## Activity Report 2009

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2009 has allowed TIGF to continue its development, centred more particularly around the construction of the Guyenne Artery, a major natural gas pipeline structure commissioned in the summer of 2009. In addition to making it possible to open up the Fos terminal in the South of France, this project is in line with a much broader outlook involving the development of gas interconnections between France and Spain in the Western part of the Pyrenees.

With the launch of the Béarn Artery and Guyenne Artery Phase B projects at the beginning of 2010, TIGF is continuing to invest in the development of natural gas trading between Northern and Southern Europe through reversible pipelines on the Franco-Spanish border. TIGF has also continued to develop and market its storage capacity at Lussagnet and Izaute, despite a difficult market context.

TIGF has the advantage of possessing skills in two areas: transport infrastructure management and natural gas storage. It places safety, respect for the environment and sustainable development at the forefront of its business. By involving every member of staff and taking into account each of its stakeholders, the company is able to make progress on a daily basis. Through its commitment to continuity of service, it is fulfilling a public-service mission and contributing to securing natural gas supplies for its end consumers.

In a regulatory and economic context that is constantly changing, TIGF intends to assume its role fully and contribute to the deregulation of energy markets by relying on its ability to adapt, the professionalism of its teams, and its willingness to invest.

BERNARD CLÉMENT
CHAIRMAN OF THE BOARD OF DIRECTORS
TRANSPORT AND STORAGE, TWO COMPLEMENTARY ACTIVITIES

TRANSPORT
The TIGF transport network channels gas to end users, namely industrial customers and public distributors who supply private individuals in particular.

STORAGE
TIGF regulates and manages the supply of gas across the entire TIGF network and on parts of France’s other networks by operating two geologically-suitable storage sites, one in Izaute (Gers) and the other in Lussagnet (Landes).

Complementarity between the company’s storage and transport activities means shippers can enjoy greater flexibility in the day-to-day management of flows and any breaks in supply can be resolved.

TARGETS AND COMMITMENTS
TIGF has set itself the target of providing and developing Europe-wide natural gas transportation and storage services that observe the principles of sustainable development and are intended to satisfy current and future customers, while guaranteeing:

- levels of reliability and safety that match the highest standards of the profession;
- the development of gas infrastructures to increase market fluidity and aid its expansion.

EUROPEAN GAS LOGISTICS
TIGF benefits from:

- a centre of expertise to serve its 28 customers who are either shippers or suppliers of natural gas;
- tried and tested know-how in the fields of safety, environment and quality compliance:
  - ISO 14001 certification across all of its sites;
  - ISO 9001 certification for its odorisation of delivered gas;
  - the award of level 7 on the International Safety Rating System (ISRS);
  - a safety management system for its SEVESO II high-threshold storage facilities.

KEY DATES FOR TIGF

> 1945
Creation of Société Nationale de Gaz du Sud-Ouest (SNOSO).

> 1957
Start of operations at the Lacq reservoir and the Lussagnet storage site.

> 1980
Development of the Izaute storage site on behalf of Gaz de France.

> 1994
Following the privatisation of Société Nationale Elf Aquitaine, SNOSO becomes Gaz du Sud-Ouest (GSO).

> 2000
Merger of the Total Sina and Elf groups, giving rise to TotalFinaElf, with a 70% interest in GSO’s share capital.

> 2004
Agreements signed between Total and Gaz de France undoing all former contracts and crossed shareholdings which, in France, had bound the two businesses through their shared transport and gas supply companies, GSO and the Compagnie Française du Méthane (CFM).

> 2005
GSO, 100% subsidiary of Total, becomes Total Infrastructures Gaz France (TIGF) and sells its gas trading business to Total Energie Gaz (TEGAZ).

5,000 kilometres of pipeline
13 % of France’s main pipeline network
22 % of France’s gas storage capacity
€5m to €10m invested in safety per year, from now until 2014
THE BOARD OF DIRECTORS

TIGF is governed by a Board of eight Directors, whose term of office is fixed at six years by the Articles of Association.

The Board of Directors collectively represents all company shareholders. It therefore acts in the best interests of the company under all circumstances. It must elect a Chairman who takes the title of Chairman of the Board of Directors. The Board decided to separate the functions of Chairman and Managing Director. As a result, it appoints the Managing Director. The Managing Director is vested with the widest powers to act under all circumstances in the name of the company.

He/she must exercise his/her powers within the limits of the company’s corporate objects and subject to the powers expressly conferred by law on shareholders in general meetings and on the Board of Directors. In 2009, an independent Director became a member of the Board of Directors. The financial statements were audited and certified by the audit firm Ernst & Young.

