



The Energy Regulatory Commission (CRE) is consulting market players.

PUBLIC CONSULTATION N° 2020-013 OF 30 JULY 2020 RELATING TO THE NEXT TARIFF FOR THE USE OF REGULATED LNG TERMINALS

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

Articles L. 452-2 and L. 452-3 of the French Energy Code empower the French Energy Regulation Commission (CRE) to set the methodology for setting tariffs for the use of liquefied natural gas (LNG) facilities. CRE may make any changes to the level and structure of the tariffs that it deems justified, in particular with regard to the analysis of operators' costs and any expected changes in operating and investment costs.

The current tariff for the use of the Elengy and Fosmax LNG terminals, known as the ATTM5 tariff, came into force on 1 April 2017, in accordance with the deliberation of 18 January 2017¹, for a period of approximately four years. The new tariff for the use of LNG terminals, known as the ATTM6 tariff, is expected to come into force on 1 April 2021.

This consultation presents CRE's preliminary guidelines concerning the regulatory framework of the ATTM6 tariff, the level of charges to be covered and the resulting level of tariffs, as well as the tariff structure and the offer of LNG terminals. CRE wishes to gather the opinion of market players on these subjects before taking its final decision at the end of 2020.

Key issues

In 2019 and 2020, with the return of LNG in Europe, Elengy has launched several calls to the market to enable players to subscribe terminal capacity over long horizons. As a result of these procedures, capacities at the Montoir terminal (123 TWh) are nearly fully subscribed until 2035 and those at the Fos Cavaou terminal (100 TWh) are 87% subscribed until 2030. Finally, the activity at Fos Tonkin, whose long-term subscriptions were due to expire at the end of 2020, has been maintained thanks to subscription commitments until 2028, for a volume of activity on the site which is still down on previous years (18 TWh from 2021 onwards, compared with 35 TWh previously).

LNG terminal tariffication, and more broadly all the rules for access to these infrastructures, play an important role in the proper functioning of the wholesale gas market. As France imports almost all the gas it consumes, the conditions of access to the French market and its attractiveness is an essential issue.

Unlike transport networks, European LNG terminals are not natural monopolies and are in direct competition with each other. Over the last decade, the commissioning of several large terminals in Europe and the development of new uses (bunkering, transshipment and truck loading) have increased the European competition to which regulated LNG terminals were already exposed. In this context, the control of loads and the flexibility of the services offered to terminal users are essential issues for their competitiveness.

The safety of persons and property is a major issue, and Elengy must maintain a high level of security on its infrastructures, whether in terms of cybersecurity for example, or taking into account the ageing of physical infrastructures. In particular, the ageing of assets, especially the Montoir terminal, which will reach the age of 40 in 2020 and is highly loaded, generates additional maintenance requirements. The ATTM6 tariff should give Elengy the means to meet this challenge.

Finally, CRE finds that the gas infrastructures are now sufficiently dimensioned. The stagnation of gas consumption over the last 10 years and its foreseeable decline up to 2030 and beyond, particularly in the context of energy

¹ CRE Deliberation of 18 January 2017 on the tariffs for the use of regulated LNG terminals

transition targets, are leading CRE to be particularly vigilant in the future with regard to investment expenditure and the risk of stranded costs.

CRE finds that the tariff of LNG terminals must take these issues into account, in addition to the objectives of simplicity, predictability and continuity.

Tariff level

The operator of the regulated LNG terminals Elengy has submitted a request for tariff changes specifying its projected costs for the period 2021-2024 and also its requests relating to the regulatory framework, tariff structure and supply.

Considering the elements of the tariff demand to CRE by Elengy, this would lead to changes, on 1 April 2021, of an average unit rate of -11.5%² for Montoir, -23.1% for Fos Tonkin and +5.9% for Fos Cavaou.

These changes result from, in particular, dropping charges related to the 100 basis point fall in the weighted average cost of capital in application of the change in the rate applicable to the ATRT tariff, and the increase in capacity subscriptions at Montoir. As regards Fos Tonkin, the fall is also related to the reduction in its activity from 2021 and the full depreciation of the infrastructure following the ATTM5 tariff.

However, Elengy's demand in terms of operating costs seems high in the light of the performance of recent years and the expected development of activity: Elengy's demand forecasts an increase in average expenses between 2019 and 2021-2024 of +20.5% for Montoir and +12.0% for Fos Cavaou. At Fos Tonkin, the change in average expenditure between 2019 actual and the ATTM6 period requested by Elengy is -35.8% due to the drop in terminal activity.

In addition to its own analyses, CRE has relied on a study on operating costs carried out by an external consultant at Elengy's request.

At this stage, CRE finds that Elengy's request is overestimated in terms of operating costs. It plans to limit the increase in Elengy's net operating costs, with the external consultant's audit representing a lower bound and Elengy's demand an upper bound.

In addition, CRE is planning to use a weighted average cost of capital corresponding to the rate applicable to the ATRT7 tariff, i.e. 4.25% effective before tax, plus a premium specific to the LNG activity. It plans to maintain the level of this premium at 200 basis points, except for certain assets at the Montoir terminal, for which it plans, as requested by Elengy, to reduce the depreciation period: the specific premium applicable to these assets would be set at between 100 and 125 basis points.

Purely for illustration purposes, taking the median of the operating cost ranges presented by CRE at this stage, and the average cost of capital of 4.25% plus the specific premium of 200 or 125 basis points:

- the variation in constant euros between the average allowed income for the period ATTM5 and ATTM6 could be -4.8% for Montoir, -60.6% for Fos Tonkin (due to full depreciation for investments from previous tariff period and restructuring of the terminal, which capacity evolves from 35 to 18 TWh) and +3.1% for Fos Cavaou;
- the evolution of the ATTM6 unit tariff on 1 April 2021 could then be based on -16.9% for Montoir, -24.3% for Fos Tonkin and +3.8% for Fos Cavaou.

Framework applicable to bunkering activities

In a context of development of new activities and competition between European terminals, the commercial agility of operators is a major issue. In order to enable Elengy to adapt its offer optimally to market needs and to make the investments necessary for the development of this activity, CRE is at this stage in favour of Elengy's request to withdraw the activity of recharging methane small-scale LNG carriers for bunkering purposes from the perimeter of regulation.

Tariff regulatory framework

CRE is considering several changes to the regulatory framework applicable to Elengy's investments. On the one hand, it considers that the gas infrastructures are sufficiently developed and that it is therefore no longer necessary to encourage operators to develop new regasification capacity. It is accordingly providing for the abolition of the 200 basis points premium which applied to this type of project. In addition, CRE finds it important to encourage operators to control their costs, and plans to introduce in the ATTM6 tariff an incentive regulation for projects with a budget of more than 10 M€.

² The trajectories presented in this public consultation have all been restated to take into account revenues from unregulated activities that will become tariff products.

30 July 2020

On the other hand, CRE is at this stage in favour of Elengy's request to reduce the depreciation period for assets commissioned since 2011 at the Montoir and Fos Cavaou terminals so that it does not exceed 20 years.

Finally, CRE is planning to set up an incentive regulation mechanism for quality of service based on two priority topics: compliance with maintenance programmes and environmental indicators.

Tariff structure and offer

CRE is planning to adopt a tariff structure in line with that of the previous tariff.

The services planned at this stage for the ATTM6 period are also close to the current offer, which is generally satisfactory for LNG terminal users. CRE is also in favour at this stage of the marginal modifications proposed by Elengy with two objectives:

- on the one hand, to enhance the attractiveness of regasification services, in particular by allowing users to better anticipate their capacity reservations or by benefiting from additional flexibilities;
- and on the other, to take into account the growth of new activities, by allowing users who unload cargo that is not intended to be released on the network (reloading small scale LNG carriers, loading trucks) not to reserve regasification capacity, or by offering them storage flexibility adapted to their specific needs.

Paris, 30 July 2020.

For the Energy Regulatory Commission,
The President,

Jean-François CARENCO

Responding to the consultation

CRE invites interested parties to send their contributions by at the latest 25 September 2020 by entering their contribution on the platform set up by CRE: <https://consultations.CRE.fr>.

In the interests of transparency, contributions will be published by CRE.

If your contribution contains elements that you wish to keep confidential, a version that conceals these elements must also be submitted. In this case, only this redacted version will be published. CRE reserves the right to publish elements that could prove essential to the information of all players, provided that they are not covered by secrets protected by law.

In the absence of a redacted version, the full version will be published, subject to information covered by legally protected secrecy.

Interested parties are invited to provide the grounds for their answers in responding to the questions.

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1. CONTEXTE AND OBJECT OF THE PUBLIC CONSULTATION

1.1 CRE's remit

Article L. 134-2, 4° of the Energy Code authorises CRE for setting the rules on the "conditions for the use [...] of liquefied natural gas facilities, including the methodology for setting the tariffs for the use of these facilities and tariff changes [...]".

Articles L. 452-1, L. 452-1-1, L. 452-2 and L. 452-3 of the Energy Code govern CRE's tariff powers. In particular, Article L. 452-2 stipulates that CRE sets the terms and conditions for charging for the use of liquefied natural gas facilities. In addition, Article L. 452-3 stipulates that "the French Energy Regulatory Commission will deliberate on tariff changes [...] with, where appropriate, any changes to the level and structure of the tariffs which it considers justified in the light in particular of an analysis of the operators' accounts and the foreseeable development of operating and investment costs. [...]".

1.2 Purpose of the consultation

CRE wishes to obtain the opinion of market players on the guidelines it envisages for the ATTM6 tariff, with regard to the regulatory framework, the level of charges to be covered and the structure of the tariff.

Although CRE is planning to renew in the ATTM6 tariff most of the principles in play in the ATTM5 tariff, the changes planned for the next ATTM6 tariff are intended to:

- setting the regulatory framework to encourage operators to control their costs and the quality of service provided to their users;
- develop the offer of regulated LNG terminal operators.

2. REVIEW OF THE ACTIVITY OF REGULATED LNG TERMINALS IN FRANCE

2.1 State of the World Market

In recent years, the global supply of liquefied natural gas has grown steadily, driven by the US market. Since 2017, the United States has been producing more gas than it consumes, with gas production reaching a new record in 2019. The US market accounted for two-thirds of global natural gas supply growth in 2019. Global demand for natural gas continued to grow in 2019 at the expense of coal due to low gas prices, particularly in Europe.

2019 was a remarkable year for LNG, with sharply rising exports from the United States, Russia and Australia and record investments in liquefaction projects.

This abundant supply of LNG has influenced European and Asian spot prices, which have fallen sharply, leading to a decoupling from oil-indexed prices. The variable costs of US LNG now appear to be setting the floor price below which US exports would cease.

2.2 Overview of French LNG terminals

There are four LNG terminals in France: Montoir-de-Bretagne, Fos Tonkin, Fos Cavaou, which are all regulated, and Dunkirk, which is subject to an exemption from regulation until 2036.

The Montoir-de-Bretagne, Fos Tonkin and Fos Cavaou terminals are operated by Elengy, a wholly-owned subsidiary of GRTgaz. The Montoir-de-Bretagne terminal was commissioned in 1980 and has a regasification capacity of 10 billion m³/year and storage capacity of 360.000 m³. The Fos Tonkin terminal was commissioned in 1972, its regasification capacity, currently 3 billion m³, will be reduced in 2021 to 1.5 billion m³/year, with a storage capacity of 80.000 m³. The Fos Cavaou terminal was commissioned in 2010 with a regasification capacity of 8.3 billion m³/year and storage capacity of 300.000 m³.

The Dunkirk terminal is operated by Dunkirk LNG, a 61% subsidiary of Fluxys and 39% owned by a consortium led by AXA. It was commissioned in 2016 with a regasification capacity of 13 billion m³/year and storage capacity of 600.000 m³.

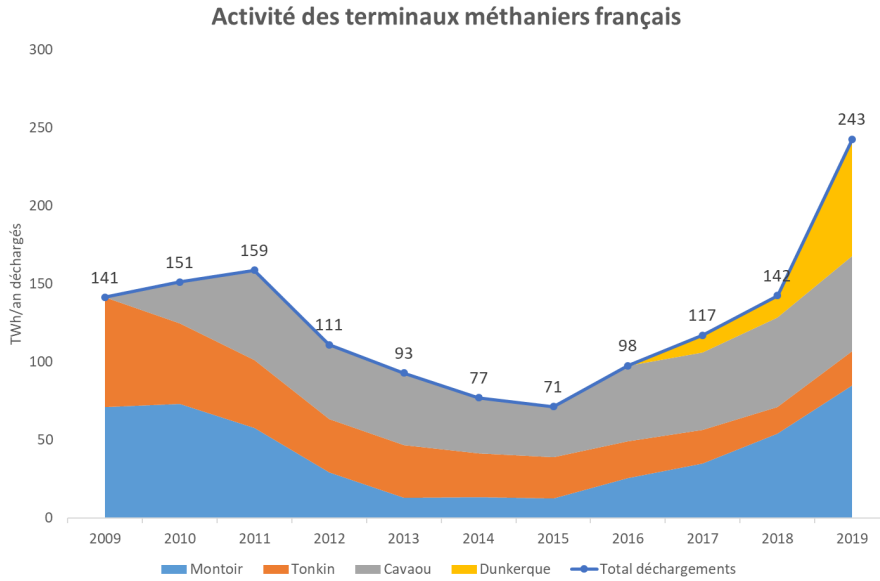
2.3 Return of LNG to Europe: French LNG terminal activity is up sharply

Since October 2018, low Asian prices (sometimes lower than European prices) due to weak Asian demand (trade war with the United States, gas stock cushion, high nuclear provision in South Korea) combined with an overabundance of supply (liquefaction capacities in Australia and the United States) have led to a return of LNG to Europe.

Additional LNG imports have been made possible by the flexibility of the European gas system, with well interconnected market areas, significant storage capacity and now more flexible supply contracts that allow flexible

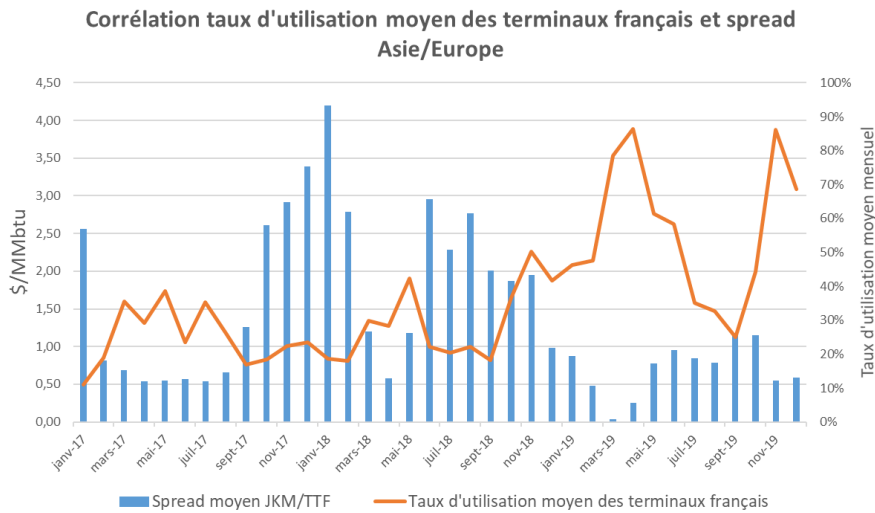
onshore pipeline arrivals. In addition, the decline of domestic production sources (Groningen, UK) also requires additional imports into Europe.

The volumes unloaded in French terminals have thus increased sharply since 2018³:



Activity of French methane terminals
Montoir, Tonkin, Cavaou, Dunkerque, Total unloading

The correlation between the utilisation rate of French terminals and the Asia/Europe spread is evidence of the competitive logic underlying the orientation of LNG shipments:



Correlation of the average utilisation rate of French terminals and Asia/Europe spread
Monthly average utilisation rate
Average spread JKM/TTF, Average utilisation rate of French terminals

³ The graph also includes emissions from the Dunkirk LNG terminal to Belgium. In 2019, 2019 TWh were emitted in France.



3. PRINCIPLE OF ALLOCATION OF COSTS BETWEEN REGULATED AND NON-REGULATED ACTIVITIES

3.1 Presentation of the different services

French LNG terminals allow natural gas to be imported and regasified. They neither liquefy nor export gas from the network and are therefore supplied solely by unloading LNG shipments.

In recent years, French LNG terminals have adapted to meet a growing need for flexibility expressed by shippers. For example, LNG is no longer just used for regasification but can be temporarily stored in the terminal's tanks to be reloaded onto another LNG carrier, transhipped directly from one ship to another and loaded into tankers to supply the retail market (transported LNG).

In addition, LNG can be loaded onto small-scale LNG carriers, whose the main function is "bunkering", i.e. the supply of fuel to LNG-powered ships (container ships, ferries and cruise vessels).

Of all these activities, some are regulated and some are competitive.

In the ATTM5 tariff, the regulated services are:

- unloading of LNG tankers;
- storage in tanks;
- regasification and send-out on the transmission system;
- reloading of LNG tankers;
- loading of methane small-scale LNG carriers.

Unregulated services include:

- transhipment;
- loading of tanker trucks.

3.2 Non-regulation of the activity of small-scale LNG carriers loading

In its tariff demand, Elengy requests that the loading of small scale-carriers no longer be considered a regulated activity as of the entry into force of the ATTM6 tariff.

