

Date	June 16, 2009
Circulation	Members of the Steering Committee Public section published on www.concertationgaz.com
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1. Present

CRE	Florence Dufour Sébastien Zimmer	ENI	Fernanda Scianna
Poweo	Frédéric Contie	GDF Suez	Dominique Puybonnieux
FG3E	Pierre Tringali	Direct Energie	Stephan Petersen
UNIDEN	Philippe Kehren	TIGF	Vincent Larue
Gas Natural	Manuel Cabanillas	GRTgaz	Guy Fasanino
EDF	Fabrice Pallier	GRTgaz	Bernard Prost
DGEC	Jean-Pierre Holuigue	GRTgaz	Jean-Pierre Gory
Altergaz	Nicole Kamba	GRTgaz	Nelly Nicoli
Total G&P Ltd	Juliette Delaunay	Horisis Conseil	François Breuillier

2. Agenda

1. Progress report on the consultation system
 - Feedback from the GRTgaz “shippers” satisfaction survey
 - Requests to take part in the consultation process
2. Progress of the groups
 - Indicators and schedule
3. New topics

The slides showing at the meeting are available at www.concertationgaz.com in the Steering committee section.

3. Summary of discussions

Progress report on the consultation system

[Feedback from the GRTgaz “shippers” satisfaction survey](#)

The GRTgaz satisfaction survey conducted with 42 shippers in March 2009 reveals that two thirds of the shippers are aware of the consultation process, and that 68% of those who are aware are satisfied with it.

Awareness of the dedicated consultation website ([ww.concertationgaz.com](http://www.concertationgaz.com)) is low (24%). 67% of those who use it consider that it meets their needs.

Only half the shippers are aware of at least one of the working groups. The work of the “Capacity Allocation” and “Balancing” WGs aroused the most interest.

Given these findings, a campaign to promote the process and the website would seem necessary. Two types of initiative to promote the website are underway. Firstly, the establishment of a proactive communication process through the launch of a Newsletter and alerts when documents are posted online. Secondly, a dialogue area will be provided on the website in the form of a discussion forum, to encourage contributions from all interested parties.

CRE intends to put a link to the consultation site on the CRE website. GRTgaz noted suggestions from the participants: RSS feeds, useful links, etc.

[Requests to take part in consultation](#)

ENI is now a member of the Steering Committee, following its request to the transmission operators, approved by CRE.

The Snet has asked to take part in the “3CTG” working group. Given the presence of 2 representatives of electricity producers on the 3CTG, they will need to form a joint organisation to take part and share information on the discussions without increasing the number of participants. In order to make the task easier for them, the agenda and presentation documents should be sent as far in advance as possible.

StatoilHydro has put in a request to take part in the “Balancing” working group. This request was approved by the Steering Committee.

Progress of Working Groups

[Changes to the system’s contractual structure \(F. Pallier\)](#)

In accordance with the relevant terms of reference, the group provided a summary of the work on April 24. CRE began its public consultation on April 30. The regulator’s ruling should be given at the beginning of July. In line with the initial terms of reference, the group’s role will then be to define how the regulator’s ruling is to be implemented operationally.

For the Chairman (GRTgaz), the task of implementing CRE’s future ruling should be divided between the “Capacity Allocation” and “Changes to the system’s contractual structure” working groups, depending on the content of the ruling. A debate was begun on this question.

Regarding CRE’s deliberation process, CRE specified that under the consultation, the 2-stage procedure of allocating North–South capacity proportionally had not been considered satisfactory. The parties involved therefore need to meet very quickly to adjust the allocation rules for the next sale of capacity, which is to take place in September for capacity beginning in April 2010. Several options were proposed, including the questions of renomination and a *pro rata temporis* rule in

the case of UIOLI, the idea of “standardised” allocation based on portfolio size in the South zone, the possibility of converting firm capacity into conditional capacity on the link ... All these options need to be discussed quickly in an appropriate working group.

For the Chairman (TIGF), the allocation rules are a specific subject, where the mechanical and operational aspects take precedence over the political. The transmission operators are neutral on the subject. This means that the subject of capacity allocation needs to be treated separately from the subject of longer-term changes to the structure of the system. The “Changes to the system’s contractual structure” working group must remain focused on the more strategic aspects.

