

**To:**

Mme Virginie SCHWARZ  
Directrice de l'Énergie  
Direction Générale de l'Énergie et du Climat  
Ministère de la Transition Ecologique et Solidaire  
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**Object: Draft arrêté establishing the rules for the use of cross-border modulation tools for the fulfilment of the gas storage obligation in France**

Dear Ms Schwarz,

It has come to the attention of EFET that DGEC has recently published a draft arrêté with a methodology detailing what kind and how much cross-border sources of modulation suppliers can use to meet their gas storage obligations in France.

The consideration of cross-border modulation tools for the fulfilment of the gas storage obligation of suppliers with French customers is a step in the right direction. EFET has long asked for a reform in that sense and welcomes progress that DGEC is making on that front. However, we regret that stakeholders have so far not been consulted on the proposed methodology. The short timeframe given between the publication of the draft arrêté and its approval into law is also particularly unhelpful.

Indeed, we believe that the draft arrêté needs more elaboration and does not yet provide the basis for a sound participation of cross-border modulation to the fulfilment of the gas storage obligation in France. EFET would like to stress that its members

are serious about complying with their obligations and expect French authorities to help them meet this objective. In the meantime, we would like to provide our views on the current draft arrêté, as shared by DGEC last week:

- 1) The current draft only mentions using resources in the European Union but not **resources in the European Economic Area and beyond**. We would like to clarify whether this means that modulation tools outside the EU, such as gas fields in the North Sea and beyond, are indeed excluded as an alternative source of modulation.
- 2) The current wording suggests that the methodology **only applies for the winter 2018-2019 onwards** due to the deadline to declare cross-border sources of modulation by May 31<sup>st</sup>. EFET would welcome explicit clarification whether or not the new methodology applies for the coming winter (2017-2018).
- 3) The current design of the methodologies suggests that the amount of cross-border sources of modulation DGEC will allow one supplier to use depends on the amount of cross-border sources of modulation other suppliers will declare. In practical terms, **the methodology as it stands does not allow suppliers to control their ability to comply with the storage obligation** since they cannot predict the behaviour of other suppliers. If the aim of the methodology is to provide clarity and reduce regulatory risk to suppliers, as well as ensure security of gas supply in France, we believe the draft falls short of meeting that objective.
- 4) The current draft provides **gas flow constraints at entry points into the French system** for suppliers declaring cross-border modulation tools without considering existing suppliers engagements or wholesale market price signals. These constraints are not consistent with the aim of the reform from an economic or security of supply point of view, and may very well be in breach of European Union legislation.
- 5) The current draft considers a **10-year historical winter maximum utilisation rate for all “other modulation tools” and establishes a cap for the contribution of cross-border modulation tools at the maximum winter flow at entry points over the past 10 years**. These rules seem excessively

stringent considering the evolution of the European gas market over the last 10 years. They also create discrimination between suppliers, for instance regarding the date of commissioning of the different modulation tools or the date of signature of the underlying contracts. Shortening the period to three to five years could help better reflect the current reality of the system.

- 6) The current draft does not **provide suppliers with any reference numbers they can use for each border point**: particularly, the difference between technical capacity and the maximum daily flow in the last ten winters at a particular border point is missing. These figures, as well as the underlying methodology for their calculation, should be made available as soon as possible. Moreover, we have concerns with unclear definitions in the methodologies, as well as their technical soundness, e.g. their ability to deal with zeros. These risks significantly add to the existing uncertainty surrounding the French storage obligations and we kindly request a strong commitment to produce the clearest and most unambiguous legal provisions possible.

We hope you will consider our comments above as a contribution to further improve the text of the arrêté. We remain at your disposal to discuss the matter in person at a future date.

With best regards,



Jérôme Le Page  
EFET Task Force France secretary