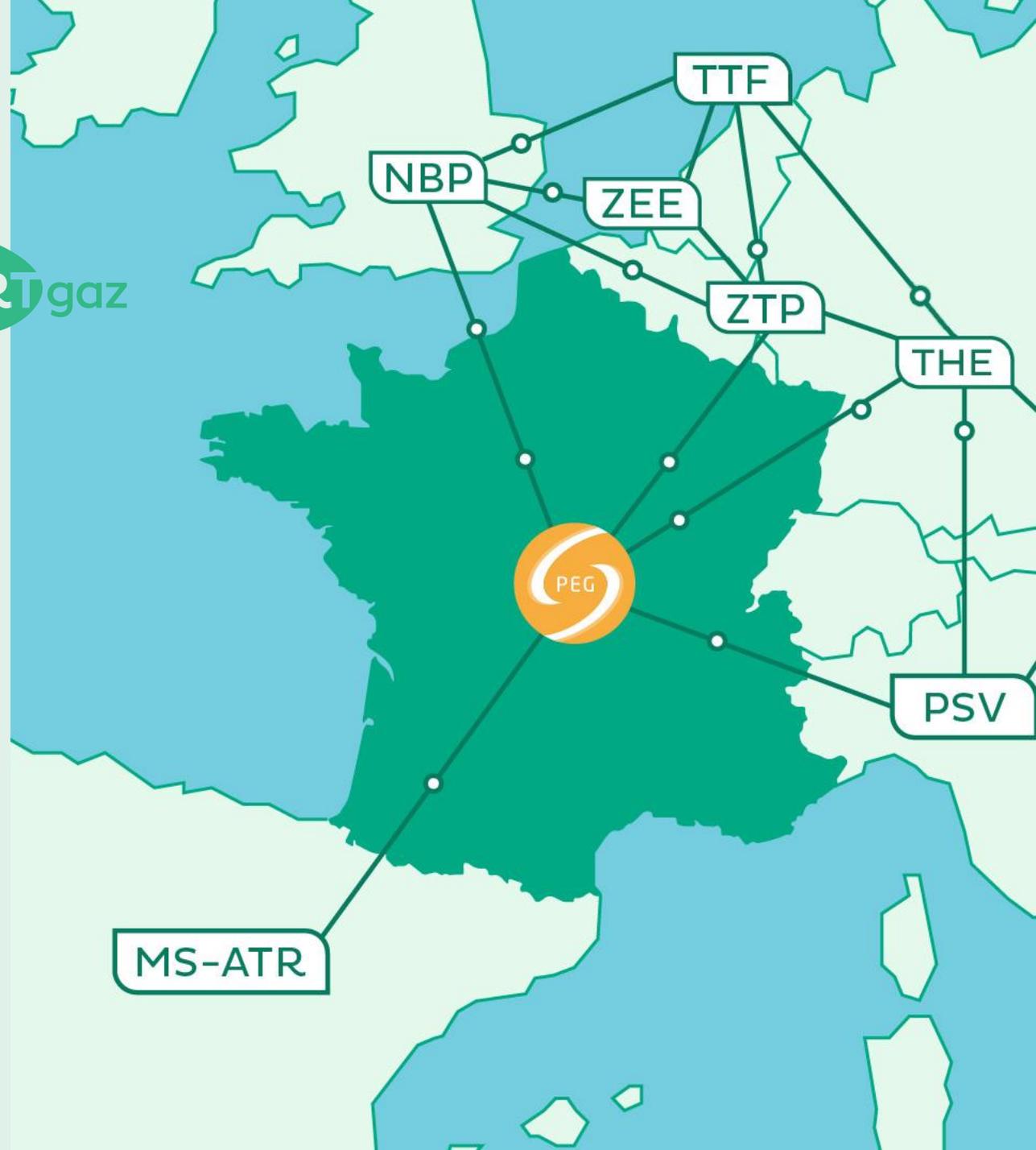


TRF&PEG news n°10 – November 2021

Summer 21 lookback and Winter perspective

GRTgaz



Lookback on Summer



Prices through the roof



Impact on consumption?

