

Impact Assessment: Harmonisation of the Tariff Setting Year

Approved by the ENTSG Board on 6 November 2014

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1. Introduction

a. Background

On the 19th December 2013, a letter was sent by the European Commission (EC) to ENTSOG inviting them to submit a network code on Harmonised Transmission Tariff Structures for Gas (TAR NC) in accordance with Article 6(6) of Regulation (EC) No. 715/2009 by 31 December 2014 that would be in line with the Framework Guidelines on rules regarding harmonised transmission tariff structures for gas (TAR FG).

In this invitation letter the Commission stated that it *'believes that an important aspect of ensuring the quality of policy proposals, in particular in a multi stage process such as the network code development process, is to undertake an impact assessment with regard to each respective stage, reasoning and assessing the policy choices made.'*¹ The Commission hence invited ENTSOG to build on the impact assessment work initiated by ACER and present ACER an impact assessment of the policy choices made in the development process of the network code by 31 December 2014. Amongst other elements the EC specifically made reference to addressing 'the impacts of a harmonisation of the tariff setting period'.

In addition to this, the framework guideline stated in determining the Network Code on Tariffs, 'ENTSOG shall carry out an impact assessment on harmonising the transmission tariff setting year, including downstream impacts, across all Member States. The Network Code on Tariffs may also include provisions to harmonise the tariff setting year across the EU'. On this basis ENTSOG has carried out an impact assessment on this particular topic and providing input the general impact assessment carried out by the EC.

b. Scope & Limitations

ENTSOG first introduced the subject on the harmonisation of the tariff setting year in the Launch Documentation (LD) published by ENTSOG on 22nd January 2014² and further expanded on this in the Supporting Document (SD) published on 28th May 2014³

As stated in the SD, the main options that will be considered as part of this Impact Assessment are as follows:

¹ [EC Invitation to ENTSOG regarding submission of TAR NC](#)

² [Network Code on Harmonised Transmission Tariff Structures for Gas - Launch Documentation](#)

³ [Initial Draft TAR NC Supporting Document - For Consultation](#)

1. Harmonisation of the tariff setting year so that the tariffs apply from 1 January to 31 December;
2. Harmonisation of the tariff setting year so that the tariffs apply from 1 October to 30 September;
3. Status quo – no harmonisation of the tariff setting year.

The document is hence limited to these options, implies application to all network points (and not just interconnection points) and is assessed on the basis of the current draft of the Network Code.

ENTSOG requested input and feedback from both its' members and stakeholders which was considered in this assessment. The stakeholder feedback received during the consultation process and feedback from ENTSOG members are both attached as appendices to this document.

This document is intended to provide the reader with a high level overview of the issue identified in section 2 in addition to a description of the three identified options. This is accompanied by a high level assessment of the impacts and comparisons.

With regard to the assessment of impacts, the document is limited to the extent that an estimation of costs for all three options was provided by ENTSOG members only. As part of the consultation process, stakeholders were also requested to provide an indication of costs but all respondents unanimously felt that they were unable to do so (either estimated or actual) and therefore it is acknowledged that as a result, the assessment of costs is limited. Nonetheless, it does provide an overall indication of the perceived costs and impacts for TSOs, DSOs, NRAs, Storage Operators and Shippers.

c. Structure

The structure of this document comprises of six sections:

1. *Introduction* – This section comprises of some background information, the purpose of the Impact Assessment and the scope and limitations
2. *Problem Definition* – This section identifies the problem and expands on this in more detail
3. *Context* – This section outlines the current situation and arrangements within the Member States
4. *Description of Options* – This section describes the three identified options in more detail
5. *Assessment of Impacts & Comparisons* – This section provides an assessment of and comparison of the identified impacts

6. *Conclusions* – This section provides conclusions and recommendations in addition to indicating some alternative arrangements that should be put in place in an effort to alleviate the impact on stakeholders

2. Problem definition

a. Presentation of the main issue

The current situation throughout the Member States who responded to the ENTSOG members survey (further explained in Section 5) highlighted that there are four different tariff setting years across the EU, i.e. the annual tariffs are applicable from different dates. These four tariff years consist of:

- | | |
|---|---|
| 1. 1 st January – 31 st December | (relevant for 15/23 respondent countries) |
| 2. 1 st October – 30 th September | (relevant for 4/23 respondent countries) |
| 3. 1 st July – 30 th June | (relevant for 2/23 respondent countries) |
| 4. 1 st April – 31 st March | (relevant for 1/23 respondent countries) |

b. Analysis of Initial Draft TAR NC Online Consultation responses

The topic of harmonisation was explored in detail during the consultation period where some focussed questions were posed in the SD and based on the feedback received, the ‘problem’ of having different tariff setting years throughout Member States may be further expanded upon. Stakeholders, primarily the shippers, traders and network users felt that non-harmonisation causes the following issues with regard to:

i. Booking Strategies:

Shippers maintain that non-harmonisation of tariffs means that shippers are unable to benchmark different gas transportation routes or unable to compare tariffs across different market routes for the same period of time. Harmonisation would promote more competition between TSOs within the EU Member States. It could also help to decrease their administrative burden.

ii. Bundle Products:

The current situation implies complexity with regard to the commercialisation of bundled products. Stakeholders want to be able to assess the development of the future tariffs for the

upcoming periods on both sides of national borders, which is complicated and difficult to carry out with the existence of different tariff setting years on either side of an IP.

iii. Transparency for Auction in March:

Stakeholders require sufficient transparency before the tariff auction in March via the alignment of tariff year and capacity year, specifically for the yearly product for IPs under the scope of CAM NC. This, they believe, would be more coherent and consistent with CAM NC. They also want to be able to obtain a reasonable degree of tariff predictability. For stakeholders, publishing tariffs only after an auction process is completed would be problematic. Without transparency on tariffs before auctions, the TAR NC is going to incentivise short-term bookings. While this situation may not be entirely as a result of non-harmonisation, it is nonetheless a substantial issue for stakeholders. This issue is further explained below:

In the case of an annual auction starting in March of a given year, for products valid for the 12 month period commencing in October of that year:

In the situation where the tariff setting year is from 1st January to 31st December, shippers will only know the tariffs for 3 months of the auction period and will have to wait until November or December to get sight of the tariff payable as a result of participating in an auction for the remaining nine months.

In the situation where the tariff setting year is from 1st October to 30th September, shippers will not know the tariff for any of the 12 months of the auction period and will have to wait until August or September to get sight of the tariff payable as a result of participating in an auction in March so essentially will be bidding blind in the auction(s).

c. Impact of a possible harmonisation of Tariff Year for TSOs and DSOs

While section b above provides an overview for the shippers, harmonisation of the tariff setting year will cause some problems for the TSOs and DSOs also. For some TSOs, the tariff year is currently aligned with either the gas year and/or the accounting year. In case of full harmonisation of the tariff setting year, some TSOs this would mean additional costs and difficulty with the annual closing of accounts related to a different accounting years and the resulting regulatory reconciliation. According to feedback received, changes of tariff setting year raise also additional costs for changing the legal and regulatory framework.

DSOs could also be impacted by harmonisation of TSOs' tariffs, especially if a considerable share of DSOs' tariffs depends on TSOs' tariffs and if the change of tariff setting period for TSOs would lead to a misalignment with the tariff setting period for DSOs. Should harmonisation be implemented and depending on what period of time would be chosen for harmonisation it could impact, over 1000 DSOs. Should a DSO choose not to change their tariff setting year as a result of a change in the TSO tariff setting year, there may be additional risks to be borne by the DSOs due to the misalignment of the two tariff settings years within one Member State that will also come with additional costs. The exact extent depends on the national processes and circumstances in the Member States.

d. Impact of a possible harmonisation of Tariff Year for Storage Operators & NRAs

Since storage operators also sell their products for a certain period, TSO's tariffs may also have an impact on them as transport costs to and from the storage facility may change during the storage product runtime.

