



E-Control Austria Consultation
Gas System Charges Ordinance 2013 – 4th amendment 2022
Eni's statement

Eni appreciates the opportunity to participate in E-Control's consultation concerning the 4th amendment 2022 to the Gas System Charges Ordinance 2013.

First of all, it should be noted that, under the current market conditions, all market players, as well as the final customers, are strongly impacted by the high energy prices, while, on the other hand, TSOs are substantially protected, as the tariff regime enables them to recover the costs incurred, although only with a time lag.

On top of that, the introduction of the Austrian commodity-based transmission tariff, even removes this time lag to the detriment of tariff stability and predictability.

To make matters worse, this increase comes only after the yearly, quarterly and monthly auctions were held in July 2022, characterized in most of the cases by important auction premia. Under the current market conditions, this would represent an additional significant burden for gas market players, especially considering that figures were not known at the time of booking of the relevant yearly, quarterly and monthly capacities, so they were not part of the bidding strategy.

In order to not completely destroy the confidence of market participants in the auction mechanism, premia resulted in this year's annual auctions due to the high congestion (including yearly, quarterly and monthly products) should be collected and used to cover the additional fuel gas costs.

Given this background, these are our main comments on the consultation in object:

- This revised proposal is another significant change to the commodity charge, related to the same application period, and should not be introduced in the middle of an ongoing regulatory period, and even worse during an ongoing gas-year, with hardly any advanced notification.
- The proposed commodity charge should only recover variable, not exceptional costs. A more in-depth reform of the tariff methodology, or at least a more appropriate adaptation to the commodity charge, to be able to cope with difficult market situations, should be reflected upon to continue improving predictability.

Eni would like to use this fourth consultation opportunity to emphasize its comments, made in the first consultation rounds on the Austrian transmission tariff methodology.

Although we agree that the current market dynamics might determine a larger cost than previously anticipated, we are nevertheless surprised that this cost, respectively this newly established commodity charge, is now being more than duplicated after coming into effect on 01st June 2022, which, at that point, already had been doubled in comparison to the initial values given in the first consultation. As this commodity charge was introduced as a novelty into the current tariff methodology, this, in our opinion, still constitutes a substantial material change and careful consideration should be given in order not to increase it further and substantially during the gas-year, even worse with barely any advance notification.

As stated before, we consider it even more important now that, in order to avoid this situation repeating itself again, E-Control should take the time to develop an appropriate and permanent mechanism that would ensure an efficient management of all operational costs, even in times of unprecedented adversities, while ensuring the necessary and sufficient level of tariffs' predictability and stability to market players.



Still, as an intermediary step in this direction and to give the TSOs a one-off chance to recover the exceptionally incurred costs, amending the level of allowed revenues seems appropriate but, as costs to be recovered are material, a longer time horizon should be considered for such recovery.

Besides, we believe, as a general rule, and even more so given the current market dynamics, that such a “new” commodity charge must limit as much as possible impacts and distortions on cross-border trade and, consequently, on market spreads. Thus, we are still advocating for a more balanced approach, entailing an amendment to the entry/exit split currently in place for the commodity charge: apply a 50/50 split (entry / exit), which would rebalance the amount of costs allocated to the domestic and transit flows.

Additionally, we still believe that the decisions should also give complete transparency over methods and the timing for the revision of the commodity charge, considering that ad-hoc adjustments, with barely any advance warning, might, if not destroy, so at least seriously damage the confidence of market participants into viability of Austrian price publications.

San Donato Milanese, 18/10/2022