

The French Energy Regulatory Commission (CRE) consults market participants.

**PUBLIC CONSULTATION NO 2022-07 OF 15 SEPTEMBER 2022  
RELATING TO THE CREATION OF A PHYSICAL GAS EXIT CAPACITY  
OFFER AT THE OBERGAILBACH INTERCONNECTION AND THE  
SETTING OF THE PHYSICAL EXIT CAPACITY TARIFF AT  
OBERGAILBACH**

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

Articles L. 452-1 and L. 452-2 to L. 452-3 of the Energy Code give competence to the Energy Regulation Commission (CRE) to set the methodology for establishing tariffs for the use of natural gas transmission networks. CRE makes changes to the level and structure of tariffs that it deems justified, particularly in light of the analysis of the operators' accounts and the foreseeable evolution of operating and investment costs.

The tariff for the use of GRTgaz and Teréga's natural gas transmission networks, known as the "ATRT7 tariff", came into force on April 1, 2020, for a period of approximately four years, in application of the decision of January 23, 2020<sup>1</sup>.

Furthermore, Article L. 134-2, 4° of the Energy Code give competence to the CRE to specify the conditions of use of the natural gas transmission networks.

The transmission capacities at the network Interconnection Points (IP) are marketed by auction according to modalities provided for by Regulation (EU) No 459/2017 establishing a network code on capacity allocation mechanisms in gas transmission systems ("CAM network code")<sup>2</sup>.

The reduction in Russian gas supplies to Europe following Russia's invasion of Ukraine poses a major risk to the European Union's security of supply. The French and German heads of state and government have therefore announced their willingness to put in place reciprocal solidarity measures concerning the security of electricity and gas supply. In this context, discussions have been initiated between the authorities of the two countries in order to set up gas transmission capacity from France to Germany for the winter of 2022/2023. GRTgaz thus plans to market up to 100 GWh/d of physical exit capacity to Germany at the Obergailbach interconnection point from mid-October 2022. This new capacity offer would strengthen German security of supply. GRTgaz proposed to CRE the rules for marketing physical exit capacity at the Obergailbach IP on September 13, 2022.

The implementation of this commercial offer requires the CRE to validate the marketing rules proposed by GRTgaz and to set the tariff for the physical exit capacity at the Obergailbach IP.

The purpose of this public consultation is to present the changes envisaged by CRE and to gather the views of interested parties.

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

<sup>2</sup> [Commission Regulation \(EU\) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation \(EU\) No 984/2013](#)

Following the present public consultation, CRE intends to adopt a deliberation fixing the rules of commercialisation of the physical exit capacities at the Obergailbach IP and a deliberation fixing the tariff of the physical exit capacity at Obergailbach.

Paris, 15 September 2022  
For the Energy Regulatory Commission,  
The President,

Emmanuelle WARGON

### **To participate in consultation process**

CRE invites interested parties to send in their contribution, by 27 September 2022 at the latest, entering it on the platform set up by CRE: <https://consultations.cre.fr>. In view of the time constraints, the parties are invited to send their responses as soon as possible. Responses received after 27 September cannot be taken into account.

For the purpose of transparency, contributions will be published by CRE.

**If your contribution contains elements that you wish to keep confidential, a version concealing those elements should also be provided.** In this case, only that version will be published. CRE reserves the right to publish elements that could be essential for all participants, provided that they are not secrets protected by law.

**In the absence of a redacted version, the full version will be published,** except for information falling under secrets protected by law.

Interested parties are invited to provide well-grounded answers to the questions.

# **CONTENTS**

<b>1. BACKGROUND .....</b>	<b>4</b>
<b>2. MARKETING RULES .....</b>	<b>4</b>
2.1 GRTGAZ'S PROPOSAL .....	4
2.1.1 Implementation schedule.....	4
2.1.2 Offer of physical capacities .....	4
2.2 CRE'S PRELIMINARY ANALYSIS .....	5
2.2.1 Implementation schedule.....	5
2.2.2 Offer of physical capacities .....	5
<b>3. TARIFF FOR THE USE OF THE PHYSICAL EXIT CAPACITY AT OBERGAILBACH .....</b>	<b>6</b>
<b>4. SUMMARY OF QUESTIONS .....</b>	<b>7</b>



## 1. BACKGROUND

Russia's invasion of Ukraine has created a major crisis for the European energy sector. The reduction of Russian gas supplies poses a security of supply risk in Europe for this winter and beyond. Germany, whose main source of gas supply has been Russia, is particularly affected. In this context, discussions have been initiated between the French and German authorities in order to allow the setting up of gas transport capacity from France to Germany for the winter of 2022/2023. The German gas transmission system operators (Open Grid Europe (OGE) and GRTgaz Deutschland) and GRTgaz have therefore joined forces to study the technical feasibility of implementing a physical flow of gas from France to Germany at the Obergailbach/Medelsheim interconnection point, which is usually used in the direction from Germany to France.