Furthermore, impacts on the NRA and national legislation are likely in case of a change in tariff setting year. Depending on the national legislation, the NRA, a ministry or the government has to change one or more laws and/or regulatory directives. As the tariff calculation is based on costs approved by the NRA, further regulatory processes and respective laws and/or regulatory directives may need changing. Finally, the current aligned processes of the NRA may now be misaligned, which may result in higher costs e.g. for additional staff.

3. Context

As stated in section 2, there are currently 4 different tariff setting years in place in the Member States, the majority of which are either 1st January to 31st December or 1st October to 30th September. The following list shows, for those TSOs who responded, the current situation for each Member State:

Tariff Setting Year - 1st January to 31st December				
<i>Member State</i>				
Austria	Belgium	Croatia	Czech Republic	Finland
Germany	Greece	Hungary	Italy	Luxembourg
The Netherlands	Poland	Slovakia	Slovenia	Spain

Table 1: Member States who have a tariff setting year 1st January to 31st December

Tariff Setting Year - 1st October to 30 st September			
Member State			
Denmark	Ireland	Sweden	United Kingdom

Table 2: Member States who have a tariff setting year 1st October to 30th September

Member State	Tariff setting year
France	1st April - 31st March
Portugal	1st July - 30th June
Romania	1st July - 30th June

Table 3: Member States who have a different tariff setting year

To conclude, the majority of Member States currently have a tariff setting year that is in line with the calendar year. The following figure summarises the percentage distribution:

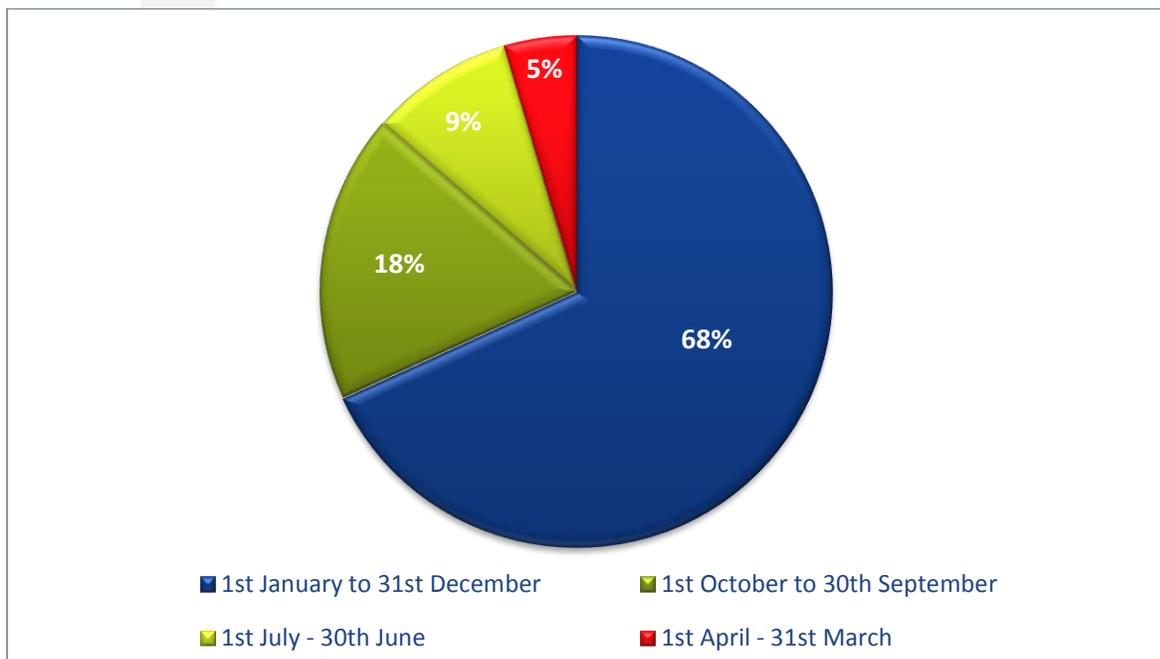


Figure 1: Percentage distribution of tariff setting years across Member States

In addition to examining the current situation within the Member States, it is also important to examine the number of network operators in order to assess an impact of a tariff setting

harmonisation. In several Member States there are more than one TSO and several DSOs operating:

Member State	No. of TSOs*	No. of DSOs**
Austria	2	21
Belgium	1	17
Bulgaria	1	17
Croatia	1	37
Czech Republic	1	3
Denmark	1	4
Finland	1	23
France	2	26
Germany	14	700***
Greece	1	3
Hungary	1	11
Ireland	1	1
Italy	2	224
Luxembourg	1	3
Netherlands	2	9
Poland	1	40
Portugal	1	11
Romania	1	39
Slovakia	1	1
Slovenia	1	16
Spain	2	20
Sweden	1	5
United Kingdom	4	8
	44	1239

Table 4: Number of TSOs and DSOs in Member States

*No of TSOs is based on ENTSOG membership

** Where respondents did not provide information, figures were obtained from either DNV KEMA Energy & Sustainability July 19th 2013 or Gas Regional Investment Plan Central-Eastern Europe, July 2012

*** Approximate figures

4. Description of the Options

As outlined in the LD and expanded on in the SD, the three options that will be considered as part of this Impact Assessment are as follows:

1. Harmonisation of the tariff setting year so that the tariffs apply from 1 January to 31 December;
2. Harmonisation of the tariff setting year so that the tariffs apply from 1 October to 30 September;
3. Status quo – no harmonisation of the tariff setting year.

Consequences of the Options

As already described in the TAR NC LD and again in the SD, the likely consequences of the three possible options are set out below.

Option 1: The tariff setting year from 1 January to 31 December

- The tariff setting year would be aligned with the calendar year which could be advantageous for the clearing of the regulatory account
- The tariffs are published prior to the start of the capacity auctions in March, allowing a network user to purchase capacity and know the price of that capacity for at least three months (i.e. October to December) of the gas year, depending on length of tariff period e.g. one year or multiple years.

Option 2: The tariff setting year from 1 October to 30 September

- The tariff setting year would be aligned with the timing for the yearly standard capacity products as defined in the CAM NC;
- A network user would not know the tariff for capacity purchased in the yearly auctions in March because the tariffs would not be published as the minimum notice period is 30 days;
- The tariff setting year aligned with the timing for the yearly standard capacity products would have an impact on other regulated entities, such as DSOs

Option 3: Status quo

- The 'no change' option would be a neutral option in terms of IT system changes for TSOs and DSOs
- Network users would still experience different tariff setting years as occurs today. This might create additional complexity in transportation cost determination. In case of misalignment at the border, the bundled tariff could be subject to a double change during the year.

5. Assessment of Impacts & Comparisons

a. Background

Initial discussions regarding the Impact Assessment commenced with the publication of the LD. This was followed by a more detailed explanation in the SD and accompanied by some focused question, seeking stakeholder feedback on the issue of harmonisation. Both the questions posed, and the feedback received can be viewed in Appendix 2 to this document.

In addition to the questions posed in the SD, the topic of harmonisation was raised in the Refinement Workshop on 24th September 2014, where ENTSOG's initial thinking was outlined and stakeholders opinion was sought.

In parallel to this, feedback was also sought from all ENTSOG members across all Member States in the form of a spreadsheet to be completed as to the estimated costs and impacts on TSOs, DSOs, NRAs, Storage Operators and stakeholders and the results of which can be seen in Appendix 3 to this document.

This TSO feedback took the format of a spreadsheet whereby ENTSOG members were requested to provide their best estimates of costs and impacts on the following areas:

- 1) Cost
 - a. One-off costs for TSOs
 - b. Ongoing costs for TSOs

2) Impacts

- a. on DSOs
- b. on Storage Operators
- c. on Shippers/Traders
- d. on NRAS
- e. other impacts

They were asked to complete these costs and impacts for each of the 3 options for harmonisation based on 2 scales:

<u>Impact Scale</u>	
-3	High negative
-2	Medium negative
-1	Low negative impact
0	No impact
1	Low positive impact
2	Medium positive Impact
3	High positive Impact

<u>Costs Scale</u>	
0	= > €5m
1	= > €2m and < €5m
2	= > minimal/zero costs and < €2m
3	= Zero/minimal costs

From the 3 options, the scores were then tallied and the option resulting in the highest score theoretically would have the least costs and impacts for all relevant stakeholders impacted by harmonisation. The scores were as follows:

Option	Score
Option 1 - Harmonisation January - December	42
Option 2 - Harmonisation October - September	17
Option 3 - Maintain Status Quo	96

b. Taking the harmonisation approach (Option 1 or Option 2)

Option 1 - Harmonisation January - December

ENTSOG currently has 44 members and of those members that responded to the questionnaire sent to them (and as shown in section 3), there are four Member States (comprising seven TSOs) where the tariff year for TSOs, DSOs and SSOs is from October to September. Again this would imply that should the tariff year be harmonised to this January – December instead, then this would impact the other 37 TSOs and the respective DSOs, NRAs and customers.