Elengy considers that the low unit volume of this activity, which has little or no impact on terminal management, has no impact on send-out from the transmission network and does not affect the scheduling of large LNG carriers: the activity has a dedicated schedule or uses a dedicated jetty.

In addition, the bunkering market is highly competitive, particularly in the Mediterranean with the neighbouring ports of Barcelona and Genoa, which have developed this activity in their LNG terminals. In this context, Elengy would like to have greater leeway to establish its commercial offer and to develop dedicated assets enabling it to expand the activity.

CRE notes that Elengy's service for loading small-scale LNG carriers does not use the facilities to regasify LNG in order to send it onto the transmission network and thus gain direct access to the European internal natural gas market.

For this reason, CRE finds that the loading service of small-scale LNG carriers could be marketed in an unregulated context.

However, as with tanker transhipment and loading services, the loading service for small-scale LNG carriers uses common terminal facilities in the current configuration, including the dock. In order to prevent any risk of cross-subsidisation between these different activities, CRE is proposing to examine the measures, perimeters and principles adopted by the operator to determine the allocation of the respective costs of each activity.

CRE therefore considers that the provision of a loading service for small-scale LNG carriers in an unregulated context must be conditional on the implementation of organisational and accounting measures capable of ensuring transparency in the allocation of the respective costs of the various services and in particular of guaranteeing the allocation of the costs generated by the loading service for small-scale LNG carriers to their specific users.

Question 1 Are you, like CRE, in favour, of non-regulation of the loading activity of small-scale LNG carriers?

3.3 Principle and method of allocating expenditure

Elengy has developed tanker-truck loading and LNG transshipment activities in an unregulated environment. The ATTM5 deliberation of 18 January 2017 provides for the following tariff treatment for these activities:

- the full allocation to these activities of the additional costs incurred in providing them. These specific costs are entirely borne by the subsidiary Elengy Hub & Expertise (EHE);
- the proportional allocation of expenses resulting from the using of assets and operating costs currently covered by the regulated tariffs by applying objective allocation keys monitored by CRE. Usage is thus remunerated by the payment of a unit contribution remitted by EHE at the regulated tariff.

Consequently, CRE is considering the renewal of these principles in the context of the ATTM6.

In addition, in a context of development of unregulated activities, CRE considers that the method of burden sharing must allow a fair distribution of commercial risks between activities. For this purpose, CRE is planning to set the level of the unit contribution in the light of the maximum number of transactions that can be carried out for each activity.

Finally, in the interests of greater transparency, CRE envisages that the contributions paid by the EHE subsidiary to Elengy will no longer constitute, as they do today, operating revenue which is deducted from gross operating costs within the context of authorised revenue, but become specific tariff terms applicable to each unregulated operation.

The consequence of these two changes is that the contributions of each non-regulated activity will evolve in a consistent manner with the regulated tariffs with respect to the use of the shared resources.

Question 2 Are you in favour of the principles for the allocation of charges between regulated and non-regulated services as envisaged by CRE?

4. TARIFF REGULATORY FRAMEWORK

4.1 Main tariff principles

4.1.1 An individual tariff per site

The ATTM3 tariffs⁴ which came into force on 1 April 2010 introduced the individualisation of the tariff for each terminal, in order to take into account the costs and specificities of each of these infrastructures. This individualisation has been maintained in the subsequent tariffs.

CRE is considering renewing this principle for the ATTM6 tariff.

4.1.2 A tariff period of about four years with changes every two years

The duration of the tariff periods for regulated infrastructure is harmonised at approximately four years. CRE considers in particular that this duration gives the market visibility on the evolution of infrastructure tariffs and operators the time needed to undertake productivity efforts.

CRE had asked market players about this principle during its public consultation on 14 February 2019: a large majority of contributors were in favour of this period, accepting the justifications put forward by CRE.

In line with the duration adopted for the other regulated gas infrastructures, therefore, CRE expects the ATTM6 tariff to apply for a period of approximately four years, starting on 1 April 2021.

In addition, CRE is considering renewing the review clause in force in the ATTM6 tariff: thus, the possible consequences of new legislative or regulatory provisions or of a jurisdictional or quasi-jurisdictional decision could give rise to a revision of the tariff trajectory for the last two years of the tariff period if the level of net operating costs retained in the ATTM6 tariff were to be changed by at least 1%.

Since the ATTM4 tariff, which came into force in 2013, the tariff for the use of LNG terminals has been adapted on 1 April for each intermediate tariff update that takes place every two years. CRE is planning to maintain the evolution of the ATTM6 every two years, on 1 April.

4.1.3 Determination of allowed income

In its deliberation concerning the decision on the ATTM6 tariff, CRE will set the allowed income forecasts for each LNG terminal for the period 2021-2024, on the basis of the tariff dossier submitted by the operators and its own

⁴ CRE Deliberation of 16 July 2009 on the tariff proposal for the use of LNG terminals

analyses. The authorised revenues are intended to cover the operators' costs to the extent that they correspond to those of an efficient operator.

These projected authorised revenues consist of net operating costs (NOC), normative capital expenditure (NCC) and the clearing of the balance on the revenue and expenditure account (CRCP):

$$RA = NOC + NCC + CRCP$$

Where:

- *RA* = forecast of allowed revenues over the period;
- *NOC* = forecast of net operating costs for the period;
- *NCC* = projected normative capital expenditures over the period;
- *CRCP* = clearance the expenses and revenues clawback account.

4.1.3.1 Net operating costs

Net operating costs (NOC) are defined as gross operating costs less operating revenues (including production of fixed assets, non-price revenues and the contribution of competitive activities to the coverage of overheads).

Gross operating costs mainly include energy costs, external consumption, personnel costs and taxes.

The level of net operating costs used is determined on the basis of all the costs necessary for the operators' activity to the extent that, under Article L. 452-1 of the Energy Code, these costs correspond to those of a successful LNG terminal operator.

4.1.3.2 Standard capital charges

Normative capital charges (NCC) include remuneration and depreciation of capital assets. The calculation of these two components is based on the valuation and development of the assets operated by Elengy - the Regulated Asset Base (BAR) - and assets under construction (AUC), i.e. investments made that have not yet resulted in the assets being commissioned.

The NCC is the sum of the depreciation of RAB assets and the remuneration on capital assets. The latter is the product of the RAB value multiplied by the rate of return determined on the basis of the weighted average cost of capital (WACC) valuation and the product of the AuC value multiplied by the cost of debt.

$$NCC = \text{Depreciation of the RAB} + RAB \times WACC + AuC \times \text{cost of debt}$$

4.1.4 Remunération on assets and investment coverage

4.1.4.1 Modalities for the return on assets

The rate of return on assets is historically constructed using a base rate of return and a premium related to the operating activity of the LNG terminals.

In the ATTM5 tariff, CRE used the WACC for gas transport activity as the base rate for estimating the cost of capital of LNG terminals given the lack of a relevant comparator to determine the main parameters of LNG terminal operating activity. A premium of 200 basis points is added to the WACC for gas transport to take into account the specific risks of LNG terminal operating activity relative to network activity.

In its decision of 23 January 2020 on the tariff for use of the natural gas transmission systems of GRTgaz and Teréga⁵, CRE has maintained the remuneration of the AuCs at the cost of debt, which is an effective incentive for the rapid commissioning of the investment projects of the various operators. For the ATTM6 tariff period, CRE is planning to renew the system of remunerating AuCs at the cost of debt.

⁵ CRE deliberation of 23 January 2020 on the tariff for the use of the natural gas transmission systems of GRTgaz and Teréga

4.1.4.2 Amortisation of commissioned assets

In the current tariff, the amortisation periods per asset type are as follows:

Asset classes	Economic lifetime (years)
Regasification facilities	40
Civil engineering and construction	40
Storage facilities	40
Other facilities (torches, tools,...)	40
Auxiliary facilities and unloading device	20
Equipment (remote operation, gas quality analyser, etc.)	10
Real estate	30
Sundry equipment (vehicles, ..)	10
Small equipment (computers,...)	5

In its tariff demand, Elengy underlines the uncertainties it perceives regarding the role of LNG terminals in the long term: the operator considers that the European prospects of carbon neutrality or a very sharp reduction in the share of fossil fuels by 2050 reduce its ability to project its commercial activity beyond the expiry of long-term subscriptions (2035 in Montoir, 2030 in Cavaou and 2028 in Tonkin). In this context, Elengy considers that a cautious approach should be taken to asset depreciation methods in order to limit the risk of stranded costs.

In addition, Elengy considers that depreciation periods of 40 years no longer correspond to subscription commitments, which are often no more than 20 years, and sometimes even 10 years.

As a result, Elengy asks in its tariff demand for an adaptation of the depreciation periods of specific investments, so that the depreciation period is closer to the maturity horizon of long-term subscriptions. Elengy therefore proposes that:

- the depreciation period for investments commissioned from 2020 should be limited to 20 years for the Montoir and Fos Cavaou terminals;
- the depreciation of commissioned assets at the Montoir and Fos Cavaou terminals between 2011 and 2020 should be accelerated to reach a total amortisation period limited to 20 years, without changing the past depreciation: for example, for an investment commissioned in 2011 with an initial depreciation period set at 40 years, the net value of this asset at 1 January 2011 would be quickly depreciated, to reach zero in 2031 instead of 2051.

Fos Tonkin's assets are not concerned by this application, as Elengy has proposed special depreciation terms in the context of the market call procedure launched in 2019 to support the terminal's activity: new investments in this terminal will be depreciated by 2028, which corresponds to the end of subscriptions for this terminal.

CRE considers, given the medium- and long-term uncertainties regarding the place of gas in the French energy mix, that the approach proposed by Elengy is that of a prudent operator and reduces the risk of stranded costs in the long term. CRE is therefore in favour of the principle of limiting the depreciation period for Elengy's assets to 20 years for assets commissioned from 2011 onwards.

This development, which leads to an increase in the level of depreciation covered in the short term by the tariff, will, all other things being equal, trigger an increase in the tariff (see part 5.6.1 of this consultation). CRE considers that the resulting tariff changes, particularly for players who have subscribed long-term capacity at these terminals, remain reasonable and acceptable.

Although CRE agrees with Elengy's assessment of the medium- and long-term uncertainties concerning natural gas, it has taken this risk into account in the ATRT7 decision applicable to natural gas transmission operators: the WACC of the ATRT7, set at 4.25% real before tax, notably includes an increase in the Beta of the assets (from 0.45 in the ATRT6 to 0.50 in the ATRT7). As the WACC of the ATTM tariff is set by adding a premium to that of the ATRT, this increase in the Beta of the ATRT is directly reflected in the ATTM tariff.

CRE notes that the reduction in the depreciation period for specific LNG terminal assets has reduced the commercial risk borne by Elengy. In fact, a larger proportion of depreciation is reduced over the years concerned, and therefore

over the period covered by the current long-term subscriptions. As a result, Elengy bears a proportionally lower risk of stranded costs.

However, the additional remuneration premium of 200 basis points is intended in particular to remunerate this commercial risk specific to LNG terminals. LNG terminals are facilities concentrated on a single site, which do not have a monopoly and are dependent on a limited number of customers. In addition, there is no guarantee that each site will continue to operate over the very long term, once the capacity subscription contracts currently in the portfolio have expired.

CRE accordingly considers that the level of the specific premium must be adjusted to take account of this reduction in risk.

As indicated above, Fos Tonkin is not affected by this development. Therefore, CRE is not planning to change the 200 basis point premium for the assets of this terminal.

With regard to Montoir and Cavaou, CRE has analysed the change in the portion of capital costs remaining to be covered at the end of long-term contracts as subscribed to date:

- at Fos Cavaou, 89% of the investments currently having an amortisation period of 40 years are those commissioned in 2010, when the terminal itself was commissioned. These investments are not concerned by Elengy's request. In addition, as the terminal is recent, the tariff demand does not provide for any future investments with this amortisation period. Thus, the share of capital charges remaining to be covered at the end of long-term contracts is virtually unchanged as a result of this development and CRE does not plan to change the 200 basis point premium on the assets of this terminal.
- at Montoir, specific investments made since 2011 have a 40-year amortisation period. In addition, Elengy indicates in its tariff demand that it is considering investments for the coming years in connection with the renovation of major assets (dock, regasification infrastructure, etc.) whose depreciation periods would have been 40 years and would accordingly be shortened. CRE estimates that around the half of the residual capital charges at the end of the long-term contracts will now be covered. CRE finds that this development would significantly reduce Elengy's commercial risk on these assets and consequently plans to reduce the premium applied to Montoir's assets, whose depreciation period would be changed, from 100 to 125 basis points.

Question 3 Are you in favour of limiting the depreciation period for the Montoir and Fos Cavaou assets commissioned from 2011 to 20 years?

Question 4 Are you in favour of adapting the specific premium as envisaged by CRE?

4.1.5 Principle of the CRCP

The ATTM tariff is defined by CRE on the basis of hypotheses on the forecast level of charges and subscription revenues. A *post hoc* adjustment mechanism, the revenue and expenditure adjustment account (CRCP), has been set up in order to take into account all or part of the differences between the actual revenue and costs recorded and the forecast revenue and costs on predefined items (see part 4.3.1.2). As a result, the CRCP protects operators against changes in specific cost or revenue items. The CRCP is also used for the payment of financial incentives resulting from the application of incentive provision mechanisms, and also to take into account possible capital gains on disposals or stranded costs once validated by CRE.

The CRCP balance is calculated as at December 31 of each year. Under the ATTM5 tariff, the balance in this account has been cleared over four years, in constant annual instalments, taken into account in the context of the tariff changes implemented as of 1 April of each intermediate period (i.e. every 2 years), by a fall or rise in the revenue to be recovered through the tariff.

In its deliberation of 23 January 2020, CRE harmonised the CRCP's method of compensating the ATRT tariff with that of other network tariffs (TURPE in electricity, ATRD in gas distribution). For the ATRT7 tariff, the balance of the CRCP will be calculated on 31 December of each year. For each TSO, the balance of the CRCP will be cleared over a period of one year, within the limit of a tariff change associated with this clearing of +/- 2%. If this limit is reached and does not allow the full settlement of the CRCP balance in the tariff change of the following year, the balance not cleared during the year in question will be carried over to the following year.

For the ATTM6 tariff period, CRE is planning to implement this method of clearance taking into account the specificities of the ATTM6 tariff. The CRCP would be cleared over a period of two years, in order to take into account the specific update rate for the tariff for the use of LNG terminals.

In addition, also to reflect this update every two years, Elengy has requested that the CRCP balance be cleared within the limit of +/-3%. CRE finds that Elengy's request is justified and plans to maintain the ceiling proposed by the operator.

Finally, the entire balance of the recognised CRCP at the end of the tariff period will be taken into account in determining the allowed income for the following period. This is the case for the balance of the CRCP at the end of the ATTM5 period, which will be cleared in four constant annual instalments.

Question 5 Are you in favour of the changes to the operation of the CRCP that CRE is considering for the ATTM6 tariff?

4.2 Tariff schedule

Since the ATTM4 tariff, which came into force in 2013, the tariff for the use of LNG terminals has changed on 1 April of each interim tariff update that takes place every two years. CRE is planning to maintain the evolution of the ATTM6 every two years, on 1 April.

CRE is planning to develop the ATTM6 tariff according to the following principles:

- 1) the variable tariff terms of each terminal would automatically adapt on 1 April 2022, by applying to all tariff terms in effect on 31 March of that year by applying the following percentage change:

$$Z = CPI + k$$

Where:

- CPI is the corresponding inflation rate, for revising the schedule of tariffs on 1 April in year N, to the average annual change over calendar years N-1 and N-2 in the consumer price index excluding tobacco as calculated by the French national statistics office, INSEE, for all households in France;
 - k is the percentage change in the tariff schedule resulting from the clearing of the balance of the revenue and expenditure account for expenses and revenue (NCC, subscription revenue, energy costs, contributions from non-regulated activities to regulated expenses, etc.); k is between +3% and -3%.
- 2) The projected baseline used to calculate the CRCP for the next two years would be updated for the following items:
 - energy costs and CO₂;
 - subscription revenues;
 - R&D charges in the middle of the tariff period.
 - 3) In addition, CRE may take into account, when making interim changes to the ATTM6 tariff, changes in the tariff structure, in particular as regards:
 - changes in the operators' offer;
 - changes in the incentive regulation for the operators' quality of service.

Question 6 Are you in favour of the tariff schedule and the principles for changing the tariffs envisaged by CRE for the ATTM6 tariff?

4.3 Incentive-based regulation on cost control

4.3.1 Incentive-based regulation for operating costs

4.3.1.1 No coverage in the CRCP for most operating costs

The ATTM5 tariff provides that net operating costs, with the exception of specific predefined items that are difficult for operators to control, have an incentive at 100%. CRE sets a trajectory for the tariff period, and any discrepancy

from this trajectory remains at the expense or to the benefit of the operator. This mechanism encourages operators to optimise productivity gains and promote the best solutions for the system.

In the light of the positive results obtained over the last ten years and the positive assessment of the players during the public consultations of 14 February and 23 July 2019, CRE is considering renewing this principle for the ATTM6 tariff, with the exception of specific changes in the nature of the expenditure and revenue covered in whole or in part by the CRCP, presented in paragraph 4.3.1.2 of this public consultation.

CRE will take into account the productivity gains achieved by operators to define the ATTM6 tariff trajectories.

