



## Consultation on the planning assumptions to determine the Groningen production 2021/2022

### ENGIE's response paper [Public]

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As a European gas midstreamer, for years, ENGIE has been shipping large quantities of low-calorific gas (L-gas) to Belgium and France on the basis of its long term supply contract with GasTerra, for the supply of 1.8 million of French and Belgian L-gas end-users. Thus, ENGIE thanks GTS for launching a consultation prior to its advice to the Dutch Minister and would like to react to the planning assumptions made by GTS for the gas year 2021/2022.

As already stated in our answer to previous consultations, GTS still does not consider the impact of the contractual L-gas flows to France and Belgium. The size of ENGIE's contract with GasTerra influences the physical offtake of L-gas in France and Belgium. ENGIE's contract is oversized and this oversupply will increase in the coming years, notably because of the gradual conversion of L-gas end-users to H-gas in France and in Belgium. This oversupply will prompt ENGIE to convert part of the L-gas flows from the Netherlands into H-gas. Between October 1, 2016 and November 30, 2020, a total of 1.6 billion Nm<sup>3</sup> of L-gas has already been physically converted to H-gas, and this will only increase in the future. The impact of this conversion must be considered by GTS when assessing the exports to France and Belgium.

In addition, large quantities of L-gas and H-gas are exchanged between GTS, Fluxys and GRTgaz when shippers nominate the use of conversion facilities from L-gas to H-gas in France and Belgium. The magnitude of these inter-TSOs swaps arrangement which has reached around 4.5 billion Nm<sup>3</sup> of L-gas since October 1, 2016, seriously undermines economic incentives and prevents the ordinary course of business operations between market players of the gas market. These agreements contravene to the essential obligation of neutrality imposed on the TSOs and have not been organized in a market-based manner by the relevant TSOs, as provided for by European regulations.

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As a reminder, and as proposed multiple times since 2016, ENGIE is ready to decrease immediately its L-gas supply contract with GasTerra to the level of its French and Belgian physical needs, meaning a decrease of contractual quantities corresponding to at least 2 billion Nm<sup>3</sup> per year. This would help to satisfy the legitimate demand of the Groningen population for safety and the necessity to ensure the security of supply in the Netherlands and in the neighboring countries.