

# 1. Guidelines for tariff structure

- **EURELECTRIC strongly supports entry-exit tariff structure**
  - **boost for competition**
  - **more efficient use of capacity network**
  - **simplicity**
  - **better cost reflectivity**
  - **progressive achievement of a single market**

# Experience of Entry-Exit Tariff in Italy (1)

- **Started October 2001**
- **Entry-exit tariff for National Network**
  - Average Cost Methodology
  - Backhaul considered (8% transportation cost)
- **Postage stamp tariff for Regional Network**
  - short-haul regional tariff (< 15 km from national grid)
- **Commodity component related to throughput**
- **Fixed component for customer redelivery point**
- **Incentives for new investment**
- **Entry-exit capacity booking**

# Experience of Entry-Exit Tariff in Italy (2)

## National Network:

- Snam rete Gas km 7900
- Edison km 125
- Tmpc km 132

## 16 Entry points

- 3 Import
- 1 LNG
- 10 Production (71)
- 2 Storage hubs (8+2)

## 17 Exit zones



## Regional Network

- Snam rete Gas km 21700
- Edison km 7900

## 7280 Re-delivering point

- Snam rete Gas 7000
- Edison 280

# Experience of Entry-Exit Tariff in Italy (3)

## Results: System flexibility and competition

- capacity trading on secondary market is favoured
- 3000 capacity increases during the gas year
- customer switching is favoured (only exit transfer)
- 1260 transfers of capacity between shippers
- integrated and optimised use of storage sites
- concentration where congestion exists (import entry)
- gas trading through hub is expected for next year  
(similar to UK National Balancing point )
- simplicity of tariff calculation

# **Experience of Entry-Exit Tariff in Italy (4)**

## **Results: Better economy and network use**

- **cost of net physical flow is better reflected**
- **different entry/exit costs provide location signals**
- **94% of available firm import capacity was booked**
- **additional booking of interruptible capacity (5%)**
- **TSO cost is fully recovered**
- **2002/2003 transportation tariff is reduced by 7%**
- **incentive to new investment is provided**
- **476 Km of new pipeline in operation in one year**

# Guidelines for tariff structure - conclusions

- **EURELECTRIC fully supports CEER conclusions:**
  - Tariff requirements to be included in the guidelines
  - TSO study to prove that implementation of entry-exit is not possible in its specific network
  - Study of harmonisation between entry-exit regimes
- **EURELECTRIC would like an acceleration of the process to reach concrete objectives:**
  - to incorporate entry-exit regime in all countries in the medium term
  - to enlarge the entry-exit regime in one or more European zone in the long term