



The French Energy Regulatory Commission (CRE) is consulting market participants.

PUBLIC CONSULTATION OF 19 OCTOBER 2017 NO. 2017-014 ON THE UPDATE OF THE TARIFF FOR THE USE OF THE GRTGAZ AND TIGF GAS TRANSMISSION NETWORKS AS AT 1 APRIL 2018

The tariff for the use of GRTgaz's and TIGF's gas transmission networks, known as "ATRT6 tariff", took effect on 1 April 2017 for a period of approximately four years.

Provisions are specified for the tariff of both TSOs' to be updated as at 1 April of each year, according to the terms and conditions set out in CRE's tariff decision of 15 December 2016¹. This decision specifies in particular, for the entire tariff period, a certain number of parameters and principles such as the trajectories of capital expenditure and operating expenses, the consequences on the tariff of the creation of the single marketplace, and the rules for the evolution of tariff charges for the main network and the regional network.

Following the present public consultation and analysis work in preparation of the tariff evolution as at 1 April 2018, CRE plans to make a tariff decision mid-December. GRTgaz and TIGF have presented to CRE a request for a tariff change based mainly on an update of their projections of subscription revenue, energy costs and clearing of the income and expenses clawback account (CRCP account). Along with their request for a change in tariff level, they also request a certain number of associated developments in the tariff framework or structure.

CRE considers that the tariff changes requested by GRTgaz and TIGF on the occasion of the update as at 1 April 2018 are high, particularly in regard to the projected changes contained in the tariff trajectory. In accordance with the principles of change specified by the decision of 15 December 2016, i.e. an increase limited to the extent of inflation for main network charges, and a change in the regional network charges based on the evolution of the authorised income to be covered, these requests would lead to the following changes:

¹ [Decision by the French Energy Regulatory Commission of 15 December 2016 deciding on the tariffs for the use of GRTgaz's and TIGF's natural gas transmission networks](#)

TSOs' request (2017/2018 changes)	GRTgaz		TIGF	
	Tariff*	Request	Tariff*	Request
Change in authorised income	+0.1%	+1.5%	+2.8%	+3.2%
Change in subscriptions	-1.1%	-1.9%	-0.1%	-1.5%
↓	↓	↓	↓	↓
Average tariff change	+2.8%	+5.8%	+4.6%	+7.1%
main network	+1.0%	+1.0%	+1.0%	+1.0%
regional network	+4.5%	+9.6%	+5.4%	+11.2%

* The columns entitled "Tariff" in this public consultation refer to the projected trajectory adopted in the decision of 15 December 2016.

CRE attaches great importance to the control of transmission system operators' expenses and endeavours to adopt the most relevant tariff development projection in view of market conditions, flow scenarios and trends observed. It therefore envisages a certain number of adjustments to the projected trajectories presented to it by GRTgaz and TIGF. At this stage, the lines of action envisaged by CRE lead to the following tariff changes:

- GRTgaz: +2.8% change in the average tariff, i.e. +1.0% for the main network charges and +4.4% for the regional network charges;
- TIGF: +4.5% change in the average tariff, i.e. +1.0% for the main network charges and +5.3% for the regional network charges;

The tariff year will also be marked by the creation of the single market zone, planned for 1 November 2018. The decision of 15 December 2016 provides for the elimination of the charge at the North-South link as at that date, as well as its partial deferral to the exit charge for Pirineos network interconnection point. The present consultation addresses other consequences of the creation of the single marketplace:

- the fate of the North-Atlantic and South-Atlantic transmission/storage interconnection points (PITS);
- the concern expressed by TIGF regarding the loss of attractiveness of storage in the south of France for the year 2018.

This consultation also covers other matters, in particular:

- the possibility of introducing a financial incentive for the service quality indicator related to capacity availability;
- the proposal to simplify the mechanism for redistributing the surplus from auctions;
- the change in the offer at transmission/LNG terminal interface points (PITTM);
- the joint proposal by GRTgaz and TIGF to introduce in the ATRT tariff partial coverage of the costs for connecting biomethane installations to the gas transmission network.

Interested parties are invited to answer the questions at the end of this document before 10 November 2017.

Paris, 19 October 2017

For the Energy Regulatory Commission,
A commissioner,

Christine CHAUVET

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1. BACKGROUND AND PURPOSE OF THE PUBLIC CONSULTATION

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. In addition, 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 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 decisions [...] may provide for a pluriannual management structure for the changes in tariffs as well as appropriate short- or long-term incentive 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"*.

Article L.452-3 also specifies that CRE *"consults energy market players, based on modalities it determines"*.

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

Provisions are specified for the tariffs of both TSOs' to be updated as at 1 April of each year, according to the terms and conditions set out in CRE's tariff decision of 15 December 2016:

- taking into account of the trajectory of authorised revenue defined for four years which comprises:
 - the regulatory capital expenditure trajectory defined by CRE;
 - the operating expenses trajectory set by CRE and which changes each year based on inflation and an annual coefficient;
 - update of the "energy and CO₂ allowances" item;
 - projected inter-operator flow payment;
 - the amount of authorised income spread across four years, corresponding to the annual difference between the trajectory of projected revenues and the projected authorised income of the TSO;
- clearing of one quarter of the overall balance of the CRCP;
- updating of capacity subscription assumptions;
- changes in the tariff structure related to the creation as at 1 November 2018 of the single marketplace in France, with a specific tariff movement occurring at that date;
- 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' offering.

In addition, the ATRT6 tariffs include incentive regulation covering four different components:

- incentive regulation for investment expenses:
 - introduction of an incentive to control "non-network" investment expenses;
 - enhancement of the incentive to control the costs of major transmission development projects with the definition of target budgets for projects over €20 M;
 - modification of the incentive scheme for the development of interconnections with the creation of a financial bonus/penalty which will be allocated at the effective date of commissioning of infrastructure;
- incentive regulation for operating expenses: the TSOs' net operating expenses change each year based on the level adopted for 2017, according to an index equal to the sum of inflation and an annual evolution coefficient which includes an efficiency objective on a like-for-like basis compared to the ATRT5 period. The productivity gains or losses that could be generated compared to this trajectory are kept by each TSO.
- incentive regulation for research and development expenses: the sums allocated to R&D and which would not have been used will be given back to users at the end of tariff period through the CRCP account. If the TSOs go over the trajectory set for four years, the differences remain at their expense.
- 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 correct operation of the market.

The purpose of the present public consultation is to collect participants' views on the evolution of the ATRT6 tariff as at 1 April 2018 concerning:

- evolutions in the tariff structure and regulatory framework;
- the TSOs' requests regarding tariff levels, which, moreover, CRE will analyse in detail with a view to setting the tariff level as from 1 April 2018.

2. EVOLUTION OF 2018 AUTHORISED INCOME: TSOs' REQUEST

In their request for the tariff update as at 1 April 2018, GRTgaz and TIGF presented three trajectories to CRE:

- actual expenses, revenue and subscriptions for the year 2016 ("Act." in the tables below);
- estimates as at end of August 2017 of expenses, revenue and subscriptions for the year 2017 ("Est." in the tables below);
- the projected expenses, revenue and subscriptions for the year 2018 ("Proj." in the tables below);

CRE is examining the tariff files of the TSOs and may, following this examination, decide to make certain adjustments.

