

Consultation on sale of post-2018 Interconnector capacity

Submission by GDF SUEZ SA

18 February 2015

I. Introduction :

Thank you for allowing GDF SUEZ the opportunity to comment on your consultation with regard to the sale of Interconnector capacity from 1 October 2018. Please find our response below, which is not confidential.

II. Answers to the consultation :

Products and allocation process

Overall, GDF SUEZ is surprised that the Interconnector launches a specific and different process to sell available capacities 7 months before the latest application of the CAM network code which standardizes the allocation of available capacities within the EU.

Concerning the tariff of these capacities GDF SUEZ has two remarks :

- in accordance with the Article 1 of the European Gas regulation (EC) 715, ensuring transparency, and non-discrimination rules, GDF SUEZ would have expected a public communication about the indicative tariff, which will finally be limited to registered shippers, and the actual tariff limited to binding offers. GDF SUEZ doesn't share the fact that the competition argument is relevant and this exception is even not foreseen in the current draft Tariff Network Code. Moreover, as the current tariff and methodology are public, GDF SUEZ would like to have some information about expected variations for the constitution of this new tariff, compared to the current one, that is to say cost of the capital to be considered, evolution of the operational expenditures.
- according to the Information Memorandum and some discussions during shippers meeting of 2015/02/03, the technical capacity could be reviewed and decreased after the allocation process in case of too many unsold capacities. Behind this statement, the Interconnector should have different tariff scenarios in mind, with different hypothesis regarding the data to be computed to set up the tariff (i.e. different operational expenditures, less compressors to be used, etc). GDF SUEZ would appreciate to better understand these scenarios.

Charging Methodology

1. Do you agree that the Charging Methodology for this sale of capacity from October 2018 is appropriate?

GDF SUEZ can't say if the Charging Methodology for this sale of capacity from October 2018 is appropriate before the approval of the Tariff Network Code.

- 2. Do you support the proposal that reserve prices for entry capacity at Bacton and exit capacity at Zeebrugge will be about 25% higher than the reserve prices for exit capacity at Bacton and entry capacity at Zeebrugge to reflect the different underlying market and cost conditions?**

In order to assess the relevance of this value, GDF SUEZ would like to have the details of the calculation that have been used to determine this rate.

- 3. The price for day-ahead capacity prior to 1 October 2018 under the IAA has been set such that Shippers acquiring capacity made available from CMP mechanisms pay a broadly equivalent tariff to existing STA Shippers to avoid cross-subsidy. Do you agree that this basis is also suitable for capacity products longer than a day for the period from 1 November 2015 to 30 September 2018?**

GDF SUEZ agrees.

- 4. Do you agree that Forced Buy-back should only affect day-ahead and within-day capacity?**

It seems logical.

Contract

- 5. We seek your feedback on any elements of the IAA and IAC.**

No additional comments.