TAR NC in the Energy Community Contracting Parties- consultation and publication requirements

Increasing transparency of gas transmission tariff setting process- some aspects of TAR NC implementation

Online, 9 March 2021
Content

TAR NC in the Energy Community CPs
- Adoption
- Transposition
- Implementation

Consultation and publication requirements of TAR NC
- Periodic consultation and decision-making process
- Information to be published
- The role of the ECRB
Tariff NC adoption and transposition

Adoption and deadlines

- Approved in November 2018
- Deadline for implementation end February 2020
- Deadline for decision on tariff methodology implementing TAR NC- 31 May 2021

Transposition

- Albania
- Moldova
- North Macedonia (directly applicable)
- Ukraine
Entry- exit tariffs in EnC CPs

Moldova
- entry- exit tariff methodology adopted
- temporary tariffs calculated on a yearly basis, but not for separate entries and exits

North Macedonia
- entry- exit tariff methodology adopted
- calculated tariffs not per entry/exit

Serbia
- Entry- exit tariff methodology in place
- Tariffs for both TSOs calculated for all entries and exits

Ukraine
- Entry- exit tariff methodology in place
- Tariffs calculated for all entries and exits
- Many provisions of TAR NC implemented
What needs to be done?

- Capacity based tariffs, commodity only as an exception (flow-based charge or CRRC)
- Consultation and publication requirements
- Cost allocation assessment
- Link with CAM:
  - Reserve prices
  - Pricing of bundled capacity
  - Clearing and payable prices
- Capacity weighted distance reference price methodology (as default at least)
- More than one TSO—jointly applied RPM
Consultation – key 1 to transparency

Periodic/final consultation (content)

• Description of the proposed RPM
  - Justification and values of parameters related to technical characteristics of the system
  - Value of adjustments for storage and LNG tariffs
  - Indicative reference prices
  - Details and results on cross-border cost allocation
  - Assessment of proposed RPM against the requirements of Art. 7
  - If CWD not used, assessment of the chosen methodology against it
• Allowed revenue(s), e-e split, capacity-commodity split, intr-system/cross-system split
• Info on commodity charge and non-transmission services
• Tariff comparisons (previous and future tariff periods)
• Simplified tariff model

In parallel:
• Consultation on multipliers, seasonal factors, discounts on LNG and interruptible capacity tariffs with all directly connected MSs and CPs

Periodic/final consultation (timeline)

• Final consultation opened for at least 2 months
• Consultation documents immediately forward to the ECRB for analysis
• ECRB has 2 months to send to the NRA/TSO and the ECS the conclusion of its analysis
• 1 month to publish consultation responses and their summary
• Within 5 months after the end of the final consultation, the NRA published a motivated decision and informs the ECRB and the ECS
• **All to be concluded no later than 31 May 2021**
• **Tariffs applicable for the prevailing period at 31 May 2021 are applicable until the end of that tariff period**
Publication requirements before the annual yearly capacity auction (for IPs):

- For firm capacity:
  - reserve prices
  - multipliers and seasonal factors with justifications,
  - Seasonal factors and justification
- For interruptible capacity:
  - reserve prices
  - assessment of probability of interruption

Publication requirements before the tariff period:

- parameters for RPM related to technical characteristics
- allowed revenue with all elements
- year-to-year changes in allowed revenue
- splits- capacity-commodity, entry-exit, intra-system-cross-system
- info on reconciliation if non-price cap regime applied
- intended use of auction premium
- Values and information on derivation of: commodity tariffs, non-transmission tariffs, reference prices for points where there is no auction
- tariff comparisons (previous and future tariff periods within the regulatory period)
- simplified tariff model

At least 30 days before

Form of publication

- For ENTSOG members/observers:
  - All information above, via link on ENTSOG platform
  - Reserve prices and flow-based charges on ENTSOG platform
- For other CPs, on the TSOs' web pages
Reporting and monitoring by ECRB and ECS

- Before 1 October 2021, the ECRB shall publish a report on methodologies and parameters used to determine allowed/target revenue of TSOs
  - NRAs to submit all necessary information

- ECS performs regular monitoring of how TSOs implemented TAR NC
  - TSOs to submit all information as required by the ECS

- By end August 2022, ECRB shall publish a report on the application of reference price methodologies in the Contracting Parties
  - ECRB recommendation (optionally) on levels of multipliers for daily and within-days capacity products by October 2023
Thank you for your attention!

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