2.1 Normative capital charges

The regulatory capital expenditure trajectory has been set for the ATRT6 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 that account.

Normative capital charges	2017	2018	2019	2020
GRTgaz	993.4	1,006.9	1,068.1	1,070.8
<i>of which "non-network" regulatory capital charges</i>	93.9	98.3	104.1	101.1
TIGF	158.7	164.9	175.3	180.4
<i>of which "non-network" regulatory capital charges</i>	18.9	21.7	20.7	22.4

2.2 Update of the "Energy and CO₂ allowances" item

2.2.1 GRTgaz

GRTgaz estimates the "Energy and CO₂ allowances" item at €91.4 M in 2017, compared to the €91.8 M adopted in the tariff trajectory during the work to define the ATRT6 tariff. GRTgaz explains this low difference by a drop in gas compressor needs thanks to high delivery pressure at Dunkirk and to the use of swaps, partially offset by the heavy use of electrocompressors during the tight winter periods and by a projected increase in the *écart de bilan technique* (EBT – the difference, due to measurement errors, between the quantities of gas entering and exiting GRTgaz's network). In addition, GRTgaz states that it anticipates optimisation of its energy consumption enabling it to avoid purchasing CO₂ allowances.

For the year 2018, GRTgaz estimates expenses at €98.6 M, and justifies this projection, up €12.3 M compared to the trajectory adopted during ATRT6 work, on the one hand by a major increase in the EBT and energy consumption volumes, in connection with the flow scenarios envisaged by GRTgaz for the year 2018, and on the other hand by the increase in the price of electricity and the domestic consumption tax which applies to GRTgaz's fuel gas consumption.

"Energy and CO ₂ allowances" item	2016			2017			2018		
	Est.	Act.	Diff.	Proj.	Est.	Diff.	Tariff	Proj.	Diff.
Gas (€M)	80.2	66.7	-13.5	62.9	60.8	-2.1	58.1	65.5	+4.7
Volumes (GWh)	3,443	2,979	-464	3,004	3,026	+22	2,971	3,189	+218
Electricity (€M)	31.7	32.0	+0.3	27.9	30.7	+2.8	28.2	33.1	+4.9
Volumes (GWh)	423	414	-8	396	435	+39	396	439	+43
CO ₂	0.0	0.0	0.0	1.0	0.0	-1.0	0.0	0.0	0.0
Total energy expenses	111.9	98.7	-13.2	91.8	91.4	-0.4	86.3	98.6	+12.3

2.2.2 TIGF

TIGF estimates the "Energy and CO₂ allowances" item at €7.5 M in 2017, compared to the €7.1 M adopted in the tariff trajectory during the work to define the ATRT6 tariff. TIGF explains this increase by the greater quantities shipped across the TIGF zone over the January to June 2017 period compared to the same period in 2016. For the year 2018, TIGF anticipates expenses at €7.3 M, and justifies this projection, up €0.4 M compared to 2018 tariff forecasts, by the inclusion of a cost for CO₂, in view of the introduction of the complementary carbon tax project, not taken into account when the ATRT6 tariff was defined.

"Energy and CO ₂ allowances" item	2016			2017			2018		
	Est.	Act.	Diff.	Proj.	Est.	Diff.	Tariff	Proj.	Diff.
Gas (€M)	7.2	5.7	-1.5	5.7	6.0	+0,4	5.5	5.5	0.0
Volumes (GWh)	349.8	276.5	-73.3	309.9	332.0	22.1	307.3	306.3	-1.0
Electricity (€M)	1.5	1.2	-0.3	1.3	1.5	0.2	1.4	1.4	0.0
Volumes (GWh)	11.8	12.0	0.2	11.8	15.7	3.9	12.7	12.7	0.0
CO ₂	0.0	0.0	0.0	0.2	0.0	-0.2	0.0	0.0	0.0
CO ₂ tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.4
Total energy expenses	8.8	7.0	-1.8	7.1	7.5	0.4	6.9	7.3	0.4

2.3 Net operating expenses (exl. energy)

For the year 2017, net operating expenses, excluding variations in energy costs, adopted in the ATRT6 tariff was €763.8 M for GRTgaz and €76.3 M for TIGF.

The ATRT6 tariff provides that, excluding any variations in the price of energy, the net OPEX for the year 2018 are calculated by applying to the OPEX of the previous year a percentage variation equal to the CPI + 0.74% for GRTgaz and CPI + 1.04% for TIGF, "where the CPI corresponds to the average annual variation actually recorded for the previous calendar year in the consumer price index, excluding tobacco, as calculated by the French national institute of statistics (INSEE) for all households throughout all of France."

Since the inflation assumption for 2017 on which the draft finance bill for 2018 is based is +1.0%², the net operating expenses adopted for 2018, excluding variations in the price of energy, increases by 1.74% for GRTgaz, i.e. by a sum of €13.3 M, and increases by 2.04% for TIGF, i.e. a sum of €1.6 M, compared to the operating expenses adopted for the year 2017.

The difference between projected inflation for 2017 taken into account by CRE for updating the TSOs' net operating expenses and actual inflation will be fully covered by the CRCP.

2.4 CRCP calculation

The CRCP balance as at 31 December 2017 will be cleared over a period of four years. In order to ensure financial neutrality of the mechanism, it is discounted at a 2.7% interest rate, which corresponds to the nominal risk-free rate for the ATRT6 period.

2.4.1 GRTgaz

During ATRT6 work, the overall CRCP amount discounted as at 31 December 2016 was -€104.6 M, to be given back to customers. Clearing of one quarter of this balance for the year 2017 led GRTgaz to give back €27.9 M to customers. The remaining balance to be cleared, after discounting, is €79.5 M.

The definitive CRCP amount for the year 2016 is €8.4 M higher according to estimates; this amount is to be given back to customers. The differences are due in particular to an overestimation of the EBT and lower compressor consumption because of high delivery pressure at the Dunkirk entry point. They are also due to higher subscription revenue than anticipated at the North-South link and in relation to the market coupling mechanism, due to tightness during winter.

In GRTgaz's request, the CRCP amount estimated for the year 2017 is €29.5 M, to be given back to customers. This amount is related in particular to subscription projections higher than the tariff trajectory (in particular at the North-South link and at the main network exit) and lower than anticipated costs for the H gas to B gas conversion service.

In total, the CRCP as at 31 December 2017 therefore reaches the overall discounted amount of €117.4 M, to be given back to customers. The clearing of this amount over four years leads to decreasing GRTgaz's authorised income by €31.4 M each year.

GRTgaz – CRCP as at 31 December 2017

GRTgaz (request)	Amount in €M*
Remainder from previous CRCP accounts	-79.5
Difference between the CRCP estimated for 2016 as at 1 April 2017 and the actual CRCP for 2016	-8.4
Estimated differences between expenses and income for 2017	-29.5
CRCP balance as at 31 December 2017	-117.4
CRCP clearing annuity	-31.4

* a negative sign means that the amount is to be given back to customers

2.4.2 TIGF

During ATRT6 work, the overall CRCP amount discounted as at 31 December 2016 was €3.4 M, to be given back to customers. Clearing of one quarter of this balance for the year 2017 led TIGF to give back €0.9 M to customers. The balance to be cleared, after discounting, is €2.6 M to be given back to customers.