COMMITMENT TO TRANSPARENCY AND NON-DISCRIMINATION

A CODE OF BEST PRACTICE FOR FREE AND FAIR THIRD-PARTY ACCESS TO THE NETWORK

TIGF adopted a code of best practice in 2005 and produced a revised version in December 2008. This latest document guarantees the transparency of information and ensures that there are no discriminatory practices with regard to shippers accessing the network. A report is published every year on the correct application of this code.

STRICT INTERNAL CONTROL PROCEDURES

TIGF maintains an internal control structure based on criteria published by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). In 2009, TIGF performed a self-assessment of its internal control procedures, as it does every year.

On 31 December 2009, the effectiveness of this structure was reviewed by the auditors.
In January 2009, TIGF was the subject of a health and safety audit undertaken by the Group Audit Division. When the findings were presented, TIGF was mentioned for having taken several important issues into account correctly.

**Revision of the Single Document**

The Single Document has now gone paperless to become an IT tool, which is accessible to all employees. It incorporates the new risk assessments in line with a methodology based on that used by the Total Group (Guide HRD 001), and a multimedia section specific to each situation.

**Continued prevention of psycho-social risks**

TIGF’s commitment to preventing such risks was confirmed in 2009 with the presentation of an in-depth diagnosis based on indicators collected the previous year.

**Prevention of risks associated with psychoactive substances**

The new Internal Regulation came into force on 1 July 2009, with a section on preventing the consumption of psychoactive substances (drugs, alcohol and medicines) at work.

**Introduction of defibrillators**

Automatic external defibrillators have been allocated to the TIGF sites that receive large numbers of people (head office and regions).

**The year’s performance**

1.7 million hours worked on TIGF activities

7.3 million km travelled by car with no injuries sustained.

More than 80% of these events involved personnel from external companies.

Despite the smaller number of lost-time accidents, of which there were two in 2009, risk prevention efforts must be maintained and stepped up to reach the set goals. The continuation of behavioural work, which began at the end of 2007, and the implementation of the Culture Based Safety (CBS) initiative, should contribute to these efforts.

The nine accidents reported in 2009 brought the Total recordable Injury Rate (TRIR) at the end of the year to 5.5, which was above the initial objective set at 2.8.
MANAGING INDUSTRIAL RISK

WORKS CLOSE TO PIPELINE STRUCTURES
128 cases of unregistered work ("TND") close to the transport network were discovered by our employees, 79 of which were less than five metres away from the pipeline. For the potentially serious incidents, TIGF filed seven complaints against the companies that had not registered the work.

SAFETY OF THE TRANSPORT INFRASTRUCTURE
The implications of the Multi-fluid Order were also taken into consideration as part of a specific improvement initiative in cooperation with the various Divisions and Departments. TIGF was therefore able to submit all of the documents required by the Order by the regulatory deadline of 15 September 2009.

TIGF has continued to update the hazard studies for the compressor stations at Mont (64), Barbaira (11), Lias (32) and Montauban (82).

SAFETY MANAGEMENT SYSTEM (SSG)

The annual inspection by the Regional Directorate for Industry, Research and the Environment (DRIRE) in November 2009 focused on risk management measures and, in particular, the management and testing of elements important for safety and jobs important for safety.

IMPROVING THE MANAGEMENT OF EMERGENCY SITUATIONS
TIGF has updated all of the Assistance and Intervention Plans for its transport infrastructure and the Internal Operation Plans for its storage facilities.

The revision of the Internal Operation Plans for Lussagnet and Izaute was completed at the start of the year.

TECHNOCAL RISK PREVENTION PLAN (PPRT) FOR STORAGE FACILITIES
TIGF participated in a working group chaired by INERIS (the French National Institute for the Industrial Environment and Risks) on the risks posed by underground storage. The working group provided government authorities with technical points for the drafting of a memo.

PERSONAL PROTECTION

DEVELOPMENT OF A SAFETY CULTURE AND SAFE BEHAVIOUR
The particularly large number of measures for raising awareness and training personnel was maintained in 2009 with almost 3,000 days of training, of which more than 1,000 related to health, safety, security, the environment, quality or sustainable development.

ENHANCING SAFETY WITH TIGF’S PARTNERS
In 2009, the analysis of risks for operations assigned to external companies led to the drafting of almost 700 risk prevention plans. TIGF remains loyal to the demands it places on its suppliers with regard to health, safety, security and the environment. In 2009, 59 new external companies were granted HSSE approval by TIGF, bringing the number of approved suppliers to 291.