4.3.1.2 Coverage of specific items by CRCP

Tariffs for regulated infrastructures are calculated based on assumptions on charges and revenues used to define the development trajectories for the various items.

As stated in paragraph 4.1.5 of this consultation, a *post hoc* adjustment mechanism, the revenue and expenditure adjustment account (CRCP), takes into account the differences between the actual revenue and costs recorded and the forecast revenue and costs for specific items identified in advance, which are difficult for LNG terminal operators to predict and control.

CRE considers that the integration of an item into the CRCP must be considered in the light of the following two areas:

- predictability: a predictable item is one for which it is possible for the operator and CRE to provide, with a reasonable degree of confidence, the level of costs incurred and revenues perceived by the operator over a tariff period;
- control: a controllable item is one for which the operator is able to control the level of expenditure/revenue in a year, or has negotiating power or influence over its level, if it results from a third party.

In addition, CRE considers that the tariff treatment cannot be summarised as a single alternative for coverage of the item, between 100% and 0% at the CRCP. Thus, for specific partially controllable and/or foreseeable items, CRE considers that partial incentives should be provided to operators.

CRE is planning to maintain the means of cover provided for in the ATTM5 tariff for the following revenue and costs included in the scope of consolidation of the CRCP:

- revenues collected from additional subscriptions of regasification capacities and additional services offered by operators (pooling, banner option, contractual storage space, flexible send-out at Fos-Cavaou), covered at 75%;
- revenues collected from additional subscriptions to the vessel recharging service, covered at 75% by the CRCP;
- capital charges borne by operators, which are 100% covered, except for those that will be subject to the incentive-based regulation mechanism of "non-infrastructure" capital charges (see section "Capital charges"). 4.3.2.3) and for which only the inflation differential will be taken into account;
- revenues collected from the LNG exchange point access service, covered at 50%.

In addition, CRE is planning to introduce:

- for operating costs, an item covering the difference between the forecast inflation taken into account by CRE for the interim update the operators' operating costs and the actual inflation recorded, 100% covered at the CRCP;
- an item concerning the R&D trajectory: the special treatment is detailed in paragraph 4.5 of this consultation.

Finally, CRE is considering changing:

- the coverage rate for electricity and CO₂ costs, whose gaps are currently covered at 90%. To encourage operators to control these costs, CRE is considering a similar treatment to the ATRT and ATS tariff, with 80% coverage by the CRCP of the gaps between forecast and actual costs;
- the item of costs and revenues associated with unregulated services, covered at 100%. Currently, this item recovers the differences between the expected costs and revenues on the one hand and the actual costs and revenues associated with the provision of unregulated services on the other. In the light of the fact that CRE is planning to create tariff terms for unit contributions (cf. section 3), these will reflect the associated costs. Accordingly, CRE envisages that only the differences between projected and actual revenues will be covered on the CRCP, with 100% coverage.

Question 7 Are you in favour of the scope of the revenues and expenses covered by the CRCP envisaged by CRE for the ATTM6 tariff?

4.3.2 Incentive regulation mechanism for investments

Over the last 15 years, regulated infrastructure operators have significantly developed their infrastructure by creating new interconnection capacity with neighbouring countries, developing LNG terminal entry capacity and strengthening the national network to eliminate congestion and create the single market area. These developments have enabled consumers to have diversified sources of supply and have strengthened France's integration into the European gas market.

CRE considers that the French system of regulated infrastructures is currently sufficient. Moreover, the stagnation of consumption over the last ten years and its anticipated evolution up to 2050 lead CRE to be particularly vigilant in examining any new investment project.

In this respect, CRE points out that any project to extend regasification capacities will have to be submitted to economic tests in order to avoid creating stranded costs.

4.3.2.1 Cost control incentive for investments with a budget of over 10 M€

The ATTM5 tariff provides for a mechanism to encourage operators to control the costs of their investment projects, for investments above M€ 20 or for projects benefiting from the regulatory mechanism encouraging the development of new regasification capacity according to the following principles:

- for projects benefiting from the incentive regulation mechanism for developing new regasification capacities, the application of the bonus for ten years will be limited to the projected investment budget;
- the remuneration of capital expenditure that deviates from the projected budget varies according to the level of these deviations;
- the remuneration of assets under construction (AuC) is suspended beyond the planned commissioning date of the investments;
- for projects subject to a call to the market, an exit clause for subscribers may be introduced, which can be exercised in the event of a significant overrun in the estimated cost of the project following detailed studies, subject to the potential stranded costs generated by this clause.

This mechanism was never implemented in ATTM5.

In the electricity and gas network tariffs in force, CRE has introduced a mechanism whereby projects are subject to an audit which makes it possible to set a target budget, and a bonus or malus is awarded to the operator according to the difference between the target budget and the expenditure actually recorded, with a neutrality band of +/-5% around the target budget.

In the light of the positive results of the system, CRE is planning to harmonise the incentive provision mechanism for investments with a budget of more than 20 M€ with that of the deliberation of 23 January 2020 on the ATRT7 tariff, while adapting the threshold to the main projects of an LNG operator.

Thus, for ATTM6 tariff, for investment projects for which the decision to incur expenditure would be taken as from the entry into force of this Decision and for which the estimated budget would be equal to or over than 10 M€:

- CRE will set a target budget;
- whatever the capital expenditure made by the operator, the asset will be entered in the RAB at its real value at the time of its commissioning (less any subsidies);
- if the operator's capital expenditure for this project is between 95% and 105% of the target budget, no bonus or penalty will be granted;
- if the capital expenditure incurred is less than 95% of the target budget, the operator will receive a bonus equal to 20% of the difference between 95% of the target budget and the capital expenditure incurred;
- if the capital expenditure incurred is higher than 105% of the target budget, the operator will have to pay a penalty equal to 20% of the difference between the capital expenditure incurred and 105% of the target budget.

For the Montoir-de-Bretagne terminal, the projects in question would be:

- the renovation of the dock;
- regulatory compliance of regasifiers;
- the electrical and instrumentation programme.

For the Fos Cavaou terminal, the only project involved is the installation of a high-pressure compressor.

This list is not exhaustive, as new projects may appear during the period covered by the ATTM6 tariff.

4.3.2.2 Removal of the incentive for projects to create new regasification capacity

The ATTM5 tariff provides an incentive mechanism for projects to create new regasification capacity. This mechanism has not been applied during the period 2017-2020.

CRE considers that France has sufficient regasification capacity to enable diversification of gas supplies and integration into the European market. Moreover, despite the strong demand observed in 2019, the capacities of the LNG terminals are not yet fully utilised. Consequently, CRE considers that it is no longer necessary to encourage the development of new regasification capacity and accordingly plans to remove this mechanism from the ATTM6 tariff.

4.3.2.3 Incentives for controlling cost for "non-infrastructure" investments

In the ATRT7 tariff, CRE has renewed a mechanism that encourages TSOs to control their investment costs in the same way as their operating expenses within a so-called "non-infrastructure" investment scope comprising assets such as real estate, vehicles and information systems (IS).

By their very nature, these items of expenditure are likely to give rise to trade-offs between capital and operating expenditure. This mechanism encourages operators to optimise overall costs. It consists in defining, for the tariff period, a trajectory for the evolution of estimated capital expenditure for this type of investment, which will then be excluded from the scope of the CRCP. Realised gains or losses are therefore kept at 100% by operators during the tariff period, both for operating and capital costs. At the end of the tariff period, the actual value of the fixed assets will be taken into account in the RAB, which permits, for the following tariff periods, a sharing of the gains or additional costs with the users.

CRE is planning to introduce in the ATTM6 tariff an incentive mechanism for the control of non-infrastructure investments similar to that of the transport tariff. During the ATTM6 period, the capital charges for these categories of assets will be calculated on the basis of the projected values that will be defined in the tariff deliberation. Given the specific nature of the real estate on the sites of the LNG terminals and the impossibility of making trade-offs between renting and building on an industrial site, CRE is planning to limit the scope of the incentive to vehicles and information systems.

Under this system, at the end of the tariff period, CRE carries out an analysis of the commissioning trajectories of the investments concerned in order to ensure that the gains made during the tariff period are not offset by higher costs for subsequent tariff periods, due for example to delays in specific projects.

The estimated amount of investments subject to this incentive provision is on average 3 M€ per year for Elengy.

Question 8 Are you in favour of the investment incentive-based regulation mechanisms envisaged by CRE for the ATTM6 tariff?

4.4 Incentive regulation mechanism for quality of service

The current tariff does not provide for incentive regulation mechanism for quality of service of LNG terminal operators.

The incentive regulation of the quality of service of the operators aims at improving the quality of service provided to infrastructure users in areas considered particularly important for the proper functioning of the gas market.

CRE thus plans to extend the system of incentive regulation of the quality of service to LNG terminal operators, in line with procedures similar to those applied to other infrastructure operators. In particular, CRE is defining the methods for calculating and publishing the indicators and associated objectives.

CRE can also provide financial incentives for specific indicators on subjects deemed essential to the proper functioning of the gas market.

In addition, the results of these indicators will be published on the operators' websites aimed at terminal's users on a monthly basis. They will prepare a qualitative analysis report of their annual performance which will be published on their websites.

4.4.1 Proposal of four indicators for maintenance programmes for regulated LNG terminals

In order, on the one hand, to give more visibility to LNG terminal users and, on the other, to reduce terminal downtime, particularly that which could have been avoided by better coordination of maintenance with that of the transmission network, CRE is planning to introduce four indicators relating to maintenance programmes:

- the rate of reduction of the subscribed unloading capacities, calculated as the ratio between the firm unloading capacity made available during the works and the subscribed unloading capacity. The monitoring of this indicator would be calculated annually and for each terminal;
- the rate of reduction of subscribed storage capacities, calculated as the ratio between the firm issue capacity made available during the works and the subscribed storage capacity. The monitoring of this indicator would be calculated annually and for each terminal;
- an indicator of compliance with LNG terminal operators' maintenance programmes, calculated on the basis of the variation (in percentage) of the capacity made available between the published planned maintenance programme and the actual maintenance programme. The monitoring of this indicator would be calculated annually and for each terminal;
- an indicator to monitor the availability of information in the event of technical incidents that could lead to a restriction of LNG terminal users' capacities.

At this stage, CRE is considering not financially encouraging these indicators at the beginning of the ATTM6 tariff.

4.4.2 Proposal for two environmental indicators

During the public consultations carried out about network tariffs, market players shared CRE's position on how to improve environmental indicators.

Consequently, CRE is planning to include the following indicators in the ATTM6 tariff:

- monthly greenhouse gas releases in relation to the volume of gas sended-out on the network;
- methane leakage (including diffuse losses, evacuation and accidents/incidents) in relation to the volume of gas released.

At this stage, CRE is considering not financially encouraging these indicators at the beginning of the ATTM6 tariff.

Question 9 Are you in favour of the incentive regulation of the quality of service envisaged by CRE for the ATTM6 tariff about introducing indicators concerning the two priority issues which are the effect of maintenance programmes on availability of terminals and the monitoring of greenhouse gas releases and methane leakages?

4.5 Incentive regulation for R&D and innovation

In a context of a rapidly changing energy landscape, CRE attaches particular importance to the development of smart grids and the adaptation of infrastructures to the energy transition. Infrastructure operators must have the necessary resources to carry out their research and development (R&D) and innovation projects, which are essential for providing an efficient and high-quality service to users and for developing their network operation tools. On the other hand, infrastructure managers must use these resources efficiently and transparently.

CRE accordingly plans to introduce the existing mechanism in the other infrastructure tariffs to the ATTM6 tariff according to the following principle:

- the cost containment incentive scheme for operators' R&D charges is introduced, with the possibility of revising this trajectory halfway through the tariff period in order to provide operators with greater flexibility in adapting their programme. At the end of the ATTM6 period, operators will submit a balance sheet on R&D to CRE, and any amounts not spent over the period will be returned to consumers (through the CRCP), while any overrun of the trajectory will remain the responsibility of the operator;

- transparency and control of the effectiveness of R&D expenditure are reinforced through two exercises, the format of which will be the subject of work between CRE and the operators:
 - the annual transmission to CRE of technical and financial information for all ongoing and completed projects;
 - biennial publication by operators of a report to the public, modelled on the mechanism currently in place. The reports will have to be harmonised between operators, in particular by means of standardised indicators, and enriched with concrete elements concerning the benefits of the projects for the users of the network, and also systematic feedback on the demonstration projects financed by the tariff.

Question 10 Do you have any comments on the regulatory framework concerning innovation and R&D envisaged by CRE for the ATTM6 tariff?

5. TARIFF LEVEL

5.1 Balance sheet for the ATTM5 period

5.1.1 Montoir-de-Bretagne

Over the ATTM5 period, the net operating costs incurred at the Montoir site were lower than the operating costs provided for in the trajectory set by the tariff.

In constant M€ ⁶	2017	2018	2019
Net operating costs provided for in the ATTM5 tariff	53.6	52.3	53.4
Net realised operating costs	44.0	45.6	45.8
<i>Differences</i>	-9.5	-6.8	-7.5

Over the period 2017-2019, the cumulative difference between the trajectory of the ATTM5 tariff and the actual trajectory amounts to -24.0 M€, i.e. -15% compared to the planned charges. The main differences can be explained in particular by:

- rental expenses and fees lower than expected, due in particular, to the renegotiation at the end of 2016 of the contract for authorisation to occupy the port of Nantes Saint-Nazaire;
- energy charges lower than the tariff forecasts, due in particular to the CSPE ceiling not provided for in the ATTM5 tariff decision;
- headquarter – related expenses apportioned in accordance with the capacities of each terminal (see paragraph 5.3):
 - headquarter lease expenses lower than expected due to the renegotiation of the lease agreement in 2017;
 - IT service expenses lower than the tariff forecasts due to the merger of Elengy's two service providers;
 - "CSP" tertiary services expenses (payroll management, accounting, purchasing, etc.) provided by Engie lower than the tariff forecasts, due to the revamp of Engie headquarter;
 - so-called "other external consumption" expenses (communication, training, temporary work, crèche, occupational medicine, logistics, etc.), etc.) lower than the tariff forecasts thanks to the efforts made on operational expenditure;
 - personnel costs which are lower than the tariff forecasts due to a reorganisation and productivity gains achieved in headquarter functions.

⁶ The trajectories presented in this public consultation are all restated for the revenues from unregulated activities that will become tariff products (see part 3).

Over the ATTM5 period, the capital charges of Montoir site were lower than the capital charges provided for in the trajectory set by the tariff and related to investments are slightly delayed in time.

In constant M€	2017	2018	2019
Capital charges provided for in the ATTM5 tariff	48.0	47.0	46.1
Realised capital charges	46.5	45.8	45.3
<i>Differences</i>	-1.5	-1.3	-0.9

Capital charges are covered at 100% via the CRCP.

5.1.2 Fos Tonkin

Over the ATTM5 period, the net operating costs incurred at the Fos Tonkin site were lower than the operating costs provided for in the trajectory set by the tariff.

In constant M€	2017	2018	2019
Net operating costs provided for in the ATTM5 tariff	26.5	26.0	26.1
Net realised operating costs	23.1	22.9	23.7
<i>Differences</i>	-3.5	-3.1	-2.4

Over the period 2017-2019, the cumulative difference between the trajectory of the ATTM5 tariff and the actual trajectory amounts to -8.9 M€, i.e. -11.3% in relation to the planned charges. The main differences can be explained in particular by:

- property tax expense lower than the tariff forecasts due to a reduction in the site's property tax base in 2018;
- personnel costs lower than expected due to a 1% reform of the Caisse Centrale d'Activité Centrale (CCAS);
- energy charges lower than the tariff forecasts, in particular because of the CSPE ceiling not provided for in the ATTM5 tariff decision;
- headquarter - related expenses apportioned in accordance with the capacities of each terminal lower than expected lower than the forecasts (see paragraph 5.3).

Over the ATTM5 period, the investment costs of the Fos Tonkin site were globally lower than the investment costs provided for in the trajectory set by the tariff, due to investments lower than expected.

In constant M€	2017	2018	2019
Capital charges provided for in the ATTM5 tariff	27.5	25.3	21.9
Realised capital costs	25.7	24.3	22.9
<i>Differences</i>	-1.8	-0.9	+1.0

Capital charges are covered at 100% via the CRCP.

5.1.3 Fos Cavaou

Over the ATTM5 period, the net operating costs incurred at the Fos Cavaou site were lower than the operating costs provided for in the trajectory set by the tariff.

In constant M€ ⁷	2017	2018	2019
Net operating costs provided for in the ATTM5 tariff	44.5	48,2	48.8
Net realised operating costs	42.9	46,2	46.8
<i>Differences</i>	-1.6	-2.0	-2.0

⁷ For the Fos Cavaou terminal, the forecast trajectories for the period 2021-2024 have been restated from capitalised production to compare them with historical data: prior to 2021, Fosmax LNG did not record capitalised production but a service provided by Elengy.

Over the period 2017-2019, the cumulative difference between the trajectory of the ATTM5 tariff and the actual trajectory amounts to -5.7 M€, i.e. -4.1% compared to the planned charges. The main differences can be explained in particular by:

- energy charges lower than the tariff forecasts, in particular because of a CSPE ceiling not provided for in the ATTM5 tariff decision;
- headquarter - related expenses apportioned in accordance with the capacities of each terminal lower than expected lower than the forecasts (see paragraph 5.3).

Over the ATTM5 period, the investment costs of the Fos Cavaou site were broadly similar to the investment costs provided for in the trajectory set by the tariff.