Option 2 - Harmonisation October - September

There is a majority of 15 Member States (comprising of 32 member TSOs) where the tariff year for TSOs, DSOs and SSOs is from January to December. Therefore this would imply that should the tariff year be harmonised to a October – September period, then this would impact the other 12 TSOs and the respective DSOS, NRAs and customers.

If the tariff setting year is harmonised (to either option one or option two above) then the impact on TSOs and stakeholders will vary depending on their current tariff setting year. Advantages for one TSO, shipper etc. may mean a disadvantage for another. A summary of the impact on the various stakeholders is outlined below:

Impact on TSOs

- Easier to build a price for bundled products for those that systems that currently have different tariff setting years at either side of the border
- Could lead to a delay in the recovery of revenues (in the case of under-recovery) as may span more than one regulatory period
- Any cost control/accounting adjustments will need IT resources to facilitate them

- Updated billing and invoicing with associated IT costs
- Updating tariff calculation models and reporting schedules/formats with associated costs
- Possible adjustment of existing contracts
- Additional personnel costs in relation to calculation of tariffs and regulatory account if the tariff setting year is different to the revenue year
- The way in which the regulatory account is cleared will have a one-off change

Impact on DSOs

- In some countries there may be no impact on the DSOs
- In other countries, especially those with a large number of DSOs, there will be a high negative impact, as it is likely that the DSO tariff setting year will also have to change, particularly if the TSO does not publish binding tariffs for more than one tariff year
- The way in which the regulatory account is cleared will have a one-off change
- DSOs may have to forecast the missing period of prices and bear the liquidity risk by using the regulatory account
- Any cost control/accounting adjustments will need IT resources to facilitate them
- Updated billing and invoicing processes with associated IT costs
- Updating tariff calculation models and reporting schedules/formats with associated costs
- Personnel costs related to above mentioned points
- Possible adjustment of existing contracts

Impact on Storages

- In some countries there is no impact on the storages

- In other countries there will be a high negative impact, as most storages are setting their tariffs from April to March, and should harmonisation be applied across the Member States from October to September for example, the tariffs applied to the access to and from storage facilities would be changed six months after selling the capacity, and therefore storage customers will face a tariff change in the middle of their yearly storage bookings. (This is the same issue that the shippers currently have on CAM products)

Impact on Stakeholders (Shippers/Traders)

- Assuming harmonisation from 1st October to 30th September, the tariff setting year would be aligned with the timing for the yearly standard capacity products as defined in the CAM NC
- It will become easier to calculate and compare the costs of different transportation routes across Europe
- Regardless of the time period chosen for harmonisation, a network user would not know the tariff for capacity purchased in the yearly auctions in March because the tariffs would not be published until e.g. 1st September for a tariff year commencing 1st October, where the minimum notice period is 30 days, and would only know the tariff for the first three months of the capacity year if harmonisation occurred from 1st January to 31st December
- Possible increase in TSO and DSO tariffs due to the inclusion of the costs relating to the harmonisation of the tariff setting year
- Adjustment of existing contracts may be required
- More efficient cross-border trades, easier market integration and increased liquidity and competition.
- Reduction of complexity and the associated reduction in internal resources.
- Increase price certainty, be more transparent and support bundled capacity products.

Impact on NRAs and Legislators

- NRAs would have to change the national legal and regulatory framework should their tariff setting year be altered as a result of harmonisation.
- Personnel and IT costs related to the above mentioned point

Other Impacts/Stakeholder views

Stakeholders have proposed an option that would aim to minimise the impact of any harmonisation of the tariff setting year, proposing that only the tariff setting year of IPs is harmonised. This proposal would have a number of benefits over the full harmonisation, mainly focused on the reduced impact on DSOs and SSOs. However, there are a number of additional issues that would be created with such an option. These are:

- Increased process complexity – the tariffs would need to be calculated twice, once for IPs and once for other points, with different timescales
- Potential increase in cross subsidies – as the tariffs are calculated at different times, there may be a cross subsidisation between IPs and non-IPs
- Determination of model input parameters – the tariff setting model has a number of parameters that can vary across the year. What parameters should go into each model run would need careful consideration to better manage potential cross subsidies, to ensure accurate and timely cost recovery and also to ensure no user is discriminated.
- Allocation of under or over recoveries of allowed revenue – for each IP and non-IP tariff calculation, the apportionment of under or over recoveries of allowed revenue would at best be inaccurate and at worst arbitrary, leading to increased cross subsidies

In addition to this, other stakeholder opinion included the following:

- For some respondents, it is difficult to quantify the benefits and the costs of the asked harmonisation. But for some other respondents, the costs of harmonisation of the tariff setting year are likely perceived as a one-off, as a secondary element and the benefits of harmonisation presumably outweigh the costs in the long run, with the improvement of the business.

- Some stakeholders point the fact that they don't want to see the tariffs increased because of tariff setting year harmonisation. If harmonisation in TAR NC is applied, ENTSOG has to define clear rules for the management of the transition

6. Conclusion & Impact on TAR NC

There is a trade-off between the costs necessary for harmonisation of the tariff setting year and the benefits that harmonisation may bring for network users. In countries with only a few IPs but a lot of other points (non-IPs) a change of the tariff setting year to be in line with the CAM auctions might create unnecessary problems for the system as a whole.

After considering the 3 options as outlined above, the recommendation of ENTSOG is to maintain the status quo or in other words not to harmonise the tariff setting year.

Whilst there may be some benefits in harmonisation, following analysis of stakeholder and member response, there appeared to be other issues deemed more important than harmonisation of the tariff setting year.

A key request of the market is to have information relating to tariffs prior to the commencement of capacity auctions and stakeholder requests have included:

1. The publication of binding tariffs prior to the commencement of auctions
2. The publication of indicative tariffs prior to the commencement of auctions
3. Moving the timing of the annual auctions from March to later on in the year (e.g. from March to September)
4. The publication of multipliers and seasonal factors prior to the auctions (that will not change for the duration of the capacity year)
5. The publication of a tariff model

Many stakeholders felt that issues such as above were far more important than the harmonisation of the tariff setting year. Reasons stated for such requests included the fact that shippers need to know the prices for all capacity products in order to make reasoned decisions when deciding to buy the different capacity products (yearly, quarterly, monthly, daily), as the tariffs for the different products will influence their buying decisions. One of the purposes of the

auctions is to reveal shippers willingness to pay for capacity products, however it is not possible to do this if the reserve price for the auction is not known. If shippers do not have certainty of each of these elements, they will essentially be bidding blind. They would therefore be far more inclined to leave their capacity bookings to monthly, daily or within day products, as these are the only products for which there will be price certainty in advance of their respective CAM NC auction dates. Harmonisation of the tariff setting year would not imply price certainty of capacity products prior to the annual auctions.

It was also felt that the provision of forecasts of reserve prices for subsequent capacity years, based on the best information available to the TSO at the time, would also help shippers assess the implications of longer term capacity bookings.

Other proposals also suggested by stakeholders were to move the auctions for annual capacity from March to September in addition to many requests for the publication of a tariff model.