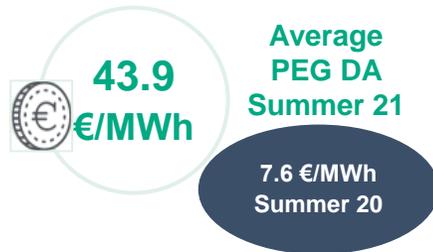


Flow summary: volatile flows and healthy LNG imports



Summary of capacity sales

Like other commodities, PEG rose to unprecedented highs

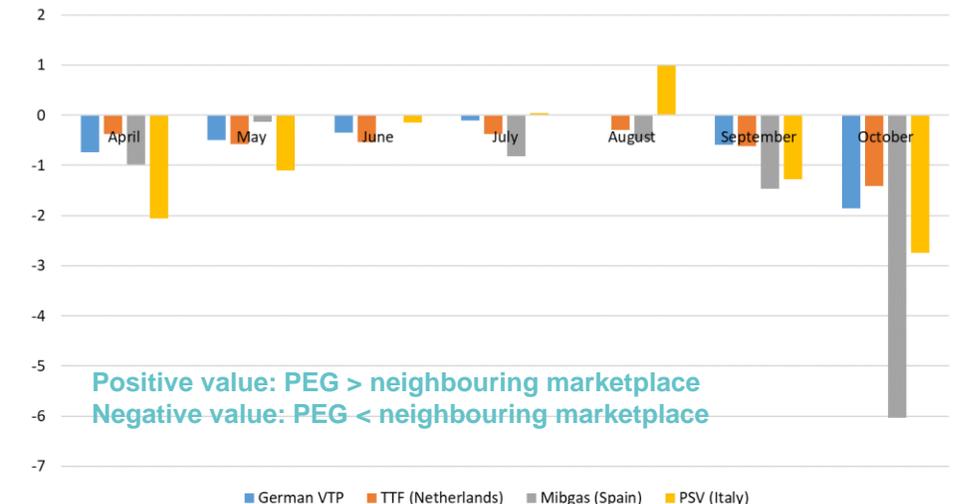


- Situation due to multiple factors: post-lockdown economic rebound, lower than usual level of gas in storages at the end of Winter, constrained supply from Norway and Russia...
- However PEG consistently at a discount to neighbouring market places
 - ⇒ Average spread with TTF: -0.6 €/MWh
- In particular in September-October when French storages were nearly full, which released pressure on the demand for injection
- Only in August PEG was above PSV when French injections were quick while Italy has low demand and strong supply