In constant M€	2017	2018	2019
Capital charges provided for in the ATTM5 tariff	89.0	87.8	86.9
Realised capital charges	88.4	88.1	86.9
Differences	-0.6	+0.3	-0.1

Capital charges are covered at 100% via the CRCP.

5.2 Tariffs request and main issues

Elengy considers that its tariff dossier aims to meet several challenges, in particular:

- maintain a robust business model that can adjust to both a shifting LNG market and a competitive environment between terminals;
- adapt the operation of terminals to the *Trading Region France* (TRF);
- manage the uncertainty over very long-term subscriptions and possible stranded costs;
- developing retail LNG activities (bunkering at Fos) within an unregulated framework;
- assert the place of LNG terminals in the energy transition.

5.3 Allocation of indirect costs

Elengy's activity is split between three LNG terminals (Montoir, Fos Cavaou and Fos Tonkin), and within each of these terminals between different regulated (unloading, reloading) or non-regulated activities (see Section 2).

For example, specific costs that are shared, either by the various terminals or by the various activities, are subject to allocation keys, so that each site and activity bears the costs, which are attributable to it.

5.3.1 Allocation of regulated indirect costs among LNG terminals

Charges attributable to the regulated activity of each terminal are made up, on the one hand, of direct expenditure, corresponding to the costs borne directly by the site in question, and, on the other, of indirect operating expenditure: head office rent, IT services, overheads (studies, tertiary services, communication, temporary personnel, nursery), etc.), headquarters' staff costs and research and development expenses.

The method of allocating head office operating costs is based on a distribution in proportion to the maximum technical capacity of each LNG terminal:

	ATTM5	ATTM6
Montoir-de-Bretagne	123 TWh 48%	123 TWh 51%
Fos Tonkin	35 TWh 14%	18 TWh 7%
Fos Cavaou	97 TWh 38%	100 TWh 41%

With the restructuring of Fos Tonkin in 2021, the common expenses of the head office will be mechanically allocated more over the Montoir and Fos Cavaou sites.

5.3.2 Allocation of costs between regulated and unregulated activities

Specific assets at each LNG terminal, such as the berth and unloading arms, are used by both regulated and unregulated activities. The same is true for specific operating cost items, such as personnel costs or certain consumables.

The regulated activity of each terminal bears all gross costs. However, when assets and operating costs of the regulated assets are solicited by the unregulated activities, the users of the latter pay a unit contribution to the subsidiary dedicated to unregulated activities (EHE), which then transfers it to the regulated activity.

This unit contribution is calculated, for each terminal, from three components:

- a share of the standard capital charges used by the unregulated activity;
- a share of direct operating expenditure contributing to the unregulated activity;
- a share of indirect operating costs (see previous paragraph) contributing to the unregulated activity.

These shares are calculated by applying allocation keys to assets (e.g. the share of the berth used) and operating costs (e.g. the number of man-days) involved in the unregulated activity in question.

At this stage, the CRE considers that the allocation keys used by Elengy are suitable as they allow a fair distribution of the expenses that result from the pooled usage of assets and operating costs currently covered by regulated tariffs.

5.4 Operating costs

5.4.1 Elengy's request

The forecasted net operating costs presented by Elengy in its application for each LNG terminal for the period ATTM6 2021-2024, after allocation of common head office costs, are as follows:

In constant M€	2019 reaches	2021	2022	2023	2024
Montoir-de-Bretagne	45.8	53.8	56.3	58.1	59.5
<i>of which energy costs</i>	3.8	4.3	5.9	6.6	6.7
<i>of which provisions on decommissioning</i>	0.9	1.4	1.4	1.5	1.5
Fos Tonkin	23.7	14.6	15.5	15.5	15.8
<i>of which energy costs</i>	1.4	1.3	1.6	1.7	1.7
<i>of which provisions on decommissioning</i>	0.8	-	-	-	-
Fos Cavaou	46.8	52.8	53.9	54.8	55.9
<i>of which energy costs</i>	3.4	4.3	5.3	5.5	5.5
<i>of which provisions on decommissioning</i>	1.1	1.8	1.8	1.9	1.9

For Montoir, Elengy's demand would lead in 2021 to an increase of +8.0 M€, i.e. +17.4% compared to the 2019 actual figure. Over the period 2021-2024, net operating costs would increase by an average of +3.4% per year.

For Fos Tonkin, Elengy's demand would lead in 2021 to a fall of -9.1 M€, i.e. -38.5% compared to 2019 actual figure. Over the period 2021-2024, net operating expenditure would increase by an average of +2.8% per year.

For Fos Cavaou, Elengy's demand would lead in 2021 to an increase of +6.0 M€, i.e. +12.9% compared to 2019 actual figure. Over the period 2021-2024, net operating expenditure would increase by an average of +1.9% per year.

The main items showing an increase in Elengy's demand between 2019 and 2021 are as follows:

- head office rental expenses and fees paid by Montoir to the Grand Port Maritime de Nantes Saint-Nazaire;
- maintenance of Montoir terminal to take into account the high activity and the aging of the site;
- IT services provided at Elengy's head office;
- other external consumption and services at the head office, Montoir and Fos Cavaou linked in particular to an increase in insurance costs and additional expenses (canteen, logistics, overheads, etc.);
- personnel costs at Montoir and Fos Cavaou, due, on the one hand, to an increase in the indices of salaries' indexation and, on the other hand, to a change in the distribution of Fos terminals workforce starting from the restructuring of Fos Tonkin planned in 2021;

- taxes and duties, in particular on Montoir site;
- R&D carried out at head office level;
- revenues from extra-tariff ancillary services, which fell sharply.

- **Energy costs**

Elengy forecasts an increase in electricity consumption and CO₂ due to:

- on the one hand, the increase in electricity consumption explained by an increase in demand for LNG compared to 2019 (which is expected to from 2022 onwards),;
- and, on the other, the increase in the electricity price components, in particular the price of electricity and the capacity, as well as the need to purchase CO₂ quotas (only Montoir terminal is subject to CO₂ quota obligations due to the type of installed equipment).

In constant M€	2019 reaches	2021	2022	2023	2024
Montoir-de-Bretagne	3.8	4.3	5.9	6.6	6.7
<i>electricity costs</i>	3.8	4,2	4.8	5.4	5.5
<i>CO2 charges</i>	-	0.1	1.1	1,2	1.3
Fos Tonkin (electricity)	1.4	1.3	1.6	1.7	1.7
Fos Cavaou (electricity)	3.4	4.3	5.3	5.5	5.5

- **Decommissioning provisions**

In its tariff dossier, Elengy updates the parameters used to calculate the allocations to provisions for dismantling Montoir and Fos Cavaou. The operator retains the parameters used in the ATRT7 deliberation, which are the inflation rate of 1.3% and the nominal risk-free rate of 1.7%.

In the case of Fos Tonkin, provisions for decommissioning were fully set aside at the end of 2020: Elengy's demand does not include an allocation for the ATTM6 period.

In constant M€	2019	2021	2022	2023	2024
Montoir-de-Bretagne	0.9	1.4	1.4	1.5	1.5
Fos Cavaou	1.1	1.8	1.8	1.9	1.9
Fos Tonkin	0.8	0	0	0	0

5.4.2 Operating cost issues identified by CRE

- **Competitiveness of LNG terminals**

Unlike transport networks, European LNG terminals are not natural monopolies but are in competition with each other. Over the last decade, the commissioning of several large terminals in Europe has increased competition with other European terminals and land-based sources of supply.

Therefore, French regulated LNG terminals must constantly strive to control and optimise costs in order to remain competitive.

- **Maintaining maximum safety in LNG terminals**

Guaranteeing the safety of people and goods is a major challenge.

The ATTM6 tariff must enable Elengy to have the capability to maintain a high level of security with regard to its infrastructures, from cybersecurity to physical security related to aging infrastructure. Moreover, the tariff must enable Elengy to implement investments that serve the group's security objective.

- **Increased activity and aging of Montoir-de-Bretagne terminal**

Montoir-de-Bretagne terminal has recorded a sharp increase in its activity since October 2018 explained by the rebound of LNG. The success of the call to the market for the sale of available capacities over the period 2021-

2035 is reflected in an increase in subscriptions over the period 2021-2024, with an average of 120 TWh/year compared with 103 TWh in 2019.

In addition, Montoir terminal is celebrating its fortieth anniversary in 2020, which corresponds to the end of the economic lifetime of the assets commissioned in 1980.

The combination of both events would result in additional maintenance needs. The evolution of the terminal's charges must reflect this situation. Hence, Elengy put forth in its tariff application its increasing needs in terms of maintenance and investment on this terminal.

- **Restructuring of Fos Tonkin**

The capacity of the Fos Tonkin terminal will be halved from 1 January 2010.^{er} January 2021, with 18 TWh/year, compared with 35 TWh/year previously. This restructuring was accompanied by a fall in net operating costs. Regarding the terminal workforce, a part of it will be transferred to the neighbouring Fos Cavaou terminal.

The changes in charges should reflect the evolution of the activity of Fos Tonkin terminal without weighing on the costs of the neighbouring Fos Cavaou terminal.

- **Innovation for the LNG terminal operator business**

Innovation and the new possibilities offered by the digital revolution are a key driver for optimising the costs associated with the transformations imposed by the energy transition. LNG terminal operators should foster the use of these innovative solutions when they enable to mitigate total costs incurred to the community and/or the risk of over-investment or even stranded costs.

The CRE wishes to ensure that LNG terminal operators would have the necessary means to carry out these innovation projects, which are essential to provide an efficient, high-quality service to the users of the terminals being modernised. The CRE wants to make sure that the operating tools are being modernised. In return, operators must use these resources efficiently and transparently.

Question 11 Do you agree with the issues identified by the CRE with regard of the operating costs of LNG terminals?

5.4.3 Adopted analytical approach

5.4.4 Adopted analytical approach

The objective of incentive regulation of net operating costs is to encourage operators to improve their efficiency over the tariff period by leaving them 100% of the differences between the trajectory achieved and the tariff trajectory. The level of efficiency revealed during the ATTM5 tariff period must be taken into account when setting the ATTM6 tariff, so that LNG terminal users benefit from these productivity gains over time.

For these reasons, the CRE has asked Elengy to submit its tariff application in the light of the latest figures, justifying any significant deviation from the figure achieved in 2019.

The CRE has commissioned the firm Orcom H3P to carry out an audit of the operating costs of natural gas LNG terminals. The audit took place between April and July 2020. The preliminary conclusions of the audit report gave rise in particular to an open exchange with Elengy in July 2020.

The audit allows the CRE to have a good understanding of the operating costs and revenue of the LNG terminals recorded over the ATTM5 period and the operating cost forecasts presented by Elengy for the forthcoming tariff period (2021-2024). The objectives of the audit outcome are to:

- provide expertise on the relevance and justification of the LNG terminal operating cost trajectory for the forthcoming tariff period;
- assess the level of actual (2019) and planned (2021-2024) costs;
- make recommendations suggesting an efficient level of operating costs to be taken into account for the ATTM6 tariff.

The CRE has also analysed specific items, in particular expenditure on Research and Development (R&D), energy expenditure and extra-tariff revenue.

5.4.5 Summary of the results of the external audit and additional adjustments made by CRE on specific points

5.4.5.1 Results of the external audit

At the end of its assessment, the auditor recommends the following trajectories for the operating costs (excluding energy and provisions for decommissioning) of LNG terminals:

Montoir-de-Bretagne M€	2021	2022	2023	2024
Trajectory requested by Elengy	48.1	49.0	50.1	51.3
Auditor trajectory	44.7	45.0	46.0	46.8

Fos Tonkin M€	2021	2022	2023	2024
Trajectory requested by Elengy	13.3	13.9	13.9	14,2
Auditor trajectory	13.3	13.7	13.5	13.7

Fos Cavaou M€	2021	2022	2023	2024
Trajectory requested by Elengy	46.8	46.8	47.4	48.5
Auditor trajectory	44.4	44.3	44.7	45.6

The main adjustments recommended by the auditor relate to external consumption by the head office and Montoir-de-Bretagne, personnel costs and taxes.

External consumption:

External consumption includes consumables, rents and fees, maintenance, IT services and other external consumption and services (overheads, insurance, tertiary services, etc.).

The auditor recommends -3.9 M€ adjustments on the head office related expenses, i.e. -7.3% compared to Elengy's request. The consultant considers in particular that Elengy's estimated rental costs for the head office, which are higher than the historical figures, do not correspond to the contractual conditions provided for. In addition, multiple other sub-items (including overheads, nursery costs, external studies and consultancy costs, temporary personnel, etc.) are increasing in Elengy's trajectory. The auditor points out that Elengy is not providing justifications to the increase and therefore recommends basing the tariff trajectory on the level achieved in 2019 to which it applies inflation.

In addition, the consultant recommends an adjustment of -5.7 M€ on the specific charges of the Montoir-de-Bretagne terminal, i.e. -11.0% in relation to Elengy's request. The main adjustments correspond to:

- maintenance: Elengy requests, without justification, a significant increase in maintenance costs, which leads the consultant to retain the last level achieved and to inflate it;
- other consumption and external services (logistical costs, social benefits): Elengy did not provide the information necessary to justify the increase in comprising with the last achieved level.

The auditor also recommends an adjustment of -1.6 M€ on Fos Cavaou, i.e. -3.8% compared to Elengy's demand, mainly on other consumption and external services, corresponding in particular to the adjustment of training costs, as the consultant did not use Elengy's assumptions, and to the adjustment of the costs of consumables, which increased unjustifiably in Elengy's demand.

Personnel costs:

In order to take into account the restructuring of Fos Tonkin in 2021, Elengy is planning to transfer dedicated personnel from Fos Tonkin to Fos Cavaou and to increase the share of common personnel allocated to Fos Cavaou. The auditor notes that the workforce at the Fos Cavaou terminal over the period 2021-2024 will be significantly higher than the existing workforce in 2019 while the terminal's activity remains constant.

The auditor recommends that Fos Cavaou return to the 2019 level of dedicated Fos Cavaou personnel and to take advantage of natural staff departures during the tariff period.

In addition, the auditor considers that the indexation assumptions used by Elengy for the calculation of personnel costs are not consistent with the sectoral information.

As a result, the auditor recommends in particular -0.9 M€ of adjustments on the head office, -2.7 M€ on Montoir, -1.9 M€ on Fos Tonkin and -4.5 M€ on Fos Cavaou, i.e. -5.8% compared to Elengy's overall demand for all its personnel costs.

Taxes and duties:

The auditor considers that some allocation keys and calculation methods used by Elengy to allocate the taxes per LNG terminal are not relevant. In addition, it considers that specific tax increases have not been justified or have been double-counted: it accordingly recommends basing the tariff trajectory on the level achieved in 2019 to which it applies inflation and reprocessing the double-counted taxes.

It accordingly recommends an adjustment of -5.3 M€ on Montoir, +2.2 M€ on Fos Tonkin and -2.5 M€ on Fos Cavaou, i.e. -5.8% compared to Elengy's overall demand for all its taxes.

5.4.5.2 Additional adjustments by CRE

- **Research and development (R&D)**

For the ATTM6 period, Elengy is requesting a budget for the net operating costs of 5.4 M€, which is expected to sharply increase in 2023 and 2024 (+123% compared with the average requested in 2021-2022), in order to serve two objectives:

- improve terminal operations through a series of technical actions focused in particular on controlling industrial safety risks, process performance and gas quality, odorization and metering;
- anchor the operation of LNG terminals in the energy transition.

The CRE finds that the current level of expenditure on Elengy's R&D is justified and consistent with its activities, both in terms of costs and scope. However, the additional expenditure proposed by Elengy from 2023 onwards is not precisely linked to a specific programme, therefore would not be retained as of now.

Consequently, the CRE is considering not to retain this additional expenditure, and to maintain a trajectory based on the actual and inflated 2019 figure, i.e. an amount of 3.4 M€ over the period. For the years 2023 and 2024, the trajectory may be revised during the interim tariff update.

- **Non-tariff revenue**

Non-tariff revenue relates to ancillary services provided by Elengy such as cold storage, vessel approval and tank inerting.

The CRE finds that Elengy's assumption of not forecasting revenue of this nature over the ATTM6 period is not consistent with the observation made in the past: in previous years, Elengy carried out and invoiced non-tariff related transactions. The CRE expects revenues of EUR -2.1 million at the head office and EUR -3.3 million at Montoir, corresponding to revenues recorded over 2017-2019.

- **Energy costs (electricity and CO₂)**

Elengy's request for electricity and CO₂ is based, on the one hand, on the assumption that electricity consumption would increase due to an increase in LNG terminal activity and, on the other, on the assumption that the various price components would increase as well.

