

# REFINED DRAFT TAR NC NON-CONFIDENTIAL RESPONSES TO CONSULTATION IN A FORM OF STAKEHOLDER SUPPORT PROCESS

(Reader Friendly Format)

**WHAT HAPPENED?** On 7 November 2014, ENTSOG published for public consultation in a form of Stakeholder Support Process (hereinafter 'SSP') <sup>(1)</sup> the Refined Draft Network Code on Harmonised Transmission Tariff Structures for Gas (hereinafter 'the refined draft TAR NC') <sup>(2)</sup>. The Analysis of Decisions Document <sup>(3)</sup> accompanying the refined draft TAR NC clarified the chosen policy approaches, explained the refinements made further to the public consultation on the initial draft TAR NC <sup>(4)</sup> and encompassed 11 consultation questions on which stakeholders were asked to provide their answers. Except for one question dedicated to the development process for the TAR NC, the questions were aimed at identifying the stakeholder level of support of a given Chapter of the refined draft TAR NC. The consultation period ran over 2 weeks and closed on 21 November 2014. ENTSOG received 28 responses, one of which was marked as confidential. To facilitate the analysis of responses, ENTSOG asked the stakeholders to submit them via an online questionnaire.

**WHAT IS THIS DOCUMENT?** This document represents the compilation of all non-confidential responses received by ENTSOG which are structured in a reader-friendly format. The set of

---

<sup>(1)</sup> See Article 26(4) of ENTSOG's Rules of Procedure. // Published on ENTSOG's website:

[http://www.entsog.eu/public/uploads/files/publications/Statutes/2012/LGT0105-12\\_Rev\\_1\\_23%2011%202012\\_ENTSOG\\_RoP\\_Amendment\\_GA\(131212\)clean.pdf](http://www.entsog.eu/public/uploads/files/publications/Statutes/2012/LGT0105-12_Rev_1_23%2011%202012_ENTSOG_RoP_Amendment_GA(131212)clean.pdf).

<sup>(2)</sup> Ref. TAR0350-14, please see ENTSOG's website:

[http://www.entsog.eu/public/uploads/files/publications/Tariffs/2014/TAR0350\\_141107\\_Refined%20Draft%20TAR%20NC\\_for%20SSP.pdf](http://www.entsog.eu/public/uploads/files/publications/Tariffs/2014/TAR0350_141107_Refined%20Draft%20TAR%20NC_for%20SSP.pdf).

<sup>(3)</sup> Ref. TAR0351-14, please see ENTSOG's website:

[http://www.entsog.eu/public/uploads/files/publications/Tariffs/2014/TAR0351\\_141107\\_Analysis%20of%20Decisions%20Document\\_for%20SSP.pdf](http://www.entsog.eu/public/uploads/files/publications/Tariffs/2014/TAR0351_141107_Analysis%20of%20Decisions%20Document_for%20SSP.pdf).

<sup>(4)</sup> Ref. TAR200-14, please see ENTSOG's website:

[http://www.entsog.eu/public/uploads/files/publications/Tariffs/2014/TAR200-14\\_Initial%20Draft%20TAR%20NC\\_for%20consultation.pdf](http://www.entsog.eu/public/uploads/files/publications/Tariffs/2014/TAR200-14_Initial%20Draft%20TAR%20NC_for%20consultation.pdf).

answers to each question is preceded by the indication of the number of respondents to it and the number of their respective answers. The responses are set out in the way they were provided to ENTSOG and are not accompanied by ENTSOG's view thereon. This document has been prepared by ENTSOG for the convenience of the public and for information purposes only.

**THANK YOU!** The TAR NC is being prepared following the Invitation Letter from the European Commission of 19 December 2013 <sup>(5)</sup> and is based upon the Framework Guidelines published by ACER on 29 November 2013 <sup>(6)</sup>. The SSP consultation, alongside with the 2-month consultation conducted on the initial draft TAR NC, is a crucial milestone within the network code development process. Pursuant to Article 10(1) of Regulation (EC) No 715/2009 <sup>(7)</sup>, ENTSOG has an obligation to conduct an extensive consultation process during such process and in particular, to 'aim at identifying the views and proposals of all relevant parties'. ENTSOG would like to thank the respondents to the SSP consultation for their feedback and the active participants for their continuous involvement within the TAR NC development process.

**WHAT'S NEXT?** The responses to the SSP consultation on the refined draft TAR NC have been taken into consideration during the development of the TAR NC for the submission to ACER. As indicated in the invitation letter by the EC, the deadline for submitting the TAR NC to ACER is 31 December 2014. The key dates in the process of the TAR NC preparation can be checked in the Final Project Plan <sup>(8)</sup>. After the TAR NC is submitted to ACER, they have 3 months to provide a reasoned opinion on the TAR NC, as foreseen by Article 6(7) of Regulation (EC) No 715/2009.

---

<sup>(5)</sup> Ref. Ares(2013)3773211 - 19/12/2013, please see ENTSOG's website:

<http://www.entsog.eu/public/uploads/files/publications/Tariffs/2013/20131217%20Invitation%20ENTSOG%20draft%20NC%20TAR.pdf>.

<sup>(6)</sup> Ref. FG-2013-G-01, please see ACER's website:

[http://www.acer.europa.eu/Official\\_documents/Acts\\_of\\_the\\_Agency/Framework\\_Guidelines/Framework%20Guidelines/Framework%20Guidelines%20on%20Harmonised%20Gas%20Transmission%20Tariff%20Structures.pdf](http://www.acer.europa.eu/Official_documents/Acts_of_the_Agency/Framework_Guidelines/Framework%20Guidelines/Framework%20Guidelines%20on%20Harmonised%20Gas%20Transmission%20Tariff%20Structures.pdf).

<sup>(7)</sup> Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005 (OJ L 211, 14.8.2009, p. 36).

<sup>(8)</sup> Ref. TAR202-14, p. 10, please see ENTSOG's website:

[http://www.entsog.eu/public/uploads/files/publications/Tariffs/2013/TAR0202-14\\_140130%20Final%20Project%20Plan%20for%20Tariff%20NC.pdf](http://www.entsog.eu/public/uploads/files/publications/Tariffs/2013/TAR0202-14_140130%20Final%20Project%20Plan%20for%20Tariff%20NC.pdf).

## CONTENTS

Question 1 .....	4
Question 2 .....	12
Question 3 .....	19
Question 4 .....	36
Question 5 .....	41
Question 6 .....	52
Question 7 .....	61
Question 8 .....	66
Question 9 .....	68
Question 10 .....	73
Question 11 .....	76

## Question 1

Do you consider that the TAR NC development process carried out by ENTSOG was appropriate, given the regulatory framework provided? In particular, was the level of stakeholder engagement appropriate? If there is room for improvement, please inform us about possible suggestions for improvement.

No. of respondents	24	Yes	12	No	12	No Response	
<b>DEPA / GAS SUPPLY DIVISION</b>	<b>Yes</b>						
<b>E.ON Global Commodities SE, on behalf of the E.ON Group</b>	<b>Yes</b>						
<b>EDF</b>	<b>Yes</b>	EDF has been much involved in the development process of the Tariff Network code (TAR NC), taking part in all SJWS, workshops and public consultation.					
<b>EDF Trading</b>	<b>Yes</b>	On balance, we think the level of stakeholder engagement was appropriate. The process was organised professionally, with webstreaming of the Stakeholder Joint Workstream meetings to a high standard, which enabled interested parties who were not able to travel to Brussels to follow and participate in the debate. We recognise that ENTSOG was prepared to table discussions at Stakeholder Joint Workstream meetings on issues which were important to stakeholders, despite some of these seeming to conflict with the Framework Guidelines or the views of ENTSOG's members themselves. ENTSOG's launch document and analysis of decisions documents were of a high standard. The overall outcome, however, raises concerns as it clearly shows to what extent ENTSOG's decision-making process prioritises the views of TSOs over the needs of market participants.					
<b>Edison SpA</b>	<b>Yes</b>	The TAR NC development process was carried out according to a well experimented framework and ENTSOG, as in the past, proved open to dialogue and transparent in the management of the procedure. Stakeholders involvement has been assured through workshops, SJWSs and prime movers meetings: the fact that most of them were broadcasted via high quality webstream was extremely important to allow for the participation of stakeholders with budget constraints					
<b>EFET (European Federation of Energy Traders)</b>	<b>No</b>	Whilst consultation with stakeholders has been carried out, there is widespread concern of inadequate engagement by ENTSOG with regard to addressing the issues raised by stakeholders. Of the large number of concerns we raised at best only about a third have been accepted and then often only in part. The process however, was organised professionally with web streaming of the Stakeholder Joint Workstream meetings to its usual high standard, which enabled interested parties who were not able to travel to Brussels to follow and participate in the debate. We recognise that ENTSOG was prepared to table discussions at Stakeholder Joint Workstream meetings on issues which were important to stakeholders, despite some of these seeming to conflict with the Framework Guidelines or the views of ENTSOG's members themselves. ENTSOG's launch					

		document and analysis of decisions documents were also of a high standard. The overall outcome, however, raises serious concerns about the structure and governance of the institutional process. Network Code development must be able to adapt to support a sustainable gas market. The failure of the current draft to achieve this lies both in the way that the Framework Guidelines were justified and applied as well as the internal ENTSOG decision making process that gives priority to the views of TSOs over the needs of market participants.
<b>Enel</b>	<b>Yes</b>	Yes, we think the TAR NC development process carried out by ENTSOG, in terms of stakeholder engagement, was appropriate.
<b>Energie-Nederland</b>	<b>No</b>	The stakeholder engagement was fine. ENTSOG organised the workshops (with prime movers and stakeholders) and consultations, conform plan. We see that the Refined draft TAR NC has improved on several items. Unfortunately, we also notice that ENTSOG did not take on board the essential remarks of stakeholders: (i) transparency of the tariffs before the yearly auctions; (2) more harmonisation (i.e. tariff setting year) and (3) the one-time capacity reset option, without providing alternative measures. Therefore we are disappointed with the outcome of the network code.
<b>Energy UK</b>	<b>Yes</b>	There has been a good level of stakeholder engagement through the Stakeholder joint working sessions and through consultation. The web-conferencing facilities were very good and enabled wider involvement and participation in the meetings. However Energy UK is concerned that downstream stakeholders influence in the process has been limited. During the stakeholder meetings a lot of time was spent by all parties restating existing positions and there seemed to be no scope for movement or compromise. Whilst we welcome some of the accommodations of stakeholder views proposed in the refined draft code, these have come very late in the process, only giving stakeholders two weeks to fully consider and respond on these issues. This is unfortunate and may limit comprehensive responses on the proposals. If these have been flagged more comprehensively earlier in the process, even during the refinement workshop in September, Stakeholders would be better placed to provide detailed feedback and would have some awareness of ACER's initial views. After this consultation stakeholders have limited engagement or transparency of the processes when there is a risk of further amendments which is a concern given that many of the aspects of the tariff code are interrelated and may lead to it not being fit for purpose. There would only need to be relatively few changes to the Code for stakeholder support to be withdrawn. In such a scenario we would expect stakeholder led modifications to be raised.
<b>eni SpA</b>	<b>No</b>	Eni acknowledges the high level of stakeholders' involvement in the process; in particular, ENTSOG put great effort in making the workshops accessible to the majority of them. All the documents published by ENTSOG, e.g. the analysis of decisions, were very useful to follow the progress of the drafting process by understanding the reasons behind the changes. Having said that, eni would like to underline that there are important issues not yet managed in the current draft and many of the proposals for the improvement of TAR, suggested by network users,

		have not been adequately considered. In particular, we would like to underline that ENTSOG did not agree on the need for a reset mechanism - even if many stakeholders requested it - without making any effort to tackle the issue of the discrimination introduced by TAR for the holders of pre-existing long-term transportation contracts.
<b>EON Gas Storage</b>	<b>No</b>	Proposals from SSOs and GIE have not been taken into consideration up to now.
<b>Eurelectric</b>	<b>Yes</b>	ENTSOG has once again conducted the Tariff Network Code development process professionally and ensured a high level of stakeholder engagement. The use of web streaming is much appreciated by our members and the supporting documents issued during the process have promoted a greater degree of understanding around some of the difficult issues and helped put ENTSOG's position in context, even if we did not always agree with it. Whilst we appreciate the tight timescales ENTSOG is required to work to, our experience of responding to a number of stakeholder support process questionnaires suggests that an extra week is needed for responses. As an association, two weeks is not enough time for us to form a complete and robust view of the opinions of our members, particularly bearing in mind the length and complexity of the Code and the three months that have intervened since we last passed comment on the previous version.
<b>Eurogas</b>	<b>No</b>	Although the process has been correct, and has followed the same procedures as previous consultations, the outcome this time has largely been disappointing. The views of shippers have been in greater conflict with the TSOs because of TSOs' own interests, arguably prejudicing the results. In particular Eurogas repeats our formal request for a capacity reset mechanism. Moreover, Eurogas considers that a measure is needed, that would allow a contract to be terminated if the tariff rise exceeds a certain pre-determined threshold, over an agreed period. This should be further discussed. Such an approach would go a long way to meet users' requirements and should alleviate probable concerns of TSOs with regard to stranded assets, although this would not really be an alternative to the proposed one-off capacity reset mechanism for which we have asked.
<b>Gas Infrastructure Europe (GIE)</b>	<b>Yes</b>	Gas Infrastructure Europe appreciates the well-organized process with plenty of stakeholder involvement. Gas Infrastructure Europe however sees the need to get agreement on stakeholders to solve some critical points. GIE might have some concerns when ENTSOG introduces changes into the code that are not considered first by the market.
<b>Gas Storage Netherlands</b>	<b>No</b>	Stakeholders could engage frequently. However, we feel that the goal to harmonise tariff structures is not embedded throughout the network code, especially with regard to harmonised tariff structures for gas storages. Storages compete with each other and with other flexibility products within their region. Competition of flexibility products is a cross border issue with an effect on cross border trade. However there is no level playing field with regard to transportation tariffs that users of storages have to pay. In some countries users of storages pay twice for transportation, where in other countries there is a large discount on

transportation tariffs for gas storages. Users of other flexibility products only pay for transportation once. Compared to the transportation tariffs that users of storages pay, this is a discount of 100%. The level of transportation tariffs or at least the level of harmonisation of TSO tariff structures for storages, is therefore also a cross border issue. The current draft provision in art 20.1 of this network code doesn't give any incentive to NRA's to cooperate with each other and with ACER or the Commission on this cross border issue. This incentive to cooperate should be provided for by the obligation to set harmonised tariff structures with regards to storages throughout the region or at least at both sides of the border in order to enable them to compete with each other and with other competing flexibility products. The current provision will only lead to a status quo: NRA's will stick to their own current tariff structures which prevents competition of flexibility products throughout Europe. This is seriously hampering the completion of the internal gas market which is detrimental to consumers and security of supply. The obligation to set harmonised tariff structures within a region regarding transportation tariffs for gas storages would enable NRA's, ACER and the Commission to fulfil their tasks with regards to cooperation on cross border issues. To achieve an Internal Energy Market it is useful that provisions such as articles 41 (1) c and 42 of the Gas Directive are facilitated to be used. With a more explicit provision of what to achieve regarding transportation tariffs for storages, being to avoid that gas storage users pay twice for transportation, the tools provided for in the Third Package can be used more effectively. Next to the already mentioned art 41 and 42 of the Gas Directive, these tools encompass a peer review of an NRA decision by ACER which can be requested by an NRA or the Commission (see art 43 of the Gas Directive or art 7 of (the ACER) Regulation 713/2009 or the Commission who can issue Guidelines with regard to cross border issues. The current provision in art 20.1 is detrimental to the completion of the internal energy market.

<b>GasTerra BV</b>	<b>Yes</b>	GasTerra considers the level and amount of stakeholder engagement appropriate, but is disappointed in the way ENTSO-G has used the feedback from network users. Very little input from network users has been incorporated in the redrafts of the NC going forward. Although the extensive support documents made note of network users concerns, this is simply not enough. It seems that ENTSO-G chose to ignore most of the network users concerns. As such, all of the points that will be mentioned in the reasoning below have been mentioned by GasTerra in its answers to previous consultations on the draft TAR NC. GasTerra believes that further improvement of the Network Code is necessary and feasible. GasTerra would therefore support an extension of the stakeholder support process with the aim of seeking constructive solutions and acceptable compromises for all parties involved.
<b>Gazprom Marketing &amp; Trading Limited</b>	<b>No</b>	The ENTISOG process itself was appropriate. Unfortunately discussion on key issues, such as the use of fixed tariffs for incremental capacity, was hampered by ACER's repeated assertions that topics which had been decided in the Framework Guidelines should not be discussed. Given the complex interactions of the

different network codes, such an approach assumes that all issues have been fully covered prior to the Stakeholder Workshop Process. We do not believe this to be the case, and it became clear during the workshops that not all issues had been fully considered by all stakeholders.

**GDF SUEZ**

**No**

The process proposed by ENTSOG did allow shareholders to express their views, and ENTSOG representatives were skilled, competent, available, and did their best to keep a good working spirit. But through all its decisions, ENTSOG did not fulfill its legal obligation to aim at improving and harmonizing the gas market, but pursue the sole interest of each of its individual members companies. This has been true all along the process, and on all issues listed below. On the more specific issue of the reset clause, ENTSOG response has been particularly disappointing : instead of trying to understand its customers' concerns and come with alternative propositions, the only answer of ENTSOG was to list all possible arguments, sometimes of very poor quality ("damages the gas industry" without further explanation is hardly an argument, "discourages new entrants from coming into the market" whereas all industry associations, including representatives of small trading companies were asking for such a clause is just denying reality...). In the last document, arguments against the reset were at least detailed.

Concerning the shift of risk: shippers are ready in the case of a reset clause to accept significant unitary tariff rise in order to keep their bill to the same level with booking corresponding to physical flow. Which means that the only shift of risks for TSOs is linked to flows forecasting, which is in any case the direct consequence of the regulation, and in fact is not at all in opposition with the regulation, but just an anticipation of the target model of the market. The same could be said concerning tariff instability: TSOs should learn to cope with a move to more short term bookings.

Concerning the fact that too high tariff will discourage new entrants, it's a complete misreading of the market: on the contrary, because of the excess of capacity booked, capacity are out of the money and cannot be bought by new entrants. That's why pure traders are asking for a reset clause. Concerning the impact on the secondary market, currently primary and secondary markets are completely idle, and their liquidity would dramatically increase if capacity were in the money.

Concerning contractual congestion, of course reset would improve whatever problems may arise in a much more efficient matter than CMPs, that by the way TSOs have great difficulty to implement because of lack of cooperation. Concerning impact on other network users, shippers are perfectly ready to accept significant unitary tariff rises to keep constant their IP bills even with reduced bookings, without impact on either customers exit tariff or LNG or storages tariff. Concerning impact on cross-border trade, if all shippers and traders are unanimously asking for a reset clause, they may know better than the TSOs. The current problem is not that tariff price are intrinsically too high, it's that they are

unbearable when not reflected in hub prices. Concerning impact on investment, first we're talking about a one-off reset clause that therefore won't apply to new investments, and the fact that shippers are willing to accept significant unitary tariff rises mean that existing investments are correctly underwritten by the community of shippers, even if there will be some socialization between shippers. It is possible to limit this socialization by excluding the last bookings of capacities, especially since these recent bookings were made in a context where shippers knew most of the new regulation. or the impact on TSOs, we share the opinion that the allowed revenue should be secured in a sustainable way. But TSOs are claiming that their businesses rely on long term bookings: this means that the whole regulatory framework is not sustainable beyond existing bookings horizon, which is indeed a serious problem that we are fully ready to tackle. We consider that under strict revenue regulation, TSOs businesses are not at risk (save maybe for some local situations that have to be tackled in any cases), and that the real issue is how to ensure that such a regulation could be implemented in a sustainable way across Europe. Trying to postpone the issue by just a few years at the risk of creating liquidity collapses across many hubs in Europe is not a responsible way. Though, even if in this closed questionnaire, we reject ENTISO proposal on nearly all chapters, GDF SUEZ has provided constructive comments to propose a reasonably achievable tariff code in the predefined schedule, although much reduced in scope.