CONTINUED EFFORTS TO IMPROVE ROAD SAFETY
New training sessions were organised in 2009, structured in two complementary parts. The first focuses on practical awareness, through workshops examining head-on collision, emergency braking and alcohol. The second, theoretical part aims to increase knowledge of the Highway Code.

In total, around 100 people attended these training courses.

SAFETY MANAGEMENT SYSTEM (SMS)
The organisation of HSE training was reviewed to redefine the courses and content needed for each position.

In 2009, TIGF continued to take a large number of corrective actions, which were identified following declarations of Hazardous Actions and Situations (ASRs) and findings from Scheduled General Inspections (SGIs), it also continued to organise team meetings and training exercises for emergency situations.

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3 SECURITY

CHANGES TO THE PROTECTION OF SITES AND FACILITIES
In 2009, the Cadaujac and Dufau sites and the compressor stations at Barbaira, Lias and Montauban were fitted with CCTV cameras, thereby bringing the round-the-clock presence of security guards to an end. This service was no longer justified given the actual threat to these sites.

BUSINESS CONTINUITY PLAN AND CRISIS MANAGEMENT
Between May and September, TIGF worked to create a Business Continuity Plan in the event of an A/H1N1 flu pandemic. The pandemic in fact hardly affected TIGF. Nevertheless, a number of principles were implemented to restrict the spread of the virus and the appearance of group cases in regions or sectors.

EFFECTIVE HANDLING OF MALICIOUS ACTS
TIGF teams had to deal with a number of malicious acts (more than 60 throughout 2009) affecting the delivery stations and isolation terminals. These acts (closing of valves, cutting of communication) took place without any cases of forced entry by GDF personnel.

On the whole, the consequences of these actions remained limited thanks to the rapid intervention of our supervision and field teams.
4.1 the environment

TIGF’s ISO 14001 certification, obtained in 2006, expired in 2009 and needed to be renewed. TIGF retained its certification following the audit.

Environmental goals met

After the in-depth analysis of Environmental Aspects and Impacts was updated in light of the Single Document, global objectives were defined by TIGF in 2009 to control environmental risks and reduce the impact on the environment over a three-year period.

1st goal: backfitting to comply with environmental regulations

The water treatment process at the Izaute site was backfitted and now goes beyond regulatory requirements.

The TEG pumphouse, the underground tanks (for flammable liquids) and the diked areas at Lussagnet were also backfitted, in accordance with the commitments made.

The pollutant measurement flaps at the Mont compressor station were also made compliant.

2nd goal: 10% cut in greenhouse gas emissions

TIGF produces several types of atmospheric discharge, the main ones being:

- Greenhouse gases: CO₂, CH₄.
- Other air pollutants from stationary combustion points: SOₓ, NOₓ, VOCs excluding methane.

Three TIGF sites are regulated by the French National Quota Allocation Plan (PNAQ). These are the stations at Mont, Barbaira and Lussagnet, each of which has a CO₂ emissions quota. The table below shows that the emissions were well within the quotas.

2009 CO₂ EMISSIONS AND QUOTAS FOR THE MONT, BARBAIRA AND LUSSAGNET COMPRESSOR STATIONS

<table>
<thead>
<tr>
<th>Compressor station</th>
<th>Mont</th>
<th>Barbaira</th>
<th>Lussagnet</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total CO₂ emissions (t)</td>
<td>19,720</td>
<td>7,375</td>
<td>0</td>
</tr>
<tr>
<td>CO₂ quotas allocated (t)</td>
<td>36,679</td>
<td>9,626</td>
<td>3,361</td>
</tr>
</tbody>
</table>

2,727,266 Nm³ of gas were also saved by optimising the schedule for infrastructure availability.

3rd goal: ground pollution close to 0

Mapping of the polluted sites is in progress. Clean-up measures are currently being examined for the mapped sites subject to hydrocarbon pollution.

4th goal: controlled impact of underground gas storage on the aquifer’s composition

TIGF constantly monitors the environmental impact of its subsurface activities for the underground storage of gas at Lussagnet and Izaute. This work is particularly characterised by the close monitoring of:
- the pressure of the reservoir and the upper layers,
- the pressure in the aquifer,
- the quality of the water and the gas.
Research on the qualitative impact of gas storage on the aquifer is also in progress. This work is conducted in partnership with research institutes, in particular with the University of Pau and les Pays de l’Adour, and with Storengy, a subsidiary of GDF SUEZ.

I 6th goal: noise-related complaints close to 0
Noise mapping is currently in progress to enable us to propose solutions for reducing noise levels and to respond favourably to complaints from local residents.