Montoir-de-Bretagne	2019 reaches	2021	2022	2023	2024
Electricity (M€)	3.8	4,2	4.8	5.4	5.5
Volume of electricity (GWh)	73.1	74.0	68.3	74,2	74,2
CO ₂ (M€)	-	0.1	1.1	1,2	1.3
Total energy costs (M€)	3.8	4.3	5.9	6.6	6.7

Fos Tonkin	2019 reaches	2021	2022	2023	2024
Electricity (M€)	1.4	1.3	1.6	1.7	1.7
Volume of electricity (GWh)	25.6	21,2	21,2	21,2	21,2
CO ₂ (M€)	-	-	-	-	-
Total energy costs (M€)	1.4	1.3	1.6	1.7	1.7

Fos Cavaou	2019 reaches	2021	2022	2023	2024
Electricity (M€)	3.4	4.3	5.3	5.5	5.5
Volume of electricity (GWh)	65.6	76.1	76.1	76.1	76.1
CO ₂ (M€)	-	-	-	-	-
Total energy costs (M€)	3.4	4.3	5.3	5.5	5.5

The CRE is planning to make several adjustments in connection with this request:

- on electricity volumes:
 - electricity consumption volumes are reduced in order to take into account the assumption of gas emissions per terminal more consistent with forecasts of LNG demand in France, an assumption based on the historical sensitivity of each terminal to LNG demand in France;
 - in addition, a downward adjustment of the volumes of electricity consumed on Fos Cavaou, in order to take into account the energy savings associated with development investment projects which appear in Elengy's request but are not reflected in the consumption forecasts ;
- on the price of electricity:
 - the price proposed by Elengy for the years 2022 to 2024 is not justified and seems particularly high in view of the prices observed on the electricity markets for the years to come. The CRE proposes to use the average of the calendar prices for the years 2022 and 2023;
 - similarly, as the market price of the capacities requested by Elengy is not justified, the CRE is planning to use the average auction prices for 2021 and 2022 (extended to 2023 and 2024);
- on CO₂:
 - volumes of CO₂ are reduced to take account of the use of less polluting facilities and gas emission on the network lower than what Elengy is forecasting;
 - taking into account the prices observed on the CO₂ for the years 2021 to 2024 (average of calendar prices observed in the last rolling year).

These assumptions lead to the following adjustments:

- Montoir-de-Bretagne: -3.5 M€ (including -1.2 M€ for CO₂) over the cumulative period ATTM6 , a fall of 14.8% compared to Elengy's request;
- Fos Tonkin: -0.7 M€ cumulated over the period ATTM6, a fall of 11.6% compared to Elengy's request;
- Fos Cavaou: -4.3 M€ cumulated over the ATTM6 period, down 20.8% compared to Elengy's request.

These adjustments may be further changed to take into account the latest observed energy prices. Energy costs would be covered at 80% on the CRCP (see section 3.4.1) and the trajectory is updated during the interim tariff review (every two years).

5.4.5.3 Summary of the preliminary analysis

The level finally retained by the CRE will depend on the results of the ongoing analysis on the adjustments recommended by the auditor, and also on other adjustments envisaged by the CRE if necessary.

The CRE finds at this stage that Elengy's request for operating costs is overestimated. The level of the operators' net operating costs could fall between an "upper bound" corresponding to Elengy's request and a "lower bound" established on the basis of:

- all the conclusions of the external audit on Elengy's net operating expenditure;
- additional CRE adjustment on "energy" item, "R&D" and "non-tariff revenue" items.

5.4.5.4 Montoir-de-Bretagne

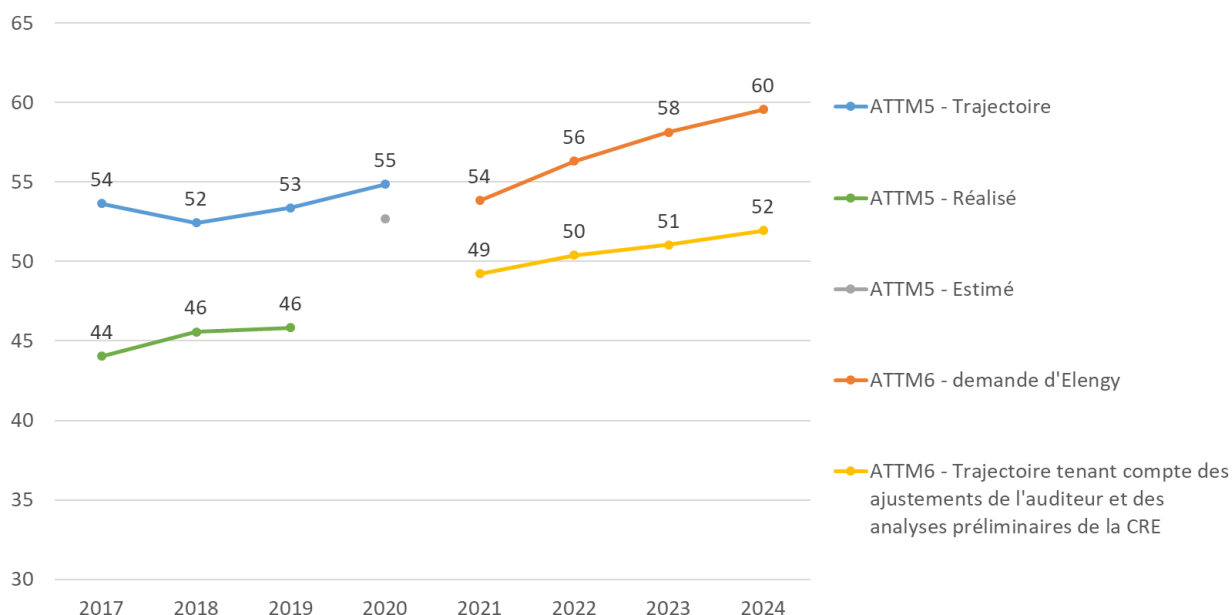
For Montoir-de-Bretagne, the lower limit varies between M€ 49.3 in 2021 and M€ 52.0 in 2024, i.e. M€ 50.7 on average over the period, and the upper limit varies between M€ 53.8 in 2021 and M€ 59.5 in 2024, i.e. M€ 56.9 on average over the period.

These average levels remain above M€ 45.8 in 2019:

- upper limit: a 2019-2021 evolution of +17.4% and a 2021-2024 TCAM of +3.4%;
- lower limit: 2019-2021 evolution of 7.4% and a TCAM 2021-2024 of +1.8%.

The possible trajectories of net operating cost levels are as follows:

Trajectoire de charges nettes d'exploitation de Montoir
(en M€ courants)



Trajectory of net operating costs at Montoir (in constant MEUR)

ATTM5 – Trajectory

ATTM5 – Actual

ATTM5 – Estimated

ATTM6 – Elengy application

ATTM6 – Trajectory allowing for adjustments by the auditor and the preliminary analyses of CRE

Question 12 Do you have any comments on the level of charges planned for the Montoir-de-Bretagne terminal?

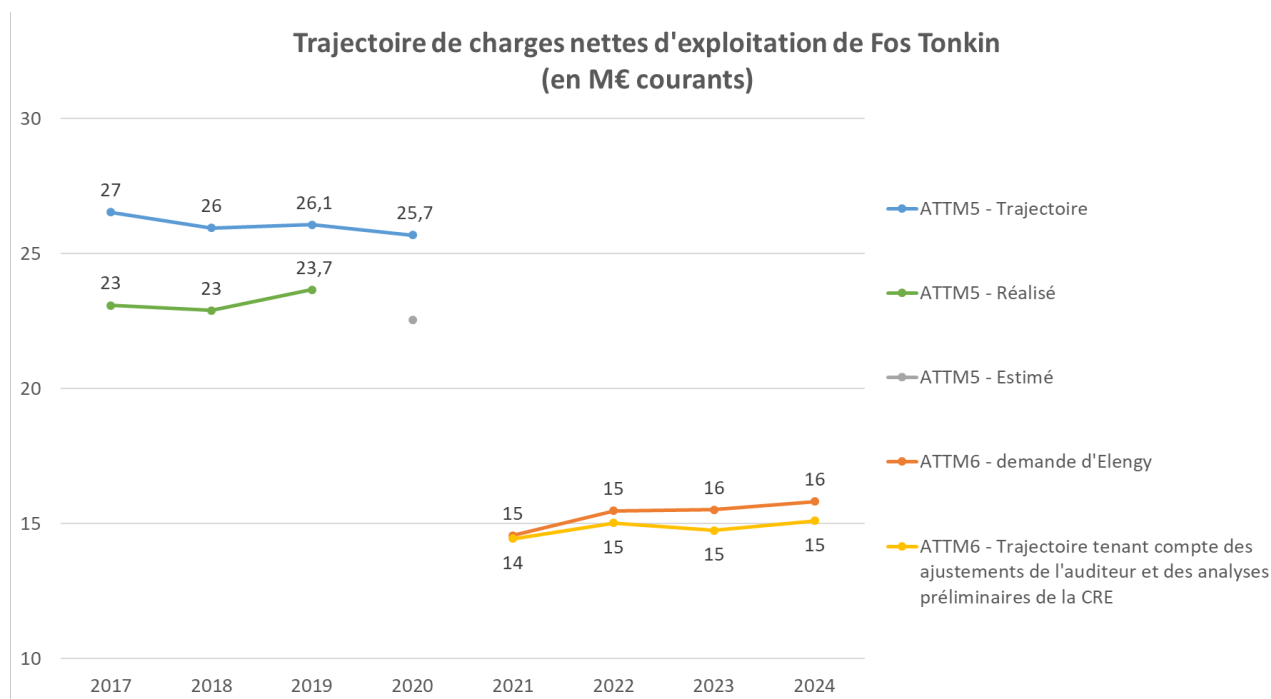
5.4.5.5 Fos Tonkin

For Fos Tonkin, the lower limit varies between EUR 14.4 M€ in 2021 and EUR 15.1 M€ in 2024, i.e. EUR 14.8 M€ on average over the period, and the upper limit varies between EUR 14.6 M€ in 2021 and EUR 15.8 M€ in 2024, i.e. EUR 15.3 M€ on average over the period.

These average levels remain below the M€ 23.7 in 2019:

- upper limit: 2019-2021 evolution of -38.5% and a TCAM 2021-2024 of +2.8%;
- lower limit: 2019-2021 trend of -38.9% and a TCAM 2021-2024 of +1.5%.

The possible trajectories of net operating cost levels are as follows:



Trajectory of net operating costs at Fos Tonkin (in constant MEUR)

ATTM5 – Trajectory

ATTM5 – Actual

ATTM5 – Estimated

ATTM6 – Elengy application

ATTM6 – Trajectory allowing for adjustments by the auditor and the preliminary analyses of CRE

Question 13 Do you have any comments on the level of charges planned for Fos Tonkin terminal?

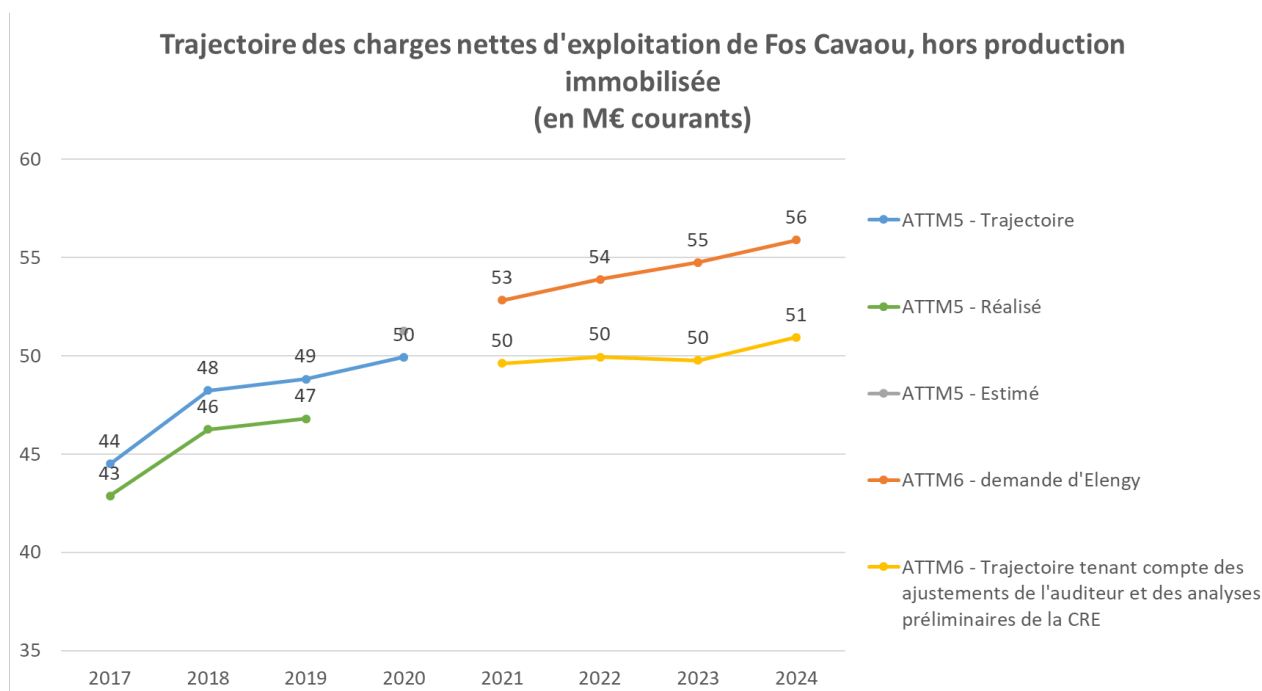
5.4.5.6 Fos Cavaou

For Fos Cavaou (excluding capitalised production), the lower limit varies between 49.6 M€ in 2021 and 50.9 M€ in 2024, i.e. 50.1 M€ on average over the period, and the upper limit varies between 52.8 M€ in 2021 and 55.9 M€ in 2024, i.e. 54.3 M€ on average over the period.

These average levels remain above the M€ 46.8 in 2019:

- upper limit: a 2019-2021 evolution of +12.9% and a 2021-2024 TCAM of +1.9%;
- lower limit: an evolution of 2019-2021 of +6.0% and a TCAM of 2021-2024 of +0.9%.

The possible trajectories of net operating cost levels are as follows:



Trajectory of net operating costs at Fos Cavaou, excluding immobilised production (in constant MEUR)

ATTM5 – Trajectory

ATTM5 – Actual

ATTM5 – Estimated

ATTM6 Elengy application

ATTM6 – Trajectory allowing for adjustments by the auditor and the preliminary analyses of CRE

Question 14 Do you have any comments on the level of charges planned for Fos Cavaou terminal?

In its tariff deliberation, which CRE is planning to publish at the end of 2020, CRE will adjust the inflation assumption for the years 2020 and 2021, on the basis of the draft budget bill for the year 2021, in order to best reflect the conditions for price changes.

5.5 Weighted average cost of capital

5.5.1 Elengy's request

Elengy's request was established on the basis of a weighted average cost of capital (WACC) identical to the one retained for the current ATRT7 tariff of 4.25% (actual, before tax). Elengy requests to maintain the specific LNG premium to increase the WACC rate by 200 basis point.

Concerning the return on assets under construction (AUC), Elengy is requesting a remuneration at the nominal equivalent of the pre-tax cost of debt (2.6%) plus the specific LNG premium be maintained, i.e. a return of 4.6%.

In addition, Elengy is requesting to maintain the specific premium previously decided by the CRE related to the investments put into service between 2004 and 2008 and all investments decided between 1 January 2004 and 31 December 2008 (premium of 125 basis points).

5.5.2 Rate of remuneration envisaged at this stage

CRE attaches the utmost importance to the stability of its principles when it comes to determining the WACC in order to give visibility to market players. Hence, at this stage, CRE is considering renewing the method used in previous tariffs, based on the WACC of the ATRT plus a specific premium.

For the ATTM6 tariff, the CRE is planning to build the WACC on the basis of the WACC for the ATRT7 of 4.25%, plus the premium of 200 basis points.

In the remainder of this consultation paper, the illustrative scenario presented is thus constructed with a WACC of 4.25% (actual, before tax) plus the 200 basis point premium.

The CRE has no plans to change the methodology for remunerating AUCs, nor to call into question the remuneration premiums implemented for past investments. Thus, at this stage, the CRE is favourable to Elengy's request on these two points.

Hence, the illustrative scenario to determine the remuneration of AUCs is based on the hypothesis of a cost of debt (nominal, before tax) of 2.6%, plus the premium of 200 basis points.

Finally, in line with the guidelines proposed in paragraph 4.1.4.2 CRE is planning to adjust the level of the specific premium by 200 basis points for Montoir terminal investments, of which the amortization duration has been shortened. It also plans to put an end, for future investments, to the specific premium of 200 basis points for regasification capacity projects (see section "The specific premium"). 4.3.2.2).

Question 15 Do you accept CRE's preliminary guidelines concerning the rate of remuneration of ATTM6?

5.6 Investments and standard capital charges

5.6.1 Montoir-de-Bretagne

5.6.1.1 Capital expenditure trajectory

Montoir capital expenditure trajectory over the ATTM6 period is marked by a significant increase, with an average expenditure of 22.5 M€ per year over this period, compared with approximately 11.4 M€ per year over the ATTM5 period. This increase is mainly due to renovation investments, as the terminal reaches the age of 40 years in 2020 and is particularly solicited given the current market momentum.

Elengy anticipates the following capital expenditure for the upcoming tariff period:

In constant M€	2021	2022	2023	2024	Annual average ATTM6	Annual average ATTM5*
TOTAL	26.4	18.5	20.3	24.8	22.5	11.4

*average capital expenditure in 2017-2019 and estimated for 2020

In particular, Elengy envisages:

- the renovation of the berth;
- the addition of a compressor;
- the implementation of a new control-command;
- the renovation of electrical facilities (drawers, electrical panels, batteries, etc);
- bringing re-gasifiers into compliance;
- bringing buildings into compliance.