CRE agreed that the priority of the “Changes to the system’s contractual structure” working group should remain the future transmission system. The scope of its remit covers the nature of transmission capacity, the France–Spain interconnection and the North–South link, and the interface between GRTgaz South Zone and TIGF. A work schedule on these subjects needs to be proposed at the next Steering Committee meeting.

The “Capacity Allocation” working group is likely to be called upon depending on the results of CRE’s ruling and will then need to adjust its structure to this work. Poweo wants this group to include representatives from pure trading activities. All the shippers will be invited.

Poweo also noted that all conceivable options should be included in tackling the subject of allocations and the aim should be to find an integral solution and not a mix of different solutions designed to satisfy everyone, which in the end would satisfy no one.

CRE emphasised that the long-term aim is to define the structure of tomorrow’s system and the associated methods of allocation, but that it is out of the question to introduce a target allocation system for the month of September. The urgent objective is to improve the current allocation procedure.

The first phase will entail adapting the current allocation rules for the capacity to be sold from April 2010.

The second phase will involve discussions on choosing a new system from 2011.

CRE will provide some guidelines to facilitate the work. The group will be headed by the transmission operators in a neutral manner.

The “Capacity Allocation” group would need to meet before mid-July.

[Electricity Producers Club \(JP. Gory\)](#)

The group’s work is based around the schedule that arose from the CRE ruling on the conditions of access to the gas transmission system of the electricity production plants. The group had approved the Terms of reference of the technical study in May. The results would be known in September.

In July, an analysis would be conducted on exchanges of operational data with the sites that are going to be up and running. After the summer, the group will be working on the connection procedure and the question of exchanges of operational data will be extended to all the sites, in particular the sending of the hourly schedule a day in advance (i.e. on day D-1 for day D). UNIDEN thought that the problem was the fact that consumption by the CCGTs is modulated on an intraday basis, while gas is priced by the day and electricity by the hour.

GDF-Suez pointed out that the gas/electricity spread is not large in France, and that the profile chosen for the CCGTs is the semi-base. The "Peak off Peak" format is the basis of the forecast model for the French market. The gas/electricity spread is not an essential component of the business plan.

Poweo commented that the group is at the stage of coming to grips with the subject. GRTgaz observed that at this stage, the aim was to study the balance between the availability and supply of flexibility, including all the input factors, in particular the possibilities afforded by the different sources of flexibility.

In addition, GRTgaz pointed out that the regulator had ruled in favour of maintaining a daily balance.

Poweo believes that the results of the study will bring out any difficulties, in particular relating to the geographical location and number of the power stations, and that a balance will then have to be determined.

CRE noted that incentives currently exist to locate CCGTs near entry points. In addition, GRTgaz has recently put out information on the short-term interruptible transmission service.

EDF requested that the working group should meet its deadlines for producing deliverables, as these could have a significant impact on the ongoing connection plans.

[Balancing \(B. Prost\)](#)

The working group is converging on a solution agreed by all the participants. The focus of the work has been the reference price, a proposed change to the mid-range and GRTgaz's intervention on the Gas Exchange.

The group has reached a consensus on the transfer of GRTgaz's activities from the Balancing platform to the Gas Exchange and on the price reference, based on GRTgaz's intervention price on the Exchange and not on the DAP (Daily Average Price).

The reference price will be based 50% on the Within-Day price and 50% on the Day-Ahead price. The eventual aim is to base the reference price totally on the Within-Day price, but the market is not yet developed enough, which explains the role of Day-Ahead, which provides greater stability.

Work is in progress on the algorithm for determining procedures for GRTgaz's intervention, and on a system stress indicator that can be used to improve the direction of GRTgaz's intervention.

The detailed procedures for GRTgaz's intervention on the Gas Exchange should be finalised at the end of June. The group's proposals will then need to be approved by the regulator. CRE is expected to rule in the autumn.

EDF recommended that a summary report should be produced, for approval by all the participants at the working group's last meeting. The group leader confirmed that summary slides would soon be sent to track the consensus.

After the summer, the subject of the target balance study will be launched with a target implementation date set for the beginning of 2012.

[Capacity allocation \(B. Prost\)](#)

The focus of the group's work had been the **capsquare** tool. The launch of this product has been decided before the consultation system was set up and the lack of preliminary discussion has created certain frustrations. On the contrary, GRTgaz has taken the risk of developing a service desired by the market, which the market has not developed itself, but through a non-regulated entity.