**GDF SUEZ Infrastructures**      **Yes**

**IFIEC Europe**      **No**

In IFIECs opinion major concerns from stakeholders have not been properly addressed. What IFIEC members need is a proper functioning and competitive Internal Energy Market (IEM) and open access to those markets. In many EU Member States, the existing situation is still dominated by incumbent parties, acting as monopolists, blocking the development of an IEM. The European Commission has adopted a European Treaty and Regulation (EC) No. 715/2009 to set non-discriminatory rules for third party access (TPA) and freedom to choose an energy supplier. Part of this regulation is establishing a Network Code on Harmonised Transmission Tariff Structures. Moreover, a sufficient level of cross-border gas interconnection capacity should be achieved by identify investment gaps, notably with respect to cross-border capacities, in order to complete the internal market in natural gas. Looking at the proposals presented by ENTISO, IFIEC Europe concludes that these proposals will not contribute to market integration, enhancement of security of supply, promotion of competition and cross border trade, ensuring non-discriminatory and cost reflective transmission tariffs, and avoiding cross-subsidisation between network users. The proposals should be aligned to article 13 of Regulation (EC) No. 715/2009, however they do not contribute to the goal of harmonization, nor do they establish a proper functioning and competitive Internal Energy Market and proper access to that market. The choices made by ENTISO, leading to the draft proposals are politically

	<p>instead of visionary, where a vision should have led to a structure and effective instruments enhancing the IEM development and Third Party Access for all. IFIEC Europe concludes that the draft proposals will not only codify the existing – monopolistic - structures and practices, but even create possibilities for individual Member States to worsen the practices from the standpoint of end users, leading to fragmentation instead of harmonization. The SSP code version features major changes in comparison with the initial code that was consulted earlier this year. Furthermore, the post-consultation workshop provided a few clues about the changes now apparent. As the last year of Net code drafting and stakeholder involvement has shown, Tariffs is a sensitive and complicated area. We think that two weeks is insufficient to provide a comprehensive assessment of all of the changes. In line with our involvement till now, we are reluctant to offer our full support to the code. Furthermore we believe that it will require radical pruning, enhancement of transparency provisions, greater accountability about the determination of methodologies and greater TSO/NRA-support to enable better harmonization of tariff structures and prediction of tariffs going forward. We encourage ENTSOG to report these views with its submission and to request further development and consultation of the code before ACER sends its final recommendation to the European Commission.</p>
<p><b>IOGP</b> <b>(International Association of Oil &amp; Gas Producers)</b></p>	<p><b>No</b></p> <p>The process for stakeholder engagement carried out by ENTSOG has been tested with the earlier network codes and is appropriate. However in the development of the TAR NC, we believe that ENTSOG has not sufficiently taken stakeholder input into account. Also where positions of ACER, TSOs and stakeholders were not aligned, the NC development process has not been able to bridge the differences. In general, there has been too much focus on protection of TSO revenue, which should not be a major objective with an effective mechanism for dealing with over- and under-recovery.</p>
<p><b>SSE</b></p>	<p><b>No</b></p> <p>There has been a high level of stakeholder engagement through the Stakeholder joint working sessions and through consultation. The web-conferencing facilities were very effective and enabled wider participation in the meetings. However, SSE is concerned that downstream stakeholders' views and influence in the process appears to have been limited in its effect. This is illustrated by our main concern which is the treatment of existing long term fixed priced contracts. Shippers must be allowed to keep their existing fixed priced contracts else this risks undermining contractual law. Therefore, we welcome the inclusion of recognizing existing fixed priced contracts in the Code by ENTSOG (Article 50(2)). However, Shippers will now have limited engagement or transparency of the process and there is a risk of further amendments to the Code i.e. the fixed priced option is removed before Comitology by ACER or disallowed by the EU Commission. In this case Shippers must be allowed to surrender long term capacity to avoid being exposed to an unknown floating liability. If neither of these options are permitted then Shippers will have to take the only option open to them and raise a modification change to the Tariff Code. Given the lack of a compelling case made by ACER in its</p>

		Justification Document to prohibit fixed price contracts we are confident of success. There is a concern that any further changes to the Draft Code may lead to it not being fit for purpose because many of the aspects of the code are interrelated. There would only need to be relatively few changes to the Code for stakeholder support to be withdrawn.
<b>Statoil</b>	<b>No</b>	The process for stakeholder engagement carried out by ENTSOG has been tested with the earlier network codes and is appropriate. Webstreaming of the Stakeholder Joint Workstream meetings was to its usual high standard which enabled interested parties who were not able to travel to Brussels to follow and participate in the debate. However in the development of the TAR NC, we believe that ENTSOG has not sufficiently taken stakeholder input into account. Also where positions of ACER, TSOs and stakeholders were not aligned, the NC development process has not been able to bridge the differences. There has been too much focus on protection of TSO revenue.
<b>Vattenfall</b>	<b>Yes</b>	We believe that this process, like the previous Network Code processes ensures more than sufficient opportunities for stakeholders to involve themselves in the process. However, unlike in previous processes, we do not feel like our concerns, questions and suggestions were heard by ENTSOG. We feel the tense relation between ACER and ENTSOG in this process prevented from having an open dialogue. We hope that in any further process, the difficulties between ACER and ENTSOG are kept separate from the practical discussion of the effects of any new regulation on the functioning of the market.
<b>VNG - Verbundnetz Gas AG</b>	<b>Yes</b>	

## Question 2

Please indicate your support for Chapter 1: General Provisions (Articles 1 – 3)									
No. of respondents	24	Fully Support	6	Partially Support	11	Do Not Support	6	Neutral/No Response	1
<b>DEPA / GAS SUPPLY DIVISION</b>	<b>Fully Support</b>	<p>We suggest a minor technical improvement aiming to a clearer TAR-NC: Article 2(1) foresees application of TAR-NC on all network points except for chapters 5, 7, 8 and 9 which will only apply to IPs. Article 2(2) conveys power to NRAs to also apply TAR-NC to points to/from third countries. It is our understanding that the spirit of the network code foresees application of chapters 1, 2, 3, 4, 6 and 10 to points to/from third countries. This is also verified by the wording of Article 2(1). Thus, the competent NRA's decision in Article 2(2) should be limited only to Chapters 5, 7, 8 and 9. We welcome the amendment of "transmission services" definition and the inclusion of the definition for "dedicated services". Inclusion of a definition for dedicated services has improved clarity on the group of costs which are excluded in implementation of the cost allocation methodology. It has also contributed to transparency, since dedicated services will now be subject to publication requirement.</p>							
<b>E.ON Global Commodities SE, on behalf of the E.ON Group</b>	<b>Do not Support</b>	<p>E.ON would have been able to support the scope of the Tariff Network Code if at least some of the major concerns we raised in our response to the previous consultation had been addressed. Disappointingly however, this is not the case. Whilst we recognize there have been improvements, these are insufficient to make the Tariff Network Code fit for purpose. We have also identified new concerns. In our opinion the Tariff Network Code fails to meet the required levels of clarity, efficiency and harmonization to be able to support it. Apart from chapter III, regarding consultation requirements, and chapter IV, regarding transparency which will make improvements in the degree of understanding tariff changes, the network code as it stands is largely descriptive. There is little attempt at harmonization or clear cut added value associated with these other chapters. Furthermore, the draft Network Code deviates in significant areas from clearly formulated requirements of its respective Framework Guidelines, particularly regarding the cap on multipliers for short term capacity products and the ex-ante discount for interruptible capacity products. Both, the lack of harmonization, the lack of unambiguous clear provisions and the lack of compliance with the framework provided for by ACER has led us to take the position to not support chapter 1 of the draft Network Code in its present form.</p>							
<b>EDF</b>	<b>Partially</b>	<p>Article 2: The redrafting of the scope seems clearer than the initial</p>							

	<b>Support</b>	version. Article 3: EDF welcomes the introduction of a new definition of “dedicated services” as we asked for in our public consultation response (July 30th 2014). However, we would have expected this definition to be more specific to clearly identify the dedicated services. In particular, we would have appreciated a criterion including the ability to identify the location and the beneficiaries of these services. Furthermore, a list of dedicated services could have been included.
<b>EDF Trading</b>	<b>Partially Support</b>	The scope of application of the Tariff Network Code is appropriate and the definitions are clear. However, overall it fails to meet the required levels of clarity, efficiency and harmonisation. The NC TAR largely describes and legitimises current practices of TSOs and NRAs across the EU and therefore no clear cut added value associated with it.
<b>Edison SpA</b>	<b>Partially Support</b>	We welcome ENTSOG having changed the definition of “Transmission Services” and having introduced a new definition of “Dedicated Services”. Nevertheless, we are concerned that the current definition of “Dedicated Services”, not being explicitly based on a list of services, could still leave room for the recovery of non-transmission related services via transmission charges. Therefore, we recommend this definition to be more specific and to clear identify the dedicated services, by including a list of dedicated services.
<b>EFET (European Federation of Energy Traders)</b>	<b>Do not Support</b>	EFET would like to have been able to support the scope of the Tariff Network Code and the entire package of measures laid out in Chapters 1 – 10, and could have done if a significant proportion of the forty six concerns we raised in our response to the previous consultation had been satisfactorily addressed. Disappointingly however, this is not the case. Whilst we recognise there have been improvements, which we list below, these are insufficient to make the Tariff Network Code fit for purpose. We have also identified new concerns which have crept into the latest text, which again we list below. In our opinion the Tariff Network Code fails to meet the required levels of clarity, efficiency and harmonisation for us to be able to support it as a package. As such we feel compelled at this late stage to propose a radical revision of the Code to focus, at least initially, on those areas containing measures that are of an obvious and immediate benefit to the market. In that context, we would suggest the Code concentrates on Chapter 3, regarding consultation requirements, and Chapter 5, regarding transparency. If amended in line with our comments below, changes in these areas will make real improvements in the degree of understanding and trust associated with the tariff setting by TSOs throughout the EU. Additionally, a revision of the Code as suggested should enable it to achieve a more rapid and trouble-free passage through comitology, as well as enabling implementation sooner than would otherwise likely have been the case. As regards the other

chapters that we propose should not be included at this point; we would make the following comments. Firstly, these measures largely describe things which TSOs/NRAs across the EU could address if they chose to do so. As currently drafted in the Code, there is little attempt at harmonisation and therefore no clear cut added value associated with these chapters. So despite there being some aspects within them which we support we do not think they should be included in the Tariff Network Code as currently drafted, at least for now. Left unchanged these chapters continue to contain measures which are insufficiently clear and distortive. We are not prepared to accept the unforeseen risks and consequences which might arise from accepting them as drafted, or to legitimise distortions by binding them in EU legislation. We assume that ENTSG and NRAs would agree that it is important to avoid such a danger. Moreover, in our opinion, including these chapters will not make instances of distortion or discrimination materially less likely than if the Tariff Network Code excluded them. To the extent network users do experience distortions or discrimination there are already articles in the Gas Directive and Regulation which enable them to challenge this. Secondly, for the avoidance of doubt, we are not suggesting that the areas considered in these chapters are simply forgotten. Rather, we take the view that they should be discussed and proposals developed further, as part of a more ambitious plan to create a sustainable model for transmission network access and charging for the future. Such a model should recognise the problems of stranded assets, long-term capacity overhanging the market, capacity requirements driven principally by security of supply needs and the need for greater efficiency of cross-border flows and market integration. In our opinion this will require far greater levels of harmonisation than the current Tariff Network Code has been able to achieve so far. Ambitious solutions driven by the need to achieve a single energy market will be needed, whilst duly recognising the legitimate interests of both network users and TSOs. EFET is committed to working collaboratively with ENTSG and/or ACER and/or the Commission to develop such a model. Implementing a de-scoped Tariff Network Code will allow more time and attention to be dedicated to these critical problems next year. We therefore implore the Commission to seriously consider this approach in preference to pressing on with trying to implement the Tariff Network Code in its current form complete with all its uncertainties, inefficiencies and imperfections.

<b>Enel</b>	<b>Neutral / No Response</b>	
<b>Energie-Nederland</b>	<b>Partially</b>	We support the improved text of transmission services and dedicated

	<b>Support</b>	services, but we are still concerned with the revenues resulting from the 'dedicated services'. We don't see the risk of specifying a list of 'dedicated services' or give more guidance in an Annex of the NC.
<b>Energy UK</b>	<b>Partially Support</b>	Energy UK welcomes the revised definitions for allowed revenue, transmission services and dedicated services. With regard to the specific nature of interconnectors the additional text in recital 6 is welcome but we are not sure this is sufficient and it remains unclear as to how this provision links to the cost allocation test. We note that the complimentary revenue recovery charge has not been added to the definitions nor is there any further clarity on seasonal factors.
<b>eni SpA</b>	<b>Partially Support</b>	Eni recognizes the effort made in this section to consider stakeholders concerns by introducing a new definition of "dedicated services". However, we believe that more clarity is needed concerning Article 2, with regards, in particular, to the Scope of application of this Regulation to all entry and exit points, interconnectors and entry/exit points from/to third countries. As a general comment, it is important to recognize that the regulatory framework governing the way the EU cross-border capacity is managed has to be developed carefully considering the impact on the overall system, including the effects and potential consequences on other points, i.e. entry/exit points from/to Third Countries.
<b>EON Gas Storage</b>	<b>Neutral / No Response</b>	
<b>Eurelectric</b>	<b>Partially Support</b>	Eurelectric is pleased that the refined Tariff Network Code now makes clear that allowed revenue will always be approved by NRAs and that the definition of transmission services has been tightened. However, we think the Code should provide greater clarity about how revenues from the dedicated services is reconciled. Although short haul is not specifically mentioned as a dedicated service we assume that this is covered by the new drafting in Article 20.2. Whilst we agree that short haul products which promote efficient use of the transmission system should be allowed, the drafting in this article opens the door to other charges being treated separately which should properly be part of the cost allocation methodology. So our preference would be to specifically refer just to short haul in this article.
<b>EUROGAS</b>	<b>Partially Support</b>	Eurogas is still concerned that aspects of the scope of application are not clear enough. Especially, Eurogas is concerned that there is still no clear definition of non-transmission services - although we welcome the improved definition on "dedicated services"- leaving open the possibility of the TSO boosting its revenue in non-regulated activities. Therefore non-transmission services should be defined. Charging for any non-transmission-services related costs should be explicitly forbidden, to avoid that there is an attempt to recover them via

		transmission tariffs.
<b>Gas Infrastructure Europe (GIE)</b>	<b>Fully Support</b>	
<b>Gas Storage Netherlands</b>	<b>Fully Support</b>	
<b>GasTerra BV</b>	<b>Partially Support</b>	GasTerra considers the general provisions relevant. However, we consider the definition of “transmission services” and “dedicated services” too vague. To prevent individual TSO interpretation, which would reduce tariff predictability and stability for network users, the division between transmission services and dedicated services should be subject to NRA approval. According to the refined draft Network Code the dedicated services revenue shall be outside the application of the cost allocation and revenue reconciliation methodologies. Therefore a cap needs be applied to this part of the allowed or target revenue, and these definitions should at least be approved by the NRA.
<b>Gazprom Marketing &amp; Trading Limited</b>	<b>Do not Support</b>	Whilst we appreciate the improvements made on the definitions of the various elements of the Code, we still believe there is a lack of clarity on a number of areas highlighted (see our response to the initial consultation).Indeed, the code does not cover fully what shippers are paying when using the system. In particular, some levies with specific purposes which are charged to shippers are not covered by the code. Ultimately, shippers will still not be able to make a sound judgment on the cost of transportation in the system, therefore preventing them to fully appreciate the value of a booking and its economic rationale. As a consequence, we believe that it is necessary to reduce the scope of the code to chapters 3 and 4 (and in a certain extent chapter 6 if improved). Ultimately, and independently from the methodology used in a specific country, and increased level of transparency on tariffs setting processes are likely to achieve the goals set in Regulation EC 715/2009.
<b>GDF SUEZ</b>	<b>Do not Support</b>	The Tariff network code has kept a narrow focus on cost allocation methodologies, which is far from all tariff future issues within EU. Indeed, it should have dealt with the revenue definition to secure an appropriate level of allowed revenue for TSOs, with the management of underutilized assets where costs cannot be recovered with the current tariff structure, with the management of stranded bookings that prevents any activity on the capacity market, and generally to allow a more market oriented approach. At this stage of the process, it seems alas that there is no opening to tackle these essential issues. Taking this opposition into account, the Tariff network code should be reduced to transparency and consultation requirements issues, and should at least include a stop-loss clause for existing shippers that

		already exists in some TSOs general conditions.
<b>GDF SUEZ Infrastructures</b>	<b>Fully Support</b>	
<b>IFIEC Europe</b>	<b>Fully Support</b>	
<b>IOGP (International Association of Oil &amp; Gas Producers)</b>	<b>Partially Support</b>	<p>We can only partially/not support Chapter 1 as we have the following comments/objections:</p> <ul style="list-style-type: none"> <li>• Although the text of Article 2 ('Scope') has improved, application of the TAR NC to interconnectors remains unclear.</li> <li>• We continue to struggle with 'dedicated services'. These are regulated services and part of the allowed revenue, but not included in the cost allocation method and the revenue reconciliation. It remains a potential backdoor for charging network users outside of the cost allocation methodology of this NC. The TAR NC should set a maximum for the charges related to dedicated services of 5% of the total allowed revenue, in line with the Framework Guideline, and should only cover costs related to TSO activities.</li> <li>• The words 'given time period' in the definition of allowed revenue remain unclear. This NC could be used to align the period for which the allowed revenue is set with the tariff year. That this is currently not the case in all regimes should not be a reason to disregard potential alignment.</li> <li>• Some of the definitions have been changed without explanation/justification and raise questions: i.e. definition of 'reference price' suggests it is Oct-Oct price for IPs and Jan-Jan price for non-IPs which is probably not intended.</li> <li>• The definition of 'locational signal' remains unclear. In addition, the preamble of the refined draft TAR NC does not address why this NC is needed and this is a fundamental problem with the TAR NC. As a minimum this NC should provide more transparency on the way transmission tariffs are determined and tariff setting should be more guided by considerations of cross-border flow and market integration.</li> </ul>
<b>SSE</b>	<b>Partially Support</b>	<p>SSE welcomes the revised definitions for allowed revenue, transmission services and dedicated services. With regard to the specific nature of interconnectors the additional text in recital 6 is welcome but we are not sure this is sufficient and it remains unclear as to how this provision links to the cost allocation test. We note that Complimentary revenue recovery charge has not been added to the definitions nor is there any further clarity on seasonal factors.</p>
<b>Statoil</b>	<b>Do not Support</b>	<p>We can only partially/not support Chapter 1 as we have the following comments/objections:</p> <ul style="list-style-type: none"> <li>• although the scope has improved, application of the NC to interconnectors remains unclear;</li> <li>• we continue to struggle with 'dedicated services'. These are</li> </ul>

regulated services and part of the allowed revenue, but not included in the cost allocation method and the revenue reconciliation. It remains a potential backdoor for charging network users outside of the capacity allocation methodology of this NC. To this end we suggest improving the transparency obligations on the management of dedicated services revenues and align them with the requirements for revenues from transmission services;

- ‘given time period’ in definition of allowed revenue remains unclear. The reasons given for not making changes to clarify is not convincing;
- some of the definitions have been changed without explanation/justification and raise questions: i.e. definition of ‘reference price’ suggests it is Oct-Oct price for IPs and Jan-Jan price for non-IPs which is probably not intended;
- definition of ‘locational signal’ remains unclear. In addition, the preamble of the refined draft TAR NC does not address why this NC is needed and this is a fundamental problem with this NC. As a minimum this NC should provide more transparency on the way transmission tariffs are determined and tariff setting should be more guided by considerations of cross-border flow and market integration. In conclusion in our opinion the Tariff Network Code fails to meet the required levels of clarity, efficiency and harmonisation for us to be able to support it as a package and should be subject to a radical de-scoping exercise, which focuses only on those chapters which obviously add value. These would be limited to chapter III, regarding consultation requirements, and chapter IV, regarding transparency. If amended in line with our comments below these will make real improvements in the degree of understanding and trust associated with the tariff setting by TSOs throughout the EU.

<p><b>Vattenfall</b></p>	<p><b>Do not Support</b></p>	<p>For each section for which Vattenfall does not provide a detailed reasoning for our response, we refer to the response of EFET, as this - in general - represents the view of Vattenfall regarding the Tariff Network Code. One section, I want to copy in our response, as it so perfectly reflects the reasoning behind the non-supportive nature of our response. Vattenfall wants to ensure that ENTSGO realises that we have been very active participants and contributors throughout all the FGs and NCs processes. We find them very useful and important and would have very much liked to provide support for the content of the Network Code. However, in its current form, lacking a clear direction and solution to any problems that may exist in the European gas market, we cannot provide such support. "In our opinion the Tariff Network Code fails to meet the required levels of clarity, efficiency and harmonisation for us to be able to support it as a package. As such we feel compelled at this late stage to propose a radical revision of the</p>
--------------------------	------------------------------	--

	Code to focus, at least initially, on those areas containing measures that are of an obvious and immediate benefit to the market. In that context, we would suggest the Code concentrates on Chapter 3, regarding consultation requirements, and Chapter 5, regarding transparency. If amended in line with our comments below (in the EFET response, red.), changes in these areas will make real improvements in the degree of understanding and trust associated with the tariff setting by TSOs throughout the EU."
<b>VNG - Verbundnetz Gas AG</b>	<b>Fully Support</b>

### Question 3

Please indicate your support for Chapter 2: Cost Allocation Methodologies (Articles 4 –20)									
No. of respondents	27	Fully Support	0	Partially Support	6	Do Not Support	21	Neutral/No Response	0
<b>Centrica Storage Limited</b>		<b>Do not Support</b>							
									Article 20(1) does not address the concerns CSL has previously contributed to this process. First Article 20(1) ignores the principle of no double charging for storage. CSL agrees with GSE in that tariffs for entry and exit points from and to gas storage facilities gas storage is not a net source of supply or demand and users already paid entry- and exit tariffs at import/production and at end consumption. Therefore CSL believes that the tariff at these points should have a default value of zero and only if the incremental costs of connecting the storage facility is not fully compensated by the benefits that gas storages provides the transmission system should there be a charge. CSL supports the wording proposed by GIE on the methodology in setting tariffs at storage connection points: "In order to promote efficient investments and cost reflectivity and in order to avoid undue discrimination between network users, the transmission tariffs for gas storages shall be based on costs arising from the connection of storages to the transmission system and take benefits of gas storages into account. Costs arising from the connection of storages and variable costs related to the transportation of gas to and from storage shall be substantiated. Benefits of storages (e.g. reduced investments regarding peak capacity of the transmission system and import facilities and reduced OPEX) shall be taken into consideration.
<b>DEPA / GAS SUPPLY DIVISION</b>		<b>Partially Support</b>							We welcome the inclusion of the Asset Allocation Methodology in the refined draft. However, we are concerned by the fact that application of the said methodology has been restricted only to countries with significant transit flows. Consequently, the term "homogenous group

		<p>of users” has been restricted to transit and to domestic users. In the initial TAR-NC draft consultation, DEPA supported the opinion for a wider scope of the method. Moreover, DEPA proposed a broader definition of homogeneity, in line to the one proposed in Article 17(2) of the refined draft, therein applicable only to equalisation. This would allow NRAs to have this additional method available and assess locally its potential cost reflectivity and efficiency. We welcome amendments in Article 20(2) for storage, where power is conveyed locally to adjust tariffs, taking into account the service storage facilities offer to the particular system.</p>
<p><b>E.ON Global Commodities SE, on behalf of the E.ON Group</b></p>	<p><b>Do not Support</b></p>	<p>E.ON does not support the revised cost allocation chapter. In the absence of any attempt in the TAR NC to harmonise or restrict the cost allocation methodologies currently in use across the EU the provisions contained within chapter 2 do not represent enough change to the tariff setting processes currently followed by Member States to warrant their inclusion in binding EU legislation. Following the principle of subsidiarity this should be left to Member States. If the network code will include rules on cost allocation methodologies, we would suggest to at least not include the Asset Allocation Methodology. As we have stated in our earlier response to the draft network code we believe that this methodology transfers the concept of different pricing for ‘transit’ vs. ‘domestic’ system use. This is compliant with neither the spirit nor the letter of the third package. Not compliant with the EU gas regulation is also the use of ‘benchmarking’ as a secondary adjustment methodology. ‘Point-to-point competition’ should not be confused with ‘pipeline-to-pipeline competition’ as mentioned in recital 8 of Regulation 715/2009. Benchmarking of tariffs is mentioned here as an alternative to cost+ regulation, wherever there is competition between two or more structurally comparable TSOs. To allow benchmarking to decrease tariffs at an individual interconnection point of a system which is in principle governed by a cost based tariff regulation will only lead to higher costs at network points where captive customers do not have a chance to use competing network points of an adjacent TSO. Additionally, chapter 2 still contains distortions which ENTSG has failed to address, for example flow based charges can still be levied in monetary terms or in-kind. This presents an uncontrollable risk for network users of allocation mismatches and imbalances where flow-based charges are applied in monetary terms on one side of an IP and in-kind on the other side. However, we welcome the efforts made by ENTSG to tighten the definitions of “transmission services” and “dedicated services” to prevent Member States from applying the costs associated with non-transmission services (for example the costs</p>

		<p>for German L-gas appliance conversion) to the tariffs paid by network users at transmission entry and exit points. And finally, we also acknowledge ENTSOGS proposal to allow for TSOs developing non-standard (i.e. relative to the standard products foreseen by the NC CAM) capacity products and price them accordingly in Art 20 (2). However, we would prefer if the Network Code would clarify that the suggested option for alternative pricing only applies to non-standard products. Additionally the association of revenues generated from such non-standard products with transmission services revenue (or allowed revenue) remains unclear.</p>
<b>EDF</b>	<b>Do not Support</b>	<p>Article 4: EDF welcomes the amendment related to the “dedicated service revenues” that shall be outside the application of the cost allocation methodology and be recovered by charges for dedicated services. However we consider that separate charges for dedicated services should be made public with all the reserve prices, multipliers and seasonal factors before the auction of yearly capacity held in March. However, EDF believes that the current draft still leaves space in some definitions (i.e. dedicated services / transmission services) which may lead to possible cross-subsidies. Article 7.6: For sake of harmonization, the adoption of the same approach in all Member States to calculate distance should be preferred and we rather support an approach based on the network model (i.e. path approach).</p>
<b>EDF Trading</b>	<b>Do not Support</b>	<p>EDF Trading does not support the revised cost allocation chapter. We are not convinced that the combined package of diverse provisions contained within it adds value to the tariff setting processes currently followed by Member States. Most of the methodologies contain elements of optionality which, depending on which option you choose, can make a significant difference to the tariff outcomes and create discrimination. Clear examples of this are the continued acceptance of two forms of calculating distance, the option to charge fuel gas in kind, the additive approach to rescaling and absence of annual reviews and an ACER opinion on the use of benchmarking. Once included within the Tariff Network Code, Member States would find it easier to defend cross-subsidies and discriminatory practices by simply pointing out that their respective TSO or NRA was compliant with one of the methodologies specified therein. We are also disappointed that ENTSOG has not accepted our proposal for the tariffication of entry and exit capacity into/from storage facilities. Reading the analysis of decisions document it seems that the principal reason for this is due to the fact that this may lead to significant cross-subsidies and/or under-recovery of the respective TSO revenue. However, we continue to believe that applying capacity charges to gas flows injected and withdrawn from storage amounts, in itself, to cross-</p>

subsidy and discrimination, as these charges will be levied twice for the same molecule of gas. Finally, we recognise and welcome the efforts made by ENTSG to tighten the definitions of “transmission services” and “dedicated services” to prevent Member States from applying the costs associated with non-transmission services to the tariffs paid by network users at transmission entry and exit points. However, the lack of rules on how these services are charged and how over-/under-recovery from these services is reconciled would nullify the benefits of having clear definitions and may allow the persistence of blatant cross-subsidies and barriers to cross-border trade such as the ones originated by the German downstream L to H gas conversion levies, the Italian CVOS commodity charges and the German conditional capacity charges (more appropriately referred to as interruptible capacity charges). As previously argued, EDF Trading believes that all costs related to dedicated services should be charged exclusively to the direct beneficiaries of each specific service.

