



EUROPEAN COMMISSION
DIRECTORATE-GENERAL FOR ENERGY

Directorate B - Internal Energy Market
The Director

Brussels,
ENER.B2/TH/os s(2013) 4014383

ENTSOG
Stephan Kamphues
President
Brussels
Delivered by e-mail

Subject: Invitation to draft a Network Code on Tariff Structures in Gas Transmission Networks

Dear Mr Kamphues,

On 30 November 2013, the Commission has received from ACER the framework guideline on rules regarding harmonised transmission tariff structures for gas.

The Commission has examined the framework guideline in accordance with the criteria laid out in Article 6 (2), (4) of Regulation (EC) No. 715/2009. The Commission has found that the framework guideline reaches its objective to contribute to effective competition and efficient functioning of the gas wholesale markets as well as non-discriminatory third party access. The framework guideline calls for rules for tariff structures to achieve cost-reflective, stable and transparent gas transmission tariffs, to avoid cross-subsidies between any types of network users and to promote efficient new investments.

Therefore the Commission invites ENTSOG in accordance with Article 6(6) of Regulation (EC) No. 715/2009 to submit a network code which is in line with the framework guideline **by 31 December 2014**. The network code should be sufficiently specific for immediate application upon its entry into force.

The Commission invites ENTSOG to ensure that, where relevant, this network code is developed in coordination with the work on the amendment of the Network Code on Capacity Allocation Mechanisms on the matter of incremental and new capacity.

The Commission believes that an important aspect of ensuring the quality of policy proposals, in particular in a multi stage process such as the network code development process, is to undertake an impact assessment with regard to each respective stage, reasoning and assessing the policy choices made. The Commission therefore invites ENTSOG to build on the impact assessment work initiated by ACER¹ and present ACER

¹ In August 2012, ACER published an initial impact assessment and is due to publish its final impact assessment underpinning the policy choices made in the framework guideline.

an impact assessment of the policy choices made in the development process of the network code by **31 December 2014**.

In particular ENTSOGs impact assessment shall address the following aspects:

- impacts of tariff structures in adjacent market areas on entry-exit zone mergers or other forms of market integration;
- impacts of a harmonisation of the tariff setting period;
- impacts of the ‘circumstances’ in selecting a primary methodology and applying secondary adjustments;
- impacts of developing the network code with or without variants specified in some of the primary methodologies;
- impacts of the respective methodologies developed in the case, where selling all the incremental or new capacity offered at the reference price would not generate sufficient revenues to pass the economic test with the value of the defined “f” parameter;
- impacts of the interrelation between multipliers and seasonal factors.

Last but not least, a broad involvement of stakeholders in the process of developing the Network Code on Tariff Structures in Gas Transmission Networks is crucial. Therefore the Commission encourages ENTSOG to continue the inclusive process it has developed.

The Commission services are at your disposal to discuss any questions which may arise.

Yours sincerely,

Klaus-Dieter Borchardt
(signed electronically)

c.c.: Lord Mogg, Alberto Pototschnig; Vittorio Musazzi; Walter Boltz;
Madrid Forum Participants