following the inflation rate;
    - the estimated payments to be made by Teréga back to GRTgaz as a part of the income received at the PIR Pirineos exit point, as defined in the ATRT7 deliberation;
    - the amount resulting from the smoothing system over four years, corresponding to the annual difference between the trajectory of projected income and the projected allowed revenue of the TSO, as defined in the ATRT7 deliberation;
- the reconciliation of the CRCP balance of each TSO, calculated as at 31 December of year Y-1;
- any other changes in the tariff structure decided by CRE, in particular within the framework of the implementation of European network codes and changes in the TSOs' offer.

The annual tariff update takes into account a coefficient "k", which aims to clear, as at 31 December of year Y, the CRCP balance recorded as at 31 December of year Y-1. This coefficient is capped at +/-2% and is determined so that the tariff update effectively implemented covers for each TSO, within the limit of the +/-2% cap, the forecast updated allowed revenue spread across the period and the CRCP balance.

During the annual tariff update, the calculation of the CRCP of each operator results in a "k_{GRTgaz}" coefficient for GRTgaz and a "$k_{Teréga}$" coefficient for Teréga, these two items having no reason to be identical.

However, the ATRT7 tariff specifies that the annual update is to be identical for all main network tariff charges. This uniform update is necessary to preserve the balance over the tariff period between the portion of main network costs borne by users transiting gas and that borne by users supplying domestic consumption.

Therefore, the main network charges will be adjusted each year using the same national coefficient, the "$k_{national}$" coefficient, corresponding to the average of the k_{GRTgaz} and $k_{Teréga}$ coefficients weighted by capacity subscriptions.

GRTgaz's regional network charges will be adjusted using the k_{GRTgaz} coefficient and those of Teréga's regional network will be adjusted using the $k_{Teréga}$ coefficient.

Lastly, a payment between the two TSOs will offset the differences in income generated by the application of an average $k_{national}$ coefficient to the main network charges.

The tariff will thus be updated as at 1 April of each year, according to the following principles:

- for the main network tariffs in effect as at 31 March of year Y, by applying the following percentage variation:

$$Z = CPI + X + k_{national}$$

Where:

- Z is the change in the tariffs as at 1 April of year Y, expressed as a percentage and rounded off to the nearest 0.01%;
- CPI is, for an adjustment of the tariffs as at 1 April of year Y, the estimated inflation rate for year Y taken into account in the draft finance bill of year Y;
- X is the annual update factor for the main network tariff, equal to -0.36%.
- $k_{national}$ is the change in the tariff, expressed as a percentage, capped at +/-2%, equating to the average of the k_{GRTgaz} and $k_{Teréga}$ coefficients weighted by capacity subscriptions.

By way of exception, the change in the tariff charges relating to PIRs will apply as from 1 October of each year.

- for GRTgaz's regional network charges in effect as at 31 March of year Y, the following percentage variation will be applied:

$$Z_{GRTgaz} = CPI + X_{GRTgaz} + k_{GRTgaz}$$

Where:

- Z_{GRTgaz} is the change in the tariffs as at 1 April of year Y, expressed as a percentage and rounded off to the nearest 0.01%;
- CPI is, for an adjustment of the tariffs as at 1 April of year Y, the estimated inflation rate for year Y taken into account in the draft finance bill of year Y;
- X_{GRTgaz} is the annual update factor for GRTgaz's regional network tariff, equal to -0.18%;
- k_{GRTgaz} is the change in the tariff, as a percentage, capped at +/-2%, coming mainly from the clearing of the balance of GRTgaz's CRCP account.

- for Teréga's regional network charges in effect as at 31 March of year Y, the following percentage variation will be applied:

$$Z_{Teréga} = CPI + X_{Teréga} + k_{Teréga}$$

Where:

- $Z_{Teréga}$ is the change in the tariffs as at 1 April of year Y, expressed as a percentage and rounded off to the nearest 0.01%;
- CPI is, for an adjustment of the tariffs as at 1 April of year Y, the estimated inflation rate for year Y taken into account in the draft finance bill of year Y;
- $X_{Teréga}$ is the annual update factor for Teréga's regional network tariff, equal to -1.34%.
- k_{GRTgaz} is the change in the tariff, as a percentage, capped at +/-2%, coming mainly from the clearing of the balance of Teréga's CRCP account.

By way of exception, these terms do not apply to the biomethane injection charge or to the PEG (French gas exchange point) access tariffs, which remain constant.

The projected income resulting from the application of the tariffs actually implemented over this period is based on the estimated subscriptions considered in the ATRT7 deliberation.

Lastly, the ATRT7 deliberation provides for the reference trajectories of the following items to be updated annually:

- energy expenses and purchases and sales of CO_2 allowances;
- consumables expenses (THT);
- transmission income received for the main upstream network at interconnection entry points (PIRs) and from LNG terminals (PITTM);
- income from PEG (gas exchange point) access and transactions;
- income from the balancing services Alizés for GRTgaz and SET for Teréga;
- income received in application of the use-it-or-lose-it (UIOLI) and use-it-and-buy-it (UBI) mechanisms;
- income from the auctioning of daily capacity.

The present deliberation therefore defines the trajectories of these items for the year 2021 (see section 6.4). The difference between the updated trajectory of these items and actual amounts will be 80% covered in the CRCP. The difference between the updated trajectory and the initial trajectory is fully covered by the CRCP.

6. PARAMETERS AND UPDATE OF THE TARIFFS FOR THE USE OF GRTGAZ'S AND TERÉGA'S NATURAL GAS TRANSMISSION NETWORKS AS AT 1 APRIL 2021

6.1 TSOs' allowed revenue for 2021

6.1.1 Capital expenses

The normative capital expenses trajectory has been set for the ATRT7 tariff period. Any differences between the projected and actual expenses are fully covered by the CRCP account, with the exception of expenses related to "non-network" assets for which only the difference due to inflation is taken into account through the CRCP.

Projected normative capital expenses	2020	2021	2022	2023
GRTgaz	974.7	996.4	1,017.3	1,009.3
of which "non-network"	*89.4*	*101.8*	*112.0*	*108.1*
Teréga	166.9	171.2	176.9	179.7
of which "non-network - property and vehicles"	*5.4*	*6.5*	*7.7*	*7.9*
of which "information systems"	*15.5*	*16.0*	*16.1*	*15.8*

6.1.2 Net operating expenses for 2021

For the year 2021, the reference net operating expenses (net OPEX) set by the ATRT7 deliberation was €804.1 million for GRTgaz and €83.4 million for Teréga.

The ATRT7 deliberation states that the net operating expenses for the year 2021 will be equal to the reference value above:

- divided by the forecast inflation rate[6] between 2019 and 2021 specified in the ATRT7 deliberation (i.e. 3.12%);
- multiplied by actual inflation between 2019 and 2020, or failing that, its best estimate;
- multiplied by the projected inflation rate for the year 2021, taken into account in the draft finance bill of the year 2021.

In the absence of actual cumulative inflation data since 2019, CRE adopts for this update, the forecast inflation rate used in the draft finance bill for the year 2021, i.e. a cumulative inflation rate of 0.8% (+0.2% in 2020, and +0.6% in 2021). Net operating expenses are therefore set at €786 million for GRTgaz and €81.5 million for Teréga.

Net operating expenses (Net OPEX) - €million	2021 ATRT7 Deliberation	2021 Updated for inflation	Change
GRTgaz	804.1	786.0	-18.1
Teréga	83.4	81.5	-1.9

The difference between projected inflation for the years 2020 and 2021 taken into account by CRE for updating the TSOs' net operating expenses and actual inflation will be fully covered by the CRCP.

6.1.3 CRCP calculation

The overall balance of the expenses and revenues clawback account is calculated before the final closure of the annual accounts. It is therefore equal to the amount to be paid into or deducted from the CRCP (i) for the year passed, based on the best estimate of annual expenses and income (termed "estimated CRCP"), and (ii) for the previous year, by comparison between the actual expenses and income and the estimate made one year earlier (termed "definitive CRCP"), to which is added, if applicable, the CRCP balance not reconciled for former years.

The amount to be paid into or deducted from the CRCP is calculated by CRE, for each year passed, based on the difference, for each item concerned, between the actual or estimated amounts and the reference amounts defined

[6] Inflation is defined in the ATRT7 Deliberation as the change in the average value of the consumer price index excluding tobacco, as calculated by INSEE for all households in the whole of France (INSEE reference 1763852).

in Annex 8 of the ATRT7 deliberation. The share of this difference paid into the CRCP is defined in the ATRT7 deliberation.

6.1.3.1 GRTgaz

In its tariff proposal, GRTgaz estimated the CRCP balance as at 31 December 2020 at €-24 million to be paid back to users. This balance is the result of the main items below:

- for the discounted difference between the balance estimated for 2019 during the elaboration of the ATRT7 tariff and the definitive CRCP for 2019 (i.e. -€10.2 million):
    - transmission income (upstream and downstream) higher than estimated (-€6 million);
    - the coverage of the deferred refund of invoices by GRTgaz because of a notice of *force majeure* only being confirmed by examinations in 2019 (+€2 million);
    - energy costs lower than estimated (-€2.3 million);
    - an amount for asset disposals and decommissioning lower than that projected for the ATRT6 period (-€3.7 million);
- for the CRCP estimated for 2020 (-€13.8 million):
    - transmission income lower than the tariff projection (+€10.4 million);
    - capital expenses (-€13.4 million) and operating expenses (-€8.5 million) lower than the ATRT7 trajectory;
    - energy costs lower than the trajectory (-€8 million, see section 6.4.1.1);
    - the request for coverage of an €11.1 million adjustment for the payment of the domestic consumption tax on energy products (TICPE), of which €8.9 million to be covered by the CRCP. GRTgaz indeed received a reassessment in 2020 for the payment of the TICPE from 2016 to 2019, years during which the TSO applied an incorrect rate to settle this tax;
    - congestion costs lower than estimated in the tariff trajectory (€-3.5 million);
    - biomethane connection income higher than estimated (€-8.7 million).

The CRCP balance as at 31 December 2020 adopted by CRE totals -€29.5 million to be paid back to users. The difference compared to GRTgaz's request is due to the main adjustments below:

- for the discounted difference between the balance estimated for 2019 during the elaboration of the ATRT7 tariff and the definitive CRCP for 2019:
    - as projected in its deliberation of 23 January 2020[7], CRE does not approve of the coverage by the tariff of a portion of the additional costs related to the changes in the scope of the Jupiter 1000 project. For 2019, these additional costs correspond to an amount of €495 k, i.e. -€9 k in financial expenses for assets under construction;
- for the CRCP estimated for 2020 (-€5.6 million compared to GRTgaz's request):
    - CRE modifies the forecast inflation used by GRTgaz for updating the operating expenses trajectory (100% of the difference between forecast and actual inflation being covered by the CRCP), based on the CPI estimated at 0.2% for 2020 in the draft finance bill for 2021 (-€1.8 million);
    - CRE takes into account in the transmission income estimated for 2020 short-term capacity bookings made after the submission of the TSO's file and the correction of the tariff charge at the PIR Oltingue to take into account its commercial congestion until September 2020 (-€0.3 million);

[7] CRE's deliberation of 23 January 2020 approving GRTgaz's gas transmission investment programme for the year 2020

- CRE adopts only the TICPE recovery amount for the year 2019 (i.e. +€5.5 million and not €11.1 million as requested by GRTgaz). Indeed, it considers that it is up to each infrastructure operator to comply with the tax framework in force and that the amounts due for the years for which the definitive CRCP has already been closed should not be covered by the tariff. This item is included in the CRCP among energy costs and is thus 80% covered (impact of -€4.4 million on the CRCP compared to GRTgaz's request);
- CRE adopts a lower assumption than that of GRTgaz for estimated congestion costs at the end of the year 2020, based on actual congestion costs recorded up to November 2020 (-€0.1 million).

GRTgaz – CRCP as at 31 December 2020

GRTgaz	GRTgaz request (€million)	Amounts adopted by CRE (€million)
Difference between the CRCP estimated for 2019 as at 1 April 2020 and the actual CRCP for 2019	**-10.2**	**-10.1**
of which transmission income covered 100%	-1.2	-1.2
of which transmission income covered 80%	-2.8	-2.8
of which income for connection of CCGTs and CTs	-0.1	-0.1
of which normative capital expenses	2.0	1.9
of which energy expenses	-2.3	-2.1
of which inter-operator compensation	0.3	0.3
of which separation of R&D activities from the parent company	-0.1	-0.1
of which income from services to third parties related to major land-use planning projects	-2.4	-2.4
of which congestion management costs	0.1	0.0
of which asset disposals and decommissioning for the ATRT6 period	-3.7	-3.7
Estimated differences for expenses and income for 2020	**-13.8**	**-19.4**
of which transmission income covered 100%	11.2	11.2
of which transmission income covered 80%	-0.8	-1.1
of which income for connection of CCGTs and CTs	5.4	5.4
of which normative capital expenses	-13.4	-13.4
of which energy expenses	1.0	-3.4
of which inter-operator contract	-0.2	-0.2
of which difference in OPEX due to inflation	-8.5	-10.2
of which service quality	1.5	1.5
of which inter-operator compensation	0.8	1.8
of which H-L gas conversion service (variation in volumes)	-0.4	-0.4
of which income from services to third parties related to major land-use planning projects	6.7	6.7
of which congestion management costs	-3.5	-3.6
of which biomethane unit connections	-8.7	-8.7
of which consumables costs	-0.5	-0.5
of which contracts with adjacent operators	-4.4	-4.4
CRCP balance as at 31 December 2020	**-24.0**	**-29.5**

Since the amount for differences for the year 2020 are provisional, the final value will be included in the CRCP balance as at 31 December 2021.