The definitive CRCP amount for the year 2016 is €1.6 M higher than estimated; this amount is to be given back to customers. The differences are due mainly to an overestimation of energy requirements and an increase in transmission income.

In TIGF's request, the CRCP amount estimated for the year 2017 is €3.1 M, to be given back to the TSO.

In total, the CRCP as at 31 December 2017 therefore reaches the overall discounted amount of €1.2 M, to be given back to customers. The clearing of this amount over four years leads to decreasing TIGF's authorised income by €0.3 M each year.

² See the explanatory statement at the time of submission on 27 September 2017 of the draft finance bill for 2018, No 235

TIGF – CRCP as at 31 December 2017	
TIGF (request)	Amount in €M*
Remainder from previous CRCPs	-2.6
Difference between the CRCP estimated for 2016 as at 1 April 2017 and the actual CRCP for 2016	-1.6
Estimated differences between expenses and income for 2017	3.1
CRCP balance as at 31 December 2017	-1.2
CRCP clearing annuity	-0.3

* a negative sign means that the amount is to be given back to customers

2.5 Inter-operator flow

On the occasion of the creation of the single market zone, constantly maintaining the cost of the main transit routes will lead to the deferral of a portion of the income initially received at the North-South link (in GRTgaz's zone) to the Pirineos exit point (located in TIGF's zone). However, the costs generated by the use of this transit route will still be borne by both TSOs, without any change in proportions. In addition, the service provided by each TSO remains the same. To avoid cross-subsidisation between the two TSOs, the decision of 15 December 2016 introduces, as from the creation of the single market zone, a financial flow from TIGF to GRTgaz, corresponding to the costs borne by GRTgaz for the use of this transit route.

This transfer from TIGF to GRTgaz is equal to the increase in the tariff charge at the Pirineos network interconnection point due to the partial deferral of the tariff charge at the North-South link to the tariff charge at the Pirineos interconnection point upon creation of the single marketplace. It will then evolve as at 1 April of each year based on inflation.

The projected amount of TIGF's payment to GRTgaz for a portion of the income received at the Pirineos network interconnection exit point is equal to €117.9/MWh/d/year, applied to projected subscriptions at this exit point. The projected payment amount will be reviewed at each tariff update to take into account the revised subscription assumptions adopted by CRE.

Inter-operator flow, in CM_{current}	2018
GRTgaz	-2.9
TIGF	3.0

The small difference observed between these two amounts is due to the fact that for TIGF, the financial flow is obtained by applying the unit charge deferred to a new subscription trajectory requested by the operator at the Pirineos network interconnection exit point, while GRTgaz maintained the projected amount contained in the tariff trajectory. CRE will make sure that the amounts adopted definitively in the 2018 authorised income for GRTgaz and TIGF are consistent.

With regard to the modalities for calculating the amount paid back, GRTgaz wishes for it to be determined based on the projected subscriptions adopted by CRE in its tariff update, and then adjusted accordingly once a year through the CRCP. However, TIGF requests that the calculation be based on actual subscriptions at the Pirineos interconnection point.

At this stage, CRE prefers the financial payment from TIGF to GRTgaz to be made based on actual subscriptions, at an interval agreed on by both TSOs. At the end of the year, any differences that might appear between the payment made and the projected amount will be fully covered by the CRCP of each TSO.

2.6 Additional requests by GRTgaz

2.6.1 Coverage of the additional security stock at Manosque

The directorate general for energy and the climate (DGEC) requested GRTgaz to constitute before winter 2017-2018, as a precaution, an additional stock of 1 TWh of natural gas in salt storages in order to contribute as needs

be to the security of supply³. Its location, which would enable GRTgaz to have gas in Manosque, is also an additional tool in the south-east of France in the event that the use of the market does not suffice to relieve bottlenecks.

In that regard, during summer GRTgaz subscribed to the storage capacity necessary with Storengy, and purchased 1 TWh of gas. GRTgaz requests that the cost of subscription to the storage capacity at Manosque be taken into account in the 2018 authorised income, i.e. €14.8 M.

CRE reiterates that the operating expenses trajectory has been set for the ATRT6 tariff period. In addition, the tariff framework provides for the remuneration of assets covering the risks borne by operators, including regulatory risk. Lastly, CRE highlights that security of supply is not one of the TSO's missions set out in the energy code.

However, given the importance of security of supply, CRE's President addressed a letter to GRTgaz stating to it that the coverage of the costs for subscribing to the additional security stock would be examined at the time of the tariff update, taking into account the overall level of GRTgaz's operating expenses in 2017 compared to the operating expenses trajectory set by the tariff.

The initial elements forwarded to CRE by GRTgaz do not show that GRTgaz's overall expenses would not be covered by the amounts allocated in the ATRT6 trajectory. CRE is however continuing its analyses: if a significant difference were to be seen at GRTgaz's expense, based on realistic assumptions, all or part of this amount may be covered in GRTgaz's authorised income to ensure full coverage of its costs. With regard to the volume of gas purchased for the security stock, GRTgaz considers that there will be no impact on its expenses, adopting the assumption that volumes will be resold at their purchase price. GRTgaz also requests 80% coverage by the CRCP of any differences between purchase and resale amounts, as is the case for energy expenses for compression requirements.

At this stage, CRE is in favour of 80% coverage by the CRCP of any differences that might appear between the purchase and resale price of gas: the purchase and resale of this gas is part of the activity to optimise energy purchases/sales carried out regularly by GRTgaz for its own energy needs. 80% coverage by the CRCP will cover GRTgaz from any market price variations, while encouraging it marginally to optimise its resale strategy.

2.6.2 Coverage by the tariff of costs for relieving bottlenecks

- **Winter 2017-2018**

Winter 2016-2017 was marked by South-East congestion, caused by low LNG supply in the south of France, together with heavy consumption in this area. Since construction of infrastructures to merge GRTgaz's north and south zones has not been completed, the risk of South-East bottlenecks during winter 2017-2018 persists. Therefore, GRTgaz projects a total of €4 M in costs to relieve bottlenecks, based on the winter 2016-2017 trend (operational instruction notices for a total of 188 GWh and use of 210 GWh of the security stock), and broken down as follows:

- €1 M for the months of November and December 2017;
- €3 M for the months of January, February and March 2018.

In addition, GRTgaz requests the anticipation of an amount of up to €12 M enabling it to take exceptional measures in the event of a crisis.

GRTgaz requests the coverage of all costs for relieving bottlenecks through a neutrality account, or through the integration of these amounts in its authorised income for 2018, with any differences between projected costs and actual costs being fully covered by the CRCP.

CRE is not in favour of an early coverage of bottleneck relief costs for the coming winter in GRTgaz's authorised income for 2018. GRTgaz's request is based on the assumption of a situation this winter identical to that of last winter. CRE reiterates that the winter 2016-2017 situation was exceptional, with very particular LNG issues. If bottleneck relief costs arise, CRE plans for them to be covered by the CRCP, similar to the costs for relieving residual bottlenecks after the creation of the single market zone.

