



COMMISSION
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Networks

Report on the quality of service of the gas network operators GrDF, GRTgaz and TIGF

Report 2008-2009

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Summary

The latest tariffs for the use of the natural gas transmission networks (“ATRT₄ tariffs”) and for the use of the public natural gas distribution networks (“ATRD₃ tariffs”) introduced **a new regulatory framework that encourages** the transmission system operators (TSO) and the distribution system operators (DSO) to control their costs and **improve the quality of the services provided to networks users.**

For distribution, the incentive-based regulation for quality of service implemented through the ATRD₃ tariffs is **complementary to the supervision powers of the licensing authorities.** It operates by means of concession contracts which imply that the concessionaire has to deliver activity reports and that the licensing authorities have to publish monitoring reports of the concessionaire’s activity. The licensing authorities act on the local level, whereas the incentive regulation is of national scope. The actions of the licensing authorities and of the Commission de Régulation de l’Energie (CRE) **contribute together to assess and enhance the quality of service of the DSO.**

CRE publishes today the first annual report on the quality of service of the gas networks operators, GrDF, GRTgaz and TIGF. The monitoring of GrDF’s quality of service covers a one-year period, from July 1st 2008 to June 30th 2009; that of GRTgaz and TIGF covers a 6-month period, from January 1st 2009 to June 30th 2009.

The next annual CRE report will analyze the results of the incentive-based regulatory mechanism for **quality of service of the local gas DSOs (ELD) implemented on July 1st 2009.**

Next-year report will also include an assessment of the incentive-based regulation for the quality of service implemented within the framework of the new tariffs for the use of **public electricity networks** (called “TURPE₃ tariffs”) that became effective on August 1st 2009.

The first finding of this report is that **the three operators took the necessary measures in terms of tools and resources** to implement the mechanisms required by the tariffs rules. Furthermore, almost all indicators are now monitored and published regularly by the gas networks operators.

The whole picture is that **the quality of service of GrDF, GRTgaz and TIGF progressively improved** over the monitoring period in the most significant areas related to a proper functioning of the market. However, **the objectives set by the tariffs rules were not all met.** This led to financial penalties for the gas networks operators.

During the tariff period, the tariff rules allow to revise the monitoring mechanism, as the tariffs in force provide the possibility to update the indicators. Consequently, and based on this first report, CRE will be working with the gas networks operators and the market players to improve the monitoring mechanism implemented, **focusing more on the quality of services provided to end users.**

First assessment of GrDF's quality of service

Since July 1st, 2008, GrDF has implemented all quality of service monitoring indicators required by the ATRD3 tariffs with the exception of two indicators related to connections, for which the implementation is incomplete.

GrDF's quality of service globally improved, although some progresses are still needed and all the objectives were not achieved. Improvements were particularly noticeable in the key areas for a proper functioning of the market, where the indicators are subject to financial incentives. For example:

- The functioning of the GrDF “OMEGA¹” information system, which plays a key role in the functioning of the French natural gas market, improved over the monitoring period. First, the publication rates of consumption readings by the OMEGA Suppliers portal substantially increased to reach more than 98.6 % in June 2009. Secondly, the availability rate of this portal also improved reaching regularly 100 % per week. Finally, the handling by GrDF of the supplier complaints within 30 calendar days progressively improved, reaching 98.8 % in April 2009, with a 99.2 % peak in November 2008;

- The quality of the data sent by GrDF to the TSOs for calculating the allocations of gas quantities at the transmission / distribution interconnections points (PITD) improved: the objectives set by the ATRD3 tariffs were reached or even exceeded in some cases;

- Time necessary for handling end consumers complaints slightly improved. However, the availability of the call-centres is decreased, particularly the “Repair-Safety” numbers, due to the introduction of a new calls management tool and to the labour protests at GrDF in April and May 2009, leading to a sharp increase in the number of calls;

- Time for providing the main GrDF services (service activation, service cancellation and connections) slightly improved despite the labour actions, which had significant effects on GrDF in April and May 2009.

Between July 1st 2008 and June 30th 2009, the monitoring indicators with financial incentives of GrDF quality of service led to €174,521.65 of penalties, which translated into a reduction of GrDF tariffs². They are broken down as follows:

- €1,000.00 of bonuses,
- €175,521.65 of penalties.

¹ OMEGA (Ouverture du Marché de l'Énergie et Gestion de l'Acheminement – Opening of the Energy Market and Management of Routing): the GrDF information system for the management of routing data and the associated customer processes, providing communication between the DSO and the suppliers (all requests from suppliers must go through the OMEGA Suppliers portal) via a secured internet site.

² The financial incentives have a direct effect on the authorized revenues of the operator and thus on its tariffs that cover the authorized revenues.



An initial updating of GrDF indicators took place on July 1st 2009 after consulting market players, particularly within the framework of the Gas Working Group (GTG) and the Consumers Working Group. This updating led to the identification of new approaches to improve GrDF processes which are crucial for the proper functioning of the market.

In conclusion, this first review of GrDF quality of service led CRE to consider new modifications of the quality of service monitoring system such as:

- Monitoring of the completion of activations and cancellation on due date as agreed with suppliers and modification of the reference period for changing suppliers,
- Setting up of a mechanism for detecting missed appointments due to GrDF reported by end users, or detected by GrDF, without requiring suppliers notification,
- Upwardly re-evaluating the objectives of the indicator measuring the lead times for delivering to the TSOs the data needed for calculating the allocations at the PITDs,
- Re-evaluating the level of certain financial incentives.

First assessment of GRTgaz and TIGF quality of service

On June 30th 2009, GRTgaz and TIGF implemented all the indicators to monitor the quality of service as required by the ATRT₄ tariffs. As these indicators were only monitored for a six-month period, the analyses do not yet allow drawing final conclusions. At this stage, the preliminary trends show some mixed results:

- The quality of the relationship between the TSOs and the shippers is satisfactory, in particular, the handling of the leading times for the shippers' requests for capacity bookings on the main network and the availability of GRTgaz and TIGF portal. The two TSOs reached the objectives set in the ATRT₄ tariffs. Moreover, the quality of the readings at consumption points on GRTgaz network is progressively improved, exceeding the objective set by the ATRT₄ tariffs; that of TIGF remained close to the objective despite a brief downturn in April 2009.
- The quality of data sent by the TSOs to the DSOs for calculating the allocations of gas quantities at the PITDs declined in the GRTgaz South zone and in the TIGF zone: the two TSOs were not able to reach the objectives set by the ATRT₄ tariffs. Time for sending out to the DSOs the temporary assessments of the quantities delivered at the PITDs remained overall well respected.
- TSOs' emissions of greenhouse gases into the atmosphere decreased between the first half of 2008 (or the 2nd half of 2008) and the 1st half of 2009. The decline was more significant for TIGF.



Between January 1st, 2009 and June 30th, 2009, the monitoring indicators for the quality of service of the TSOs led broadly to €280,000 of bonuses for GRTgaz and €445,000 of penalties for TIGF, which will be taken into account in their tariffs³. They are broken down as follows:

- €430,000 of bonuses and €150,000 of penalties for GRTgaz;
- €445,000 of penalties for TIGF.

This first evaluation of the GRTgaz and TIGF quality of service led CRE to consider modifications of the quality of service monitoring system, such as:

- Decreasing the average target time for handling shippers' requests for capacity bookings;
- Homogenising and re-evaluating upwards the objectives of the portal availability rates of the two TSOs.

³ See footnote No. 2 from the preceding page.