

***EDF response to the ACER questionnaire for  
the Draft Framework Guideline on Harmonised transmission  
tariff structures<sup>1</sup>***

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**Please indicate, if your company/organisation is:**

- a. European association
- b. National association
- c. TSO
- d. Shipper or energy trading entity
- e. End-user
- f. Other (e.g. Power Exchanges, Storage Operator etc.), namely:.....

**Please provide, if relevant, reasoned indication if you wish to consider (part of) your response as confidential<sup>2</sup>.**

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<sup>1</sup> Further also referred to as “FG”. The resulting Network code on Harmonised transmission tariff structures is further also referred to as “NC”.

<sup>2</sup> The Agency shall carefully consider all responses received (whether confidential or not) subject to the provision that anonymous responses or responses from respondents who do not want their identity to be made public will generally not be taken into consideration. The Agency will make public the number of responses

**1. General provisions. Scope, application, definitions and implementation (Chapter 1 of the draft Framework Guideline)**

**1.1. Please explain whether any of aspects of the application of the draft FG (NC) to existing contracts would cause disproportionate effects on gas business in relation to 3<sup>rd</sup> Package objectives?** Please give reasons for your answer, including any quantitative evidence, tables and examples (if required, under confidentiality).

EDF considers that this Framework Guidelines should apply to existing contracts as a matter of non-discrimination. However, EDF is not sure whether the Network Code should enter into force within 12 months as stated in the draft FG, due to the level of complexity and issues involved. For example, the entry into force of the code, at the end of the current regulatory period for tariffs, could be assessed. Indeed, **if it can be understood that tariff provisions change from one regulatory period to another**, it is of the utmost importance that these **remain as stable as possible within a specific regulatory period**.

**1.2. Please explain if any further definitions should be added for clarity of the FG (NC)?**

Even if it seems obvious, EDF considers that the definition of “reserve price” should be included in the FG. Likewise, if locational signals were included in the FG, they should be defined as well.

**1.3. Please suggest the top-5 *core indicators*<sup>3</sup> for monitoring the future EU-wide implementation of the future tariff FG (NC)?** ACER and ENTSO-G both have legal obligations to monitor NC

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received to formal consultations, the names of the respondents, and all non-confidential responses. Respondents may request that information or data in their responses is treated as confidential. The Agency will assess, in co-ordination with the respondents requesting confidentiality, which information or data shall not be made public and may request from the respondents an explanation of their confidentiality interests and a non-confidential version of their response for publication. The Agency will evaluate confidential responses as transparently as possible without undermining the respondents' confidentiality interests.

<sup>3</sup> An example of a *core indicator* could be e.g. the relative size of (positive or negative) Regulatory account in comparison to overall Tariff revenues, indicating under- or over recovery of the tariff regime in a specific entry- and exit zone.

implementation (in accordance with Article 9 (1) and Article 8(8) of Regulation (EC) No 715/2009 respectively).

EDF agrees that the relative size of the regulatory account in comparison to the overall tariff revenues is a good indicator that can be used to monitor the implementation of the future tariffs FG. Other interested indicators that could be envisaged are:

- the extent of transparency provided over tariff methodologies and assumptions, in the official language of the Member State and in English;
- the extent to which network users have transparency over tariff evolution with a reasonable degree of accuracy;
- the ratio between any under/over recoveries and allowed revenues;
- difference in prices between hubs;
- stability and predictability of price as a result of under/over recoveries whether through capacity or commodity charges;
- the extent to which capacity reserve prices have acted as a barrier to cross-border trade; and
- the reported claims to TSOs/NRAs by stakeholders regarding tariffs;
- a number of minimum public consultations per tariff period, frequency to be defined with stakeholders (for instance, every year or at each significant tariff evolution).

## **2. Cost allocation and determination of the reference price (Chapter 2 of the draft Framework Guideline)**

### **2.1. Transparency provisions**

#### **2.1.1 Do you agree with the level of harmonization proposed for the transparency in relation to tariffication methodologies<sup>4</sup>?**

**Yes**, EDF considers that a minimum standard of transparency regarding tariff methodologies is necessary. Indeed, even if tariffs are first a task for NRAs, they have a direct impact on shippers and end-users that pay those tariffs. Thus, a minimum standard of transparency will help them understand what they pay. Yet, the level of transparency regarding tariff methodologies is very different from one country to another.