The platform continues to receive criticism from users. The group has not managed to reach a consensus on the feedback and proposed improvements.

In mid-May, GRTgaz submitted a proposal to the regulator to incorporate the platform into the tariff structure. At present, the costs are not covered. CRE explained that if, despite difficulties of principle, the platform was to be incorporated into the regulatory framework, there would have to be a change of tariff structure.

Poweo pointed out that **capsquare** is a competitive service and should therefore not be included in the tariff structure. This tool offers two main services: notification of trades, which is part of regulated activity, and intermediation, which is not part of the regulated business.

CRE agreed that this was an essential question, which needs to be decided. There will be no decision before September.

Gas Natural felt that they had not been enough consultation on this tool and Poweo thought that it had perhaps arrive too soon on a French gas market that is not yet mature enough. The difficulties highlighted by certain shippers are the absence of a clearing house, the number of contracts to be made with the different counterparties and the need to sign a new contract with Fluxys in order to be able to trade capacity.

GRTgaz pointed out that the purpose of the **capsquare** platform was to optimise capacity on the transmission system, that it had been asked for by shippers and that the tool had been chosen from a small group of options. GRTgaz is pursuing its approach in order for capacity to be made available to those needing it in circumstances where that capacity is underused.

[3 CTG \(JP Gory replacing P. Bourguignon\)](#)

The group has met three times since the beginning of the year and have mainly worked on the question of load-shedding. A standard questionnaire had been defined and submitted for testing with a sample of customers. It would be sent to all customers by the end of June. A definition of the load-shedding criteria had also been established.

UNIDEN noted that there had been an overlap between this questionnaire and another questionnaire sent to industrial customers every year at the same period.

EDF asked whether a customer load-shedding list had been drawn up. The group leader specified that it was not a list of customers, but only of load-shedding criteria.

DGEC asked whether the situation had been experienced in the last crisis. GRTgaz answered that the situation had come close but not experienced. EDF wanted to know whether it was the transmission system operator which took the load-shedding decision. Activating the PNUG (National Gas Emergency Plan) is the prerogative of the Minister. If it is activated, a crisis unit headed by the Ministry is set up and the Ministry takes the final decision to order the load-shedding following a proposal by the transmission system operator. In the last crisis, GRTgaz had sent an alert message to all customers, and then had individually warned certain sites where load-shedding was likely to occur. Many industrial customers had spontaneously asked whether they should reduce consumption. In the end, the PNUG was not activated and no load-shedding took place.

[Information System Coordination \(G. Fasanino replacing B. Pouzieux\)](#)

Six meetings have been planned (five were held) to reach a functional synthesis in July. The work on the new IT system has been enriched by users' contributions. Most of their requirements will be able to be met. The next stage is to precise the exchange specifications. A new portal will be put into operation and the documentation associated with it will be available in November. Then the group will work on supporting the change associated with the implementation of the Trans@ction project.

GDF-Suez wanted to know what interactions there had been with the other working groups. GRTgaz confirmed that there are interactions with the other fields involved in the consultation process. If a new requirement emerges, either it is found to be already included in the existing terms of reference or that an adjustment is possible, or it will be incorporated into a subsequent version.

So far, no significant difficulties had been encountered. In principle, the possible options for the CCGT issue form part of the current specification.

New topics

[Interruptible capacity on the regional transmission system](#) – Subject raised within the “3CTG” working group

The Committee's discussions on this subject focus on the opportunity to develop this capacity following the desire expressed by certain industrial customers to have wider access to this type of capacity.

The Chairmen (GRTgaz and TIGF) explained that this capacity was initially intended to help limit investment in infrastructure in certain specific and rare cases, where the growth in consumption would not guarantee their profitability. The halt to growth in consumption means that further cases should no longer arise. GRTgaz proposed to explain again within the 3CTG the purpose of this capacity of a particular kind.

CRE confirmed that this capacity might have been useful at a certain time. At present, the number of cases is very limited and there are only a few left, and access to this capacity is not an option for the customer. There may have been windfall profits but the main tariff principles were adhered to. In any case, if the transmission operators were to consider new cases for developing interruptible capacity on the regional system, the costs would have to be fairly divided between customers, and a specific economic analysis would have to be conducted.

