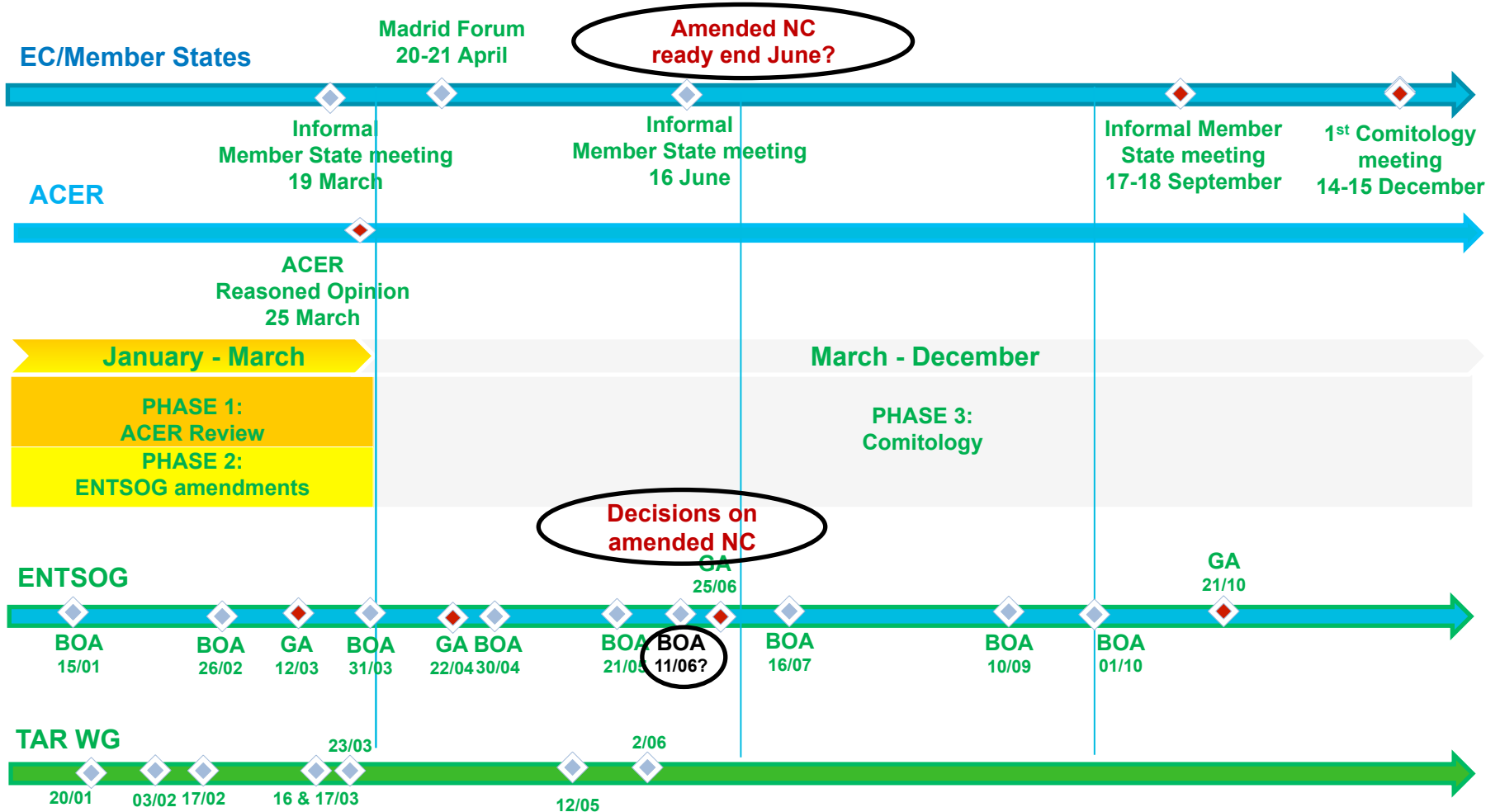


EU Tariffs Code Update

EU Tariffs Code Timeline



EU Tariffs Code Update

- 20th - 21st April: Madrid Forum reviewed TAR NC
 - ENTSOG presented overview of TAR NC
 - ACER provided overview of Reasoned Opinion
 - Stakeholders focussed on de-scoping of TAR NC
 - Commission stated that they did not believe a de-scoped TAR NC would provide them with a code they would be happy to implement
- 20th April: High level tri-lateral meeting between EC, ENTSOG and ACER agreed further work on TAR NC required to reach compromises on key issues.

EU Tariffs Code Update

- 22nd April: ENTSOG GA agreed not to resubmit TAR NC to ACER yet but to work on compromises
- 7th May: Next tri-lateral meeting to be held where compromises will be agreed
- 12th May & 2nd June: ENTSOG Tariff WG shall meet to work on detail to be included in revised draft TAR NC
- Aim for approval by Board on 11th June & GA on 25th June
- Start of comitology delayed until December to allow additional time for ACER & ENTSOG to reach agreed solutions

ACER Reasoned Opinion versus current Draft TAR NC

Reasoned Opinion issues		Current Proposed Changes
Binding tariffs		Include provision of binding tariffs
Volume risk for high transit systems		Removed 5 th c/a/m; introduced as a pre-step; change criteria
Higher multiplier cap		Reduce cap and clarify when higher multipliers can be used (per IP)
Transmission and dedicated services definitions		Incorporated majority of ACER comments
Fixed tariffs	Incremental	Include option for incremental
	Existing	No change
Non-physical backhaul pricing		No change
Ex-post interruptible pricing		No change
Application of cost allocation in a multi-TSO entry / exit system		No change
Publication requirements		No change
Postage stamp criteria		No change
Benchmarking		No change
Incremental		No change
Protection of existing fixed price contracts		No change
Implementation monitoring		No change (not included in the code)

Strategy&/PwC Impact Assessment

- EC selected PwC and Strategy& to perform “*Study on the impact assessment for rules on harmonised transmission tariff structures for gas and allocation of new gas transmission capacity*”
- Aims to help analyse possible effects and consequences of implementation of TAR NC

Strategy&/PwC Impact Assessment

- Study has two fold purpose:
 - To give an overall accurate picture on the current situation and on the main problems raised by relevant stakeholders
 - To provide an objective and independent review of the policy options identifying the need for additional policy measures, if any

- The 126 page draft report was shared with ENTSOG

PwC: draft Impact Assessment on TAR NC

Cost allocation methodologies

- Reduce number to 4
- Wider consultation & more detail (perhaps in external documents c.f. GB regime)

Multipliers

- 0.5 – 1.5

Payable price

- Floating only

Interruption and Non-physical backhaul

- Non-physical backhaul priced at marginal
- Remove ex-post for interruptible

Revenue Reconciliation

- Publish quarterly under / over recovery

Publication requirements

- Publish binding tariffs

Next Steps

ENTSOE re-submit TAR NC

ACER recommends TAR NC to EC

16th June – 2nd Informal Member State meeting

17th & 18th September –
3rd Informal Member State Meeting

14th & 15th December – 1st
Comitology Meeting

EU Incremental Amendment Update

Incremental Proposal

- Incremental process now delayed as follows TAR NC timeline
- Views during Madrid Forum focused on increasing transparency in Open Season Processes and on the alternative allocation mechanism
- Key issue for TSOs still under discussion within ENTSOG is recovery of investment costs. Delay in TAR NC allows some revisions of incremental section.