- **Treatment of bottlenecks as from the merging of zones**

The ATRT6 tariff states that *"if, based on the mechanism(s) for which a market consultation was ran and approved by CRE, the TSOs must enter into contracts with counterparties to resolve bottlenecks remaining following the creation of the single marketplace, the additional corresponding income and expenses will be taken into account at the annual update of the tariff."*

³ See the public consultation of 27 July 2017 No 2017-012 on the creation of a single gas market zone in France as at 1 November 2018.

GRTgaz and TIGF propose that the costs generated by the management of bottlenecks be recorded in a collection account, the "bottleneck neutrality account". Shippers would be billed monthly, M+2, based on a daily distribution key depending on the quantities delivered in France and transited at interconnections. If CRE were to disregard the creation of a neutrality account and allow these costs to be covered in the ATRT tariff, GRTgaz requests that these costs be taken into account in the 2018 authorised income. GRTgaz estimates these bottleneck management costs, at the level of France, at €10.3 M/year, of which:

- €7.7 M per year corresponding to the average annual cost of bottleneck relief for the four limits (NS1 to NS4) based on the reference scenario applied to the years 2012 to 2016 (i.e. €1 M for the months of November and December 2018).
- €2.6 M corresponding to the bottleneck relief costs for minor works within the framework of a full year in a single zone.

CRE considers that the nature of these costs justifies their coverage in the ATRT tariff: the mechanisms implemented enable the reduction of investment in the development of new infrastructure. The expenses avoided would have been covered by the tariff. Therefore, it appears appropriate to cover them in the same way.

With regard to the amount of these costs, CRE reiterates that the reference scenario used to select the bottleneck relief mechanisms leads to a total cost between €1.3 M/year and €13.6 M/year, for the France zone, according to the TSOs' estimates, and that there will only be two months in the year 2018 that will see the existence of the single market zone. In addition, the modelling conducted by the TSOs show that the months of November and December usually have the least bottlenecks. On the basis of these elements, CRE considers that the projected bottleneck relief cost for the year 2018 should be €0.6 M (of which, for example, €0.5 M for GRTgaz and €0.1 M for TIGF). At this stage, CRE intends to include these amounts in GRTgaz's and TIGF's authorised income. The differences with actual costs will be fully covered by the CRCP.

2.6.3 Coverage by ATRT of a portion of costs for connecting biomethane injection installations to the transmission network

GRTgaz's request to introduce in the ATRT5 coverage of a portion of the costs for connecting biomethane installations to the transmission network is examined in paragraph 3.6. of the present consultation.

Under this measure, GRTgaz requests the coverage of €0.5 M in the authorised income for 2018. TIGF estimates the costs related to this mechanism at €1 M for the 2018-2023 period, but however did not include this increase in expense in its authorised income request. At this stage, CRE does not intend to take into account this request.

2.6.4 Update of the Fluxys payment at Alveringem

The *open season* conducted by GRTgaz between 2010 and 2011 in coordination with Fluxys enabled the launch of the investments necessary for creating the Alveringem interconnection point. Capacity at the Belgium entry point from the Dunkirk LNG terminal is sold by Fluxys, with transmission in the GRTgaz network being a service provided by GRTgaz to Fluxys.

In its decision of 12 July 2011⁴, CRE stated, given the projected costs for development of this capacity, that the tariff billed by GRTgaz to Fluxys for transmission from the terminal to Belgium would be €45/MWh/d/year. CRE plans for the possibility of re-evaluating this amount based on the actual level of investments.

In compliance with the abovementioned decision, GRTgaz recalculated the price of the service taking into account costs at completion. Therefore, the price of the service will be €44.80/MWh/d/year as at 1 April 2018.

2.7 TSOs' authorised income for 2018

The authorised income for 2018 corresponds to the sum:

- of normative capital charges for the year 2018, whose trajectory is set by the ATRT6 decision;
- net operating expenses for the year 2018;
- the variation in the energy item amount between the 2018 forecast provided by the operators and the amount projected by the ATRT6 tariff for that same year;
- clearing of one quarter of the CRCP balance, estimated for the end of 2017;

⁴ Decision of 12 July 2011 deciding on the conditions for the connection of the Dunkirk LNG terminal to GRTgaz's network and on the development of a new interconnection with Belgium at Veurne

- projected inter-operator annuity flow.

2.7.1 GRTgaz

GRTgaz's requests result in the amount of €1,803.8 M of authorised income for 2018 (i.e. a 1.5% increase compared to the 2017 authorised income), broken down as follows:

GRTgaz – Authorised income requested

GRTgaz, in €M _{current}	2017	2018	
	Tariff	Tariff	Request
Net operating expenses	763.9	777.1	777.1
Normative capital charges	993.4	1,006.9	1,006.9
Variation in “Energy and CO ₂ allowances” item	-	-	12.3
Clearing of the CRCP balance (remainder from previous CRCPs + 2016 balance + 2017 estimate)	-27.9	-27.9	-31.4
Additional requests by GRTgaz	-	-	15.3
Inter-operator flow	-	-2.9	-2.9
Authorised income before smoothing <i>Evolution compared to 2017</i>	1,729.3	1,753.2 <i>+1.4%</i>	1,777.4 <i>+2.8%</i>
Smoothing of authorised income over 4 years	47.7	26.4	26.4
Authorised income <i>Evolution compared to 2017</i>	1,777.1	1,779.6 <i>+0.1%</i>	1,803.8 <i>+1.5%</i>

2.7.2 TIGF

TIGF's requests result in the amount of €246.9 M of authorised income for 2018 (i.e. a 3.2% increase compared to the 2017 authorised income), broken down as follows:

TIGF – Authorised income requested

TIGF, in €M _{current}	2017	2018	
	Tariff	Tariff	Request
Net operating expenses	76.3	77.8	77.8
Normative capital charges	158.7	164.9	164.9
Variation in “Energy and CO ₂ allowances” item	-	-	0.4
Clearing of the CRCP balance (remainder from previous CRCPs + 2016 balance + 2017 estimate)	-0.9	-0.9	-0.3
Inter-operator flow	-	2.9	3.0
Authorised income before smoothing <i>Evolution compared to 2017</i>	234.0	244.8 <i>+4.6%</i>	245.8 <i>+5.0%</i>
Smoothing of authorised income over 4 years	5.2	1.1	1.1
Authorised income <i>Evolution compared to 2017</i>	239.2	245.9 <i>+2.8%</i>	246.9 <i>+3.2%</i>

2.8 Updating of capacity subscription assumptions

This part describes the TSOs' capacity subscription projections, as well as the assumptions on which they are based. These projections will be examined by CRE, which will apply in the tariff update as at 1 April 2018 the most appropriate assumptions compared with the market context.

2.8.1 GRTgaz

The new subscription assumptions forwarded by GRTgaz for the year 2018 are down 3% for main network, and 1% for regional network, i.e. an average drop by roughly 1.9% compared to the subscription projections adopted for the year 2017 in the ATRT6 tariff trajectory. The trajectory of capacity subscription assumptions projected an average annual drop in subscriptions by approximately 1.1% between 2017 and 2018.