FG3E commented that if this capacity may provide a service to the whole community, then it is a safety valve for everyone, including the transmission operator. However, if interruptibility was removed, there would be a risk that it would no longer be available if it became needed again.

For CRE, the question of the usefulness of interruptible capacity on the regional transmission system in terms of creating flexibility on the system needs to be considered.

It was agreed that feedback should be sought on the use of this capacity.

The Committee therefore agreed to add this subject to the “3CTG” working group agenda.

[Contracting of downstream capacity by industrial customers](#) – Subject raised within the “3CTG” WG

For UNIDEN, the aim is to turn an option which is already offered to industrial customers but very little used into a general case. It referred in particular to the CART contract operated by RTE. For UNIDEN this will enhance the commercial relationship with the TSOs, simplify the system by removing a less involved intermediary (the supplier) and give greater weight to industrial customers because of the increased share of revenues they are going to represent.

The Chairman (TIGF) pointed out that before connection contracts could be expanded, they first had to be signed. UNIDEN expressed the standpoint of industrial customers who refuse to have imposed on them a non-negotiable contract that they consider unbalanced (in particular the clauses on force majeure and liability).

The Committee agreed that this subject should be treated within the consultation process and allocated to a working group. The Chairman (TIGF) commented that the requirements of industrial customers should be heeded before the subject was allocated to the group. Changes to the current contractual arrangements are to be considered at the next meeting of the “3CTG” working group, and depending on the needs expressed, the Steering Committee will define the ad hoc working group.

The list of other topics to be covered in the “3CTG” is as follows: the connection procedure, connection of the local distribution companies, CCGT queues, etc. On the latter point, CRE considers that it is a very large subject and goes beyond the remit of the “Electricity Producers Club” working group. More broadly, the Steering Committee agreed that all connection-related topics should be considered as part of the 3CTG.

[Flow netting](#)

For Gas Natural, flow netting is an old topic which is back in the news with the introduction of the new tariff structure. With the introduction of operational capacity that takes account of maintenance-related reductions, the netting rules are unfavourable to shippers in certain cases. For GRTgaz, the changes that have been introduced to improve the situation in 95% of cases, and also these changes have been explained. Nevertheless, GRTgaz agreed that certain outcomes of the changes to the rules had not been foreseen and that adjustments need to be made.

GDF-Suez wanted this netting rule to be examined on the PIRs (i.e. Network Interconnection Points) but also on the North-South link.

The Chairman (GRTgaz) requested that the “Capacity Allocation” WG should propose to tackle the question of flow netting.

[Transparency: transmission system utilisation framework](#)

At its latest “shippers meeting”, GRTgaz had provided explanations on the framework for use of the transmission system. A new presentation could be given or sent to the Steering Committee or within the working group.

The Chairman (TIGF) thought that this subject fell within the remit of the “Changes to the system’s contractual structure” WG. The Chairman (GRTgaz) therefore suggested that this subject should be dealt with by that working group. The Steering Committee agreed.

Other

Technical reference document: For Poweo, the multiple changes to the operating rules make it necessary for these to be consolidated in a single document. Gas Natural also asked for a “network code” to be set up describing all the operating rules and the commercial and operational processes. Poweo wanted this subject to be handled within a working group. At present, the shippers are suffering from a lack of transparency and would like to have a technical reference document, as there is in electricity.

CRE pointed out that this coincides with the content of the 3rd package, which clearly mentions the obligation to produce a “Network Code”.

Concluding the discussions, the Chairman (GRTgaz) agreed that there was a need to look at making the rules clearer, notably through a more comprehensive document, containing examples of applications.

Hourly penalties: In certain cases, the mechanism for adjusting hourly capacity had not worked (problem of reaction times), but overall hourly capacity had been subscribed to a good level. In order to avoid the accumulation of overrun penalties and to improve reaction times, a system to give information directly to the consumer customer needs to be set up: first the sending of a letter to the supplier with acknowledgement of receipt and confirmation of the situation with the customer. A proposal on this basis had been submitted to CRE.

The two Chairmen brought the meeting to a close.

Next meetings

September 24, 2 p.m.

November 24, 9 a.m.