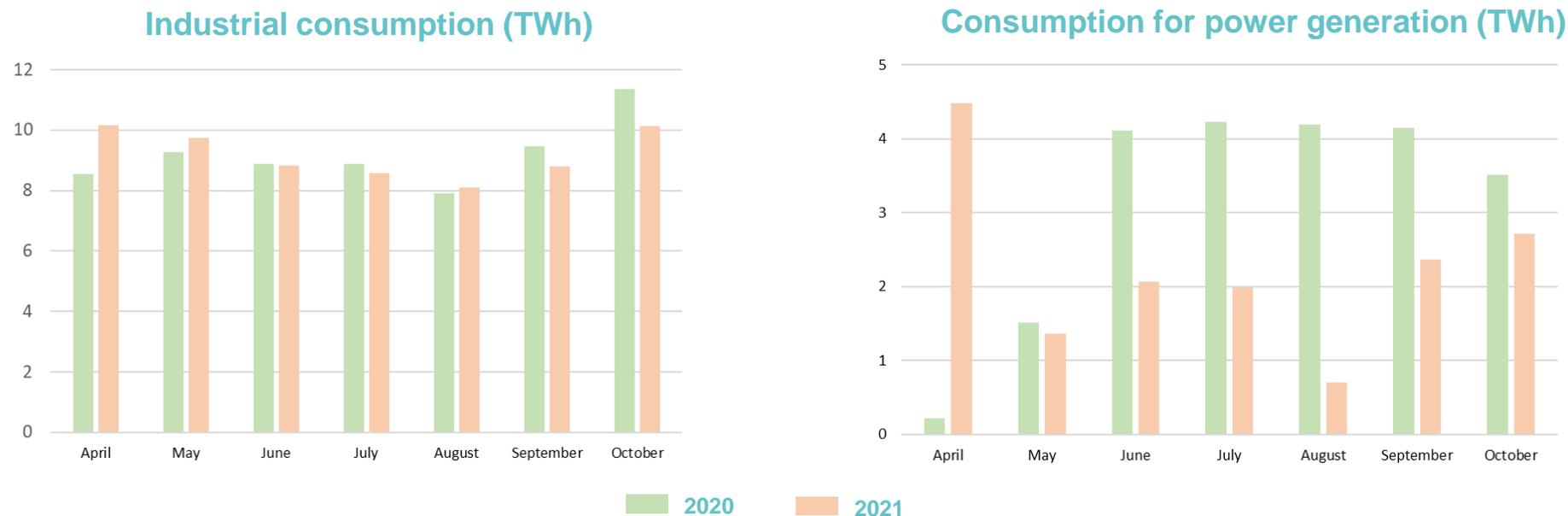
PEG Day-Ahead price (€/MWh)



Average spreads between PEG and other European hubs (€/MWh)



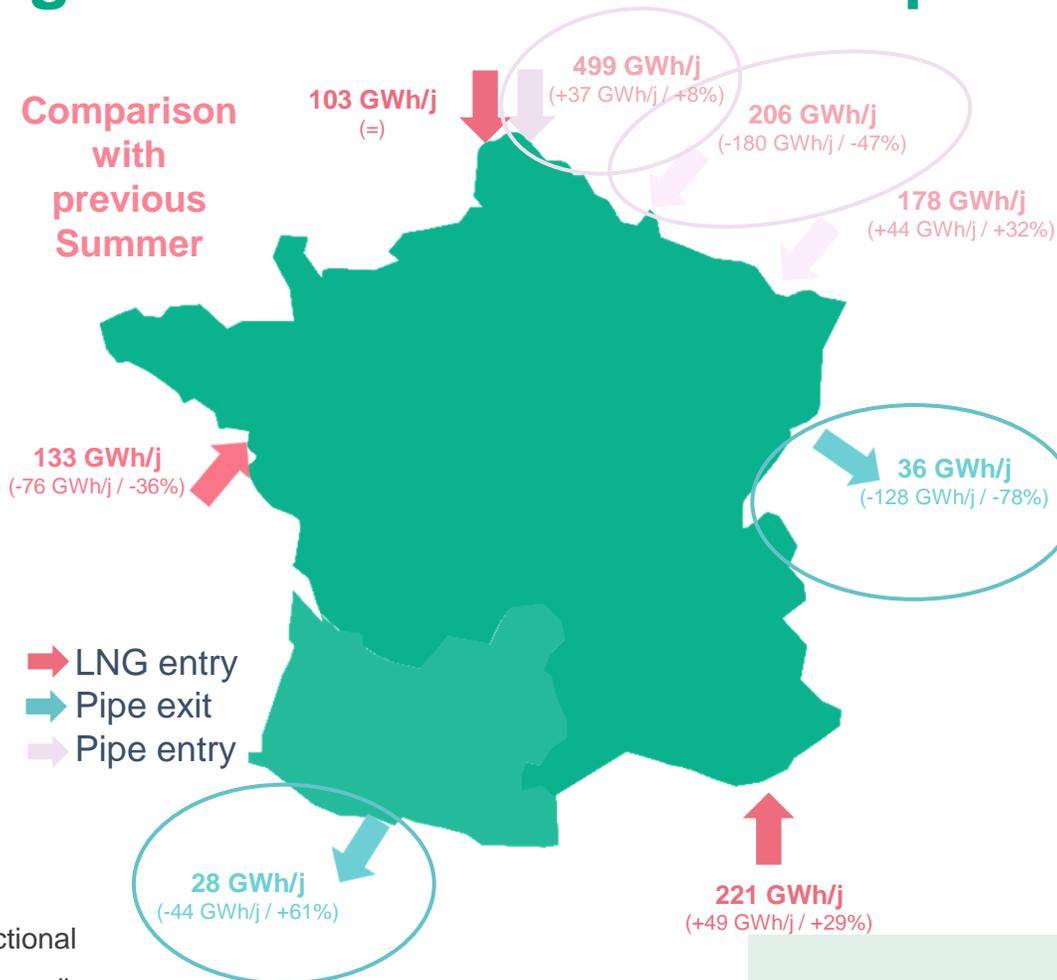
What impact on the industrial consumption?