6.1.3.2 Teréga

In its tariff proposal, Teréga estimated the CRCP balance as at 31 December 2020 at €5.7 million to be paid back to the TSO. This balance is the result of the main points below:

- for the discounted difference between the balance estimated for 2019 during the elaboration of the ATRT7 tariff and the definitive CRCP for 2019 (i.e. €2.6 million):
    - return of €0.4 million in R&D expenses not spent by Teréga over the ATRT6 period (in application of the ATRT6 incentive regulation);
    - Teréga's request for coverage of the stranded costs related to the discontinuation of the STEP project for €3.3 million. This amount corresponds to the expenses incurred by Teréga for the project's conceptual studies up until the joint decision by CRE and CNMC to reject Teréga's and Enagás's investment demand (deliberation of 17 January 2019[8]), minus the European subsidies received for the project;
- for the CRCP estimated for 2020 (€3.1 million):
    - subscription income lower than had been estimated during the elaboration of ATRT7 (+€10 million);
    - capital expenses (-€2.8 million) and operating expenses (-€0.8 million) lower than the ATRT7 trajectory;
    - energy costs lower than estimated (-€1.2 million, see section 6.4.1.2);
    - income from services to third parties higher than estimated (-€0.4 million);
    - costs related to inter-operator compensation lower than the tariff trajectory (-€1.2 million).

The CRCP balance as at 31 December 2020 adopted by CRE totals €7.3 million, to be paid back to Teréga. The difference compared to the TSO's request is due to the main adjustments below:

- for the discounted difference between the balance estimated for 2019 during the elaboration of the ATRT7 tariff and the definitive CRCP for 2019 (+€0.8 million):
    - CRE takes into account the correction of an error in the calculation of subscription income, overestimated by Teréga in its file (+€0.8 million);
    - since the costs related to the STEP project studies were validated by CRE in its deliberation of 15 December 2016[9], CRE approves the coverage of these stranded costs by the tariff, in compliance with the applicable tariff framework;
- for the CRCP estimated for 2020 (+€0.9 million):
    - CRE takes into account the results of the short-term subscription auctions occurring after the submission of the tariff file, the results of which were lower than Teréga's estimates (+€2.1 million);
    - CRE takes into account an inter-operator compensation lower than that of Teréga because of the adjustment of the subscription income at PIRs (-€0.5 million);
    - CRE modifies the forecast inflation used by Teréga for updating the operating expenses trajectory (100% of the difference between forecast and actual inflation being covered by the CRCP), based on the CPI estimated at 0.2% for 2020 in the draft finance bill for 2021 (-€0.2 million);
    - CRE retains the congestion removal costs incurred as at the end of November, lower than those in Teréga's tariff file (-€0.5 million).

[8] CRE's deliberation of 17 January 2019 adopting the joint decision concerning the investment request submitted by Teréga and Enagás regarding the STEP gas interconnection project
[9] Deliberation by the French Energy Regulatory Commission of 15th December 2016 examining the ten-year development plan for TIGF and approving its investment programme for 2017

Teréga – CRCP as at 31 December 2020		
Teréga	Teréga's request (€million)	Amounts adopted by CRE (€million)
Difference between the CRCP estimated for 2019 as at 1 April 2020 and the actual CRCP for 2019	**2.6**	**3.4**
of which transmission income covered 100%	0.3	0.3
of which transmission income covered 80%	-0.3	0.5
of which normative capital expenses	-0.1	-0.1
of which energy expenses	0.3	0.3
of which service quality	-0.2	-0.2
of which inter-operator compensation	-0.3	-0.3
of which incentive regulation for R&D	-0.4	-0.4
of which services for third parties	-0.2	-0.2
of which STEP stranded costs	3.4	3.4
Estimated differences for expenses and income for 2020	**3.1**	**4.0**
of which transmission income covered 100%	2.3	3.0
of which transmission income covered 80%	7.7	9.1
of which normative capital expenses	-2.8	-2.8
of which energy expenses	-1.2	-1.2
of which inter-operator contract	0.2	0.2
of which difference in OPEX due to inflation	-0.8	-1.1
of which service quality	0.5	0.5
of which inter-operator compensation	-1.2	-1.8
of which services for third parties	-0.4	-0.4
of which congestion management costs	-0.0	-0.5
of which biomethane unit connections	0.4	0.4
of which contracts with adjacent operators	-1.6	-1.6
CRCP balance as at 31 December 2020	**5.7**	**7.3**

Since the amount for differences for the year 2020 are provisional, the final value will be included in the CRCP balance as at 31 December 2021.

6.1.4 Expenses to be covered for 2021

GRTgaz's and Teréga's expenses to be covered for the year 2021 (before capping of the "k" coefficient) are defined as the sum of the following elements:

- net operating expenses (see section 6.1.2);
- normative capital expenses (see section 6.1.1);
- the financial inter-operator compensation, from Teréga to GRTgaz, for the deferral of a portion of the income received to the Pirineos exit point, whose trajectory is defined in the ATRT7 deliberation;
- smoothing of the allowed revenue over four years, defined in the ATRT7 deliberation;

- reconciliation of the CRCP balance calculated as at 31 December 2020 (see section 6.1.3).

6.1.4.1 GRTgaz

GRTgaz's forecast expenses to be covered (before limitation of the "k" coefficient) break down as follows:

GRTgaz, in current €million	2021
Net operating expenses updated for inflation	786.0
Normative capital expenses	996.4
Reconciliation of previous CRCP balances (ATRT6)	8.7
Reconciliation of the CRCP balance (2019 balance + 2020 estimate)	-29.5
Expenses to be covered excluding inter-operator payment and smoothing *Evolution compared to 2020*	**1,761.7** *-0.9 %*
Inter-operator compensation	-19.8
ATRT6 smoothing (balance)	-6.3
ATRT7 smoothing	-1.0
Expenses to be covered *Evolution compared to 2020*	**1,734.6** *- 3.4%*

6.1.4.2 Teréga

Teréga's forecast expenses to be covered (before limitation of the "k" coefficient) break down as follows:

Teréga, in current €million	2021
Net operating expenses updated for inflation	81.5
Normative capital expenses	171.2
Reconciliation of previous CRCP balances (ATRT6)	0.2
Reconciliation of the CRCP balance (2019 balance + 2020 estimate)	7.3
Expenses to be covered excluding inter-operator payment and smoothing *Evolution compared to 2020*	**260.3** *+ 4,3%*
Inter-operator compensation	19.8
ATRT6 smoothing (balance)	-0.8
ATRT7 smoothing	4.6
Expenses to be covered *Evolution compared to 2020*	**284.0** *+ 1.4%*

6.2 Calculation of the "k" coefficient and the TSOs' allowed revenue

In order to preserve the balance, during the tariff period, between the main network costs borne by the users transiting gas on the one hand, and by users supplying domestic consumption on the other hand, the ATRT7 deliberation provides that the annual update must be identical for all of the main network tariff charges. However, since the expenses and income of each operator can evolve for reasons specific to each network, GRTgaz's and Teréga's CRCP balance at the end of the year is different.

Therefore, during the annual tariff update, the calculation of each operator's CRCP will lead to a coefficient "k_{GRTgaz}" for GRTgaz and "$k_{Teréga}$" for Teréga. The main network charges are adjusted each year for the same national coefficient, the "$k_{national}$" coefficient, corresponding to the average of the k_{GRTgaz} and $k_{Teréga}$ coefficients weighted by capacity subscriptions. GRTgaz's regional network charges are adjusted for the k_{GRTgaz} coefficient, and those of Teréga's regional network are adjusted for the $k_{Teréga}$ coefficient. These coefficients are capped at +/-2%.

CRE's tariff update leads to the following "k" coefficients:

	k_{GRTgaz}	$k_{Teréga}$	$k_{national}$
Theoretical k (not capped)	-3.1%	4.8%	
k capped at +/-2%	-2%	+2%	-1.47%

GRTgaz's and Teréga's allowed revenues for 2021 thus break down as follows:

in current €million	GRTgaz	Teréga
Net operating expenses updated for inflation	786.0	81.5
Normative capital expenses	996.4	171.2
Reconciliation of previous CRCP balances (ATRT6)	8.7	0.2
Reconciliation of the CRCP balance (2019 balance + 2020 estimate)	-17.1	3.2
Inter-operator compensation	-19.8	19.8
ATRT6 smoothing (balance)	-6.3	-0.8
ATRT7 smoothing	-1.0	4.6
Allowed revenue	**1,746.9**	**279.8**
CRCP balance	*-12.3*	*4.1*

A payment between the two TSOs offsets the differences in income generated by the application of an average $k_{national}$ coefficient to the main network charges. **For the year 2021, GRTgaz will pay back €2.2 million to Teréga.** Therefore, each operator will receive its allowed revenue through the sum of subscription income (€1,749.1 million for GRTgaz and €277.6 million for Teréga) and the inter-operator payment.

The CRCP balances of both TSOs emerging from the cap on the "k" coefficients that are not reconciled are to be deferred to the following year.

6.3 Tariff update as at 1 April 2021

6.3.1 Main network

The ATRT7 deliberation provides for the main network tariff charges in effect as at 31 March 2020 to be adjusted for the Z variation percentage, defined as $Z = CPI + X + k_{national}$.

Where:

- CPI is the forecast inflation rate for the year 2021, i.e. +0.6%;
- X is the annual update factor for the main network tariff, equal to -0.36%;
- $k_{national}$ is the change in the tariff, expressed as a percentage, capped at +/-2%, equating to the average of the k_{GRTgaz} and $k_{Teréga}$ coefficients weighted by capacity subscriptions, equal to -1.47%.

GRTgaz's and Teréga's main network tariff charges will therefore decrease by -1.23% as at 1 April 2021.

6.3.2 Regional networks

6.3.2.1 GRTgaz

The ATRT7 deliberation provides for GRTgaz's regional network tariff charges in effect as at 31 March 2020 to be adjusted for the Z_{GRTgaz} variation percentage, defined as $Z_{GRTgaz} = CPI + X + k_{GRTgaz}$.

Where:

- CPI is the forecast inflation rate for the year 2021, i.e. +0.6%;
- X_{GRTgaz} is the annual update factor for GRTgaz's regional network tariff, equal to -0.18%;
- k_{GRTgaz} is the change in the tariff, as a percentage, capped at +/-2%, coming mainly from the reconciliation of the balance of GRTgaz's CRCP account, equal to -2%.

GRTgaz's regional network tariff charges will therefore decrease by -1.58% as at 1 April 2021.

6.3.2.2 Teréga

The ATRT7 deliberation provides for Teréga's regional network tariff charges in effect as at 31 March 2020 to be adjusted for the $Z_{Teréga}$ variation percentage, defined as $Z_{Teréga} = CPI + X + k_{Teréga}$.

Where:

- CPI is the forecast inflation rate for the year 2021, i.e. +0.6%;
- $X_{Teréga}$ is the annual update factor for Teréga's regional network tariff, equal to -1.34%;
- $k_{Teréga}$ is the change in the tariff, as a percentage, capped at +/-2%, coming mainly from the reconciliation of the balance of Teréga's CRCP account, equal to +2%.

Teréga's regional network tariff charges will therefore increase by +1.26% as at 1 April 2021.

6.4 Update of the reference trajectories for 2021

The ATRT7 deliberation plans for the annual update of the reference trajectories of certain items covered 80% by the CRCP. The amounts updated by CRE defined in the following paragraphs are also laid out in Annex 5 of the present deliberation.

6.4.1 "Energy and CO_2 allowances" item

6.4.1.1 GRTgaz

For the year 2020, GRTgaz estimated in its tariff proposal that the "energy and CO_2 allowances" item would amount to €86.0 million[10], a sharp drop compared to the forecast amount of €95.7 million adopted during the establishment of the ATRT7 tariff trajectory. GRTgaz attributed this change to a drop in engine power expenses, in connection with less North-South transit flows than estimated.

For the year 2021, GRTgaz expects energy and CO_2 allowances expenses of €90 million (compared to the €99.5 million set in the ATRT7 tariff trajectory). The level of motive power consumption is related to the supply flow forecast by GRTgaz for 2021, which assumes a drop in LNG arrivals compared to 2020, an increase in transit to Spain, and a greater need for gas than in 2020 for electricity production. Electricity, gas and CO_2 allowances prices are lower than the prices estimated in the tariff trajectory.

GRTgaz also includes in its tariff proposal [confidential], as well as €0.5 million for the purchase of 50 GWh of guarantees of biomethane origin, within the framework of its CSR policy.