In order to alleviate the issue of non-harmonisation and to address some of the stakeholder concerns, ENTSOG instead recommends and will include in the refined draft TAR NC:

1. The publication of indicative reference prices for the next gas year prior to the auction start date
2. The publication of binding multipliers and seasonal factors prior to auction start date
3. The move of the annual auctions to later on in the calendar year⁴
4. The requirement for TSOs to publish either a tariff model or tariff trends for all remaining years in the current regulatory period that would enable stakeholders to estimate possible future prices

⁴ With regard to point 3 above, initial discussions within ENTSGs Capacity Working Group have led to the view that it would be possible to postpone the annual auctions until a later date in the Summer, to a date to be fixed by ENTSG when publishing the auction calendar, however further discussions will be required

Annex 1 – Abbreviations

ACER – Agency for the Cooperation of Energy Regulators established by Regulation (EC) No 713/2009 of the European Parliament and of the Council, 13 July 2009

CAM NC – Commission Regulation No 984/2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and supplementing Regulation (EC) No 715/2009, 14 October 2013

DSO – Distribution System Operator

ENTSOG – European Network of Transmission System Operators for Gas

EC – European Commission

EU – European Union

IP – Interconnection Point, as defined by Article 3(10) of the CAM NC

LD – Launch Documentation

NRA – National Regulatory Authority

SJWS – Stakeholder Joint Working Session

SD – Supporting Document

TAR FG – Framework Guidelines on rules regarding harmonised transmission tariff structures for gas, 29 November 2013

TAR NC – the Network Code on Harmonised Transmission Tariff Structures for Gas

TSO – Transmission System Operator for gas

Annex 2 – Consultation Feedback – Stakeholders

Are you concerned by the fact that tariffs are set / applied at different times of the year?	
BDEW	<p>Yes. The answer is Yes because of the following reasons:</p> <ul style="list-style-type: none"> • For network users which operate in different countries it is necessary to have access to sufficiently transparent information on tariff periods in every Member State. Network users have to be able to assess the development of the tariffs for upcoming periods on both sides of national borders. This will be difficult when NRAs in neighbouring EU Member States decide to have different tariff periods. Different tariff periods will make the assessment of future tariffs more difficult and less transparent. Problems will arise for bundled capacity products if tariff periods differ on either sides of the IPs. • From the DSOs' perspective, harmonised tariff periods between TSOs and DSOs are most important as well as timely information on TSO tariffs. The DSOs are customers of the TSO. In Germany, the DSOs have to calculate and publish their tariffs at de-fined dates (11 weeks before 1st of January). The amount the DSO has to pay for the usage of the TSO network is a considerable share of the DSO tariff. Therefore, in Germany the DSOs need to know the TSO-tariffs at least 13 weeks before 1st of January. Thus, harmonised tariff periods within one country and across countries would be desirable. Besides it would be convenient if tariff periods and the capacity allocation periods were aligned. At the same time, rules concerning accounting periods should be taken into consideration since many tariff setting components are based on accounting parameters. Due to the mutual dependencies the rules in the present NC TAR, NC CAM and NC Balancing have to be subject of a comprehensive discussion with the target of a harmonisation of the respective periods.
CER	No, Stakeholders (such as Shippers) here have not raised this issue in Ireland with CER. As NRA we are not concerned by this.
DEPA	Even though we see a harmonised tariff setting year across EU advantageous for the users, we are concerned, too, due to the complications that may arise and especially any possible tariff increase driven by the subject change that affects gas trading.
EDF Energy	Yes. This creates a situation where tariffs for a particular route could continually be in a state of flux. This creates an administrative burden and adds to the complexity of assessing forward trades and route comparisons where options exist.
EDF SA	Yes. EDF considers that in a common tariff period of either side on the IP would be a great improvement in the framework of bundled capacity. Indeed, different timing in tariff changes – if any – on either side of the IP is a source of complexity for shippers in order to optimize their gas transportation route.
EDF Trading	<p>Yes. Frequent and inconsistent timings of tariff changes undermines the efficiency of the capacity booking process and distorts energy trading. Bundled capacity products exacerbate this situation if tariff periods either side of an IP differ.</p> <p>Unpredictable and disjointed changes in tariffs can easily turn profitable transactions into loss making ones, as margins may be eaten away by tariff increases after the transaction has been</p>

	executed. This is why it is so important for network users to be able to obtain a reasonable degree of tariff predictability.
Edison SpA	Yes. Provided that the price of bundled capacity is calculated as the sum of the national tariffs at the two sides of an IP, an inconsistent tariff approach at each side of an IP could represent a problem once bundled capacity products will be the rule. In particular, if tariffs change at different times of the year network users will not be able to effectively compare which is the most cost effective route to transport gas. The same tariff year applied at all IPs is therefore a preferable option under an operational point view.
EDP	Yes. EDP sees value in having a standard gas tariff year across the EU, starting on 1 october. In our view it will allow network users to better manage and coordinate their booking of transmission capacity across the EU, and be less administratively burdensome. If this measure is establish the coherence between 'tariffs year' and capacity 'allocation year' (October – September) should be desirable as we mentioned before. On the other hand, it is important that each system control each deviations (costs Vs revenues) and makes its tariffs revision to adjust them avoiding a cross subsidies between periods (i.e. between years). So, same revision times could be established conditioning the current revision of each systems tariffs to the current deviation. All that based on an ex ante established rules.
EFET	Yes. Frequent and inconsistent timings of tariff changes undermine the efficiency of the capacity booking process and distort energy trading. Bundled capacity products exacerbate this situation if tariff periods either side of an IP differ. Unpredictable and disjointed changes in tariffs can easily turn profitable transactions into loss making ones, as margins may be eaten away by tariff increases after the transaction has been executed. This is the main reason why it is so important for network users to be able to obtain a reasonable degree of tariff predictability.
Enel SpA	[no response]
Energie-Nederland	Yes, in addition to harmonising the tariff year for IPs, it is important that the reserve prices, multipliers and seasonal factors applicable to the first tariff year are published in advance, i.e. at least 30 days before the annual capacity auction in March. This is necessary to enable network users to determine their commercial booking strategies.
Energy UK	Yes. This creates a situation where tariffs for a particular route could continually be in a state of flux. This creates an administrative burden and adds to the complexity of assessing forward trades and route comparisons where options exist. Tariffs and other factors which affect charges such as multipliers should be published at least 60 days before the start of the annual auction and be valid for the entire relevant auction year.
Eni SpA	Yes. The application of different tariff periods is a complication for users booking capacity products, in particular in case of bundled products if tariff periods differ either side of an IP. This could undermine the efficiency of the capacity booking process and distort energy trading.
E.ON	Yes. We are concerned because Art 27 (2) requires the publication of tariffs applicable for the next tariff period only 30 days in advance of its application. As the default tariff period is the calendar year network users do not know the tariffs at the time they have to choose their booking strategy, i.e. deciding how to distribute their transportation needs on yearly, quarterly, monthly and daily products. In order to assess the underlying costs properly the tariffs would have to be known at least 30 days in advance of the yearly capacity auction, which according to NC CAM has to take

	place in early March and where network users acquire capacities valid from October of the relevant calendar year onwards. This means that 10 out of 12 months of a yearly standard product would be subject to potential price hikes which are known to the network user only 9 months after their acquisition.
ESB	Yes. The answer would be No - if it is done according to a known schedule, changes are limited in frequency (to say 1 or 2 changes per year, to maintain cost reflectivity) and in quantum, and information on indicative tariffs or sufficient tariff calculation material has been published to allow Shippers to understand tariff development. If tariffs at border points change at different times of year this can create issues with understanding which route is the most cost effective for moving gas cross border where alternatives are present. Stating tariffs only after an auction process is problematic, as capacity has been bid for and secured when the reserve price was unknown. This uncertainty results in uneconomic and inefficient purchases, which impact the end-user.
Esso Nederland BV	Yes. 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. We are concerned about harmonisation of the tariff year with no alignment to the CAM NC auction calendar.
EUA - GSOG	n/a
Eurelectric	Yes, Frequent and irregular tariff changes are an administrative burden and truly bundled capacity should have a common tariff period either side of the IP. If tariffs change at different times of the year network users will not be able to effectively compare which is the most cost effective route to transport gas.
Eurogas	Yes
Gas Natural Fenosa	Yes
Gasterra	Yes, GasTerra considers it helpful if the tariff setting year would be aligned with the timing for the yearly standard capacity products as defined in the CAM NC, i.e. from 1 October to 30 September.
GAZPROM M&T	<p>Yes. The fact that tariff setting and application are not standardised creates an additional administrative burden and variations in pricing level that complicate forward gas trading. More important, however, are the implications of the standardisation of capacity booking process introduced by the Capacity Allocation Mechanisms code (CAM) [As defined in Commission Regulation 984/2013]. This prescribes that annual capacities will be auctioned in March for the upcoming October-September capacity years. CAM also defines the table for the release of quarterly, monthly and daily capacities. The March annual auctions are the last occasion that annual capacity tranches can be purchased for the next October to September period, the capacity year to which the first annual capacity tranche corresponds. Subsequent to this quarterly, monthly and daily capacities can be purchased for that same period. In order to optimise a network users capacity bookings it is essential that the reserve prices associated with the annual, all quarters (for quarterly products), all months (for monthly products) and all days (for daily products) are known before the March auctions.</p> <p>One of the objectives of the capacity auctions is to reveal shippers 'willingness to pay' for different capacity products. It is not possible for shippers to do this if they do not know what the payable price will be. Thus the objectives of both CAM and the tariff code can only be realised if all prices applicable during the upcoming October to September capacity year are known ahead of the last preceding March auction. Alignment of the tariff period with the capacity year would therefore be</p>

