Consultation document

Supplement to the

Gas System Charges Ordinance 2013, annex 3

Implementation of Commission Regulation (EU) 2017/460 establishing a network code on harmonised transmission tariff structures for gas, OJ L 72/29, 17.03.2017 (TAR NC)

Vienna, 14 January 2022

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Incorporation of a commodity charge into the reference price methodology (cf. annex 3 to the Gas System Charges Ordinance 2013, as last amended) from 1 October 2022 to account for increased costs for compression energy

5 Commodity charge

Pursuant to Article 4(3) TAR NC, part of the transmission services revenue may be recovered through a commodity charge, if such charge is

i) levied for the purpose of covering the costs mainly driven by the quantity of the gas flow;

ii) calculated on the basis of forecasted or historical flows, or both, and set in such a way that it is the same at all entry points and the same at all exit points;

iii) expressed in monetary terms or in kind.

A rise in gas, electricity and CO2 prices has meant a considerable increase in prices for compression energy. To account for this price increase, the capacity-based transmission tariffs described in chapters 1 through 4 are supplemented by a commodity-based charge from 1 October 2022. It applies for the historical and forecasted additional costs in connection with the significantly increased prices for energy (esp. for gas). Considering that a commodity charge is inherently volatile, it will be regularly evaluated and revised when necessary.

The transmission system operators can recover the commodity charge from the balance responsible parties, the market area and distribution area manager, and the storage system operators, corresponding to their allocations (their confirmed (re)nominations) at the entry and exit points. Balance responsible parties advance the commodity charge to the transmission system operator and may then recover it from their balance group members, reflecting their quantities.

5.1 Increase of allowed revenue (Article 30(1)(b)(i) TAR NC)

Chapter 1.4 of the document that describes the reference price methodology which is already in force (cf. annex 3 to the Gas System Charges Ordinance 2013, as last amended) presents the previously allowed costs. In line with the methodology approved under section 82 Gas Act 2011, if the actual energy and CO2 certificates costs considerably exceed the forecast figures, the system operator can ask that a corresponding increase of the applicable rates be considered. The rise in energy prices has prompted both transmission system operators to apply for an increase in the allowed compression energy costs. In response, E-Control has issued official decisions V MET G 02/21 and V MET G 03/21 to adjust the TSOs' preliminary allowed cost for the remaining time of the 2021-2024 regulatory period. It is as follows:

	Previously allowed cost (EUR/year)	Increase due to rise in compression energy cost (preliminary) (EUR/year)	Revised allowed cost (preliminary) (EUR/year)
GCA controllable costs	116,261,000		116,261,000
GCA non-controllable costs	9,831,600	+ 6,068,750	15,900,350
GCA total costs	**126,092,600**	**+ 6,068,750**	**132,161,350**
TAG controllable costs	209,336,400		209,336,400
TAG non-controllable costs	69,496,800	+ 75,511,770	145,008,570
TAG total costs	**278,833,200**	**+ 75,511,770**	**354,344,970**
Eastern market area total costs	**404,925,800**	**+ 81,580,520**	**486,506,320**

5.2 Calculation of the commodity charge (Article 26(1)(c)(i) TAR NC)

The commodity charge is calculated on the basis of flows (allocations) from 2021 and is set in such a way that it is the same at all entry points and the same at all exit points. The below table presents the actual gas flows (allocations) from 2021 at the entry and exit points.

Entry (MWh/year)

	GCA	TAG	Total
Allocations at market area entry points	79,267,794	343,248,965	422,516,759
Allocations at entry points from storage	14,570,920	0	14,570,920
Allocations at entry points from the distribution area	0	0	0
Total allocations at entry points	**93,838,714**	**343,248,965**	**437,087,679**

Exit (MWh/year)

	GCA	TAG	Total
Allocations at market area exit points	44,504,630	306,330,089	350,834,719
Allocations at exit points to storage	17,324,974	0	17,324,974
Allocations at exit points to the distribution area	56,936,669	8,976,161	65,912,830
Total allocations at exit points	**118,766,273**	**315,306,250**	**434,072,523**

As is the case for the capacity-based charges under the RPM described in chapters 1-4 of annex 3 to the Gas System Charges Ordinance 2013, as last amended, 20.6% of the allowed costs of the commodity charge (preliminary value: 81,580,520 EUR/year) are recovered from entry points and 79.4% from exit points.

Dividing the additional annual compression energy costs to be recovered from entry points (EUR 16,805,587) by the total allocations at entry points (422,516,759 MWh/year – without storage, s. below for further details) yields the commodity tariff at entry points. Dividing the additional annual compression energy costs to be recovered from exit points (EUR 64,774,933) by the total allocations at exit points (434,072,523 MWh/year) yields the commodity tariff at exit points.

The below table presents the resulting indicative commodity charges:

Commodity charge (indicative)	EUR/MWh
at entry points	0.03977
at exit points	0.14923

These charges apply to all types of capacity (freely allocable, dynamically allocable, interruptible).

For storage system operators' nominations, the rule in section 72 para. 2 Gas Act 2011 applies, i.e. exit nominations from the transmission network into storage are subject to the commodity charge, while entry nominations from storage into the transmission network are not.

5.3 Inter-TSO compensation mechanism (Article 10(3) TAR NC)

In addition to the provisions of chapter 1.5, an inter-TSO compensation payment for the additional annual allowed cost for compression energy, redistributing the additional allowed revenue from the commodity charge, is introduced. It is laid down in the Gas System Charges Ordinance 2013 that is issued before the start of each gas year, and must then be paid in twelve equal monthly instalments.

5.4 Transmission services revenue (Article 30(1)(b)(iv) TAR NC)

By way of an adjustment to chapter 3 of the document describing the currently applicable reference price methodology (cf. annex 3 to the Gas System Charges Ordinance 2013, as last amended), the regulated services that are provided by the transmission system operators within the entry-exit system for the purpose of transmission are recovered through capacity-based and commodity-based transmission tariffs.

The ratio of capacity to commodity tariffs is 83.2:16.8.

5.5 Cost allocation assessment for commodity charges (Article 26(1)(a)(iv) TAR NC)

Chapter 4.1 of the document describing the currently applicable reference price methodology (cf. annex 3 to the Gas System Charges Ordinance 2013, as last amended) served to assess the cost allocation for transmission services revenue to be recovered through capacity-based transmission tariffs. In addition, the below paragraphs assess the cost allocation for transmission services revenue to be recovered through commodity-based transmission tariffs.

According to Article 5 TAR NC, the authority shall perform an assessment to verify that the proposed RPM prevents cross-subsidies between network uses. The assessments that were carried out confirm that the proposed tariffs are cost reflective and are based on the cost drivers set out in Article 5(1) TAR NC.

The cost driver used for the assessment of cost allocation for the transmission services revenue to be recovered through commodity-based charges is the gas quantity.

The cost allocation comparison index is 1.33%. Details about the calculations have been published in a separate spreadsheet.

	TEST results	
Ratio intra	**92,598**	*EUR/MWh*
Ratio cross	**93,837**	*EUR/MWh*
CAA cap.	**1,33%**	

Given that the cost allocation comparison index is below 10%, the TAR NC does not require a justification. Calculations reveal that the ratio between the revenues and the cost driver for intra-system network use (ratio intra) is roughly the same as the ratio between the revenues and the cost driver for cross-system network use (ratio cross).