[10] Excluding request for the reassessment related to the TICPE payment of €11.1 million (€97.1 million taking into account this request)

GRTgaz – Energy and CO_2 allowances expenses requested

"Energy and CO_2 allowances" item (requested)	2019			2020			2021		
	Est.	Actual	Diff.	Proj.	Est.	Diff.	Tariff	Proj.	Diff.
Gas (€million)	52.6	54.1*	+1.5	49.1	47.8	-1.3	48.2	43.9	-4.3
Volumes (GWh)	*2,855*	*2,836*	*-19*	*2,669*	*2,404*	*-266*	*2,684*	*2,551*	*-133*
Price (€/MWh)	*18.4*	*18.9*	*+0.5*	*18.4*	*19.9*	*+1.5*	*18.0*	*17.2*	*-0.8*
Electricity (€million)	36.1	31.6	-4.5	38.0	29.6**	-8.3	38.2	33.2	-5.0
Volumes (GWh)	*463*	*415*	*-48*	*458*	*383*	*-74*	*460*	*422*	*-39*
Price (€/MWh)	*78.0*	*77.0*	*-1.0*	*82.9*	*79.2*	*-3.7*	*82.9*	*78.7*	*-4.2*
CO_2 (€million)	0.0	0.0	0.0	1.3	1.3	+0.1	5.5	4.3	-1.3
Volumes (kt)				*49*	*46*	*-3*	*210*	*190*	*-20*
Price (€/t)				*25.9*	*28.6*	*+2.7*	*26.3*	*22.4*	*-3.9*
Purchase of guarantees of origin (€million)							0.0	0.5	+0.5
Domestic consumption tax (TIC)[11]	8.4	8.7	+0.3	7.4	18.3	+10.9	7.6	8.2	+0.5
Total energy expenses	**97.1**	**94.5**	**-2.6**	**95.7**	**97.1**	**+1.4**	**99.5**	**90.0**	**-9.5**

*amount including +€0.5 million due to an update in the accounts between 2018 and 2019.
**amount including -€0.7 million due to an update in the accounts between 2019 and 2020.

CRE adopts several adjustments concerning this request for 2021:

- CRE adopts an energy volume estimated for compressors (gas and electricity) lower than that proposed by GRTgaz, and based on the average of the actual volume for 2019 and the estimated volume for 2020. CRE therefore adopts a higher level than that estimated for 2020, given the impact of the health crisis on gas consumption and the anticipated need for gas for electricity production in winter 2021;
- [confidential];
- CRE takes into account GRTgaz's update of its gas purchases for 2021 made in 2020, at a price slightly higher than announced in its initial tariff demand;
- CRE takes into account the last capacity market auction results for 2021 to calculate the price of electricity;
- the adjustment of gas volumes leads to correcting the trajectory of the domestic consumption tax (TIC) and the trajectory of CO_2 emissions volumes in line with the drop in consumption compared to GRTgaz's demand;
- CRE does not adopt GRTgaz's proposal for the purchase of guarantees of origin. This purchase in fact does not have a direct impact on the volume of GRTgaz's emissions. Moreover, CRE considers that the gas transmission tariff is not intended to cover the costs associated with GRTgaz's proactive policy on the matter.

[11] TIC: Domestic consumption tax

Therefore, the level adopted by CRE for GRTgaz's energy costs is as follows:

"Energy and CO_2 allowances" item (adopted by CRE)	2020			2021		
	Proj.	Est.	Diff.	Tariff	Proj.	Diff.
Gas (€million)	49.1	47.8	-1.3	48.2	43.1	-5.1
Volumes (GWh)	*2,669*	*2,404*	*-266*	*2,684*	*2,496*	*-188*
Price (€/MWh)	*18.4*	*19.9*	*+1.5*	*18.0*	*17.3*	*-0.7*
Electricity (€million)	38.0	29.6*	-8.3	38.2	32.6	-5.6
Volumes (GWh)	*458*	*383*	*-74*	*460*	*409*	*-51*
Price (€/MWh)	*82.9*	*79.2*	*-3.7*	*82.9*	*79.6*	*-3.3*
CO_2 (€million)	1.3	1.3	+0.1	5.5	4.1	-1.4
Volumes (kt)	*49*	*46*	*-3*	*210*	*181*	*-28*
Price (€/t)	*25.9*	*28.6*	*+2.7*	*26.3*	*22.4*	*-3.9*
Purchase of guarantees of origin (€million)				0.0	0.0	0.0
Domestic consumption tax (TIC)	7.4	12.7**	+5.3	7.6	7.9	+0.3
Total energy expenses	**95.7**	**91.5**	**-4.2**	**99.5**	**87.6**	**-11.9**

*amount including -€0.7 million due to an update in the accounts between 2019 and 2020.
**without taking into account the reassessment of TICPE for the years 2016 to 2018 (see section 6.1.3.1)

6.4.1.2 Teréga

For the year 2020, Teréga estimated in its tariff proposal that the "energy and CO_2 allowances" item would amount to €6.5 million, a sharp drop compared to the forecast amount of €8.0 million set during the establishment of the ATRT7 tariff trajectory. Teréga attributed this change to the major drop in transit seen in 2020 (-25% compared to 2019), as well as gas prices lower than the tariff forecasts.

For the year 2021, Teréga expects energy and CO_2 allowances expenses of €6.4 million (compared to the €8.0 million set in the ATRT7 tariff trajectory). This difference is due mainly to a drop in the transit estimate for 2021, as well as a decrease in gas prices (offset partly by demand greater than the tariff trajectory for the price of electricity).

Teréga – Energy and CO_2 allowances expenses requested

"Energy and CO_2 allowances" item (requested)	2019			2020			2021		
	Est.	Actual	Diff.	Proj.	Est.	Diff.	Tariff	Proj.	Diff.
Gas (€million)	5.1	4.3	-0.8	4.4	2.7	-1.7	4.5	2.9	-1.6
Volumes (GWh)	*269*	*219*	*-50*	*253*	*188*	*-65*	*253*	*216*	*-37*
Price (€/MWh)	*18.8*	*19.6*	*+0.7*	*17.4*	*14.5*	*-3.0*	*17.8*	*13.3*	*-4.5*
Electricity (€million)	2.2	3.4	+1.2	2.0	2.8	+0.8	2.0	2.7	+0.6
Volumes (GWh)	*32*	*43*	*+11*	*24*	*31*	*+7*	*24*	*27*	*+3*
Price (€/MWh)	*69.0*	*79.2*	*+10.2*	*85.1*	*91.1*	*+6.0*	*83.7*	*97.2*	*+13.5*
CO_2 (€million)	0.0	0.0	0.0	0.7	0.4*	-0.3	0.7	0.1	-0.5
Volumes (kt)				*25*	*18*	*-7*	*25*	*6*	*-19*
Price (€/t)				*25.9*	*22.5*	*-3.4*	*26.3*	*26.3*	*+0.0*
Domestic consumption tax (TIC)	1.1	1.1	-0.0	0.9	0.5	-0.3	0.9	0.7	-0.1
Total energy expenses	**8.4**	**8.8**	**+0.4**	**8.0**	**6.5**	**-1.5**	**8.0**	**6.4**	**-1.6**

*amount including €3.6 k for the purchase of certified emission reduction (CER) credits which can be converted to CO_2 allowances, with residual rights from the previous CO_2 emission allowance allocation mechanism.

CRE adopts several adjustments concerning this request for 2021:

- the energy volumes (gas and electricity) projected for compressors are lowered to the 2020 level (equivalent to that of 2018). Indeed, Teréga projects a transit level for 2021 comparable to the levels of 2020 and 2018;
- Teréga's request projected a considerable increase in flared and vented gas volumes compared to 2020 (+38%), while these volumes have been dropping consistently since 2017. CRE retains a volume down by 4% compared to the 2020 estimate, which corresponds to the drop seen between 2019 and 2020;
- CRE takes into account the last capacity market auction results for 2021 to calculate the price of electricity, as well as the prices observed in the wholesale markets in November 2020 for the additional electricity purchases projected by Teréga in addition to its exercise of its ARENH right (right entitling suppliers to purchase power from EDF at a regulated price);
- CRE takes into account the purchase of certified emission reduction credits by Teréga in 2020, which Teréga did not include in its calculation of CO_2 allowances as at the end of 2021, as well as an adjustment of Teréga's CO_2 emission forecasts, in line with the adjustment made to gas fuel consumption;
- CRE takes into account the price of CO_2 for 2021 observed in the course of the year 2020 (from 1 January to 31 October);
- the adjustment of gas volumes leads to correcting the trajectory of the domestic consumption tax (TIC) in line with the drop in consumption compared to Teréga's demand.

Therefore, the level adopted by CRE for Teréga's energy costs is as follows:

"Energy and CO_2 allowances" item (adopted by CRE)	2020			2021		
	Proj.	Est.	Diff.	Tariff	Proj.	Diff.
Gas (€million)	4.4	2.7	-1.7	4.5	2.7	-1.8
Volumes (GWh)	*253*	*188*	*-65*	*253*	*202*	*-51*
Price (€/MWh)	*17.4*	*14.5*	*-3.0*	*17.8*	*13.3*	*-4.5*
Electricity (€million)	2.0	2.8	+0.8	2.0	2.4	+0.4
Volumes (GWh)	*24*	*31*	*+7*	*24*	*26*	*+1*
Price (€/MWh)	*85.1*	*91.1*	*+6.0*	*83.7*	*95.3*	*+11.5*
CO_2 (€million)	0.7	0.4	-0.3	0.7	0.04	-0.6
Volumes (kt)	*25*	*18*	*-7*	*25*	*2*	*-23*
Price (€/t)	*25.9*	*22.5*	*-3.4*	*26.3*	*24.3*	*-2.0*
Domestic consumption tax (TIC)	0.9	0.5	-0.3	0.9	0.7	-0.2
Total energy expenses	**8.0**	**6.5**	**-1.5**	**8.0**	**5.9**	**-2.2**

6.4.2 "Consumables expenses" item

6.4.2.1 GRTgaz

For 2021, GRTgaz projects consumables expenses at a level equivalent to that estimated by the tariff trajectory (€5.0 million). CRE adopts GRTgaz's proposal, and adjusts this level to take into account the new inflation assumptions for 2021 (€4.9 million).

6.4.2.2 Teréga

For 2021, Teréga projects consumables expenses at a level equivalent to that estimated by the tariff trajectory (€0.2 million). CRE adopts Teréga's proposal, and adjusts this level to take into account the new inflation assumptions for 2021 (€0.2 million).

6.4.3 Capacity subscription assumptions for the year 2021

The ATRT7 deliberation provides for the reference trajectories of transmission income items covered 80% in the CRCP to be updated annually. This includes:

- transmission income received for the main upstream network at interconnection entry points (PIRs) and from LNG terminals (PITTM);
- income from PEG (gas exchange point) access and transactions;
- income from the balancing services Alizés for GRTgaz and SET for Teréga;
- income received in application of the use-it-or-lose-it (UIOLI) and use-it-and-buy-it (UBI) mechanisms;
- income from the auctioning of daily capacity.

6.4.3.1 GRTgaz

In its tariff proposal, GRTgaz transmitted new assumptions for the transmission income mentioned above. Compared to the 2020 estimate, GRTgaz forecasts a 1%[12] drop in subscriptions at PITTMs, and a 4% drop at PIRs. GRTgaz expects a 5% increase in income from PEG access and transactions.

[12] subscriptions are compared using the same tariff level (as at 1 April 2020)

CRE considers that certain assumptions adopted by GRTgaz are too conservative, and therefore made some adjustments. In particular, it adopted short-term PITTM and PIR subscription trajectories higher than those requested by GRTgaz. CRE also retained higher assumptions that those of GRTgaz concerning the income received in application of the UIOLI mechanisms and the income from daily capacity auctioning. The adjustments made by CRE are in line with the developments observed in 2020.

CRE however lowered the annual subscription forecasts at the Fos terminal compared to GRTgaz's request, to make booked capacity consistent with the terminal's regasification capacity.

GRTgaz - Capacity subscription income

Capacity subscription income, in current €million	2020 subscriptions (valued at the 2020 tariff)			2021 subscriptions (valued at the 2020 tariff)		
	Proj.	Est. CRE	Diff.	Tariff	Proj. CRE	Diff.
PIR income	262.6	262.7	+0.2	252.1	254.2	+2.0
PITTM income	96.3	96.4	+0.1	92.0	92.8	+0.8
PEG income	15.8	15.7	-0.1	16.5	16.8	+0.3
Other	7.2	9.6	+2.4	7.2	8.0	+0.8
TOTAL income covered 80% in the CRCP	**381.9**	**384.5**	**+2.5**	**367.9**	**371.9**	**+3.9**

6.4.3.2 Teréga

In its tariff proposal, Teréga transmitted new assumptions for the transmission income covered 80% in the CRCP. Teréga forecasts a slight increase in short-term exit capacity subscriptions at Pirineos compared to its 2020 estimate (note that the 2020 subscription estimates are considerably lower than the projections adopted during the elaboration of the tariff trajectory). In addition, Teréga draws on the 2020 estimate for its update request concerning the income from PEG access and transactions, the income from its SET balancing service and the income received in application of the UIOLI mechanism.