Furthermore, EDF considers that network users should also have access to sufficient information to understand how tariffs are built but also to elaborate their opinion about whether tariffs are efficiently incurred or not. In particular, it could be useful for shippers to have as much information as possible on the tariff structure as well as on its level, point by point.

Lastly, EDF notices that in different parts of the FG, ACER refers to “*relevant stakeholders*” to be consulted. EDF questions who these “*relevant*” stakeholders are. EDF considers that public consultation by regulatory bodies and/or TSOs should be as broad as possible and, therefore, would recommend only referring to “*stakeholders*” in order to avoid any misunderstanding.

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<sup>4</sup> Article 18(2) of Regulation 715/2009 states that: “In order to ensure transparent [...] tariffs [...], transmission system operators or relevant national authorities shall publish reasonably and sufficiently detailed information on tariff derivation, methodology and structure”. The proposed text in the draft FG seeks to ensure such reasonable and sufficient detailed information.

**2.1.2 Would you support additional requirement(s) to ensure “reasonable and sufficiently” detailed tariff information<sup>5</sup>? For example, one could consider including a provision such as: “the transmission system operators or relevant national authorities shall provide additional information if a significant tariff fluctuation is expected on a specific or on all entry- and exit points”.**

**Yes**, if it is not already the case, it is very important that TSOs and/or NRAs provide information explaining tariff fluctuations, whether substantial or not. Moreover, EDF considers that another element to ensure “reasonable and sufficiently” detailed tariff information could be to require NRAs to launch audits when asked by stakeholders and to publish any information/report used to elaborate tariffs. TSOs should also be required to release the tariff model used to set transmission tariffs and the assumptions used to make it.

Lastly, systematic translation of tariff consultation/information into English should be promoted.

**2.2 Cost allocation and reference price setting methodology, general questions.**

**2.2.1 Do you agree with proposed level of harmonization for the reference price setting methodology, aiming for same methodology for all types of network users per one entry-exit zone?**

Yes, in principle because it should minimise the potential for discrimination and cross subsidies at cross border points.

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<sup>5</sup> Article 18(2) of Regulation 715/2009 states that: “In order to ensure transparent [...] tariffs [...], transmission system operators or relevant national authorities shall publish reasonably and sufficiently detailed information on tariff derivation, methodology and structure”.

### **2.3 Cost allocation and the Reference price setting methodology, detailed questions.**

- 2.3.1 Do you agree with proposed option for setting reference prices for entry capacity i.e. to have methodology based on major cost driver (e.g. distance) unless use of equal tariffs can be justified?**

**EDF does not agree with the proposed option.** Indeed, if we can understand and support the cost-targeting objective (based on distance of long-run marginal cost, *e.g.*), we consider that the FG does not reach the right balance between this objective and the entry-exit system concept. EDF considers that tariff equalization at entry (or exit) points should not be considered as an exception that has to be justified. Both options can be implemented, depending of the national market design (defining a cost-driven methodology can be extremely complex). **Then, NRAs should justify their choice of having, either equalized tariffs or differentiated tariffs.**

- 2.3.2 Do you agree with proposed option for setting Reference prices for exit capacity i.e. to have methodology based on major cost driver (e.g. distance) unless use of equal tariffs can be justified?**

**No, same answer as 2.3.1.**

Furthermore, the FG seems to restrict the possibility of equalization just to domestic exit points, whereas at entries, equalization can be applied to both national and cross-border entry points. As stated before, EDF considers that equalization should not be considered as an exception, in particular as it can help fostering trading within the zone where equalization is applied and is not necessarily contradictory with cost-reflectivity. Thus, EDF is of the opinion that this choice should be made at national level by the NRA, after public consultation and that equalization for exit points should be made possible also for cross-border points.

- 2.3.3. Do you agree with the cost allocation principle that revenue from entry points should equal 50% of revenue from all entry and exit points?**

**EDF is not sure to understand the rationale behind this choice.** Indeed, with this principle, it seems that ACER wants to avoid cross-subsidies between domestic gas and transit gas. However, even the 50/50 rule makes it possible to subsidise one category of consumers by the other by setting, for example, different tariff levels for exit points used by domestic gas (exit points to the distribution network *e.g.*) and for exit points used by transit gas (exit points to

adjacent entry-exit systems *e.g.*). Therefore, EDF considers that this should be left to NRAs' decision, after public consultation.

