

## **DELIBERATION NO. 2022-242**

# Deliberation of 29 September 2022 relating to the creation of a physical gas exit capacity offer at the Obergailbach interconnection point

Attendees: Catherine EDWIGE, Ivan FAUCHEUX and Valérie PLAGNOL, Commissioners.

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

### **1. CONTEXT**

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. Germany, whose main source of gas supply has been Russia, is particularly affected. In this context, in the beginning of September, 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 anticipation of winter 2022/2023.

Open Grid Europe (OGE) and GRTgaz Deutschland, German gas transmission system operators (the "German TSOs"), 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 (IP), which is usually used in the direction from Germany to France. There is indeed currently no physical capacity to send gas from the French network to Germany at the Obergailbach interconnection point<sup>1</sup>.

In coordination with its German counterparts, GRTgaz thus plans to market up to 100 GWh/d of physical exit capacity to Germany at the Obergailbach interconnection point from the week of October 10, 2022.

GRTgaz proposed to the Energy Regulation Commission (CRE) the rules for marketing physical exit capacity at the Obergailbach IP on September 13, 2022.

From 15 to 27 September 2022, CRE organised a public consultation on these marketing rules and on the tariff for physical exit capacity that would be applicable at the Obergailbach IP<sup>2</sup>.

CRE received fourteen contributions: five from shippers, two from infrastructure operators, four from stakeholder associations and three from individuals.

The responses to this public consultation are published, if necessary in their non-confidential version, on CRE's website.

The present deliberation specifies the rules for the commercialisation of physical gas exit capacities at the Obergailbach interconnection point.

### **2. LEGAL FRAMEWORK AND COMPETENCE OF CRE**

Article L. 134-2, 4° of the French energy code empowers CRE to specify the conditions of use of the natural gas transmission networks.

<sup>1</sup> 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>2</sup> [Public consultation n°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](#)

Pursuant to Article 16 of Regulation No 715/2009<sup>3</sup>, maximum capacity at all interconnection points shall be made available to market participants, taking into account system integrity and efficient operation of the network. To this end, the natural gas transmission system operator shall implement and publish non-discriminatory and transparent capacity allocation mechanisms.

The EU-wide harmonised mechanisms for allocating transmission capacity at network interconnection points (IPs) are governed by the provisions of Regulation (EU) No 459/2017<sup>4</sup> establishing a network code on capacity allocation mechanisms in gas transmission systems (hereinafter “CAM network code”)<sup>5</sup>.

### **3. IMPLEMENTATION SCHEDULE**

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, which was initially designed to operate in the direction from Germany to France.

Technical tests organised jointly by GRTgaz and the German system operators on September 7, 2022 confirmed the technical feasibility of reversing gas flows.

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 and the German TSOs plan to implement the physical flow to Germany from the week of October 10, 2022. GRTgaz would notify the market players of the definitive marketing date as soon as possible.

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.

#### **Summary of responses to the public consultation**

Overall, the stakeholders responding to the public consultation welcome the establishment of physical gas exit capacity to Germany within a short timeframe.

Several stakeholders would like the date of commercialisation of this capacity to be clarified quickly in order to give visibility to market players.

One stakeholder welcomes the fact that the commercialisation of capacity is conditional on the signature of an amendment to the inter-TSO contract on gas quality.

#### **CRE's analysis**

CRE is in favour of implementing the offer of physical exit capacity at the Obergailbach IP from the week of October 10, and as soon as it will be technically feasible. CRE welcomes GRTgaz's proposal, supported by some of the participants in the public consultation, to inform market players of the marketing date as soon as possible.

CRE welcomes GRTgaz's commitment to provide feedback on the operation of this offer during the winter of 2022/2023. CRE asks GRTgaz to quickly publish the conclusions of this feedback in order to study the possible modifications to be made to the mechanism.

Finally, CRE notes the progress of discussions concerning the signature of the rider to the inter-TSO agreement between GRTgaz and its German counterparts. The commercialisation of physical gas exit capacity at the Obergailbach interconnection point is subject to the prior signature of the amendment to the inter-TSO agreement between GRTgaz and its German counterparts.