CRE maintains the assumption of an increase in exit subscriptions at Pirineos proposed by Teréga compared to 2020, but applies it to a revised estimate of 2020 subscriptions compared to that of Teréga, in order to take into account the results of auctions having occurred since the transmission of the TSO's tariff file (the 2020 level adopted by CRE is lower than that of Teréga's). CRE also adopts a less conservative assumption than Teréga regarding entry subscriptions at Pirineos, and uses the level of subscriptions estimated for 2020. It also uses the assumption of a 5% increase in income from PEG access and transactions proposed by GRTgaz.

Teréga – Capacity subscription income – excluding inter-operator payment to GRTgaz						
Capacity subscription income, in current €million	**2020 subscriptions (valued at the 2020 tariff)**			**2021 subscriptions (valued at the 2020 tariff)**		
	Proj.	**Est. CRE**	**Diff.**	**Tariff**	**Proj. CRE**	**Diff.**
PIR entries	18.6	18.6	0.0	18.6	18.7	+0.1
PIR exits	95.8	86.2	-9.6	101.2	87.3	-13.9
PEG income	2.2	2.2	+0.1	2.3	2.3	0.0
SET and UIOLI	0.7	0.2	-0.5	0.8	0.2	-0.6
TOTAL income covered 80% in the CRCP	**117.3**	**107.3**	**-10.0**	**122.9**	**108.5**	**-14.4**

7. TARIFFS FOR THE USE OF GRTGAZ'S AND TERÉGA'S NATURAL GAS TRANSMISSION NETWORKS APPLICABLE AS AT 1 APRIL 2021

7.1 Tariff rules

7.1.1 Definitions

Network Interconnection Point (PIR):

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

Regional Network Interconnection Point (PIRR):

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

LNG Terminal-Transmission Interface Point (PITTM):

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

Storage-Transmission Interface Point (PITS):

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

Production-Transmission Interface Point (PITP):

Physical or notional interface point between a transmission network and a gas production facility under a mining concession.

Distribution-Transmission Interface Point (PITD):

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

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

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

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

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

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

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

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

Storage charge (TS): Unit tariff charge aimed at covering a portion of the revenue of underground natural gas storage operators, applicable to shippers, based on the winter modulation of their clients.

Biomethane injection charge: charge applicable to quantities of biomethane injected into the gas transmission network;

Firm capacity:

Gas transmission capacity, the use of which is guaranteed under contract by the TSO, except in the event of works or force majeure.

Climatic firm capacity:

Gas transmission capacity, guaranteed under contract by the TSO as uninterruptible, depending on domestic consumption. This definition applies in particular to injection and withdrawal capacity at the PITS.

Backhaul capacity:

Capacity allowing the shipper to make nominations in the opposite direction to the dominant direction of gas flow when the gas flow can run in only one direction. It can only be used on a given day if the overall flow resulting from all shippers' nominations is in the dominant direction of the flow.

Interruptible capacity:

Gas transmission capacity that can be interrupted by the TSO according to the conditions set out in the gas transmission system supply agreement.

Returnable capacity:

Firm capacity, which the shipper agrees to return to the TSO at any time upon request.

Shipper:

Natural or legal person that enters into a transmission contract with a TSO on the gas transmission system. The shipper is, depending on the case, the eligible customer, the supplier or their representative.

Delivery point (PDL):

Exit point from a distribution network where a distribution system operator delivers gas to an end customer in fulfilment of a supply contract on the distribution network. Each PDL is generally associated with a metering and estimate point (PCE), with a 14-figure reference to identify it. By way of exception, a PDL can combine several PCEs, if these are downstream of the same individual connection.

Annual reference consumption (CAR):

Estimate of the quantity of gas consumed over a year, under average weather conditions, for a metering and estimate point (PCE).

"Non-subscription based" client:

Client under options T1, T2, and T3 of the tariffs for the use of the distribution networks. Since these options do not include a capacity subscription charge, the PDLs of these clients are therefore "non-subscription based". Each "non-subscription based" PDL is associated with a "standardised" capacity, determined based on their CAR, profile, the temperature of the 2% cold peak risk scenario of the weather station to which the PITD in question is attached, and an adjustment coefficient "A".

"Subscription-based" client:

Client under options TF, T4 and TP of the tariffs for the use of the distribution networks. For these PDLs, the supplier freely books the capacity requested.

Winter Portion (PH):

The ratio between the client's consumption of the months of November to March inclusive and their consumption over the entire calendar year.

7.1.2 Capacity subscriptions

7.1.2.1 PIR capacity subscriptions at auctions

Daily transmission capacities at the network interconnection points Taisnières B, Virtualys (Taisnières H and Alveringem), Obergailbach, Oltingue and Pirineos, can be booked at auctions via the PRISMA capacity trading platform. These capacities are sold at auctions according to the terms set out by (EU) regulation no. 984/2013 establishing

a network code on capacity allocation mechanisms in gas transmissions systems known as the “CAM network code”. The details on auction procedures and products on offer are published by GRTgaz and Teréga on their respective websites or on the PRISMA auction platform.

Examples of available products are firm, interruptible and backhaul daily transmission capacities for annual, quarterly, monthly, daily and intraday timeframes.

The auction reserve price is the same as the price set by the present tariff.

Contracting and billing for the PIRs Taisnières B, Virtualys (Taisnières H and Alveringem), Obergailbach and Oltingue are carried out by GRTgaz.

Contracting and billing for the PIR Pirineos are carried out by Teréga.

7.1.2.2 Capacity subscriptions at the PIR Dunkerque

Daily capacity subscriptions at the PIR Dunkerque are subject to specific selling mechanisms, which are defined in accordance with rules set out by CRE and made public on GRTgaz’s website.

7.1.2.3 PITS capacity subscriptions

At each transmission-storage interface point (PITS), the TSO automatically allocates to the shipper entry and exit capacities in line with the nominal injection and withdrawal capacities the shipper holds for the corresponding storage group(s), within the limit of the network’s capacities.

The level of firm exit capacity at PITS is defined by CRE. The remaining capacities allocated are interruptible.

7.1.2.4 PITTM capacity subscriptions

Holding regasification capacity at an LNG terminal confers the right and obligation to book entry capacity in the transmission network, for the corresponding durations and levels. In the specific case of the Dunkerque LNG terminal (the terminal is connected both to GRTgaz’s network and the Belgian network), this obligation applies to the sum of capacity booked in GRTgaz’s network at the Dunkerque PITTM and the capacity booked from the terminal to Belgium.

At the Dunkerque PITTM, the firm entry capacities in GRTgaz’s network are booked by the shipper in the form of annual bands, over a period representing a whole number of years, or in the form of intra-annual bands.

At the Montoir and Fos PITTMs, all shippers that have booked capacities with LNG terminal operators are allocated daily firm entry capacities by the TSO, for the corresponding period of subscription of regasification capacities:

- in the case of regasification capacity subscriptions falling within the framework of the terminal’s annual programme (in particular annual or multi-annual), the level of firm daily entry capacity attributed corresponds to a share of the terminal’s daily firm regasification capacity. This share is determined by the ratio between:
    - the annual regasification capacity booked by the shipper at the terminal;
    - the total annual firm technical regasification capacity of this terminal.

    The daily firm regasification capacity is equal to 113.5% of the average daily unloading capacity in the terminal.
- in the case of spot regasification capacity subscriptions, the shipper is allocated a firm entry capacity band over its subscription period. The level of capacity allocated corresponds to the quantity of regasification capacity booked, expressed in GWh.

A shipper with capacity booked at a PITTM can change the level the day before for the following day, provided that they honour the entire level of capacity initially booked over the given period (subscription duration or calendar year, if the subscription has a duration of more than one year).

For each shipper, the TSO calculates the daily send-out for each day. Should it exceed the shipper’s booked capacity, for a given day, the TSO shall bill the shipper for an additional daily capacity subscription, at the daily capacity tariff, equal to the positive difference between the daily send-out and the capacity allocated to the shipper.

Shippers have the possibility of divesting their capacity at PITTMs free of charge.

Furthermore, any capacity booked at a PITTM for month M, and which the shipper does not plan to use after all, can be transferred after the 20th of month M-1 to another PITTM for that month M. The cost of this transfer corresponds to 10% of the initial price of the new capacity booked.

7.1.2.5 Exit capacity subscriptions on the main network and on the regional network

Booking of delivery capacities at delivery points and regional network interconnection points (PIRRs), of transmission capacities in the regional network and of exit capacities on the main network are done with the TSOs following the terms published by the TSOs.

Firm delivery capacities at the distribution-transmission interface points (PITDs) are automatically allocated by the TSOs. These capacities are calculated by the TSOs using the information provided by the public gas distribution system operator. The standardised delivery capacity calculation method is established objectively and transparently, with no discrimination, and made public.

The shipper is allocated main network exit capacity and regional network transmission capacity equal, for each delivery point and for each PIRR, to the delivery capacity at that point.

7.1.2.6 Capacity subscriptions at biomethane injection points

Shippers are allocated injection capacity equal to the production capacity of the site as it is recorded in the capacity register, for the duration of the purchase agreement they have signed with the production site.

7.1.3 Redistribution of surplus income from capacity auctions

The price paid by a shipper having obtained capacity during auctions is equal to the sum of the auction premium and the regulated tariff in effect at the time the capacity is used.

Surplus capacity auction income is equal to the auction premium, in €/MWh/d, multiplied by the capacity sold, in MWh/d.

For the period from 1 November 2020 to 30 September 2021, all surplus income from auctions received over this period will be redistributed in one payment, in proportion to the quantities of gas delivered to end customers connected to the transmission network or distribution network in France from 1 November 2020 to 30 September 2021.

The individual amounts for redistribution for the period from 1 November 2020 to 30 September 2021 will be calculated by each TSO and redistributed in the invoice for November 2021 at the latest.

Each TSO shall publish on its website the unit amount of surplus auction income thus redistributed.

7.1.4 Transfer of transmission capacity on GRTgaz's and Teréga's networks

The transmission capacity booked at entry and exit points to PIRs can be transferred freely at no 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 their obligations vis-à-vis the TSO. The right of use swapped may be as small as a daily timeframe, regardless of the duration of the initial subscription.

The right of use of downstream transmission capacity, between the PEG and the delivery point at an industrial site directly connected to the transmission network, or between a PITP and the PEG, is transferable in cases where the industrial customer concerned has booked this capacity with the TSO.

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

7.2 Tariffs for the use of GRTgaz's and Teréga's networks as at 1 April 2021

7.2.1 Tariffs applicable to annual subscriptions of daily delivery and transmission capacity

7.2.1.1 Pricing of network interconnection points (PIRs) before 1 October 2021

The tariffs applicable to annual daily capacity subscriptions are defined in the tables below. When capacity is auctioned, the reserve prices of the auctions are equal to these tariffs.

- Charge for main network entry capacity (TCE)

Entry at	Balancing zone	TCE (€/MWh/day per year) *Firm annual*	TCE (coefficient for the firm charge) *Interruptible annual*
Taisnières B	GRTgaz – Nord B	81.59	50%
Virtualys (Taisnières H)	GRTgaz	105.18	50%
Dunkerque (PIR)	GRTgaz	105.18	50%
Obergailbach	GRTgaz	105.18	50%
Oltingue	GRTgaz	105.18	50%
Pirineos	Teréga	105.18	75%

- Charges for PIR exit capacity (TCST)

Exit at	Balancing zone	TCST (€/MWh/day per year) *Firm annual*	TCST (coefficient for firm charge) *Interruptible annual*
Virtualys (Alveringem)	GRTgaz	41.85	N/A
Oltingue	GRTgaz	384.95	85%
Pirineos	Teréga	584.31	85%

- Charges for PIR backhaul capacity

Exit at	Balancing zone	Coefficient for firm entry charge *Backhaul annual*
Taisnières B	GRTgaz	20%
Virtualys (Taisnières H)	GRTgaz	20%
Obergailbach	GRTgaz	20%

Entry at	Balancing zone	Coefficient for firm exit charge *Backhaul annual*
Virtualys (Alveringem)	GRTgaz	125%

- Returnable capacity

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

7.2.1.2 Pricing of network interconnection points (PIRs) as from 1 October 2021

The tariffs applicable to annual daily capacity subscriptions are defined in the tables below. When capacity is auctioned, the reserve prices of the auctions are equal to these tariffs.

