

**Council of European
Energy Regulators**

CEER



EU Network Code on Harmonized Gas Transmission Tariff Structures

Joining forces on implementation

Tom Maes, Vice-Chair CEER Gas Working Group

Flame conference
Amsterdam, 9 May 2017

Overview

- Setting the scene
 - ▶ The big picture
 - ▶ Back to basics
 - ▶ Complex structure
- Joining forces on implementation
 - ▶ National impact on implementation
 - ▶ Mission from Madrid
- Greater transparency
 - ▶ Publication requirements
 - ▶ Consultation requirements
- Conclusion

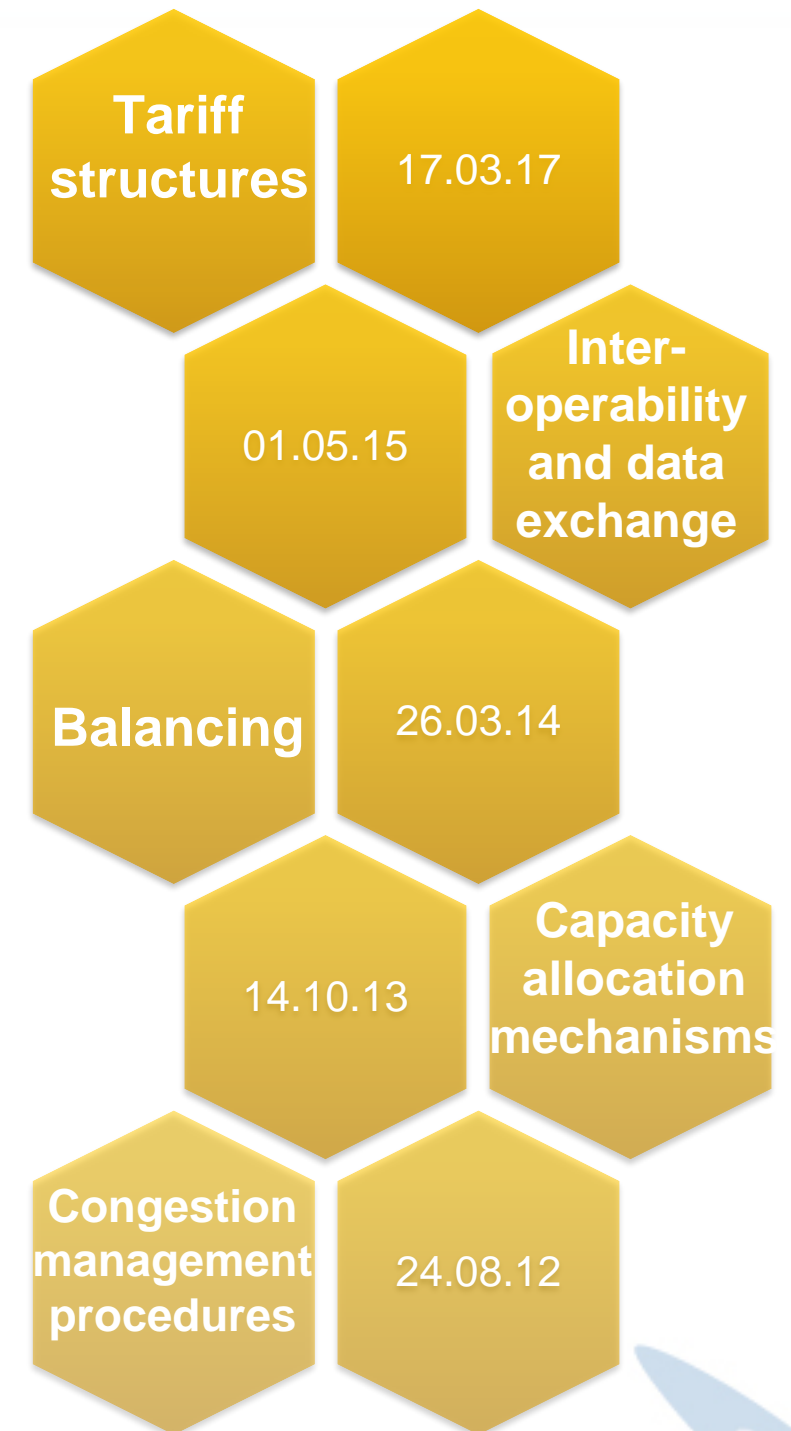


The big picture



Mirroring Clean Energy Package

Quo vadis?