- High prices have impacted some industrial sectors like chemicals, where some plants have reduced their productions
- But the lower industrial consumption compared to last year is mainly due to shortage of some key materials or components
- Consumption for power generation dramatically dropped because, in this conjuncture, gas has become uncompetitive in this sector

TRF flows: volatile usage of the interconnection points

- Net entry-exit flows increased by 46 GWh/j, which amounts to nearly 10 TWh, mostly driven by stronger storage injections: +6.7 TWh of net injection vs Summer 2020
- However important net flow decrease at the Northern pipes and LNG entries: -126 GWh/j, most of the drop coming from Belgium (-170 on Virtualys and -10 from Taisnières B)
- Due to fall of the net transits:
 - ⇒ Oltingue exit to Switzerland and Italy decreased by 78%. Since the start-up of the Trans-Adriatic Pipeline (TAP), Italy's supply has shifted to this new source
 - ⇒ Pirineos exit to Spain decreased by 61%. Iberia maximized supply from Algeria as it seems to have been more competitive than Northern-European hubs
- Dunkerque pipeline still used at high rate despite decrease of annual capacity on October 1st. Linked to increase of Norwegian production in response to high prices
- Besides, usage of the entry-exit points has been volatile and bi-directional
 - ⇒ Pirineos used mostly in entry in May and June when Spain's alternative supplies were the most competitive compared to North West Europe prices
 - ⇒ 19 days with net entry from Oltingue vs none before 2021. Allowed by Italy being well supplied from TAP
 - ⇒ In Obergailbach, increase of both entry (+77 GWh/j) and exit (+34) flows. In particular we saw 300 GWh/j of entry and 144 GWh/j of exit in October

