Market Consultation Process
Agenda

1- What feedback on the system after 6 months

2- Works in progress

3- Focus on the results of the “Changes in the network’s contractual structure” group
A new stakeholders process launched in October 2008

- Market players, French regulator and ministry of energy and environment, 2 French TSOs

Two levels: a Steering Committee and Working Groups

Current Working Groups

- Changes in the network’s contractual structure
- Balancing
- CCGT operation
- Capacity allocation
- IT system coordination
- Industrial Customers “3CTG”

A dedicated website online

To share information and collect contributions: www.concertationgaz.com
Report

Active

- 6 Working Groups – 3 Steering Committees
- Sustained rate and frequency of meetings

Constructive and productive

- Active participation and extensive discussions
- Effective validation of outcomes

Transparent

- Published progress report to monitor the system
- Reactive update of concertationgaz website

The consultation system is running according to target
Highlights

Functionning

- Frequency of Working Group meetings: compromise between due dates to respect and realistic time investment
- Consistency across the different Group’s workshops (e.g. CCGT and Balancing)

Widen the audience

- Develop transparency even more
- Arouse contributions through the website – a little reminder
- Other subjects to work on?

Make all stakeholders participate to the studies on long term issues
Informations provided: News and detailed reports of the steering Committees, access to all the documents of the working groups, agenda…

Quick and Easy Online subscription to access the private part of the website
Works in Progress
Capacity

Shippers’ meeting June 03, 2009
Working group members

- Altergaz, Direct Energie, EDF, ENI, Eon Ruhrgas, Eon Energy, Gaselys, GasNatural, Gazprom M&T, GDF SUEZ, Poweo, Rhodia Energy, Statoilhydro, TGPL
- GRTgaz, Fluxys, CRE

Framework

- CRE : “developing liquidity and transparency…” through multilateral service; tool inseparable from capacity allocation
- GRTgaz : service has to remain economically neutral for GRTgaz
Capacity Allocation WG : Conclusions

 Avenues investigated

 Market maker ; alternative contractual scheme to the EFET contract; change to the multilateral tariff; clearing house

→ No shared view by market players on potential improvements

 Very limited use of the multilateral service

 28 capacity exchanges between 2 companies representing 120 GWh = out of 6581GWh

 Is the market mature ? Time needed to see this market develop ?

 The way forward ?

 GRTgaz proposal: revenues/costs of the platform included within regulation framework

 CRE ruling awaited late June
Capacity Allocation WG : What next on the agenda ?

Coming soon !?

- CRE consultation on « the access to natural-gas transmission networks in France and on the development of gas interconnections with Spain”

→ Deadline for responses: 29 May 09

- Probable launch of a Capacity Working Group on enhancing fluidity between GRTgaz North and South Zones and TIGF Zone, depending on results of the consultation
Working Group: 
Operating Procedures of Combined Cycle Gas Turbines
Working Group Details

- A pre-existing group in operation since the beginning of 2008

- Composition:
  - Transmission infrastructure operators:
  - Other infrastructure operators:
  - Electricity producers that already have a connection contract or design agreements in France
  - French Regulator, French Government
  - A representative of the other industrial customers
  - A representative of the Shippers

- Subject Definition: **Operating Procedures of Combined Cycle Gas Turbines**
Regulatory inputs

The Regulator launched a public consultation on the subject in March.

At the end of April, CRE published a ruling:

- a large scale technical and economic study
- participation of the other infrastructure operators
- the Working Group approval of the specifications
- the final results of the study at the end of September
- specific rules for electricity producers on Transportation tariff in April 2010
- maintain the French day-balancing system for CCGT
NEWS: specifications have now been approved

- A 2-part study
  - Description of the current within-day flexibility
  - Forecast flexibility offer-demand balancing

- For each part, the results will be presented for:
  - The whole of France and geographical areas concerned by flexibility.
  - Different periods of the year

- Input from:
  - Electricity producers: their forecasts for within-day fluctuation
  - Other infrastructure operators: the additional flexibility tools

- In case of potential lack of flexibility
  - Investments and operational costs required
Working Group Planning