There is currently no physical capacity to send gas from the French network to Germany at the Obergailbach interconnection point<sup>3</sup>. This is because the specifications for gas flowing on the French and German transmission networks are different. In particular, the gas flowing on the French network is odourised, which is not the case in Germany.

Shippers can nevertheless subscribe capacity at the exit of the French network at Obergailbach thanks to a virtual backhaul product operating on the "netting" principle<sup>4</sup>. The availability of the virtual backhaul capacity (maximum 250 GWh/d) depends on the level of nominations in the historical direction from Germany to France<sup>5</sup> and takes into account the minimum technical requirements for the operation of the Obergailbach station as well as an operating margin.

GRTgaz temporarily modified the backhaul Effective Technical Capacity (ETC) calculation method on August 17, 2022: the technical minimum was suppressed, and the operating margin was reduced, in order to maximise the level of the ETC of the backhaul. This modification has thus made it possible to stop the minimum physical flow of gas from Germany to France at Obergailbach, which results in the temporary closure of the Obergailbach station.

## 2. MARKETING RULES

### 2.1 GRTgaz's proposal

#### 2.1.1 Implementation schedule

The Obergailbach/Medelsheim interconnection point, which was historically used to transport Russian gas to France, was not designed to operate in the direction from France to Germany. The creation of physical capacity to Germany requires several technical adaptations as well as manual intervention by GRTgaz on the metering and regulation facilities in order to reverse the flow of the interconnection.

Technical tests were organised jointly by GRTgaz and the German system operators on September 7, 2022. These tests confirmed the technical feasibility of reversing gas flows. However, GRTgaz indicates that maintenance work on the French network does not allow the implementation of exit capacity to Germany before mid-October.

In view of these factors, GRTgaz and the German operators, OGE and GRTgaz Deutschland, are considering the possibility of implementing the physical flow to Germany from the week of October 10, 2022. GRTgaz would notify the market players of the definitive marketing date a few days before.

The marketing of physical capacity to Germany is also conditional on the amendment of the inter-TSO agreement between GRTgaz and its German counterparts. This amendment must formalise the possibility of exporting gas to Germany that complies with the technical specifications applicable on the French network, particularly regarding odorization.

GRTgaz proposes to implement this offer for an indefinite period and to carry out feedback of the winter of 2022/2023 in order to determine any necessary adjustments. GRTgaz also states that maintaining this service over the long term would require the automation of operations in its information system, as well as certain investments (in particular to automate the reversal of flows). GRTgaz is carrying out studies to determine what work is needed.

#### 2.1.2 Offer of physical capacities

GRTgaz would set up a commercial offer of firm day-ahead capacity, with an estimated maximum marketable capacity of 100 GWh/d. In application of article 14 of the CAM network code, GRTgaz plans to market the capacities of the day D on the PRISMA auction platform on D-1 at 4.30 pm. The level of capacity offered to auctions will thus be announced on D-1: it will depend in particular on the level of consumption in France and the level of withdrawal or injection from Cerville storage. Moreover, capacity may not be offered on certain days, in the following cases:

<sup>3</sup> However, gas from the Dunkirk terminal or the Dunkirk IP can already be transported to Germany via a pipeline carrying odourless gas directly from these points to Belgium and then to Germany

<sup>4</sup> Netting: Netting does not change the physical flows on the network. It allows a shipper nominating in the reverse direction to release an identical amount of capacity in the main flow direction.

<sup>5</sup> As a reminder, the marketable capacity in the direction from Germany to France is of 620 GWh/d of firm capacity and 30 GWh/d interruptible capacity

- an orange or red alert level on the South/North limits of the network;
- a reversal of physical flows at Obergailbach IP from the " exit from France" direction to the "entry to France" direction which took place less than a week before;
- differences in gas quality linked to specifications between countries (or even operators);
- works<sup>6</sup>.

GRTgaz also proposes to market unsold capacity at the end of the day-ahead auctions on a within-day timeframe, in accordance with the provisions of Article 15 of the CAM Code. However, it would not be possible to market within-day capacity as soon as the day-ahead offer is launched, and GRTgaz would therefore implement it at a later stage.

GRTgaz, in collaboration with its German counterparts, plans to market exit capacity from the French network bundled with entry capacity on the German network for implementation from mid-October. In case this is not feasible at the time of implementation of the offer, unbundled capacity will be marketed. The market will be informed of the nature of the capacity to be offered.

From an operational point of view (*i.e.* in terms of nomination, scheduling and allocation), GRTgaz's offer will be the same as for the other IPs on GRTgaz's network<sup>7</sup>.

This new offer would be proposed in addition to the existing offer of backhaul capacity, which would remain unchanged. Shippers who have subscribed backhaul capacity at Obergailbach will be able to use it under the same conditions as before the creation of the physical capacity to Germany.

