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Public consultation of 27 July 2016 on the next tariff for use of the GRTgaz and TIGF natural gas transmission networks

Dear colleagues,
EconGas appreciates the opportunity to respond to the French tariff proposal for the 2017-2020 period. Please find below our replies to the questions raised.

- 1) EconGas is in favor of any mechanism that does not overburden transportation tariffs that are not depending on the market zone merger. In our view the network points (cross border points or LNG terminal connections) that benefit the most from the PEG/TRS merger are based in the South and thus their tariffs should be increased accordingly to come up for the investment related to the merger.
- 2) We prefer a tariff period starting with October and ending with September. This is in line with EU-wide harmonized capacity product years and also gives interested parties maximum transparency and predictability when bidding for capacity products. A less preferred but still feasible solution would be a tariff setting based on calendar year terms, which is also used in many European countries.
- 3) We would like to point out that incentivizing the installation of new infrastructure should be limited to cases where it is needed and welcomed by the market. The creation of new capacity should however be not incentivized if existing capacity is maintained and interrupted to an excessive extent. The focus should be put on optimizing the utilization of such existing capacity, especially when it is already contracted by and invoiced to shippers.
- 4) No comment
- 5) No comment

- 6) We are fine with any mechanism to ensure the expenses of TSOs stay within the approved range. In this regard the exclusion of certain projects of this scope creates the impression that those projects can be pursued without any cost control. Since it is the transport customers who are mainly financing the expenses of a TSO, we appreciate cost control mechanisms with a maximum level of transparency.
- 7) In particular the availability rate of user portals and TSO data platforms should remain in focus. Even though the measured results are evidently good, it needs to be ensured that market relevant data is always available.
- 8) We think TSOs must not be incentivized through bonus payments. The cost related to data provision is covered by the regulated income TSOs generate from their customers, and as a service provider it should be a TSO's utmost interest to perform as well and accurately as possible. Penalty schemes make sense only if there is a mechanism to ensure such extra payments are not covered by the customers in the end.
- 9) Please see answer to question 8)
- 10) Transport customers holding firm capacity expect this capacity to be firm throughout the contract period, whereas short term maintenance windows are considered necessary and are accordingly accepted. Especially in the case of GRTgaz the frequency and also extent of interruptions is a) costly for transport customers and b) making everyday life really difficult because of availability changes being communicated on short notice. Capacity interruptions for durations of more than 50% of all days of a year [reference year 2015] or even more should be refunded to shippers accordingly. TSOs have a responsibility to provide network users with firm capacity and in other countries TSO capacity is maintained in a much more efficient manner than in France. We therefore do not see a reason why a TSO should receive an incentive to improve the performance. The financial damage is fully burdened by shippers which is why they should get compensated for the contracted service they cannot use. We also propose an adaptation of corresponding clauses from GTCs published by German TSOs which allow shippers to exit contracts if the transport conditions are continually deteriorating or tariffs are increasing.
- 11) We believe that services should be paid only by network users who effectively make use of them. For instance, holding H-Gas contracts should not be penalized by adding socialized conversion fees on top if the contracted capacity is exclusively used for H-Gas services.

12) No preference

13) No preference

14) No comment

15) We are wondering how the projected energy purchase expenses are determined. Considering the significant amount of interruptions observed on the GRTgaz grid, any projection in terms of volumes seems too optimistic. If transport customers are prevented to use their capacity to full extent caused by excessive maintenance windows, the amount and cost of purchased energy will be accordingly lower.

16) No comment

17) No comment

18) No comment

19) A TTF benchmark assumption of 16€ over the projected period is at the moment not visible on the market. In order to ensure cost-reflective projections for energy purchases, we would prefer a more bearish approach.

20) No comment

21) No comment

22) We support any approach that ensures a cost-reflective allocation of network costs. The split-up should be adequately designed.

23) EconGas welcomes the intention to allocate a large part of the additional investment onto capacity at Pirineos PIR.



24) EconGas would welcome a shift in tariffs insofar that the balance between transit capacity and domestic capacity should be more outweighed than it is at the moment.

25) See answer to 24

26) No comment

27) EconGas welcomes the idea of lowering PIR tariffs in 2017 and a consecutive inflation-based indexation in upcoming years. We also support the idea to lower general PIR tariffs in the first place and the increase in Pirineos tariffs.

28) No comment

29) No comment

30) EconGas proposes a more market friendly approach regarding the treatment of maintenance-related capacity curtailments. The significant amount of maintenance works must be reduced, and shippers should be relieved for unusable capacity by applying a compensation mechanism (refunds etc).

31) No comment

32) No comment

33) No comment

34) No comment

35) No comment

36) No comment



37) No comment

38) No comment

39) No comment

40) No comment

41) No comment

42) No comment

Should you require additional feedback or in case of upcoming questions, please do not hesitate to contact Alexander Frank (alexander.frank@eongas.com; tel: +43 (0) 50205 8416) or Jörg Weissgerber (joerg.weissgerber@eongas.com; tel: +43 (0) 50205 8400).

Kind Regards

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