- Charges for main network entry capacity (TCE)

Entry at	Balancing zone	TCE (€/MWh/day per year) *Firm annual*	TCE (coefficient for the firm charge) *Interruptible annual*
Taisnières B	GRTgaz – Nord B	80.59	50%
Virtualys (Taisnières H)	GRTgaz	103.88	50%
Dunkerque (PIR)	GRTgaz	103.88	50%
Obergailbach	GRTgaz	103.88	50%
Oltingue	GRTgaz	103.88	50%
Pirineos	Teréga	103.88	50%

- Charges for PIR exit capacity (TCST)

Exit at	Balancing zone	TCST (€/MWh/day per year) *Firm annual*	TCST (coefficient for firm charge) *Interruptible annual*
Virtualys (Alveringem)	GRTgaz	41.33	N/A
Oltingue	GRTgaz	380.21	85%
Pirineos	Teréga	577.12	85%

- Charges for PIR backhaul capacity

Exit at	Balancing zone	Coefficient for firm entry charge *Backhaul annual*
Taisnières B	GRTgaz	20%
Virtualys (Taisnières H)	GRTgaz	20%
Obergailbach	GRTgaz	20%

Entry at	Balancing zone	Coefficient for firm exit charge *Backhaul annual*
Virtualys (Alveringem)	GRTgaz	125%

- Returnable capacity

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

7.2.1.3 Pricing of LNG terminal-transmission interface points (PITTMs)

- Charges for main network entry capacity (TCE)

Entry at	Balancing zone	TCE (€/MWh/day per year) *Firm subscriptions*
Dunkerque GNL	GRTgaz	93.49
Montoir	GRTgaz	93.49
Fos	GRTgaz	93.49

7.2.1.4 Pricing of storage-transmission interface points (PITS)

- Charges for storage entry and exit capacity (TCES and TCSS)

PITS	Balancing zone	Type of capacity	Entry - TCES (€/MWh/day per year) *Annual*	Exit - TCSS (€/MWh/day per year) *Annual*	Exit - TCES (coefficient for firm charge) *Interruptible annual*
Nord-Ouest	GRTgaz	Climatic firm	9.06	21.16	50%
Nord-Est	GRTgaz	Climatic firm	9.06	21.16	50%
Nord B	GRTgaz – Nord B	Climatic firm	9.06	21.16	50%
Atlantique	GRTgaz	Climatic firm	9.06	21.16	50%
Sud-Est	GRTgaz	Climatic firm	9.06	21.16	50%
Sud-Ouest	Teréga	Climatic firm	9.06	21.16	50%

7.2.1.5 Pricing of main network exit capacity to delivery points

- Charges for main network exit capacity

Exit from	TCS (€/MWh/day per year) *Firm annual*	TCS (coefficient for firm charge) *Interruptible annual*
GRTgaz	93.56	50%
Teréga	93.56	50%

7.2.1.6 Pricing of regional network transmission

- Charges for regional network transmission capacity (TCR)

Regional network	TCR (€/MWh/day per year) *Firm annual*	TCR (coefficient for firm charge) *Interruptible annual*
GRTgaz	83.19 x NTR	50%
Teréga	80.78 x NTR	50%

The charge applicable to firm annual subscriptions of regional network daily transmission capacity is the product of the unit charge and the regional tariff level (NTR) of the delivery point in question.

The list of delivery points in GRTgaz's and Teréga's network, along with their exit zone and their NTR value, is provided in Annex 4 of this document.

When a new delivery point is created, GRTgaz or Teréga calculates the value of the NTR in a transparent and non-discriminatory manner, on the basis of a calculation method published on their respective websites.

- Charges for delivery capacity (TCL)

Transmission network	Type of delivery point	TCL (€/MWh/day per year) *Firm annual*	TCL (coefficient for firm charge) *Interruptible annual*
GRTgaz	End consumer connected to the transmission network	33.11	50%
	PIRR	42.50	N/A
	PITD	48.87	N/A
Teréga	End consumer connected to the transmission network	29.27	50%
	PITD	52.89	N/A

If several shippers simultaneously supply a PIRR, the fixed charge is split in proportion to their delivery capacity subscriptions.

In accordance with the standardised subscription system for transmission capacity at 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 booked in the distribution network for “subscription-based” delivery points (PDL) supplied downstream of the PITD in question;
- of capacity calculated by the TSOs for “non-subscription based” delivery points supplied downstream of the PITD in question, by multiplying the daily peak consumption of “non-subscription based” delivery points by the corresponding adjustment coefficient “A”.

An update of the A coefficients is possible as at 1 April of each year via a deliberation by CRE on the proposal of the TSOs for their balancing zones and for each distribution system operator present in these zones.

- Fixed charges per delivery station

Shippers supplying end customers connected to the transmission network and PIRRs pay a fixed charge per delivery station:

Fixed charge per station	€/station per year
GRTgaz	6,388.11
Teréga	3,237.64

7.2.2 Storage tariff based on winter modulation (TS)

7.2.2.1 Amount of compensation to be received

The amount of compensation to be received by an underground natural gas storage infrastructure operator and which will be collected by the TSOs, corresponds to the difference between (i) the operator’s allowed revenue for 2021, set by CRE in its deliberation of 21 January 2021, and (ii) the forecast income received directly by the operator for the year 2021. This calculation is done for each operator. It defines the share of the compensation returned by each TSO to each operator by considering the ratio between the operator’s forecast annual compensation and total annual forecast compensation.

The amounts that will be adopted by CRE to calculate the compensation for 2021 are as follows:

i. for allowed revenue, CRE adopts the amount defined in its deliberation of 21 January 2021;

i. for forecast income directly received by the storage operators, CRE adopts in particular:

a) the income received by the storage operators for storage capacity and ancillary services for 2020-2021, for the first three months of 2021;

b) the income received by the operators for storage capacity and additional services for 2021-2022, for the last nine months of 2021.

The amount of compensation is calculated annually. It will be defined by CRE at the end of the auction campaign, early March 2021.

7.2.2.2 Calculation of winter modulation

All shippers that are allocated firm delivery capacity at at least one distribution-transmission interface point (PITD) or that supply a client directly connected to the transmission network are applied a storage charge (TS) based on the winter modulation of the clients in their portfolio the 1st day of each month. This charge aims to recover a portion of the income of underground natural gas storage operators.

The basis for the collection of the charge to be received from each shipper will be defined as the sum of the modulation of each of its clients eligible for payment of the storage charge.

Modulation is calculated using the information provided by the public gas distribution system operators.

The level of winter modulation is determined on the 1st day of each month, for each client, by applying the calculations described below.

- <u>"Subscription-based" clients (connected to the transmission and distribution networks)</u>

For subscription-based clients, modulation as at 1 April is calculated as follows:

$$\textbf{Client modulation as at 1 April Y } (\textbf{MWh/d}) = \text{Max}(0; M_{fav4} - \text{Int})$$

Where:

- M_{fav4} is the average of the two lowest annual modulations of the previous four years, i.e. years Y-4 to Y-1. For each year considered, the calculation of modulation is as follows:

$$\textbf{Annual modulation Y } (\textbf{MWh/d}) = \text{Max}(0\,;\ \frac{\text{Winter consumption}}{151} - \frac{\text{Annual consumption}}{365})$$

Where: - Winter consumption: consumption of the site from 1 November Y-1 to 31 March Y

- Annual consumption: consumption from 1 November Y-1 to 31 October Y

Int corresponds to the sum of interruptible capacity booked with the transmission system operators as at 1 April of the billing year in progress. This sum includes the annual interruptible capacity booked by the shipper to meet technical supply constraints at the request of the TSO and the capacity booked by the customer within the framework of the contractual interruptibility mechanisms defined by the order of 17 December 2019.

For sites connected to the distribution networks, the interruptible level taken into account is equal to the difference between the average value of the sum of annual, monthly and daily capacity booked each day between 1 November Y-1 and 31 March Y and the ceiling capacity booked for the period going from 1 April Y to 31 March Y+1. If the value obtained by this difference is negative, the level of interruptible capacity booked will be considered as zero.

When a customer loses their interruptibility contract approval, because of non-activation of interruptible capacity during a supply crisis or the failure of an activation test, the storage charge amount is adapted, with the corresponding interruptible capacity being set to zero, as from the following billing month and until any booking of new interruptible capacity.

If the interruptibility contract is signed for several delivery points, the customer must specify to the TSO how the interruptible capacity is to be distributed among these delivery points, for the sole purpose of calculating the storage charge (without any attempt to predict the operational outcome on interruptibility).

In the case of a new site connected to the transmission network, in the absence of a history of actual consumption, the site's modulation will be determined by the TSOs based on the best estimate of winter modulation forwarded by the shipper supplying the site. The storage charge will therefore be billed as from the month following the connection.

In the case of a new site connected to the distribution network with a "subscription-based" option, in the absence of a history of actual consumption, the site's modulation will be determined by the distribution system operators (DSOs) based on the best estimate of the reference annual consumption (CAR) and the consumption profile communicated to the DSO within the framework of connection by the site's supplier. Billing of the storage charge will begin as from the first month following the connection of the site based on this estimate.

Once, as at 1 April of a year Y, a complete year of calculation data is available (i.e. that the consumption data dating back up to 1 November of year Y-2 are available), billing will be performed based on this first year of actual consumption data. As at 1 April of the following year, modulation will be calculated as the average of the two modulation values available and lastly, as at the following 1st of April, the modulation adopted will correspond to the average of the two lowest values among the three available values.

In addition, in all cases other than that of a new site connected under a "subscription-based" option, it will be the responsibility of the system operators to ensure continued billing of the storage charge using the history of consumption data in their possession.

- **"Profile-based" clients (connected to the distribution systems)**

For "profile-based" clients, modulation of a year Y is calculated as follows:

$$\text{Client modulation (MWh/d)} = Max(0; CJN - \frac{CAR}{365} - Int)$$

Where:

- the *consommation annuelle de référence* (reference annual consumption, CAR) is the estimated annual consumption of a metering and estimate point (PCE) for an average weather year;
- *capacité journalière normalisée* (standardised daily capacity, CJN) is such that:

$$\text{CJN} = A.zi.CAR$$

  Where:

  - A is a coefficient reflecting the ratio between "standardised" capacity, calculated by the TSOs for "non-subscription based" delivery points, supplied downstream of a given PITD, for each DSO in each balancing zone and, for the same perimeters, the daily peak consumption of these delivery points calculated by DSOs' profile algorithm;
  - coefficient Zi: conversion coefficient taking into account the weather station and the consumption profile of the client. The method for attributing profiles is available on the gas working group website[13].
- Int: sum of interruptible capacities which will be under contract with system operators within the framework of the orders relating to interruptibility mechanisms.

Public gas distribution system operators send TSOs the data necessary for calculating the level of winter modulation, as defined above.

In some cases, especially for certain DSOs not having information on the consumption profile of their long-time customers, certain data (reference annual consumption, profiles), might not be available. The TSOs will be able to substitute the reference annual consumption with an equivalent based on the estimate of the overall reference annual consumption of the PITD.

If a DSO does not send the data necessary for the calculation of the collection basis for clients within its perimeter on time, the TSO will apply, for these specific clients, a method based on capacity booked. This calculation will be corrected a posteriori, once the DSO has forwarded the data.

- **Other provisions**

As an exception to these formulas, client modulation is set at 0 MWh/d for counter-modulated clients , i.e. clients with a P013 profile (Winter portion lower than or equal to 39%) or P014 profile (Winter portion between 39% and 50%).

[13] Calculation of Zi coefficients

In the event of a change during the year from the T3 profile-based tariff option to a subscription-based tariff option in the distribution network, billing of the storage charge will be adjusted as from the month following this change and will follow the formula specific to subscription-based clients. The “winter consumption” and “annual consumption" values will be calculated based on the T3 client’s monthly meter readings. Similarly, changing from a subscription-based option to a profile-based option will lead to a change in the method for calculating modulation as from the following month.

The forecast value of the compensation basis for 2021 will be specified in a later deliberation by CRE, scheduled for early March 2021.

7.2.2.3 Calculation of the storage charge

The storage tariff is calculated as the ratio between the forecast amount of compensation within the perimeter of France and the forecast value of the basis for collection of this compensation. CRE will set the level of the storage charge applicable as at 1 April 2021 in March 2021 in order to take into the account the income from the 2021-2022 marketing year.

7.2.3 Tariff multipliers for transmission and delivery capacity subscriptions of less than a year

7.2.3.1 At network interconnection points (PIRs)

Capacity	Coefficient No congestion *(between brackets: multiplier)*	Coefficient With congestion *(between brackets: multiplier)*
Quarterly	1/3rd of the annual charge (x 1.33)	1/4th of the annual charge (x 1)
Monthly	1/8th of the annual charge (x 1.5)	1/12th of the annual charge (x 1)
Daily	1/30th of the monthly “no congestion” charge = 1/240th of the annual charge (x 1.5)	1/30th of the monthly “with congestion” charge = 1/360th of the annual charge (x 1)
Intraday	Pro rata of the daily charge based on the number of hours remaining	

A point is considered to be congested for the period from October *Y* to September *Y+1* if, during the auction of July Y of the firm annual product covering the period from October *Y* to September *Y+1*, the capacity sale price is strictly higher than the reserve price and at least 98% of capacity offered has been sold.

7.2.3.2 At LNG terminal-transmission interface points (PITTMs)

Capacity	Coefficient
Daily	1/365th of the annual tariff

7.2.3.3 At storage-transmission interface points (PITS)

Capacity	Coefficient
Quarterly	1/3rd of the annual charge
Monthly	1/8th of the annual charge
Daily	1/240th of the annual charge

7.2.3.4 At main network exits, on the regional network and delivery capacity

Capacity	Special conditions	Coefficient
Monthly	December – January - February	4/12th of the annual charge
	March - November	2/12th of the annual charge
	April – May – June – September – October	1/12th of the annual charge
	July - August	0.5/12th of the annual charge
Daily	N/A	1/30th of the monthly tariff

- Daily short-notice subscription of daily delivery capacities

For clients connected to GRTgaz's transmission network, specific conditions apply for requests for daily delivery capacity subscription made on short notice.