GRTgaz explains this evolution, compared to the assumptions adopted for 2017, by the major drop in subscriptions at the transmission-storage interface points (PITS) and by the low level of subscriptions in 2017 of ancillary products in the upstream network (JTS, market coupling) as well as an evolution in the distribution of regional network subscriptions in favour of lower regional tariff levels.

GRTgaz – Subscription income

Capacity subscription income, in €M _{current}	2017 subscriptions (valued at the 2017 tariff)			2018 subscriptions (valued at the 2017 tariff)		
	Proj.	Est.	Diff.	Tariff	Proj.	Diff.
PIR income	279.8	280.0	+0.2	277.2	274.9	-2.3
PITS income	23.4	19.6	-3.8	23.4	15.6	-7.8
PITTM income	92.5	93.0	+0.5	92.5	93.0	+0.5
North-South link income	62.9	68.8	+5.9	48.8	57.6	+8.8
Income from exits to regional network	355.8	359.7	+3.9	353.9	355.7	+1.8
Regional network income	928.1	928.0	-0.1	922.6	917.5	-5.1
Other income	20.2	20.4	+3.2	24.5	13.7	-10.8
TOTAL income	1,762.8	1,769.3	+6.5	1,742.8	1,728.0	-14.8

2.8.2 TIGF

The new subscription assumptions forwarded by TIGF for the year 2018 are down 1.5% compared to the subscription projections adopted for the year 2017 in the ATRT6 tariff trajectory. The evolution trajectory of capacity subscription assumptions projected an average annual drop in subscriptions by approximately 0.1% between 2017 and 2018.

TIGF explains this evolution compared to assumptions adopted for 2017, by, on the one hand, a drop in subscriptions at the PITS related to the development of the economic context of storage, particularly with the implementation of the single gas marketplace in France, and on the other hand, by the drop in the winter peak leading to a decrease in subscriptions in the regional network.

TIGF – Subscription income

Capacity subscription income, in €M _{current}	2017 subscriptions (valued at the 2017 tariff)			2018 subscriptions (valued at the 2017 tariff)		
	Tariff	Est.	Diff.	Tariff	Proj.	Diff.
PIR income	92.2	93.5	+1.3	92.0	92.3	+0.3
PITS income	11.0	11.4	+0.4	11.0	10.2	-0.8
Income from exits to regional network	30.4	29.6	-0.8	30.4	29.7	-0.7
Regional network income	103.7	101.7	- 2.0	103.7	101.7	-2.0
Other income	0.8	0.9	+0.1	0.8	0.5	-0.3
TOTAL income	237.9	237.2	-0.7	237.7	234.4	-3.3

2.9 Tariff evolutions requested by the TSOs

2.9.1 GRTgaz

2018 (compared to 2017)	Evolution in authorised income	Evolution in capacity subscriptions	Difference in average tariff
Tariff	+0.1%	-1.1%	+2.8%
Request	+1.5%	-1.9%	+5.8%

The decision of 15 December 2016 specifies that the main network charges shall change as at 1 April of each year based on inflation. With a CPI estimated at +1.0%, GRTgaz's request would lead to a change in the regional network charges by 9.6%.

2.9.2 TIGF

2018 (compared to 2017)	Evolution in authorised income	Evolution in capacity subscriptions	Difference in average tariff
Tariff	+2.8%	-0.1%	+4.6%
Request	+3.2%	-1.5%	+7.1%

In accordance with the principles of tariff evolution set out in the decision of 15 December 2016, TIGF's request would lead to an evolution by +1.0% for the main network, and +11.2% for the regional network.

2.10 CRE's analysis of the TSOs' tariff evolution requests

CRE is conducting analyses to ensure that the TSOs' requests are in line with the evolutions expected during the course of the year and with past trends.

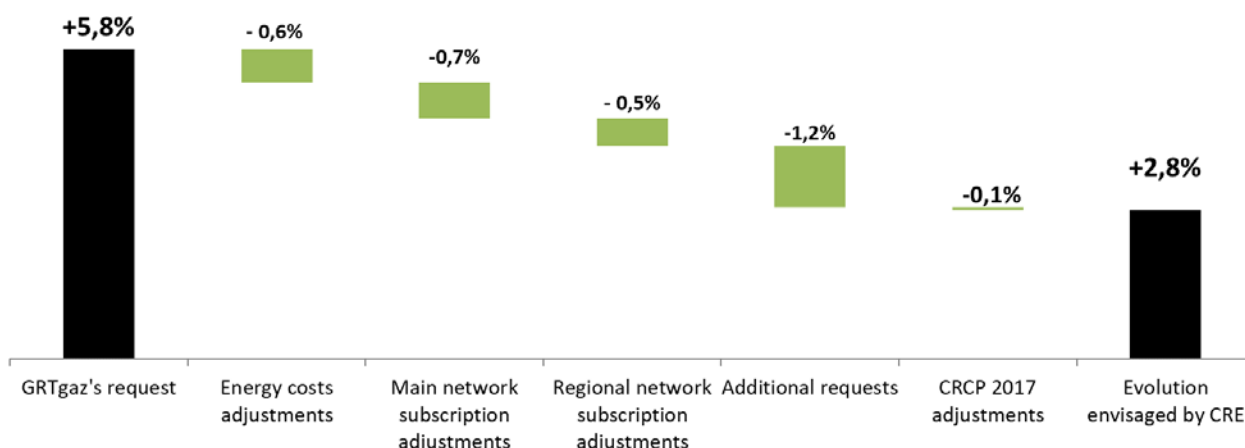
At this stage, it considers that a certain number of assumptions adopted by GRTgaz and TIGF are too conservative and result in tariff evolutions that are too high. Therefore, it intends to adopt several adjustments.

2.10.1 GRTgaz

At this stage, CRE considers first of all, that the energy expenses estimated by GRTgaz are too high. In particular, CRE considers that the EBT levels projected by GRTgaz are too conservative, and not consistent with the latest data recorded. It considers that the projected energy consumption volumes are too high compared to the actual 2016 level and the estimate for 2017, to which they should remain relatively close.

In addition, CRE considers at this stage that GRTgaz's capacity subscription projections are too cautious. In particular, GRTgaz's projections concerning subscriptions at the PITS seem conservative in the light of the implementation of the storage reform scheduled for 1 April 2018. Subscriptions of ancillary products also seem low given the past trends observed and the flow scenarios expected for the upcoming year. Lastly, the erosion of regional network revenues seems slightly higher than in long-term consumption evolution projections.

The adjustments planned at this stage by CRE to GRTgaz's energy expenses and subscription revenues, as well as the treatment envisaged in response to the different additional requests by GRTgaz mentioned in part 2.6. of the present public consultation, would lead to an average tariff evolution of +2.8% (+1% for the main network and +4.4% for the regional network), i.e. a level close to the tariff trajectory set in the decision of 15 December 2016.

