



Response to ERGEG's Public consultation on ERGEG recommendations on the 10-year gas network plan

As a new entrant in the gas market, EDF is particularly concerned by the development of the network and the management of congestions and bottlenecks. EDF is particularly concerned by the development of the network and the management of congestions and bottlenecks. Indeed EDF considers that a proper transit and transportation of gas throughout Europe is paramount to the emergence of a European gas market, or at least of various regional markets sufficiently interconnected to make gas transfers easier and to provide close and consistent price signals.

Therefore EDF welcomes the creation of the 10-year gas network development plan, which aims at "promoting investments and hence competition through the establishment of a more liquid wholesale market" as written in the consultation. This European approach should also contribute to improve European security of supply in gas, especially in light of the recent crisis in January, between Russia and Ukraine. We believe a global understanding of the supply-demand dynamics is essential for the 10 year plan to work effectively and efficiently. Calculating individual member states demand should be straight forward however ; most of the EU's gas supplies (60%) come from non EU Member States (EUMS). In this respect EDF would like to know how ERGEG hope to attain this future supply information from gas producing countries bordering and outside the EU.

But EDF is also concerned by the access conditions to these networks :

- Large regulatory gaps for cross-border cooperation between regulators or market participants still hinder market integration. Inter-operability of gas networks of various countries is not achieved yet.
- Difficulties regarding the access to some areas and facilities remain inside the countries themselves (e.g. the Southern area in France is still not accessible to new players at conditions that allow them to compete on an equal footing with historical players).

EDF considers that investment and suppression of physical congestions and bottlenecks are only one element among others to reach the objective of a European gas market and that other related issues must be tackled, such as :

- proper organisation of national networks, notably by favouring notional points (one balancing zone per country), and where possible the setting of one joint commercial interface for adjacent national networks in order to create greater balancing zones,
- cross-border cooperation between regulators,
- inter-operability between national networks,
- information on capacity available at system entry/ exit points with publication of maximum theoretical baselines TSOs must adhere to,
- coordination in capacity development, including through long-term signals,
- gas quality questions,
- management of flexibility (including connexion to storages and cross-border rules).

EDF also points out that this 10 year plan should be elaborated taking into account the whole picture of the supply to Europe (LNG terminals, storages, and actual use of the existing infrastructures).

Concerning content and drafting process of the 10 year plan,

- Potential investment projects about which public information is available should be included, in order to give a better understanding of the development of the EU gas market.
- Information should be updated annually.

- Where possible common assumptions should be used by TSOs to input to the development of the 10 year plan – which should not merely represent the aggregation on all individual TSO investment plans – but rather a truly TSO coordinated network development plan.

1) What would be for you the benefits of the 10-year gas network development plan ?

2) What is the most important information you expect from the 10-year gas network development plan?

The 10-year gas network development plan will give a view of the measures necessary to allow the proper transit and transportation of gas throughout Europe, a key factor to achieve progress towards a sustainable and competitive gas market in Europe (see foreword for details).

The dynamic approach of this plan is also very valuable : a regular update and the voluntary contribution of the different stakeholders will reflect the changes in the market.

3) Do you consider that the 10-year gas network development plan, as proposed by ERGEG, will be beneficial to security of supply ?

EDF considers that the proposal of ERGEG is a step in the right direction and will aid understanding of the supply pinch points/ constraints for the next 10 years.

4) Do you consider that the scope proposed by ERGEG is appropriate? Should it be enlarged ?

EDF considers that the scope proposed by ERGEG should be enlarged. It should also take into account investment and production plans of non EUMS.

As far as investments are concerned, the scope of the 10-year plan should include potential investment projects, about which public information is available. Prospective investment could be annexed to the main part of the 10 year plan and could be updated regularly as stand alone document – for example when a project was commissioned etc.

As mentioned in the foreword, investment aimed at suppressing congestions and bottlenecks is only one element among others to reach the objective of a European gas market. The following points should also be considered :

- proper organisation of national networks, notably by favouring notional points (one balancing zone per country), and where possible the setting of one joint commercial interface for adjacent national networks in order to create greater balancing zones,
- cross-border cooperation between regulators,
- inter-operability between national networks,
- information on capacity available and coordination in capacity development,
- gas quality questions,
- management of flexibility (including connexion to storages and cross-border rules).

EDF also points out that this 10 year plan should be elaborated taking into account the whole picture of the supply to Europe (LNG terminals, storages and actual use of the existing infrastructures).

5) Do you agree with the combined bottom-up / top down methodology proposed in the document ? What would be the most efficient process to achieve the top down approach?

As a whole, we agree with the bottom-up / top-down methodology proposed in the document. This is a way of integrating a real European perspective and to insure the coherence between national, regional and EU-wide plans.

It is also crucial that where possible common assumptions are used by TSOs to input to the development of the 10 year plan – which should not merely represent the aggregation on all individual TSO investment plans, but rather a truly TSO coordinated network development plan. This would

ensure that the EU gas network is developed on the most efficient basis and that key congestions are removed as soon as possible.

6) Would you agree with putting an obligation on market participants to communicate all the relevant information about their future projects ?

EDF does not believe this should be mandatory. Market participants should remain free to decide whether some information about their projects should be made available to the market. They also should keep the right to decide upon the relevant information to provide as some of it might be confidential, depending of the stage of each project.

7) What would be the best way for ENTSOG (including its members) to collect data from stakeholders ? Should that be carried out at a national, regional or European level ?

Collect of information should be left to the initiative of ENTSOG. However, we note that some TSOs already prepare 10 year investment plans, such as the UK, and these should be used where possible to avoid unnecessary duplication of work.

In addition to collecting data from all relevant natural gas undertakings, ENTSOG should also consult public services and/or NRA's in each country, for these bodies probably have crucial information about national use of gas, market development and gas flows.

8) Are the scenarios mentioned appropriate ? Would you have other proposals ?

The scope mentioned for the scenarios seems appropriate.

9) What are your views on the proposed EU network modelling and simulation of supply disruption ?

If feasible, such a tool would be useful.

10) Do you consider the drafting methodology and content relevant ? In your view, should ERGEG be more or less prescriptive ?

The drafting methodology is relevant if the 10 year development plan is limited to definition of physical developments. However, as mentioned in the foreword and the answer to question 4, EDF considers that this scope should be enlarged and, hence, the methodology adapted.

EDF considers that ERGEG should not be prescriptive but provide a view of measures that would improve transportation of gas throughout Europe, including investments.

11) Do you consider it important to have a monitoring report assessing and explaining deviations from the previous plan ?

Information in the plan should be updated annually in order that sufficient information is provided to market participants.

This update should be done on basis of information provided by market participants. Market participants should remain free to decide whether some information about their projects should be made available to the market.

12) Is the consultation procedure for the EU-wide 10-year gas network development plan proposed in section 3.5 appropriate ?

As mentioned in the answer to the question 6, market participants should have the possibility to keep confidentiality on their projects if they wish so ; in this case, the questionnaire should not be mandatory.