### **4. OFFER OF GAS PHYSICAL EXIT CAPACITIES TO GERMANY**

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 auction will be communicated in the same conditions as the information relating to the other capacities marketed by GRTgaz. It

<sup>3</sup> Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005

<sup>4</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

<sup>5</sup> In particular, under the CAM network code, TSOs must not offer interruptible capacity to the detriment of the amount of firm capacity that can be offered (Article 32.3)

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:

- 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> ;
- at the request of the competent administrative authority if there is a risk of no longer being able to ensure the continuity of natural gas supply on the continental metropolitan territory.

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.

Contrary to what was announced in the public consultation, GRTgaz will be able to market exit capacity from the French system in a bundled form with that offered by German system operators as soon as the flow to Germany is implemented.

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 be maintained.

### Summary of responses to the public consultation

#### Regarding the level of capacity

Some stakeholders would like to see more capacity put in place in the future, and for it to be marketed on longer-term maturities than the day-ahead maturity.

Some stakeholders asked about the type or types of entry capacity that will be offered by the German TSOs.

Several stakeholders consider that the conditions affecting the availability and the level of capacity proposed by GRTgaz are not clear enough, and that GRTgaz should in any case publish as soon as possible any information that could affect the availability of physical exit capacity to Germany.

#### Regarding the type of capacity

Several stakeholders have expressed their desire for GRTgaz to offer as soon as possible the exit capacity bundled with entry capacity to the German system.

#### Regarding the interaction with the existing virtual backhaul capacity

Some stakeholders question the interaction between the new physical exit capacity and the existing virtual backhaul capacity at the Obergailbach IP. Indeed, CRE notes among the responses to the public consultation that there are different interpretations regarding this point. In particular, some stakeholders emphasise the negative impact that the commercialisation of the physical exit capacity could have on the availability of the virtual backhaul capacity.

#### Regarding the implementation of the state agreement between France and Germany on the security of energy supply

Some stakeholders question the effectiveness of the reciprocity of the agreement between France and Germany on security of energy supply.

### CRE's analysis

#### Regarding the level of capacity

CRE maintains its analysis regarding the level of capacity that will be marketed by GRTgaz: it is relevant in terms of the network 's current technical capacities. CRE also notes the interest of market players in the implementation of more capacity, to marketed on longer-term maturities: the feedback expected after the winter and the studies currently being carried out by GRTgaz will contribute to specify the conditions for any changes in this direction.

#### Regarding the type of capacity

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

<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

As regards the marketing of capacity in bundled form, GRTgaz states in its response to the public consultation that the tests recently carried out confirm that its information system will be ready to offer capacity in bundled form as soon as marketing begins. CRE welcomes this progress.

Regarding the interaction with the existing virtual backhaul capacity

CRE notes that the interaction between the existing virtual backhaul capacity and the physical exit capacity to Germany that will be created was not sufficiently clear to market players at the time of the public consultation. CRE points out that these are two different types of capacity, for which the conditions of marketing and use are not the same. In particular, the conditions for using virtual backhaul capacity remain the same as today: it can only be used if there is a flow from Germany to France. The introduction of a physical export capacity from France to Germany does not change anything in this respect.

**DECISION**

Article L. 134-2, 4° of the French energy code empowers CRE to specify the conditions for the use of the natural gas transmission networks.

In the context of the decrease in Russian gas deliveries to Europe, and in the framework of the agreement between France and Germany regarding the energy security of the two countries, GRTgaz proposes, in coordination with the concerned German gas transmission system operators, to market up to 100 GWh/d of firm physical gas exit capacity at the Obergailbach interconnection point. This capacity will be offered on a daily basis, and subsequently on an intraday basis.

GRTgaz plans to provide feedback on the marketing of this capacity after the winter of 2022/2023.

CRE asks GRTgaz to publish the conclusions of this feedback quickly in order to determine any changes to be made to the system.

Being in favour of the marketing rules proposed by GRTgaz as regards the level and type of capacity offered, CRE sets the marketing conditions as described in parts 3 and 4 of this deliberation.

CRE welcomes the fact that GRTgaz will be able to offer a bundled capacity from the start of marketing. CRE asks GRTgaz to do its best effort to ensure that the intraday capacity offer is put in place as quickly as possible.

This deliberation will be published in the Official Journal of the French Republic and on CRE's website, notified to GRTgaz, and sent to the Minister of the Energy Transition and to the Minister of the Economy, Finance and Industrial and Digital Sovereignty.

**Deliberated in Paris, on 29 September 2022.**

**For the Commission de régulation de l'énergie (French Energy  
Regulatory Commission),**

**A commissioner,**

**Catherine EDWIGE**