	helpful. If this is not possible then TSOs will need to find a way of ensuring that shippers know all the reserve prices for all auctions in a capacity year ahead of the March annual capacity auction.
GDF Suez	Yes. Tariff must be set before the yearly auctions. If not, it's a major incentive for shippers to book short term, as yearly products are to be penalized by a significant risk premium. This problem is enhanced by the refusal of some TSOs to publish a working tariff model. The simplest way to achieve this goal is to set an tariff year coherently with the CAM code, e.g. beginning the 1st of October, with a full publication of Tariff (including multipliers and seasonal factors) in January or the 1st of February, valid for the whole Tariff year. This harmonised calendar will also facilitate the management of auctions of bundled products, and of secondary market.
GDF SUEZ INFRASTRUCTURES	This question should be answered by the network users.
HANDEN	Yes
Hungarian Gas Tranzit	Yes. Hungarian Gas Transit Ltd as a transmission licensee is concerned in this issue.
IFIEC	Yes, even the tariff setting years are different throughout Europe and the tariffs are applicable from different dates.
OGP	Yes, 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. We are concerned about harmonisation of the tariff year with no alignment to the CAM NC auction calendar.
SSE	Yes, Users might experience different tariff years. This would create misalignment at the IP and double tariff changes for bundled units of IP capacity.
SSE Hornsea Ltd	[no response]
Statoil	Yes, EU network codes represent in general a big harmonisation opportunity while we know that transition to new ways to operate always comes with costs. Harmonising the tariff year, the regulatory periods, the timing of the notification of reference prices, multipliers and seasonal factors, the assessment methodology to measure the risk of interruptibility for interruptible capacity and the related discount may well come with adjustment costs. However, focus should be on observing the benefits of bringing the different national markets together by allowing a more immediate compare of business opportunities across Europe. Furthermore, in the case of notification timing for reference prices, multipliers and seasonal factors, interruptible capacity information harmonisation among countries and alignment with the CAM auction calendar is even more important. Shippers' booking strategies will in fact depend on the amount and kind of information available in this respect. This is particularly true in a context of floating tariff where the push towards yearly and less than yearly capacity product is evident and material. The reference prices, seasonal factors and multipliers for CAM NC points should be set and published before the annual March auction.
Vattenfall	Yes, the biggest concern of Vattenfall is with the lack of information on tariffs at the time of booking. When we sell products to customers, they want to know what they will pay. In addition, for almost all investment decisions, capacity plays a part in determining whether or not a project makes financial sense. Regarding the commodity prices, we have experience, tools, people and transparent data that helps us assess prices that are not yet determined. On the capacity side,

	regulatory change determines the risk and this – at this moment in the European markets – is not a risk that can be calculated, reasoned or determined sufficiently. For this reason, Vattenfall proposes a simple (for the customers of the TSO) system in which capacity products are offered at a regulated price. In principle, this price should be set for the whole duration of the capacity contract. However, as ENTSOG has mentioned several times that this is not achievable, we believe a possible alternative is to provide a transparent overview of the elements that may lead to a change in the tariff in the following period. This can be paired with a tariff estimation by the relevant TSO for the following period.
VKU	Yes. VKU sees the benefit of harmonised tariff setting dates to foster competition. For network users with cross-border activities it would ease numerous processes such as the assessment of tariffs. Nevertheless, VKU wants to point out that publishing all network tariffs at the same time is not necessary. Regulation has to make sure that every market participant knows the relevant tariffs at that time when he has to calculate the tariffs for his customers. Thus, harmonising tariff periods between DSOs and TSOs is of high relevance: For example, German regulation defines that the DSO has to publish preliminary tariffs for the mass market 12 weeks before the 31st of December (1st of January: date of publication of DSO tariffs). Therefore, it is necessary at this time of the year that the German DSO knows the relevant TSO tariffs, because they make up a considerable amount of his own tariffs.
VNG Energie Czech	Yes
VNG Slovakia	Yes
VNG	Yes

If you are concerned, then do you think that the tariffs should be set / applied at the same time of the year by all TSOs?	
BDEW	Yes. As proposed in the answer to question no. 21, it would be desirable if the tariff period for all TSOs in Europe could be harmonised. At the same time, they should take into account auction and balancing periods and coincide with the DSOs' tariff periods (see question no. 21). For Germany, the latter would require a tariff period from January 1st to December 31st. A shift to a different tariff period will not be approved by the German network operators (TSOs and DSOs). Concerning the date for setting the network tariffs, network users would favour a publication of final tariffs in due time before their application. Network operators, however, have to take into consideration many factors when calculating the tariffs, some of which are only known shortly before the start of the tariff period. This is why consistent rules concerning the periods set by the auction calendar, the tariff periods and the date for the publication of final tariffs have to be established, taking into account the interests of the different parties concerned.
CER	No
DEPA	We support harmonisation of the tariff year as a positive element for cross-border trading. and propose that the start of the tariff year be the 1st of January.
EDF Energy	Yes, Ideally the tariff year should be aligned and the majority of gas shippers have suggested October each year to align with the capacity year and gas supply contracts but this could be explored in more depth in the impact assessment.
EDF SA	Yes. Whilst EDF recognizes there could be administrative and/or regulatory burdens associated

	with harmonising the tariff year across the EU, such burdens are of a one-off nature. Harmonising the tariff year is also consistent with the approach taken in the CAM NC and BAL NC.
EDF Trading	<p>Yes. As a minimum, EDF Trading thinks that all capacity which falls within the scope of the CAM NC should have the same tariff year. This should be consistent with the October – September yearly standard capacity product described therein. Network users would then have assurance that reference prices for capacity at all EU IPs would apply for the same period, and be set and changed at the same time.</p> <p>Multipliers and seasonal factors must also be set and apply consistently for each tariff year, and should not change throughout this period. Article 27.3 currently allows for this and so should be amended.</p>
Edison SpA	<p>Yes. The application of a common tariff year should be pursued and the choice of a year starting in October, corresponding to the most widespread gas year, seems more suitable to ensure consistency with yearly capacity products (starting in October) and their tariff. However, the NC should also foresee clear rule for the management of the transition in systems that are now adopting a tariff setting year different from the one that will be finally chosen. For instance, it should be clarified when the change of the tariff setting year can take place (preferably at the beginning of a new regulatory period).</p>
EDP	Yes. Please see answer to question 21
EFET	<p>Yes. Whilst we recognise there are administrative and regulatory burdens associated with harmonising the tariff year across the EU, such burdens are of a one-off nature. Harmonising the tariff year is also consistent with the approach taken in the Capacity Allocation (CAM NC) and Balancing (BAL NC) Network Codes to harmonising the capacity year and gas day, which also have administrative and operational burdens associated with them.</p> <p>As a minimum, we think that all capacity which falls within the scope of the CAM NC should have the same tariff year. This should be consistent with the October – September yearly standard capacity product described therein. Network users would then have assurance that reference prices for capacity at all EU IPs would apply for the same period, and be set and changed at the same time.</p> <p>Multipliers and seasonal factors must also be set and apply consistently for each tariff year, and should not change throughout this period. Article 27.3 currently allows for this and must be amended.</p>
Enel SpA	<p>Yes. It is important that the reserve prices, multipliers and seasonal factors applicable to the first tariff year are published in advance of the annual capacity auction. This is necessary to enable network users to determine their commercial booking strategies.</p>
Energie-Nederland	<p>Yes, 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.</p>
Energy UK	<p>Yes. Ideally the tariff year should be aligned, and our Members have suggested October each year but this needs to be explored in more depth in the impact assessment</p>
Eni SpA	<p>Yes. We support the proposal to standardize the gas tariff year across the EU starting from the 1st of October, coherently with the yearly capacity products of the CAM NC. Multipliers and seasonal factors must also be set and apply consistently for each tariff year, and should not change</p>

