

ACER



Agency for the Cooperation
of Energy Regulators

Framework Guidelines on harmonised transmission tariff structures

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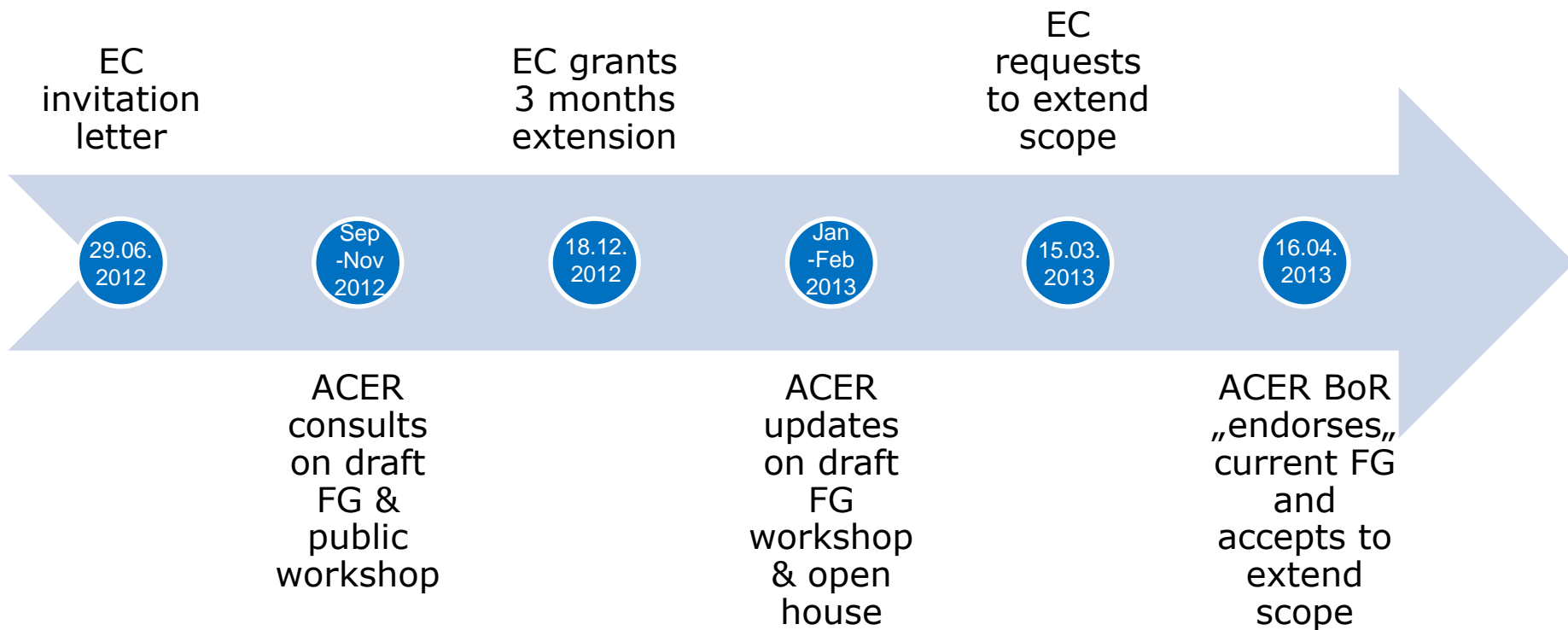
ACER Gas Working Group Vice-Chair

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Agenda

- Process so far
- Content of the FG on tariff structures
- Next steps

Process so far



9 months of intense work with much stakeholder involvement

Overview of the FG tariff structures

**Transparency:
methodology,
costs,
congestion,
tariff
evolution**

Ch. 1-2: General
provisions, publication
requirements

**Avoid
risk of
discrimination
between
cross-border
and domestic**

Ch. 3: Cost allocation
and determination of
the reference price

**Enable CAM:
reserve price,
revenue
recovery and
payable price**

Ch. 4-8: Revenue
recovery, reserve price,
virtual interconnection
points, bundled capacity
products, payable price

non-discrimination, effective competition and the efficient functioning of the market
cost-reflectivity, avoidance of cross-subsidies, promotion of efficient new investment, and greater transparency

ACER delivered on EC's initial request

I-II. General provisions – publication requirements

Objectives

- Make an estimation of the reference price and its evolution
- Disclose all TSO services rendered and the corresponding tariffs
- Understand how each tariff has been set

Content

- Rules generally apply to all entry and exit points
- From 1st October 2017 on, with possibility for mitigation measures
- Mandatory public consultation of tariff methodologies
- Explicit requirement of minimum data publication

III. Cost allocation and determination of the reference price

Objectives

- Prevent occurrence of cross-subsidy and discrimination
- Harmonise capacity / commodity tariff split
- Level playing field for storage

Content

- Same methodology for all entry points; same for all exit points
- Reference price shall cover at least fixed costs
- Avoid double charging of gas entering and exiting storage facilities

IV. Revenue recovery

Objectives

- Assure tariff stability for market participants and TSOs
- Prevent cross-subsidies between network users
- Harmonise capacity / commodity recovery mechanisms

Content

- Minimise ex ante gap between budget & reality (costs & revenues)
- Single regulatory account, reconciled in accordance with cost allocation methodology
- Capacity recovery charge at interconnection points

V. Reserve price for short-term and interruptible products

Objectives

- Balance between short-term trading and long-term signals for covering costs and promoting efficient investments
- Prevent cross-subsidies between network users
- Harmonise pricing for interruptible capacity products

Content

- Default proportional pricing for short-term products, but if justified
 - Multipliers of 0.5 to 1.5 for Q, M products
 - Within 0 and 1.5 for D and W-D products
- Seasonal factors allowed (in combination with multipliers up to 1.5 on average)
- Interruptible pricing shall reflect the likelihood and duration of interruptions
- Backhaul pricing shall reflect the actual marginal (additional) costs

VI-VII-VIII. VIP – bundled products – payable price

Objectives

- Harmonise pricing of CAM products
- Assure tariff stability for market participants and TSOs
- Prevent cross-subsidies between network users

Content

- Virtual interconnection points shall be priced based on the combination of the reserve prices set for the individual entry or exit points
- Bundled capacity products
 - priced at the sum of the the reserve prices of the entry and exit points concerned
 - premia shall be split equally, unless other agreement
- Floating payable price (sum of reserve price at time of use + auction premium)

Next steps

- Extend FG to take account of EC's request
 - List limited number of cost allocation methodologies
 - Describe how they determine the tariffs
 - Describe under which circumstances they can be used
- Involve stakeholders
 - Public consultation
 - Public workshop
- Finalize FG in Q4 2013

Thank you for your attention!



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