

Incentives are needed to contain the Austrian gas transmission tariff levels.

In reaction to most recent announcement of the Austrian tariff level revision, we would like to reemphasize our key concerns over the way the commodity charge was introduced. We remain of the opinion that without a well-designed incentive scheme, the costs of operating the Austrian gas transmission system are bound to escalate even further. As anticipated, the establishment of a commodity charge in the middle of the tariff period and in isolation from other measures safeguarding cost-containment, resulted in an increased pressure to revise the charge upwards soon after it came into effect. The consequence is that market participants are facing even greater uncertainty in Austria during these difficult times, as there is no guarantee that further adjustments of similar gravity (the new charge will more than double) will not be announced soon after the consulted amendment enters into force.

We firmly believe that any further amendments to the Austrian tariff methodology should focus on establishing a reliable incentive scheme for the TSO to optimize its operating costs. The current approach secures a certain rate of return to the TSOs, without offering the network users any reassurance that the new system charges are reflective of the costs incurred. Frequent revisions of the commodity charge or linking its level to short-term market indices can only exaggerate this problem. Instead, a commodity charge reflective of system operator's variable costs, combined with an incentive to keep these costs low, will provide the necessary reassurance to the market participants and will benefit the consumers. For these very same reasons we strongly advocate against pegging the cost of fuel gas to any short-term index. This would increase unpredictability and take away from the TSOs any incentive to an efficient procurement activity.

Key messages

- System operators need to have a strong incentive to optimize the system operation costs
- Assumed price references are exceptionally high, hence may no longer be cost-reflective

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References

1. [EFET consultation response dated 14.04.2022](#)
2. [EFET consultation response dated 14.03.2022](#)