**2.3.4. Do you agree with application of the proposed options for setting reference prices to all entry and exit points (without any separate mechanism for the domestic points, whilst ensuring no discrimination between domestic and cross-border network usage)?**

As said before, EDF is not sure whether it is possible to avoid cross-subsidies in case no specific mechanism for domestic points is set. However, regarding the complexity to identify and allocate costs to domestic use on the one hand and to transit use on the other hand, EDF does not consider that a separate mechanism is realistic. Therefore, EDF wonders if harmonisation is really necessary for this point.

**2.4 Pricing of entry- and exit capacity on the transmission network to and from gas storage facilities (see also questions under '9' Locational signals).**

**2.4.1. Do you agree with proposed option to base tariffs for entry and exit capacity on the transmission network to and from gas storage facilities at an adequate discount to other entry and exit points on the TSO?**

**EDF considers that there is a rationale to set entry/exit capacity to/from gas storages at a cheaper level than other points. However, the FG should not use the word "discount" as it may imply a preferential treatment of storages. Indeed, EDF considers that the low level of entry/exit tariffs for storages should not be the result of an ex-ante arbitrary discount but would implicitly derive as a result of an economic model to calculate tariffs, which takes into account storage specificities, in particular, the fact that storage sites are closer to the consumption center (being internal to the system) and that gas in storages has already paid entry tariffs and will pay exit tariffs. Likewise, it seems important that this economic model applies to all storages, whether exempted or under TPA-rule.**

**2.4.2. Do you agree with harmonization of such a discount across all storage points in the EU?**

**No, because,** as said before, the tariff level for storages should be the result of an economic analysis that takes into account the costs that can differ from one country to another.

**2.4.3. If you prefer harmonization for an ‘adequate’ discount, which level of such a discount applied to firm capacity level do you advocate?**

**No opinion or other suggestions, because,** as said before, the tariff level for storages should be the result of an economic analysis that takes into account the costs that can differ from one country to another.

**2.4.4. What are your views on harmonization of tariff measures, leading to harmonization of transmission tariff levels across all storage points in the EU (instead of harmonizing a discount across all storage points in the EU)?**

EDF considers that it is quite a paradox to envisage a harmonization of transmission tariff level across all storage points in the EU while at the same time focusing a lot the Framework Guidelines on cost-reflectivity. As said before, the tariff level for storages should be the result of an economic analysis that takes into account the costs as well as the fact that gas in storages has already paid entry tariffs and will pay exit tariffs.

**3. Revenue recovery (Chapter 3 of the draft Framework Guideline)**

**3.1. General – interdependency questions.**

**3.1.1. Do you agree that the current draft FG proposals on Reserve prices for short term products, on revenue recovery and on payable price are consistent together?**

**Yes,** these proposals globally seem consistent.

**3.1.2. Are the current draft FG proposals on Reserve prices for short term products, on revenue recovery and on payable price properly addressing the ambition for the pricing of transmission capacity to strike the right balance between facilitating short-term gas trading on one hand and providing long-term signals for covering costs and promoting efficient investments on the other?**

**Yes,** it is clear that ACER has tried to target the right balance between allowing short-term trading and maintaining the necessary long-term signals. However, TSOs’ concerns seem a bit too over-reflected in these Framework Guidelines, maybe to the detriment of market integration and cross-border trade development. In particular, EDF is not so sure that, in



Continental Europe, we will observe a massive fly to short-term capacity bookings since short-term capacity is an optimization tool and not a way to structure a shipper's portfolio.