I Transversal goal: to maintain and improve on the results obtained at the time of the triennial plan, 2006-2008.
Commitment to water-related problems, the time of the triennial plan, 2006-2008:

- Commitment to water-related problems, by improving the management of aqueous waste at Lussagnet and Izaute. Part of this waste comes from the production water, which is treated internally through a biological process that channels it into an aeration tank and then a settling tank. Some of the waste comes from cooling tower purging operations. Physico-chemical analyses are performed every two weeks by an approved laboratory. A study on the optimisation of the water treatment plant is in progress. Its aim is to improve the functioning of the settling tank and the ultrafiltration unit already in place. In 2009, the storage centre saw the introduction of the RSEI programme (for the study and reduction of hazardous waste substances in water), which involves the regular monitoring of substances identified in aqueous waste.

- Commitment to waste management problems:
In terms of the challenges inherent to the future of waste, TIGF is committed to going beyond regulatory requirements, thanks to the involvement of all of its personnel. Since 2006, TIGF has operated a system for managing and selectively sorting waste, enabling the vast majority of waste to be recycled or reused.

**QUANTITIES OF WASTE BY ACTIVITY**

<table>
<thead>
<tr>
<th>Quantities (tonnes)</th>
<th>OW</th>
<th>HW</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Transport</td>
<td>23</td>
<td>38</td>
<td>61</td>
</tr>
<tr>
<td>Storage</td>
<td>687</td>
<td>207</td>
<td>894</td>
</tr>
</tbody>
</table>

Most of the 687 tonnes of OW from the storage site comes from the dismantling of metal equipment.

4.2 TOWARDS SUSTAINABLE DEVELOPMENT

**ACTIONS TAKEN AND MAJOR EVENTS**

**LISTENING TO ITS STAKEHOLDERS**

**FOR BETTER COMPANY MANAGEMENT**
On the basis of feedback from the Guyenne Artery project, TIGF is giving careful consideration to the organisation of relationships with its stakeholders.

**IMPLEMENTATION OF ACTIONS INVOLVING STAKEHOLDERS:**

- The "Energy, Let's Understand Through Play" module: telling children about current and future energy challenges. TIGF has chosen to transcend its regulatory obligations with regard to societal and land issues, by developing a sustainable relationship with the towns through which its network passes.

- The "Energy, Let's Understand Through Play" module, an educational tool on the subject of energy, is part of this approach. Developed in partnership with the Lacq Odyssée association, the module was offered to pupils in primary schools, first and second form pupils in secondary schools located close to the Guyenne Artery project. It has also been extended to schools attended by children of TIGF employees. Almost 2,000 pupils have benefited from this programme.

- Towards High Environmental Quality (HQE®) certification:
Following on from the construction of the HQE® buildings in Lussagnet, TIGF wanted “Low consumption” and “Energy-plus building” qualities to be included during the construction of new buildings near Toulouse.

5 QUALITY AND PERFORMANCE

**CONFIRMATION OF ISO 9001 CERTIFICATION**
This Quality renewal audit was performed in June by DNV alongside the ISO 14001 renewal audit.

**IMPLEMENTATION OF A NEW REPORTING TOOL AND MSISED-SD ACTION PLANS**

The EAGLES project (Electronic Advanced Gas and power Leading Environment and Safety) is a joint project with the Gas & Power branch. The aim of creating such an application is to provide a tool for statistical reporting on Safety and the Environment, for managing events (such as ASRs, ISRs and audits) and for monitoring the associated action plans. This project will simplify our operating methods and centralise a large amount of information in a single tool.

Finally, the EAGLES application will facilitate the management of actions and provide everyone with better access to information.

**MANAGING ACTIVITIES ONLINE THROUGH THE INTRANET**

The description of our operational structure, which clarifies “who does what” throughout TIGF, is almost complete. The activities have been described in the form of processes to facilitate their management. The concept of the customer (both external and internal) is increasingly present throughout the company. More than 200 people have been involved in this project which began in 2007.

An Intranet portal, known as the activities management portal, has been developed to make information available to everyone.

**MSISED-SD DATABASE ADMINISTRATION**
A DHSEQ-SD database administrator is now responsible for managing all of these tools (Eagles, electronic document management system, activities management portal, etc.).

**A PERFORMANCE INITIATIVE TO GENERATE PROGRESS**

The work performed over the year is pleasing, due to the fact that progress has been made. Five of the six strategic goals have been met. Ten or so of TIGF’s cross-sectoral improvement initiatives have been completed.