- **Until this summer:**
  - Presentations of the first interim study results

- **In September:**
  - Presentation of final results

- **To come:**
  - Drafting of new specific procedures for CCGTs
Conclusion

Subject with potential impacts on many items: balancing, network structure…

You will receive feedback on this.
“3CTG Group”

GRTgaz Spring Shippers Meeting 3 June, 2009
Brief background / Current scope

- The Consumer Consultation Committee for Gas Transmission (3CTG)
  - created in 2004
  - integrated in concertationgaz process since 2008

- 3CTG has included representatives from:
  - Industrial consumers:
    - UNIDEN (big consumers)
    - FG3E (heat network industrials)
    - UFIP (petroleum industry)
    - Electricity producers
  - Transmission Operators: TIGF and GRTgaz
  - Regulatory Authority and Administration: CRE and MEEDDAT
3CTG WG: Working Topics 2009/2010
in planned order of priority as of March 17, 2009

- Continue work on load shedding
  - Draft a questionnaire for Customers *(completed)*
  - Sample-test this questionnaire by UNIDEN *(completed)*
  - Define criteria *(completed)* and publish these criteria
  - Send out questionnaire by TSOs (June 09)

- Develop the determined quantities sharing agreements/Purchase Offer on the PEG
  - Presentation on May 12

- Metering
  - List recurring questions and build an FAQ on this subject
  - Inform Consumers about metering technologies, methodologies and regulations
  - List requirements of industrial sites (general requirements & information supply needs)
Gas quality

- Level of commitment in the contract on liquid phases
- Produce a map of critical sites/processes based on quality and constituents of gas
- Impact of the potential shift to hourly balancing.
- Impact of new projects (CCGT, terminals…) on changes in the physio-chemical quality of the gas delivered to end consumers
- Odorization – specific de-odorization requirements?

Liabilities and limits of liability

- Liability ceilings - Link with the themes of quality and load shedding
- Risks – how reflected in contract
IT System coordination

June 3, 2009
Goals to achieve

- A project to **renew** our Customer IT system to
  - support the **market evolution**
  - reduce the **time to market** of GRTgaz services
  - build a system
    - ✓ more **open** to the outside
    - ✓ more **reliable**
    - ✓ with an appropriate level of **security**

- The **IT coordination WG** aims to:
  - **involve** interested customers
  - take customer **feedback** into account
  - **prepare & coordinate** the change management

⚠️ *the scope of the WG does not include any change to GRTgaz products and services*
Schedule

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**Meeting frequency:**

- **Components:**
  - Functional
  - Info doc
  - Exchanges
  - Post-project
  - Planning
Way to progress & progress report

- Items to be addressed prioritised and scheduled: 6 meetings between January and early July
- 5 meetings held

1. Provision of data & formats/channels of publication (WG1, WG2)
2. Operational alerts (WG2)
3. Online capacity booking (WG3)
4. Electronic format for contractual documents (WG3)
5. Portal ergonomics (WG4)
6. Commercial information (WG5)
7. Specification for communication (WG6)

Deliverable: functional summary
- proposals to tackle each discussed item
- input for the next steps
  - build
  - change management

- Recap of existing system
- Analysis / feedback
- Expected modifications
- Proposals of implementation
Next steps

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Partial V1 (CRM & portal)
Change management

**Meeting frequency**

**Functional**

**Exchanges**

**Planning**

**Post-project**
Balancing

Shippers’ meeting June 03, 2009
Balancing WG : Scope

- Working group members
  - Altergaz, Direct Energie, EDF, Eon Energy, Gas Natural, Gazprom M&T, GDF SUEZ, Poweo, Rhodia Energy, Tegaz, TGPL, UNIDEN, EFET
  - GRTgaz, Powernext, CRE

- Scope
  - Change of the Reference Price used by GRTgaz as the basis to cash-out shippers imbalances (P1 and P2) following the launch of the Powernext Gas Exchange
  - Scope has been widened to GRTgaz intervention on the Powernext Gas Exchange
Balancing WG: Emerging consensus

