EFET European Federation of Energy Traders

Mr. Michael Schmöltzer
Energie-Control Austria (E-Control)
Rudolfsplatz 13a
A-1010 Wien

30th August 2012

Draft Ordinance on Provisions for Entry Exit Tariffs in Austria

Dear Mr. Schmöltzer,

In previous consultations over the course of the last months we have always understood that the changes initiated by the 3rd package in form of the Austrian Gas Law (GWG 2011) are to increase competition and to allow trading of gas in Austria and across borders with other EU-countries. We are therefore surprised that the suggested entry/exit tariffs seem to build new barriers for market entry rather than reduce them.

The suggested price spread for the entry/exit tariffs is another area of concern. Differences such as the proposed entry tariffs for Oberkappel and Überackern, which are 7 to 15 times higher than Baumgarten, have not been justified or explained. Nor can we understand the exit tariffs, which differ by factors of 3 to 6. Furthermore, comparing the cost per flow-direction for dynamically allocatable capacities delivers problematic results, e.g. for the flow Oberkappel to Baumgarten there would be paid 7 times the tariff for counterflow compared to forward flow, and for Überackern to Oberkappel even factor of 12.

Reasons are not provided for the price spread, but we presume that it is intended to increase access to the Austrian market. It would, therefore, be helpful to learn more about the calculation methodology and in particular the technical available capacity at each interconnection point. Currently it seems that Baumgarten is still the location where TSOs locate the 'virtual' point and historical flows determine the pricing.

Furthermore the ordinance needs amendment regarding the transfer of existing capacity into the entry/exit system. We expect E-Control Austria to make sure that the Transmission System Operators will offer the conversion of all existing capacity contracts between TSOs and shippers to firm freely allocatable capacity and at the regulated tariff. Through this method it remains possible for traders and shippers who are already active in Austria to reach the virtual trading point (VTP) on a non-discriminatory basis as well to increase liquidity and competition at the new VTP. The reasoning is that current point to point transport contracts were concluded to gain access to the existing physical trading points at e.g. Baumgarten and Oberkappel. With the decision to move all trades to the VTP (§ 18.9 GMM-VO) any trading or title transfer shall only be possible at the VTP as of 01.01.2013. For the use of a VTP it is a precondition that capacity is freely allocatable. Should a conversion of the existing contracts not be possible on a firm basis – and dynamically allocatable capacity cannot be understood as firm as the part to the VTP is explicitly labeled interruptible – shippers need to receive the right to extraordinarily cancel their contracts. Otherwise shippers, who have been active in Austria already, would be disadvantaged.

Additionally we would like to raise the following concerns:

- § 3 (7): We understand that interruptible capacities will not be offered at a discount but tariffs will be implicitly reduced by a refund in case of interruption only. This is not compliant with Art Regulation 719/2009 EC and should be revised accordingly;
- § 4 (6): There is no tariff determined for dynamic entry capacities from storage sites. We understand that the entry fee is 0.00 €/kWh/h/a and this should be explicitly included into the ordinance.
- It is foreseen to incentivize long term booking, as day-ahead capacities are 75% more expensive than annual capacity, even monthly (plus 50%) and quarterly capacity (+ 25%) are cheaper to be booked than single day capacity. This clearly is an advantage for a long term booking, which had always been seen as one of the major obstacles for competitive markets. The right incentives for the day ahead market are crucial factor for price formation and liquidity. Even with the introduction of the new Congestion Management Procedures, we would be concerned that the current proposals are unlikely to lead to efficient use of capacity or encourage a sustainable market to evolve.

We hope it will be possible to discuss the above issues soon.

Kind regards,

Domenico Vito
EFET TF CEEG Chairman

Joachim Rahls
Coordinator for Austria within EFET TF CEEG