**Edison SpA**

**Do not Support**

Edison thinks that further harmonization should be pursued for the provisions of this chapter. For instance: - the fact that the flow based charge can still be levied in monetary terms or in-kind introduces a risk for network users of allocation mismatching and imbalances where flow-based charges are applied in monetary terms on one side of an IP and in-kind on the other side; - the adoption of the same approach in all Member States to calculate distance should be preferred and we rather support an approach based on the network model (i.e. path approach). Furthermore, we are concerned that the current wording on the “flow based charge” and on the “complementary revenue recovery charge” could still allow NRAs to introduce new transmission tariffs/levies which are not covered by the cost allocation methodology or the consultation requirements of Chapter III, and whose association with transmission services revenue (or allowed revenue) is unclear. The risk of such approaches should be explicitly excluded by the NC TAR. With specific reference to the complementary revenue recovery charge, although we understand the application to interconnection points with fixed payable prices, we do not support its application to non-interconnection points. Indeed, provided that capacity at non-interconnection points is not allocated via CAM mechanisms, the contribution of non-interconnection points to TSO’s under-recovery mainly depends on the national rules to allocate transmission capacity at these entry/exit points. For instance, in most systems, entry/exit transport capacity to/from storage and LNG terminals is directly allocated to SSOs and LSOs and no short-term products nor multipliers < 1 are applied to this capacity. Therefore, in such systems, non-interconnection points do not contribute to under-

recovery but, according to the current definition of the complementary revenue recovery charge, they will bear the burden of an additional commodity-based charge that will decrease their competitiveness with interconnection points. We believe that such a decision would lead to an undue cross-subsidization among different sources and thus we strongly recommend to apply one of these two alternative options: - to eliminate the introduction of this charge; or - if a complementary revenue recovery charge has to be maintained in the NC TAR, it should be equally levied on all the volumes withdrawn from the network (i.e. on all exit points). If it was applied to the volumes injected in the network (i.e. on entry points), being its application subject to the approval of NRAs and thus different in each national system, it would risk to have a distortive impact on the prices registered on gas markets. With regard to the separate charges to recover dedicated services, we think they should be made public with all the reserve prices, multipliers and seasonal factors before the auction of yearly capacity held in March.

**EFET (European Federation of Energy Traders)**

**Do not Support**

EFET does not support the revised cost allocation chapter. We are not convinced the combined package of diverse provisions contained within it represents enough change to the tariff setting processes currently followed by Member States to warrant their inclusion in binding EU legislation. This chapter still contains distortions which ENTASOG has failed to rectify, for example flow based charges can still be levied in monetary terms or in-kind. As we pointed out in our response to the previous consultation and which ENTASOG recognises in its analysis of decisions document, this presents an uncontrollable risk for network users of allocation mismatching and imbalances where flow-based charges are applied in monetary terms on one side of an IP and in-kind on the other side. This is particularly pronounced in situations of single sided nominations. So rather than legitimise this distortion by grudgingly acquiescing to both options because some TSOs are unwilling to compromise on a harmonised solution, we think it is preferable to stay silent on this issue for now. Similarly, in the absence of any attempt in the TAR NC to harmonise or restrict the cost allocation methodologies currently in use across the EU, or to harmonise the approach to cost determination, we see little benefit in affording them the cherished status of legally binding obligations. Most of the methodologies contain elements of optionality which, depending on which option you choose, can make a significant difference to the tariff outcomes and create discrimination, However, once included within the Tariff Network Code, Member States would find it easier to defend themselves against any apparent discrimination by simply pointing out that their respective TSO or NRA

was compliant with one of the methodologies specified therein. Other areas where we still consider this chapter to be deficient are the continued acceptance of two forms of calculating distance, the additive approach to rescaling (where ENTASOG's concerns about negative reference prices can easily be overcome by introducing a minimal reference price rule into the model) and the absence of annual reviews and an ACER opinion on the use of benchmarking. We are also disappointed that ENTASOG has failed to adopt our proposal that the Tariff Network Code should, by default, exempt storage facilities from entry and exit capacity charges. Reading the analysis of decisions document it seems that the principal reason for this is due to the fact that this may lead to significant cross-subsidies and/or under-recovery of the respective TSO revenue. However, we continue to believe that applying capacity charges to gas flows injected and withdrawn from storage amounts, in itself, to cross-subsidy and discrimination, as these charges will be levied twice for the same molecule of gas. Including a default exemption from capacity charges starts from the presumption of non-discrimination and provides greater incentives for TSOs/NRAs to properly evaluate the net costs and benefits of storage, rather than starting from an acceptance of discrimination and relying on TSOs and NRAs to remove this based on an assessment against partly subjective criteria. Finally, we recognise and welcome the efforts made by ENTASOG to tighten the definitions of "transmission services" and "dedicated services" to prevent Member States from applying the costs associated with non-transmission services to the tariffs paid by network users at transmission entry and exit points. Whilst we feel that ENTASOG has largely achieved this through amending these definitions, we are concerned that the inclusion of the new Article 20.2, relating to alternative capacity-based or commodity-based charges, allows NRAs to introduce new transmission tariffs/levies which appear not to be covered by the cost allocation methodology or the consultation requirements of Chapter III, and whose association with transmission services revenue (or allowed revenue) is unclear, e.g. German downstream L to H gas conversion levies and Italian CVOS commodity charges. The fact this new Article has been introduced at this late stage reinforces our view that the Code has failed to meet the required levels of clarity, efficiency and harmonisation we would have expected of it. To the extent a national regulatory authority sets or approves alternative capacity-based charges for specific capacity products or alternative commodity-based charges, calculated other than as set out in Article 4(2), these should be non-discriminatory and subject to a dedicated consultation to determine that their provision

		will enhance the efficient use of the transmission system and/or avoid cross-subsidies between network users or classes of network user. The consultation should also make clear how any over or under recovery from such charges is to be reconciled, where relevant.
<b>Enel</b>	<b>Fully Support</b>	We welcome the efforts to tighten the definitions of “transmission services” and “dedicated services” and therefore to limit, as far as possible, to a closed list, as in ACER Framework Guidelines, the services subject to national regulation.
<b>Energie-Nederland</b>	<b>Do not Support</b>	<ul style="list-style-type: none"> <li>• We think this part -the articles dealing with cost allocation methodologies- is too open-ended. The formulation of the parameters contains a lot of “may”-s, “if applicable”-s, “as relevant”-s and several options for TSO’s to choose from. We fear that this noncommittal attitude in the formulation of the NC will not lead to a harmonised approach of tariff setting in the EU, which should be the aim of this NC. Therefor we are of the opinion that this part of the network code needs further work. Maybe it is better to take this part out of the code now and to include it later when more harmonisation is / can be reached.</li> <li>• We support the redrafted version of article 18.1 conditions for application of benchmarking.</li> <li>• We do not support flow based charges in any kind since they interfere with the bundling of capacity products and present risk of allocation mismatching and imbalances where flow-based charges are applied in monetary terms on one side of an IP and in kind on the other side.</li> </ul>
<b>Energy UK</b>	<b>Partially Support</b>	Energy UK supports the amendments which identify the use of flow based charges (subject to NRA approval) for transmission services revenue and the scope of the complimentary revenue recovery charge. We remain unclear as to the role of the complimentary revenue recovery charge in the cost allocation test (Article 23) 23(6) suggests its in whilst 4(2)( b) doesn’t Support continuation of allowing an additive sum for rescaling. We support allowing for national determination of the tariffs for storage points and the inclusion of Article 20 (2) with respect to alternative capacity products However overall Energy UK considers that the Code does very little to progress harmonisation of tariff structures, most, if not all, cost allocation methodologies will persist as they are now. Therefore if harmonisation of tariff structures is considered necessary to deliver the internal energy market, then implementation of this code will do little to achieve that objective.
<b>eni SpA</b>	<b>Partially Support</b>	Eni would like to emphasize the fact that, by maintaining all these cost allocation methodologies possible, ENTSG is not making any effort in increasing harmonization among EU countries. In this respect, we do

	<p>not see the advantage in creating binding rules on methodologies almost unchanged compared to the framework pre-TAR NC, thus preserving the widest regional variety.</p>
<p><b>EON Gas Storage</b>      <b>Do not Support</b></p>	<p>Article 20(1) does not address the concerns EGS addressed previously: In setting tariffs for entry and exit points from and to gas storage facilities, it shall be considered that gas storage is not a net source of supply or demand and users already paid entry- and exit tariffs at import/ production and at end consumption. The tariff at these points shall cover incremental costs if not compensated by the benefits of gas storages contributing to the network system. EGS proposes a more specific wording on the methodology in setting tariffs at storage connection points taking into account the following principles: “In order to promote efficient investments and cost reflectivity and in order to avoid undue discrimination between network users, the transmission tariffs for gas storages shall be based on costs arising from the connection of storages to the transmission system and take benefits of gas storages into account. Costs arising from the connection of storages and variable costs related to the transportation of gas to and from storage shall be substantiated. Benefits of storages (e.g. reduced investments regarding peak capacity of the transmission system and import facilities and reduced OPEX) shall be taken into consideration. EGS agrees with the addition of article 20(2), as the existence of alternative capacity products cannot be ignored. However, it should be a separate article as it has no strong relationship with article 20(1). Moreover, the text should be clarified.</p>
<p><b>Eurelectric</b>      <b>Do not Support</b></p>	<p>We still maintain that rescaling should be approached only on a multiplicative basis, rather than on an additive one, to avoid destroying locational signals. Also, we do not understand why ENTISOG has ignored our request for instances of benchmarking to be referred to ACER, bearing in mind the potentially distortionary effect it could have on tariffs at other entry/exit points or pipeline routes. Whilst we welcome the fact that ENTISOG has included more features of TSOs price control in the parameters of the primary cost allocation methodology, these, along with all the other parameters of the methodology, should be updated and published each time changes in them occur which affects tariff determination, not just every four years or at the end of the regulatory period. The refined drafting is still not sufficiently clear that this will be the case. As for allowing a commodity based complementary recovery charges to apply at IPs, we are still concerned this creates potential barriers or distortions to cross-border trade. Increasing amounts of variable renewable generation will increase the need to transfer flexibility between gas markets and applying a separate flow based commodity charge at IPs</p>

<b>EUROGAS</b>	<b>Do not Support</b>	<p>risks stifling this transfer of flexibility, discouraging cross-border within day trading opportunities.</p> <p>Eurogas welcomes the greater clarity on main components but still has a number of concerns on Chapter 2, and considers that the methodologies as presented will not give enough clarity on tariff evolution. Eurogas also has concerns about a number of points on primary cost allocation methodology. More specifically, we think that this chapter should be more ambitious in terms of harmonization. For instance: - the fact that the flow based charge can still be levied in monetary terms or in-kind introduces a risk for network users of allocation mismatching and imbalances where flow-based charges are differently applied on the two sides of an IP; - the adoption of the same approach to calculate distance, preferably the path approach based on the network configuration, should be preferred in all Member States. Furthermore, we have strong concerns that the current wording on the “flow based charge” and on the “complementary revenue recovery charge” could still allow NRAs to introduce new transmission tariffs/levies the association of which with transmission services revenue (or allowed revenue) is unclear. The risk of such approaches should be explicitly excluded by the NC TAR. We do not support the application of the complementary revenue recovery charge to non-interconnection points, as it could be a source of cross-subsidisation between various sources of supply. Indeed, provided that capacity at non-IPs is not allocated via CAM mechanisms, the contribution of non-IPs to TSO’s under-recovery mainly depends on the national rules to allocate transmission capacity at these entry/exit points. For instance, in most systems, entry/exit transport capacity to/from storage and LNG terminals is directly allocated to SSOs and LSOs and no short-term products nor multipliers &lt; 1 are applied to this capacity. Therefore, in such systems, non-IPs do not contribute to under-recovery but, according to the current definition of the complementary revenue recovery charge, they will bear the burden of an additional commodity-based charge that will decrease the competitiveness of the gas supplied via these points with respect to the gas supplied via IPs. Such undue cross-subsidization among different entry points should be avoided and therefore we strongly recommend, either to eliminate the introduction of this charge or to levy it equally on all the volumes withdrawn from the network (i.e. on all exit points). Eurogas, however, would like to express its strong concern that the approaches envisaged in the methodologies may not work out in practice. The outcomes should be carefully monitored and analysed, and if the methodologies are shown not to be working well, then the whole approach has to be revisited, in</p>
----------------	-----------------------	---

<p><b>Gas Infrastructure Europe (GIE)</b></p>	<p><b>Partially Support</b></p>	<p>an effort to arrive at a clear tariffs model.</p> <p>Article 20(1) does not address the concerns GIE addressed previously: In setting tariffs for entry and exit points from and to gas storage facilities, it shall be considered that gas storage is not a net source of supply or demand and users already paid entry- and exit tariffs at import/ production and at end consumption. The tariff at these points shall cover incremental costs if not compensated by the benefits of gas storages contributing to the network system. GIE proposes a more specific wording on the methodology in setting tariffs at storage connection points taking into account the following principles: “In order to promote efficient investments and cost reflectivity and in order to avoid undue discrimination between network users, the transmission tariffs for gas storages shall be based on costs arising from the connection of storages to the transmission system and take benefits of gas storages into account. Costs arising from the connection of storages and variable costs related to the transportation of gas to and from storage shall be substantiated. Benefits of storages (e.g. reduced investments regarding peak capacity of the transmission system and import facilities and reduced OPEX) shall be taken into consideration. GIE agrees with the addition of article 20(2), as the existence of alternative capacity products cannot be ignored. However, it should be a separate article as it has no strong relationship with article 20(1). Moreover, the text should be clarified. General comments on articles 16-18: GIE (still) has some concerns on the concept of secondary adjustments as such. Secondary adjustments should be carefully handled by NRAs to avoid too huge deviation from primary cost based allocation. Benchmarking may have its merits under clearly defined circumstances.</p>
<p><b>Gas Storage Netherlands</b></p>	<p><b>Do not Support</b></p>	<p>Article 20 Storage We think it is essential to include the fact that gas storage users have already paid entry at import/ production and will pay an exit tariff (again) at end consumption/ export. It should be noted that the fact that gas storage users essentially pay twice for transmission services was flagged by ACER in its draft impact assessment of September 2012 and in the framework guideline for consultation of July 2013. The problem with the current text is that a normal transmission tariff is the starting point and a discount may be applied if the TSO or NRA come up with evidence that there are net benefits of gas storages for the transmission network. The considerations (such as net benefits) in the current draft network code are justified, but only when using the right starting point. In line with for instance EFET, we think transmission tariffs for gas storages should be zero by default. (Note 1) This follows (logically) from the fact that gas storage users have already paid entry- and exit tariffs. We agree</p>

with GIE that if TSOs incur costs for connecting gas storages to the transmission network that exceed the benefits of gas storages for the transmission network, a higher than zero tariffs could be justified. Setting fair entry- and exit tariffs for gas storages is pivotal for ensuring a level playing field with other sources of flexibility. Domestic gas production in the EU will fall further in the coming years, making Europe more dependent on suppliers from outside the EU, increasing the necessity for having gas in stock close to demand. At the same time gas storage operators are considering to end operations as it would be more profitable to produce the cushion gas given high costs for transmission tariffs. (Note 2) Transmission tariffs can be over EUR 1 per MWh, while the market price (summer-winter spread) has dropped to EUR 2 per MWh recently. (Note 3) Lowering transmission tariffs to a level that justifies the costs TSOs incur is an essential measure to safeguard the investment climate in gas storages without distorting market functioning. In order to solve this in an effective way, we suggest to reinsert in article 20 under section 1 a), the initial consideration of “whether an entry fee has been paid before entering the relevant transmission network and an exit fee will be paid upon exit therefrom” in the framework guideline of 18 July 2013 in the final version of the network code.

Notes:

(1) See for instance slides 80 and 111 of the presentations at SJWS of Ann-Marie Colbert of ENTSOG, TAR SJWS 5 – the 9th of April 2014 ([http://www.entsog.eu/public/uploads/files/publications/Tariffs/2014/SJWS%205\\_TAR%20NC%20Presentations\\_09%2004%2014.pdf](http://www.entsog.eu/public/uploads/files/publications/Tariffs/2014/SJWS%205_TAR%20NC%20Presentations_09%2004%2014.pdf))

(2) RWE Gasspeicher presentation by Michael Kohl, Managing Director RWE Gasspeicher GmbH at the GIE conference in Berlin 12-13 June 2014 ([http://event.gie.eu/public/uploads/snip\\_435/files/2-3.%20Michael%20Kohl%20\(RWE%20GS\)%20140606%20Kohl\\_Investing%20in%20storage%20facilities\\_GIE%20AC%202014\\_4-3.pdf](http://event.gie.eu/public/uploads/snip_435/files/2-3.%20Michael%20Kohl%20(RWE%20GS)%20140606%20Kohl_Investing%20in%20storage%20facilities_GIE%20AC%202014_4-3.pdf))

(3) The value of gas storage, questions and answers, Gas Storage Europe, June 2014 (<http://www.gie.eu/index.php/publications/gse>)  
Art 16: secondary adjustments: rescaling must not lead to huge deviations from the primary cost allocation methodology. The idea of benchmarking in art 18 is supported and would be a good way to achieve a harmonised tariff throughout Europe.

**Gas Storage  
Operators Group**

**Do not Support**

Article 20(1) does not address the concerns GSOG has previously contributed to this process; importantly the draft Network Code continues to ignore the principle of no double charging for storage. GSOG agrees with GIE in that tariffs for entry and exit points from and to gas storage facilities is not a net source of supply or demand and users already paid entry and exit tariffs at import/ production and at

end consumption. Therefore GSOG members believe that the tariff at these points should have a default value of zero. Only if the incremental costs of connecting the storage facility is not fully compensated by the benefits that gas storages provides the transmission system, should there be a charge.

GSOG also believes that the wording of Article 20 (1) needs to made explicit and supports the wording proposed by GIE on the methodology in setting tariffs at storage connection points: 'In order to promote efficient investments and cost reflectivity and in order to avoid undue discrimination between network users, the transmission tariffs for gas storages shall be based on costs arising from the connection of storages to the transmission system and take benefits of gas storages into account. Costs arising from the connection of storages and variable costs related to the transportation of gas to and from storage shall be substantiated. Benefits of storages (e.g. reduced investments regarding peak capacity of the transmission system and import facilities and reduced OPEX) shall be taken into consideration'.

**GasTerra BV**

**Do not Support**

GasTerra considers cost reflectivity as the primary selection criterion when choosing the cost allocation methodology. This is insufficiently reflected in Article 19. Harmonisation of tariff structures should not harm the cost reflectivity of transmission tariffs, and therefore a variety of cost allocation methodologies is welcomed. As such GasTerra supports all the proposed cost allocation methodologies in the draft NC, although GasTerra considers the postage stamp methodology the least cost reflective methodology, and thus the least desirable. In fact, in order to foster better cost reflectivity of any cost allocation model, for example in terms of allocating economies of scale in an appropriate way, a choice of various components of various cost allocation methodologies should also be allowed. All primary cost allocation methodologies should not allow for the entry-exit split to be used as a parameter of such methodology. GasTerra does not agree with benchmarking as secondary adjustment, since this would lead to cross-subsidisation. The risk of pipe-to-pipe competition should be borne by TSO's and not by network users in other parts of the transmission system. Transmission is a regulated activity and cooperation between NRAs and TSOs should prevent unnecessary investments in transmission infrastructure. Mitigation of considerable tariff increases as described in Article 48.2 should also be included in the list of secondary adjustments. There is no need for an additional complementary revenue recovery charge in those cases where the fixed payable price approach is followed, since this approach includes a risk premium that mitigates potential cross subsidies between holders of fixed price contracts and users with floating price contracts.