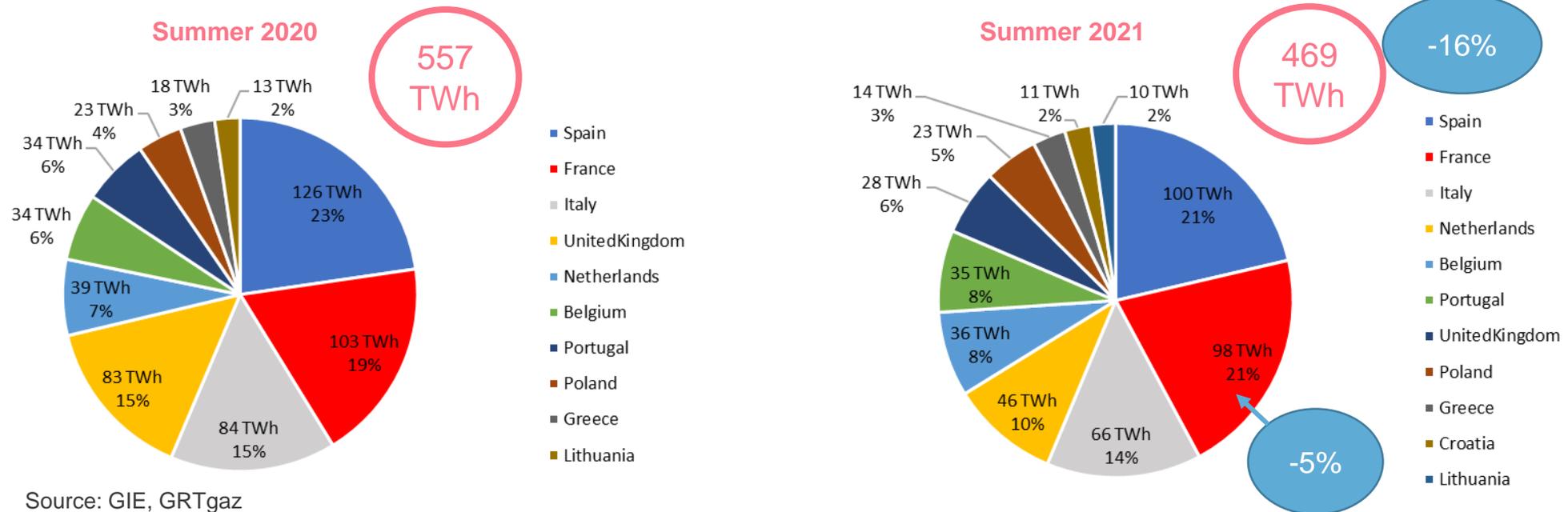


-98%

Decrease of the cost of Locational Spread versus 2020. Only five days with congestions and only one Locational Spread was required and costed 17 k€. Few congestions thanks to smooth storage injection in early Summer and moderate Pirineos exits when injections increased in July/August

