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Subject: Response to the consultation document Gas System Charges Ordinance 2013 – 2nd amendment 2025 of E-Control – 30 April 2025

Dear Sir/Madam,

In reaction to the updated draft ordinance on natural gas transportation system charges, published on the E-Control's website on 30th April 2025, Electrade S.p.A. wishes to express serious concerns regarding the last proposed 2026 entry/exit points' tariff increase— both in comparison to 2025 levels, published in May 2024, and the initial figures published within a first version of the draft ordinance, dated 17th April 2025.

First of all, Electrade wishes to emphasise that the current entry/exit tariffs (the first year of the 5th regulatory period) have already introduced strong increases compared to those applied in the previous years (see Table 1). For instance, considering a gas flow from the Baumgarten Entry to the Arnoldstein Exit Points, the 2025 capacity costs rose by over 40%, without even accounting for the additional impact of the commodity-charge.

Richtung	Art	Punkt	kapazitätsbasiertes Entgelt	RP4-Entgelt	Unterschied relativ
			EUR/kWh/h/a	EUR/kWh/h/a	%
Entry	FZK	Baumgarten	1,37	0,85	+62%
Entry	FZK	Arnoldstein	1,37	0,97	+41%
Exit	FZK	Arnoldstein	5,98	4,35	+38%
Exit	FZK	Verteilerg Gebiet	1,26	0,42	+200%
Exit	FZK	Verteilerg Gebiet Kärnten	4,63	3,85	+20%
Entry	DZK	Arnoldstein	1,24	0,68	+82%

Table 1: E-Contro Anlage 3a to the GSNE-VO 2 Novelle 2024, evaluation of tariffs changes introduced with the first year of the 5th RP

Secondly, Electrade, as already underlined in its response to the 2024 E-Control's tariffs consultation, also wishes to remark that the E-Control's decision to introduce an entry/exit split rate of 25%–75% (resulted in a substantial modification of the CWD tariff methodology, as part of the 2024 consultation, which initially considered a 50%–50% entry/exit split rate), is a potential discriminatory treatment among network users. This change, indeed, significantly increased exit tariffs, which now account for 75% of the recovery of the total capacity-based transportation costs.

Finally, comparing the 2024 capacity-based tariffs with those proposed in the current consultation for 2026 (i.e. the updated version, published on 30th April) reveals a cumulative capacity cost increase of more than 155%, of which a 80% YoY (2026 vs 2025).

	2024	2025	2026
	€/kWh/h/y	€/kWh/h/y	€/kWh/h/y
Entry BG	0,85	1,37	2,77
Exit AR	4,35	5,98	10,52
	5,2	7,35	13,29
		24->25 41%	25->26 81%
			24->26 156%

Table 2: percentage increase of tariffs

Furthermore, additional costs for higher bank guarantees to be provided by the transportation system users are to be considered as well (not included within the above capacity cost values).

1. Discrepancies in Tariff Calculations

The first version of the ordinance, published on 17 April 2025, presented tariff values that were remarkably consistent with those published in Table 14 of GSNE-VO 2013's Anlage 3a (published by E-Control on 21 May 2024) regarding the forecasted 2026, and 2027 as well, Austrian transportation tariffs.

In the current consultation, E-Control states on its website:

"The updated draft was published on 30 April 2025 and contains changes in the calculation of the capacity-based transmission system charges resulting from a data transmission error in the version originally published on 17 April 2025." (free translated from the published German version).

Electrade understands that this "data transmission error" stems from a linking error in some formulas which likely affected the Excel files already used for the tariff methodology

in 2024. Electrade further believes that this error already existed in E-Control's documents a year ago during the previous consultation, as it is inconceivable that both E-Control and the TSOs were unaware of how the forecasted capacity booking situation for 2026 would evolve.

The above-mentioned error substantially:

1. Has damaged shippers' estimates of long-term route profitability in the context of interruption of the Transportation Contract via the Ukrainian Route started from 1st January 2025;
2. Led to misleading evaluations and delays in shipper's management decisions;
3. Will likely affect 2027 and 2028 transportation capacity tariff's projections as well.

2. Unjustified TSO Cost Increases

Furthermore, we note with concern that the TSOs' **regulated revenues** (capacity based allowed costs) for 2026 are projected to **increase by approximately 5.5%** (as shown in Table 3).