	<p>Similarly, there is no need either for the alternative charges mentioned in article 20.2. Instead it would seem more appropriate to consider putting the specific capacity products addressed in this Article under the category of dedicated services.</p>
<p><b>Gazprom Marketing &amp; Trading Limited</b></p>	<p><b>Do not Support</b></p> <p>We believe that this chapter should be taken out of the code. The tariffs methodologies remain largely subject to the critics made in our response to the consultation (please refer to the response for a detailed analysis). The description of methodologies leaves the room for interpretation from Member States when implementing it, thus failing to achieve the desired level of harmonisation. Provisions on transparency should be further elaborated in order to allow shippers to make an educated call when booking capacity. In addition, more transparency will also allow public authorities to assess whether the methodology used is achieving the objectives set out in Regulation EC 715/2009, in particular on the cost-reflectiveness side.</p>
<p><b>GDF SUEZ</b></p>	<p><b>Do not Support</b></p> <p>First, the code does not explicitly forbid to charge distribution or storage related charges on transmission tariff.</p> <p>Secondly, this chapter defines complex cost allocation methodologies without even giving a detailed numerical application in an impact assessment, without proving that these models are numerically stable and will give expected results. Once the methods are in the law, even if they are not fit for purpose, it will become much more difficult to amend them. Instead, reduce the scope of the tariff code and just asking to publish a forward looking tariff model and firm prices before the March auctions would be much more useful, and appropriate for a network code.</p> <p>Thirdly, Article 4.4 and 20.2 are major loopholes allowing any distortion, and more particularly it would allow to charge national distribution and storage costs to interconnection points, which is blatantly against all third directive principles. On the other hand, these new articles are needed to cope with situations not tackled by the mechanist methodologies proposed, for instance to keep shorthaul tariffs. This demonstrates that the best solution would be to simply suppress these cost allocation methodologies, and to leave the necessary flexibility to implement tariff structures respecting third directive principles in the most efficient way. This would on the other hand require that some action should be taken when a state imposes measures that are blatantly against third directive principles.</p> <p>Finally, coherence on both sides of a border is not at all guaranteed: for instance, it is possible to have a flow-based charge expressed in monetary terms on one side of a border, and in kind on the other side, which is just impossible to implement in a simple way. Experience gained on previous network codes have demonstrated the importance</p>

		<p>of ensuring coherence on both sides of the borders, and that relying only on NRAs will to cooperate is not working. The most simple solution in this case would be to make a choice, which should not be difficult for such a technical matter. For the cost allocation test, instead of trying to create complex formulas to constrain NRAs and TSOs, which doesn't work because input data can be biased just as well, some ACER supervision may be needed.</p>
<p><b>GDF SUEZ</b> <b>Infrastructures</b></p>	<p><b>Partially Support</b></p>	<p>We are of the opinion that the asset allocation methodology should not be included, since there are already many methodologies proposed in the Framework Guidelines. As for storages, the tariff setting for storage should reflect the benefits that storage bring to the overall system: storages allow an efficient system investment in the grid, they reduce operating expenses of TSOs, they decrease gas price volatility, they enhance system stability, they contribute to security of supply... These benefits should be taken into account. Moreover, storage users have paid their share of network cost upon entry into the zone and exit therefrom. They should not pay more than the incremental/additional costs linked to the connection to storage.</p>
<p><b>IFIEC Europe</b></p>	<p><b>Do not Support</b></p>	<p>Neither cost reflectiveness nor information on cost-efficiency targets are part of this proposal whatsoever. This is not in line with the Regulation. The TSO's are primarily focused to prevent under recovery of revenues and are unable to force essential adjustments for harmonizing the current cost allocation approaches. In IFIEC's view, the only hard point in the proposal is the guaranteed income of the TSO! In IFIECs view detailed examples are missing of how the cost allocation methodologies will be implemented and work out in realistic examples of networks. Many approaches leave major flexibility for variations of inputs, assumptions, supply/demand scenarios, different approaches to distance, different approaches to costs (eg historical or incremental). IFIEC therefore sees little merit in the current code formulation in this sector. Such precision creates risks that compliance may force inappropriate changes in some methods currently applied. IFIEC also notes that some methodologies make specific assumptions. For example Distance to virtual point A has an implicit assumption that the network model is unconstrained, whereas the matrix approach uses a constrained network. The two methods also have fundamental differences in the way "reverse flows" are treated in some of the intermediate steps of tariff derivation. These differences have never properly been explored in either the ACER framework code or ENTSOG network code development. We would therefore prefer that the detailed cost allocation specifications are deleted from the code but that much greater TSO/NRA accountability for the method chosen, including all implicit and explicit</p>

policy decisions as introduced in Article 21. The criteria for choosing a primary cost allocation (Article 19) provide little restriction to the eventual choice of primary cost allocation methodology. This is not necessarily a problem. We would recommend that, since the requirements stipulate few restrictions, it would be far better to strengthen the obligations on both TSOs and NRAs to justify the recommendation and then the final choice made. In the proposed text, the TSO faces no obligation to justify the recommended methodology. However the NRA has to justify its final decision. Therefore a preliminary justification must be produced by the TSO. The NRA must review this proposal. It must further justify the proposal or alternatively provide a rationale for an alternative if it so decides. This justification must include the basis of the calculations for all charges beyond those derived from the detailed cost allocation methodology to transmission services revenue costs. The justification, for example, must cover the approach used for all dedicated services charges, flow based commodity based charges and complementary revenue recovery charges within transmission services revenue, and all non-standardised products. IFIEC appreciates that - given the framework guidelines - ENTASOG might struggle to do this at this late stage in the process. However, the detailed provisions of the methodologies and even the derivation of the reference price have never been properly explored with stakeholders. Therefore we ask ENTASOG to indicate this inadequacy of the full process when submitting the code to ACER and having a much wider consultation with stakeholders about this code before this code proceeds into the comitology process.

- Article 20 Storage and alternative capacity products: ENTASOG should include an obligation for the NRA to provide a detailed analysis for (a), (b) and (c) as a basis for a market consultation.

**IOGP (International Association of Oil & Gas Producers)**

**Do not Support**

We do not support Chapter 2 of the refined draft TAR NC because:

- There are too many options and alternatives in this section, far beyond what is in use today. If it is not possible to come to a limited number of standard cost allocation methods, it is better not to describe the methods but just require that any method can be used provided it is transparent, non-discriminatory, cost reflective and minimizes cross-subsidies, and that differences with a postage stamp tariff are justified in sufficient detail.

- The NC should explicitly address cross-border issues and provide guidance where tariff issues hamper market integration.
- Flow based charges 'in kind' should be banned because it causes conflicts with the bundling of capacity products and constitutes a barrier to cross-border trade. In the analyses of the consultation

		<p>response it appears that only the point of view of TSOs has been taken into account.</p> <ul style="list-style-type: none"> <li>• We do not support the new provision of Article 20(2) to allow ‘alternative capacity-based charges’ and ‘alternative commodity based charges’ which introduces a potential backdoor for charges outside of the cost allocation methodology and publication provisions of this</li> </ul>
<b>SEDIGAS</b>	<b>Do not Support</b>	<p>Sedigas does not agree with the inclusion of the “asset allocation methodology”, for several reasons:</p> <ul style="list-style-type: none"> <li>• The inclusion of this allocation methodology implies that ENTSOG is going further than requested by ACER and it is a strong deviation from the FG TAR.</li> <li>• It creates undue discrimination between network users. This methodology was introduced with the sole purpose of decreasing domestic network users tariffs in transit countries</li> <li>• It is completely against the spirit of the Third Energy Package, which tries to forbid distinctions between transit and domestic flows. Thus, Sedigas would strongly recommend the deletion of the asset allocation methodology in the final version to be submitted to ACER, otherwise ENTSOG credibility will be questioned. Besides, Sedigas considers that the same cost allocation methodology shall be jointly applied by all TSOs within the same entry-exit system. The application of the cost allocation methodology at a TSO level is not in line with the FG TAR and would create inconsistencies</li> </ul>
<b>SSE</b>	<b>Partially Support</b>	<p>SSE would have preferred that the tariffs for storage points and the inclusion of Article 20 (2) with respect to alternative capacity products were mandated. We would have preferred the code to mandate that NRAs had to take into account the benefits that storage bring to avoided network investment when setting charges. In addition that storage users should not have to pay capacity charges twice to bring gas on the network. SSE supports the amendments which identify the use of flow based charges (subject to NRA approval) for transmission services revenue and the scope of the complimentary revenue recovery charge. We remain unclear as to the role of the complimentary revenue recovery charge in the cost allocation test (Article 23) 23(6) suggests its in whilst 4(2)( b) doesn’t. We support continuation of using an additive sum for rescaling. However overall Energy UK considers that the Code does very little to progress harmonisation of tariff structures, most, if not all, cost allocation methodologies will persist as they are now. Therefore if harmonisation of tariff structures is considered necessary to deliver the internal energy market, then implementation of this code will do little to achieve that objective.</p>
<b>Statoil</b>	<b>Do not Support</b>	<p>We do not support Chapter 2 of the refined draft TAR NC because:</p>

- There are too many options and alternatives in this section, far beyond what is in use today. If it is not possible to come to a limited number of standard cost allocation methods, it is better not to describe the methods but just require that any method can be used provided it is transparent, non-discriminatory, cost reflective and minimizes cross-subsidies, and that differences with a postage stamp tariff are justified in sufficient detail.
- The NC should explicitly address cross-border issues and provide guidance where tariff issues hamper market integration.
- Flow based charges 'in kind' should be banned because it causes conflicts with the bundling of capacity products and constitutes a barrier to cross-border trade beyond making practically impossible where there is an inconsistency between adjacent systems to implement single sided nominations. Also in this respect only the point of view of TSOs seems to have been taken into account.
- We are also disappointed that ENTSOG has failed to adopt the proposal that the Tariff Network Code should, by default, exempt storage facilities from entry and exit capacity charges. Reading the analysis of decisions document it seems that the principal reason for this is due to the fact that this may lead to significant cross-subsidies and/or under-recovery of the respective TSO revenue. However, we continue to believe that applying capacity charges to gas flows injected and withdrawn from storage amounts, in itself, to cross-subsidy and discrimination, as these charges will be levied twice for the same molecule of gas.
- We are concerned that the inclusion of the new Article 20.2, relating to alternative capacity-based or commodity-based charges, allows NRAs to introduce new transmission tariffs/levies which are not covered by the cost allocation methodology or the consultation requirements of Chapter III, and whose association with transmission services revenue (or allowed revenue) is unclear. We suggest calling this article the "please ignore all the above" clause.

<b>Vattenfall</b>	<b>Do not Support</b>	For each section for which Vattenfall does not provide a detailed reasoning for our response, we refer to the response of EFET, as this - in general - represents the view of Vattenfall regarding the Tariff Network Code.
<b>VNG - Verbundnetz Gas AG</b>	<b>Do not Support</b>	Including more cost allocation methodologies will hamper the harmonization of the market. Also more methodologies will make it more complex to compare the tariffs and there methodologies and less transparent for network user.

**Question 4**

Please indicate your support for Chapter 3: Consultation Requirements (Articles 21 –23)?									
No. of respondents	24	Fully Support	3	Partially Support	15	Do Not Support	4	Neutral/No Response	2
<b>DEPA / GAS SUPPLY DIVISION</b>		<b>Fully Support</b>							
<p>We support the proposal to use at least postage stamp as a counterfactual method in order for stakeholders to have an EU-wide easy-to-understand benchmark and assess efficiency of a specific Entry-Exit system against other such systems in a level playing field. We also agree with the inclusion of dedicated services in the scope of consultation. The biggest part of dedicated services (excluding dedicated services offered to infrastructure operators) will now be transparent, which was a concern raised during consultation. Reference of Article 21(1)(c) should change from 41(1)(b) to 42(1)(b).</p>									
<b>E.ON Global Commodities SE, on behalf of the E.ON Group</b>		<b>Partially Support</b>							
<p>We welcome the introduction of the Postage Stamp methodology as the harmonised methodology counterfactual. However, due to the critical role the cost allocation test has in highlighting potential discrimination between national and cross-border tariffs, we continue to believe that TSOs or NRAs should fully justify how the cost drivers used in the test have derived, and to seek an opinion from ACER on these. Requiring ACER to express an opinion upfront on the cost drivers will lessen the chance of tariff discrimination in favor of national network users.</p>									
<b>EDF</b>		<b>Partially Support</b>							
<p>Article 21: EDF supports the consultation process on (i) the proposed cost allocation methodology, (ii) the dedicated services charged to specific network users and at specific entry/exit points and on (iii) the details of offering the fixed price approach as set out in article 21.</p> <p>Article 22: EDF deems of paramount importance that all relevant parameters to tariff setting and tariff evolution (e.g. RAB, transmission services revenue, under/over recovery) should be published at regular intervals during the regulatory period (e.g. quarterly), not just at least every 4 years when the cost allocation approach is reviewed under Article 22. If stakeholders are not able to see how these parameters change throughout the regulatory period, they have no chance of achieving a reasonable degree of tariff predictability, as required by the Framework Guidelines.</p>									
<b>EDF Trading</b>		<b>Partially Support</b>							
<p>EDF Trading believes that transparency and consultation are key components to build a well-functioning European gas market and welcomes the improvements made by ENTSOG on this chapter. We are however surprised that ENTSOG has chosen to ignore the proposal to consult on the cost allocation methodology at least every four years</p>									

		rather than simply reviewing it. Given the crucial importance of this process, the justification provided by ENTSOG that a regular consultation would be too “burdensome” and “time consuming” is unacceptable.
<b>Edison SpA</b>	<b>Partially Support</b>	Edison welcomes the introduction in Article 21 of a consultation process on: <ul style="list-style-type: none"> <li>- the proposed cost allocation methodology</li> <li>- the dedicated services charged to specific network users and at specific entry/exit points and</li> <li>- the details of offering the fixed price approach.</li> </ul> Nevertheless, improvements are still possible with reference to the publication at regular intervals during the regulatory period of all relevant parameters to tariff setting and tariff evolution. If stakeholders are not able to see how these parameters change throughout the regulatory period, they have no chance of achieving a reasonable degree of tariff predictability that is key to design their booking and commercial strategies.
<b>EFET (European Federation of Energy Traders)</b>	<b>Do not Support</b>	EEFT recognises and welcomes the improvements made to the requirements specified in this chapter and sees consultation as one of the key components of a de-scoped Tariff Network Code. Including within the scope of the consultation a harmonised postage stamp counterfactual, dedicated services charges, the complementary revenue recovery charge and the risk premium associated with use of a fixed payable price is welcome and appropriate. However, exempting TSOs using the postage stamp from applying a different counterfactual is an unwelcome omission, which seems odd as ENTSOG “understands and supports the principle behind stakeholders arguments” for a different counterfactual being applied. We are surprised that ENTSOG has chosen to ignore our proposal to consult on the cost allocation methodology at least every four years rather than simply reviewing it. ENTSOG’s argument against undergoing a consultation similar to that envisaged under Article 20 is that “the consultation process is quite time-consuming and burdensome”. We do not find this argument credible given the importance the cost allocation methodology has in determining the efficiency of cross-border flows. Finally, due to the critical role the cost allocation test has in highlighting potential discrimination between national and cross-border tariffs, we continue to believe that TSOs or NRAs should fully justify how the cost drivers used in the test have derived, and to seek an opinion from ACER on these. Requiring ACER to express an opinion upfront on the cost drivers will lessen the chance of tariff discrimination in favour national network users impeding development of the single energy market.
<b>Enel</b>	<b>Neutral / No</b>	

	<b>Response</b>	
<b>Energie-Nederland</b>	<b>Partially Support</b>	<p>- We support the comparison of the proposed primary cost allocation methodology against a counterfactual. We support the use of -the post stamp methodology- as a counterfactual (art 21.1.a.iv).. But, we think when choosing the post stamp methodology, as the proposed primary cost allocation methodology, there should be also a counterfactual. This to secure that cost reflectivity is the main reference.</p> <p>- We support the consultation of</p> <p>(i) the indicated services charged to specific network users and at specific entry and exit points and</p> <p>(ii) the details of offering the fixed price approach (art 21.1.b en c)</p> <p>- We support the consultation is also in the English language (art 21.2).</p> <p>- We support the added components to the consultation (art 22.2).</p> <p>- There is only a consultation on the initial choice of the cost allocation methodology (art 21.1.a). There are no regular consultations specified. We would insist on carrying out the complete consultation process (on method and parameters) at least every 4 years, and consulting also on the formulation of the economic test and the f-factor relevant for triggering investments to build incremental capacity.</p>
<b>Energy UK</b>	<b>Partially Support</b>	<p>It is not clear how often the cost allocation test is carried out, perhaps this should be carried out annually as a check on the continued validity of the cost allocation methodology given that the input parameters may change over time. In addition it is not entirely clear how the NRA may adjust (Article 23 (6))the complimentary revenue recovery charge in order to meet the ten percent test given the limitations of Article 4 (2)b. Is it the intention that the NRA may adjust the complimentary revenue recovery charges freely between interconnection points and other points in order to stay within the ten percent test limit?</p>
<b>eni SpA</b>	<b>Partially Support</b>	<p>Eni is satisfied for the relevance that consultation requirements received in this refined draft. However, we would like to stress the need for a comprehensive consultation (vs. a simple review) at least every four years, essential in order to assess properly the cost allocation methodology. Finally, the cost allocation test should not be considered as a way to avoid clarifications on cost allocation split between domestic and cross-border users.</p>
<b>EON Gas Storage</b>	<b>Neutral / No Response</b>	
<b>Eurelectric</b>	<b>Partially Support</b>	<p>Whilst welcoming improvements to this chapter we are concerned that there is still only a consultation on the initial choice of the cost allocation methodology (Article 21.1.a) and no regular consultations are specified. We would insist on carrying out a complete consultation process (on method and parameters) at least every 4 years.</p>
<b>EUROGAS</b>	<b>Partially</b>	<p>There is only a consultation on the initial choice of the tariff</p>

	<b>Support</b>	methodology. No regular, adequate consultations are specified. In particular, concern is expressed that there is no counterfactual obligation for postage stamp methodology. This will reinforce a bias in favour of TSOs, because when a TSO opts for the Postage Stamp methodology it will not even have to be measured against the former methodology.
<b>Gas Infrastructure Europe (GIE)</b>	<b>Partially Support</b>	Article 22: a review of the allocation method at a given time seems useful, especially if there were detected some distortion in the market. However, GIE (still) has doubts that a binding review (at least) every four years is necessary as the fundamentals of a given network should not change every four years. There is the risk of a permanent reconciliation of chosen methods which will lead to uncertainty and unpredictability. Furthermore, the benefits for the market should outweigh the costs of such obligation of TSO, shippers and regulators.
<b>Gas Storage Netherlands</b>	<b>Neutral / No Response</b>	
<b>GasTerra BV</b>	<b>Partially Support</b>	We object to the postage stamp methodology (the least cost reflective cost allocation methodology) being exempt from a counterfactual to other (possibly) more cost reflective cost allocation methodologies. The fixed payable price is rightfully part of the consultation as mentioned in art 21.1.c, art 21.3.c and art 22.2c., but the fixed payable price in this chapter is “considered to be offered”. The possibility to fix the payable price for capacity (both existing and new) is crucial for network users in order to be able to create a predictably/stable priced capacity portfolio and to manage their margin risk. As such, there should be an obligation on TSO’s to provide their customers with the choice between a fixed and a floating payable price for capacity.
<b>Gazprom Marketing &amp; Trading Limited</b>	<b>Partially Support</b>	The changes made to this chapter are improving its relevance. However, some caveats identified in the previous consultation remain (see previous response for more details) and should be considered.
<b>GDF SUEZ</b>	<b>Do not Support</b>	Shareholders are not consulted in Article 22, and a consultation every four years is not often enough. On the cost allocation test, it is a good principle, but unless the process is validated by ACER, NRAs that face a conflict of interest between their mission to defend national customers’ interests and Integrated European market could not be expected to conduct this test properly, and a formula is far from enough to prevent any bias in the input data and therefore in the result.
<b>GDF SUEZ Infrastructures</b>	<b>Fully Support</b>	
<b>IFIEC Europe</b>	<b>Do not Support</b>	IFIEC believes that, in principle, the cost allocation test is a good idea. We expect that it is likely that many approaches will fall outside of the 10% tolerance band envisaged. This will be of particular risk for countries that have either small or large cross-border elements. By

		<p>definition, the tariff methodologies are models and approximations to fairly apportion costs (and/or potential revenues) to different services and therefore to different users. Most approaches will not have a single driver; most will use distance and some measure of capacity. The test requires conversion to a single cost driver unit and so distances (km) or capacity (e.g. Kwh/d) will need to be combined to derive a single driver. This has not been explored at any point in the tariff code development. IFIEC concludes that unintended outcomes may result from the application of the test. Whilst the concept is fine we face major risk of unintended consequences. It would be perverse if all stakeholders, TSOs and NRAs could accept a methodology as being fair and sufficient aligned with tariff obligations only for it to fail the test and then distortions introduced to pass the test (rather than risk legal challenge because of non-cost reflectivity of the charges). ENTSOG should therefore justify this position by way of examples from its members and request ACER to reconsider its position on the test before it makes its Tariff code recommendation.</p> <p>- Article 20 Storage and alternative capacity products: ENTSOG should include an obligation for the NRA to provide a detailed analysis for (a), (b) and (c) as a basis for a market consultation.</p>
<b>IOGP (International Association of Oil &amp; Gas Producers)</b>	<b>Partially Support</b>	<p>We support the consultation described in Article 21 but this process should take place at least every 4 years, also when no changes are made. This avoids that evolution of the relevant parameters during this period are not addressed by the (limited) review process described in Article 22, or ignored to avoid a full review. Consultations should also be held with respect to the formulation of the economic test and the f-factor relevant for triggering investments to build incremental capacity.</p>
<b>SSE</b>	<b>Partially Support</b>	<p>It is not clear how often the cost allocation test is carried out, perhaps this should be carried out annually as a check on the continued validity of the cost allocation methodology given that the input parameters may change over time. In addition it is not clear how the NRA may adjust (Article 23 (6)) the complimentary revenue recovery charge in order to meet the ten percent test given the limitations of Article 4 (2)b.</p>
<b>Statoil</b>	<b>Partially Support</b>	<p>We support the consultation described in Article 21 but this process should take place at least every 4 years, also when no changes are made. This avoids that changes during this period are not addressed by the (limited) review process described in Article 22, or ignored to avoid a full review. Consultations shall held also with respect to the f factor relevant for triggering investment for incremental capacity.</p>
<b>Vattenfall</b>	<b>Do not Support</b>	<p>For each section for which Vattenfall does not provide a detailed reasoning for our response, we refer to the response of EFET, as this - in general - represents the view of Vattenfall regarding the Tariff Network Code.</p>

VNG - Verbundnetz  
Gas AG **Fully Support**

## Question 5

Please indicate your support for Chapter 4: Publication Requirements (Articles 24 –27)

No. of respondents	25	Fully Support	2	Partially Support	11	Do Not Support	11	Neutral/No Response	1
<b>DEPA / GAS SUPPLY DIVISION</b>		<b>Fully Support</b>							
<p>We are satisfied with the inclusion of estimations for tariff evolution as well as of a simplified tariff model or sensitivity analysis in the publication requirement. These will allow users to predict tariff trends and commit with future bookings. Publication of indicative tariffs prior to capacity auctions seems to rightly ease the requirement to know the exact tariff prior to capacity auctions, but needs some kind of serious motivation to TSOs to predict tariffs effectively. We agree with the provision to permit tariff recalculation under exceptional circumstances within the tariff period; we propose that a substantially solid metric be instigated to trigger the competent NRA to initiate such a procedure.</p>									
<b>E.ON Global Commodities SE, on behalf of the E.ON Group</b>		<b>Do not Support</b>							
<p>E.ON recognizes and welcomes the improvements made to the requirements specified in this chapter and sees publication requirements and transparency as the key components of this Tariff Network Code. Publishing, for each tariff period, the transmission services revenue, under/over recovery and justification of tariff charges, along with estimates of tariff changes for the remainder of the regulatory period, will enable network users to gain a better understanding of tariff determination and evolution. We also welcome the fact that ENTOSOG has recognized the importance of TSOs publishing their tariff models to enable network users to do their own analysis of possible tariff evolution. However, we are concerned that ENTOSOG envisages TSOs releasing only a “simplified” tariff model and that a so called “sensitivity analysis” enabling network users to estimate the possible evolution of tariffs can be published as a substitute to the model. The goal behind requesting TSOs to release their tariff models is to ensure network users can exactly replicate the tariffs they are obliged to pay, and thus project tariff changes going forward based on their own assumptions. Providing a “simplified” model suggests to us that this goal may not be achievable and the term “sensitivity analysis” suggest to us that network users will not be able to challenge the assumptions on which a TSO’s estimates of tariff evolution are based. We therefore call for TSOs to publish working</p>									

tariff models, in the official language(s) of the Member State and in English, pre-filled with the actual information used to derive the transmission tariffs and whose structure enables network users to easily override the actual and forecast information used in order to make their own predictions about future tariff evolution. We are pleased that ENTSOG has recognized the importance to network users of multipliers and seasonal factors being known prior to the annual capacity auction date and for these to remain firm throughout the first capacity year auctioned at the annual yearly auction. However, we remain frustrated that ENTSOG has not been able to find a solution that would enable firm reserve prices for the first capacity year to be published prior to the annual capacity auction. Instead only indicative prices are being made available. Whilst we recognize that publishing firm yearly capacity reserve prices in advance of when these would be normally made available creates more complexity and may even create an increased risk of under- or over-recovery, we do not consider this an insurmountable problem provided the implicit cash flow implications are properly addressed. If the final Tariff Network Code does not address this concern – which we believe all network users share – we are concerned that it might create a situation where network users are only prepared to bid in monthly, daily and within day capacity auctions. The comfortable implementation period foreseen in the draft code should enable ENTSOG's and ACER's membership to solve the problem according to the provisions hopefully foreseen in the final Network Code. The obligation for network users to bid for a product at the annual yearly auction without knowing all price components at the time of the auction is almost absurd; it makes it impossible for us to even partially support chapter 4.