### **3.2 Regulatory account**

#### **3.2.1 Do you agree with the principle to set reference prices to minimise the difference between allowed and collected revenues?**

**Yes**, EDF agrees with this principle that has worked in many countries already.

#### **3.2.2 Do you agree with proposed level of harmonization of using the regulatory account?**

**Yes**, EDF agrees with the proposed level of harmonization.

#### **3.2.3 Do you agree that NRAs should determine or approve how often and how fast the regulatory account has to be reconciled on a national level, whilst preserving balance between timely cost recovery and sudden adjustments to tariffs?**

**Yes**, EDF agrees that these questions can be set at national level.

#### **3.2.4 What is your view on including the option to use the Regulatory Account (including the potential over-recoveries from auction premium) to contribute to solving congestion? How could this be done, especially in view of principles of non-discrimination and cost-reflectivity? Please give reasons for your answer, including any quantitative evidence, tables and examples.**

EDF agrees that using the potential over-recoveries of the Regulatory Account to solve (physical) congestions could be envisaged. However, this is an option among others (like decreasing/increasing the regulated tariff) and EDF does not understand why this very option should be highlighted in the FG in a different way from the other options. Moreover, the use of "may" implies that NRAs are allowed to use this option but with no obligation, meaning that the way this option is written does not create any new right/duty for NRAs who already have the ability to decide the use of over-recoveries. Therefore, EDF is of the opinion either to list all possible options for the use of over-recoveries or none.

### **3.3. Reconciliation of Regulatory accounts.**

#### **3.3.1. Which option for the reconciliation of regulatory accounts do you prefer?**

In principle, EDF prefers Option 1 that has proven to be workable in many countries (in France in particular) even if we are not sure to fully understand Option 2. Nevertheless, we see a case where Option 1 might not be fully satisfactory. For example, even if you want to promote short-term trading with short-term capacity reserve price lower (in proportion) than long-term capacity reserve price, you may want to avoid that only one category of users bears the weight of under-recoveries. Therefore, the use of a capacity or commodity charge to recover the under-revenue could be seen as less discriminatory than an increase of the reserve price for only some products. EDF is thus of the opinion that a mix of the two options should be studied to see if it is workable and not too complex.

**3.3.2. In line with the interdependency discussion above in question 3.1, what are your views on recovering revenues by means of a separate charge set at the start of the gas year with the aim of minimising the amount that goes into the regulatory account?** This charge could be based either on gas flows (commodity) or capacity bookings (capacity). Then the regulatory account would be reconciled through the reserve or reference price. See chapter 3 of the draft FG.

See answer to question 3.3.1.

**3.3.3. Do you agree with application of the option on reconciling regulatory account to all entry and exit points (both domestic and cross-border)?**

Yes, because this option seems simpler. Moreover, EDF is not sure that it would be easy to differentiate the costs linked to gas transiting and those linked to domestic gas. Last but not least, EDF wants to underline that there are other factors of revenue fluctuations that are not linked to auctions. Therefore, the option reconciling the regulatory account to all entry and exit point seems preferable.

**3.3.4. Do you agree that the regulatory account should be recovered by splitting the total under- or over- recovery across all entry and exit points in the same proportion as set out in the cost allocation methodology?** For example if the cost allocation methodology is a 50:50 split then 50% of all under- or over- recovery will be from the entry points and 50% from the exit points.

No, because, as explained in the answer to question 2.3.3, EDF does not really understand the rationale behind this 50/50 rule. However, if that kind of cost allocation methodology had to be chosen, EDF would agree that the regulatory account should be recovered according to the same split.

#### **4. Reserve prices (Chapter 4 of the Framework Guideline)**

##### **4.1 General.**

**4.1.1 Do you consider it sufficient to have rules on firm, interruptible and non-physical backhaul capacity products or are you aware of other capacity products that should be addressed in the FG?**

**No**, EDF does not see any other capacity products to be addressed in the FG.

##### **4.2 Reserve prices (firm)**

**4.2.1 Do you agree with proposed level of harmonization?**

**Yes, in principle, EDF agrees** with the proposed level of harmonization that allows for some flexibility at national level when it is needed. However, we wonder if the possibility to set the reserve prices for short-term products as strict pro-rata to the annual reference price (*i.e.* without any multiplier) should not be further explored. Indeed, this solution could be seen as pragmatic and less complex than what is currently proposed in the FG.

