



CRE consultation n° 2017-16 on the analysis of 10-year development plans of GRTgaz and TIGF



EFET response – 7 December 2017

The European Federation of Energy Traders (EFET) thanks CRE for the opportunity to react to its analysis of the 10-year development plans of both GRTgaz and TIGF, even if the deadline to answer this consultation launched on 16 November is quite tight.

Moreover, EFET regrets to notice that the GRTgaz plan was made available very late in the process, thus leaving very little time to stakeholders to analyse in detail such a comprehensive document.

Furthermore EFET encourages CRE to publish any public consultation also in English language.

Question 1: Les modalités actuelles de consultation du marché par les GRT vous donnent-elles satisfaction ?

In general, EFET is fine with the modalities of the consultation, but feels that there is still room for improvement as already indicated above..

Question 2: Quelle est votre analyse concernant les prévisions de consommation présentées par les GRT dans le bilan prévisionnel pluriannuel et les plans à dix ans des GRT ?

EFET takes note that the TSOs proceeded with an update of the three trajectories by 2026, taking into account the consumption observed in 2016. The three *volume*

forecast scenarios underline that the French system is well dimensioned and does not need any further investment, whether internal or cross-border.

While we agree with the conclusions of the plan, EFET would welcome a *peak forecast* scenario to complement the volumes scenarios presented in the plan. The expected higher need for flexibility in gas demand in the next decade, combined with the fact that peak demand is one of the key parameters to identify needs for investments in energy infrastructures, make peak forecast more important than a volume forecast. According to our view, the peak scenario would also confirm that no infrastructure investment is needed at this stage, and reinforce the conclusion of the plan.

Question 3: Quelle est votre analyse des prévisions d'injection de gaz d'origine renouvelable présentées par les GRT dans leurs plans à dix ans ?

In general, the French transportation network should be able to cope with around 12 TWh of renewable gas as stated in the consultation.

However, we are interested to learn more about the financial and technical assumptions the “operators” took to work out their 90 TWh renewable gas by 2030 scenario. The same is true for the ongoing ADEME, GRDF and GRTgaz study on 100% renewable gas in the 2050 perspective.

Question 4: Avez-vous des observations sur le niveau des capacités d'entrée et de sortie ?

EFET considers that the French gas transportation network is now meshed and interconnected enough to ensure not only security of gas supply but also diversification of sources and development of competition and gas markets. Therefore, EFET considers that the level of existing capacities is high enough on both entry and exit sides of the French gas system.

Question 5: Avez-vous des remarques concernant les projets décidés par les GRT et déjà approuvés par la CRE ?

No remark

Question 6: Avez-vous des observations sur les projets à l'étude ?

EFET shares the view of CRE that each investment into the (French) natural gas network has to be at same time economically viable and justified to cope with forecasted security of supply problems. Such criteria are to be tested in a solid cost-benefit analysis for each investment project.

Question 7: Avez-vous d'autres remarques en ce qui concerne les plans décennaux de développement de GRTgaz et TIGF ?

We make the following general comments on the TYNDP and PCI processes not restricted to the plans of GRTgaz and TIGF.

On 24 November 2017, the European Commission published its Third PCI list. Defining appropriately this list is of key importance for the gas industry, and the EU.

Some of the PCI projects, such as those focusing on giving access to new sources of gas to Europe that are backed by strong commercial interest, are key to support a diversified EU gas market, and PCI support is most welcome. Some projects that are answering dire Security of Supply issues are also welcome. Other projects have been withdrawn from the list, which is here again welcome, as projects that are not supported by commercial interest will see their costs socialised, and increase cross-border transmission tariffs unnecessarily. These redundant projects would indeed be counterproductive for European gas market integration.

In the process itself to define this Third PCI list, progress was made, notably in the identification of needs, and in the involvement of the ENTSOG team in charge of the TYNDP to improve this tool. However, the final selection of projects on the European Commission side lacks transparency, casting a shadow on the results of the whole process. As noted by CRE in the consultation document, this opaque process does not exclude the inclusion in the final PCI list of projects not backed by a positive cost-benefit analysis or projects that could have detrimental effects on cross-border transmission tariffs.

Throughout Quo Vadis and Tariff Network Code discussions, EFET has repeatedly expressed concerns about assets that are currently stranded and potential new infrastructure that is not underwritten by the market and which may add to the stranded assets of tomorrow. Where such projects are proposed on security of supply or other non-commercial grounds, it is essential that these projects are accompanied by a thorough Impact Assessment including Cost Benefit Analysis showing the quantified benefits of the proposed investments and how the associated revenue stream will be recovered. The assumed duration of benefits should also be shown and whether the investors' projections of future gas flows are aligned with scenarios used by the European Commission. They should also clearly show whether the proposed PCI projects are requesting political support only, or what amount of financial support is also being sought.

For the next PCI exercise, efforts to improve transparency and fairness of the process should not stop at the selection phase of the projects by the European Commission.