**EDF**

**Partially Support**

Article 26-2-a and b: As stated in our answer to ENTSOG's public consultation last July 2014, EDF fully supports the publication of a tariff model enabling network users to calculate the transmission tariffs applicable for the current period and to estimate the possible evolution in the following periods. This model - which should not only be a "simplified" one - will help to enhance tariff visibility and predictability. We also see merits in the publication of sensitivity analyses as proposed.

Article 27: As regards the publication notice period, EDF appreciates the introduction of article 27-2 which states that at least the indicative reference price, binding multipliers and applicable seasonal factors are published at least 30 days before the annual yearly capacity auction. The provision of an indicative reference price could only be considered reliable if possible future variations of the actual reference price were

limited within some thresholds that the TSOs specifies when publishing the indicative tariff. Therefore, EDF would have rather preferred the publication of the binding reference price instead of the indicative one. We recall that this information is of paramount importance to enable shippers to develop commercial booking strategies and to prevent any bias towards short-term booking. We still believe in the benefits from the harmonization of the tariff setting year, in particular with regard to the management of bundled capacity products. Nonetheless, we take note of ENTSG's Impact Assessment and decision to maintain a status quo.

<p><b>EDF Trading</b></p>	<p><b>Partially Support</b></p>	<p>EDF Trading sees publication requirements as the key contribution of the Tariff Network Code to the development of well-functioning European gas markets and welcomes the improvements made by ENTSG to this chapter. We are pleased that ENTSG has finally recognised the importance of TSOs publishing their tariff models to enable network users to do their own analysis of possible tariff evolution. However, we are concerned that ENTSG envisage TSOs releasing only a “simplified” tariff model and that “sensitivity analysis” enabling network users to estimate the possible evolution of tariffs can be published as a substitute to the model. We also welcome the fact that multipliers and seasonal factors will have to be published prior to the annual capacity auction date and for these to remain firm throughout the first capacity year. However, this improvement will not bring about any improvement for market participants due to the lack of a requirement to make firm reserve prices for the first capacity year known prior to the annual capacity auction. Whilst we recognise that publishing firm annual capacity reserve prices earlier than they would be normally made available creates more complexity and may diminish tariff setting accuracy, we do not consider this as an insurmountable problem provided the implicit cash flow implications are properly addressed. EDF Trading notes that, according to CAM, annual yearly auctions do not necessarily have to take place in March and would support of holding these auctions later in the year if that would allow TSOs to publish binding tariffs in time.</p>
<p><b>Edison SpA</b></p>	<p><b>Partially Support</b></p>	<p>We appreciate the publication of a tariff model enabling network users to calculate the transmission tariffs applicable for the current period and to estimate the possible evolution in the following periods. This model will help to enhance tariff visibility and predictability. On the contrary, improvements are necessary with regard to the publication notice period, We appreciate the introduction of a provision stating that at least the indicative reference price, binding multipliers and applicable seasonal factors are published at least 30 days before the annual yearly capacity auction. Nevertheless, this</p>

does not entirely solve the criticality for shippers of not having certainty on the reference price when bidding. The provision of an indicative reference price could only be considered reliable if possible future variations of the actual reference price were limited within some thresholds that the TSOs specifies when publishing the indicative tariff. In any case, the publication of the binding reference price before the yearly capacity auction would be preferable and would contribute to prevent any bias towards short-term booking. Although we are still convinced of the benefits that would derive from the harmonization of the tariff setting year, in particular with regard to the management of bundled capacity products, we take note of ENTSOG's Impact Assessment.

**EFET (European Federation of Energy Traders)**

**Partially Support**

EEFT recognises and welcomes the improvements made to the requirements specified in this chapter and sees publication requirements and transparency as the key components of a de-scoped Tariff Network Code. Publishing, for each tariff period, the transmission services revenue, under/over recovery and justification of tariff charges, along with estimates of tariff changes for the remainder of the regulatory period, will enable network users to gain a better understanding of tariff determination and evolution, partly de-mystifying the current tariff setting black box. We also welcome the fact that ENTSOG has recognised the importance of TSOs publishing their tariff models to enable network users to do their own analysis of possible tariff evolution. However, we are concerned that ENTSOG envisage TSOs releasing only a "simplified" tariff model and that "sensitivity analysis" enabling network users to estimate the possible evolution of tariffs can be published as a substitute to the model. The goal behind requesting TSOs to release their tariff models is to ensure network users can exactly replicate the tariffs they are obliged to pay, and project tariff changes going forward based on their own assumptions. Providing a "simplified" model suggests to us that this goal may not be achievable and "sensitivity analysis" suggests to us that network users will not be able to challenge the assumptions on which a TSO's estimates of tariff evolution are based. We therefore repeat our call for TSOs to publish working tariff models, in the official language(s) of the Member State and in English, populated with the actual information used to derive the transmission tariffs and whose structure enables network users to easily override the actual and forecast information used to populate it in order to make their own predictions about future tariff evolution. We are pleased that ENTSOG has recognised the importance to network users of multipliers and seasonal factors being known prior to the annual capacity auction date and for these to remain firm throughout the first capacity year.

However, we remain deeply frustrated that ENTSOG has not been able to engineer a solution that would enable firm reserve prices for the first capacity year to be published prior to the annual capacity auction. Instead only indicative prices are being made available. Whilst we recognise that publishing firm annual capacity reserve prices in advance of when these would be normally made available creates more complexity and may diminish tariff setting accuracy, we do not consider this an insurmountable problem provided the implicit cash flow implications are properly addressed. Time will tell how accurate TSOs indicative prices will be and whether these will give network users sufficient confidence to bid in the annual or quarterly capacity auctions. But our fear is that by failing to address this obvious inefficiency the Tariff Network Code will create a situation where network users are only prepared to bid in monthly, daily and within day capacity auctions. If indicative prices are the best ENTSOG can offer for now, we think the Tariff Network Code should at least include a best endeavours obligation on TSOs to publish final reserve prices which closely equate to previously published indicative prices.

**Enel**

**Neutral / No  
Response**

**Energie-Nederland**

**Do not Support**

- We support the publication of a simplified tariff model enabling network users to estimate the possible evolution of the tariffs for the next period (art 26.2).
- We don't support only the publication of indicative reference prices 30 days before the yearly auctions (art 27.2). We support the publication of binding MP's and SF's 30 days before the yearly auctions. This gives some guidance for choosing yearly or shorter-term bookings, but we preferred the publication of binding reference prices. This enables network users to determine their commercial booking strategies.
- We don't support a recalculation of the reference price (and charges) within the tariff period. Also if this is done only in exceptional cases (art 27.4 en 27.3). For miscalculations the regulatory account should be used. It is difficult for network users to charge different tariffs within the tariff period to their customers.
- We are disappointed that the Refined draft NC has no standard gas year. We favour having a standard gas tariff year across the EU starting on 1 October (consistent with the capacity year defined in the CAM NC). This improves tariff stability on IP's, could ease back-office work and be consistent with the long-term capacity auctions, which sell yearly capacity products starting on 1 October.
- We would support a move in CAM NC of the annual auctions to later in the calendar year (closer to 1 Oct).

<p><b>Energy UK</b></p>	<p><b>Do not Support</b></p>	<p>Energy UK welcomes the additional publication requirements included in this chapter, in particular in relation to the charges for dedicated services, flow based charges and revenue recovery charges. It is important that there is transparency over all the elements that contribute to the total charge at particular points on the network. In this respect we also welcome the additional information to be published under article 26, including an explanation of differences in tariffs and publication of a tariff model or sensitivity analysis. We would expect this to contain the assumptions used in the model and data inputs and should enable market participants to better understand tariff formulation and likely evolution. However we are slightly cautious as to the potential accuracy of the tariff model in its 'simplified' form and consider that analysis is undertaken retrospectively on the accuracy of the model in determining actual charges with improvements sought if the deviations are large. With respect to publication timelines for charges in advance of the auctions we do not consider that the proposals to publish indicative charges 30 days in advance of the auctions go far enough to allay the concerns of market participants wishing to know the charges before bidding in the auctions. This is very disappointing. Participants will not have any confidence in changes between the publication of indicative and actual charges – this is likely to undermine bidding for capacity. We would support publication of indicative charges 150 days before the auction and actual charges 60 days before the auction for annual capacity. This certainty of capacity charges for the duration of the annual product even if that straddles two tariff years is needed for shippers to develop bidding strategies and have confidence in the capacity allocation processes.</p>
<p><b>eni SpA</b></p>	<p><b>Partially Support</b></p>	<p>Eni welcomes that ENTSOG included a tariff model requirement; however, we have some concerns on the effectiveness of this "simplified" version and on the possibility left to TSOs to provide sensitivity analysis as an alternative. Our key objective is to make network users able to forecast tariffs with the highest degree of certainty.</p> <p>Concerning the publication of tariffs before the annual capacity auctions in March, we appreciate the effort of ENTSOG in finding a way to meet stakeholder's issues on this point and in particular, we are satisfied with the identified solution concerning binding multipliers and seasonal factors. However, with respect to reserve prices, we do not consider sufficient to have "indicative prices" prior to the annual capacity auctions in March, because it still leaves too much uncertainty to network users to define their booking strategies.</p>
<p><b>EON Gas Storage</b></p>	<p><b>Neutral / No</b></p>	

<b>Response</b>		
<b>Eurelectric</b>	<b>Partially Support</b>	We welcome the fact ENTSOG has partly accommodated our request for TSOs to publish a tariff model, but are concerned that this is described as a “simplified” model and is still optional, with TSOs being able to publish sensitivity analysis as an alternative. Bearing in mind TSOs now also have to publish forward projections of tariff changes, which we welcome, we are not convinced that sensitivity analysis will provide any real added value. So we see it as an inferior solution to network users being able make their own predictions of tariff evolution using the actual tariff model itself. We also welcome the fact that ENTSOG has agreed to seasonal factors and multipliers being published and fixed in advance of the CAM annual capacity auctions, along with indicative reserve prices. Whilst we would have much preferred to have had final reserve prices published instead, we think this could be sufficient to enable network users to formulate credible capacity bidding strategies provided there is also an obligation on TSOs to make every effort not to substantially change indicative prices once published. Whilst we recognise the difficulties associated with harmonising the tariff year across the EU, we still think that failing to do this, at least for IPs, risks significantly impinging on some of the efficiency benefits envisaged from establishing harmonised capacity products, allocation methods and timescales under the CAM Network Code.
<b>EUROGAS</b>	<b>Do not Support</b>	The proposed standardised table in Article 25 is an improvement on the earlier draft, but it still fails to address our principal concerns about lack of transparency of the forward tariffs. There is still no tool that shippers can use with confidence. Indicative reference prices mark a slim improvement on the earlier draft but firm tariff publication before the yearly auctions remains the central transparency requirement.
<b>Gas Infrastructure Europe (GIE)</b>	<b>Partially Support</b>	GIE agrees with adding article 26. GIE notes that for setting transmission tariffs for gas storages, additional transparency is needed (see also feedback on chapter 2).
<b>Gas Storage Netherlands</b>	<b>Partially Support</b>	VGN supports transparency. With regard to transmission services for gas storages in article 20.1, additional transparency is needed.
<b>GasTerra BV</b>	<b>Do not Support</b>	GasTerra does not support this chapter. GasTerra considers the availability of the reference prices for all standard capacity products before the annual yearly capacity auctions take place as a basic right for network users participating in this auction. Only then network users will be able to optimize their capacity portfolio while taking into account the various profiling alternatives and avoiding inefficient capacity booking, which could lead to (unnecessary) contractual congestion. “Indicative reference prices” available 30 days before the

	<p>auction (art. 27.2) does not in any way replace a network user's need for an official reference price to be published before the auction. In addition, a reference price once set should never be changed within the tariff period, as this reduces tariff certainty, infringes on basic customer rights, and put market risks squarely on the network users. As such, articles 27.3 and 27.4 should be deleted. Furthermore article 29.3 regarding the review of the level of multipliers should also refer to the tariff period and not to reviewing on an annual basis.</p>
<p><b>Gazprom Marketing &amp; Trading Limited</b></p>	<p><b>Partially Support</b></p> <p>We welcome the efforts made by ENTSOG to strengthen the transparency provisions in the code. However, some fundamental issues remain and need to be fixed. The fact that the reserve price for capacity is likely to change between the auction and the start of the gas year is still a fundamental concern which affects directly the well-functioning of the market. The reserve price for a capacity needs to be fully determined ahead of the auctions so as to allow shippers to make an educated call on its capacity reservation strategy. Whilst we appreciate the introduction of a provision ensuring the publication of a simplified tariff model, we believe that the full tariff model shall be provided in addition to the simplified version. Both models have different purposes and would support distinct type of analysis from shippers. They both have their importance.</p>
<p><b>GDF SUEZ</b></p>	<p><b>Do not Support</b></p> <p>Publication of tariff models is a good step forward, but it should be clarified, especially if it can become a "sensitivity analysis". In any case the model should provide shippers with the ability of forecasting the impact of an investment in the total payable price at each point, should provide the ability to understand the impact on a change of bookings, including with revenue reconciliation accounts, should provide the possible influence of OPEX (whether they're sensitive to a change of flow for instance)... This model shall also go beyond the current regulatory period, even if of course beyond, it would just be a purely indicative model, and that the shipper knows it could be radically changed if the NRA decides to change allocation methodology for instance. But it would already be much better than having no forecast at all, and the TSO is the best placed to make such a forecast.</p> <p>Firm tariff for the first gas year at least should be published before the CAM March auctions. If it is not possible to harmonize the tariff year, then tariffs should be published up to 15 months in advance of the tariff year, even if this could result in higher revenue recovery account. Transparency before the yearly auctions is by far much more important than a higher revenue recovery account. Without this key aspect, this chapter could not be supported, despite real progress in its redaction</p>

<b>GDF SUEZ Infrastructures</b>	<b>Fully Support</b>	
<b>IFIEC Europe</b>	<b>Do not Support</b>	<p>The proposed code provides inadequate transparency about the full range of charges that are faced by network users. It is essential that the derivation of all charges is understood. The allowed revenue must be declared including the rationale for its annual amounts together with an understanding of why the allowed revenue changes year on year. Its breakdown into transmission revenue and dedicated services components must be explained and justified. Furthermore all sub-components (e.g. capacity charges, flow based charges, complementary revenue charges) must be explained and the mathematical calculation of the relevant revenue pots or charges explained. Failing this the logic behind the complex calculations (including where the detailed cost allocation methodologies defined in Articles 10 to 15 and the secondary adjustments in Articles 16 to 18 are used to derive capacity charges for the transmission services revenue), all inputs, models, calculation and optimisation routines must be made available. It is critical that network users have a comprehensive understanding of all steps in the calculation of charges that they have to pay; this requires TRANSPARENCY. They must also be able to replicate the calculations, requiring DEDUCTABILITY. This must include all levies and taxes that are outside of the TSOs' regulated allowed revenues so that all costs are understood and replicable. Many parts of the text refer to the standardised products. It is essential that there is full transparency about all charges including shorthaul, wheeling, and the many variants of conditionally firm capacity. IFIEC notices that the code is mysteriously silent on this. The current text also creates risks that there will be less than full visibility about charges that are levied either to or via other infrastructure operators.</p> <ul style="list-style-type: none"> <li>- IFIEC proposes to publish the revenue information for each entry-and exit point.</li> <li>- In addition IFIEC misses publication obligation listed in 2.3. General publication requirements of the ACER Framework Guidelines. The missing information should be added to the Network Code.</li> </ul>
<b>IOGP (International Association of Oil &amp; Gas Producers)</b>	<b>Do not Support</b>	<p>We welcome a standardised format, but this should be accompanied by a harmonised list of definitions of all the data and parameters published via this template to ensure all transmission system operators and network users have the same understanding of what is published. The information to be published should also include the parameters for setting the allowed or target revenue (such as RAB, WACC, depreciation and cash costs). We appreciate that ENTSOG has included a tariff model to enable network users to do simulations. This</p>

	<p>model should be sufficiently detailed to analyse how individual tariffs would change when changing the input parameters. The proposed sensitivity analyses are not sufficient as a substitute for such a model. The information should be updated more frequently than once per tariff period. It is most important that the reference prices, seasonal factors and multipliers for CAM NC points are set and published before the annual March auction. We appreciate that ENTSOG has included that binding multipliers and seasonal factors are published before the auction, but network users also need the reference prices to be able to determine their booking behaviour. Indicative reference prices are not sufficient as those can change significantly. The 60 days notice period should apply when at any network point the change &gt;20%. Data publication requirements should allow network users to be fully aware of the costs underlying the transmission services (as per the Framework Guideline); the comment regarding confidential information should not be used as a reason to withhold information from network users that is relevant for the transmission tariffs.</p>
<p><b>SEDIGAS</b></p>	<p><b>Partially Support</b> During the SJWSs stakeholders asked ENTSOG to include a provision in order to oblige responsible parties to publish the tariff model. Sedigas would like to ask ENTSOG to reconsider the wording of article 26.</p>
<p><b>SSE</b></p>	<p><b>Do not Support</b> SSE welcomes the additional publication requirements included in this chapter, in particular in relation to the charges for dedicated services, flow based charges and revenue recovery charges. It is important that there is transparency over all the elements that contribute to the total charge at particular points on the network. We also welcome the additional information to be published under article 26, including an explanation of differences in tariffs and publication of a tariff model or sensitivity analysis. However we are slightly cautious as to the potential accuracy of the tariff model in its 'simplified' form and consider that analysis is undertaken retrospectively on the accuracy of the model in determining actual charges with improvements sought if the deviations are large. However, with respect to publication timelines for charges in advance of the auctions we do not consider that the proposals to publish indicative charges 30 days in advance of the auctions go far enough to allow market participants to bid in the auctions - this is likely to undermine bidding for capacity. We would support publication of indicative charges 150 days before the auction and actual charges 60 days before the auction for annual capacity. This certainty of capacity charges for the duration of the annual product is needed for shippers to develop bidding strategies and have them authorized. This is the process time line used in GB and has proved effective.</p>
<p><b>Statoil</b></p>	<p><b>Do not Support</b> We welcome a standardised format, but this should be accompanied</p>

by a harmonised list of definitions of all the data and parameters published via this template to ensure all transmission system operators and network users have the same understanding of what is published.

The information to be published should also include the parameters for setting the allowed or target revenue (such as RAB, WACC, depreciation and cash costs) and a tariff model that enables network users to simulate how individual tariffs would change when changing the input parameters. The proposed sensitivity analyses are not sufficient as alternative for such a model. The information should be updated more frequently than once per tariff period. The 60days notice period should always apply. It is most important that the reference prices, seasonal factors and multipliers for CAM NC points are set and published before the annual March auction. Network users need this information to be able to determine their booking behaviour in this auction. Indicative reference prices are not addressing this concern. Whilst we recognise that publishing firm annual capacity reserve prices in advance of when these would be normally made available creates more complexity and may diminish tariff setting accuracy, we do not consider this an insurmountable problem provided the implicit cash flow implications are properly addressed. The comment regarding confidential information should not be used as a reason to withhold information from network users that is relevant for the transmission tariffs.