Back to basics

Objectives of TAR NC

Complementing CAM

- Price setting for standard products
- Tariff stability for market participants and TSOs

Transparency

- Publication and justification of reference price methodology
- Review by ACER

Cross-border efficiency

- Same reference price methodology applied to all entry and exit points
- Equally used to reconcile differences between budget and actuals



Back to basics *Scope of TAR NC*

Approving
tariffs

Which system
users will pay how
much to cover
these costs?

Setting
(allowed)
revenues

What
transportation
costs should be
covered?



TAR NC – Complex structure both from content and process viewpoint

1st application date: 6th April 2017

- Chapter I – general provisions
- Chapter V – pricing of bundled capacity and capacity at VIP
- Chapter VII – consultation requirements
- Chapter IX – incremental capacity
- Chapter X – final and transitional provisions

2nd application date: 1st October 2017

- Chapter VI – clearing price and payable price
- Chapter VIII – publication requirements

3rd application date: 31st May 2019

- Chapter II – reference price methodologies
- Chapter III – reserve prices
- Chapter IV – reconciliation of revenue

National impact on implementation

Exact
application
dates depend on
national practice
(e.g. tariff
period)

Many new
responsibilities
for many parties
with possibility
of delegation

Many strong
economic
principles, but
final choice still
to be made

**Large
consultation
and strong
cooperation
needed for
smooth
implementation**

Mission from Madrid

“The Forum encourages Member States, NRAs and all involved market participants to ensure the timely implementation of these rules and invites ACER and ENTSOG to support and monitor the implementation and report back to the Forum.”



ENTSOG and ACER teamed up

Brussels – 29 March 2017

Implementation Workshop

Tariff Network Code

Implementation Document for the
Network Code on Harmonised
Transmission Tariff Structures for Gas

MARCH 2017

- Regulators provided 300+ comments
- ACER presented its view at the workshop
- Need for further discussion
 - ▶ By 30 June 2017: Stakeholder input invited on iDoc
 - ▶ By October 2017
 - Second version of iDoc
 - Second implementation workshop

Increased transparency through publication requirements

30 days < yearly annual auction

- ▶ Standard firm products
 - Binding reserve prices
 - Multipliers and seasonal factors + justification
- ▶ Standard interruptible products
 - Binding reserve prices
 - Assessment of the probability of interruption

30 days < each tariff period

- ▶ Parameters used in the reference price methodology
- ▶ Revenue information
- ▶ Other tariffs not published before the auction
- ▶ Tariff evolution

- **User-friendly and downloadable format**
- **Clear, easily accessible way and on non-discriminatory basis**
- **In national language and in English to the extent possible**
- **On NRA/TSO website (all points) + ENTSOG Transparency Platform (IP only)**

Increased transparency through consultation requirements

Periodic consultation (< 31.05.2019)

- ▶ Description of reference price methodology
- ▶ Tariff comparison with capacity weighted distance methodology
- ▶ Cost allocation assessment
- ▶ Revenue information
- ▶ Tariff evolution
- ▶ Discounts
 - From/to storage
 - From LNG facilities
 - From/to infrastructure for Sos

Consultation each tariff period

- ▶ Multipliers
- ▶ Seasonal factors
- ▶ Discounts
 - From LNG facilities
 - From/to infrastructure for Sos
 - For interruptible products

- **By NRA (or TSO)**
- **Voluntary use of ACER's consultation template**
- **In national language and in English to the extent possible**

Conclusions

- TAR NC is last of a series, but the ‘clean energy package’ and ‘quovadis study’ will shape the EU internal energy market further
- TAR NC rests on strong founding principles; coordinated implementation is key to deliver expected benefits for consumers
- ENTSOG and regulators are facilitating (early) implementation
- National consultations remain to be the essential fora to resolve open issues

**Thank you
for your attention!**