**4.2.2 Do you agree with proposed option for the Reserve price for short-term products including the possibility that the national regulatory authority may decide to allow for higher short-term prices that may apply (via multiplier higher than one, but not higher than 1.5) if there is risk of *significant* under-recovery of allowed revenues?**

**Yes, in principle, EDF agrees with the proposed option** for the reserve price for short-term products as there is an economic value to set multipliers for short-term products at maximum one. Moreover, an EU-wide surveillance and evaluation of the implementation and impacts on the market of these arrangements could be introduced explicitly. This will allow ACER, NRAs, TSOs and stakeholders to follow carefully the implementation of these measures (that can have important consequences for the market) and to react appropriately.

**4.2.3 Do you agree with application of the proposal on short-term Reserve prices to entry and exit points where the Network Code on CAM applies, i.e. interconnection points only?**

**Yes, as a matter of coherence** it is very important that these provisions apply to the same points where the Network Code on CAM applies. However, EDF would like to underline that the NC CAM not only applies to cross-border interconnection points but also to interconnections between adjacent entry-exit systems within the same Member State.

**4.2.4. What criteria would you propose to set the Reserve price for short-term products that will be higher than the price of an annual product, to interconnection points?**

For the time being, EDF has no comments on this question.

**4.2.5. Would you agree with using Seasonality (or other criteria, which you may suggest) of the systems as criteria to set the Reserve price for short-term products that will be higher than the price of an annual product, to interconnection points?**

**Yes, EDF supports the possibility offered by the FG** to use seasonal factors at national level. In countries where they are now applied, seasonal factors have proven to be interesting tools to optimise the use of the network. Therefore, EDF supports the current proposal that allows them without making them mandatory.

#### **4.3 Reserve prices (interruptible)**

**4.3.1 Do you agree with proposed option to set Interruptible Reserve prices at a discount to firm capacity where the discount is based on the likelihood of interruption, and to recalculate once a year?**

**Yes, agrees with this option**, in particular if it leads to more information from TSOs regarding the likelihood of interruption.

**4.3.2 If you prefer a fixed discount, which level of such a discount applied to firm capacity level do you advocate?**

EDF is not sure that a fixed harmonized discount should be applied.

**4.3.3 Do you agree with application of the proposed option to entry and exit points where the Network Code on CAM applies, i.e. interconnection points only?**

**Yes, as a matter of coherence** it is very important that these provisions apply to the same points where the Network Code on CAM applies. However, EDF would like to underline that the NC CAM not only applies to cross-border interconnection points but also to interconnections between adjacent entry-exit systems within the same Member State.

#### **4.4. Reserve price (backhaul)**

**4.4.1 Do you agree with proposed level of harmonization?**

**Yes**, EDF agrees with the proposed level of harmonization.

**4.4.2 Do you agree with proposed option to set backhaul prices at a discount to firm capacity level so that Reserve prices reflect the level of actual marginal costs (= IT and administrative costs)?**

**Yes**, EDF agrees with this proposal even if it would be necessary to define more precisely what the marginal costs are.

**4.4.3 Do you agree with application of the proposed option on backhaul capacity pricing to entry and exit points where the Network Code on CAM applies i.e. interconnection points only?**

**Yes, as a matter of coherence** it is very important that these provisions apply to the same points where the Network Code on CAM applies. However, EDF would like to underline that the NC CAM not only applies to cross-border interconnection points but also to interconnections between adjacent entry-exit systems within the same Member State.

**5. Virtual IPs**

**Do you support the proposed option for Reserve price in Virtual IPs as EU-wide standard? Please reason your answer, including any quantitative evidence, tables and examples on balance between cost-reflectivity and cross border trade stimulation.**

**Yes**, EDF agrees with the proposed option.

**6. Bundled capacity products**

**6.1 Reserve price (Bundled)**

**6.1.1 Do you agree with proposed level of harmonization?**

**Yes**, EDF agrees with the proposed option.

**6.1.2. Do you agree with the proposed option that the sum of Reserve prices for unbundled capacity is used as bundled Reserve price?**

**Yes**, EDF agrees with the proposed option.

**6.1.3 Do you agree with application of specified the proposal to entry and exit points where the Network Code on CAM applies i.e. interconnection points only?**

**Yes, as a matter of coherence** it is very important that these provisions apply to the same points where the Network Code on CAM applies. However, EDF would like to underline that the NC CAM not only applies to cross-border interconnection points but also to interconnections between adjacent entry-exit systems within the same Member State.

