ERGEG Workshop on Pilot Framework Guidelines on Gas Capacity Allocation, Brussels, 02.02.2010

The GDF Suez and E.ON Ruhrgas commitments

DG Competition, Unit Energy and Environment

Céline Gauer, all views expressed are personal and do not commit the European Commission

Background

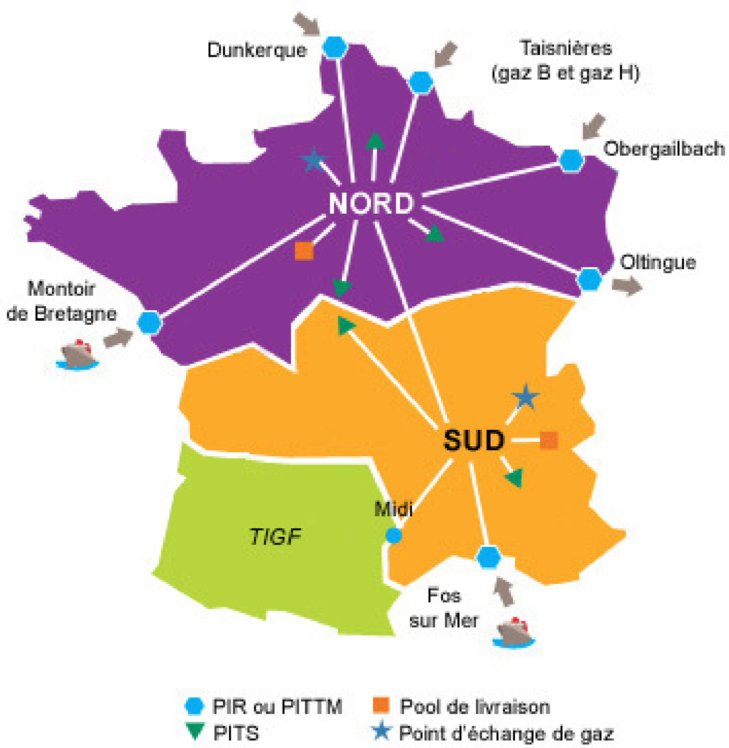
- **Sector enquiry's findings:**
  - **Lack of interconnection between Member States preventing competition in the supply markets and damaging security of supply**
- **Cases against <u>GDF Suez</u> and <u>E.ON Ruhrgas</u>**
- **Ex-officio cases:**
  - **Inspections at GDF Suez's and E.ON's premises in May 2006**
  - **Commitment decision in GDF's case on 3.12.2009**
  - **Market test of E.ON's commitments on 22.01.2010**

The competition issue

- **Import capacity is an essential facility**
- **It is controlled by the incumbent**
- **GDF and E.ON have booked most of the network Long term**
- **Capacity requests from third parties cannot be satisfied**
- **Abuse of dominant position (Article 102 TFEU) by refusing to supply an essential input, leading to foreclosure of downstream gas supply markets**