- Transfer GRTgaz’ interventions from the “Balancing Platform” to the Powernext Gas Exchange by the end of 2009
  - GRTgaz interventions are about “price-taking”: necessary to ensure a sufficient liquidity, both for day-ahead and within-day.
  - Algorithm for GRTgaz intervention to be defined
    - Anonymity, ensure non predictability, aggression windows, size of lots, liquidity requirements / conditions on the Bid-Ask spread, etc.
  - Minor adjustments in order to take into account the shift from a bilateral blind auction to a multilateral anonymous platform
    - No cap on market share, Fridays WE product for the weekend instead of current Friday J-1
- Shift to a Powernext Gas Exchange reference price at the same date
  - Balancing price = GRTgaz intervention price (no change)
  - 50% Within Day + 50% Day Ahead price (no change)
  - Same methodology for North and South prices
- Pending on CRE decision (expected Summer 2009)
Balancing WG: Proposed timeline

**Current System**
- From Balancing Platform GRTgaz
- Late 2009

**Convergence Powernext Gas**
- From Powernext Gas Exchange
- In 2010

**Gradual improvement towards Target Balancing**
- On the Gas Exchange based on Global Network Imbalance
- Early 2012

**Imbalances Reference Price**
- GRTgaz Intervention
- On Balancing Platform GRTgaz

Discussions on the Target Balancing Regime, including **Global Network Position indicator**

- Late 2009
- In 2010
- Early 2012
Working Group:
Evolution of the contractual structure of the gas transportation network
(GT structure)
In October 2008, alternative suppliers (Altergaz, EDF, EON, ENI, Gas Natural, Gazprom, Poweo) sent to CRE, DGEC and TSOs position paper:

- explaining the difficulties for new entrants to get competitive access to the GRTgaz South zone, and

- proposing a solution to solve them in the medium term, through the merger of the GRTgaz North and South zones, and describing such solution.

In November 2008, within the framework of the concertation French gas transmission, the working group « Evolution of the contractual structure of the gas transportation network » was set up and 3 items were identified:

- **Item 1**: Access to GRTgaz South balancing zone
- **Item 2**: Access to the low calorific balancing zone
- **Item 3**: Access to TIGF balancing zone

The item 1 « Access to the South zone » was classified as the priority.
Participants of this working group, animated by EDF:

- CRE, DGEC
- Shippers: Altergaz, ENI, EDF, EON, Poweo, Gas Natural, Gazprom, Rhodia Energy, GDF-Suez, TGPL
- UNIDEN
- TSOs (GRTgaz and TIGF)

During its works:

- participation in the group has been extended to Elengy, STMFC and Storengy,
- a subgroup has been set up to prepare plenary meetings: Poweo, GDF Suez, EDF, GRTgaz, CRE.
General agenda

- In light of the foreseen Open Season for the development of interconnections between France and Spain to be launched in 2009, CRE asked the working group to deliver its first conclusions not later than end of April 2009

- Public consultation in May leading to decisions at the beginning of July 2009

- As of September 2009: works on the implementation of the solution decided, potentially leading in 2010 to another public consultation and to CRE decisions,

- Implementation in April 2011

Agenda of the WG in Q1 2009

- 15-12-2008: kick-off meeting

- 9 plenary meetings and 5 subgroup meetings

- 24-04-2009: report of the works finalized

Organisation

- Minutes of all these meetings were recorded and approved by the participants

- All the documents and minutes available on the Concertation Transport website
Objectives of the WG for the « access to the GRTgaz South zone »

- To study and submit to CRE, before end of April 2009, an economically sustainable and efficient solution for improving competitive access to the South zone to all suppliers,
- With a target deadline of April 1, 2011 for the implementation of this solution,
- To set appropriate indicators for measuring and tracking improvements in the situation in the South,
- To study any intermediate solution that would facilitate access to the South zone and that could be implemented before that date.
Q1 2009 working plan

- Definition of indicators for the accessibility to South and TIGF balancing zones (mid of January 09)
- European benchmarks (end of January 09)
- Transmission network studies (GRTgaz – February 09)
- Main principles of the envisaged mechanisms for zones merger (March 09)
- Alternative solution for a better access to the GRTgaz South zone (March 09)
- Final report (April 09)
  - Common synthesis of works, and
  - Comments of each participant
Works of the group

