

23rd Meeting of the European Gas Regulatory Forum

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European Federation of Energy Traders

Tariff Harmonisation

Towards effective Framework Guideline

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Tariff Harmonisation

Current status of Framework Guidelines (FG)



- Last published version: ‘Open House’ draft dated 31 January 2013
- ACER recognised complexity of issues and improved stakeholder engagement
- Open House draft (of FG) seemed to be moving in the right direction
- We agree with the Commission that further guidance on the application of cost allocation methodologies would help EU harmonisation
- But we are concerned that further delay should be minimised
 - Bundling is already taking place, and x-border tariffs need to be clear
 - Issues of different capacity products still need to be resolved
- **ENTSOG should start informal work with stakeholders now**

■ **Transparency**

- Relevant information indicators in a standardised format
- 3rd parties to be able to understand tariff derivation and evolution
- Minimum notice period – 30 days acceptable for non “significant” changes

■ **Cost allocation**

- Allowing an entry split of 25%-50% seems sensible and pragmatic
- Avoiding domestic/cross-border cross-subsidies - careful design needed

■ **Revenue recovery**

- Under/over recovery at IPs through future capacity charges not commodity

- **Tariff visibility - needs to be improved**
 - Reserve prices need to be known in advance of the annual auction of the yearly products
 - And all seasonal factors and multipliers must be published at this time
- **Payable price – need greater future price certainty**
 - A fixed price is still preferable, but a floating reserve price for long term capacity could be acceptable (to manage under/over recovery) subject to pre-defined escalation criteria and/or cap
- **Revenue recovery – more targeted approach**
 - Single regulatory account for under/over recover – will institutionalise cross-subsidy between entry/exit and between domestic/cross-border

Open House Draft

Remaining concerns [cont'd]



- **Reserve prices – need to balance multiple interests and market signals**
 - Complexity and the distortion of combining multipliers/seasonal factors
 - Multipliers set in anticipation of under/over recovery would leave little room for market signals
 - Strong likelihood of multipliers/seasonal factors being applied differently either side of the IP – inconsistent with bundled capacity
 - A default assumption should be that there is a zero reserve price for
 - Interruptible capacity
 - Non-physical backhaul
 - Firm within-day capacity

Thanks for your attention



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