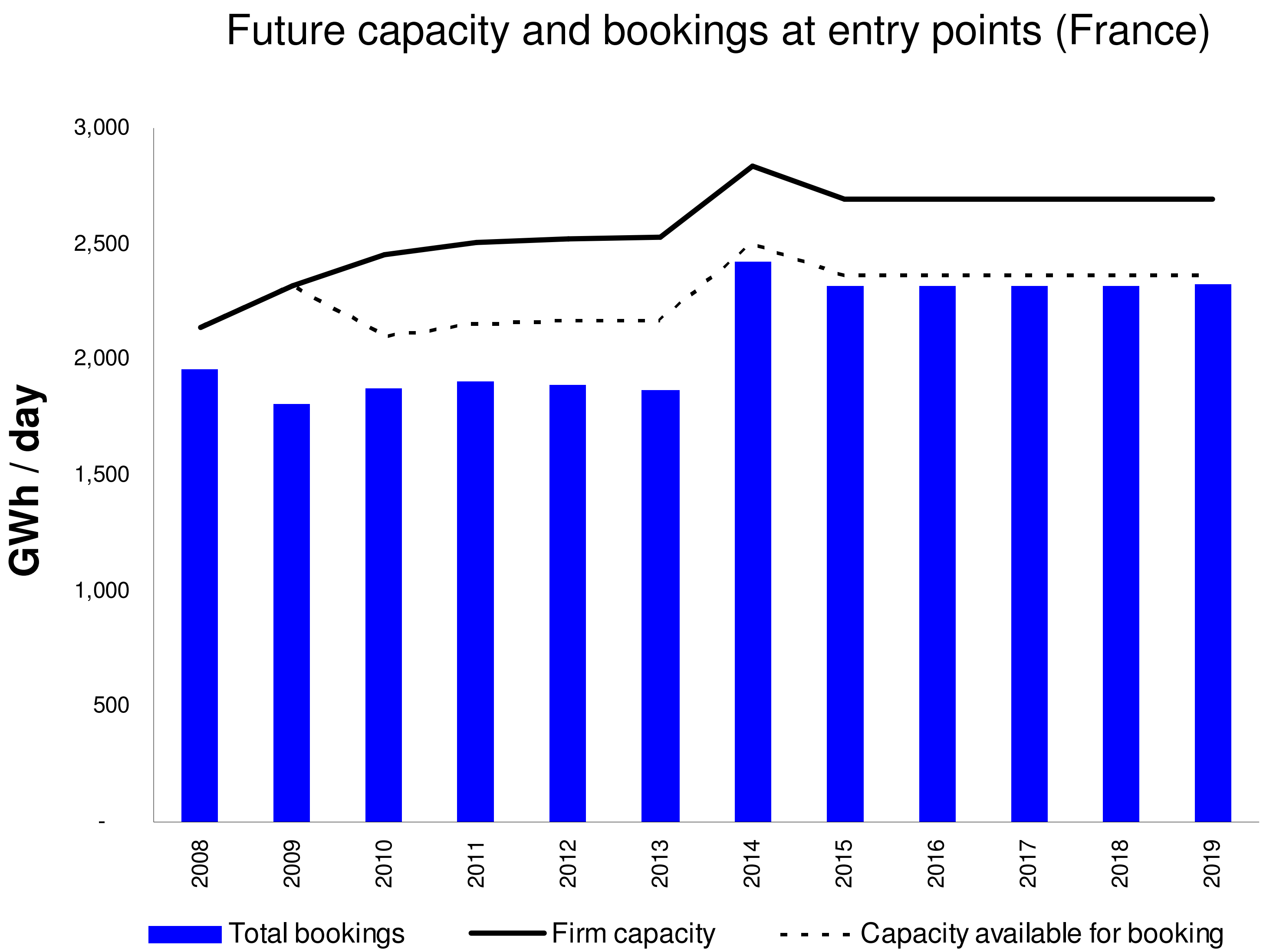
The French and German gas markets

Les points contractuels et les zones d'équilibrage en 2009



Actualisé au 1er avril 2009

gültig ab 10/2007


Future capacity and bookings at entry points (France)
GWh / day
3,000
2,500
2,000
1,500
1,000
500
-
2008
2009
2010
2011
2012
2013
2014
2015
2016
2017
2018
2019
Total bookings
Firm capacity
Capacity available for booking

Principle for the calculation of the capacity

- The capacity must be bookable long term
  - Exclusion of the short-term capacity in France
- It must be firm
  - Exclusion of the interruptible and conditional capacity
- It must be “usable”
  - Examples of non usable capacity in France
  - Freely allocable capacity in Germany

The remedies

Abuses

Foreclosure of downstream supply markets

Objectives of the remedies

Make downstream markets contestable by third parties and increase investment incentives

Remedies

Immediate capacity release to third parties of significant entry capacity

50% threshold for incumbent's bookings within 5 years

The immediate releases (France)

Obergailbach	80 GWh/d
Taisnières	10 GWh/d
Dunkerque	32 GWh/d
Montoir	2 bcm
Fos Cavaou	2,175 bcm

Upstream transit capacity at Obergailbach and Taisnieres-H to make the capacity "usable"

TOTAL > 7 bcm

> 230 GWh/d

The immediate releases (Germany) in MWh/h

- Waidhaus 3.469
- Oberkappel 364

- Bocholz 44
- Achim 171
- Lampertheim 1.200

- Emden NPT 1.250
- Emden EPT 250
- Dornum 500
- Eynatten 2.250
- Oude Statenziljl 500

TOTAL 9.998 MWh/h

> 240 GWh/d

Commercialisation of the capacities

- Primary capacity where possible
- Commercialisation according to the national rules
- Possibility to rebook short term / interruptible
- Commitment to decrease the share of LT bookings from 2010 until 2014/2015

The Long term commitments

- Bring the share of Long term bookings under 50% by 2014/2015
  - For the sum of usable entry points, including new entry points
  - Account taken of long-term contracts with delivery at the hub
- Duration: 10 Years
- Safeguard clause post commitments

Means to achieve the target

- Investments
- Capacity releases
- Market cooperation

$$\frac{\sum_{i\in NCG-M}\left(lB_i + kB_i'\right) + \sum_{v\in V} MaxSM_v - \sum_{i\in NCG-M} DZ_i}{\sum_{i\in NCG-M} lK_i} \leq 50\%$$

A specific treatment of L-gas

- Specific situation of the L-gas market
- A swap service in the French case
- A higher threshold in the German case

What’s next?

- In France
  - Commercialisation of the capacities released for the Gas year 2011
- In Germany
  - Market test
  - Commercialisation of the capacities for the gas year 2011

Thank you for your attention.