

# EU Tariffs Code

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- Code now in comitology process
- Member States will next meet in April
  - Inter-services consultation not due to start until late April
  - Not expected to have final TAR NC for April
  - April now a pre-comitology meeting
  - Impact assessment still not approved
- Formal comitology meeting in June
  - Member States could vote on English text (requires unanimous MS approval) or could vote to have additional meeting

## EU Tariffs Code

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- Additional meeting (if required) likely to be in September/October
- EC's aim is to finish Comitology prior to Madrid Forum in October
- Once text passed by Member States then governance process between EU Council, EU Parliament and EC (this takes several months)
- Possible “entry into force” in January 2017 (if code approved by MS in June)
  - Could be delayed until April 2017 if 2<sup>nd</sup> comitology meeting required

# Feedback at Informal MS meeting held 10 March

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- MSs went Article by Article through the TAR NC
- Text difficult to read
- Not clear what problem is being solved and would welcome the respective explanation in the Impact Assessment
- Five main issues for April meeting:
  1. ACER opinion (main point of contention)
  2. Implementation period
  3. Asset cost split
  4. Storage
  5. Interruptible pricing

# EU Tariffs Code – ACER review and Guidance

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- Concerns by TSOs over ACER's role post consultation on proposed charging regime
  - ACER to review consultation document plus summary and evaluation of consultation responses
  - ACER can make recommendations to which NRA must take “utmost account”
  - Concerns that this does not align with competence of ACER as outlined in Regulation (EC) 713/2009
    - In addition, ACER's ability to request information from NRA and requirement for NRA to respond within 30 days not foreseen by Third Energy Package.
  - ACER review will slow down implementation process
  - ENTSOG believes ACER's should have monitoring and reporting role instead

## EU Tariffs Code – ACER review and Guidance

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- TAR NC has obligation on ACER to analyse regulatory approaches applied in EU and produce “Guidance Document”
  - Aims at producing transparency on allowed revenues
- Concerns by TSOs that this goes beyond scope of TAR NC
  - Code is about harmonising allocation of costs to users and **not** about harmonising the setting of allowed revenues.
  - ENTSOG view is that ACER does not have the competence for this task
- Since setting allowed revenue is outside of scope of TAR NC, ENTSOG supports the deletion of this article.

# EU Tariffs Code - implementation

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- At March Informal MS meeting
  - Different application dates dependent of type of obligation
  - Default applicable date is **1 January 2018**
  - Publication requirements as of entry into force
  - Change to reference price methodology linked to regulatory period
    - Likely GB deadline is between **June - October 2019** to **start** process
- Text considered to be too complicated
  - Different application dates for different Member States
  - Linkage between RPM and other parameters (e.g. multipliers)..

## EU Tariffs Code - implementation

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- EC has subsequently proposed change for applicable date for **all of obligations in code** to be **17 months** after entry into force
- Transitional arrangements and mitigating measures remain deleted.
- The proposed revised implementation timescale will be too short for a proper and consistent implementation in GB regime.
  - National Grid and ENTSOG pushing back against this revised implementation period
  - ENTSOG proposing **24 months** implementation



# EU Tariffs Code – ENTSOG Main concerns

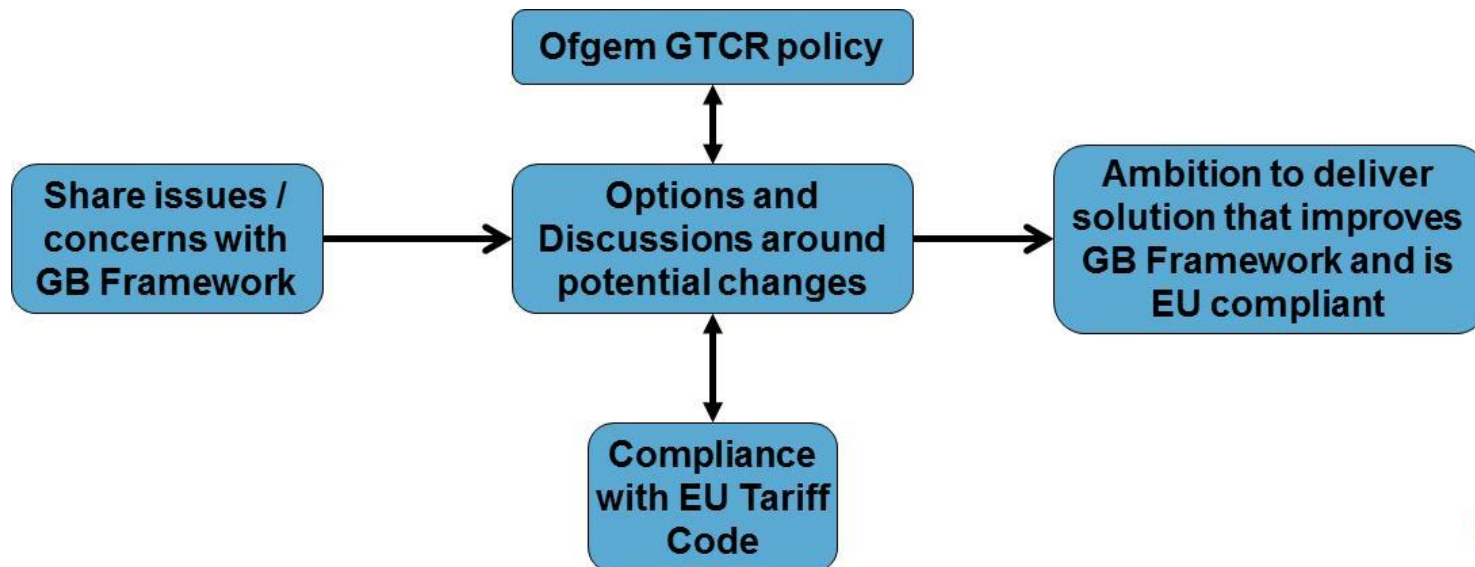
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## ENTSOG to develop position paper

- Implementation timescales
- ACER consultation review
- ACER revenue calculation guidance (associated transparency)
- Financial stability of TSOs
- Asset cost split
- Within-day pricing: removal of flat rate
- Storage
- Cost allocation test
- Code focus on short term shipper behaviour
- CWD as the counterfactual
- Specific nature of interconnectors
- Report on specific capacity products
- Implementation monitoring article
- Smaller issues
  - List of non-transmission services
  - Simplified model

# EU Tariff Code and the GB Charging Review

- Opportunity to improve GB Framework as a key driver
  - Consider EU compliance in any development and how options fit with GTCR policy
  - Chance to drive improvements with industry not just deliver EU Compliance (details discussed in NTSCMF)
  - Industry workshop held 22 March



# Incremental capacity amendment to CAM

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- Process for the incremental capacity/CAM NC amendment comitology is same as for TAR NC
- MS meeting of 10 – 11 March: EC to come back at April meeting re
  - Order of offer of conditional firm and interruptible capacity after non-conditional firm capacity
  - Extending period for offering incremental (and existing) capacity beyond 15 years
  - Frequency of incremental process
  - Amount of capacity to be set aside in alternative CAM
  - Solutions for booking platform cooperation
- Incremental reality check study (EU-Russia Gas Advisory Council)
  - Groups involved: ENTSOG, Gazprom, IFIEC, IOGP and GIE