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SUBJECT Public consultation on NEP 2020-2030 scenario framework

Bois-Colombes, July 9th 2019

Dear Sir or Madam,

GRTgaz welcomes the opportunity to participate to the consultation on the NEP 2020-2030 Scenario Framework. First we welcome the growing share of material being released in English thus facilitating the interaction at regional level.

We recognize the quality and amount of preparatory work having resulted into the scenario framework. Our comments concern two points: the reverse capacity from France to Germany and the exit capacity at Wallbach.

Reverse capacity from France to Germany at Obergailbach (chapter 7.2.5)

GRTgaz has collected feedback from the market about the meaningful features of such an offer. Most of market participants are favouring interruptible capacity increase against investment to offer firm capacity.

As a result and under present circumstances, GRTgaz is about to withdraw this project from its national plan and from ENTSG TYNDP 2020. Should German stakeholders consider the need to maintain the project we would be happy to do so.

Exit capacity at Wallbach (Appendix 3)

GRTgaz notes that the selected "Scenario 2" corresponds to an obviously extreme case based on current supply and demand situation when:

- ENTSG Winter Supply Outlook 2018/19 shows a 9.6 GWh/h Swiss peak gas demand instead of 11.6 GWh/h of "Scenario 2" with a difference higher than the consumption of two CCGT projects;
- A biomethane and P2G production increase in both countries overcoming indigenous natural gas production decrease in Italy according to the ENTSG TYNDP 2018.

In addition the Oltingue firm exit capacity towards Switzerland will increase up to 10.8 GWh/h on October 2019 instead of 9.3 GWh/h as assumed. This level could be maintained depending on the need of Swiss and Italian markets.

Considering the extreme conditions taken into account to determine the 3 GWh/h of capacity increase, we advocate to carry out an Incremental capacity process in line with REG (EU) 2017/459 for this project even if not a CAM interconnection point. Such process will help to assess the market willingness to subscribe additional exit capacity at Wallbach and test the economic viability of the project.

According to preamble (11) of the above mentioned regulation, *"This economic test should in turn ensure that network users demanding capacity assume the corresponding risks associated with their demand to avoid captive customers from being exposed to the risk of such investments."* In case the investment is finally decided without such market commitment, it bears the risk of stranded asset at regional level with a negative impact on gas prices.

Prior to this test, it would be meaningful to expand the regional approach to France as the potential of this route through Oltingue seems not fully explored.

We thank you in advance for taking into account our comment and we would be pleased to give you any additional information.

Yours Sincerely

A handwritten signature in blue ink, appearing to be "Philippe MADIEC".

Philippe MADIEC
Vice President