**6.2. Do you support the proposed option for Reserve price (if unbundled) as the EU-wide standard? Please give reasons for your answer, including any quantitative evidence, tables and examples on balance between cost-reflectivity and cross border trade stimulation. We encourage you to specify if you support the Unbundled Reserve price being higher to support bundling of products.**

**Yes**, EDF supports the proposed option.

**6.3 The Network Code on Tariffs shall specify that the revenues from Reserve price of bundled capacity products shall be attributed to the TSOs proportionally to the Reserve prices of their respective capacities in the Bundled Capacity. The revenues from the auction premium from bundled capacity above the Reserve price shall be split according to agreement between the relevant national regulatory authorities. Furthermore, the Network Code on Tariffs shall in the case that no agreement is concluded before the auction, specify that the revenues from the auction premium shall be split equally between the TSOs.**

**6.3.1 Do you agree with proposed level of harmonization in that approach above?**

**Yes**, EDF agrees with the proposed level of harmonization.

**6.3.2 Do you agree with proposed option for splitting auction revenues from bundled products to the relevant TSOs?**

**Yes, EDF agrees with this proposal** because it allows at first a mutual agreement between NRAs and also determinates a default rule when there is no agreement. However, EDF considers that the mutual agreement should be publicly consulted by NRAs.

**6.3.3 Do you agree with application of the proposal to entry and exit points where the Network Code on CAM applies i.e. interconnection points only?**

**Yes, as a matter of coherence** it is very important that these provisions apply to the same points where the Network Code on CAM applies. However, EDF would like to underline that the NC CAM not only applies to cross-border interconnection points but also to interconnections between adjacent entry-exit systems within the same Member State.

## **7. Payable price**

### **7.1.1 Do you agree with proposed level of harmonization?**

**Yes**, EDF agrees with the proposed level of harmonization.

### **7.1.2 Do you agree with the proposed option to set payable price equal to the current Reserve price for year in which capacity is used plus any premium?**

**Yes**, EDF does not see any other workable option even if this solution does not allow shippers to know the price they will pay. However, it is important to underline that, in countries with multiyear regulatory periods, shippers already support this risk when they book capacity beyond the current regulatory period (for example during an Open Season). Therefore, if stable and foreseeable tariffs are very important for the market (at least within a regulatory period), we understand that it is difficult to offer that kind of stability 15 years ahead. However, it is important that these floating reserve prices be carefully followed by NRAs and that they evolve only according to the regular tariff evolutions.

### **7.1.3 Do you agree with the application of specified options regarding payable price to entry and exit points where the Network Code on CAM applies i.e. interconnection points only?**

**Yes, as a matter of coherence** it is very important that these provisions apply to the same points where the Network Code on CAM applies. However, EDF would like to underline that the NC CAM not only applies to cross-border interconnection points but also to interconnections between adjacent entry-exit systems within the same Member State.

## **8. Incremental capacity (no explicit chapter in draft FG, implications at least to chapters 2/3 foreseen).**

### **8.1. Please provide evidence of concrete problems with the current arrangements for incremental capacities, whereas these problems affect tariff structures in EU. Any quantitative evidence, tables and examples (if necessary, subject to confidentiality) are welcomed.**

EDF considers that the most important problem affecting tariffs when dealing with incremental capacity is the lack of information publicly available when bidding for this incremental capacity



(be it through an auction or an Open Season). Moreover, EDF regrets the lack of transparency regarding important data such as the way costs and tariffs are determined and, more importantly, the lack of consistency between transportation contracts.

**8.2. Please therefore consider if harmonization, or partial harmonization of any parameters in the “market test” is appropriate within Tariffication principles at EU-level ?**

As stated in the recent CEER consultation on “Market-based investment procedures for gas infrastructure”, EDF does not consider that there is a need for harmonization of market test parameters at EU-level. However, we do consider it very important that the same rules (in particular the trigger level, the share of short term capacities) apply at both sides of the interconnection point for a given Open Season or when implementing specific incremental capacity arrangements.

Therefore, guidelines of good practices and coordinated developments of incremental capacity at both sides of the interconnection point should be enough.