	throughout this period.
E.ON	Yes. Ideally this would be the case as all TSOs offer the same set of standard products.
E.ON Gas Storage	[no response]
ESB	Yes. It would be useful to harmonise the tariff year at border points where alternative routes exist. Consistency with the Gas Year would be useful, as the CAM products are based on the Gas Year timeline. The objective is to facilitate trade and to manage risk with market benefits, through increased liquidity, being passed through to the consumer following arbitrated prices. This stable framework would be necessary to deliver such gains forecast - the TSO cannot at will and to their own benefits deliver changes when it suits them and their regulated income to the detriment of the trade this is intended to facilitate.
Esso Nederland BV	Yes. Please refer to answer 21. Alignment of the tariff setting period is most important for CAM NC points. Tariffs for entry and exit point that are not subject to CAM auctions could be set at different times (similar to DSO tariffs).
EUA - GSOG	n/a
Eurelectric	Yes, Tariffs that apply at IPs should be set and applied subject to a harmonised tariff year. The tariff year should be consistent with the capacity year defined in the CAM NC, i.e. October – September. Whilst it may not be strictly necessary for the same harmonised tariff year to apply to all non-IP entry and exit points, TSOs and NRAs may find it easier to adopt a harmonised approach for all entry and exit points, rather than having different tariff years for different classes of entry/exit points. In addition to harmonising the tariff year for IPs, it is important that the reserve prices, multipliers and seasonal factors applicable to the first tariff year are published in advance, i.e. at least 30 days before the annual capacity auction in March. This is necessary to enable network users to determine their commercial booking strategies. If this information is not available at this time, or it changes after the auction has closed, network users won't know the overall price of the capacity they are bidding for. Nor will they know what the relative prices of annual, quarterly, monthly, daily and within day capacity are. So they cannot objectively determine whether to profile their capacity bookings or the relative proportions of short term capacity to book.
Eurogas	Yes, Eurogas would favour having a standard gas tariff year across the EU starting on 1 October. This could ease back-office work and be consistent with the long-term capacity auctions which sell yearly capacity products starting on 1 October; In particular, with the introduction of bundled products, the application of different tariff years would aggravate complications.
Gas Natural Fenosa	Yes
Gasterra	Yes, GasTerra would like this to happen simultaneously for all products offered by all TSO's.
GAZPROM M&T	Yes. If this is not the case the pricing of bundled capacity is problematic, as it means that the tariffs making up part of the bundled product may change at different times, leading to greater unpredictability for shippers.
GDF Suez	Yes. The important point is that tariff must be set before the yearly auctions, and cover entirely the period of the first yearly product. The simplest way to achieve this goal is to set an tariff year coherently with the CAM code, e.g. beginning the 1st of October, with a full publication of Tariff (including multipliers and seasonal factors) in January or the 1st of February, valid for the whole Tariff year.

GDF SUEZ INFRASTRUCTURES	This question should be answered by the network users.
HANDEN	Yes, it is necessary for network users who operate in different countries to have easy access to transparent information in every Member State it is important to know the reserve price before the annual CAM auction.
Hungarian Gas Tranzit	Yes. Tariffs setting at the same time of the year is benefit for all players, because the different tariff setting in the year create complexity to calculate the transmission cost for more entry/exit systems.
IFIEC	Yes
OGP	Yes, Please refer to answer 21. Alignment of the tariff setting period is most important for CAM NC points. Tariffs for entry and exit point that are not subject to CAM auctions could be set at different times (similar to DSO tariffs).
SSE	Yes, Our preference would be for an October start to the tariff year.
Statoil	Yes, Please see answer 21.
Vattenfall	As mentioned above, we are only concerned with a tariff setting time that provides Vattenfall and the rest of the market with a tariff with sufficient time for internal analysis before being presented with the opportunity to book the product.
VKU	No. Cf. answer to Nr. 21: National regulatory agencies should be able to define tariff publication dates that are harmonised with already existing national regulation.
VNG Energie Czech	Yes it is important for shippers who operate in Europe to have sufficient transparent information about the tariffs at the same time before the annual auction in March. Different periods would make it more difficult for comparisons and assessment.
VNG Slovakia	Yes, Network users should be able to assess the development of the tariffs for upcoming periods on both sites of the national borders. Different tariff and regulatory periods will make it difficult to assess and less transparent.
VNG	Yes, With regard to cross-border trade it should be possible to ensure tariff periods in line with CAM NC (GWJ Oct.-Sep.). However more important is that tariffs, multipliers and seasonal factors (where used) have to be published and fixed for one year at least 30 days before annual CAM auctions in March. (necessary for shippers to plan the level of capacity bookings). Furthermore there are still upcoming problems for bundles capacity products if tariff periods differ on either sides of the IPs.

Could you identify the benefits of the harmonisation of the tariff setting year, if any, for your business, and could you quantify them?	
BDEW	For trading companies which act internationally, a harmonised tariff setting year would be beneficial. The arguments for this are presented in the answer to no. 21.
CER	n/a
DEPA	DEPA, as a mid-streamer in the gas supply chain, applies the calendar year (1st Jan-31st Dec) for the majority of its supply contracts with its customers and all of its contracts with its suppliers. DEPA will, therefore, suffer little cost and disturbance should the calendar year be adopted EU-wide as a tariff year. In its foreseeable future as a regional trader, DEPA also aspires to bundled

	capacity IP products where it will enjoy tariff stability within each accounting year, which also happens to be the calendar year.
EDF Energy	Apart from less complexity for operations, traders and back room staff a harmonised tariff year would also improve competition and cross border trade as charges across markets could more easily be compared by market participants.
EDF SA	Having a standard gas tariff year across the EU would clearly help the trade of bundle products and avoid inefficient capacity misalignments. Thus we believe that this improves competition, cross border trade and market integration as charges across markets could more easily be compared by market participants. For example, starting on October 1st would be consistent with long-term capacity auctions and supply contracts which could be seen as a useful harmonisation. However, ENTSG should carefully analyze the impact of such harmonisation in terms of costs and evolution of IT systems for both TSOs and network users. Eventually, EDF would like to recall the critical need for shippers to have visibility and be able to predict in a reasonable manner future tariff evolution.
EDF Trading	A harmonised tariff year provides more operational consistency and greater price certainty, which enhances opportunities for cross-border arbitrage and trading. This will in turn results in more efficient cross-border gas flows and progress in market integration.
Edison SpA	It is difficult to quantify benefits, but certainly there are advantages under an operational perspective (management of contracts, etc.) and more price certainty for users booking yearly and quarterly capacity products.
EDP	Please see answer to question 21
EFET	As a trade association EFET is not able to identify, or quantify, the benefits of harmonising the tariff setting year from an individual company perspective. However, a harmonised tariff year provides more operational consistency and greater price certainty, which supports more frequent and efficient cross-border trading. Profits from arbitrage are less likely to be undermined by increases in tariffs at one side of the IP but not the other during the transaction period. We also think it would be easier to integrate markets if tariff periods and tariff setting processes are consistent throughout the EU, at least in respect of cross-border capacity.
Energie-Nederland	Energie-Nederland cannot quantify the benefits of its members.
Energy UK	Energy UK is a trade association. Our members have reported there would be less complexity for operations, traders and back room staff if the tariff year were harmonised, such that charges across the EU all changed at the same time. This would also improve competition and cross border trade as charges across markets could more easily be compared by market participants
Eni SpA	n/a
E.ON	For identification see response to Q 21, quantification is not possible.
ESB	We already operate in markets where tariffs are set at different times and so our systems are able to cope with this, although input of the additional tariff change is required. Harmonisation of the tariff setting year Oct-Sep would provide greater certainty on transportation costs for the Gas Year.
EUA - GSOG	n/a
Eurelectric	Eurelectric cannot quantify the benefits of its member associations.
Gas Storage	Gas storage users suffer from differences in tariff structures between Member States in general.