5.6.1.2 Capital charge trajectory

The following table illustrates the trajectory of the capital charges as requested by Elengy and the potential effect of adjusting the rate of return of Montoir's investments of which the life has been shortened.

NCC projections (constant M€)	2021	2022	2023	2024	Annual average ATTM6	Annual average ATTM5*
Elengy request (WACC at 4.25% + 200 bps)	42.4	39.8	40.7	41.1	41.0	45.7
CRE Scenario (WACC at 4.25% + 200 bps or 125 bps for assets whose duration is reduced to 20 years)	41.5	38.8	39.7	39.9	40.0	45.7
NCC's trajectory without ac- celerated amortization (WACC at 4.25% + 200 bps)	38,9	36,0	36,8	37,0	37,2	45.7

*NCC average achieved 2017-2019 and estimated 2020

5.6.1.3 Preliminary analysis of CRE

In line with the system of incentive provision of capital expenditure envisaged by CRE (cf. paragraph 4.3.2.1), some projects may be audited in order to define a target budget. This would notably be the case for wharf renovation projects, the electricity and instrumentation renovation programme and the replacement of regasifiers, whose budgets would be greater than 10 M€ and are eligible for the incentive provision system for major projects.

At this stage, CRE does not envisage changing the investment path requested by Elengy. It points out that the differences between planned and actual investment expenditure are fully covered on the CRCP.

5.6.2 Fos Tonkin

5.6.2.1 Capital expenditure trajectory

Fos Tonkin's capital expenditure trajectory over the ATTM6 period averages 4.0 M€ per year over this period. A large majority of these investments will take place in 2021 alone and are associated with the restructuring of the Fos Tonkin site.

Elengy anticipates the following capital expenditure in the forthcoming tariff period:

In constant M€	2021	2022	2023	2024	Annual average ATTM6	Annual average ATTM5*
TOTAL	10.6	1.4	2.5	1.5	4.0	2.3

*average capital expenditure in 2017-2019 and estimated for 2020

Elengy is planning to ensure the long-term maintenance of the ship reception facilities (unloading arm, mooring quay, etc.), the renovation of storage and the refurbishment of low-pressure pumps.

5.6.2.2 Capital charge trajectory

The following table illustrates the trajectory of the capital charges requested by Elengy following the extension of the terminal's activity until 2028. The WACC (actual, before tax) considered for this illustration is set at 4,25%, i.e. the rate of remuneration for transport activity, plus the specific risk premium of 200 basis points.

NCC projections (constant M€)	2021	2022	2023	2024	Annual average ATTM6	Annual average ATTM5*
Elengy request (WACC at 4.25% + 200 bps)	1.9	3,2	3.7	4,2	3.3	21.3

(including the NCC's share of common assets) *NCC average achieved in 2017-2019 and estimated in 2020

5.6.2.3 Preliminary analysis of CRE

The capital expenditure associated with Fos Tonkin corresponds to the amounts forecast in the call to the market launched in February 2019 with a view to extending the activity beyond 2020.

At this stage, CRE does not envisage changing the investment path requested by Elengy. It points out that the differences between planned and actual investment expenditure are fully covered on the CRCP.

5.6.3 Fos Cavaou

5.6.3.1 Treatment of the STS dispute

The Fos Cavaou terminal was built by the STS consortium under a turnkey contract signed on 17 May 2004 for a fixed, non-revisable price, including all construction and supply works. The performance of the contract was marked by a series of difficulties. As STS refused to complete part of the work and delivered an unfinished terminal 18 months late, Fosmax LNG placed part of the work under management in 2010.

Following arbitration proceedings under the aegis of the International Chamber of Commerce (ICC), in 2015, the arbitral tribunal ordered Fosmax LNG to pay a part of the additional net construction costs and maintained the works placed under management at the expense of Fosmax LNG. In November 2016, the Council of State confirmed that the net additional construction costs remained at the expense of Fosmax LNG, but concluded that a new arbitration on the costs associated with the direct work agreement was necessary in order to determine the respective shares of each party.

At the time of the interim update of the ATTM5 tariff, Fosmax LNG had requested that the tariff should cover the net additional construction costs. The CRE had concluded that a decision taken by the CRE at the time of the update to 1 April 2019 could have consequences on the part of the litigation still in progress. Consequently, the CRE had decided to examine the consequences of this dispute at the time of its final closure.

The part of the dispute concerning the management of the work was judged on 24 June 2020. In the context of this arbitration decision, STS was ordered to reimburse Fosmax.

In its tariff dossier, which it updated following the latter allocation, Fosmax LNG is requesting that the following amounts be included in the BAR of Fos Cavaou on 1 January 2021 of 38.7 M€:

Fosmax LNG requests the following tariff treatment:

- integration of the additional construction costs of 38.7 M€ in the Fos Cavaou RAB from 1 January 2010 January 2021;
- amortisation over the average remaining amortisation period of the initial RAB (23 years, which Elengy proposes to round up to 20 years).
- the application of the rate of return on these investments, which includes:
 - the CMCP remuneration rate of ATRT7 of 4.25%;
 - the premium of 200 basis points applicable to LNG assets;
 - the 125-point bonus applicable to all investments decided after 1 January 2004 and before 31 December 2008.

For the ATTM6 tariff period, the demand for Fosmax LNG would result in the following NCC increase:

In constant M€	2021	2022	2023	2024	Annual average ATTM6
Impact CCN	+4.8	+4.8	+4.7	+4.7	+4.7

As the dispute between Fos Cavaou and the STS group of companies has ended, the CRE is planning to deal with the consequences of the various arbitration decisions under the ATTM6 tariff. For this purpose, the CRE will analyse in detail the expenses that may have already been covered in the past by the tariff, and also the effectiveness of the expenses that Elengy is requesting to be covered. As the last arbitration decision was handed down very recently, these analyses are still ongoing on the basis of the application for an update of the tariff submitted by Elengy in mid-July 2020.

5.6.3.2 Capital expenditure trajectory

The trajectory of capital expenditure at Fos Cavaou over the ATTM6 period is marked by a significant increase, with an average expenditure of 9.2 M€ per year over this period, compared with approximately 5.0 M€ per year over the ATTM5 period. This increase is due in particular to a compression investment.

Elengy anticipates the following capital expenditure in the forthcoming tariff period:

In constant M€	2021	2022	2023	2024	Annual average ATTM6	Annual average ATTM5*
TOTAL	3.9	7.4	11.4	13.9	9,2	5.0

*average capital expenditure in 2017-2019 and estimated for 2020

In particular, Elengy envisages:

- the addition of a high-pressure compressor to allow direct pressure build-up of the transmission system in the absence of releases expected from the regasifiers. According to Elengy, this investment would make it possible to reduce the terminal's minimum programming flow tariff, increase the useful volume of the tank, reduce CO₂ in the event of a shutdown of releases to the transmission system (gas flaring);
- the development of variable speed drives on electric motors in order to obtain gains in electricity consumption;
- a re-welding operation on the line allowing reloading operations.

5.6.3.3 Capital charge trajectory

The following table illustrates the trajectory of the capital charges requested by Elengy (including the impact of taking into account the STS dispute as requested by Elengy). The WACC (actual, before tax) considered for this illustration is set at 4.25%, i.e. the rate of remuneration for the transport activity, plus the specific risk premium of 200 basis points.

NCC projections (constant M€)	2021	2022	2023	2024	Annual average ATTM6	Annual average ATTM5
Elengy request (Specific premium of 200 bps)	84,2	83.7	83.5	84.0	83.9	87.4

5.6.3.4 Preliminary analysis of CRE

In line with the system of incentive provision for capital expenditure (cf. paragraph 4.3.2.1), some projects may be audited in order to define a target budget. This is notably the case of the HP compressor project, whose budget is greater than 10 M€ and which is accordingly eligible for this scheme.

At this stage, CRE does not envisage changing the investment path requested by Elengy. It points out that the differences between planned and actual investment expenditure are fully covered on the CRCP.

Question 16 Do you have any comments on Elengy's planned capital expenditure for the period 2021-2024?

5.7 CRCP as at 31 December 2020

5.7.1 Montoir-de-Bretagne

In its tariff dossier, Elengy has estimated the total CRCP balance for the period 2018_{realised}-2020_{estimated} at -16.6 M€ to be returned to terminal users by reducing the revenues allowed for the ATTM6 period. This CRCP mainly consists of:

- significantly higher than expected subscription revenue, in particular revenue from additional unloading subscriptions;
- slightly lower than expected capital charges due to lower than expected investments;
- energy expenses slightly higher than the tariff forecasts, in line with the increase in activity observed in 2019 and 2020 at the terminal.

The balance of the CRCP for the period 2018_{realised}-2020_{estimated} calculated by CRE for the calculation of Montoir-de-Bretagne's authorised revenue is -16.9 M€ which will be deducted from the charges to be covered over the tariff period. The difference in relation to Elengy's request (-0.3 M€) is due to an adjustment to an assumption of electricity charges in 2020. This CRCP amount is preliminary and may be changed in the final decision of CRE.

5.7.2 Fos Tonkin

In its tariff dossier, Elengy has estimated the total CRCP balance for the period 2018_{realised}-2020_{estimated} to -0.1 M€ to be returned to terminal users by a reduction of the revenue allowed for the ATTM6 period. This CRCP mainly consists of:

- subscription revenues in excess of forecast tariffs, in particular revenues from unregulated activities;
- higher than expected capital charges related to higher than expected investments (related to terminal restructuring);
- slightly lower energy charges than expected.

The balance of the CRCP for the period 2018_{realised}-2020_{estimated} calculated by CRE in the calculation of Fos Tonkin's allowable revenue is identical to that calculated by Elengy. This amount of the CRCP is preliminary and may be changed in the final decision of CRE.

5.7.3 Fos Cavaou

In its tariff dossier, Elengy has estimated the total CRCP balance for the period 2018_{realised}-2020_{estimated} to -6.9 M€ to be returned to terminal users by a reduction in the revenues allowed for the ATTM6 period. This CRCP mainly consists of:

- subscription revenue exceeding the tariff forecasts, in particular revenue linked to additional unloading and reloading subscriptions;
- of similar capital charges at the expected tariff;
- of energy charges similar to the tariff forecasts.

The balance of the CRCP for the period 2018_{realised}-2020_{estimated} calculated by CRE for the calculation of the authorised revenue of Fos Cavaou is -6.9 M€ which will be deducted from the charges to be covered over the tariff period. The difference in relation to Elengy's request (-0.1 M€) results from the adjustment of a hypothesis on electricity charges in 2020. This CRCP amount is preliminary and may be changed in the final decision of CRE.

5.8 Allowable income

5.8.1 Elengy's demand

5.8.1.1 Montoir-de-Bretagne

Elengy's request results in a change in Montoir's annual average allowed income of -0.2% between the ATTM5 trajectory (including the mid-period revision) and the ATTM6 trajectory:

In constant M€ ⁸	2021	2022	2023	2024	Annual average ATTM6
CNE (excluding energy)	48.1	49.0	50.1	51.3	49.6
Energy costs	4.3	5.9	6.6	6.7	5.9
Decommissioning provisions	1.4	1.4	1.4	1.5	1.4
NCC	42.4	39.8	40.7	41.1	41.0
CRCP clearance	-8.1	-8.1	-4.5	-4.5	-6.3
TOTAL	88.1	88.0	94.3	96.1	91.6

5.8.1.2 Fos Tonkin

Elengy's request results in a change in Fos Tonkin's annual average allowed income of -60.0% between the ATTM5 trajectory (including the mid-term review) and the ATTM6 trajectory:

⁸ The trajectories presented in this public consultation are all restated for the revenues from unregulated activities that will become tariff products (cf. part 2).

In constant M€	2021	2022	2023	2024	Annual average ATTM6
CNE (excluding energy)	13.3	13.9	13.9	14,2	13.8
Energy costs	1.3	1.6	1.7	1.7	1.5
Decommissioning provisions	-	-	-	-	-
NCC	1.9	3,2	3.7	4,2	3.3
CRCP clearance	-1.5	-1.5	-0.1	-0.1	-0.8
TOTAL	15.0	17,2	19.1	19.9	17.8

5.8.1.3 Fos Cavaou

Elengy's request results in a change in Fos Cavaou's annual average allowed income of +4.8% between the ATTM5 trajectory (including the mid-period revision) and the ATTM6 trajectory:

In constant M€	2021	2022	2023	2024	Annual average ATTM6
CNE (excluding energy) (including capitalised production)	44.1	44.6	45.4	46.7	45,2
Energy costs	4.3	5.3	5.5	5.5	5.1
Decommissioning provisions	1.8	1.8	1.9	1.9	1.8
NCC of which STS dispute	84,2 4.8	83.7 4.8	83.5 4.7	84.0 4.7	83.9 4.7
CRCP clearance	-5.5	-5.5	-1.8	-1.8	-3.7
TOTAL	128.8	129.9	134.4	136,2	132.4

5.8.2 CRE analysis: allowable preliminary income

In the following tables, CRE presents an indicative allowed income for each of the LNG terminals, using the central values of the ranges it has previously presented for net operating costs, i.e.:

- for operating and energy costs: an illustrative trajectory taking into account 50% of the adjustments envisaged at this stage;
- for capital charges, as an illustration:
 - the investment trajectories requested by Elengy and a WACC of 4.25% plus the LNG premium of 200 basis points;
 - for Montoir, the application of the 125 basis point bonus on assets subject to accelerated depreciation.
- for the dismantling provisions, Elengy's request;
- the CRCP clearance at the end of the ATTM5 period as estimated by CRE and a settlement tariff as envisaged by CRE (cf. section 4.1.5).

5.8.2.1 Montoir-de-Bretagne

For Montoir-de-Bretagne, NCC's trajectory assumes the application of the 125 basis point bonus on the assets affected by accelerated depreciation.

In constant M€	2021	2022	2023	2024	Annual average ATTM6
NOE (excluding energy)	45.9	46.5	47,2	48,2	46.9
Energy costs	4.3	5.5	6.0	6.1	5.4
Decommissioning provisions	1.4	1.4	1.4	1.5	1.4
NCC	41.5	38.8	39.7	39.9	40.0
CRCP clearance	-6.4	-6.4	-6.4	-6.4	-6.4
TOTAL	86.7	85.8	87.9	89.3	87.4

This illustrative scenario leads to an average variation in the average allowed income of -4.8% between the period ATTM5 and ATTM6. This drop is mainly related to a fall in NCCs due to the fall in WACC offset by an increase in net operating costs.

5.8.2.2 Fos Tonkin

In constant M€	2021	2022	2023	2024	Annual average ATTM6
NOE	13,2	13.8	13.6	13.9	13.6
Energy costs	1.3	1.5	1.5	1.6	1.5
Decommissioning provisions	-	-	-	-	-
NCC	1.9	3,2	3.7	4,2	3.3
CRCP clearance	-0.8	-0.8	-0.8	-0.8	-0.8
TOTAL	15.7	17.7	18.0	18.8	17.5

This illustrative scenario leads to an average variation in the average allowed income of -60.6% between the period ATTM5 and ATTM6. This drop is mainly due to the fall in activity at Fos Tonkin from 1 January 2021.

5.8.2.3 Fos Cavaou

In constant M€	2021	2022	2023	2024	Annual average ATTM6
NOE	42.7	43.1	43.7	44.9	43.6
Energy costs	4.1	4.7	4.7	4.9	4.6
Decommissioning provisions	1.8	1.8	1.9	1.9	1.8
NCC of which STS dispute	84,2 4.8	83.7 4.8	83.5 4.7	84.0 4.7	83.9 4.7
CRCP clearance	-3.7	-3.7	-3.7	-3.7	-3.7
TOTAL	129.0	129.7	130.1	131.9	130,2

This illustrative scenario leads to an average variation in the average allowed income of +2.9% between the period ATTM5 and ATTM6. This increase is related to an increase in net operating costs offset by a fall in NCCs due to the fall in WACC.

Question 17 Do you have any other comments on the level of the charges to be covered for the ATTM6 period for Elengy?

5.9 Forecast of capacity subscriptions

5.9.1 Balance sheet of subscriptions

Over the ATTM5 period, the capacity subscriptions collected on the LNG terminals were globally higher than the subscriptions forecast in the tariff trajectory, due to the return of LNG observed since September 2018.

In TWh	Subscriptions	2022	2023	2024
Montoir	Tariff	108,8	106,9	106,9
	Realised	108,8	107,0	111,1
Fos Tonkin	Tariff	35,0	35,0	35,0
	Realised	35,0	35,0	36,0
Fos Cavaou	Tariff	87,2	89,6	87,2
	Realised	87,2	92,3	93,1

5.9.2 Request of the operators

In 2019 and 2020, with the return of LNG in Europe, Elengy has launched several calls to market to enable players to subscribe terminal capacity over long horizons. As a result of these procedures, capacities at the Montoir terminal (123 TWh) are fully subscribed until 2035 and those at the Fos Cavaou terminal (100 TWh) are 87% subscribed until 2030. Finally, the activity at Fos Tonkin, whose long-term subscriptions were due to expire at the end of 2020, has been maintained thanks to subscription commitments until 2028, for a volume of activity on the site which is still down on previous years (18 TWh from 2021 onwards, compared with 35 TWh previously).