**Vattenfall**

**Partially Support**

It would be easy to repeat the position made frequently by all market parties; we do not believe it is sensible - in this time of crisis and cost cutting - to expect the market to sign capacity contracts without knowing the cost of it. However, this comment was met by ENTSG with the response that this has always been the way and it is not possible to allocate the expected cost of the coming year to the expected level of capacity to be sold. For Vattenfall, this signals again the need to review the link between TSO costs and market value of capacity. We believe it could be very sensible to separate these two, as they provide timing issues, odd incentives and most importantly, there is not clear need to link the two. We believe capacity auctions will determine the value of capacity. A high or low value should be an indicator to the TSO of system necessities and changes, but it should not limit (or boost) its ability to recover costs incurred on investments approved some time ago. Vattenfall proposes to focus on improving tariff transparency by reviewing the link between value and cost. We urge ENTSG, ACER and the Commission to recognise the issues - which will only grow over time - and propose a timeline for a revision of this mechanism, to safeguard the cost recovery of regulated

<b>VNG - Verbundnetz Gas AG</b>	<b>Do not Support</b>	<p>monopolies and the supply security of the consumers through sufficient pipeline capacity.</p> <p>With regards to cross-border trade it should be possible to ensure tariff periods in line with CAM NC. However more important is that tariffs, multipliers and seasonal factors have to be published and fixed for the yearly capacity auction product at least 30 days before the annual CAM auction. The idea of publishing indicative reference prices and binding multipliers and seasonal factors ahead of the annual yearly capacity auctions is a good idea however there is still the risk and high uncertainty for the network user about the final tariff. Therefore we suggest that the final reference price should not rise higher than the consumer price index after publishing the indicative reference price. However should it be necessary for the TSO to rise the final reference price higher than the consumer price index than the network user should have the right to cancel the contract. Furthermore we suggest for a better predictability to move the yearly capacity CAM auction from March to July.</p>
-------------------------------------	-----------------------	---

## Question 6

Please indicate your support for Chapter 5: Reserve Prices (Articles 28 –34)									
No. of respondents	25	Fully Support	1	Partially Support	11	Do Not Support	11	Neutral/No Response	2
<b>DEPA / GAS SUPPLY DIVISION</b>	<b>Partially Support</b>	<p>We support inclusion of criterion 28(4)(b) foreseeing that NRAs should take account “the impact of under or over recover of transmission services revenues...” when setting multiplier level. We have previously called for a wording which will take effectively into consideration the current gas situation in Europe. Due to prolonged economic recession, gas demand has slumped. Thus, low multipliers levels in non-congested systems are unsustainable, since users have shifted to profile bookings. The new wording enables NRAs to allow higher multipliers preventing under-recovery for TSOs, an ability that rectifies the problem. We also support elimination of mechanistic criteria, based on CMP, according to which NRAs would decide on the multiplier ranges. Firstly, the definition of contractual congestion is subject to review and secondly we express our concern that application of any similar criterion could trap NRAs into a wrong decision, since every entry exit system has its own specificities. We also welcome inclusion of the possibility of higher multipliers accompanied by a safeguard. Evidence presented from the beginning of this consultation supported the need for a justified “higher than 1.5 multiplier allowance”.</p>							

We present the case of non-congested systems: when a multiplier level of 1.5 is not sustainable; in such a case, a prudent TSO would tackle the under-recovery problem by increasing the level of tariff reference price incorporating a tertiary adjustment, one not foreseen by the provisions of this network code. Such an adjustment would be unfair to long term bookings, which would thus subsidise short term/occasional bookings. For reasons explained in the initial draft consultation (Question 37) we do not agree with the inclusion of any form of an ex-post discount for interruptible products. The proposed combination of ex-ante and ex-post discount will only frustrate users, making them unable to quantify the risk they undertake. Frustration will be increased in bundled products where different approaches may be implemented on either side of an IP. We propose that the purpose of the said newly introduced criteria be exchanged with stakeholders before finalizing the TAR-NC text or otherwise be clarified in the text. We support decision of ENTSG to maintain the same approach for A and B factors. ACER considers that the approach does not contribute to harmonisation. We counter-argue that A and B factors must be applied in such a way as to reflect the economic reality of interruptible products in each entry exit system, thus they cannot be harmonised in value but can and should be harmonised in nature. Finally, we support the refined draft's provision to price non-physical backhaul capacity based on the probability of interruption. We set arguments during the initial draft consultation (Question 39) and we agree with ENTSG's position that it is of similar nature with forward interruptible and that pricing backhaul at marginal cost contradicts regulation 715/2009.

**E.ON Global  
Commodities SE,  
on behalf of the  
E.ON Group**

**Do not  
Support**

E.ON rejects the fact that the link between multipliers and instances of congestion (although inadequately described in the CMP guidelines) has been removed. Clearly there is no need to incentivize and no merit in incentivizing network users to rather not book short term products, thereby increasing the efficient use of transport infrastructure and generating additional revenues for TSOs, at congested interconnection points where the risk of under-recoveries does not exist. And whilst we think that the removal of interruptible capacity discounts solely on an ex-post basis is a step in the right direction, we are still questioning the concept of ex-post discounts as such. Interruptible capacity products offer the right to transport gas with a risk of not being able to execute this right. This is clearly a less valuable product than a firm capacity product (where the TSO in case of non-performance must compensate damages, not simply discount charges) and must therefore be priced with an ex-ante discount. Applying an ex-post discount does not reflect the additional costs a network user might have incurred in organizing an alternative supply or being forced to balance its positions in a tight market. And even if we would acknowledge the legitimacy of using ex-post discounts, we are concerned

that the draft formula for setting discounts on a combined ex-ante and ex-post basis could incentivize TSOs to deliberately under estimate the probability of interruption, or the “A” factor, to a greater extent than would be the case for exclusively ex-ante discounts. That said, under either scenario, TSOs should include information about their flow scenarios and detailed network configurations in the explanations given about of how the probability of interruption has been calculated, but this has not specifically been included in the refined Tariff Network Code drafting. Additionally we suggest differentiating between (physical) interruptible and non-physical reverse flow or backhaul capacity. The use of the latter should be incentivized through deriving its price through the marginal cost approach, thereby reflecting that it helps decreasing the costs of system operation and minimizes the risk of gas flowing against price differentials at hubs. Our biggest concern however relates to the provisions of multipliers. We do not support the extension of multipliers beyond the 1.5 cap as proposed in this chapter. In our view, this exclusively serves ENTSG’s membership interests to increase the level of revenue stability for TSOs and their investors beyond legitimate expectations. Therefore we cannot accept short term capacity prices being set at five times the price of annual capacity. To compound matters further, the seasonal factor can be set to a power of two even at the maximum multiplier of five, meaning the combined disincentive to book short term products is even larger. This undermines one of the fundamental principles underpinning both the CMP guidelines and the CAM Network Code. It is clearly meant to and will indeed lead to higher charges for non-yearly products and will thus hamper short term trading and optimization of flows across balancing zones, thereby putting at risk the ability of the gas market to support the flexibility needs of the power market. It will be ironic if the Tariff Network Code drives network users back to booking flat annual strips of capacity which they do not need because of overly high short term multipliers and seasonal factors despite the efforts of the Commission and ACER to reduce contractual congestion through the CMP guidelines and despite the forced withdrawal of booked, but un-nominated capacity through the short and long term UIOLI regimes currently already applied in Germany and Austria.

**EDF**

**Do not  
Support**

Article 28: EDF welcomes the removal of the link between the level of multipliers and congestion as defined in the CMP guidelines as well as the NRA approval of multipliers.

Article 29-2: EDF is strongly opposed to allowing multipliers to go above the upper limit of 1.5 as foreseen. We believe that this may make the use of short-term product uneconomical and prevent shippers from optimising their capacity bookings.

Article 31 However, EDF is not in favor of elevating multipliers to a power of up to two as we believe this would excessively accentuate the difference

		<p>in capacity prices through the gas year.</p> <p>Article 32-2 EDF regrets ENTSOG's decision not to change the pricing methodology for non-physical backhaul capacity product. We still believe it should be priced reflecting the actual marginal costs that TSOs incur to provide this service. Such an approach appears to be the most cost-reflective as well as the one maximizing opportunities for cross-border trade and market integration.</p> <p>Article 34: EDF welcomes ENTSOG's decision to remove the option of applying a pure ex-post discount for interruptible capacity but strongly opposes the possible combination of ex ante and ex post discount as proposed in the draft NC.</p>
<b>EDF Trading</b>	<b>Do not Support</b>	<p>EDF Trading is strongly opposed to the extension of multiplier beyond the 1.5 cap as proposed in this chapter. Whilst we understand the need of TSOs for revenue stability and the role of long-term capacity booking in achieve this, we cannot accept a situation that legitimises short-term capacity prices being set at five times the price of annual capacity, even if setting shorter term multipliers at this level is linked to a pre-defined formula. We believe that multipliers of 1.5 (that is, up to 50% more expensive that the equivalent amount of capacity booked as an annual strip) already provides sufficient incentives for long-term bookings and any price beyond this level would represent a barrier to short-term cross-border trading. It will be ironic if, after the implementation of auctions and short-term capacity product introduced by the CAM Network Code, the Tariff Network Code drives network users back to booking flat annual strips because short-term capacity is priced at obviously uneconomic levels by TSOs/NRAs. Moreover, EDF Trading remains of the view expressed in earlier consultations that:</p> <ul style="list-style-type: none"> <li>- ex-post discounts for interruptible products, even in the current form of combined ex-ante and ex-post components, should not be included in the Tariff Network Code; and</li> <li>- non-physical backhaul products should be priced on a marginal cost basis to maximise opportunities for cross-border trade and the utilisation of gas transmission infrastructure.</li> </ul>
<b>Edison SpA</b>	<b>Do not Support</b>	<p>We welcome ENTSOG's decision to remove the link between the level of multipliers and congestion as defined in the CMP guidelines. Nonetheless, Edison regrets ENTSOG's decision not to change the pricing methodology for non-physical backhaul capacity product. We still believe it should be priced reflecting the actual marginal costs that TSOs incur to provide this service. Such an approach appears to be the most cost-reflective as well as the one maximizing opportunities for cross-border trade and market integration. Edison would like to see a complete removal of an ex-post discount option for interruptible capacity, that should neither be applied "per se" nor in combination with an ex-ante discount.</p>

<p><b>EFET (European Federation of Energy Traders)</b></p>	<p><b>Do not Support</b></p>	<p>EFET welcomes the fact that the link between multipliers and instances of congestion (as inadequately described the CMP guidelines) has been removed. We also cautiously welcome the removal of interruptible capacity discounts solely on an ex-post basis. However, we are concerned that the formula for setting discounts on a combined ex-ante and ex-post basis could incentivise TSOs to deliberately under estimate the probability of interruption, or the “A” factor, to a greater extent than would be the case for exclusively ex-ante discounts. That said, under either scenario, TSOs should include information about their flow scenarios and detailed network configurations in the explanations given about how the probability of interruption has been calculated, but this has not specifically been included in the refined Tariff Network Code drafting. However, we do not support the extension of multiplier beyond the 1.5 cap as proposed in this chapter. Completing the single energy market, which the Tariff Network Code is intended to help achieve, is not predicated on ensuring an unrealistic level of revenue stability for monopoly TSOs. So we cannot accept a situation where it legitimises short term capacity prices being set at five times the price of annual capacity, even if setting shorter term multipliers at this level is linked to a pre-defined formula. As the formula can be based on the forecast amount of contracted capacity as well as the actual amount, TSOs can easily adopt a pessimistic forecast to disincentivise short term booking, thereby creating a self-fulfilling prophecy. To compound matters further, the seasonal factor can be set to a power of two even at the maximum multiplier of five, meaning the combined disincentive to book short term products is even larger. In light of this, we think our previous request for multipliers in excess of 1.5 to be subject to ACER’s opinion is even more necessary if ENTASOG continue to insist higher multipliers are needed to ensure TSO revenue protection or financial stability. To think that the market will be able to reveal the value of short term capacity when multipliers are set at five times the annual cost of capacity is unrealistic, and this undermines one of the fundamental principles underpinning the CAM Network Code. It will be ironic if the Tariff Network Code drives network users back to booking flat annual strips of capacity which they do not need because of overly high short term multipliers and seasonal factors, despite the efforts of the Commission and ACER to reduce contractual congestion through the CMP guidelines.</p>
<p><b>Enel</b></p>	<p><b>Partially Support</b></p>	<p>Enel welcomes the change in art. 29, reducing cases in which the maximum multiplier is no more than 1. However, we believe the short-term capacity should cost more and not less than the long-term capacity as the longer the duration of the reservation of capacity the higher the risk for the shipper (and the greater the security for the TSO). Therefore we still claim that it does not seem appropriate to apply multipliers of less than one for short term products (quarterly or daily).</p>

<b>Energie-Nederland</b>	<b>Neutral / No Response</b>	<ul style="list-style-type: none"> <li>- We support the deletion of the automatic link of multiplier ranges with the CMP congestion definition (art. 29).</li> <li>- We support the additional criteria in the NC to limit the occasions when MP's &gt; 1,5 can be used (art. 29).</li> <li>- We support the deletion of ex-post discounts for interruptible capacity (art. 33), but ex-post discount can still represent a large part of the discount for interruptible capacity, which is not acceptable (art 34).</li> <li>- We notice that interruptible backhaul is not changed (art. 32). We think the reserve price of backhaul capacity should be set at a discount with respect to forward capacity. This discount should, inter alia, reflect the fact that reverse flow does not originate fuel gas costs.</li> </ul>
<b>Energy UK</b>	<b>Partially Support</b>	<p>Energy UK welcomes the additional clarity on the NRA approval of multipliers, which will implicitly include the power factor. We also welcome the possibility of justifying multiples higher than 1.5 but also subject to NRA approval. We maintain the view that the issues in Article 28 (4) could be interpreted by NRAs to have different importance and weighting such that any reform could be justified by this means. Energy UK welcomes the removal of a pure ex-post discount for interruptible products but is concerned that this is still a feature that may be used in combination with an ex-ante discount. The scope to set these parameters A &amp; B alongside the whole methodology for determining discounts at the national level is welcomed. We do however still have concerns that ex-ante discounts may be set on historic outcomes but that future interruption could be significantly different, effectively providing the TSO with a free option for an increased number of interruption days. We continue to support pricing backhaul capacity in the same manner as other interruptible products.</p>
<b>eni SpA</b>	<b>Partially Support</b>	<p>Eni welcomes the removal of the link between congestion and multipliers that improves this section (additional considerations on multipliers are provided in the reply to Chapter 10). However, in general, we see a high level of discretionality for NRAs in many features of this Chapter, thereby creating an uncertain framework for network users and not really favoring the development of a single European gas market.</p>
<b>EON Gas Storage</b>	<b>Neutral / No Response</b>	
<b>Eurelectric</b>	<b>Do not Support</b>	<p>We believe the multipliers in the Framework Guidelines strike a fair balance between the interests of network users booking capacity on a short term and long term basis and should remain. If TSOs/NRAs have discretion to set multipliers higher than the range set out in the FG (now potentially as high as five times the annual capacity price), we fear that the price of within day capacity will become prohibitively high and prevent efficient optimisation of gas flexibility between market areas, despite this possibility now being linked to a specific formula. We also continue to prefer the approach in the Framework Guidelines to setting backhaul reserve prices based on the</p>

	<p>actual (marginal) price of providing the service. This will help to ensure flexibility is fully optimised between market areas based on price signals. Nor do we think data for several interconnection points, or all interconnection points, should be gathered together to calculate the probability of interruption for an interruptible capacity product, unless these points form part of a virtual interconnector. Doing this enables TSOs to overly generalise their assessments and justifications of the probability of interruption, which may actually be quite different at different points. We are pleased to see ENTSOG has removed the ability for TSOs to set ex-post discounts exclusively for interruptible capacity. The new approach of including ex-ante discounts whilst at the same time reimbursing capacity costs ex-post in the event of actual interruption appears to be a workable compromise, providing TSOs estimate the probability of interruption ex-ante using the same methodology and with the same degree of thoroughness as if a purely ex-ante approach were taken. Finally, we are pleased to see ENTSOG has corrected the anomaly in the previous version of the Code which would have prevented multipliers for daily and within day capacity being set at zero (because of the 0.5 collar on the use of seasonal factors and multipliers in combination). We can also accept multipliers not being linked to congestion and seasonal factors being set to the power of two, provided they are consulted upon, fully justified and approved by the NRA.</p>
<p><b>EUROGAS</b></p>	<p><b>Partially Support</b></p> <p>Eurogas welcomes the deletion of the automatic link of multiplier ranges with the CMP congestion definition. Eurogas also welcomes that the option of applying a pure ex-post discount has been removed, and that ex-ante is default, although it is still not acceptable that ex-post discount can still represent most of the discount for interruptible capacity. Eurogas regrets that the pricing methodology for non-physical backhaul capacity product has not been changed. We still believe that this capacity should be priced to reflect the actual marginal costs that TSOs incur to provide this service. The recalculation of discounts for monthly and daily interruptible capacity as mentioned in Article 32.5 should not be allowed. An upward revision of the probability of interruption cannot be accepted if the product (which needs to be ex-ante priced) has already been booked. In addition, the approval required from the NRA when the possibility of interruption changes by more than 20% provides inadequate safeguard for network users against TSO interests.</p>
<p><b>Gas Infrastructure Europe (GIE)</b></p>	<p><b>Partially Support</b></p> <p>GIE supports the general principle to link multipliers with the usage at an IP or the level of congestion. GIE is of the opinion that multipliers should in all cases not be lower than 1 as this reflects the nature of a cost structure driven by peak demand. Any multiplier below 1 is an invitation to free riders behaviour to the expense of other network users. In case of congestion a multiplier of 1 is sufficient in other cases it has to be above 1. GIE believes</p>

		<p>that more flexibility is needed for setting multipliers. Given the multipliers currently used in Europe (and approved by respective NRAs) ACER did so far not deliver a substantiated reason to limit multipliers. GIE believes that NRAs are best placed to decide, on the ground of documented evidence from the TSOs, and after consultation of the market. GIE does not see the need of a cap as this may be as arbitrary as the original choice with a cap of 1.5 and therefore supports article 29(2).</p>
<b>Gas Storage Netherlands</b>	<b>Partially Support</b>	<ul style="list-style-type: none"> <li>• Gas Storage Netherlands does not agree with Article 29(3). Granting exceptions to the rule will not lead to proper harmonisation.</li> <li>• Also seasonal factors and multipliers of domestic entry- and exit points should be taken into account, at least those of gas storages as they compete in an international flexibility market</li> <li>• It should be considered that gas storages save costs by lowering peak capacity at import facilities and contribute to security of supply through reducing dependency on potentially interruptible import routes. In order to do so, gas storages should be stimulated to do their work at peak periods and therefore it is questionable whether seasonal factors higher than one should be applied to gas storage entry points in winter months. To the contrary, it should be considered to use seasonal factors lower than one for entry points for gas storages in winter months.</li> </ul>
<b>GasTerra BV</b>	<b>Partially Support</b>	<p>GasTerra considers it crucial that network users have cost-reflective, transparent and predictable transmission tariffs. As such interruptible capacity should always be ex-ante priced on the basis of the chance of interruption, not ex-post. GasTerra can see merit in the ex-post adjustment outlined in article 34, however this should be only used as a secondary adjustment to the ex-ante methodology. Secondly, the recalculation of discounts for monthly and daily interruptible capacity as mentioned in Article 32.5 should not be allowed as this threatens price stability for a product that is already unpredictable. Existing bookings should always be respected. An upward revision of the probability of interruption cannot be accepted if the product (which needs to be ex-ante priced) has already been booked. In addition, the approval required of the NRA when the chance of interruption changes by more than 20% provides no safeguard for network users against TSO bias.</p>
<b>Gazprom Marketing &amp; Trading Limited</b>	<b>Partially Support</b>	<p>We welcome the introduction of an option for fixed tariffs in the new draft code. We also support the sound call made by ENTSG on the methodology used to calculate the price of virtual reverse capacity. However, there are still a number of elements which are not satisfying (see the previous consultation response for more details). In particular, the presence of an option to apply ex-post discounts on interruptible capacity is still raising substantial concerns.</p>
<b>GDF SUEZ</b>	<b>Do not Support</b>	<p>GDF SUEZ supports the multiplier calculation proposed in the code, but cannot support Article 32, that leaves open the possibility to set the reserve</p>

		price of an interruptible capacity essentially through ex-post discount. Only ex-ante discount is acceptable to define the reverse price of an interruptible capacity, as already answered in the previous consultation.
<b>GDF SUEZ Infrastructures</b>	<b>Fully Support</b>	
<b>IFIEC Europe</b>	<b>Partially Support</b>	
<b>IOGP (International Association of Oil &amp; Gas Producers)</b>	<b>Do not Support</b>	<p>We do not support Chapter 5 because:</p> <ul style="list-style-type: none"> <li>• The proposed range of multipliers from 0 to 5 is too large and the draft NC is missing any guidance on how to apply multipliers. The example provided in the Analysis of Decisions Document (page 53) raises a more fundamental question to what extent transmission costs should be allocated to cross border entry and exit points.</li> <li>• The proposed method to calculate seasonal factors is overly complicated. In our view a seasonal factor should on average over a year be equal to 1. In the proposed method the average seasonal factor can be higher than 1 and becomes an additional multiplier.</li> <li>• The pricing of within-day capacity should reflect the usability of the product. Article 30, paragraph (1) should be used when the TSO requires a daily nomination, and paragraph (2) in case of hourly nominations.</li> <li>• We do not agree with the proposal of an ex-post discount. This would transfer all risk to network users without an appropriate reward.</li> <li>• Interruptible day-ahead capacity should be offered at a zero reserve price when all firm capacity is sold out.</li> </ul>
<b>SEDIGAS</b>	<b>Partially Support</b>	Sedigas see the merit of including the combination of ex-ante and ex-post discounts for interruptible products. However, the ex-post discount was deeply discussed with stakeholders during the SJWSs and rejected; thus, Sedigas would recommend to delete this option taking into account the high number of deviations already included in the TAR NC.
<b>SSE</b>	<b>Partially Support</b>	SSE welcomes the additional clarity on the NRA approval of multipliers, which will implicitly include the power factor. We also welcome the possibility of justifying multiples higher than 1.5 but also subject to NRA approval. We continue to support pricing backhaul capacity in the same manner as other interruptible products.
<b>Statoil</b>	<b>Do not Support</b>	<p>We do not support Chapter 5 because:</p> <ul style="list-style-type: none"> <li>• The proposed range of multipliers from 0 to 5 is too large and the draft NC is missing any guidance on how to apply multipliers. The example provided in the Analysis of Decisions Document (page 53) raises a more fundamental question to what extent transmission costs should be allocated to cross border entry and exit points;</li> <li>• The proposed method to calculate seasonal factors is overly complicated. In our view a seasonal factor should on average over a year be equal to 1. In the proposed method the average seasonal factor can be higher than 1 and</li> </ul>

		<p>becomes an additional multiplier;</p> <ul style="list-style-type: none"> <li>• The pricing of within-day capacity should reflect the usability of the product. Article 30, paragraph (1) should be used when the TSO requires a daily nomination, and paragraph (2) in case of hourly nominations;</li> <li>• We do not agree with the proposal of an ex-post discount. This would transfer all risk to network users without an appropriate reward;</li> <li>• Interruptible day-ahead capacity should be offered at a zero reserve price when all firm capacity is sold out otherwise multipliers should always be &gt; 1.</li> <li>• In fact we would consider the above together with the clause that protects existing contracts with fixed priced from tariff changes, the possibility to have fixed tariffs at least in case of incremental capacity when so required by shippers, and a later implementation date, e.g. 2020, sufficient measures to remove the need for a reset mechanism.</li> <li>• We welcome the fact that the link between multipliers and instances of congestion (as inadequately described in the CMP guidelines) has been removed.</li> </ul>
<b>Vattenfall</b>	<b>Do not Support</b>	For each section for which Vattenfall does not provide a detailed reasoning for our response, we refer to the response of EFET, as this - in general - represents the view of Vattenfall regarding the Tariff Network Code.
<b>VNG - Verbundnetz Gas AG</b>	<b>Do not Support</b>	From supplier perspective the implementation of multipliers will set wrong signals to the capacity market. In fact IPs who haven't been booked would become even less attractive with a multiplier higher 1. As a result it will restrict market liquidity and distort trade across border. In case of IPs with a high degree of utilization a multiplier less 1 could be an invitation for free riders' behaviour at the expense of other network users. Such multipliers discriminate the holders of long-term transmission capacity contracts and therefore distort competition. The cap for the multipliers higher 1.5 is with 5 to high and will massively hamper short term trading and limit market liquidity.