Two main solutions were studied to improve access to GRTgaz South zone (by providing equal competition conditions to each supplier):

- The solution proposed by the alternative suppliers in the “Position Paper dated 17 October 2008”:
  - As of April 2011 merger of the North and South zones, based on regulatory and contractual measures, in combination with extensions of the network that may be completed later on

- On CRE request, an alternative solution
  - based on keeping two separate North and South zones

Nota: in parallel of the studies by the working group on the North/South issue, and in light of the envisaged Spain/France Open Seasons, CRE asked GRTgaz and TIGF to study a merger (or equivalent) of the GRTgaz South and TIGF zones
Physical situation in South France (GRTgaz South + TIGF)

- In 2011, the supply of South of France (TIGF + GRTgaz South) is mainly a matter of volume:
  - Tight yearly volume balance (consumption + transit to Spain) in all climatic scenarii, if flows to Spain are at the maximum capacity to Spain (100 GWh/d in 2011). This yearly balance is relaxed if flows to Spain decrease, and more in case of reverse flow from Spain to France.
  - Peak balance relaxed in all scenarii: due to significant storage capacities (TIGF, GRTgaz South).

- As the filling of the storages in the South is necessary for the security of supply and given that the North to South capacity is limited (220 GWh/d firm + 230 GWh/d interruptible), the supply of TIGF/South zones requires minimum LNG deliveries in Fos (with a level that can be adjusted in relation to consumption in the South and to the flows between France and Spain).

- Merger by reinforcement of the transportation network is not possible before 2015 and costly (2600 M€).
North / South merger as of April 2011

Based mainly on two mechanisms:

- **Minimum flow commitment at Fos**
  - Target: to warrant the Grand Sud yearly volume balance
  - Necessary commitment of shippers holding long term subscriptions at the Fos terminals for minimum LNG unloading, with possible remuneration,
  - Level of monthly minimum LNG deliveries at Fos to be continuously adjusted by GRTgaz on the basis of the Grand Sud heat balance (Grand Sud level of gas in storages, consumption, flows between France and Spain)

- **Geographical balance market mechanism (solution implemented at the French power transport network)**
  - Dynamic tool for GRTgaz for the physical management of the daily flows, in order to solve potential flow congestion and geographical unbalanced situation (shippers having to be balanced on GRTgaz zone),
  - By sales and purchases to be made GRTgaz at various physical points of the transport networks: PITS, PIR, PITTM, potentially PLT.
Alternative solution – North and South zones maintained

Several measures envisaged

- Partial transformation of North to South interruptible capacities in conditional capacities, enabling GDF Suez to release for the other suppliers firm North to South capacities (max 100 GWh/d). Availability of conditionnal capacities based on flow conditions at Montoir, Fos and Obergailbach.

- Change in the allocation of North to South capacities, with various alternatives:
  - Normalized allocation (similar to storage rights): based, for each supplier, on its South needs (end-user portfolio + historical transit to Spain), its South entry capacities (Fos + Spain) being deducted, or
  - Auctions: all the South entry capacities having at the end of the day the same price, or
  - Priority to new entrants and to shippers delivering the final market.

- Modification of the allocation of capacities at the Fos Cavaou terminal:
  - Releasable capacities for shippers supplying the South end-user market
  - Short term capacities (10% for 3 years): priority to suppliers delivering the final market and committing minimum LNG unloading.
Highlights

- Structuring issue: changes to the contractual structure of the transmission system, and to the French market design

- Tight deadline: 4 months and 14 meetings

- The working group was unable to reach a consensus on the analysis of the two solutions. The final report also sets out the main areas of disagreement and the main reserves and objections put forward by the WG participants
Outlook

- The final report of the working group forms the basis for the public consultation launched by the CRE at the beginning of May 2009

- This consultation will lead to CRE decisions on the structure of the transmission system for the coming years
  
  - CRE’s deliberation: foreseen for the beginning of July 09

- These decisions will also be a basis for finalising and launching, during Summer 09, the 2013 Open Season on the development of interconnections between France and Spain.

- The working group will prepare the operational implementation of the principles decided.