Netherlands	These differences hamper cross-border trade. They create inefficiency if gas storage in country A is used to supply a customer in country B.
Gasterra	A benefit of harmonisation of the tariff setting year will be increased stability of the payable price for bundled products. To make the option to fix the payable price available to network users in practice a harmonised tariff setting year (from 1 October to 30 September) across all TSO's would be even more preferred (we refer to our answers to questions 2, 12, 27, 47, 48 and 51).
GAZPROM M&T	See our response to Question 21.
GDF Suez	The important point is that tariff must be set before the yearly auctions. If not, it would seriously hamper cross-border trade, and disqualify long term bookings : unpredictable and disjointed changes in tariffs can easily turn profitable transactions into loss making ones, as margins may be eaten away by tariff increases after the transaction has been executed. This will result in risk premiums and increased transactions costs, lowering liquidity and optimization of capacities. By setting the tariffs earlier, TSOs and NRAs won't be able to forecast as precisely the parameters of the tariffs, which may result in higher regulatory account. First, it is compensated by more yearly bookings by shippers thanks to predictability (if other measures such as multipliers does not completely prevent such booking strategies), which improves tariff forecasts. Moreover, if it exists, this side effect on the regulatory account does not impact each first coming gas year, that concentrate most of the trade, but only subsequent years where other risks are already important, and finally this side effect can be mitigated by a transparent and regularly updated forecast of the regulatory account level, coupled with a working tariff model. Quantification of impact would depend on the level of associated risk premium and transaction costs that would depend on the level of transparency and of volatility of the tariff, which are very high recently.
HANDEN	No
Hungarian Gas Tranzit	The tariffs were published prior the start of the gas year and network users know the price before they booked yearly capacity for the gas year. Network users can calculate the cost of transmission for the whole gas year and TSOs also can calculate the revenue.
IFIEC	Harmonisation, transparency and predictability. It is out of our experience to be able to quantify.
SSE	n/a
Statoil	Please see answer 21 and also: <ul style="list-style-type: none"> ● Knowledge pooling reducing resources dedicated to country specific aspects ● Decision making processes unified across national markets ● Possibility to better devise Europe wide marketing strategies
Vattenfall	We believe that harmonising the tariff setting year could improve cross-border flows. However, this effect is minor if only the tariff setting is harmonised, rather than the actual products.
VKU	For trading companies which act internationally, a harmonised tariff setting year might be beneficial, but the benefit cannot be quantified.
VNG Energie Czech	No
VNG Slovakia	No
VNG	Yes, harmonisation increases efficiency and decreases overhead costs. Harmonisation promotes competition in- and between the EU Member States, it guarantees a more operational consistency, price and planning certainty which would support a more frequent and efficient cross-border trade.

Could you identify the costs of harmonisation of the tariff setting year, if any, for your business and could you quantify them?	
BDEW	No. The process of harmonisation itself would generate costs for those TSOs, DSOs and other actors which are affected by an adjustment of the tariff setting period or other related adjustments. The costs cannot be quantified. They should be minimised by taking into account the rules and periods prevailing in Europe today. In this case the overall costs of harmonisation would presumably be outweighed by the benefits in the long run.
CER	No, NA. Not a business. However, we would note that IT investment by our TSO will be required in the forthcoming 3 years to facilitate the Network Codes. The cost of this IT Capex in 2014 alone will add significant costs to the required revenues of the TSO and ultimately as regulator we would be concerned that further additional costs that are unnecessary would arise out of gas year harmonisation.
DEPA	So far, DEPA hasn't quantified such a cost, though we expect it to be limited and one-off., if the calendar year is adopted.
EDF Energy	No, It is difficult to estimate the costs however if it was harmonised to an October gas year there would be minimal costs for GB gas shippers given charges are set every October along with capacity and Industrial & Commercial supply contracts.
EDF SA	EDF considers that these costs are difficult to quantify at the moment. However we do forecast potential costs related to the transition for at least operational and IT issues. In this respect, the TAR NC should foresee clear rule for the management of this transition.
EDF Trading	Yes. EDF Trading sees the costs of harmonisation as being associated with IT and operational changes to be carried out by shippers and TSOs. These costs are however of a one-off nature and will be concentrated in the first year following the implementation of the TAR NC. On the other hand, benefits will be continuous.
Edison SpA	Yes. It is difficult to quantify these costs, but certainly operators active in markets where the tariff setting year will be changed (in case of harmonisation) will have to bear the costs related to the transition (e.g. change of IT systems, amendment to contracts, etc).
EDP	No. In our view, harmonisation should not have any relevant costs.
EFET	No. As a trade association EFET is not able to identify or quantify the costs of harmonising the tariff setting year from an individual company perspective. However, we expect these to be mainly procedural and/or IT related. Any costs faced by network users are likely to be one-off, whereas the benefits are continuous.
Energie-Nederland	Energie-Nederland cannot quantify the costs of its members.
Energy UK	As a trade association we are not well placed to comment but we recognise that costs will depend on which date the tariff year is harmonised to, since there is a diversity of tariff years across the EU. We consider October would be the most logical choice since this aligns with the capacity year.
Eni SpA	No
E.ON	No. For identification see response to Q 21, quantification is not possible.
ESB	Yes. As above, although the input of the additional tariff change would no longer be required - minimal cost/saving.

Esso Nederland BV	No
EUA - GSOG	n/a
Eurelectric	No, Eurelectric cannot quantify the benefits of its member associations.
Gasterra	No
GAZPROM M&T	Cost may occur if changes to existing related commercial contracts are required.
GDF Suez	No significant cost, but operational benefits (simplified IT).
HANDEN	No
Hungarian Gas Tranzit	No
IFIEC	No
Statoil	No, We understand TSOs claim that a strong harmonisation push in this respect would come with costs and we would be happy to see them quantified and compared to the benefit the market would gain.
VKU	No. The process of harmonisation itself would cause costs for TSOs, DSOs, and other actors since many processes would have to be adapted. For the mass market, harmonised European tariff dates would probably hinder competition, if the national regulatory agency does not get the opportunity to consider already existing national regulation on publication dates.
VNG Energie Czech	No
VNG Slovakia	No
VNG	No, difficult to quantify specific costs but there is an expectation that they are mainly procedural and IT related. The costs for shipper are probably to be one-off while the occurring benefits are continuous.