## Question 7

Please indicate your support for Chapter 6: Revenue Reconciliation (Articles 35 –38)									
No. of respondents	24	Fully Support	4	Partially Support	5	Do Not Support	12	Neutral/No Response	3
<b>DEPA / GAS SUPPLY DIVISION</b>		<b>Fully Support</b>							
<b>E.ON Global Commodities SE,</b>		<b>Partially Support</b>							

<p><b>on behalf of the E.ON Group</b></p>	<p>dedicated services. Reconciliation of dedicated services revenue should be subject to the same frequency and degree of transparency as reconciliation of transmission services revenue. Any over or under recovery related to a specific dedicated service should typically be dealt with by means of the same charge in following tariff periods, except where approved otherwise by NRAs due to exceptional circumstances.</p>
<p><b>EDF</b>                      <b>Do not Support</b></p>	<p>Article 37-3 EDF actually doubts that the single regulatory account facilitates the objective of minimizing cross-subsidies between domestic points and IPs. EDF believes that the TAR NC should be more ambitious in terms of transparency and harmonization regarding revenue reconciliation by (i) requiring sub-accounts to be mandatory and (ii) using these sub-accounts not only to track and monitor under/over-recovery, but also to reconcile revenues accordingly.</p>
<p><b>EDF Trading</b>                      <b>Do not Support</b></p>	<p>EDF Trading has three major objections on this chapter. First, we believe that TSOs/NRAs should always split the regulatory account into a number of sub-accounts for the purpose of tracking the sources of under-/over-recovery. This will help all parties understand the degree of cross-subsidy that may be occurring between different classes of users as a consequence of having a single regulatory account. Second, we consider it essential to publish at least quarterly the extent of any under-/over-recovery that builds up in the regulatory account over the course of tariff and regulatory periods as this will be a major driver of tariffs changes in future. Third, the revenue reconciliation provisions specified in this chapter apply only to revenue from transmission services, not to revenue from dedicated services. Reconciliation of dedicated services revenue should be subject to the same frequency and degree of transparency as reconciliation of transmission services revenue. Any under-/over-recovery related to a specific dedicated service should typically be dealt with by means of the same charge in following tariff periods, except where approved otherwise by NRAs due to exceptional circumstances.</p>
<p><b>Edison SpA</b>                      <b>Do not Support</b></p>	<p>Edison is strongly concerned about the impacts of the NC TAR in terms of cross-subsidization between interconnection points and other types of entry/exit points (LNG, production, storage, etc). Firstly, this issue is critical with regard to the introduction of a complementary revenue recovery charge, that as it is designed in the current text, would open the possibility for some types of entry points (LNG, production sites, storage) to cross-subsidize tariffs at interconnection points. In our opinion the NC TAR should try to be more ambitious in terms of transparency and harmonization regarding revenue reconciliation, as this is a key aspect for a fair functioning of the whole mechanism. With this respect, we think that the implementation of sub-accounts could prove helpful: therefore, the use of sub-accounts should be mandatory</p>

		not only to track and monitor under/over-recovery, but also to reconcile revenues accordingly.
<b>EFET (European Federation of Energy Traders)</b>	<b>Do not Support</b>	The extent of any revenue under or over recovery that builds up in the regulatory account during the course of tariff and regulatory periods will be a major driver of tariffs changes in future. So we consider it essential for TSOs to publish this information on a quarterly basis (as opposed to annually on the occasion of tariff changes each tariff period). Also, where sub-accounts to the single regulatory account apply, TSOs should publish annually the amount of any under or over recovery by sub-account. This will help parties to better understand the degree of cross-subsidy that may be occurring between different classes of user as a consequence of having a single regulatory account. At present there is no obligation on TSOs to publish this information at all, which could create a climate of suspicion as potentially distortionary cross subsidies will remain opaque. Finally, the revenue reconciliation provisions specified in this chapter apply only to revenue from transmission services, not to revenue from dedicated services. Reconciliation of dedicated services revenue should be subject to the same frequency and degree of transparency as reconciliation of transmission services revenue. Any over or under recovery related to a specific dedicated service should typically be dealt with by means of the same charge in following tariff periods, except where approved otherwise by NRAs due to exceptional circumstances.
<b>Enel</b>	<b>Partially Support</b>	In general terms, with respect to the reconciliation of revenues, we believe that the mechanism of return to network users should be defined in more details. We think that the best way to charge users is through a tariff variable component paid by all users and defined appropriately in advance. This methodology can guarantee the recovery of TSO costs and can limit discriminations and impacts on retail markets for network users.
<b>Energie-Nederland</b>	<b>Do not Support</b>	- Whilst the Tariff Network Code recognises the possibility of TSOs establishing sub-accounts to the single regulatory account so as to track under/over recovery originating from a particular group of points, or from a particular type of charge, we still think these sub-accounts should mandatory and transparent. At present there is no requirement on TSOs to do this, which risks hiding significant cross-subsidies that are being generated within the tariff regime.
<b>Energy UK</b>	<b>Do not Support</b>	Energy UK continues to be concerned over revenue reconciliation of transmission services revenue from a single regulatory account and the cross subsidies between entry and exit and domestic and interconnection points this will lead to. Energy UK accepts that the Framework Guidelines do not mandate mandatory subaccounts, but is disappointed that ENTSOG has not pursued this in the Code since it would provide additional transparency for stakeholders and

		understanding of the direction and magnitude of cross subsidies. .
<b>eni SpA</b>	<b>Neutral / No Response</b>	
<b>EON Gas Storage</b>	<b>Neutral / No Response</b>	
<b>Eurelectric</b>	<b>Do not Support</b>	Whilst the Tariff Network Code recognises the possibility of TSOs establishing sub-accounts to the single regulatory account so as to track under/over recovery originating from a particular group of points, or from a particular type of charge, we still think these should be mandatory and transparent. At present there is no requirement on TSOs, or NRAs where relevant, to do this, which risks hiding significant cross-subsidies that are being generated within the tariff regime.
<b>EUROGAS</b>	<b>Do not Support</b>	Eurogas remains concerned that a fundamental lack of transparency and the mandatory single regulatory account will lead to significant cross subsidies. The implementation of sub-accounts should be mandatory not only to track and monitor under/over-recovery, but also to reconcile revenues accordingly. We object to proposed Article 37.4 as we do not consider it appropriate for NRAs to decide where an auction premium is to be used. It should be for the TSO to decide, and then the NRA approves/rejects. The general principle should be that over-recovery is redistributed to market users, and not retained in TSO funds.
<b>Gas Infrastructure Europe (GIE)</b>	<b>Fully Support</b>	GIE supports article 38(1) that states that NRAs set and approve the reconciliation period. GIE considers reasonable to make possible a reconciliation of the regulatory account every year to allow for a timely cost recovery and to avoid sharp adjustment of tariffs, in line with the TAR Framework Guidelines. On article 37, GIE would prefer two accounts over just one. As a second best solution the tracking via sub-accounts is useful but it requires consistent implementation meaning a reconciliation based on tracking.
<b>Gas Storage Netherlands</b>	<b>Neutral / No Response</b>	
<b>GasTerra BV</b>	<b>Partially Support</b>	GasTerra considers this chapter adequate, but objects to Art. 37.4. We do not consider it appropriate for an NRA to decide what happens with auction premia. It should be the TSO's responsibility to monitor congestion, and use auction premia to reduce this congestion, this decision should then always be subject to NRA approval.
<b>Gazprom Marketing &amp; Trading Limited</b>	<b>Do not Support</b>	The revenue reconciliation provisions need to be further elaborated in order to improve the clarity of the information provided (see our previous response on the matter) For example, it seems essential that a detailed breakdown of the revenue reconciliation components is provided to the market. This will help shippers to understand the drivers of the under/over-recovery issue identified. Overall, this chapter, if improved could be kept in the reduced scope of the code.

<b>GDF SUEZ</b>	<b>Partially Support</b>	The principle of revenue regulations accounts is key to ensure adequate stability for TSOs, resulting in lower cost of capital that is essential for the development of the whole gas market. The possibility to have several regulatory accounts should be provided to avoid cross-subsidization. More transparency is needed in this field: - More frequent publication, with details by sub-accounts; - Same level of transparency for transmission services and dedicated services.
<b>GDF SUEZ Infrastructures</b>	<b>Fully Support</b>	
<b>IFIEC Europe</b>	<b>Do not Support</b>	As stated before, the NC does not deliver clear rules, how revenue reconciliation works in detail. For example we cannot estimate how revenue losses on Entry points could affect prices for end users at the exit points. The NC stays silent on this issues.
<b>IOGP (International Association of Oil &amp; Gas Producers)</b>	<b>Partially Support</b>	The TAR NC is not clear about how any over- and under-recovery of revenue for dedicated services is handled. The provisions on inter-TSO compensation are not sufficiently specified. It would help to specify that any under-recovery would not be a reason to reduce the inter-TSO payment. Information on the regulatory account should be published whenever the account is updated.
<b>SSE</b>	<b>Do not Support</b>	SSE continues to be concerned over revenue reconciliation of transmission services revenue from a single regulatory account and the cross subsidies between entry and exit and domestic and interconnection points this will lead to.
<b>Statoil</b>	<b>Partially Support</b>	The TAR NC is not clear about how any over- and under-recovery of revenue for dedicated services is handled; The provisions on inter-TSO compensation are not sufficiently specified. It would help to specify that any under-recovery would not be a reason to reduce the inter-TSO payment; Information on the regulatory account should be published. The extent of any revenue under or over recovery that builds up in the regulatory account during the course of tariff and regulatory periods will be a major driver of tariffs changes in future. So we consider it essential for TSOs to publish this information on a quarterly basis (as opposed to annually on the occasion of tariff changes each tariff period). Reconciliation of dedicated services revenue should be subject to the same frequency and degree of transparency as reconciliation of transmission services revenue. Any over or under recovery related to a specific dedicated service should typically be dealt with by means of the same charge in following tariff periods, except where approved otherwise by NRAs due to exceptional circumstances.
<b>Vattenfall</b>	<b>Do not Support</b>	For each section for which Vattenfall does not provide a detailed reasoning for our response, we refer to the response of EFET, as this - in general - represents the view of Vattenfall regarding the Tariff Network

Code.	
VNG - Verbundnetz Gas AG	Fully Support

### Question 8

Please indicate your support for Chapter 7: Pricing of Bundled Capacity and Capacity at Virtual Interconnection Points (Articles 39 –40)									
No. of respondents	23	Fully Support	8	Partially Support	7	Do Not Support	0	Neutral/No Response	8
DEPA / GAS SUPPLY DIVISION		Fully Support							
E.ON Global Commodities SE, on behalf of the E.ON Group		Partially Support		We suggest attributing revenues originating from bundled capacity product sales in equal shares, not in proportion to the individual reserve prices, as this bears the risk that TSOs manipulate their cost allocation methodology to generate high reserve price at interconnection points and thereby optimizing their revenue share.					
EDF		Fully Support							
EDF Trading		Fully Support							
Edison SpA		Fully Support							
EFET (European Federation of Energy Traders)		Neutral / No Response							
Enel		Neutral / No Response							
Energie-Nederland		Partially Support		We think the NC should give more guidance on the payable price for bundled capacity products at IP's. Especially in situations were different methods (and timings) are used on both side of the IP.					
Energy UK		Neutral / No Response							
eni SpA		Neutral / No Response							
Eurelectric		Neutral / No Response		Whilst being neutral about the mechanics of the mechanism by which reserve prices at VIPs are calculated, we are concerned that the proposal to establish a VIP does not seem to be subject to consultation. This is important as the potential for distortion and pancaking needs to be considered prior to a VIP coming into effect.					
EUROGAS		Partially Support		There is still no guidance/rule on how fixing is addressed if this option					

		is only offered at one side of an IP. Some guidance on the point is needed.
<b>Gas Infrastructure Europe (GIE)</b>	<b>Fully Support</b>	
<b>Gas Storage Netherlands</b>	<b>Neutral / No Response</b>	
<b>GasTerra BV</b>	<b>Partially Support</b>	GasTerra partially supports this chapter. However, one of the issues currently not addressed in the draft TAR NC is how the payable price for bundled capacity products at IP's can be fixed if that option is only offered by one TSO on one side of the IP. Article 39 of the draft TAR NC should thus also give guidance on how to address this issue. However, a more recommendable approach would be to give network users the right to fix the payable price, which would make the option available at both sides of the border at all times and as such avoid this problem all together.
<b>Gazprom Marketing &amp; Trading Limited</b>	<b>Neutral / No Response</b>	
<b>GDF SUEZ</b>	<b>Partially Support</b>	In case of the creation of a Virtual Interconnection Point, there is a risk for existing holders of capacity to see a brutal change in the tariff. The possibility to reset the capacity in such case is even more needed than in general.
<b>GDF SUEZ Infrastructures</b>	<b>Fully Support</b>	
<b>IFIEC Europe</b>	<b>Fully Support</b>	
<b>IOGP (International Association of Oil &amp; Gas Producers)</b>	<b>Partially Support</b>	<p>We only partially support Chapter 7 because:</p> <ul style="list-style-type: none"> <li>• The proposals for setting the VIP tariff to replace existing different tariffs with a single 'average' tariff works contrary to the economic and efficient use of the system. In addition, the creation of a VIP may affect network users with existing capacity contracts and their interests have not been taken into account.</li> <li>• The VIP tariff where the capacity is marketed by more than one TSO should be calculated for the overall entry-exit system and not by each TSO separately as this is overly complex.</li> </ul>
<b>SSE</b>	<b>Neutral / No Response</b>	
<b>Statoil</b>	<b>Partially Support</b>	<p>We only partially support Chapter 7 because:</p> <ul style="list-style-type: none"> <li>• The proposals for setting the VIP tariff replace existing different tariffs with a single 'average' tariff works contrary to the economic and efficient use of the system. In addition, the creation of a VIP may affect network users with existing capacity contracts and their interests have not been taken into account;</li> <li>• The VIP tariff where the capacity is marketed by more than one TSO</li> </ul>

	should be calculated for the overall entry-exit system and not by each TSO separately as this is overly complex.
<b>Vattenfall</b>	<b>Neutral / No Response</b>
<b>VNG - Verbundnetz Gas AG</b>	<b>Fully Support</b>

### Question 9

Please indicate your support for Chapter 8: Clearing Price and Payable Price (Articles 41 –42)									
No. of respondents	25	Fully Support	8	Partially Support	9	Do Not Support	5	Neutral/No Response	3
<b>DEPA / GAS SUPPLY DIVISION</b>		<b>Fully Support</b>							
<b>E.ON Global Commodities SE, on behalf of the E.ON Group</b>		<b>Fully Support</b>							
<b>EDF</b>		<b>Fully Support</b>							

		applicable by all TSOs.
<b>EDF Trading</b>	<b>Fully Support</b>	EDF Trading strongly supports ENTSG's inclusion in the refined Tariff Network Code of a fixed payable price option, complete with pre-defined indexation mechanisms, risk premiums and conditions associated with its use. We believe this is a proportionate measure which recognises the overwhelming desires of stakeholders whilst at the same time addressing ACER's concerns about different network users paying different prices for capacity, or not contributing sufficiently to a TSO's ongoing costs of providing transmission services. In this regard, the proposal could be improved further by introducing a safeguard mechanism whereby a complementary charge or a discount can be applied to specific fixed price users when the difference between the price they pay and the floating price for the same capacity product exceeds a predefined threshold (e.g. 20%).
<b>Edison SpA</b>	<b>Fully Support</b>	Edison welcomes the introduction of a fixed price option, that would incentivize network users to book long-term capacity, by providing them with some certainty on the price they will pay at the time of use of the capacity. We look forward to further work to make this concept applicable by all TSOs.
<b>EFET (European Federation of Energy Traders)</b>	<b>Partially Support</b>	EFET strongly supports ENTSG's inclusion in the refined Tariff Network Code of a fixed payable price option, complete with pre-defined indexation mechanisms, risk premiums and conditions associated with its use. This is a proportionate measure which recognises the overwhelming desires of stakeholders whilst at the same time addressing ACER's concerns about different network users paying different prices for capacity, or not contributing sufficiently to a TSO's ongoing costs of providing transmission services. EFET would prefer to see TSOs being required to offer a fixed price option alongside a floating price option. However, this needs to be considered in context of any existing floating price long-term capacity contracts and the need to prevent undue discrimination, which a potential stop-loss reset mechanism (see our response to Chapter 10) may overcome. If fixed price options remain ruled out of the final Tariff Network Code however, EFET would strongly prefer to see a de-scoped Tariff Network Code which stays silent on the issue of payable price, rather than one which includes just a floating payable price.
<b>Enel</b>	<b>Partially Support</b>	Enel supports ENTSG's inclusion in the Tariff Network Code of a fixed payable price option with indexation and premium. However, we would like to point out that a rule should be envisaged that if the indexation component is less than or equal to the premium, the payable price will remain unchanged, conversely if the indexation component is highest than the premium, the payable price will be increased accordingly.

<b>Energie-Nederland</b>	<b>Partially Support</b>	- We agree with ENTSOG that there may be drawbacks regarding the implementation of fixed price mechanisms, but we believe NRA's and TSO's could manage these shortfalls. Therefore we support the option to offer fixed price annual contracts (especially for longer-term capacity contract resulting from an incremental capacity process).
<b>Energy UK</b>	<b>Partially Support</b>	Energy UK welcomes the inclusion of an option to include a fixed price option (with indexation) at interconnection points and considers this to be an improvement on the initial draft. However we note this is only an option at the discretion of the TSO. We would offer full support of this was mandatory.
<b>eni SpA</b>	<b>Partially Support</b>	Eni welcomes the introduction of a fixed price approach. However, we believe that further considerations should be done on the opportunity to keep it as an option for TSOs vs. to introduce an obligation to offer it as an alternative to the floating price approach.
<b>EON Gas Storage</b>	<b>Neutral / No Response</b>	
<b>Eurelectric</b>	<b>Partially Support</b>	We are pleased that ENTSOG has retained a fixed price option in the refined Tariff Network Code and narrowed down how and when such an option can apply. However NRAs/TSOs should also be required to collaborate to ensure, wherever possible, that the payable prices applied either side of an IP are consistent. As previously stated, we are also concerned about the risks of having fixed payable prices at IPs with a commodity based complementary revenue recovery charge and question whether this is necessary now that the fixed price is both indexed and includes a risk premium.
<b>EUROGAS</b>	<b>Partially Support</b>	Eurogas welcomes that the importance of fixed price option is now recognised. Eurogas considers, however, that shippers should have the right to ask for a fixed price, and therefore only partially supports this approach.
<b>Gas Infrastructure Europe (GIE)</b>	<b>Fully Support</b>	
<b>Gas Storage Netherlands</b>	<b>Neutral / No Response</b>	
<b>GasTerra BV</b>	<b>Partially Support</b>	As stated in its earlier responses GasTerra considers it crucial to for shippers to have the right to fix the payable price and thus manage the costs of their (long-term) capacity portfolio. GasTerra supports that a floating payable price will be used as the default method to set the payable price. The consequence is that all shippers, whatever their booking strategies are, will be exposed to tariff variations due to under- or over-recovery or changes in the allowed TSO revenue. However, if this would be the only option, shippers' opportunities to

		<p>conclude long-term commodity contracts will be undermined, since they might not be able to manage their margin risk due to changing transmission tariffs. We welcome article 42.b that provides a fixing option of the payable price that we think strikes an appropriate balance between network users and TSO interests. However, the current draft TAR NC does not make it mandatory for TSO's to offer this option to network users. GasTerra would like Article 41 of the draft TAR NC, to explicitly provide this obligation to TSO's. Another benefit of such an obligation is that this will simultaneously solve the issues foreseen in our answer under chapter seven: fixing the price of bundled capacity.</p>
<b>Gazprom Marketing &amp; Trading Limited</b>	<b>Fully Support</b>	<p>The fixed price option is a necessary option to enable shippers to book capacity in the long term. Such an option has also a strong value in the perspective of the incremental capacity workstream.</p>
<b>GDF SUEZ</b>	<b>Do not Support</b>	<p>In order to avoid further discrimination, fixed price should be offered at all points or nowhere. The current proposal is too discriminatory against existing holders of capacity that cannot benefit from fixed price, as it can apply only to incremental capacities. Moreover, a "stop-loss clause" should be included in the payable price chapter. This is a clause to prevent long term holders of capacity to bear unreasonable rise on an individual tariff (that could be linked to the application of the tariff code (e.g. an instability of the cost allocation model), or to any other reason (e.g. socialisation of an investment only on a limited number of points)). This kind of clause exists in German and Belgium transmission contracts. This is a stop-loss clause, with a threshold 50% higher than the one that could trigger mitigation clause in the Tariff network code, and also much higher than the tariff rises expected by ACER. Therefore, the highest probability is that such a threshold will never be reached, but that this clause would act as a deterrent to prevent that one individual contract could face an excessive rise without reactions from the TSOs or the NRAs. This also means this clause won't address major issues, and is not at all an alternative for a one-off reset clause. This could take the following form "At any time from the date of entry into force of this code, network users shall be allowed to terminate as of rights whole or part of their existing contract(s) in case of a cumulated rise, of whatever nature, of the reserve price applicable to their individual contract(s) equal or superior to 30% over the average inflation rate [definition of this rate to be specified] and superior to 20 €/MWh/d per year applicable during the same period as the one mentioned hereinafter. This rise shall be computed between the date of exercise of the termination right and any date (i) preceding this latter date by less than 60 months and (ii) posterior to 31st December 2014. " The</p>

		threshold in absolute value is there to take into account capacities with a null or very low initial reserve price compared to other capacities, for which a rise in percentage may not have any significance. The choice of the date of the 31st December 2014 is a standard law circumvention prevention measure, to avoid any anticipation of a tariff hike just before the entry into force of this stop-loss measure.
<b>GDF SUEZ Infrastructures</b>	<b>Fully Support</b>	
<b>IFIEC Europe</b>	<b>Neutral / No Response</b>	
<b>IOGP (International Association of Oil &amp; Gas Producers)</b>	<b>Do not Support</b>	<p>We do not support Chapter 8 because:</p> <ul style="list-style-type: none"> <li>• The reference prices that apply for the next gas year should be set and published before the annual March auction. The text in Article 41 ('applicable reserve price ... which is published at the time when this product is auctioned') is confusing: it may be true for the rolling monthly auctions, but – according to this NC – not for the annual yearly capacity auction.</li> <li>• We welcome the addition of a fixed price option, but TSOs should be obliged to offer a fixed price option. The proposal that the TSO may offer a fixed price does not sufficiently address our concerns.</li> </ul>
<b>SEDIGAS</b>	<b>Do not Support</b>	Sedigas does not support fixed prices
<b>SSE</b>	<b>Partially Support</b>	SSE welcomes the inclusions of an option to include a fixed price option (with indexation) at interconnection points and considers this to be an improvement on the initial draft. However we note this is only an option at the discretion of the TSO. We would offer full support of this if it was mandatory.
<b>Statoil</b>	<b>Do not Support</b>	<p>We do not support Chapter 8 because:</p> <ul style="list-style-type: none"> <li>• The reference prices that apply for the next gas year should be set and published before the annual March auction. The text in Article 41 ('applicable reserve price ... which is published at the time when this product is auctioned') is misleading. The reserve price published will not be applicable to the product of the auction. Also this price is published at least 30 day before its use, so well before the auction;</li> <li>• TSOs should be obliged to offer a fixed price option. The proposal that the TSO may offer a fixed price does not sufficiently address our concerns.</li> </ul>
<b>Vattenfall</b>	<b>Partially Support</b>	For each section for which Vattenfall does not provide a detailed reasoning for our response, we refer to the response of EFET, as this - in general - represents the view of Vattenfall regarding the Tariff Network Code.
<b>VNG - Verbundnetz Gas</b>	<b>Do not Support</b>	TSOs/NRAs would need to collaborate to ensure the same mechanism applies at both sides of an IP