## **2.2 CRE's preliminary analysis**

### **2.2.1 Implementation schedule**

CRE is in favour at this stage of implementing the offer of physical exit capacity at Obergailbach as quickly as possible, which would contribute to strengthening German security of supply, in a spirit of European energy solidarity in the current circumstances.

CRE considers at this stage that the commissioning of exit capacity at Obergailbach should be conditional on the amendment of the inter-TSO agreement between GRTgaz and the German TSOs, so that gas meeting French technical specifications can be received on the German network.

CRE welcomes GRTgaz's commitment to provide feedback on the operation of this offer during the winter of 2022/2023.

**Question 1** Do you have any comments on the schedule proposed by GRTgaz?

### **2.2.2 Offer of physical capacities**

At this stage, CRE is in favour of GRTgaz's proposals concerning the maximum level and type of capacity that would be marketed. CRE welcomes the efforts made by GRTgaz to propose technical solutions. It considers that GRTgaz's proposal is relevant in terms of the network 's current technical capacities: marketing capacity at the day-ahead and within-day timeframes thus makes it possible to maximise the exit capacities offered at the IP without posing a risk to the operation of the French system.

At this stage, GRTgaz does not believe that it will be able to market within-day capacity from mid-October. CRE considers that GRTgaz should introduce this offer as soon as possible.

Finally, GRTgaz is not certain at this stage that it will be able to offer exit capacity from the French network in the form of firm capacity bundled with entry capacity on the German network. CRE notes that, in this case, the marketing of unbundled capacities, firm or not, would make it possible to commission a physical capacity at the Obergailbach IP more quickly, which it considers desirable given the context and the urgency of the German need. CRE plans to ask GRTgaz to make its best efforts in conjunction with its German counterparts to offer firm capacity in bundled form as soon as possible. Until this is done, CRE plans to ask GRTgaz to coordinate with its German counterparts in order to market the same level of capacity exiting the French network and entering the German network.

**Question 2** Do you have any comments on the physical capacity offer proposed by GRTgaz?

<sup>6</sup> Day-ahead capacities are not concerned by GRTgaz's obligation to publish capacity restrictions in advance.

<sup>7</sup> These terms are described in GRTgaz's transmission contract

### 3. TARIFF FOR THE USE OF THE PHYSICAL EXIT CAPACITY AT OBERGAILBACH

The methodology used in the ATRT7 tariff (in accordance with the European Tariff Network Code<sup>8</sup>) to set exit tariffs from the gas transmission network foresees firstly the identification of the relevant flow scenario to supply the exit point concerned. The shortest distance travelled on the network from the selected entry point(s) is then used to define the tariff at the exit point, so that the unit costs (€/MWh/d/year/km) for cross-border consumers and domestic customers are identical. This avoids cross-subsidisation between network users. The flow scenario adopted in the ATRT7 foresees in particular that the exit points of Oltingue and Pirineos are supplied by the Dunkirk IP. This reflects the flow pattern on which the design of the French network was historically based.

To set the exit tariff at Obergailbach, CRE plans to use the same methodology, assuming that the exit at Obergailbach is supplied both by the Dunkirk IP and by the LNG Terminal Interconnection Points (PITTM) at Dunkirk, Montoir and Fos. Indeed, given the current market conditions, gas transported to Germany through France will come not only from Norway (via the Dunkirk IP) but also from LNG unloaded at the French terminals.

Under the conditions that governed the elaboration of the ATRT7 tariff, and taking into account the capacity-weighted average distance between the Obergailbach IP and the entry points considered here (*i.e.* 733 km), the tariff term for the yearly firm exit capacity at the Obergailbach IP should amount to 367.94 €/MWh/d/year. This level ensures that the unit cost of transit to Obergailbach is the same as that borne by other network users.

The ATRT7 tariff provides that the day-ahead capacity term corresponds to 1/240 of the yearly capacity term: the day-ahead firm capacity tariff at Obergailbach, which will constitute the reserve price for the auction when the capacities are put up for sale on the PRISMA platform, would thus be set at 1.53 €/MWh/d from mid-October 2022. The within-day capacity tariff is then calculated in proportion to the day-ahead capacity term and the number of hours remaining in the day.

**Question 3** Are you in favour of the tariff for the use of physical exit capacity at Obergailbach envisaged by CRE?

**Question 4** Do you have any other comments or proposals concerning the marketing rules or the tariff for the use of exit capacity at the Obergailbach point?

<sup>8</sup> Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas

#### **4. SUMMARY OF QUESTIONS**

- Question 1** Do you have any comments on the schedule proposed by GRTgaz?
- Question 2** Do you have any comments on the physical capacity offer proposed by GRTgaz?
- Question 3** Are you in favour of the tariff for the use of physical exit capacity at Obergailbach envisaged by CRE?
- Question 4** Do you have any other comments or proposals concerning the marketing rules or the tariff for the use of exit capacity at the Obergailbach point?