**8.3. Are there any other elements required in the Network Code on transmission tariff structures, to accommodate incremental capacity offer (e.g. influence on regulatory accounts, regulatory periods length, requirement for a fixed for period of years tariffs).**

EDF considers that, in principle, the same rules should apply to existing and incremental capacity.

**9. Usage of locational signals (no explicit chapter in FG, implications at least to chapters 2/3/4 foreseen).**

**9.1 Please provide evidence of concrete problems with the current arrangements for locational signals.**

EDF does not have any example of problems regarding locational signals in gas markets.

**9.2. Are there any other elements required in the Network Code on transmission tariff structures to accommodate locational signals?**

Some harmonization of the current arrangements related to locational signals may be needed but only after a more complete analysis of the situation. Therefore, EDF would recommend not to include other elements regarding this subject in the Framework Guidelines and Network Code on gas tariff structures.

**9.3. Please consider whether the chapter on ‘Reference price’ should have more options added in regard to use of locational signals. Please consider specifically how tariff structures can be used to signal investment for e.g. gas-fired power plants, storages, LNG terminals, etc.**

See response to 9.2.

**9.4 Shorthaul as a form of ‘locational signal’ in e/e systems.**

**9.4.1. Should the FG have a tariff structure in place to avoid the incentive for inefficient building of pipelines (to avoid the entry-exit system charges) described above?**

For the time being, EDF does not have any opinion on this point. More analysis should be conducted.

**9.4.2. How could this tariff structure be designed?**

See response to 9.4.1.

**9.4.3. Should there, in order to address risk of cross-subsidies and discrimination - be a limitation on the capacities that can be “shorthaul capacities”?**

Shorthaul tariffs, or discounts, are not universally applied across the EU. Thus, we do not think it is appropriate to mention them in the FG, or to try and define them nor any principles or restrictions around their use.

**9.5 Specific treatment of LNG (if any) considered, in view of considering specific storage treatment (see questions under 2.4).**

LNG facilities should be considered out of scope of the Framework Guidelines, as should storage facilities. However, the entry and exit tariffs relating to storage and LNG facilities should

be covered by the same tariff objectives, methodology and assumptions as cross-border points. Indeed, any specific treatment that is appropriate or necessary vis-à-vis any other class of entry or exit point should be assessed and determined consistently (see response to 2.4.1).

**9.5.1. Do you think that tariffs for entry and exit capacity from the LNG terminal could incorporate a discount relative to other entry and exit tariffs on the TSO, similar to the proposed option for underground gas storage?**

See response to 9.5.

**10. Effects Entry-Exit Zone mergers & Virtual IPs (no explicit chapter in FG, implications at least to chapters 2/3 foreseen).**

**10.1. Please provide evidence of concrete problems with the current arrangements for mergers of entry-exit zones at national level.**

When analysing this topic, EDF would recommend distinguishing the merger of zones within a country and the merger of cross-border zones. EDF considers that mergers of zones at national level should be dealt with at national level, including tariff issues. Then, when we talk about cross-border mergers, the first striking problem is the question of revenue distribution. This issue also arises when the merger happens at national level but it does not lead to the same consequences since the impact is only on one market. In case of cross-border merger, the revenue redistribution impacts several markets and also potentially network users and customers that have nothing to do with this merger.

**10.2. Please advise, if there are alternatives or additional requirements within Tarification setting harmonization steps, to accommodate 'Effects Entry-Exit Zone mergers' (once there). Please consider the Initial (draft) Impact assessment, when answering.**

For the time being, EDF is not aware of any project of cross-border mergers. Therefore, we consider that it would be too early to set harmonization steps to accommodate effects of these mergers, knowing that it is for the moment a purely theoretical question. We do recognize the benefits of anticipation, but we are not sure that we can already assess the impacts (positive or negative) of that kind of cross-border mergers on tariff structure.

**11. What additional tariff structure measures do you envisage could improve the network code?**

For the time being, EDF does not see any other measure.

**12. Please share below any further comments concerning the draft Framework Guideline.**

For the time being, EDF does not have any other comment concerning the draft Framework Guideline.

**13. Please comment on any factual incorrectness of the attached Initial (draft) Impact Assessment, if possible with specific page references, including quantitative evidence, tables and examples from your experience in the gas market(s) (if necessary, subject to confidentiality).**