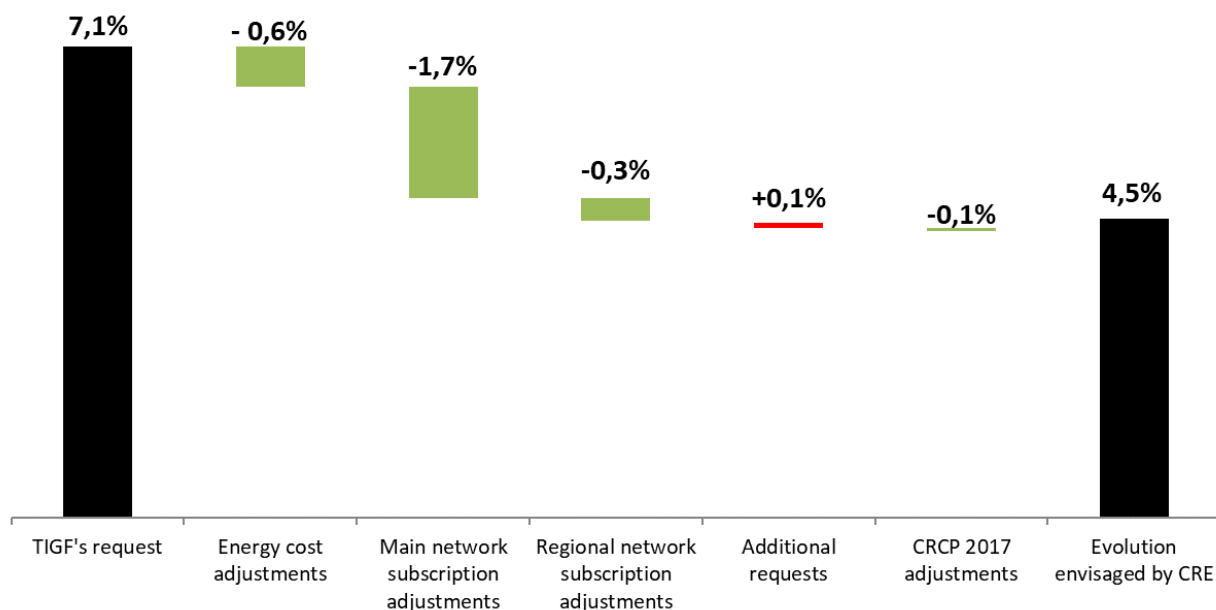


2.10.2 TIGF

At this stage, CRE considers first of all, that the energy expenses estimated by TIGF are too conservative. The price of electricity, and the EBT projected for the year 2018 seem too high compared to trends seen in 2016 and 2017. Similarly, the CO₂ costs added by TIGF for the year 2018 are subject to regulatory uncertainties.

In addition, CRE considers at this stage that TIGF's capacity subscription projections are too cautious. The downward revision of subscription projections at the PITS, on the one hand, and subscriptions to the regional network on the other hand, appear conservative. Moreover, the subscription assumptions at the Pirineos PIR and to the use-it-or-lose-it service could be revised upwards given the revenues recorded in 2016 and those estimated for 2017.

The adjustments planned at this stage by CRE to TIGF's energy expenses and subscription revenues, would lead to an average tariff evolution of +4.5% (+1% for the main network and +5.3% for the regional network), i.e. a level close to the tariff trajectory set in the decision of 15 December 2016.



Question 1 Do you have any comments about the projected evolutions adopted by GRTgaz and TIGF in their tariff request and about the adjustments envisaged by CRE?

3. TARIFF STRUCTURE EVOLUTIONS

3.1 Consequences of the creation of the single market zone in France as at 1 November 2018

The decision of 15 December 2016 anticipated the tariff consequences of the creation of the single market zone as at 1 November 2018. It therefore specified, as at that date: the elimination of the tariff charge at the North-South link in the North to South direction (€208.04/MWh/d/y) and the South to North direction (€50/MWh/d/year);

- the partial deferral of the charge at the North-South link to the exit charge at the Pirineos PIR (i.e. +€117.9/MWh/d/year), in order to align the costs of the two transit routes - France-Spain and France-Italy.

3.1.1 Maintenance of two distinct North-Atlantic and South-Atlantic PITS

GRTgaz's North-Atlantic and South-Atlantic PITS are located on both sides of the North-South link. The North-Atlantic PITS is currently attached to the PEG North market zone, while the South-Atlantic PITS is attached to the trading region south (TRS) although they are both physically located in the same place.

This commercial distinction had been introduced because of the existence of several balancing zones in France. As from the creation of the single zone, this distinction would have no justification: the North-Atlantic and South-Atlantic PITS will therefore be merged.

The creation of the single zone will occur nevertheless as at 1 November 2018, i.e. in the middle of the 2018-2019 storage year. For the purposes of clarity for storage users, GRTgaz proposes to maintain the North-Atlantic/South-Atlantic distinction until 1 April 2019, start of the next storage year and date of entry into force of the next ATRT tariff update.

CRE notes that the commercial grouping or conservation of two distinct PITS has no consequences on the tariff. Therefore, it does not object to GRTgaz maintaining, until 31 March 2019, two distinct North-Atlantic and South-Atlantic PITS, for the purposes of clarity of its commercial offer.

Question 2 Are you in favour of the conservation, until 1 April 2019, of two distinct North-Atlantic and South-Atlantic PITS?

3.1.2 Evolution of the charges at the PITS related to reduced attractiveness of storage in the south of France the year of creation of the single market zone

The year of creation of the single market zone, shippers that withdraw gas from storage in the south of France during winter 2018-2019 will resell their gas at a single France price (PEG) which should, in all likelihood, be close to the current North PEG price. However, they will have injected this gas during the filling period in summer 2018, when both market zones will still be in existence. But the North PEG price is historically lower than the TRS price: the difference between the two prices was an average €1.3/MWh in 2016.

TIGF notes that there is a risk that this change in marketplace during the storage year will make storage in the south less attractive. In its tariff request, TIGF highlighted that storage subscribers in the south would incur:

- the associated overcosts at the North-South link, which will disappear at the date of creation of the single zone, for volumes injected from the North PEG;

- loss of value related to the market price spread (shippers will tap the PEG winter-TRS price spread, while, all things being equal, they would have tapped the TRS winter – TRS summer price spread).

TIGF considers that this loss of value could create a disincentive for subscriptions to storage in the south of France for 2018-2019, and commissioned a consultant to estimate the loss of value of storage in the south of France: based on past differences in market prices, and an assumption of the portion of capacity subscribed at the North-South link for injection in storage facilities in the south, it is estimated at €1/MWh stored.

This estimate leads TIGF to request CRE to offset this loss of value; for that purpose, TIGF proposes three options:

- defer the loss of value to the PITS in the south of France, by making their tariff charges negative (about -€20/MWh/d/year for withdrawals and about -€9/MWh/d/year for injections);
- defer all or part of the loss of value of storage in the south to the PITS of the north of France, by increasing the tariffs for the north PITS;
- cancel the transmission tariff at the North-South link as from 1 April 2018, i.e. 7 months before the creation of the single zone. TIGF however highlights that this solution offsets only a part of the loss of value for shippers.

