

## ***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:.....**

Firstly, company Eustream as a gas TSO in the Slovak republic would like to express the gratitude for having an opportunity to contribute the company views on the ACER's consultation on a "Draft Framework guideline on Harmonized transmission tariff structures".

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1 Further also referred to as "FG". The resulting Network code on Harmonised transmission tariff structures is further also referred to as "NC".

Please note that company Eustream has participated on the comprehensive Entso-g's response to the Questionnaire for the Draft FG on Harmonized transmission tariff structures for gas, but since the topic of the tariff structures is considered as one of the most important in the entire process of the EU market harmonization, Eustream would like to provide additional feedback to the points which are the most crucial from its point of view.

### 1. Application to the existing contracts

We would like to underline that retroactive application of the newly designed tariff structure of the future Tariff NC to the existing contracts brings high additional risk to the financial positions and enterprise values of the TSOs. Draft of the Tariff FG includes need of amendment of the all existing contracts to be in compliance with the future Tariff NC. Such a condition creates a lot of concerns in regards to possibility of the stepping out of contracts in the event of regulated tariff change. This concern is underlined by the fact of increasing competition in cross-border gas transmission and visible trend of migration from the long term contracts to the contracts with shorter duration. Due to these reasons we propose to let the question of the application of the future Tariff NC conditions to the existing contracts to be untouched by the Tariff FG.

### 2. The 50-50 revenue split between Entry and Exit

We oppose setting of a general rule and we propose to keep the decision about the cost allocation on the national level. The transmission networks across the European Union are developed highly different and national specifics of the all EU networks cannot be covered by the only one rule for the allocation of the costs. In addition, general rule designed this way brings to the system also lower level of flexibility and more demanding ex-post reconciliation mechanisms of the regulatory accounts.

### 3. Discounts for the Entry/Exit tariffs from/to the storages

Analogous to the previous point, we prefer this decision to be solved on the national level.

#### 4. Discount for non-physical backhaul

There are several reasons against the discounted prices for such a product, e.g. need of physical infrastructure to provide virtual product, costs for provision of a virtual transmission (booking, online platform, dispatching, etc...) or possibility of a shippers to do virtual swaps without capacity booking. Additionally, we think that discount given for the non-physical transmission should be considered as discriminatory by the shippers using a physical transmission also due to fact they are practically allowing non-physical transmission by the execution of the physical transmission.

#### 5.. Short-term pricing

Pricing for short-term contracts equal or even lower to the annual pricing works in a fully congested networks only. In a case of the systems with (i) high amount of free capacity, (ii) in competitive environment, (iii) business based mainly on the long term contracts, it brings a huge level of unpredictability and concerns in regards to the negative cash-flow impact.

Eustream welcomes that document reflects the fact of high diversity of the tariff structures within the all European Union. Our specific position within the EU market and current increasing competition in the area of transmission of Russian gas to the western EU countries bring to our business still higher rate of unpredictability. Although we fully promote the market harmonization, above mentioned facts make harmonization of tariff structures more difficult. As several times mentioned above, we consider the reason of diversity of the transmission systems as such as the key element which should be reflected in the future Framework Guidelines and Network Code by leaving the main decision-making power on the exact tariff structure on the particular NRAs.