

Mag. Bernhard Painz
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Via E-Mail: tarife@e-control.at

11 November 2016

**Subject: EFET response to consultation on gas transmission capacity tariff
Methodology**

Dear Mag. Painz,

Thanks for giving us the opportunity to comment on the Austrian gas transmission capacity tariffs valid from January 1st 2017. In the past the European Federation of Energy Traders (EFET) has expressed a number of concerns in this regard and we would like to add the comments below to what has already been communicated.

On this background while we note that the explanatory note motivates the changes in the tariff level on the basis of a) a recalculation of the entry-exit split; b) a new volume scenario; c) a partial reduction of the WACC; d) the inclusion of additional investment in the RAB; e) the recovery of carry forward losses of TSOs from 2015; and the changes to multipliers by the willingness to i) increase liquidity; ii) create an incentive towards long term bookings while still allowing cross-border trading; iii) compliance with the EU network code on harmonised transmission tariff structures for gas (hereinafter NC TAR), **without access to the details of the underlying regulated asset base as well as of the overall level of remuneration that E-Control allows TSOs to earn no verification of the above is actually possible.**

On this backdrop while we have appreciated the general reduction of the tariff level across the system as well as the rebalancing of the costs allocated respectively to transit and to domestic volumes, we maintain our reserves on other fundamental issues:

- Without a more detailed itemization of costs incurred by Austrian TSOs and without the publication of the rationale supporting the different TSOs remuneration components and their rates of return it is impossible to carry forward any thorough assessment or full benchmark exercise with other system operators in Europe and **we are left with the doubt that Austrian TSOs might**

be overcompensated and cases of time cross-subsidies among network users (specifically existing holders of long-term capacity vs. future shippers) **might continue to exist;**

- On the basis of the available information it would seem that Austrian TSOs largely rely on long term bookings that extend beyond the duration of the next regulatory period and possibly cover the entire expected lifetime of their assets. **This consideration rules out the presence of a risk volume or at least it makes unfair for the holders of long term capacity to bear such risk.**

While we understand that this consultation is not on the definition of TSOs' regulated asset base and their allowed revenues we cannot avoid stressing that here lie the main concerns we have with respect to Austrian transmission tariffs.

As a way to conclude we observe that the NC TAR has now been approved and the market would have applauded the early implementation in Austria of its core parts including the provisions of Chapter VII on Consultation Requirements and Chapter VIII on Publication Requirements. Unfortunately, the process we are asked to take part to with this consultation is far from being compliant with such requirements.

We understand that according to the Austrian Gas Act (hereinafter GWG) only a very limited group of associations or unions have "obligatory" to be consulted with respect to allowed revenues and capacity base and that E-control has done their analysis and consultation under Austrian legal framework. Nevertheless, the GWG per se does not prevent E-Control to enlarge the consultation to other stakeholders, provided that sensitive information are treated confidentially. Since, as discussed above, it is hardly sustainable that the requirements of the EU rulings are fulfilled without consulting any grid users, we deem that it is E-control's interest to promote urgently the implementation of NC TAR consultation and publication requirements.

We look forward to continuing our dialogue with a view to improve the fairness and competitiveness of the overall gas industry in Austria.

Yours sincerely



Davide Rubini
Vice-Chairman

EFET Task Force Central
and South Eastern Europe Gas
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