When the subscription request reaches GRTgaz with a notice:

- falling between the standard notice set out in the contract for the use of GRTgaz's transmission network and 9.00 a.m. on the second working day preceding the day concerned by the request, the tariff applicable is that defined in the present tariff;
- after 9.00 a.m. on the second working day preceding the day concerned by the request and before 8.00 p.m. the day preceding the day concerned by the request, the tariff applicable is increased by 20%;
- after 8.00 p.m. on the day preceding and up to 2.00 p.m. on the day concerned by the request, the tariff applicable is increased by 30%. Daily capacity booked during the day of delivery is considered to take effect as from 6.00 a.m. that same day, regardless of the time at which it was booked.

- 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 booked (except in a particular case where that hourly capacity is not available).

To receive, within the limits of the network's possibilities, a higher hourly capacity, above the hourly capacity booked through the annual, monthly or daily subscription of daily delivery capacity, the shipper must pay a price supplement, which equates to 10 times the sum of the charges for daily delivery and regional network transmission capacity.

7.2.4 Tariffs applicable to annual subscriptions of gas injection capacities in the transmission network from a gas production facility

7.2.4.1 Production-Transmission Interface Points

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

- for PITPs with a network entry capacity less than or equal to 5 GWh/d, the applicable charge is €9.63 MWh/day per year;
- for PITPs with a network entry capacity greater than 5 GWh/d, the applicable charge is defined through a special study and decision.

7.2.4.2 For biomethane injection points

The biomethane injection tariff introduced in the ATRT7 tariff is based on the definition of three levels of injection charges, to differentiate the amount paid by producers according to the costs generated by their choice of location. The levels are as follows:

	(€/MWh injected)
Level 3	0.7
Level 2	0.4
Level 1	0

Classing of zones by level type is done based on the connection zoning scheme in effect in the zone and is updated at the same time as the zoning scheme update:

- if zoning provides for backhaul or pooled compression, the zone's future production sites are attributed level 3;
- if zoning does not provide for backhaul or pooled compression:
  - if the zoning scheme includes meshing[14] and/or a shared extension[15], the zone's production sites are attributed level 2;
  - for the other zones, the zone's production sites are attributed level 1.

The charge level is attributed to each production site during the D2 milestone[16] connection study, based on the connection zoning scheme[17] in effect in the zone.

7.2.5 Pricing of notional gas exchange points

The operating methods of notional gas exchange points (PEGs) are defined by the TSOs, on an objective and transparent basis, and published on their websites.

The tariff for access to the gas exchange point consists of:

- a fixed annual charge, equal to €6,000;
- 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 an entity in charge of compensating the exchanges performed on that platform. Nominations at the PEG by such an entity for compensation purposes, neutral with respect to the market, are not subject to the charge proportional to the quantities exchanged.

7.2.6 Intraday flexibility service for sites with major consumption variations

The intraday flexibility service applies to clients connected to the transmission network that have a daily modulated volume greater than 0.8 GWh. The intraday flexibility service is not billed.

For existing sites, GRTgaz evaluates this criterion based on the consumption history for the previous year. For newly connected sites, this criterion is evaluated based on the daily modulated volume for the operating days declared by the site, and then based on a quarterly statement, with retroactive effect on the past period when 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 the day before for the following day, and where applicable, a new profile in the course of the day in compliance with the published notice deadlines. For any modification in the site's hourly consumption that is less than ± 10% of the hourly capacity subscribed, the site will benefit from a margin of tolerance enabling it not to notify GRTgaz of its new hourly consumption profile.

The delivery capacity charge for the delivery point concerned is not billed.[18]

7.2.7 Gas quality conversion

7.2.7.1 Peak H gas to L gas conversion service

A firm annual "peak" H gas to L gas conversion service is offered by GRTgaz. This service is accessible to all shippers having H gas in the Trading Region France (TRF).

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

	Capacity charge (€/MWh/day per year)	Quantity charge (€/MWh)
"Peak" service	161.60	0.02

[14] Two distribution meshes of equivalent pressure are connected physically.
[15] Extension of a gas network enabling connection of new sites, shared between several sites.
[16] Sites queued that have already exceeded the D2 milestone as at the time the present deliberation enters into effect, but which are not yet injecting biomethane, will be attributed an injection tariff level when the connection contract is signed, following identical principles.
[17] Result of the study, done jointly by the network operators, determining the optimal network configuration on the basis of the zoning technical and economic criterion.
[18] For hourly capacity subscriptions and penalties on high-modulation sites for exceeding capacity, the calculation takes into account the TCL applicable to the end consumer connected to the transmission network (see section 5.2.2.6).

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

7.2.7.2 L gas to H gas conversion service

The L gas to H gas conversion service is accessible to all shippers shipping their own L gas from the PIR Taisnières B and/or the PITS Nord B, 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 interruptible offer, a charge proportional to the annual capacity subscription equal to €23.29 MWh/day per year;
- for the monthly interruptible offer, a charge proportional to the monthly capacity subscription equal to €2.91 MWh/day per month;
- for the daily firm offer, a charge proportional to the daily capacity subscription equal to €0.19/MWh/day per day.

7.2.7.3 Penalty for daily imbalance within the L gas perimeter

The L gas perimeter is open to all shippers and is composed of Taisnières B, the Nord B storage facility, the peak H gas to L gas converter, L gas to H gas adaptors and the delivery point of the H gas to L gas swap service.

Shippers that use L gas infrastructure have a daily balancing obligation within the L gas perimeter. Penalties apply if they do not comply with their balancing obligation, whether their positions are short or long. The penalties that apply are as follows:

Balance within the L perimeter	Threshold	Price within the L perimeter
Positive imbalance (long) below the threshold	5 GWh	€1/MWh
Positive imbalance (long) above the threshold		€30/MWh
Negative imbalance (short) below the threshold	1 GWh	€3.35/MWh
Negative imbalance (short) above the threshold		€30/MWh

7.2.7.4 Verification of nominations in the physical infrastructure of the L network

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

7.2.8 Balancing service based on linepack

GRTgaz and Teréga offer a balancing service based on linepack, whose subscription tariff is equal to €0.12/MWh/d/month[19] for all delivery points of industrial sites directly connected to the transmission network or for all delivery points of non-profile based sites associated with a PITD. There is a 50% discount on the subscription price of this service for all delivery points of profile-based sites connected to a distribution network.

7.2.9 Penalties for capacity overruns

7.2.9.1 Penalties for daily capacity overruns

- Main network exit daily capacity overruns

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

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

[19] For details about this service, see CRE's deliberation of 9 September 2015 on the evolution of the gas transmission network balancing rules as at 1 October 2015

- the difference between the sum of the daily quantities delivered in the exit zone to "non-subscription based" PDLs and the sum of standardised capacity for the exit zone for "non-subscription based" PDLs, if this difference is positive, or zero if this difference is negative.

- Regional transmission and delivery daily capacity overruns for end customers connected to the transmission network and PIRRs:

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

- Regional daily transmission and delivery capacity overruns for PITDs

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

- 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 difference between the sum of the daily quantities delivered at "non-subscription based" PDLs and the sum of standardised capacity for "non-subscription based" PDLs, if this difference is positive, or zero if this difference is negative.

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

- Methods for calculating penalties for daily capacity overruns

Each day, overruns on daily exit capacity in the main network, capacity in the regional network and delivery capacity, are subject to penalties.

For the portion of the overrun that is less than or equal to 3% of the daily capacity booked, no penalty will be applied.

For the portion of the overrun that is greater than 3%, the penalty is equal to 20 times the price of the firm daily subscription of daily capacity.

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

7.2.9.2 Penalties for hourly capacity overruns

- Methods for calculating hourly overruns

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

- Method for calculating hourly capacity overruns

For the portion of the overrun that is less than or equal to 10% of the hourly capacity booked, no penalty will be applied.

For the portion of the overrun greater than 10%, the penalty is equal to 45 times the price of the daily subscription of hourly capacity.

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

DECISION

In compliance with the deliberation by the French Energy Regulatory Commission of 23 January 2020 deciding on the tariffs for the use of GRTgaz's and Teréga's natural gas transmission networks, the ATRT7 tariff shall be updated as at 1 April 2021.

The present deliberation defines the changes as from 1 April 2021 in the tariffs that apply to GRTgaz's and Teréga's natural gas transmission networks in section 7.2.

In accordance with the terms defined in section 2.2.3 of the abovementioned deliberation by the Energy Regulatory Commission of 23 January 2020, the average tariff developments as at 1 April 2021 are as follows:

- a 1.23% drop of the main network tariff charges;
- a 1.58% drop of GRTgaz's regional network tariff charges;
- a 1.26% increase of Teréga's regional network tariff charges.

The key updated trajectories for 2021 concerning certain items partly covered in the CRCP are presented in Annex 5.

In compliance with the provisions of the following deliberation, CRE also updates the scope of collection of the storage charge, the terms for triggering the congestion tariff at network interconnection points (PIRs) and the terms for billing the biomethane injection charge.

The present deliberation was transmitted to the Conseil Supérieur de l'Energie. It delivered its opinion on 12 January 2021.

The present deliberation will be published on CRE's website and forwarded to the Minister of the Ecological Transition, and the Minister of the Economy, Finance and Recovery.

Paris, 21 January 2021

For the Energy Regulatory Commission,

The President,

Jean-François CARENCO

ANNEX 1: SUMMARY TABLE OF TARIFFS AS AT 1 APRIL 2021

This annex summarises the main tariffs presented in section 7.2 of the present deliberation.

Access to the notional gas exchange pint (PEG)

Fixed annual charge: **€6,000/year**
Variable charge: **€0.01/MWh traded**

Main charges applicable to the Main network

	Capacity charge (€/MWh/d/year)	
Entry at Network Interconnection Points (PIRs) (as at 1 October)	Firm	Interruptible
GRTgaz - Taisnières B	80.59	50%
GRTgaz – Virtualys (Taisnières H)	103.88	50%
GRTgaz – Dunkerque	103.88	50%
GRTgaz – Obergailbach	103.88	50%
GRTgaz – Oltingue	103.88	50%
Teréga – Pirineos	103.88	50%

	Capacity charge (€/MWh/d/year)	
Exit at Network Interconnection Points (PIRs) (as at 1 October)	Firm	Interruptible
GRTgaz – Virtualys (Alveringem)	41.33	
GRTgaz – Oltingue	380.21	85%
Teréga – Pirineos	577.12	85%

	Capacity charge (€/MWh/d/year)
Entry at LNG terminal-Transmission Interface Points (PITTMs)	Firm
GRTgaz - Dunkerque GNL	93.49
GRTgaz - Montoir	93.49
GRTgaz - Fos	93.49

	Capacity charge (€/MWh/d/year)		
Entry/exit at Storage-Transmission Interface Points (PITS)	Entry	Exit	
		Firm	Interrupti-ble
GRTgaz - Nord-Ouest, Nord-Est, Nord B, Sud-Est, Atlantique	9.06	21.16	50%
Teréga – Sud-Ouest	9.06	21.16	50%

	Capacity charge (€/MWh/d/year)	
Main network exit to delivery points (TCS)	Firm	Interruptible
GRTgaz	93.56	50%
Teréga	93.56	50%

Main charges applicable to the Regional networks

	Capacity charge (€/MWh/d/year)	
Regional network transmission capacity (TCR)	Firm	Interruptible
GRTgaz	83.19 x NTR	50%
Teréga	80.78 x NTR	50%

The Regional tariff level (NTR) is defined for each delivery point from 0 to 10

	Capacity charge (€/MWh/d/year)	
Delivery capacity (TCL)	Firm	Interruptible
GRTgaz - End consumer connected to the transmission network	33.11	50%
GRTgaz - PIRR	42.50	
GRTgaz - PITD	48.87	
Teréga - End consumer connected to the transmission network	29.27	50%
Teréga- PITD	52.89	

	Charge per station (€/station/year)
Delivery station	
GRTgaz	6,388.11
Teréga	3,237.64

	Charge per station (€/MWh injected)
Coefficient of the zone	
1	0
2	0.40
3	0.70

ANNEX 2: INDICATORS FOR MONITORING TSOs QUALITY OF SERVICE

This follow-up consists of indicators sent each month 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.

The following indicators are subject to a financial incentive:

- quality of quantities measured at PITDs and sent to the DSOs the day after to calculate provisional allocations;
- quality of the daily quantities telemetered at the delivery points of consumers connected to the transmission network and sent the following day;
- quality of the intraday quantities telemetered at the delivery points of consumers connected to the transmission network and sent during the day;
- quality of overall day-ahead and within-day forecasts for end-of-day gas consumption.

The following indicators are monitored without being subject to a financial incentive:

- accuracy of the projected linepack indicator published by the TSOs on their public page;
- reduction of capacity booked;
- compliance with the annual maintenance programme published in October and February by the TSO;
- compliance with the probable values published in October and February by the TSO;
- provision of the most useful information to shippers;
- functioning of the single market zone;
- processing of claims;
- greenhouse gas emissions;
- greenhouse gas emissions in relation to the volume of gas transported;
- methane emissions in relation to the volume of gas transported.