France attractiveness for LNG contributes to price containment

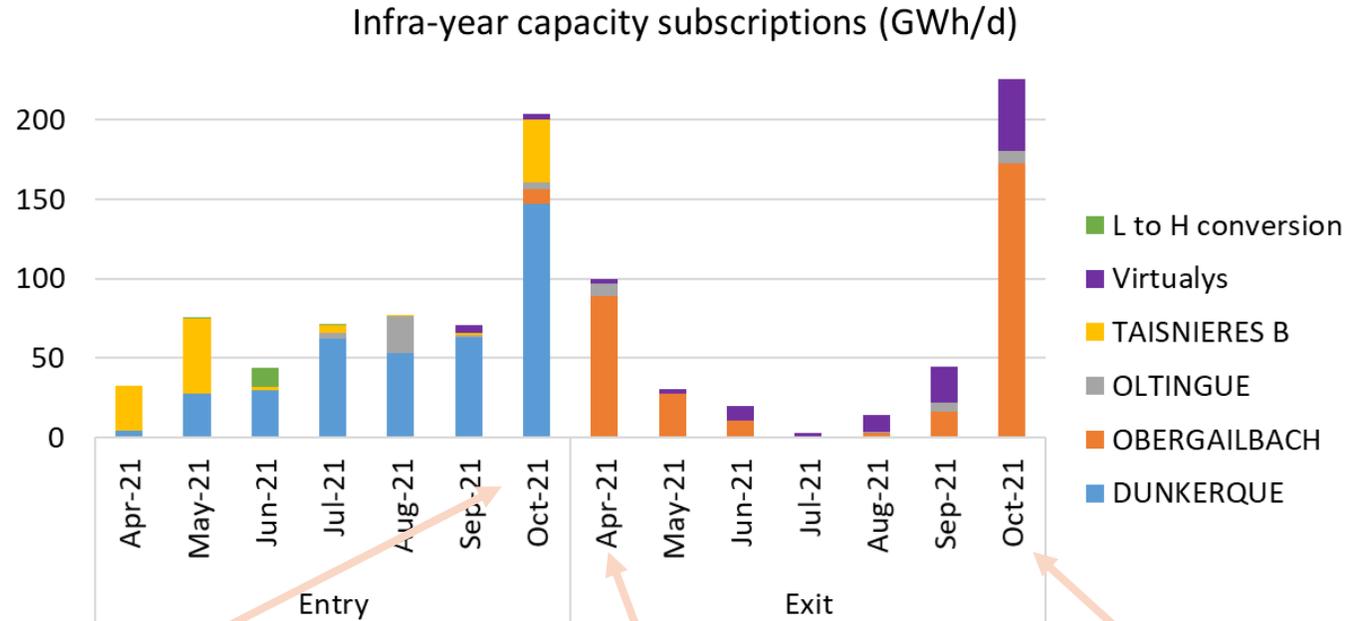
LNG send-out in Europe



- While LNG import dropped by 16% in Europe compared to Summer 2020, imports in France decreased only by 5%
- TRF remains the first market for LNG in North West Europe. Nearly as much as LNG as in Spain
- Contributed to keeping PEG at a lower price than neighbouring marketplaces
- Allowed to fill storages (see Winter perspective)

Summary of capacity sales (GRTgaz only)

Dunkerque entry and Obergailbach and Virtualys exits in the spotlight



High level of subscription in Dunkerque. Combined effect of decrease of annual capacity on October 1st and need for important Norwegian import in Europe

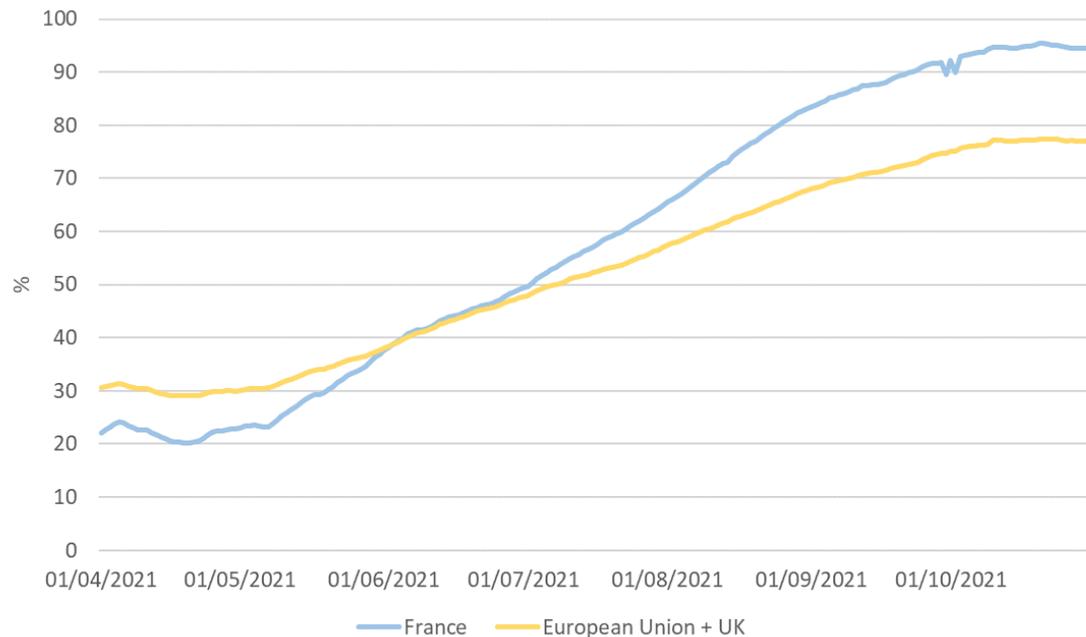
Lots of exit capacity booked to Germany in April when late cold snap hit Northern Europe

In October, record exit flows through Virtualys and Obergailbach. Entering Winter, storage levels well below capacity in Germany and Netherlands, while high level in France has left some margin for export

Winter perspective



High storage filling rate in France despite competition for gas



95%
filling
rate

- In average, Europe struggled to fill its storage capacities because of the high price of gas
- Different situation in France where storage are almost full ahead of Winter
- Despite inventory 6.8 TWh lower than one year ago, with close to 122 TWh, French storages are ready for Winter and will contribute to security of supply

- However market is expected to remain tight throughout Winter

Learn more on the Winter ahead in **the French TSOs' Winter Outlook** on November 30th (press conference) and December 1st (presentation in Concertation Gas Working Group)



Thank you