

ACER

 Agency for the Cooperation
of Energy Regulators

Framework Guideline Harmonisation of transmission tariff structures - Status of work

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Agenda

- Background
- Scoping exercise and policy options
- Outcome of the consultation
- Next steps

Background

- The 20th Madrid Forum invited ACER to
 - » consult on the scope of a framework guideline
 - » prepare a first outline of the framework guideline
- ACER
 - » published consultation paper (9 Feb - 9 March)
 - » Organised workshop (20 Feb)

Scoping exercise

Problem identification

- Inefficient use of the network hampering price convergence
- Undue discrimination between domestic and cross-border network usage
- Incompatible pricing of products on two sides of the border
- Under- or over-recovery of allowed revenues
- Risk and uncertainty related to tariff structures

Objective setting

- Facilitation of gas trade and competition
- Avoidance of cross-subsidies and undue discrimination
- Cost-reflective tariffs and recovery of allowed revenues
- Promotion of new efficient investments
- Transparency

Scope definition

- Interconnection points between market zones
- To be extended to other entry or exit points when discrimination is at stake
- Inter-TSO cost allocation schemes?
- Determination of allowed revenues
- Cross-border cost allocation for new investments

Policy options (1/2)

Determining auction's reference price

- Regulated tariff based on actual costs incurred
- Regulated tariff based on long run marginal cost

Reserve prices for short term and/or non-firm capacity products

- Proportionally to annual reference price
- Higher to secure revenues
- Lower to stimulate short term trade
- Seasonal coefficients to account for peak/off-peak times

Defining the payable auction price

- Regulated tariff plus (fixed or indexed) auction premium
- Clearing price (fixed or indexed to inflation)

Policy options (2/2)

Revenue allocation between entry & exit points

- Individual cost-based approach
- Matrix cost methodology
- Distance to the virtual point
- Equalisation approach
- Cross-border and domestic revenue split based on LRMC

Covering the gap between allowed and actual revenues

- Regulatory account (impact on reserve price for new bookings)
- Recovery on flows (commodity charge)
- Recovery on capacity (capacity charge)

Outcome of the consultation

- Open questions probing level of intervention
 - » FG/NC, GGP, no common action
- Workshop
- Response

Next steps

- Impact assessment of the options
- Input of public consultations and expert group
- Drafting framework guideline
- To be finalised Q3/2012

Thank you for your attention!



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