TWENTY-FOURTH MEETING OF THE EUROPEAN GAS REGULATORY FORUM

IFIEC-CEFIC position

‘Framework Guidelines on Tariffs’

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securing competitive energy for industry

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Tariff methodology should be based on efficient cost coverage

- (Regulated) reference prices for (IP) transport capacity should be:
  - cost reflective, based on actual cost (of efficient) network operators;
  - provide optimal incentives for investments based on market tests
    - Fair ‘return on equity’; ‘
    - Weighted Average Cost of Capital’ in line with capital market for short or medium term interest rates
  - Distance related tariffs are in conflict with virtual hubs
    - Competition has been facilitated by decoupled entry–exit systems
    - Allocation mechanisms preferable based on stamp tariff
- 50/50 entry-exit base principle for allocation costs
  - Most efficient incentives for required investments should be cost reflective. (100% to exit provides wrong incentives for suppliers)
  - No convincing arguments that costs for entry are lower than for exits
  - For bidirectional cross border points, entry and exit costs are the same
- Tariffs should support liquidity market.
  - Customers prefer short term exposures (suppliers long term)
  - Tariffs structure should stimulate new entrances