The service quality regulation mechanism may change during the ATRT7 tariff period. It may be subject to any audit deemed useful by CRE.

TSOs are authorised, during the commissioning of a major version of an application contributing to the production of certain indicators, to write off one day per year to calculate those indicators. They are required to communicate to market participants the tentative date for commissioning at least one month in advance, and then to confirm one week before the actual date of this commissioning.

1. TSO service quality monitoring indicators that give rise to financial incentives

a. Quality of quantities measured at PITDs and sent to the DSOs the following day to calculate provisional allocations

Calculation:	**Number of non-compliant(1) days per balancing zone and per month** one value monitored per balancing zone, i.e. one followed by GRTgaz and one value followed by Teréga
Scope:	- all shippers combined - all DSOs - per perimeter
Monitoring:	- frequency of calculation: monthly - frequency of reporting to CRE: monthly - frequency of publication: monthly - frequency of financial incentive calculation:
Objective:	**GRTgaz:** - basic objective: 1 non-compliant day per month - target objective: 0 non-compliant days per month **Teréga:** - basic objective: 1 non-compliant day per month - target objective: 0 non-compliant days per month

Incentives:	**GRTgaz:** - penalties / month: • €40 k for the 2nd non-compliant day; • €60 k per non-compliant day, as from the 3rd non-compliant day; - bonus / month: €50 k if the target objective is achieved; - cap: the total annual amount, corresponding to the sum of penalties to be paid and bonuses to be received by GRTgaz, is capped at +/- €600 k per year. **Teréga:** - penalties / month: • €40 k for the 2nd non-compliant day; • €60 k per non-compliant day, as from the 3rd non-compliant day; - bonuses / month: €25 k if the target objective is achieved; - cap: the total annual amount, corresponding to the sum of penalties to be paid and bonuses to be received by Teréga, is capped at +/- €300 k.
Implementation date	- 1 April 2016

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

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

b. Quality of daily quantities telemetered at the delivery points of consumers connected to the transmission network and sent the following day

Calculation:	- **Very good quality rate of information**[4] - **Good quality rate of information** - **Poor quality rate of information** (three values monitored for each TSO)
Scope:	- all shippers combined - all ZETs combined - all telemetered industrial delivery points - rounded off to one decimal place
Monitoring:	- frequency of calculation: monthly - frequency of reporting to CRE: monthly - frequency of publication: monthly - frequency of calculation of financial incentives: monthly
Incentives:	**GRTgaz:** The financial incentive relates to the monthly average of very good and poor quality rates of information. - penalties / month: €60 k per percent of poor quality information; - bonuses / month: €1 k per percent of very good quality information; - cap: the total annual amount, corresponding to the sum of penalties to be paid and the bonuses to be received by GRTgaz, is capped at €300 k for bonuses and €600 k per year for penalties. **Teréga:** The financial incentive relates to the monthly average of very good and poor quality rates of information. - penalties / month: €30 k per percent of poor quality information; - bonuses / month: €500 per percent of very good quality information; - cap: the total annual amount, corresponding to the sum of penalties to be paid and bonuses to be received by Teréga, is capped at €150 k per year for bonuses and €300 k for penalties.

Implementation date	– 1 April 2015

(4): Information is said to be of very good quality if the variation, in absolute terms, between the energy reading for day D sent on day D+1 and the final reading for day D sent in M+1 is strictly below 1%. If the difference is between 1% and 3% (or strictly higher than 3%), the value is of good quality (or poor quality).

c. **Quality of intraday quantities telemetered at the delivery points of consumers connected to the transmission network and sent during the day**

Calculation:	- **Very good quality rate of information**(1) - **Good quality rate of information** - **Poor quality rate of information** (three values monitored by GRTgaz and Teréga per hour)
Scope:	- calculation for each hour of the day - all shippers combined - all ZETs combined - all telemetered industrial delivery points - rounded off to the nearest percent
Monitoring:	- frequency of calculation: monthly - frequency of reporting to CRE: monthly - frequency of publication: monthly - frequency of calculation of financial incentives: monthly
Incentives:	The financial incentive related to the average monthly hourly average of very good and poor quality rates of information. **GRTgaz:** - penalties / month: €20 k per percent of poor quality information; - bonuses / month: €1 k per percent of very good quality information; - Cap: the total annual amount, corresponding to the sum, over all hour slots, of the penalties to be paid and bonuses to be received by GRTgaz, is capped at more or less €600 k per year. **Teréga:** - penalties / month: €10 k per percent of poor quality information; - bonuses / month: €500 per percent of very good quality information; - cap: the total annual amount, corresponding to the sum, over all hour slots, of the penalties to be paid and bonuses to be received by Teréga, is capped at more or less €300 k per year.
Implementation date	– 1 April 2014

(1): Information is said to be of very good quality if the variation, in absolute terms, between the energy reading in the timeslot for day D sent on day D and the final reading in the timeslot for day D sent in M+1 is strictly below 1%. If the difference is between 1% and 3% (or strictly higher than 3%), the value is of good quality (or poor quality). If the deviation is less than 100 kWh, the information is of very good quality.

d. **Quality of day-ahead and within-day forecasts of overall end-of-gas-day consumption**

Calculation:	- **Very good quality rate of information**(1) - **Good quality rate of information** - **Poor quality rate of information** (one rate per scope for the values published the day before and during the day, i.e. 6 values followed by GRTgaz and 6 values followed by Teréga)
Scope:	- all shippers combined - one value per scope - rounded off to one decimal place

Monitoring:	- frequency of calculation: monthly - frequency of reporting to CRE: monthly - frequency of publication: monthly - frequency of calculation of financial incentives: monthly
Incentives:	The financial incentive relates to the average of the very good quality and poor quality rates of information. **GRTgaz:** For the values published the day before (D-1) and during the day (D): - penalties: €80 per tenth of a percent of poor quality information; - bonuses: €20 per tenth of a percent of very good quality information; - cap: the total annual amount, corresponding to the sum of penalties to be paid and bonuses to be received by GRTgaz, is capped at around €600 k. **Teréga:** For the values published the day before (D-1) and during the day (D): - penalties: €40 per tenth of a percent of poor quality information; - bonuses: €10 per tenth of a percent of very good quality information; - cap: the total annual amount, corresponding to the sum of penalties to be paid and bonuses to be received by Teréga, is capped at around €300 k.
Implementation date:	- 1 April 2014

(1): For the forecast made the day before, information is said to be of very good, good, and poor quality if the variation, in absolute terms, between the following values is strictly less than 3%, between 3% and 6%, and strictly greater than 6% respectively:

- *the consumption forecast for day D published the day before at 5.00 p.m.;*
- *the final reading of the energy used on day D sent on the 20th of M+1.*

For the forecast made during the day, information is said to be of very good, good, and poor quality if the variation, in absolute terms, between the following values is strictly less than 3%, between 3% and 5%, and strictly greater than 5% respectively:

- *the consumption forecast for day D published on day D at 3.00 p.m.;*
- *the final reading of the energy used on day D sent on the 20th of M+1.*

The overall forecasts for end-of-gas-day consumption used to calculate the indicator concerning industrial clients, excluding high-modulation sites, and public distribution connected to the TSO's network.

2. Other indicators for monitoring TSO service quality

a. Accuracy of the projected linepack indicator published by the TSOs on their public page

The projected linepack indicator is an estimation by the TSOs of the gas level in each balancing zone at the end of the current gas day (5.00 a.m.). This indicator provides information about network tightness, in the same way as the imbalance indicator. The difference between the two indicators lies in the view of the system they provide: the first offers a projected view of the system for the current day, whereas the second gives a static view of a specific moment.

The projected linepack indicator affects TSO interventions in the markets and informs shippers about the availability of flexibility services based on linepack.

Calculation:	Percentage of hours, per month, for which the projected linepack published is compliant. The projected linepack published at time T is said to be non-compliant if at least one of the components used for its calculation is not compliant(1) or if the result of the calculation is not compliant. The main components of the calculation are: - consumption forecasts; - quantities scheduled; - the physical linepack calculated at 6.00 a.m.
Scope:	- One value per month and per balancing zone (one value for Teréga and one value for GRTgaz)
Monitoring:	- frequency of calculation: monthly - frequency of reporting to CRE: monthly - frequency of publication: monthly
Implementation date:	- 1 April 2016

(1): a component is considered non-compliant if the difference is both greater than 30 GWh and analysed as being abnormal. This tolerance threshold is designed to isolate variations that cannot be the cause of a re-scheduling of clients and/or a re-projection of consumption.

b. Indicators related to maintenance programmes

Indicator name	Indicator calculation	Frequency of publication and of reporting to CRE	Implementation date
Reduction of booked capacity	**Firm capacity made available during work / firm capacity booked** (one aggregate value per type of point(1) connected to the network of each TSO)	Annual	1 April 2016
Compliance with the annual maintenance programme published in October and February by the TSO	**Variation (in percentage) of the minimum capacity proposed in the maintenance programme published in October and February and the actual capacity made available at the end of the year** (one aggregate value per type of point(1) connected to the network of each TSO)		1 April 2020
Compliance with the probable values published in October and February by the TSO	**Variation (in percentage) of the capacity probably available in the maintenance programme published in October and February and the actual capacity made available at the end of the year** (one aggregate value per type of point(1) connected to the network of each TSO)		1 April 2020

(1): 3 categories of points are adopted:
- *the PIRs in the dominant direction;*
- *the entry at PITTMs;*
- *the entry and exit at PITS.*

The impact of maintenance performed at a superpoint will be passed on to the restricted points making up that superpoint, by application of the formula:

$$\text{Firm capacity available } PI_i = \text{Firm capacity booked } PI_i \times (1\text{-Firm rate of reduction superpoint})$$

where PI_i is a restricted point of the superpoint.

c. Monitoring of the provision of the most useful information to shippers on the TSOs' websites

The information monitored by this indicator is as follows:

Information	Frequency of calculation	Quality threshold	Frequency of publication and of reporting to CRE	Implementation date
Publication of notes and slips	Once per day (publication or not of the information at 1.00 p.m.)	**Value followed: rate of availability before 1.00 p.m.**	Monthly	1 April 2020
Publication of scheduling notices	Once per day (publication or not of the information at 4.00 p.m.)	**Value followed: rate of availability before 4.00 p.m.**		
Publication of intraday events	Once per hour (publication or not of the information at T+1:15)	**Value followed: rate of availability before T+1:15**		
Imbalance settlement price	1 verification per hour at each Powernext update	**Value followed: average overall monthly availability rate** (average weighted price, marginal selling price, marginal purchase price)		
Short-term capacity sales	Once per day (publication or not of the information at T-20 of sale offering at T)	**Value followed: rate of availability before T-20**		
Calls for locational spread	Once per day at D+1	**Value followed: rate of availability of the "Locational spread" page of GRTgaz and of Teréga (Tetra) at D+1**		
Vigilance information on network status	Once per hour (publication or not of the information at T+1:15)	**Value followed: rate of availability of the "Info vigilance" page of GRTgaz and of Teréga (Tetra) before T+1:15**		

The indicator is reported monthly to CRE, and is calculated as the average of all of these elements.

d. Monitoring of the quality of publications of the most useful information to shippers

Indicator name	Indicator calculation	Frequency of reporting to CRE and publication	Implementation date
Substitution of measurements by back-up data(1) for data at PITDs	**Data announced as back-up by the TSOs (in GWh) / Back-up data actually sent by TSOs (in GWh)** (one value monitored per TSO)	Monthly	1 April 2020

(1) Back-up data are sent by the TSOs when the data have not been forwarded by the DSOs

e. Monitoring of the processing of claims

Indicator name	Indicator calculation	Frequency of publication and of reporting to CRE	Implementation date
Number of claims	Number of claims per year	Annual	1 April 2020
Processing time for claims	Average processing time (in days) for claims based on the level of complexity: - simple - complex - studies		1 April 2020

f. Monitoring of the functioning of the single market zone

Information	Frequency of publication	Frequency of verification	Quality threshold	Implementation date
Average end-of-day spread between the PEG and the TTF	Once per month	Once per month (publication or not of the information at D+10 of M+1)	Value followed: rate of availability before D+10 of month M+1	1 April 2020
Number of active participants at the PEG	Once per month	Once per month (publication or not of the information at D+10 of M+1)	Value followed: rate of availability before D+10 of month M+1	
Occurrence of bottlenecks in the network	Once per month	Once per month (publication or not of the information at D+10 of M+1)	Value followed: rate of availability before D+10 of month M+1	
Number of pooled restrictions	Once per month	Once per month (publication or not of the information at D+10 of M+1)	Value followed: rate of availability before D+10 of month M+1	
Total cost of locational spreads	Once per month	Once per month (publication or not of the information at D+10 of M+1)	Value followed: rate of availability before D+10 of month M+1	
Average cost of locational spreads	Once per month	Once per month (publication or not of the information at D+10 of M+1)	Value followed: rate of availability before D+10 of month M+1	
Impact of network maintenance in the event of a bottleneck(1)	Once per day the day after the bottleneck has appeared	Once per day (publication or not of the information at D+1)	Value followed: rate of availability before D+1	