Given the significant change to our environment, this year the Management Committee (CODIR) decided that it wanted to change TIGF’s mission, its five-year vision (2014) and its customer value statement (namely, the added value that we want to bring to our customers).
The beginning of 2009 was characterised by a delicate situation that TIGF was forced to face. The Russian-Ukrainian gas crisis that began on 5 January, during a period of extreme cold, made such great demands on TIGF’s natural gas transportation and storage capacities that a new gas extraction record was set on 8 January. In this context, TIGF was able to demonstrate its respect for its commitments by responding promptly and appropriately to consumer needs. By way of illustration, for a consumption of 23.1 mm³/day (268 GWh/day) in the area, TIGF responded by extracting 26.7 mm³/day (309 GWh/day), reaching the record level of 28 mm³/day on 8 January.

Throughout the duration of the crisis, TIGF worked in close collaboration with the DGEC (French Directorate General for Energy and Climate), which coordinated the French response with that of other European States. The beginning of 2009 thus proved that with its efficient facilities TIGF could face this type of crisis and its careful preparation throughout the year was rewarded.

Furthermore, in the wake of the Russian-Ukrainian gas crisis, the Klaus storm, which hit the South-West on 24 and 25 January 2009, tested TIGF’s responsiveness and ability to maintain good relations with local towns in a delicate context, particularly at Lussagnet, which was severely affected by the storm.

Network operation and maintenance work was covered, despite a very high level of transport and storage activity, and despite the large number of works and commissioning operations taking place at the facilities.

Following the Ghislenghien accident, the Multi-fluid Order of August 2006 defined safety measures to be taken around pipelines. On 15 September 2009, TIGF submitted the five monitoring and maintenance documents that had been requested (safety analysis, compensatory arrangements, awareness measures, operational practices and new construction measures) representing the fruit of three years of work. The technical database will be delivered in 2011. Alongside its obligations under the order, TIGF has also developed a pipeline integrity management tool, to be implemented in 2011.

The above-ground pipelines have been listed, inspected and ranked according to how difficult they are to access and the inspection methods required.

Several hundreds of metres of HDPE slabs have also been laid as a compensatory measure under the terms of this Order.

The TIGF network is currently 5,000 km in length. The goal of inspecting 10% of it in 2009 was exceeded, as around 250 km of pipeline were inspected by smart pigs, and around 500 km by electronic surface measurement devices. TIGF carried out over 100 inspection excavations.

Finally, 42,000 km of the network were surveyed by plane, and around 8,000 km by helicopter, equating to approximately ten overhead inspections of each part of the pipeline during the year.
A building’s maintenance and management contract was drawn up for the TIGF sites in the Pau region, and another was produced for the other TIGF sites in the south-west of France.

A preventive and corrective maintenance contract was also signed for the Lussagnet site.

A European call for tender was launched for the electrical supply contract.

3 MAINTENANCE METHODS / WORKS

The “process” department has been involved in the studies for all of TIGF’s projects, for both transportation and storage. Among the most significant of these are: the Béarn Artery, the LACAL reversibility project, the Guyenne Artery (AGU) Phase B project, the replacement of the C10, C11 and C12 compressors, the DCLI project, the venting projects, the recycling of the reciprocating compressors at Lussagnet, and the modernisation of the compressor stations on the transport network.

In terms of operation, activities were directed towards technical assistance in the regions and the activation of the AGU stations. Technical renovations involved revamping the Lias compressor station and conducting studies to improve electrical reliability at Lussagnet. The technical reference base now has its own activity classification scheme, and the Prodom project (electronic management system for technical documents) was launched with extensive operational involvement.

In terms of maintenance, the entire transport network maintenance plan is now being implemented with Regional Maintenance Group support from Methods and Maintenance personnel in Lussagnet. Storage and transport network shutdowns were also effected, with a progressive increase on the transport side.

4 MAJOR PROJECTS AND OTHER WORKS

MAJOR PROJECTS, A NEW ENTITY
The Major Projects entity was established in 2009, following on from and taking account of feedback from the Guyenne Artery Phase 1 project.

During this period, TIGF launched 3 major projects:
- the Béarn Artery
- the backfitting of vents and flares at Lussagnet
- reversibility (dual circulation of the South/North – North/South flows)

OTHER PROJECTS, AN AREA OF CONCENTRATED ACTIVITY
Studies were carried out in preparation for making the surface facilities at Izaute and Lussagnet compliant, and for revamping the Montauban compressor station’s safety system. The Préchac-Landras (33) pipeline project to strengthen the Bordeaux loop was declared to be in the public interest and the works were authorised by prefectural decree.