Elengy proposes to set the forecast subscription trajectory solely on the basis of the portfolio subscriptions for each terminal:

In constant M€	2021	2022	2023	2024
Montoir	122.5 TWh <i>134 discharges</i>	109.4 TWh <i>111 discharges</i>	123.0 TWh <i>123 discharges</i>	123.0 TWh <i>120 discharges</i>
Fos Tonkin	18.0 TWh <i>36 discharges</i>	18.0 TWh <i>36 discharges</i>	18.0 TWh <i>36 discharges</i>	18.0 TWh <i>36 discharges</i>
Fos Cavaou	87.2 TWh <i>85 discharges</i>	87.2 TWh <i>85 discharges</i>	87.2 TWh <i>85 discharges</i>	87.2 TWh <i>85 discharges</i>

In addition to this portfolio, Elengy proposes to consider an additional 2 TWh/year (2 unloadings per year) for the Fos Cavaou terminal from 2021 to 2024.

Given the market conditions, Elengy does not envisage reloading large LNG carriers over the ATTM6 period.

5.9.3 Analysis of CRE

On the basis of the calls to market conducted in 2019, the Fos Tonkin terminal is fully subscribed until 2028 and the Montoir terminal is almost fully subscribed until 2035 (excluding 2022).

As regards Fos Cavaou, Elengy's call for the 2020 market has not given rise to any new long-term subscriptions. However, the terminal's subscription tariff was already high over the 2021-2024 period (87% of the terminal is subscribed until 2030).

In this context, CRE considers that the assumptions proposed by Elengy are consistent and accordingly plans to use the subscription trajectories provided by Elengy for the calculation of the ATTM6 tariff.

Subscription receipts are in *ship or pay* 100% (see section 6.1.1). The additional revenue is covered at 75% by the CRCP.

Question 18 Do you have any comments on Elengy's planned subscriptions hypotheses for the period 2021-2024?

5.10 Evolution of tariffs

5.10.1 Elengy's demand

The change in the allowed incomes of the three LNG terminals requested by Elengy, combined with the subscription trajectories planned by the latter, would lead to the following tariff changes over the ATTM6 period:

	Evolution of the average tariff between the ATTM5 and ATTM6 periods
Montoir	-11.5%
Fos Tonkin	-23.1%
Fos Cavaou	+5.9

5.10.2 Analysis of CRE

In the following table, CRE presents the possible tariff evolution for each of the terminals, based on an illustrative scenario, using:

- for operating and energy costs: an illustrative trajectory taking into account 50% of the adjustments envisaged at this stage;
- for capital charges, as an illustration:
 - the investment trajectories requested by Elengy and a WACC of 4.25% plus the LNG premium of 200 basis points;
 - for Montoir, the application of the 125 basis point bonus on assets subject to accelerated depreciation;
 - for Fos Cavaou, the trajectory at this stage takes into account Elengy's request concerning the STS dispute, without prejudging the tariff treatment to be applied to it *in fine*.
- for the dismantling provisions, Elengy's request;
- a reconciliation of the estimated CRCP at the end of the ATTM5 period.

	Evolution of the average tariff between the ATTM5 and ATTM6 periods
Montoir	-16.9%
Fos Tonkin	-24.3%
Fos Cavaou	+3.8

The current tariff terms table is as follows:

Term	Unit	Montoir	Fos Cavaou	Fos Tonkin
Mooring Number TNA Term	€/accostage	90.000 €	100.000 €	75 000 €
Discharge quantity term Base TQD	€/MWh	0.696 €/MWh	1.289 €/MWh	1.072 €/MWh
Discharge quantity term TQD spot (75% of TQD basis)	€/MWh	0.521 €/MWh	0.966 €/MWh	0.804 €/MWh
Gas in kind term TN	% of the quantity unloaded	0.3%	0,2%	0.5%
fixed duration of FSI reloading	€/load	60 000 €	120 000 €	40.000 €
Reload the TQR term quantity	€/MWh	0.32 €/MWh		
term TB band	€/MWh	0.07 €/MWh		
TQS	€/MWh/month	1 €/MWh/month		

The indicative tariff terms table would be as follows:

Term	Unit	Montoir	Fos Cavaou	Fos Tonkin
TNA docking number term	€/accostage	90 000 €	100.000 €	75 000 €
Discharge quantity term TQD base	€/MWh	0.577 €/MWh	1.348 €/MWh	0.763 €/MWh
Discharge quantity term TQD spot (75% of TQD base)	€/MWh	0.432 €/MWh	1.011 €/MWh	0.572 €/MWh
TN gas in kind term	% of the quantity unloaded	0.3%	0,2%	0.5%
FSI fixed reloading term	€/load	60 000 €	120 000 €	40.000 €
TQR reloaded quantity term	€/MWh	0.32 €/MWh		
TB band term	€/MWh	0.07 €/MWh		
TQS	€/MWh/month	1 €/MWh/month		

6. OFFER AND TARIFF STRUCTURE

6.1 Tariff structure

6.1.1 Continuity of the existing tariff structure

Shipper subscriptions at LNG terminals relate to a number of ship unloads and the volume of LNG unloaded associated with these operations. The ATTM tariff is based on a 100% tariff according to the subscribed capacity, or "ship or pay": shippers are required to pay the tariffs applied to 100% of the quantities and number of unloads subscribed, even if they do not carry out the operation.

Although the bulk of revenues to date has come from long-term contracts, the LNG terminal tariff offer also includes a short-term subscription offer (see the 6.2.1), consisting of:

- the possibility to subscribe on a first-come first-served basis, before the 20th of month M-1 for month M
- a spot service to subscribe after the 20th of month M-1 for month M, if there is residual capacity after the monthly programme has been established.

Thus, for each unloading subscribed, whether several unloadings subscribed over the year under long-term subscriptions, or a short-term unloading subscribed on a first-come first-served basis, shippers pay the mooring number charge (TNA).

The unloaded quantity charge (TQD) then applies to the subscribed quantities to be unloaded in the terminal. The TQD that applies to the quantities unloaded under the spot service is equal to 75% of the TQD of the basic service.

Once a ship is moored and its LNG unloaded, LNG terminal operators offer several services to take advantage of the flexibility offered for storing LNG in on-site tanks and releasing the LNG into the transmission system after regasification.

An optional storage quantity can be subscribed, in addition to the storage allocated according to the subscribed unloading capacity (see 6.2.2). This dedicated storage gives rise to the payment of the stored quantity charge (TQS).

For send-out to the transmission network, operators offer an option of send-out in a constant band (see 6.2.1.2) which gives rise to the payment of the term uniform charge (TB).

In addition, LNG terminals also offer a reloading service. A mooring charge (TNA) is paid for the reloading service, which is identical to the unloading service, together with a fixed reloading charge (TFR) and a reloading quantity charge (TQR).

In essence, in order to cover the gas consumption necessary for the proper operation of each terminal, a percentage of the volume of LNG unloaded is taken in kind, corresponding to the gas-in-kind charge (TN).

The complete tariff table is presented at 5.10.2.

The ATTM5 tariff has a simplified tariff structure compared to the previous tariff, with, in particular, the elimination of the term of incentive for the regularity of unloading and the term of use of regasification capacities.

Elengy wishes to maintain this tariff structure, with the exception of a proposal concerning the unloaded quantity charge for the spot service, presented in 6.1.2 of this consultation.

The CRE is in favour of maintaining the current tariff structure for the ATTM6 tariff period. Indeed, the stability of the tariff structure makes it possible to maintain the visibility and simplicity of the offer for the terminal's customers.

Question 19 Are you in favour of maintaining the current tariff structure?

6.1.2 Single tariff for spot subscriptions

The unloading service consists of a basic service and a *spot* service.

The basic service is available to all shippers. This includes not only shippers with multi-year ("long-term") contracts whose unloading slots are scheduled in the annual schedule established in the last quarter of year N-1 for year N, but also shippers who subscribe an unloading slot on a first-come first-served basis for month M prior to the establishment of the monthly schedule on the 20th of month M-1.

The *spot* service makes it possible to subscribe to a short-term unloading slot after the monthly programme is in place after the 20th of month M-1 to unload a cargo during month M. It is accordingly reserved for short-term subscriptions when residual capacity is available. It accordingly represents less than 2% of subscribed unloading slots.

A shipper who subscribes to *spot* unloading must pay the mooring charge (TNA), and also the unloaded quantity charge (TQD) equal to 75% of the TQD of the basic service. The objective of this 25% rebate is to encourage shippers to subscribe to the terminal's remaining available capacities until the last moment, and thus to maximise the use of the terminal's capacities.

Elengy proposes to remove this tariff reduction and to create a single *spot* TQD for all the terminals which would accordingly correspond to the average of the basic TQDs of the different terminals, i.e. approximately 1 €/MWh at the current tariff level.

Single TQD at all regulated terminals

Elengy considers that the establishment of the single market area in France since 1 November 2008 justifies a single *spot* TQD, as the Montoir and Fos terminals are now connected to the same market area. In this configuration, Elengy fears that shippers will systematically give preference to the Montoir terminal, which charges a *spot* tariff

significantly lower than that of Fos Cavaou. Elengy also points out that the Fos Cavaou terminal, being the main entry point for gas to the south of the network, plays an important role in balancing the French network.

The principle of differentiated tariffs per terminal, introduced in the ATTM3, was intended to better reflect costs. The CRE remains in favour of this principle.

In addition, although the CRE accepts the important role of the Fos terminal in balancing the French network, it does not share Elengy's fears: the *spot* subscriptions observed in 2019, when the single market area was already in place, do not show a shift from Fos to Montoir. Thus, there has been:

- 123 GWh unloaded at Montoir, i.e. 1 partial shipment (compared with 69 GWh in 2018);
- 490 GWh at Fos Tonkin, i.e. 1 "Med max" shipment (compared with 0 GWh in 2018);
- 1,400 GWh at Fos Cavaou, i.e. 2 shipments (compared with 460 GWh in 2018).

Removal of the discount for *spot* relative to the base rate

As regards the discount, Elengy states that it is not necessary because, on the one hand, it favours a short-term subscriber over other subscribers and, on the other, it runs counter to the pricing of other infrastructures, in France or abroad, whose subscriptions at shorter notice are more expensive than the basic tariff.

However, the rebate has been in place since the introduction of the tariff in 2006. It is justified by the LNG terminal model, where terminal operating costs are primarily covered by the revenues associated with the basic service resulting from long-term subscriptions at LNG terminals. The majority of regulated terminal capacities are thus subscribed for several years: over the period covered by the ATTM6 tariff, 100% of Montoir's capacities are subscribed, with the exception of 2022, 100% of Fos Tonkin's capacities and almost 90% of Fos Cavaou's capacities.

Additional subscriptions then take place, through the basic service. Reservations through the *spot* service is possible only if there are still unsubscribed slots remaining among the slots initially marketed. An attractive *spot* tariff accordingly permits additional subscriptions only on those slots which have not been subscribed before and which cannot be sold at a later stage, thus maximising the use of terminal capacity.

As the operation of the terminals, and in particular the conditions for booking unloading slots, have not fundamentally changed since then, the CRE sees no reason to abolish this discount.

In addition, given the functioning of the LNG market, the *spot* tariff does not appear to be such as to call into question the subscription of long-term capacity, which depends more broadly on market conditions. Thus, the long-term capacity calls at Montoir and Fos-Tonkin in 2019 were successful, in a favourable context, including in particular a strong development of liquefaction capacities worldwide.

The difference in ATTM tariffs between basic and *spot* service does not appear to have a significant effect on these long-term commitment decisions. On the other hand, in a context of greater economic uncertainty in the coming years, shippers may have to make more short-term arbitrages. It is accordingly important to maintain a competitive tariff in the short term in order to maximise the use of the terminals.

Consequently, the CRE is at this stage reserved on Elengy's proposal.

Question 20 Are you in favour of Elengy's proposal to abolish the discount in the *spot* tariff in connection with the creation of a unique *spot* tariff between the different regulated terminals?

6.2 Services proposed

This section presents, on the one hand, the service offer in force in the ATTM5 tariff, which the operators propose to maintain unchanged, and on the other hand, the changes proposed by the operators concerning the scheduling of unloading and reloading, the constraints on the management of LNG in storage in the terminal tanks and releases on the transmission network.

6.2.1 Integrated unloading services

Under the ATTM5 tariffs, regulated LNG terminals offer an unloading service consisting of a basic service and a *spot* service. The offer is integrated: for each unloading subscribed, corresponding storage and regasification capacities are allocated.

Basic service

This service is accessible to any shipper from the first subscription.

The allocation of the terminal's send-out between shippers is made on the basis of the volumes of LNG unloaded and reloaded during the month at the LNG terminal, and also the expected start-of-month and end-of-month inventory levels.

The rules for calculating a shipper's month-end stock are as follows:

- if an unloading is scheduled for month M+1, the month-end stock level of a shipper is determined by assuming a uniform release of the last cargo unloaded in month M until the day of unloading of the first cargo of month M+1;
- if no unloading is planned for month M+1, a shipper's month-end stock level M is determined by assuming a uniform issue of the last cargo unloaded in month M until the last day of month M+1.

In order to minimise the impact of an isolated shipment on the terminal's other customers, the operators may, at their initiative, anticipate the start of releasing this shipment within a maximum period of two days. In this case, the shipper concerned is not required to have a guarantee corresponding to the anticipated send-out volumes.

Spot service

This service is reserved for unloading slots subscribed, for a given month M, after the 20th day of month M-1.

The subscription is based on the capacities available in the monthly programme on the date of subscription.

The operator at the application of the shipper determines the send-out profile of a spot unloading. It is calculated to correspond to the shipper's demand, provided that its impact on the daily send-out of other shippers does not exceed 35 GWh per day in order to make the necessary space in the tanks before the date of arrival of the shipment.

in the context of a *spot* unloading operation, the operator may decide, on its own initiative, to anticipate the associated send-out, within a limit of two days, in order to limit the impact on other customers. In this case, the shipper concerned is not required to have a guarantee corresponding to the anticipated send-out volumes.

6.2.1.1 Review of the unloading service in the ATTM5 tariff

The unloading services currently offered were created when the ATTM5 tariff came into effect, replacing the previous offer, which was more complex and restrictive. This evolution, and in particular the introduction of the basic service, was intended to provide shippers with greater visibility and flexibility.

In the market conditions of the ATTM5 tariff period (2017-2020), and in particular with the LNG inflow into Europe since mid-2018, LNG terminals were used more than in the previous period. Shippers mainly used the basic service, particularly under long-term subscriptions. The *spot* service also gave rise to subscriptions, at the margin, whereas the "S-spot" service of the ATTM4 tariff had never been subscribed:

Number of subscribed shipments via spot service	2017	2018	2019	2020 1st half
Fos Tonkin	0	0	1	0
Montoir de Bretagne	0	1	1	0
Fos Cavaou	0	1	2	0

The operators propose to renew the existing unloading service in the ATTM6 tariff. Shippers participating in the LNG Concertation have also expressed the wish that the supply from LNG terminals should remain stable and indicate that the service is satisfactory overall.

Pursuing the objectives of visibility and simplicity of use of the terminals, and taking into account the relatively recent development of the offer, the CRE is in favour of the operators' proposal to maintain the existing offer.

Question 21 Are you in favour of maintaining the conditions of integrated unloading services offered by regulated terminals?

6.2.1.2 Ancillary services

In addition to the unloading service, Elengy and Fosmax LNG offer the following:

- **the optional uniform send-out** which can be purchased in addition to the unloading service, permits shippers to smooth their send-out to the transmission network over a period of 20 to 40 days on a constant profile, from the date the shipment is unloaded;
- **pooling** which permits any shipper with subscriptions in at least one of the three regulated terminals and who does not plan to use them in full during month M to use part of these capacities in one of the other regulated terminals on the basis of a specific tariff;
- **the subscription account** to which unscheduled or cancelled operations are credited with sufficient notice. This account can then be debited for the scheduling of short-term operations;
- **the mechanism of "Use It or Lose It"** ("UIOLI") for unused regasification capacity;
- **the capacity release mechanism** offering the possibility for regasification capacity holders to explicitly waive the use of their capacities for the months M+1 and M+2. These capacities remain due by their initial holder under the "ship or pay" clause until their booking by another shipper;
- **the secondary market** for regasification capacity;
- **the LNG exchange point** allowing users to exchange quantities of LNG in tanks with each other. The tariff for access to LNG exchange points includes:
 - a fixed charge, equal to a maximum of € 500 per month and per exchange point;
 - a charge proportional to the quantities traded, equal to a maximum of 0.01 €/MWh.

At this stage, the CRE is in favour of maintaining these services in the ATTM6 tariff.

Question 22 Are you in favour of maintaining the list of services under the existing provisions?

6.2.1.3 Quarterly reservation for year N+1

Each year, during the fourth quarter, the operators draw up an annual delivery program for the following year based on the requests of users who have subscribed annual capacity at the terminal: each shipper allocates its reservations month by month.

This annual program also includes the reloading and transshipment of vessels. The programming of these operations is nevertheless subject to a strict priority for unloading and regasification.

Intra-annual operations are booked on a first-come first-served basis, either through the basic service, before the monthly timetable is drawn up, or through the spot service, after the monthly timetable has been drawn up (the 20th of month M-1 for month M), on the slots remaining available.

Currently, shippers who do not hold annual capacity cannot book until the annual program is established. They must wait until the end of year N-1 to book a slot in year N. The current operation accordingly leaves little visibility for intra-annual subscriptions, particularly for the first quarter.

