



Shell Energy Europe Limited
80 Strand
London, WC2R 0ZA
United Kingdom
Tel + 44 20 7546 5117
Fax + 44 20 7546 5253
Email: simone.antonelli@shell.com
Internet: <http://www.shell.com>

Energie-Control Austria
Rudolfsplatz 13a
A-1010 Wien
Tel: +43 1 24724-0
Fax: +43 1 24724-900
E-Mail: tarife@e-control.at

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Subject: Reply to Consultation commodity-based charge (TAR NC)

Dear Sir/Madam,

in the last few years Shell has systematically engaged in the debate on the Austrian gas transmission system charges. We are therefore happy to contribute also to the discussion on this new consultation concerning the incorporation of a commodity charge into the reference price methodology.

As we already stated, in our contributions to the consultations concerning the implementation of the network code on harmonised transmission tariff structures, we believe that a commodity charge in the tariff structure aimed at covering fuel costs allows a higher level of cost reflectivity and higher level of transparency.

We therefore welcome this proposal, and we consider it a relevant improvement of the current reference price methodology.

We would nevertheless point out a number of elements that the Authority might consider in order to further enhance cost reflectivity and level of transparency of their proposal.

- 1. Recover all operational costs under a single all-encompassing commodity charge -**
The commodity charge in the tariff structure aimed at covering fuel costs is applied only to exceptionally incurred costs i.e. additional operational costs of electricity, gas and

CO2 allowances. As, already stated above, we welcome the decision to apply a commodity charge instead of relying on the capacity-based tariff, nevertheless, in order to provide a coherent approach to how transmission service revenues are recovered and further enhance transparency and cost reflectivity, we would recommend recovering all operational costs – including electricity, fuel gas and CO2 allowances costs currently recovered via the capacity charge – under a single all-encompassing commodity charge. Such a commodity charge would reflect better the variable nature of those operational costs. It would allow operators to have better visibility on the total weight of those costs and their evolution over time. Finally, it would be able to ensure a coherent approach on how those operational costs are recovered, avoiding split recovery, in part on capacity and in part on commodity charges.

2. **Transparency over timing and methods of commodity charge definition/revision** - Provide full visibility over the timing for the revision of the commodity charge. Provide transparent information concerning the methodology that will be applied in the future in order to improve forecast of energy and CO2 certificates costs and improve tariff certainty for costumers. Furthermore, it would be of course welcome the development of an incentive mechanism that would ensure an efficient management of all operational costs.

We remain at the disposal of the offices of the Authority for any further information you consider useful or should there be the need to further substantiate our position.

Best regards

Simone Antonelli



Regulatory Affairs Team Lead - South and East Europe

Shell Energy - Europe and Environmental Products