

## 24<sup>th</sup> Meeting of the European Gas Regulatory Forum

Madrid, 16<sup>th</sup> October 2013



European Federation of Energy Traders

### **Towards effective Framework Guidelines on Tariff Harmonisation**

- Three priority issues



# THREE PRIORITY ISSUES

## 1. Publication and notice period

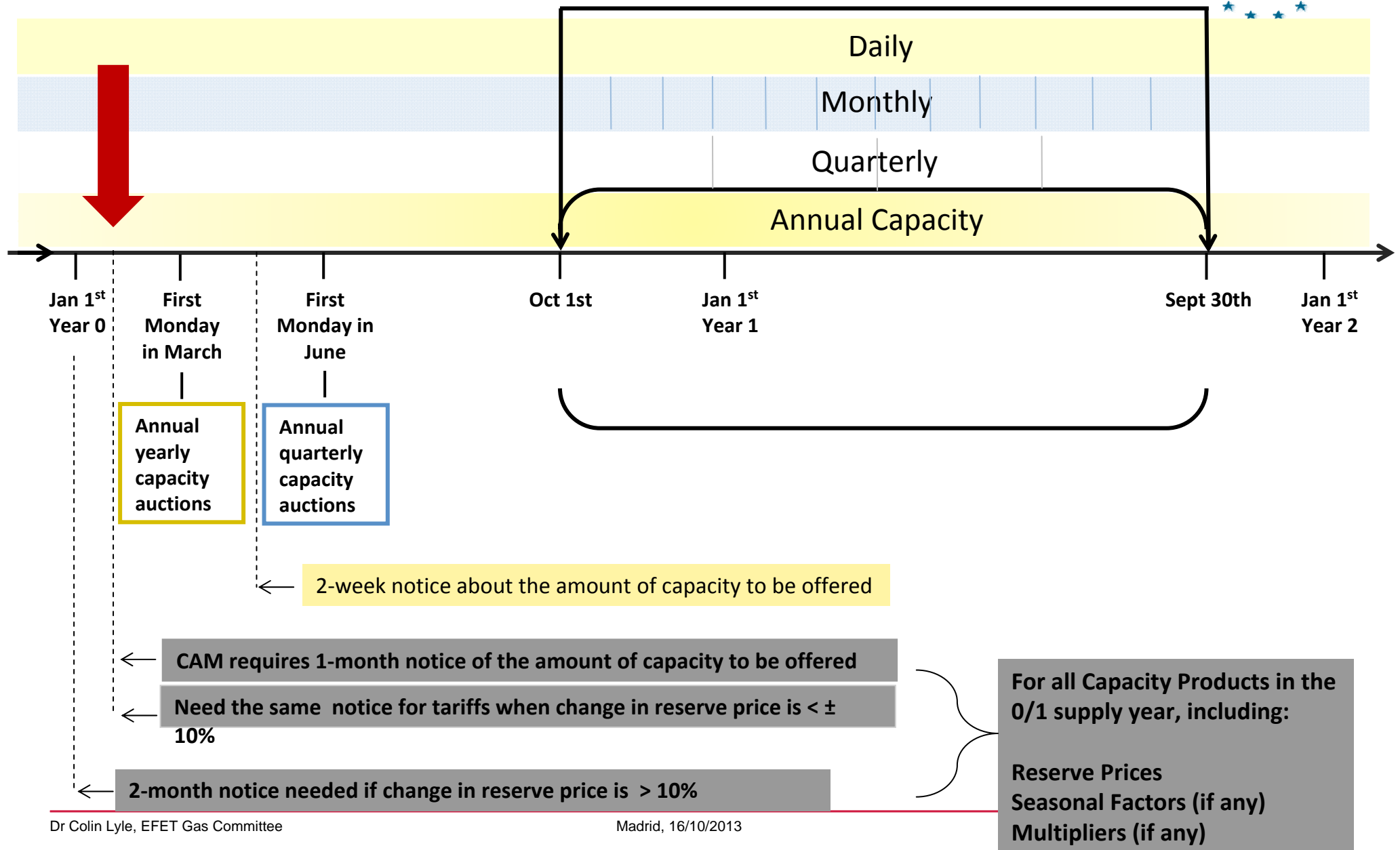
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- Reserve prices, seasonal factors (if any) and multipliers (if any) relating to all auctioned capacity products in the relevant gas year (October – September) must be published in advance of the first annual auctions for that gas year
- There must be at least a one-month notice period for any change to any capacity reserve/reference price, and if the change exceeds 10%, a two-month notice period is required

# Publication Timeline for Regulated Capacity Tariff Information

EFET



# THREE PRIORITY ISSUES

## 2. Multipliers and seasonal factors

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- Quarterly and monthly products should always be set proportional to the annual reserve price, not multiplied within a range of 0.5 – 1.5.
- Day-ahead or within-day reserve prices risk segmenting the market and limiting opportunities for optimisation and efficient price arbitrage
- If setting day-ahead and within-day multipliers within a range of 0 - 1.5, NRAs on both sides of the border should collectively decide on a balanced solution for that interconnection point
- Multipliers should not be unduly prescriptive or complex, and should not be linked solely to instances of congestion
- NRAs should consider the effects on liquidity, balancing markets, cross-border trade, price spreads and the risk of under/over recovery when setting multipliers

# THREE PRIORITY ISSUES

## 3. Payable price

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- ACER should consider whether floating payable prices remain appropriate in light of the concerns that a floating payable price may not give incremental and existing capacity users sufficient price certainty
- Unless the payable price is fixed, network users must be given sufficient notice of any price increase and mitigating measures must be introduced to allow network users to terminate their capacity contracts in the event that reference prices increase beyond a set threshold, for example 10%
- Providing an option for shippers to fix the payable price should also be considered as part of the Network Code development process

# Thanks for your attention

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