



Public consultation of 27 July 2016 by the French Energy Regulatory Commission on the next tariff for use of the GRTgaz and TIGF natural gas transmission networks

Enagás comments

NON-CONFIDENTIAL RESPONSE

16th September 2016

1 Introduction

1. Enagás welcomes CRE's new opportunity to contribute to the public consultation on new tariffs for the use of gas transmission networks of GRTgaz and TIGF.
2. Enagás has already expressed its concerns in previous ATRT6 previous consultation¹ and its participation in this new consultation is motivated by the measures under consultation, related to transmission tariffs, which may have a relevant impact on the Spanish system.
3. Enagás response to this consultation is **not confidential and not anonymous**.

2 Questions

Question 2 Are you in favour of maintaining the current tariff timetable (from April to April) and defining, as from the ATRT6 tariff deliberation, the terms and conditions for the change in the tariff charges at PIRs for the entire tariff duration?

4. Enagás would like to reiterate the position expressed in March public consultation.
5. Given that the decision to be adopted at the end of 2016 for tariffs from April 2017, will be adjusted at the end of 2017 to include a one-off price movement on 1 November 2018, **it might be worth exploring the option of having by Autumn 2018 a system fully in line with the Tariff Network Code (TAR NC)** as it will be applicable by 31 May 2019 at latest (Current wording states that Chapters VI and VIII shall apply as from 1 October 2017 and Chapters II, III and IV shall apply as from 31 May 2019)
6. It would be advisable that European regulators collaborated to ensure a fair degree of harmonisation on the calendar to put in place the TAR NC, and to update annual tariffs simultaneously. 1st October seems to be the most appropriate date.

Question 21. Are you in favour of maintaining non-equalised tariffs for the GRTgaz and TIGF networks?

7. The question is somehow misleading. As a general comment, **Enagás considers that tariffs in France, as well as in all EU members, should be the result of the application of a methodology (single methodology per balancing zone), taking into account costs and expected flows, and not the result of ad hoc decisions on cost allocation applied on top of existing tariff levels.**

¹ CRE, "[Consultation publique de la CRE relative aux prochains tarifs d'utilisation des réseaux de transport de gaz de GRTgaz et TIGF et aux prochains tarifs d'utilisation des terminaux méthaniers régulés](#)". February 2016

Question 23 Are you in favour of an increase in the Pirineos PIR exit charge upon creation of the single market place and the elimination of the charge at the North-South link?

8. **No.**
9. As expressed in previous ATRT6 public consultation, tariffs should be the result of the application of a methodology, taking into account costs and expected flows, and not the result of ad hoc decisions on cost allocation applied on top of existing tariff levels.
10. The explicit criteria proposed by the CRE that “users of the transit system (Dunkirk-Pirineos and Dunkirk-Oltingue roads) would remain constant over the ATRT6 period” (which also means constant from the ATRT5 to the ATRT6 period) denotes that either (1) there is no methodology as such, and *ad hoc* decisions on top of existing TPA tariffs are being made, or (2) the methodology incorporates a restriction to maintain certain tariff levels, that may discriminate between national consumption points and IPs.
11. As a general consideration, **if a non-discriminatory methodology is applied, the exit tariff at VIP Pirineos should not significantly differ from the exit tariff from the high-pressure transmission network in the Southern part of France.**
12. The position that users of the transit system should have a constant cost in ATRT6, equal to that in ATRT5, can only be maintained if the current cost is also maintained in the future for users exiting in the Southern part of France. In other words, **it is not possible to have a distance-based methodology for transits, but not for national consumption.**
13. In particular, it is **incorrect to make reference to “transit system (Dunkirk-Pirineos and Dunkirk-Oltingue roads)” where there are no dedicated infrastructures for transit**, regardless the fact that some shippers may be effectively transiting gas from an entry to an exit. Although there were **no basis in the French system to apply the “asset cost split” (included in previous versions of the draft TAR NC), this will no longer possible as it has been deleted from the last TA NC version available.**

Question 24 Do you agree with the proposal to maintain the current balance between the unit tariffs for transit and domestic transport?

Question 25 Are you in favour of a re-balancing of the unit costs of the two main transit routes (France-Spain and France-Italy) upon elimination of the charge at the North-South link as envisaged by CRE?

14. It is **misleading to affirm that there is a “balance between the unit tariffs for transit and domestic transport”**. A single methodology should be applied to all. The proposal implies the application of two different methodologies and cannot be justified by a difficult-to-prove balance.
15. **Enagás is not in favour of a “re-balancing of the unit costs”, unless it is applied to all points to avoid discrimination, i.e. a re-balancing can**

only be justified if the current cost is also maintained in the future for users exiting in the Southern part of France. The current proposal means establishing a distance-based methodology for transits and a different methodology (apparently postage-stamp, not based in distance but on other characteristics) for exits within France. See answer to Q23.

Question 28 Are you in favour of maintaining the current tariff treatment at PITTMS?

16. **Yes.**
17. Tariffs at PITTMS should be the result of the application of the tariff methodology to the transmission network and not subject to arbitrary discounts. This proposal would foster destructive competition between national transmission systems to attract supplies disregarding the economic fundamentals that should be regarded for tariff design.

Question 30 Do you have any other comments to make concerning the development of the tariff charges for the GRTgaz and TIGF gas transmission networks?

18. CRE recently published, after launching this consultation on ATRT6 and ATTM5, the "Délibération de la Commission de régulation de l'énergie du 10 mars 2016 portant avis sur le projet d'ordonnance modifiant les modalités d'accès des tiers aux stockages souterrains de gaz", supporting the regulation of underground storages in France.
19. CRE has already expressed a positive opinion in April 2015, in response to the public consultation launched by the Direction Générale de l'Énergie et du Climat (DGECE) in March 2015.
20. It effectively entails a cross-subsidy between underground storage and transmission: any positive or negative difference between the allowed revenues of underground storages, and the amounts recovered from shippers through TPA tariffs to underground storages, will be passed on to transmission tariffs through a new term.
21. Given that the reason of regulating storages in France is their lack of profitability in a negotiated regime, combined with their desirability in terms of security of supply, the expectation is that underground storage costs will be borne by transmission tariffs.
22. **Enagás is concerned that the newly-created cross-subsidy between underground storage and transmission will contribute to increase tariffs at VIP Pirineos.**