The transport infrastructures for Lussagnet-Izaute (in the Landes and Gers Départements), linking the storage sites at Lussagnet and Izaute, Arveyres-Libourne (33), and the six GrDF connections (Cahors, Mazalet-Labruguière, Condorn, Saint-Gérons and Tarbes-Sois) were built and commissioned, and the Lias compressor station’s safety system was revamped.

Eleven transport infrastructures were modernised and recommissioned to allow the network to be inspected by smart pigs.

Fifteen new delivery points were installed and activated.

Projects to connect new wells to treatment facilities and to increase draw-off capacity at Lussagnet (from 32MNm³/day to 35MNm³/day) were completed and the new services began operation.

5 PURCHASES
An operating maintenance and management contract was drawn up for the TIGF sites in the Pau region, and another was produced for the other TIGF sites in the south-west of France.

A preventive and corrective maintenance contract was also signed for the Lussagnet site.

A European call for tender was launched for the electrical supply contract.
The main projects in the course of development relate to:

- industrial information technology, with the replacement of the GAMOS system;
- HSSEQ-SD reporting, with the joint development of the Eagles software with the Gas & Power branch;
- the management of technical documents, with the installation of Prodom;
- the enhancement of the Purchasing and maintenance information system;
- field mobility, with the study of data input and consultation tools for line personnel;
- the availability of an embedded telecommunications system for the Intervention group;
- the commissioning of a new computer room at Dufau, using energy-efficient cold technologies.

The two main IS projects delivered were the Galilée metering application in June and the first release of the VIGIE Geographical Information System in September, in accordance with the requirements of the Multi-fluid Order.

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TIGF’s turnover for the year amounted to €352m.

The main revenue sources were:
- third party network access totalling €181m.
- third party storage access totalling €135m.

The balance came from connection and transit revenues.

Total investments amounted to €135m, with €75m allocated to gas transportation and €47m to storage.

Total investments in 2009

€75m
invested in gas transportation

€47m
invested in storage
open season for developing additional capacity at larrau

An examination of the market in summer 2009 enabled subscription commitments to be made by shippers, which led TIGF, Enagas, Naturgas Energia and GRTgaz to take investment decisions on the development of additional capacity at Larrau (the capacity at this border point with Spain will be increased to 165 GWh/day in both directions by 2013).

third party network access

For the very first time, TIGF and Enagas coordinated their sale of capacity at the Larrau border point, by means of an OSP (Open Subscription Period). This relates to the entry capacities in France created from November 2010 through investment in the Lacal reversibility project.

third party storage access

TIGF marketed additional capacity associated with the first development stage of the Lussagnet reservoir. Some of this capacity was sold through an auctioning system.

Appendix 6 of the storage contract (capacity allocation rules) was modified to limit the exercising of rights to the Dynamic offer. Following consultation with the shippers, an Appendix 7 was added to the contract and implemented. This specifies the conditions for transferring gas in stock at the time of the reallocation of capacity associated with the exercising of storage rights on 1 November.

2009 was marked by the introduction of a new gas metering software application named GALILÉE. This new tool serves as one of the vehicles for improving metering quality; it is also closely monitored by the CRE (Energy regulation Commission) using indicators entailing financial penalties.

Eight new shippers signed transport contracts and three signed storage contracts. The majority of these new shippers signed contracts with the intention of trading gas at the gas exchange point, where activity in 2009 saw an increase of 34% on the previous year.

Three industrial sites closed, and the largest consumer, Célanèse, stopped all production in early 2010, highlighting the trend in falling consumption already seen in the TIGF zone.

A marked increase in transmissions was seen compared to 2008 (+12% entering the network + 14% exiting).

A customer satisfaction survey completed by shippers showed that they were very satisfied with TIGF. Feedback from the survey was given to the shippers and an action plan for improvement was produced.
LEGAL MATTERS

LEGAL DEPARTMENT ACTIVITIES IN 2009

The Legal Department assigned a lawyer to the Major Projects team, to follow up legal issues relating to major gas transportation and storage projects.

The Commercial Development Division also made use of his expertise to draw up legal documents relating in particular to the development and marketing of transport capacity between France and Spain during the 2009 Open Seasons.

The Legal Department took responsibility for drawing up the capacity reservation contract between TIGF and shippers, and the memorandum of understanding between GRTgaz, Enagas, Naturgas Energia and TIGF.

CONTRIBUTION TO LEGISLATIVE CHANGES

The Legal Department was involved in the signing of the integrated prefectural decree. This document, signed by the prefects of the Landes and Gers départements in July 2009, regulates underground activities at the Lussagnet and Izaute storage sites.

