

## **ENGIE response to the consultation “andere benadering gaswinning”**

As stated in the study, the main criteria to analyze each possible solution are also according to Engie the following :

- Keep the current Security of Supply level for the Low caloric gas zone in the Netherlands. This should also be the case in other involved countries, even if one main asset is not available (“N-1” rule);
- Avoid, or limit as much as possible, a decrease of the liquidity of the TTF, for each gas quality if relevant;
- Be compliant with the EU laws, notably rules about unbundling and competition (no discrimination between countries/market participants). GasTerra is currently a major market actor at the TTF, and very dominant in the Low caloric gas market (even if there is no distinction of gas quality at the TTF) and it is important not to reinforce its position.

Among the solutions meeting these criteria, the most cost-effective one must be chosen (costs/benefits analysis). How the costs will be paid is a key issue for the market participants. For instance, we are opposed to any sharp increase in the transport tariffs. Even if investments and operational costs are necessary on GTS’ transport grid, they are a consequence of the difficulties of the production from Groningen, thus it would be logical that NAM bear at least a significant part of these costs ; the market participants should be consulted on the methodology of allocation of the rest of the costs, if any, which must be transparent and cost-reflective.

The consequences of each solution on the risk of earthquakes have to be analyzed too, and the design of the Dutch system has to take into account the possible contributions of the foreign countries (use of their assets and notably flexibility tools, conversion planning, ...) if they are cost-effective. The possibility of exploring and producing from other L-cal gas fields in the North Sea, with a fiscal stimulation if necessary, has also to be examined.

It is difficult for ENGIE to have a clear opinion about the best option, without any information about the costs of each solution. However, we think the first three solutions with a 100% usage of the nitrogen plants, are not realistic, because they are very risky concerning Security of Supply and not compliant with a well-functioning gas market.

The fourth option with 85% usage of the nitrogen plants, seems more secure, but difficult to implement operationally (hourly nominations, obligation to change the nominations if they are not sufficient for using 85% of the capacity of nitrogen plants).

The fifth option in which the production of the Groningen field becomes dependent on the temperature (temperature dependent ceiling), seems to reflect the physical constraints of balancing the whole Low caloric system, including the downstream needs in Belgium and France, but it would be better to define the ceiling of production with an usage of the quality conversion installations lower than 100 %. With an indirect ratio of 100%, there cannot be indeed any daily flexibility in the system and this would lead to the same issues than the first three options. With a lower ratio, and even if it is easier to manage a yearly constraint than a daily one, the mechanisms to guarantee the correct balancing of the L-cal zone have to be defined if the principles are different from the current ones, because of the increase of the demand in H-cal gas.

However, we are not able to determine whether 85 % is the right usage ratio, regarding the “N-1” criterion and offering the same level of physical flexibility than the current system.