



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR ENERGY

Directorate B - Internal Energy Market
Acting Director

Brussels, 29 June 2012
ENER B/JAV/TH/tj s(2012) 913468

ACER
The Director
Mr Alberto Pototschnig
Ljubljana
Delivered by e-mail

Subject: Invitation to start the procedure on a framework guideline on rules regarding harmonised transmission tariff structures for gas

Dear Mr Pototschnig,

In accordance with the priorities and planning agreed, I would like to invite the Agency in accordance with Article 6 (2) of Regulation (EC) No. 715/2009 to submit to the Commission by 31 December 2012 a framework guideline setting out the necessary level of harmonization on rules regarding transmission tariff structures for gas in the EU. The framework guideline should build on the scoping and problem identification work undertaken by ACER and should be accompanied by an impact assessment delivered within the same deadline.

The Commission is of the opinion that an important aspect of ensuring the quality of the framework guideline is to undertake an impact assessment. An accompanying impact assessment should identify the problems to be solved, justify the policy options chosen to reach the objectives of framework guidelines and analyse their impacts (costs and benefits).

In accordance with article 6 (2) of the Regulation the framework guideline shall set out clear and objective principles for the development of a network code on harmonized transmission tariff structures for gas. In that context, the Commission invites ACER to give explicit guidance with regard to the level of elaboration and development it expects from ENTSOG in transposing the various principles of the framework guideline into the detailed measures the Network Code will contain. The framework guideline should contribute to non-discrimination, effective competition and the efficient functioning of the market. Specifically the framework for a harmonized set of transmission tariff structures should aim to achieve cost-reflectivity, the avoidance of cross-subsidies, the promotion of efficient new investment, and greater transparency.

The pricing of transmission capacity needs to reflect a 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.

The scope of the framework guideline should include all entry and exit points of gas transmission system operators.

In line with those objectives the framework guideline should at least formulate principles on the following:

- *General cost allocation aspects such as* the split of revenues between entry and exit points. The framework guideline should develop principles mitigating the risk of undue discrimination between cross-border and domestic network usage.
- *Reserve price, revenue recovery and payable price:* as the network code on capacity allocation mechanisms will introduce auctions to sell cross-border capacity services, guidance shall be given on principles for setting the reserve price and for possible revenue recovery mechanisms as well as the payable price of the cross-border capacity taking into account the different capacity products and their durations.
- *Transparency* with regards to the i) methodology used to set tariffs, ii) costs and congestions in the system and iii) future evolution of the tariffs.

Furthermore ACER – based on its impact assessment – should consider formulating principles on the following:

- *Incremental Capacity:* addressing, for instance, topics on how to set the thresholds for the relevant market test.
- *Usage of locational signals:* addressing, for instance, the influence of tariffs on signalling investment for e.g. gas-fired power plants, storages, LNG terminals;
- *Effects Entry-Exit Zone mergers:* addressing, for instance, the topics of tariff alignment and the disappearance of interconnection points, and the corresponding cross-border tariffs, due to the zone merger;

May I kindly ask you to let us have your planning for the development of the framework guideline and the impact assessment, specifying when and how stakeholders will be consulted. The Commission services are at your disposal to discuss any questions which may arise.

Yours sincerely,



Jean-Arnold Vinois

c.c.: Walter Boltz; Stephan Kamphues; Madrid Forum Participants