The Legal Department also played an active role with regard to the Multi-fluid Order. In particular, it was responsible for drafting the TIGF network’s letter of compliance with previous regulations, and for producing an action plan relating to level 1 compensatory measures (informing local residents, town councils and local authorities of the presence of our pipelines).

SUPPORT ON CHANGES INHERENT TO THE THIRD GAS DIRECTIVE

The Third European Gas Directive was adopted on 25 June 2009 by the European Council and was published in the European Union’s Official Journal on 14 August 2009. It will be transposed into French law on 3 March 2011 and implemented by 3 March 2012 at the latest.

As a transport network operator belonging to a vertically integrated company, TIGF falls within the scope of the Directive and, as a consequence, is directly concerned by its implications.

Since the Third Gas Directive came into force, TIGF’s Legal Department has been involved in the transposition process by offering advice and suggestions at meetings held by the public authorities in a spirit of consultation, in much the same way as the other network operators.

These meetings, which began in 2009 and are set to continue throughout 2010, will focus on:

- future relations between the operator and its parent company,
- operator governance,
- ethical rules applicable to its personnel and leaders,
- the operator’s relationship with the regulator, particularly with regard to scheduling investments.
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HUMAN RESOURCES

EMPLOYEE NUMBERS

On 31 December, TIGF’s workforce comprised 393 permanent members of staff, of which 217 were employed directly by TIGF and 176 were contracted workers. During 2009, 66 new employees were recruited and 46 people left the company. In addition, 59 employees moved internally, bringing the total number of staff movements to 173 over the year.

HUMAN RESOURCE PLANNING / TRAINING

The personal professional review system was implemented for the first time as part of the skills exercise, bringing the total number of interviews conducted in the first year to 99%. In addition, almost all employees across TIGF’s different entities attended a personal annual review, the aim being to better monitor their targets and professional aspirations.

Training required a high investment on the part of TIGF, with expenditure for 2009, including professional development contracts, representing over 1.5 million euros.

INDUSTRIAL RELATIONS

Industrial relations activity was intense and dialogue with corporate partners resulted in the signing of several agreements:

- Pay agreement – 15 January 2009,
- Human resource planning agreement – 12 February 2009,
- Agreement on providing financial assistance to employees for home improvements in line with the principle of sustainable development – 16 March 2009,
- Agreement relating to the operating conditions of the CHST (Committee for health, safety and working conditions) – 16 March 2009,
- Productivity bonus agreement – 16 April 2009,
- Agreement on professional equality between men and women – 1 October 2008,
- Agreement relating to part-time work – 23 October 2009,
- Agreement relating to the Chèque Emploi Service Universel (domestic help declaration scheme) – 23 October 2009,

CHANGES RELATING TO THE THIRD GAS DIRECTIVE

As soon as the European Gas Directive was published, TIGF began to consider how a system could be implemented to comply with the spirit of the European text within set deadlines. A working group was consequently established, bringing TIGF together with its parent company, to adapt to the regulatory changes in a coordinated way.

Initial concrete applications were quickly put in place. In late 2009, TIGF put an end to assigning Total personnel to TIGF activities. From now on, any employee, whether internal or external, who moves to TIGF will be given a TIGF contract.

The analysis of the Directive also enabled us to identify the areas that will require a certain number of changes, in addition to negotiations with trade union organisations. These will begin in the fourth quarter of 2010 and will result in the signing of several agreements:

- Agreement relating to the Chèque Emploi Service Universel (domestic help declaration scheme) – 23 October 2009,
- Agreement relating to part-time work – 23 October 2009,
- Agreement relating to the Chèque Emploi Service Universel (domestic help declaration scheme) – 23 October 2009,
TIGF’s continued efforts to promote the deregulation of markets resulted in a steady increase in its infrastructure user numbers: now 28 for gas transport and 11 for storage. Thus, from 1 April 2010, 28% of the volumes supplied to the zone will be delivered by a different supplier to the one used previously. At the same time, gas trading in the TIGF marketplace saw a 34% increase from 2009 to 2010, settling at 12 TWh and representing over a third of the amount consumed in the zone. Action taken by TIGF concerns both the contractual environment and capacity development. With regard to the contractual environment, a considerable amount of consultation with adjoining operators is making it possible to offer shippers simpler terms and conditions for access. Thus, TIGF and GRTgaz on the one hand, and TIGF and Enagas on the other, are now coordinating the sale of their transport capacities at the interface points between their networks.

The development of infrastructures concerns both transport and storage activities.

