

## **EFET response to CRE on the modification of ATRT7, ATS2 and ATTM6 tariff methodologies**

The European Federation of Energy Traders (EFET<sup>1</sup>) thanks CRE for the opportunity to submit our comments on the consulted updates of the ATRT7, ATS2 and ATTM6 tariff methodologies, applicable as of April 2023. We are broadly in agreement with the incentivisation of subscriptions to storage and LNG capacities envisioned by the French NRA. However, as a preliminary point of concern, we stress that this consultation remained open for stakeholder comments for two weeks. We invite CRE to allow due and sufficient consultation of gas market participants in the future, to facilitate more thorough responses.

### **General remarks**

We welcome the intention of CRE to treat the new LNG terminal interface point (PITTM), to be created before winter 2023, based on the ATRT7 tariff provisions concerning subscription of capacities to existing PITTMs. Setting a different tariff charge applicable to the new PITTM would necessitate a review of the whole set of tariffs for all LNG terminals.

Additionally, we would like to invite CRE to revise the automatic allocation by the TSO of entry capacity into the transmission network, leaving the LNG shippers to book that capacity separately. In the current service offered by the LNG terminal operators, where LNG is not necessarily re-gasified anymore, we see it as a logical consequence to de-link regasification capacity from the booking of entry capacity in the transmission network.

We are broadly supportive of the proposed zeroisation of tariffs for entries to/ exits from all storage transmission interface points (PITS) with the aim of reducing storage costs. Maximum flexibility and solutions least distortive to the market will be critical this and the following winter in terms of tariffication for gas storage utilisation. Nevertheless, we note that discounts on capacity-based transmission tariffs at entry points from and exit points to storage facilities should be based on a careful analysis of their potential implications on the cost of capacity at other network points.

It may still be the case that winter prices can be lower than summer prices and this would not sufficiently incentivize storage filling. Negative In this case, one possible solution could be to set negative prices to incentivise the subscription of storage capacity. For comparison, we refer to the introduction of a mechanism in Italy to incentivise storage capacity bookings

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<sup>1</sup> The European Federation of Energy Traders (EFET) promotes and facilitates European energy trading in open, transparent and liquid wholesale markets, unhindered by national borders or other undue obstacles. We build trust in power and gas markets across Europe, so that they may underpin a sustainable and secure energy supply and enable the transition to a carbon neutral economy. EFET currently represents more than 130 energy trading companies, active in over 27 European countries. For more information: [www.efet.org](http://www.efet.org)

and injections even in reverse economic situations of negative summer/winter spreads yet avoiding adding another obligation on suppliers. In case of negative spread, the storage costs become too restrictive for suppliers who are already facing extremely high prices and supply risks. Thus, the Italian incentive mechanism, supported by the designation of a last resort actor, has allowed to fulfil the gas storage filling objectives, without adding economic constraints on the market players.

In realising that the already volatile market situation poses challenges not only for market participants but also for system operators, we moreover accept the proposed increase to 90% (from 80%) of the guaranteed quota of the revenue related to the expenses and revenues claw-back account (CRCP). We nevertheless recommend that CRE makes this increase temporary.

Finally, we are favourable to the proposed changes to the fuel gas contribution for the different LNG terminals.

## **Detailed comments**

### **Question 5: The missing revenue problem on the 100% tariff rebate at PITS**

We recognise that the motivation behind the proposed rebate is to get storages filled. However, given allowed TSO revenues, we believe that the CRE assessment of the zeroised PITS tariff lacks precision as to where the missing revenue will be recovered from. Precision is required as to whether the recovery is foreseen via increase of the exit fees or the entry fees, with competition issues arising for the French market versus other markets in the latter case.

In case it is ultimately down to the final consumers to cover any missing revenue, the economic impact will be admittedly mitigated for traders and shippers. Moreover, CRE seems to have respected the principle stipulated by the French regulation that tariff increases cannot exceed the level of 2% year-on-year within the same regulatory period. It is therefore possible that missing revenues will be part of the adjustment for the next regulatory period. We perceive this as a delay of an actual solution to the missing revenue problem.

### **Question 12: A study is necessary before deciding on the virtual LNG service**

We support the introduction of a virtual liquefaction service, but it should not prejudice the rights of firm capacity holders. We support and take note of the intention of CRE to carry out a deep-dive study on the principles of virtual liquefaction. We underline that this study

should be conducted and completed prior to any decisions on implementation of the service for ATRT8.

## **The virtual liquefaction service should enable liquefaction of biomethane**

We invite CRE to open the proposed virtual liquefaction service to the possibility of virtual liquefaction of biomethane via disclosure of relevant proof of sustainability certificates and guarantees of origin. Liquefaction provides additional flexibility at a moment when storage is of key importance for security of supply. Saving costs and improving the environmental impact by considering liquefaction of biomethane will increase this flexibility.

Member States receiving bio-LNG generated by virtual liquefaction generally require that terminals have been certified under ISCC, or any other certification framework related to voluntary schemes. Given that the transport sector presently constitutes the primary end-use sector for biomethane in Europe, bio-LNG supply chains are already a reality.

Liquefaction based on mass-balance grey LNG with biomethane reduces both costs and emissions – i.e., offsetting of a nomination from the regasification site and from the grid with cancellation of certificates and control measures for the biomethane virtually nominated into the terminal.