Kosten	EUR/Jahr (derzeit) 2025	EUR/Jahr 2026	%yearly increase / decrease
Kapazitätsbasierte Kosten GCA	99.061.030	104.170.346	5,2%
Kapazitätsbasierte Kosten TAG	167.539.670	176.990.960	5,6%
Kapazitätsbasierte Kosten gesamt	266.600.700	281.161.306	5,5%
Mengenbasierte Kosten GCA	17.159.047	15.708.150	-8,5%
Mengenbasierte Kosten TAG	15.992.900	5.510.709	-65,5%
Mengenbasierte Kosten gesamt	33.151.947	21.218.859	-36,0%
Gesamtkosten GCA+TAG	299.752.647	302.380.165	0,9%

This increment of capacity costs appears fundamentally unjustified given the current operational context, where:

1. **Dramatic Gas Flow Reduction:** TAG's **commodity-based costs** (related to TAG's energy costs) alone will **decrease by 65%** from 2025 level, amounting to only 5.5 € million annually in 2026 (indicator of the very low transported gas flow).
2. **Historical Comparison:** This reduced value is significantly lower than the **about 60 € million per year** of regulated **commodity-costs allowed** by E-Control during the previous **4th regulatory period** (and included in the capacity tariffs), when the system transported substantial volumes of Russian gas.

TAG's current forecasted energy consumption for gas transport in its own network amounts to less than 5% (*ceteris paribus*) of the value assumed in the 4th regulatory period.

This suggests that only a small fraction of the installed compressor power across its five compressor stations is now required. Consequently, we expect that:

1. **Reductions and mothballing of part of the compressor station assets** to lower the RAB and corresponding allowed costs should be urgently evaluated
2. **Non-essential TSO investments and reinvestments should be put on hold**
3. **Maintenance costs should also be proportionally lower.**

Given these undeniable facts about reduced flows, we find the proposed 5.5% cost increase for TSOs in 2026 completely inexplicable and economically unsound.

Electrade would appreciate if the regulatory framework could reflect these changed market realities rather than perpetuating outdated cost structures.

3. Hydrogen Cross-Subsidization Risk

We are aware that both Austrian TSOs are actively involved in the South H2 Corridor development. In this context, we strongly urge E-Control to ensure TSOs' strict adherence to the fundamental principle of no cross-subsidization between gas and hydrogen infrastructure.

This separation is crucial to prevent any undue cost transfer from hydrogen network development to conventional gas system users.

4. Tariff Impact and Market Distortion Risks

Most critically, an annual transportation tariff increase approaching 80% is unsustainable and imposes an excessive burden on network users. If this increase results from a revenue shortfall identified by the TSOs, we firmly contend that shifting the entire cost onto the remaining users is unjustified. Such an approach undermines the credibility and perceived stability of the Austrian regulatory framework.

Hence, this drastic hike – the second significant increase within a single year – introduces also systemic challenges:

1. **Erosion of competitiveness:** Austrian capacity products risk becoming structurally uncompetitive across the broader market. Since 2025, Italian gas imports via Gries Pass have risen by 20%, indicating that the route France/Germany-Switzerland-Italy is now more convenient than the Austrian -Italian one.
2. **Long-term capacity risks:** Given past forecasting inaccuracies and the absence of a cap on year-on-year tariff increases, shippers may refrain from long-term bookings in Austria altogether.
3. **Disproportionate financial burden:** Remaining long-term bookings are expected to bear 75% of the total transport system costs, while being unable to transport

comparable gas volumes to neighbouring countries due to the stop in Russian gas flows.

Even the reshuffling service (still under-consultation and limited to intra-TSO networks rather than the more appropriate Market Area East), could offer just marginal benefits.

6. Conclusions

Electrade is worried, that maintaining this regulatory trajectory will:

- Increase the default risk of the transportation long-term contracts counterparties;
- Severely impact Austria's networks utilization;
- Create lasting harm to gas consumers in Austria and abroad;
- Undermine Austria's position as a reliable gas hub and storage facility provider.

We appreciate your attention to these critical matters and remain available for detailed discussions.

Best regards,