In terms of transport, the reinforcement of the Guyenne Artery represents around 270 million euros of investment. This improved the circulation of gas flows in the South of France, thanks to the increased capacity available to shippers at the interface between the TIGF and GRTgaz South zones. Furthermore, the availability of transport capacity between Cruzy and Castillon makes gas movement more fluid in the GRTgaz South zone, enabling gas to be evacuated from the new regasification terminal at Fos Cavaou.

The first phase of the Open Season, launched in September 2009 for capacity available in 2013, met with great success and enabled TIGF to decide on an investment programme of around €250m to develop available capacity at the interfaces with Enagas (Larrau border point) and GRTgaz.

The second phase of the examination of the market, relating to the development of capacity for December 2015, was launched in May 2010.

In terms of storage, the total capacity offered by TIGF represents approximately 25% of France’s entire storage capacity. In April 2008, TIGF obtained authorisation to increase the total volume of the Lussagnet reservoir by 1.1 GMM³, in yearly increments of 100 Mmm³, which will ultimately create around 5 TWh of effective volume. After an initial increase in capacity in April 2009, the second development stage was made available to the market in April 2010, through different forms of services. The flexibility of this offer meant that all of the proposed capacity could be sold, despite the economic climate in 2010 being unfavourable to storage services. In spite of these circumstances, TIGF plans to continue with its development programme which, coupled with the development of transport capacity, will allow it to strengthen its role in supply safety in the French and Spanish markets.
GLOSSARY

ASRs: Hazardous actions and situations. A non-conformity, anomaly, deviation or practice which deviates from specified requirements (standards, procedures, good practices, regulations and specifications) and which could cause a physical / environmental / material accident or media incident.

ATEX: Explosive atmosphere.

CRE: Energy Regulation Commission.

EIPS: Elements important for safety. A defensive barrier to prevent the occurrence or limit the effects of a feared event which could result in a major accident.

FLARING: Safety procedure to transform explosive gases (methane) into CO2, by burning them before discharging them into the atmosphere.

GEP: Gas Exchange Point.

GESIP: Oil and chemical industries safety studies group.

GMR: Regional maintenance group.

HDPE: High Density PolyEthylene.

HIW: Hazardous Industrial Waste. Industrial waste which requires specific care to protect the environment when it is processed.

ICPE: Installation Classified for the Protection of the Environment. An installation which can pose a danger or inconvenience to public health, safety, sanitation and the protection of the environment, and is therefore subject to specific regulations.

IGP: Installation General Inspection. A periodic scheduled inspection of TIGF operations and sites to uncover any general Health, Safety, Environment or Quality situations which are not complaint.

INESR: National Institute for the Industrial Environment and Safety Risks. A public body whose role is to assess and prevent potential accidents linked to industrial activities which are harmful to man and the environment.

ISO 14001: Environmental management system certification standard which enables a company to reduce and prevent its impact on the environment through a continuous improvement process.

ISO 9001: Quality management system certification standard which covers design, development, production, installation and after-sales service criteria.

ISRS: International Safety Rating System. A questionnaire-based system whose purpose is to measure a company’s safety performance regardless of its area of activity.

Multi-Fluid Order: Order promulgated in August 2006 defining the safety measures to be taken around pipelines.

Nm³: Cubic nanometer.

OIW: Ordinary Industrial Waste. Non-household waste from industry and commerce which is not toxic.

OPEN SEASON: Market consultation process to determine long-term transport capacity needs.

PNAQ: National quota allocation plan. A national plan that specifies the CO2 emission quotas allocated by the State to industrial firms as part of the country’s greenhouse gas reduction strategy.

POI: Internal operations plan. An emergency plan which defines the type of organisation, intervention methods and resources to be implemented by the operator in the event of an accident.

PPPL: Special intervention plan. An emergency plan which falls under the prefect’s responsibility and which defines emergency procedures in the event of a major accident the effects of which are not contained within an industrial site.

PPRT: Technological risk prevention plan. Plan concerning “high threshold SEVESO” sites whose purpose is to limit the population’s exposure to the effects of potential major accidents.

PSI: Surveillance and intervention plan. An emergency plan which defines the type of organisation, intervention methods and resources to be implemented by the operator in the event of an accident on a site not covered by a “POI”.

PSU: Assistance and emergency plan. An emergency plan which defines the type of organisation, intervention methods and resources to be implemented by the operator in the event of an accident affecting one of the compressor stations on the TIGF transport network.

REVAMPPING: A series of works carried out on an existing installation to modify and/or increase its production.

TEG: TriEthylene Glycol.

VENTING: Flaring with a cold flare (without burning). A controlled (deliberate) release of gas into the atmosphere (which is methane in the case of TIGF).