(1): daily monitoring of the impact of network maintenance following the occurrence of a bottleneck in GWh/d broken down by limit and the side of application.

g. Environmental indicators

Indicator name	Indicator calculation	Frequency of publication and of reporting to CRE	Implementation date
Greenhouse gas emissions	**Monthly greenhouse gas emissions (CO_2 equivalent)** (one value monitored per TSO)	Annual	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
Methane emissions in relation to the volume of gas transported	**Monthly methane emissions / monthly volume of gas transported** (one value monitored per TSO)		1 April 2020

ANNEX 3: EVOLUTION OF FIRM CAPACITY SUBSCRIPTIONS OVER THE ATRT7 PERIOD

The projections for the evolution of firm capacity booked at main network entry points are presented below:

Evolution of firm annual capacity booked (GWh/d)	2020	2021	2022	2023
PITTM Montoir	364	360	340	383
PITTM Fos	380	340	340	340
PITTM Dunkerque	250	250	250	250
PIR Taisnières B	[confidential]	[confidential]	[confidential]	[confidential]
PIR Taisnières H	534	527	511	464
PIR Dunkerque	501	495	490	502
PIR Obergailbach	462	450	414	414
PIR Pirineos	177	177	177	80
PITS Atlantique	558	575	590	594
PITS Nord-Ouest	278	287	290	290
PITS Nord-Est	182	180	180	180
PITS Nord-B	230	224	224	224
PITS Sud-Est	597	626	635	635
PITS Sud-Ouest	556	556	556	556

The projections of the evolution of firm capacity booked at main network exit points are presented below:

Evolution of firm annual capacity booked (GWh/d)	2020	2021	2022	2023
PIR Oltingue	229	216	213	205
PIR Pirineos	148	148	148	112
PITS Atlantique	331	339	340	340
PITS Nord-Ouest	144	148	150	150
PITS Nord-Est	112	112	112	112
PITS Nord-B	103	100	100	100
PITS Sud-Est	99	94	95	95
PITS Sud-Ouest	300	300	300	300
Exit to the GRTgaz regional network	3 823	3783	3 763	3 721
Exit to the Teréga regional network	322	319	317	315

ANNEX 4: LIST OF REGIONAL TARIFF LEVELS (NTR) PER SITE

Annex published on CRE's website for GRTgaz and Teréga.

ANNEX 5: REFERENCES FOR THE ANNUAL UPDATE OF THE TARIFF FOR THE USE OF GRTGAZ'S AND TERÉGA'S NATURAL GAS TRANSMISSION NETWORKS

1. Capital expenses

For the years 2020 to 2023, the reference capital expenses taken into account for updating the tariff as at 1 April of each year are those defined in the following table:

Forecast normative CAPEX, in current €million	2020	2021	2022	2023
GRTgaz	974.7	996.4	1,017.3	1,009.3
Teréga	166.9	171.2	176.9	179.7

2. Net operating expenses

For the years 2020 to 2023, the reference net operating expenses taken into account are those defined in the following table:

Forecast net OPEX, in current €million	2020	2021	2022	2023
GRTgaz	794.4	804.1	817.8	832.6
Teréga	82.4	83.4	84.5	85.9

For the years 2021 to 2023, the amount taken into account at the annual update of tariffs as at 1 April of year Y is equal to the reference value of year Y:

- divided by forecast inflation between the year 2019 and the year *Y*;

	2020	2021	2022	2023
Forecast inflation between year 2019 and year *Y*	1.5%	3.12%	4.88%	6.76%

- multiplied, for the years 2022 and 2023, by actual inflation between year 2019 and year Y-2. Actual inflation is defined as the change in the average value of the consumer price index excluding tobacco, as calculated by INSEE for all households in the whole of France (INSEE reference 1763852), recorded for calendar year Y-2, compared to the average value of the same index recorded for the 2019 calendar year;
- multiplied by actual inflation seen between Y-2 and Y-1, or failing that, its best estimate, defined as the change in the average value of the consumer price index excluding tobacco, as calculated by INSEE for all households in the whole of France (INSEE reference 1763852);
- multiplied by the forecast inflation rate for the year Y, taken into account in the draft finance bill of year Y.

3. Inter-operator flows

- **Payment by Teréga to GRTgaz for the income received at the PIR Pirineos exit point**

Within the framework of the annual update of the ATRT7 tariff, the amount paid back by Teréga to GRTgaz for income received at the PIR Pirineos is updated.

It corresponds to a unit level, set at €121.6/MWh/d/year as at 1 April 2020 and adjusted each year for inflation, applied to updated capacity subscriptions at the PIR Pirineos exit point.

- **Inter-TSO payment relating to the annual national update of main network tariff charges**

Within the framework of the annual update of the ATRT7 tariff, a $k_{national}$ coefficient is calculated, to define the annual change in the main network tariffs (see section 2.2.3 and 2.2.5 of the Deliberation ATRT7). It leads to an opposing difference in income between GRTgaz and Teréga. This difference is paid back between the TSOs.

4. Annual difference between forecast income and the projected allowed revenue

A smoothing system taking into account the annual difference between projected income and the target allowed revenue, whose value discounted at the 1.7% risk-free rate is zero over the ATRT7 tariff period, is added to operators' allowed revenue based on the following trajectory:

Annual difference, in current €million	2020	2021	2022	2023
GRTgaz	43.9	-1.0	-22.6	-22.2
Terega	11.8	4.6	-1.3	-15.8

5. Calculation and reconciliation of the CRCP balance

The overall balance of the CRCP is equal to the amount to be paid into or deducted from the CRCP for the year passed and the previous year, to which is added the balance of the CRCP not reconciled over former years.

The amount to be paid into or deducted from the CRCP is calculated by CRE, for each year passed, based on the difference, for each item concerned, between the actual amounts and reference amounts defined below. All or part of the difference is paid into the CRCP; the share is determined based on the coverage rate specified by the present deliberation.

GRTgaz, in current €million	Rate	2020	2021	2022	2023
Transmission income "100 CRCP"	100%	1,409.2	1,410.4	1,431.3	1437,9
"Upstream" transmission income	100%	-	369.7	361.5	362,1
	80%	385.2	370.2	Updated each year in compliance with the ATRT7 deliberation	
Income from CCGT and CT connections	100%	5.4	2.9	0.0	0.0
Income from biomethane unit connections	100%	2.8	6.4	6.4	7.4
Income from NGV station unit connections	100%	0.0	0.0	0.0	0.0
Income from services for third parties related to major land-use planning projects (excluding third-party contributions to connections)	100%	25.4	27.0	26.6	27.4
Profits from the disposal of property or buildings	80%	0.0	0.0	0.0	0.0
Income from penalties received from clients exceeding capacity	100%	1.5	2.0	2.0	2.0
Normative "network" capital expenses	100%	885.3	894.7	905.3	901.2
Reference for the calculation of "non-network" capital expenses	100%	89.4	101.8	112.0	108.1
Engine power expenses and difference between income and expenses related to CO_2 quotas	100%	-	99.5	91.2	91.0
	80%	95.7	87.6	Updated each year in compliance with the ATRT7 deliberation	
Consumables expenses	100%	-	5.0	4.9	4.7
	80%	5.1	4.9	Updated each year in compliance with the ATRT7 deliberation	
Costs for the H-L conversion service	100%	66.2	66.3	65.9	65.5
Costs and income generated by congestion management mechanisms	100%	4.4	4.4	4.4	4.4
Any costs related to, where applicable, remuneration of the consumers connected to the	100%	0.0	0.0	0.0	0.0

transmission network that have signed an interruptibility contract on the basis of Article L. 431-6-2 of the energy code					
Costs of studies for large abandoned projects previously approved by CRE or other stranded costs addressed on a case-by-case basis for which CRE approves coverage	100%	0.0	0.0	0.0	0.0
Expenses and income related to the contract between GRTgaz and Teréga (expense)	100%	34.9	35.4	36.0	36.7
Inter-operator compensation between GRTgaz and Teréga (income)	100%	19.6	19.8	20.1	20.2
Expenses and income associated with contracts with other regulated operators (in particular, storage operators)	100%	37.8	32.7	32.5	33.1
Payment made by DSOs to TSOs for the portion of the biomethane injection charge collected from producers connected to the distribution network aimed at covering the OPEX associated with TSO backhaul (income)	100%	0.0	0.0	0.0	0.0
Inter-operator flow between GRTgaz and Teréga related to the change in the $k_{national}$ factor	100%	0.0	0.0	0.0	0.0
Bonuses and penalties resulting from the incentive regulation mechanisms	100%	0.0	0.0	0.0	0.0
R&D expenses	100% of costs not used at the end of the period	26.0	27.5	29.4	30.6

Moreover, with regard to net operating expenses, for the years 2020 to 2023, the amount used in the calculation of the CRCP balance takes into account the difference between forecast and actual inflation.

This amount is equal to the reference value for year *Y*:

- divided by forecast inflation between the year 2019 and the year *Y*;

	2020	2021	2022	2023
Forecast inflation between year 2019 and year *Y*	1.5%	3.12%	4.88%	6.76%

- multiplied by actual inflation between year 2019 and year *Y*. Actual inflation is defined as the change in the average value of the consumer price index excluding tobacco, as calculated by INSEE for all households in the whole of France (INSEE reference 1763852), recorded for calendar year *Y*, compared to the average value of the same index recorded for calendar year 2019.

Teréga, in current €million	Rate	2020	2021	2022	2023
Transmission income “100 CRCP”	100%	174.2	174.2	174.5	173.4
“Upstream” transmission income	100%	-	103.6	104.9	95.6
	80%	105.6	90.1	Updated each year in compliance with the ATRT7 deliberation	
Income from CCGT and CT connections	100%	0.0	0.0	0.0	0.0
Income from biomethane unit connections	100%	0.5	0.5	0.5	0.5
Income from NGV station unit connections	100%	0.0	0.0	0.0	0.0
Income from services for third parties related to major land-use planning projects	100%	0.0	0.0	0.0	0.0
Profits from the disposal of property or buildings	80%	0.0	0.0	0.0	0.0
Income from penalties received from clients exceeding capacity	100%	0.3	0.4	0.4	0.4
Normative "network" capital expenses	100%	146.0	148.8	153.1	155.9
Reference for the calculation of “non-network” capital expenses	100%	20.8	22.5	23.8	23.8
Differences with the reference trajectory of the TOTEX experiment	50%	23.8	22.3	21.6	21.6
Engine power expenses and difference between income and expenses related to CO2 quotas	100%	-	8.0	8.1	8.1
	80%	8.0	5.9	Updated each year in compliance with the ATRT7 deliberation	
Consumables expenses	100%	-	0.2	0.2	0.2
	80%	0.2	0.2	Updated each year in compliance with the ATRT7 deliberation	
Costs and income generated by congestion management mechanisms	100%	0.6	0.6	0.6	0.6
Any costs related to, where applicable, remuneration of the consumers connected to the transmission network that have signed an interruptibility contract on the basis of Article L. 431-6-2 of the energy code	100%	0.0	0.0	0.0	0.0
Costs of studies for large abandoned projects previously approved by CRE or other stranded costs addressed on a case-by-case basis for which CRE approves coverage	100%	0.0	0.0	0.0	0.0
Expenses and income related to the contract between GRTgaz and Teréga (income)	100%	34.9	35.4	36.0	36.7
Inter-operator compensation between GRTgaz and Teréga (expense)	100%	19.6	19.8	20.1	20.2
Expenses and income associated with contracts with other regulated operators (in particular, storage operators)	100%	6.7	6.9	7.0	7.1

Payment made by DSOs to TSOs for the portion of the biomethane injection charge collected from producers connected to the distribution network aimed at covering the OPEX associated with TSO backhaul (income)	100%	0.0	0.0	0.0	0.0
Inter-operator flow between GRTgaz and Teréga related to the change in the $k_{national}$ factor	100%	0.0	0.0	0.0	0.0
Bonuses and penalties resulting from the incentive regulation mechanisms	100%	0.0	0.0	0.0	0.0
R&D expenses	100% of costs not used at the end of the period	2.5	2.6	2.6	2.7

Moreover, with regard to net operating expenses, for the years 2020 to 2023, the amount used in the calculation of the CRCP balance takes into account the difference between forecast and actual inflation.

This amount is equal to the reference value for year *Y*:

- divided by forecast inflation between the year 2019 and the year *Y*;

	2020	2021	2022	2023
Forecast inflation between 2019 and year *Y*	1.5%	3.12%	4.88%	6.76%

- multiplied by actual inflation between year 2019 and year *Y*. Actual inflation is defined as the change in the average value of the consumer price index excluding tobacco, as calculated by INSEE for all households in the whole of France (INSEE reference 1763852), recorded for calendar year Y, compared to the average value of the same index recorded for calendar year 2019.

6. Update of the storage tariff

The storage tariff charge is updated based on the terms set out in the ATRT7 tariff according to the allowed revenue of Storengy, Teréga and Géométhane, and forecast auction income.