



Regulation 1775/2005 – Draft explanatory notes on Tariffs

Walter BOLTZ

Chairman ERGEG Gas Focus Group & CEER Gas Working Group

11th Madrid Forum, 18-19 May 2006, Madrid

View of Regulators – Supporting Principles

- **Transport tariffs are enabler of effective TPA**
- **Effective cross border trade requires compatibility interoperability of TPA of two or more network systems**
 - Where around 60% of the gas consumed in the EU crosses two or more country borders is obvious that the development of a functioning internal gas market is vitally linked to harmonisation of cross border gas flows; inconsistent and insufficient application distorts cross border trade or the functioning of markets
 - Article 3(2) Gas Regulation makes an explicit reference to trade across borders that must not be distorted
- **Regulators welcome clarification of legal provisions for tariff setting**
- **Detailed comments have been provided to the EC and published**

View of Regulators – Missing Issues

- **Based on the general requirements for tariff setting as explained by the EC's draft explanatory note detailed methodologies of tarification have to be developed**
 - Objective of Regulation 1775/55/EC includes setting of harmonised principles for tariffs (Art 1.1) to be applied by the NR (Art 3.1)
 - ERGEG will present a first report on cross border trade at the 12th Madrid Forum including draft recommendations for tarification methodologies
 - Report will be published for consultation shortly after the 11th Madrid Forum
- **A clarification on the treatment of cost and tariff principles within existing contracts is necessary**
 - Interference of Regulation 1775/55/EC and its derivated tariff principles in existing contracts (to which extent)?
 - How to treat existing contracts concluded after the entry into force of Directive 2003/55/EC which are not in line with the tariff principles of Regulation 1775/55/EC? Directive 2003/55/EC only exempts contracts concluded before its entry into force under the Transit Directive