While CRE notes, like TIGF, that the existence of a North-South spread for summer-winter spread products at the time storage is booked can make storage in the TRS less competitive, it wishes to specify that it is not very likely that a North PEG - TRS spread occurs in summer if storage in the south is not booked, since consumption only in the TRS zone in summer cannot sustainably saturate the North-South link.

CRE also notes that while the assessment carried out by TIGF sets the indicative level of €1/MWh, it is in fact particularly difficult to anticipate. Any measure consisting in a substantial modification of the level of the PITS would therefore have an effect that is difficult to predict: too low, the measure would have no effect, too high, it would discourage storage subscriptions in the north.

In addition, the objective of the transmission tariff is not to offset any loss in value of storage in the south due to the creation of the single zone during the storage year; the TSOs must only ensure that there is sufficient gas stored in the south of France to ensure the continuity of transmission.

Lastly, the possibility of cancelling, as from 1 April 2018, the tariff charge at the North-South link had been rejected by CRE during its work to define the ATRT6 tariff. Cancelling the charge would make the mechanism complex, since it would involve covering GRTgaz's loss of earnings through the other tariff charges before 1 November 2018.

For these reasons, CRE intends, at this stage, not to adopt TIGF's proposals. CRE will however keep a close watch of the situation, especially during the period when storage capacity is sold in spring of 2018.

Question 3 Are you in favour of not adjusting the tariff charges at the PITS as at 1 April 2018 to cover a potential loss in value of storage in the south of France linked to the creation of the single market zone offset by a deferral of this value to other tariff charges?

Summary of tariff developments scheduled as at 1 April and 1 November 2018 in the main network:

€ / MWh / d / year	1 April 2017	1 April 2018	1 Nov. 2018 (creation of single market place)
PIR entries	102.3	103.3	103.3
PIR/PITTM/PITS entries	96.6	97.6	97.6
PITS entries	8.9	9.0	9.0
North-Atlantic and South-Atlantic PITS entries	6.2	6.3	9.0
PITS exits	20.8	21.1	21.1
North-Atlantic and South-Atlantic PITS exits	14.6	14.8	21.1
Oltingue exit	396.7	400.6	400.6
Pirineos exit	494.2	499.2	617.8
North-South link	208.0	208.0	0
Exits to regional network	89.4	90.3	90.3
Cost of transit France-Spain (€/MWh/d/year)	804.6	810.5	720.4
Cost of transit France-Italy (€/MWh/d/year)	498.9	503.9	503.9

3.2 Requests relating to regulation of service quality

The incentive regulation regarding service quality implemented in the ATRT tariff aims to improve the quality of service provided to users. It must be adapted regularly in order to take into account user requirements and the evolution of TSOs' performance. Within this framework, at each tariff update, CRE proposes, if necessary, changes in the indicators and in financial incentives.

TIGF forwarded to CRE proposals for such change concerning the follow-up of the impact of maintenance on the availability of capacity at the PITS and PIRs. TIGF considers that the implementation of the single market zone will lead to the sharing with GRTgaz of the impact of maintenance on the availability of its infrastructure.

Therefore, TIGF proposes that the service quality indicator related to the impact of maintenance on the availability of infrastructure be associated, as from this tariff update, with financial incentives. These incentives would cover in particular the availability of capacity and compliance with maintenance programmes at the PITS and PIRs.

In its decision of 15 December 2016, CRE had considered that given the progress made by GRTgaz, it was not necessary to associate a financial incentive with this indicator.

Therefore, taking into account actions undertaken by GRTgaz to optimise its maintenance work, which led to a 10% drop between 2016 and 2017 in restrictions applied, and the positive feedback from shippers in Concertation gaz discussions, CRE proposes, at this stage, to discard TIGF's request to incentivise these indicators.

Question 4 Are you in favour, like CRE, of not proposing a financial incentive to TSOs concerning the availability of infrastructure at this stage?

3.3 Redistribution of excess auction income

Currently, the surplus received by the TSOs from capacity auctions are paid back to shippers in proportion to their consumption in the zone downstream of the point concerned, through the calculation of unit amounts to be redistributed. These amounts are calculated using a reference consumption base relating to the year preceding the calculation, and therefore give rise to corrections afterwards. The unit amounts of auction surplus to be redistributed which will apply until 30 September 2018 have been published by GRTgaz⁵.

The creation of the single marketplace, scheduled for 1 November 2018, will eliminate the North-South link, source of most of the auction surpluses. In this context, the TSOs propose to terminate the estimate-based redistribution system as at 1 November 2018 and replace it by an annual ex post allocation. Therefore, as from 1 November 2018, they propose that the surplus received at interconnections over the period from 1 November 2018 – 30 September 2019 be redistributed once, to shippers delivering to end customers in France, in proportion to the volumes consumed for the period in question at the latest in the bill of November 2019.

In addition, in order to clear the balance of the current mechanism, the TSOs propose that (i) the surplus for the period from 1 July 2017 to 30 September 2018 not taken into account in the unit price published up to 30 September 2018, (ii) the surplus covering the month of October 2018, as well as (iii) the correction between the redistribution carried out and the target redistribution up to 30 September 2018 be reallocated once in the bill of November 2018, in proportion to the consumption observed between 1 October 2017 and 30 September 2018, minus the volumes excluded as part of the allocation phase at the regulated price for gas-intensive sites in the case of the North to South link.

CRE considers that this evolution will simplify the redistribution mechanism and each shipper will have the same right to receive the surplus from auctions. It notes that this proposal was received favourably in Concertation Gaz. At this stage, CRE is therefore in favour of GRTgaz's proposal.

Nevertheless, if in the future there were major surpluses at the interconnection with Spain or at the PIR in the north of France, CRE may envisage re-examining this redistribution method.

Question 5 Are you in favour, like CRE, of the TSOs' proposal concerning the evolution of the modalities for reallocating surplus from auctions?

3.4 Creation of an entry charge at Oltingue

CRE's decision No 2017-188 of 27 July 2017⁶ specified the rules for selling new entry capacity at the Oltingue PIR.

As from the date of commissioning of the new capacity at Oltingue, scheduled for 1 October 2018 at the latest, 100 GWh/d of firm capacity and 100 GWh/d of interruptible capacity will be proposed in the Switzerland to France direction. This capacity will draw on existing network core infrastructure, designed for the Taisnières H and Obergailbach PIRs. The 100 GWh/d of firm capacity will not be able to be sold fully if the entry capacity at Taisnières H and Obergailbach are also firm.

This capacity will be sold on the PRISMA platform at annual, quarterly, monthly, day-ahead and intraday timeframes. Annual capacity will only be sold for the following year with less priority compared to Taisnières H and Obergailbach. Interruptible capacity will only be sold at quarterly and monthly timeframes, provided that all firm entry capacity (at each point, or the sum of the three points Taisnières H, Obergailbach and Oltingue points) at these timeframes have been sold.

CRE intends to apply to firm entry capacity at Oltingue the same entry capacity charge for the main network as for the PIR of the H zone. The coefficient applicable to interruptible capacity would be the same as that applicable at the PIR in the north of France, i.e. 50%. In addition, the capacity proposed in the France to Switzerland direction would not be changed and backhaul capacity would be maintained until the effective implementation of new capacity.