AG

## Question 10

Please indicate your support for Chapter 9: Incremental Capacity (Articles 43 –47)

No. of respondents	24	Fully Support	3	Partially Support	8	Do Not Support	2	Neutral/No Response	11
<b>DEPA / GAS SUPPLY DIVISION</b>		<b>Neutral / No Response</b>							
<b>E.ON Global Commodities SE, on behalf of the E.ON Group</b>		<b>Partially Support</b>							
<b>EDF</b>		<b>Partially Support</b>							
<b>EDF Trading</b>		<b>Partially Support</b>							
<b>Edison SpA</b>		<b>Partially Support</b>							
<b>EFET (European Federation of Energy Traders)</b>		<b>Neutral / No Response</b>							
<b>Enel</b>		<b>Neutral / No Response</b>							

	<b>Response</b>	
<b>Energie-Nederland</b>	<b>Neutral / No Response</b>	
<b>Energy UK</b>	<b>Neutral / No Response</b>	
<b>eni SpA</b>	<b>Neutral / No Response</b>	
<b>EON Gas Storage</b>	<b>Neutral / No Response</b>	
<b>Eurelectric</b>	<b>Neutral / No Response</b>	Please see our response to the Incremental Capacity stakeholder support questionnaire.
<b>EUROGAS</b>	<b>Partially Support</b>	Eurogas appreciates the introduction in the NC TAR of the fixed price option even if we want to see it as an obligation. This could also be extended to incremental capacity as an obligation, because long term commitments will be favoured if there is a reasonable level of certainty on the evolution of the tariff in the future.
<b>Gas Infrastructure Europe (GIE)</b>	<b>Fully Support</b>	
<b>Gas Storage Netherlands</b>	<b>Neutral / No Response</b>	
<b>GasTerra BV</b>	<b>Partially Support</b>	GasTerra considers price certainty crucial for network users' commitments for new and incremental capacity. As such, an obligation on TSO's to provide a fixing option of the payable price of new and incremental capacity is crucial to lock-in long-term capacity commitments. Such an option is provided (but not as a right for network users), but we wonder how such a fixed payable price would relate to the "reference price estimate" referred to under Art 46.1.a? We would strongly suggest reconciling the two as it will give network users price certainty for the capacity commitments they enter into. GasTerra could thus fully support this chapter if an option to fix the payable price for capacity would be provided.
<b>Gazprom Marketing &amp; Trading Limited</b>	<b>Partially Support</b>	Whilst we agree on the need to create a consistent framework for incremental capacity, we believe that the areas of improvement highlighted in our response to the previous consultation have not been sufficiently considered.
<b>GDF SUEZ</b>	<b>Neutral / No Response</b>	
<b>GDF SUEZ Infrastructures</b>	<b>Fully Support</b>	Given the uncertainty relating to gas demand in the medium and long term, it would be appropriate to set a high number for the f factor. The reason is that launching investments in incremental capacity for the sake of positive externalities could turn out to be dangerous for infrastructure operators. Positive externalities should be dealt with in

		the infrastructure Package, via subsidies given to projects which are not market based.
<b>IFIEC Europe</b>	<b>Do not Support</b>	The proposal will codify the existing – monopolistic - structures and practices, and possibly even create possibilities for individual Member States to worsen the practices from the standpoint of end users, leading to fragmentation instead of harmonization. In IFIECs opinion it is inconsistent to contemplate Open Seasons for some projects (where conditional bidding will be necessary from a stakeholder perspective) and capacity allocation via independent CAM ascending auctions. The economic test is critical to allow the market to signal new capacity requirements. More investment will be needed to achieve a properly functioning market and public money (for example Connecting Europe Facility) will be insufficient to achieve this. Thus market based investments will have to be triggered by proper market incentives. However, setting the f-factor appropriately will be vital. The f-factor characterizes the risk distributions inherent in the overall regulatory framework. It is therefore disappointing to see that ENTSOG continue to use the network code to define a completely risk-free incremental investment framework for TSOs. We notice that TSOs are in a privileged position; they often enjoy index linking of the un-depreciated component of their Regulatory Asset Bases together with a rate of return that includes a substantial risk premium. It seems to us that we are being asked many times over to pay for the same assets. It is fine if TSOs want a risk-free return but if this is the case then we expect NRAs to address this issue as a matter of urgency so that the risk premium and indexation of regulatory asset bases are removed so that transportation fees can be substantially reduced.
<b>IOGP (International Association of Oil &amp; Gas Producers)</b>		See response to incremental proposal.
<b>SEDIGAS</b>	<b>Partially Support</b>	Sedigas considers that an adjustment of the yearly rate of depreciation for the incremental capacity deals with revenues and not with tariffs so it is completely out of scope of both the incremental proposal and the NC TAR one.
<b>SSE</b>	<b>Neutral / No Response</b>	
<b>Statoil</b>	<b>Do not Support</b>	Please provide brief reasoning for your responses, if you wish Please see our response on the incremental proposal. In general we believe that the idea of supporting investment in incremental capacity without having fixed prices in place simply ignores the reality of the market and it is not a viable option. We also take the opportunity to question article 47.5 and its rationale which we simply fail to

	understand.
<b>Vattenfall</b>	<b>Neutral / No Response</b>
<b>VNG - Verbundnetz Gas AG</b>	<b>Fully Support</b>

### Question 11

Please indicate your support for Chapter 10: Final and Transitional Provisions (Articles 48 –50)									
No. of respondents	24	Fully Support	2	Partially Support	8	Do Not Support	12	Neutral/No Response	2
<b>DEPA / GAS SUPPLY DIVISION</b>		<b>Partially Support</b>		During consultation for the initial draft, DEPA supported the position of having available a capacity reset option for shippers. Inclusion, in Article 50 of the refined draft, of the provision that “this regulation will not affect the price foreseen in the contracts concluded before the entry into force of this regulation” for non-floating price products, partially relieves our previous concerns and allows us to partially support this Chapter.					
<b>E.ON Global Commodities SE, on behalf of the E.ON Group</b>		<b>Do not Support</b>		E.ON is disappointed ENTSOG has chosen not to accommodate the overwhelming wishes of stakeholders for a one-off capacity reset mechanism. The arguments underpinning the request for a reset mechanism prevail: Market liberalisation has brought choice to consumers expanding business opportunities for suppliers and traders, and consequently a shift to more flexible products including shortening the average term of supply contracts. The Capacity Allocation Network Code offers network users a range of short term standardized capacity products at IPs, enabling profiled bookings, whilst the Congestion Management guidelines encourage them to book only the capacity they need. It has also introduced the concept of mandatory bundling at IPs. Taken together these fundamental changes affect the business cases of many network users and, in conjunction with measures in the Tariff Network Code itself, could lead to more volatile pricing of transmission capacity. As a consequence, network users’ perspectives on capacity booking have changed significantly. A non-discriminatory framework is essential, therefore, to allow them to adapt their booking strategies to reflect this new market reality. To ensure a level playing field, it is vital that network users are given a one-off right to reset their existing capacity contracts at IPs, either wholly or partially. The NC TAR alone does not cause this change in booking perspective. But it should provide an					

		<p>opportunity to be forward looking by allowing network users to ensure their capacity holdings reflect changing market reality. If ENTSOG chooses to not seize this chance of solving both the problems of its member's clients and the problem of stranded assets within the regulated asset base of most of its members, a problem which we believe will intensify over the coming years, we are concerned that this will make it even harder to find a way how to deal with it in the future.</p>
<b>EDF</b>	<b>Partially Support</b>	<p>The Network Code may cause significant price increases when it enters into force, EDF still also strongly advocates for a one-off mitigating measure to smoothen the effects of the code. In case of a significant price increase (above a defined threshold) following the first implementation of the TAR NC's measures, EDF believes, like many shippers, that the Network Code should include a reset option enabling the termination of capacity contracts. Besides, EDF considers that major changes have occurred in the market (falling demand) as well as in the rules (third package, CAM NC and CMP guidelines allowing short term and more profiled bookings) clearly disadvantaging long-term shippers that entered into long-term capacity agreements before these changes. Therefore, EDF believes that a reset mechanism or any compensation mechanism enabling long-term shippers to avoid or overcome stranded costs arising from regulatory changes is necessary but can be addressed separately.</p>
<b>EDF Trading</b>	<b>Partially Support</b>	<p>EDF Trading supports the implementation date of the Tariff Network Code and the transitional provisions. However, we are disappointed that ENTSOG has chosen not to accommodate the overwhelming wishes of stakeholders for a one-off capacity reset mechanism. We believe that both the concerns that led market participants to ask for a one-off capacity reset mechanism and the arguments that led TSOs to oppose it are serious and will have to be addressed. EDF Trading is in favour of a constructive debate on the topic of long-term bookings, stranded assets and gas market design. We understand this may require a different timeframe from the one of the Tariff Network Code but urge TSOs and regulators not to dismiss such a crucial matter for the development of well-functioning gas markets in Europe.</p>
<b>Edison SpA</b>	<b>Partially Support</b>	<p>We support the introduction of the mitigating measures proposed by ENTSOG within the current version of the NC TAR, but we are concerned that they might not be sufficient. Indeed, in some systems the enter into force of the NC TAR may cause significant price variations and for this reason Edison advocates for the introduction of a one-off capacity reset option, according to which a level playing field can be created for all network users. The introduction of such an option would allow network users having signed long-term capacity</p>

contracts at time when tariff rules were different from the ones introduced by the NC TAR, to terminate their capacity contracts and take part in the allocation of transmission capacity on the basis of the new regulatory framework. We understand that the introduction of such a measure in the NC TAR could not prove feasible at this stage of the process, as discussion and assessments are needed on how this clause could be designed in details. Nevertheless, we believe that this proposal should remain part of the European regulatory debate.

**EFET (European Federation of Energy Traders)**

**Do not Support**

EFET is disappointed ENTSOG has chosen not to accommodate the overwhelming wishes of stakeholders for a one-off capacity reset mechanism. However, the fact that ENTSOG is not willing to accept the underlying assumptions behind why stakeholders feel a reset mechanism is necessary does not mean they will fall away, or that stakeholders will give up on finding ways to satisfactorily address them. EFET accepts, for now, that there has not been sufficient discussion about how a reset mechanism might be structured to alleviate some of the concerns expressed by TSOs and ACER for it to be included in the Tariff Network Code. Hence we propose a radical de-scoping of the Tariff Network Code to focus only on those chapters which obviously add value. Consideration of a reset mechanism should then take place in the wider context of developing an ambitious plan to create a sustainable model for transmission network access and charging for the future. A de-scoped Tariff Network Code has the added advantage of being able to be implemented before the October 2017 date currently envisaged in the Tariff Network Code. If our proposal is ignored and the current Tariff Network Code is implemented, complete with amendments introduced before and during comitology over which stakeholders may have little transparency or ability to challenge, we fear that the problems underpinning the need for a reset will become worse than they currently are. Therefore, in the absence of radical de-scoping we strongly urge ENTSOG to include an ongoing “stop-loss” reset right similar in structure to that which currently exists in Belgium. In the Belgian example networks users are entitled to reset existing capacity, in whole or in part, if the reference price at an entry or exit point increases by >30% in real terms over a three year period preceding the date of termination. Further consideration is needed about whether such price increase threshold and period are appropriate at EU level, or whether the price increase threshold should be set lower or the period set longer. However, whilst such a mechanism does not replace the need to develop an equitable one-off reset mechanism it would, at least, provide backstop protection to existing capacity holders against bearing the risk of unreasonable tariff rises brought about as a

		<p>consequence of implementing the Tariff Network Code, or for any other reason. The current Belgian price increase threshold exceeds the initial level of mitigating measures currently included in the Tariff Network Code and far exceeds the levels of tariff increases ACER repeatedly claim network users can expect to see in future, so on this basis it is unlikely ever to be triggered. Nevertheless it would provide the necessary degree of reassurance to network users that if their worst case fears are realised they will be able to mitigate this risk. It will also provide substance to regulators repeated assurances that expectations of price increases of this magnitude are without foundation, despite evidence to the contrary already existing.</p>
<b>Enel</b>	<b>Do not Support</b>	<p>Enel thinks fundamental that the TAR NC should provide for the introduction of a one off capacity reset-mechanism, motivated by the change of rules that strongly affected the gas sector in the last years (increase of renewables in the power generation, Network Codes)</p>
<b>Energie-Nederland</b>	<b>Do not Support</b>	<p>Energie-Nederland does not consider that the transitional provisions and mitigating measures are sufficient, and therefore maintains its preference for a one-time capacity reset mechanism. Negotiations on an acceptable solution along these lines should be opened.</p>
<b>Energy UK</b>	<b>Fully Support</b>	<p>Energy UK considers the introduction of protection for existing contracts from a change to floating tariffs is a significant accommodation of stakeholders' views and is very much welcomed. We therefore offer full support for this chapter including the implementation provisions.</p>
<b>eni SpA</b>	<b>Do not Support</b>	<p>Eni does not support this chapter because it fails to provide an effective mitigation to the discriminations introduced by the TAR NC. We refer in particular to the "Reserve Price Rule" that allows TSOs and NRAs to offer discounted short-term capacity products (through the level of short-term multipliers) compared to long-term products. Such rules appear to be potentially illegitimate because they are likely to discriminate between different network users of gas transmission capacity, thereby distorting competition. For this reason, we continue to strongly support the introduction of a one-off reset option. Even considering the concerns expressed by ENTSOG, we still believe that the current draft of TAR NC is unacceptable without such measure. Thus, in the absence of a reset mechanism, able to mitigate this discrimination, there would be strong arguments for challenging the validity of the Code itself</p>
<b>EON Gas Storage</b>	<b>Neutral / No Response</b>	
<b>Eurelectric</b>	<b>Partially Support</b>	<p>We still think that imposing a 24 month time limit on mitigating measures that can be applied in the event of a tariff increase greater than 20% is unduly restrictive. We also maintain that there is a strong</p>

		<p>case for the Tariff Network Code including a one-off reset option to allow network users to surrender existing capacity they hold at IPs prior to the date when it applies. However, we recognise the potential difficulties associated with including a reset option in the Tariff Network Code and that more consideration needs to be given about how it should be structured and applied, so as to achieve an equitable balance between the interests of network users and TSOs. We hope this work will be pursued separately by ACER and/or ENTSOG next year, as part of a wider regulatory initiative looking at how the problems caused by stranded assets and infrastructure built principally for security of supply reasons can be addressed.</p>
<b>EUROGAS</b>	<b>Do not Support</b>	<p>Eurogas does not consider that the transitional provisions and mitigating measures are sufficient, and therefore maintains its preference for a capacity reset mechanism. Negotiations on an acceptable solution along these lines should be opened. Therefore, in parallel with other aspects of the tariff code elaboration, further discussions should take place to tackle stranded assets issues.</p>
<b>Gas Infrastructure Europe (GIE)</b>	<b>Partially Support</b>	<p>The introduction of the sentence in article 50 “This regulation shall not affect the price foreseen in the contracts concluded before the entry into force of this Regulation, where such a price is calculated in a way other than as set out in Article 42(1)(a).” could lead to discrimination against existing floating price contracts and new contracts in general.</p>
<b>Gas Storage Netherlands</b>	<b>Neutral / No Response</b>	
<b>GasTerra BV</b>	<b>Partially Support</b>	<p>Although the draft TAR NC provides mitigating measures these fall short of their objective for two reasons. There is no permanent mitigating measure provided as the time limit is set at 24 months, as such price risks will be put fully on network users after two years. Secondly, a twenty percent threshold is far too high to offset any of the dramatic impact a change of cost allocation methodology might have on network users business models.</p>
<b>Gazprom Marketing &amp; Trading Limited</b>	<b>Do not Support</b>	<p>The absence of a capacity reset clause is undermining the creation of a well-functioning gas market in Europe.</p>
<b>GDF SUEZ</b>	<b>Do not Support</b>	<p>Mitigation measures are worth practically nothing. A one-off reset clause should be included in this code. Moreover, in parallel of the tariff code elaboration, an ambitious workgroup should be launched to tackle stranded assets issues.</p>
<b>IFIEC Europe</b>	<b>Do not Support</b>	<ul style="list-style-type: none"> <li>- The implementation of the Internal Energy Market (IEM) is way behind schedule.</li> <li>- IFIEC is against the protection of old contracts, especially regarding the following rule in article 50 “This Regulation shall not affect the price foreseen in the contracts concluded before the entry into force</li> </ul>

		of this Regulation, where such a price is calculated in a way other than as set out in Article 42(1)(a).” This will not lead to a level playing field among the market participants, and hence, is not an IEM-contribution.
<b>IOGP (International Association of Oil &amp; Gas Producers)</b>	<b>Do not Support</b>	We do not support Chapter 10 because the mitigating measures proposed in the TAR NC do not address the key issue that network users with existing long-term capacity contracts can be faced with an unexpected and unfair tariff increase because this network code favors short-term capacity products. We prefer a tariff network code that would incentivise network users with a sustained demand to book annual capacity, but since this cannot be guaranteed we have supported a one-time reset option as mitigating measure. We understand that ENTSOG raises objections to the proposal of a capacity reset, but the TAR NC fails to address the issue that holders of existing capacity contracts will face discrimination and cross-subsidisation when this code enters into force. We support the provision that the Regulation shall not affect the price of existing contracts.
<b>SEDIGAS</b>	<b>Do not Support</b>	Sedigas does not support the provision included in article 50 that exempts the application of the NC TAR to contracts with fixed price signed before the entry into force of this Regulation. Sedigas considers this measure discriminatory against contracts with floating price and strongly recommends its deletion.
<b>SSE</b>	<b>Fully Support</b>	SSE welcomes the provision to maintain legacy fixed priced contracts. We therefore offer full support for this chapter including the implementation provisions.
<b>Statoil</b>	<b>Do not Support</b>	Please see response on Chapter 5. We do not support Chapter 5 because: <ul style="list-style-type: none"> <li>• The proposed range of multipliers from 0 to 5 is too large and the draft NC is missing any guidance on how to apply multipliers. The example provided in the Analysis of Decisions Document (page 53) raises a more fundamental question to what extent transmission costs should be allocated to cross border entry and exit points;</li> <li>• The proposed method to calculate seasonal factors is overly complicated. In our view a seasonal factor should on average over a year be equal to 1. In the proposed method the average seasonal factor can be higher than 1 and becomes an additional multiplier;</li> <li>• The pricing of within-day capacity should reflect the usability of the product. Article 30, paragraph (1) should be used when the TSO requires a daily nomination, and paragraph (2) in case of hourly nominations;</li> <li>• We do not agree with the proposal of an ex-post discount. This would transfer all risk to network users without an appropriate reward;</li> </ul>

	<ul style="list-style-type: none"> <li>• Interruptible day-ahead capacity should be offered at a zero reserve price when all firm capacity is sold out otherwise multipliers should always be &gt; 1.</li> <li>• In fact we would consider the above together with the clause that protects existing contracts with fixed priced from tariff changes, the possibility to have fixed tariffs at least in case of incremental capacity when so required by shippers, and a later implementation date, e.g. 2020, sufficient measures to remove the need for a reset mechanism. We welcome the fact that the link between multipliers and instances of congestion (as inadequately described in the CMP guidelines) has been removed.</li> </ul>
<p><b>Vattenfall</b></p> <p><b>Do not Support</b></p>	<p>We would, once again, like to point out that the Network Code draft as it currently stands, provides a significant amount of options for either TSO or NRA to choose from. There is limited guidance to determine the selection. In addition, it is still not clear to Vattenfall which 'lack of market functioning' the Tariff Network Code is trying to solve. All of this will lead - and already does lead - to a very high level of regulatory risk. This level of risk puts pressure on the value of capacity (as calculated by us and other market parties), when assessing new opportunities. As you may imagine, this will most likely lead to less or even no long term capacity bookings and a decrease in the mid- to short term bookings of capacity for these new projects. However, the effect of this increased regulatory risk following from the possible adoption of the Tariff network code will have an even more serious effect on the so-called 'captive customers' and on projects already started on the basis of the old situation. We refer to the paper that we sent to ENTSOG, ACER and the Commission in this regard and will not repeat it. What we do wish to repeat is the statement that under the current draft Network Code, the captive customers and existing projects could be hit with significant tariff changes, without warning, without mitigating measures and without a clear reason. This should be avoided, as it destroys the investment climate and hurts market participants and consumers. For this reason, we strongly suggest to limit the Network Code to transparency on the current methods of cost allocation. Greater understanding by the market of the TSO mechanism, costs and changing system use will provide more understanding for tariff increases. Such transparency will also decrease the risks for market parties, as it will provide a degree of predictability that we currently do not have.</p>
<p><b>VNG - Verbundnetz Gas AG</b></p> <p><b>Partially Support</b></p>	<p>The implementation of the TAR NC will discriminate the holders of long-term transmission capacity contracts and therefore distort competition. Holders of existing contracts are in any event obliged to pay the annual capacity price without being able to opt for short-term</p>

products. Therefore mitigation measures such as the right to opt for early termination of the agreements or a reduction of contracted volumes should be implemented in the network code to promote non-discrimination, effective competition and an efficient functioning of the market. In our opinion the reset clause will accelerate the completion of an integrated European gas market, it will solve most of the congestion issues and will improve competition thanks to a level playing field. Furthermore mandatory bundling has reduced the value of existing unmatched capacities. In several cases (mismatch of technical capacity, IP linking several pipes...), capacity has become completely useless, but still have to be paid by shippers. A reset clause will give TSOs more facilities to match their technical capacities on both sides of the borders and to adapt their offer to capture higher value.