Elengy's proposal

Elengy and Fosmax LNG propose to open up the possibility of reserving an unloading within a period of a quarter of year N, starting at the beginning of year N-1. The annual delivery program would take into account unloadings reserved in this way.

The quarterly capacity made available would correspond to the available capacity, i.e. 3/12 of the terminal's unsubscribed annual capacity, less the planned unavailability for maintenance. A safety coefficient of around 50% would then apply to the available quarterly capacity to determine the quarterly capacity that could be booked in N-1.

The operators propose that a specific tariff charge of the order of 0.1 €/MWh applies to the quarterly capacity, in addition to the tariff charge to be paid for unloading gas at the terminal (TNA, TQD). This *premium* is justified by the possibility offered to book a quarterly capacity, which the operator would take into account to establish the annual delivery program.

This offer would only concern those years for which there is still capacity available in the terminal.

Analysis of the CRE

The CRE notes that the possibility of reserving capacities outside the long-term subscribed capacities is very limited under the current system. Thus, the impossibility of reserving before November or December of year N-1 for unloading from January N greatly reduces visibility for shippers. Quarterly reservations meet this need.

The CRE also wishes not to deteriorate the service offered to long-term subscribers. It considers that the application of a factor of 50% on the available capacities offered for a quarterly reservation, and of a premium compared with the tariff paid by shippers with long-term subscriptions, will prevent the subscription of quarterly capacities from significantly degrading the rights of long-term subscribers. In addition, the CRE envisages that the inclusion of quarterly subscriptions in the annual delivery program be accompanied by a priority in the choice of unloading date by the long-term subscriber over the quarterly subscriber, in order to maintain priority, while guaranteeing a slot for the quarterly subscriber.

At this stage, the CRE is in favour of the operators' proposal.

Question 23 Are you in favour of quarterly capacity reservations, according to the modalities envisaged by the operators?

6.2.2 Marketing of specific storage

The tariff in force provides for "dedicated storage" at the Montoir and Fos Cavaou terminals. At these terminals, part of the storage volume (625 GWh at Montoir, 100 GWh at Cavaou) is allocated to shippers in proportion to their subscriptions.

This free service is part of the "basic service" for multi-annual, annual and intra-annual subscribers (subscriptions made between the publication of the annual programme in December N-1 and the 20th of month M for a M+1 unloading). It offers shippers flexibility with respect to the reference send-out profile notified by the operator following an unloading, subject to feasibility. Vessel unloaded in *spot* do not have access to this service.

Dedicated storage capacities are offered on an annual basis. When the terminal's capacities are not fully subscribed, part of the volume of the tank dedicated to the dedicated storage service remains free. This volume is then offered for sale on a monthly basis, under the name "monthly storage space". The tariff applied corresponds to the stored quantity charge (TQS), with a value of 1 €/MWh/month for each terminal in the ATTM5 tariff currently in force. If the volume does not find a taker, it is reintegrated into the common storage for the month in question.

Elengy's proposal

Elengy wishes to maintain the principle of a dedicated storage service in the ATTM6 tariff, but proposes to change some modalities. The operator considers that the provision of this service to subscribers of intra-annual capacities presents risks of overbooking, as dedicated storage space is allocated for a whole year, irrespective of the number of unloads: thus, a shipper who unloads only one ship during the year is granted annual dedicated storage. In addition, Elengy considers that the current conditions for subscribing to monthly storage space are too rigid (reservation under the monthly programme for one month only).

The changes proposed by Elengy are as follows:

- in the context of the "basic service", dedicated storage volumes would continue to be allocated free of charge to annual and multi-year subscribers as of 31 December 2010 *pro rata* of their subscriptions. It would no longer be accessible to intra-annual subscribers;
- when part of the dedicated storage volume remains free at the end of the annual delivery program, a marketing window for this residual volume would be opened in December N-1 for year N. Elengy proposes to name this service "specific storage". This service would be open to all shippers and offered for sale on an annual basis. Its tariff would correspond to the stored quantity charge (TQS, 1€/MWh/month in the ATTM5 tariff currently in force);
- if storage capacity is still available after this annual window in December N-1, it would be put back on sale, on a monthly basis or for the rest of the year, on the occasion of each monthly programme. On this occasion, specific storage may be reserved for the rest of the year (from month M+1 until December of year N) or only for month M+1.

Analysis of the CRE

The CRE finds that dedicated storage represents real added value for shippers to the extent that this service offers flexibility downstream of the terminal, by allowing shippers to modulate (subject to feasibility) the send-out profile notified by the operator after unloading. CRE is accordingly in favour of maintaining it.

The CRE notes that the adjustments proposed by Elengy do not change the "basic service" for annual and multi-annual subscribers, who are the main contributors to the financing of LNG terminal infrastructure. These shippers will also be able to acquire additional storage volumes through the specific storage system if they wish. With regard to

intra-annual subscribers, the CRE finds that it is not appropriate for the subscription of a single intra-annual unloading to give entitlement to the allocation of a dedicated storage volume for the whole of the current year, since the space available in the tanks is one of the most restrictive elements of the operational management of LNG terminals. The new modalities proposed by Elengy make it possible to correct this bias. The CRE notes that intra-annual subscribers could still obtain specific storage space on an annual or monthly basis, in return for payment of the TQS, by participating in dedicated marketing windows.

The CRE finds that the introduction of an annual window, supplemented by the marketing of residual volumes on a monthly basis or for the rest of the year, by making marketing arrangements more flexible, would improve the attractiveness of the storage offer.

The CRE is accordingly in favour of dedicated storage and the specific storage systems offered by Elengy.

Question 24 Are you in favour of dedicated and specific storage systems according to the modalities proposed by Elengy?

6.2.3 Extending the storage in month M+2

Elengy proposes to set up an LNG storage service in tanks for small-scale LNG activities (truck loading or small-scale LNG carriers) until month M+2 following unloading in month M.

Currently, for an unloading in month M, the storage rules are as follows:

- if unloading is planned by the shipper concerned for month M+1, the LNG in tanks will be delivered uniformly until the day of unloading of M+1;
- if no unloading is planned by the shipper concerned for month M+1, the LNG in tanks will be released uniformly until the last day of month M+1.

Elengy considers that the small-scale LNG activities, which are emerging in French terminals and whose shippers only unload ships on an ad hoc basis, could benefit from this extension of the duration of storage, which would enable them to use an LNG shipment over a longer period. The modalities proposed by the operator are as follows:

- the volume of storage dedicated to this storage extension service would represent approximately 30-50 GWh at each terminal;
- the service would be reserved for small-scale LNG shippers, i.e. those who have subscribed truck or small-scale LNG carrier loading capacity in the month concerned by the extension of the stock duration;
- activation of this service for the extension of the stock to month M+2 would be notified by the shipper at the latest when the monthly unloading program for month M+1 is set up (i.e. the 20th of month M);
- the level of stock that the shipper could ask to be preserved for the 1st of month M+2 could not be greater than the minimum of the following:
 - the sum of the stock at 1st of month M+1 and the balance of the shipper's scheduled unloads and reloads for month M+1;
 - the small-scale LNG loading capacities subscribed for month M+2, net of unloading subscribed under the annual program for this month M+2;
 - the volume made available per terminal, in the order of 30 to 50 GWh.
- Once the volume is allocated, the M+1 month-end storage level target would be used to calculate the shipper's send-out ratio for month M+1. Any rescheduling by the shipper would have an upward or downward impact on this month-end inventory;
- the service would be free.

Analysis of the CRE

The CRE finds that such a service would constitute added value for small-scale LNG shippers to the extent that they have a discontinuous ship unloading profile and are accordingly limited in their development by the current end-of-month M+1 end-of-inventory rule. Giving these shippers the possibility to store LNG in tanks for an additional month through this new service could contribute to the development of the new activities of loading of small-scale LNG carriers and of LNG trucks.

In addition, the CRE is in favour of the principle of reserving this service for small-scale LNG shippers. On the one hand, the dedicated volume of 30 to 50 GWh per terminal is low compared with the LNG volumes unloaded by

"traditional" shippers (between 500 GWh and 1 TWh per ship). On the other hand, an extension of the service to traditional users of the terminal could encourage them to make financial trade-offs between the send-out conditions on the French market during month M+1 and those forecasted for month M+2. On the contrary, the CRE finds that the value of this service must above all be of a logistical nature, and that it must accordingly be dedicated to small-scale LNG activities.

On the other, the CRE is against that this service be offered free of charge. The CRE finds that the reservation of these volumes is of the same nature and purpose as the reservation made under the specific storage scheme offered by Elengy (cf. 6.2.2): it should accordingly be subject to similar pricing, with application of the stored quantity charge (TQS).

Question 25 Do you support the M+2 storage extension service, with pricing similar to that of the specific storage?

6.2.4 Unloading without regasification

For the next ATTM6 tariff period, Elengy proposes to allow specific services to no longer automatically give rise to the allocation of regasification capacities.

Currently, shippers only subscribe to the operator for unloading capacity at the terminal. This unloading capacity entitles to have a corresponding level of regasification capacity, on the basis of which GRTgaz automatically allocates transmission capacity at the PITTM (point of entry on the transmission network, from the LNG terminals).

Elengy would like to define more explicitly how the regasification capacity allocated to shippers is calculated. According to the operator, current procedures impose excessive logistical costs on terminal operators, which do not use LNG for send-out on the transport network purpose (loading of trucks or small-scale LNG carriers).

The modalities proposed by the operator are as follows:

- the regasification capacity of the terminal would be defined as follows: *Regasification capacity = unloading capacity - reloading capacity*
where reloading capacity is defined as the sum of the subscribed reloading capacities of vessels or small-scale carriers and the subscribed loading capacities of trucks;
- this definition would apply to any simultaneous subscription for unloading and reloading. The terminal operator would then declare a regasification "net value" to GRTgaz. As a consequence, this definition would not apply to existing unloading capacity subscriptions;
- zero regasification capacity (full contractual alignment of unloading capacity with reloading capacity) would not exempt the customer from having a contract with GRTgaz or from defining a transmission agent on the GRTgaz system. In specific circumstances, the terminal operator may be required to send-out all or part of the LNG on the GRTgaz network, and it is necessary to do so through an existing contract.

Analysis of the CRE

The CRE is in favour of the principle of a more explicit definition of the regasification capacities allocated by the terminal operator to shippers. It seems appropriate to allocate a fair level of capacity to the PITTM for each use, depending on whether the regasification facilities are used or not.

However, according to the rules in force in LNG terminals, and in particular the principles for calculating end-of-month stock, a shipper who decides not to use its reloading capacity would ultimately see its LNG in tanks regasified and sent onto the transmission network. In such a case, the CRE finds that it is essential for the shipper to be allocated by GRTgaz, over the period in question, the daily capacities at the PITTM necessary for this gas to be sent onto the transmission system and that it bear the costs of using the regasification infrastructures. Similarly, a shipper who changes use and finally sends his LNG onto the transmission system should be allocated regasification capacity retrospectively.

At this stage, the CRE is in favour of this proposal to redefine regasification capacities, on condition that an LNG regasified and sent on the transmission network does indeed systematically give rise to the allocation of regasification capacities.

Question 26 Are you in favour of the terminal's regasification capacity definition envisaged by Elengy?

6.2.5 Reverse-flow from transmission network at PITTM

On the occasion of the new ATTM6 tariff period, Elengy proposes to make available to all shippers an interruptible commercial virtual reverse-flow service at the PITTM (point of entry on the transmission network, from the LNG terminals).

Currently, in each terminal, the operator provides shippers of LNG in tanks and emitting gas into the transmission network (according to a profile notified by the operator) with an intra-day flexibility service, allowing these shippers to modulate their send-out downwards or upwards on the same day if they so wish and if terminal conditions permit. The flows concerned are limited (around 10 GWh/d) and availability is random as it depends on the terminal's unloading schedule. In addition, at the Fos Cavaou terminal, an interruptible intra-day flexibility service is offered by Fosmax LNG to GRTgaz, enabling GRTgaz to use intra-day flexibility, both upwards and downwards, if the gas transmission system so requires. The use of this service then has an impact on the nominations of shippers in the tanks.

Elengy proposes to no longer limit the availability of these flexibilities to shippers with LNG in the tanks and emitting on the transmission system, but to offer them to any interested shipper through a commercial service of "reverse-flow at PITTM". The proposed modalities for this service are as follows:

- the reverse quantities would be allocated within the intra-day flexibility allocation window, after any allocation of shippers sending gas on the transmission network. Priority would be given to shippers with LNG in tanks and sending-out on the transmission network;
- LNG in the tanks through the virtual reverse-flow at PITTM would give rise to the same rights and obligations as for any customer present in the shared storage: it could be issued progressively on the transmission network (the volumes allocated reverse-flow returns are part of the calculation of the send-out ratio), incorporated in dedicated storage or be used for small-scale LNG activities (loading of trucks or small-scale LNG carriers);
- Reverse-flow users would pay GRTgaz for exit capacity from the system (reverse PITTM tariff). In addition, the service would also become payable to Elengy when, over a given month, the quantities allocated in reverse-flow and the quantities unloaded are greater than the contractual quantity unloaded (QDC) of the shipper concerned. The price would then correspond to the unloaded quantity charge (TQD, between 0.735 €/MWh at Montoir and 1.343 €/MWh at Fos Cavaou in the current tariff). Thus, once physically unloaded from vessel or virtually through the reverse-flow at the PITTM, LNG storage would have a similar cost (the TQD).

Analysis of the CRE

The CRE finds that it is essential that a terminal should offer all the daily flexibility available to shippers with LNG in tanks and emitting on the transmission network, to the extent that users do not control the send-out profile notified to them.

Nevertheless, the CRE finds it more questionable to open access to this flexibility to all shippers active on the transmission system.

Indeed, the CRE notes that these flexibilities would be available at a time when LNG is most valuable for the French downstream market: low unloading from ships scheduled and shippers emitting gas on the transmission network not wishing to modulate their send-out downwards. The CRE points out that LNG terminals play a key role in security of supply and preventing congestion on the gas transmission networks. Although the volumes at stake are small at this stage, the proposed mechanism would amount to favouring the terminal's small-scale LNG activities over the contribution of LNG terminals to security of supply. On the contrary, the CRE has always ensured that the development of new services in the terminals is not to the detriment of the shippers who unload and emit on the network.

The CRE is accordingly unfavourable to the virtual reverse-flow service to the PITTM proposed by Elengy.

Question 27 Are you in favour of setting up a virtual reverse-flow service at the PITTM according to the modalities envisaged by Elengy?

7. SUMMARY OF QUESTIONS

- Question 1** Are you, like CRE, in favour, of non-regulation of the loading activity of small-scale LNG carriers?
- Question 2** Are you in favour of the principles for the allocation of charges between regulated and non-regulated services as envisaged by CRE?
- Question 3** Are you in favour of limiting the depreciation period for Montoir and Fos Cavaou assets commissioned from 2011 to 20 years?
- Question 4** Are you in favour of adapting the specific premium as envisaged by CRE?
- Question 5** Are you in favour of the changes to the operation of the CRCP that CRE is considering for the ATTM6 tariff?
- Question 6** Are you in favour of the tariff schedule and the principles for changing the tariffs envisaged by CRE for the ATTM6 tariff?
- Question 7** Are you in favour of the scope of the revenues and expenses covered by the CRCP envisaged by CRE for the ATTM6 tariff?
- Question 8** Are you in favour of the investment incentive-based regulation mechanisms envisaged by CRE for the ATTM6 tariff?
- Question 9** Are you in favour of the incentive regulation of the quality of service envisaged by CRE for the ATTM6 tariff about introducing indicators concerning the two priority issues, which are the effect of maintenance programmes on availability of terminals and the monitoring of greenhouse gas releases and methane leakages?
- Question 10** Do you have any comments on the regulatory framework concerning innovation and R&D envisaged by CRE for the ATTM6 tariff?
- Question 11** Do you agree with the problems identified by CRE regarding the operating costs of LNG terminals?
- Question 12** Do you have any comments on the level of charges planned for the Montoir-de-Bretagne terminal?
- Question 13** Do you have any comments on the expected load levels at the Fos Tonkin terminal?
- Question 14** Do you have any comments on the expected load levels at the Fos Cavaou terminal?
- Question 15** Do you accept CRE's starting assumptions for the rate of remuneration of the ATTM6?
- Question 16** Do you have any comments on Elengy's planned capital expenditure for the period 2021-2024?
- Question 17** Do you have any other comments on the level of the charges to be covered for the ATTM6 period for Elengy?
- Question 18** Do you have any comments on Elengy's planned subscriptions hypotheses for the period 2021-2024?
- Question 19** Are you in favour of maintaining the current tariff structure?
- Question 20** Are you in favour of Elengy's proposal to abolish the discount in the *spot* tariff in connection with the creation of a unique *spot* tariff between the different regulated terminals?
- Question 21** Are you in favour of maintaining the conditions of integrated unloading services offered by regulated terminals?
- Question 22** Are you in favour of maintaining the list of services under the existing provisions?
- Question 23** Are you in favour of quarterly capacity reservations, according to the modalities envisaged by the operators?
- Question 24** Are you in favour of dedicated and specific storage systems according to the modalities proposed by Elengy?
- Question 25** Do you support the M+2 storage extension service, with pricing similar to that of the specific storage?
- Question 26** Are you in favour of the terminal's regasification capacity definition envisaged by Elengy?
- Question 27** Are you in favour of setting up a virtual reverse-flow at the PITTM according to the modalities envisaged by Elengy?