⁵ GRTgaz's communication on unit amounts

⁶ CRE's decision of 27 July 2017 deciding on the evolution of capacity selling mode at the Dunkirk PIR, the evolution of the selling system for interruptible capacity, and on the creation of entry capacity at Oltingue

Question 6 Are you in favour of the pricing principles envisaged by CRE for the entry charge at Oltingue?

3.5 Evolution of the offer at PITTMs

In compliance with the tariff decision of 15 December 2016, any shipper that enters into a contract for regasification with regulated LNG terminal operators is automatically allocated transmission capacity at the PITTMs, for a duration corresponding to its terminal subscription.

In the case of a shipper with regasification capacity subscriptions of a duration lower than one year, that shipper is allocated a firm entry capacity band for its subscription period. In the event of a postponement of the arrival date of a ship, this shipper cannot postpone its corresponding transmission subscription. However, a ship's delivery programme can be postponed for a number of reasons linked to unforeseen events in the upstream supply chain.

GRTgaz proposes to grant the possibility of postponing transmission subscription to intra-annual LNG terminal clients, with a seven-day notice. The shipper concerned could postpone the starting date of the capacity band allocated to it, as well as its duration, provided that there is a total minimum emission period of 10 days and that the shipper keeps the entire capacity volume subscribed.

At this stage, CRE is in favour of the evolution proposed by GRTgaz. It will enable shippers experiencing supply contingencies to not be penalised and GRTgaz to receive the equivalent income.

Question 7 Are you in favour, like CRE, of GRTgaz's proposal to enable shippers to postpone a subscription band at the PITTMs?

3.6 Coverage by ATRT of a portion of costs for connecting biomethane injection installations to the transmission network

Initiators of biomethane installation projects connected to the transmission network bear the full cost related to the connection of such an installation to TIGF's or GRTgaz's transmission network.

The TSOs jointly requested that, with the tariff update as at 1 April 2018, CRE introduce a "transmission reduction", with the goal of the transmission tariff covering 40% of the cost for connecting biomethane installations.

The TSOs base their request on the fact that such a provision for sites injecting into the distribution network was introduced by law No. 2017-227 of 24 February 2017. Article 19 of that same law specifies that "*for the tariffs for the use of the public natural gas distribution networks which are not under concession in accordance with Article L. 432-6 and whose operator is a company mentioned in article L. 111-61, these costs also include a portion of the costs for connecting biogas production installations to these networks. The level of coverage cannot exceed 40% of the connection cost. It is decided by the administrative authority, after consultation with the Energy regulatory commission*".

In CRE's decision No. 2017-82 of 13 April 2017⁷, CRE issued an unfavourable opinion of the draft order relating to the level of coverage of the costs to connect biogas production installations to certain public natural gas distribution networks, in accordance with Article L. 452-1 of the energy code. It justified its opinion by the fact that, on the one hand, this order could lead to the development of costly projects for the community because of the distance from the network, and without any technical or environmental quality upgrade, and on the other hand, partial coverage by the ATRD (distribution tariff) of biomethane installation connection costs would generate an increase in the tariff for all customers.

Similarly, CRE considers that the introduction of a transmission reduction would have the following disadvantages:

- generating a tariff increase for all customers: although only two sites were injecting into the gas transmission network as at the end of 2016, many installations are being planned. In addition, decree No 2016-

⁷ CRE's decision of 13 April 2017 on its opinion about the draft order relating to the level of coverage of the costs to connect biogas production installations to certain public natural gas distribution networks, in accordance with Article L. 452-1 of the energy code

1442 of 27 October 2016 on multiannual energy programming⁸ sets the goal of 8 TWh of biomethane injected by 2023. Currently, projects concerning injection into the transmission network represent 18% (in energy) of injection projects. On the basis of this distribution key, 1,440 GWh/year would be injected in GRTgaz's and TIGF's networks as from 2023. To reach this target, the TSOs' estimate a total cost of €2 M to be covered by the tariff over the ATRT6 period. In addition, the development of the biomethane sector could lead to a surge in these costs for the next tariff periods. Moreover, CRE reiterates that injection of biomethane in the transmission networks does not generate any revenue for the TSOs.

- encouraging the development of more costly projects for the community without any improvement in technical or environmental quality. Between two projects with the same technical and environmental qualities, the introduction of the reduction could lead to giving public support to the project that is most expensive for the community because of the higher connection cost: on the one hand, within the current framework of the purchasing obligation tariff, the most expensive projects for the community, because of the high connection costs, could be the most profitable for project developers and may be given priority. On the other hand, in the event of a tendering procedure, coverage by the ATRT tariff of a portion of the connection cost could enable the producer to internalise the costs only partially by the level of support it proposes and enable it to win the tender.

Therefore, although CRE considers that reaching energy policy objectives as concerns renewable energy, is a priority, at this stage, it is not in favour of the introduction of a “transmission reduction” for connection of biomethane installations to the transmission network in the absence of a legislative initiative on the matter.

Question 8 Are you, like CRE, not in favour of the introduction of a “transmission reduction” for the connection of biomethane installations?

4. SUMMARY OF QUESTIONS

Question 1 Do you have any comments about the projected evolutions adopted by GRTgaz and TIGF in their tariff request and about the adjustments envisaged by CRE?

Question 2 Are you in favour of the conservation, until 1 April 2019, of two distinct North-Atlantic and South-Atlantic PITS?

Question 3 Are you in favour of not adjusting the tariff charges at the PITS as at 1 April 2018 to cover a potential loss in value of storage in the south of France linked to the creation of the single market zone offset by a deferral of this value to other tariff charges?

Question 4 Are you in favour, like CRE, of not proposing a financial incentive to TSOs concerning the availability of infrastructure at this stage?

Question 5 Are you in favour, like CRE, of the TSOs' proposal concerning the evolution of the modalities for reallocating surplus from auctions?

Question 6 Are you in favour of the pricing principles envisaged by CRE for the entry charge at Oltingue?

Question 7 Are you in favour, like CRE, of GRTgaz's proposal to enable shippers to postpone a subscription band at the PITTMs?

⁸ Decree No 2016-1442 of 27 October 2016 on multiannual energy programming

Question 8 Are you, like CRE, not in favour of the introduction of a “transmission reduction” for the connection of biomethane installations?

5. HOW TO PARTICIPATE IN THE PUBLIC CONSULTATION

CRE invites all interested parties to submit their contributions, by 10 November 2017 at the latest:

- by email at the following address: dr.cp1@cre.fr;
- by contributing directly on CRE’s website (www.cre.fr) in the “Documents/Public Consultations” section;
- by post to: 15, rue Pasquier - F-75379 Paris Cedex 08 – France;
- by contacting the Systems Directorate (Direction des Réseaux): + 33.1.44.50.41.90;
- by requesting an audience with the Commission.

Contributions (or a summary thereof) will be published by CRE respecting secrets protected by law.

In accordance with the provisions of the European Tariff network code, you are requested to provide a non-confidential version of your response which is suitable for publication. Interested parties are invited to provide well-grounded answers to the questions above.