If applicable, do you think the benefits would outweigh the costs?	
BDEW	Under the conditions depicted in question no. 24, the benefits of harmonisation presumably outweigh the costs in the long run.
CER	No, The harmonisation of the gas year is not a legislative requirement and we would urge that the current plethora of Network Codes are finalised and implemented first. This adds unnecessary complexity at a time of significant change.
DEPA	Yes, we believe that the benefits would outweigh the costs.
EDF Energy	Yes
EDF SA	Yes. EDF considers that these costs are difficult to quantifying the benefits is a difficult exercise to be done right now. However, as stated in Q23, EDF considers that such an harmonisation would provide greater in tariff setting at IPs which will improve the business efficiency of shippers operating in multiple EU markets and the functioning of the internal market.
EDF Trading	Yes. Greater consistency in tariff setting at IPs improves the business efficiency of shippers operating in multiple EU markets and improves the functioning of the internal market. These benefits will be further enhanced if a harmonised tariff setting year is accompanied by a proper notice period allowing shippers to know the tariffs for all products in the incoming gas year (including multipliers and seasonal factors) prior CAM yearly capacity auction in March (crf. Q26).
Edison SpA	Yes

EFET	Yes. Greater consistency in tariff setting at IPs improves the business efficiency of shippers operating in multiple EU markets and improves the functioning of the internal market.
Energie-Nederland	We cannot answer this question because we are not able to quantify the benefits or costs of our members.
Energy UK	The one off costs of implement would need to be assessed against enduring benefits
Eni SpA	Yes
E.ON	Yes. Costs seem to be one-off costs whereas benefits will stay.
ESB	This is not totally clear as the costs potentially include a decrease in the efficiency and cost-reflectivity of the tariff setting itself, e.g. we may make a saving on process and admin costs, but tariffs may be higher/lower for the period than they otherwise would have been under the current regime as the TSO is forced to set tariffs without the current level of cost information available to it.
EUA - GSOG	n/a
Eurelectric	As we are not able to quantify the benefits or costs we cannot answer this question.
Gas Natural Fenosa	Yes
Gasterra	Yes
GAZPROM M&T	This is difficult to quantify. However if shippers do not know the relative costs of different capacity products they cannot reveal their willingness to pay, thus undermining the value of the auctions. Without knowing the costs of the different capacity products (annual, quarterly, monthly, daily) before the March capacity auctions, shippers will not be able to optimise their capacity costs over the October - September capacity year.
GDF Suez	The fact that tariffs are set before the yearly auctions clearly increases global welfare (see Question 23).
HANDEN	Yes
Hungarian Gas Transit	Yes. I only identify benefits regarding to the harmonisation of the tariff setting year.
IFIEC	Yes, these costs are secondary to the benefit transparency and harmonisation will deliver in market development. It's the basis for market confidence.
SSE	No, Although difficult to quantify, we believe the benefits will outweigh the costs of harmonising the tariff setting year.
Statoil	Yes, Definitely so by contributing to making markets closer and easier to compare when strategic marketing choices are made.
VKU	Yes. Since neither benefits nor costs can be quantified, this question cannot be answered reliably. In the long run, the costs resulting from the harmonisation process (which only occur once) will be outweighed by the benefits.
VNG Energie Czech	Yes
VNG Slovakia	Yes
VNG	Yes

Annex 3 – Impact Assessment – ENTSG member feedback

1. Option 1 – Harmonisation from January - December

Country	TSO Tariff Setting Year (1st January - 31st December)	TSO Tariff Setting Year (1st October - 30th September)	TSO Tariff Setting Year (other please specify)	DSO Tariff Setting Year (1st January - 31st December)	DSO Tariff Setting Year (1st October - 30th September)	DSO Tariff Setting Year (other please specify)	No. of DSOs in Country	One-off costs for TSOs (scale 0 - 3)	Ongoing costs for TSOs (scale 0 - 3)	Impact on DSOs	Impact on Storage Operators	Impact on shippers / traders	Impact on NRAs	Other impacts	Explanation of other impacts	Totals
Austria	*			*			21	3	3	0	0	0	0			6
Belgium	*			*			17	3	3	0	0	0	0			6
Bulgaria																0
Croatia	*															0
Czech Republic	*			*			3	3	0	0	0	0	0			3
Denmark		*		*			4	1	1	0	1	2	2	1		8
Finland	*															0
France (TIGF)			1st April - 31st March			342	~25	3	3	0	-3	0	-2	-1	It increases uncertainties on other elements of the tariffs (on none CAM points), in terms of assumptions and, consequently, in terms of timely revenue recovery. Besides, it will require to change internal processes and does not match the companies annual budget exercise that are usually conducted between September and November, make it more difficult to get board approval on a subject that effectively affect the companies' budget	0
Germany	*			*			app. 700	3	3	0	0	1	1			8
Greece	*						3									0
Hungary	*			*			11	3	3	0	0	0	0			6
Ireland		*			*		1	2	-1	0	0	0	0			1
Italy	*						224									0
Luxembourg	*															0
The Netherlands	*															0
Poland	*															0
Portugal			1st July - 30th June			1st July - 30th June	11	3	2		-1		-2			2
Romania			1st July - 30th June													0
Slovakia	*						1									0
Slovenia	*															0
Spain	*			*				3	3	0	-1	0	0			5
Sweden		*		*			5	1	0	Positive response						1
UK		*	1st October - 30th September			1st April - 31st March	8	1	1	-1	-2	-2	-2	Yes	Impact on moving from October to January for the UK would be: volatility on charges, tariff year different to Gas Year, revenue recovery and therefore predictability of charges would be more difficult due to setting tariffs annually for 3 month revenue recovery (i.e. Jan to Mar). Where under and over recovery occurs this could attract more risk to TSO and also financing risk to mitigate especially for regimes where commodity is a possibility as it is under the GB regime. Under the NRA impact, this assumes that the whole price control does not need to be amended but the Transporter's Licence would likely need to be amended to taken account of the change to the tariff year and interaction with a different gas year (e.g. incentives, charging and revenue recovery obligations, timetable for setting capacity charges - in Licence and also the potential for this to apply at IPs only or all points raises impacts that could be required.	-5
IUK		*						2				-1			(for IUK)	1
																42

2. Option 2 – Harmonisation from October – September

Country	TSO Tariff Setting Year (1st January - 31st December)	TSO Tariff Setting Year (1st October - 30th September)	TSO Tariff Setting Year (other please specify)	DSO Tariff Setting Year (1st January - 31st December)	DSO Tariff Setting Year (1st October - 30th September)	DSO Tariff Setting Year (other please specify)	No. of DSOs in Country	One-off costs for TSOs (scale 0 - 3)	Ongoing costs for TSOs (scale 0 - 3)	Impact on DSOs	Impact on Storage Operators	Impact on shippers / traders	Impact on NRAs	Other Impacts	Explanation of other impacts	Totals
Austria	*			*			21	2	2	-1	-1	1	-1			2
Belgium	*			*			17	2	3	-1	-1	1	-1			3
Bulgaria																0
Croatia	*															0
Czech Republic	*			*			3	0	1	-3	-2	0	-3			-7
Denmark		*		*			4	0	0	0	0	0	0	0		0
Finland	*															0
France (TIGF and GRTgaz)			1st April - 31st March			1st July - 30 June	-25	3	3	0	-3	3	-2		It increases <u>uncertainties</u> on other elements of the tariffs (on none CAM points), in terms of <u>assumptions</u> and, consequently, in terms of <u>timely revenue recovery</u> . Besides, it will require to <u>change internal processes</u> and <u>does not match the companies annual budget exercise</u> that are usually conducted between September and November, make it more difficult to get board approval on a subject that effectively affect the companies' budget	2
Germany	*			*			app. 700	2	0	-3	0	1	-3		legislative and regulatory framework has to be changed	-5
Greece	*						3	0	0	-3					Considering the harmonization of tariffs and the excel provided we would like to state that at the moment it is very preliminary to have a valid estimation of the costs related to a possible change in the tariff setting year in order this to be used for the assessment. Therefore, if answering the excel file it would be prudent for DESFA to assume that the costs (one-off or ongoing) would be equal or higher than 5m€ (especially due to increased IT costs).	
Hungary	*			*			11	3	3	0	0	0	0	0	However, what is more important is that a possible change in the Tariff Setting Year has not only economic effects, meaning operating expenses for the TSO, but raises also legal concerns. For instance, DESFA for the publication of tariffs uses the approved by external auditors financial statements that are prepared for the period 1/1-31/12 of each year; so estimating tariffs based on other than the approved data would create controversy and disputes.	-6
Ireland	*	*		*			1									0
Italy	*			*			224	1	2	-2	-1	-1	-1			-2
Luxembourg	*															0
The Netherlands	*															0
Poland	*							3	3	0	0	0	0		The main objective for GAZ-SYSTEM is to unify the timescale of the tariff setting year with the timescale of the gas year, which is, according to CAM and Transmission Network Code of GAZ-SYSTEM, established from 1 October to 31 September. Due to the fact that long-term contracts are concluded for the gas years (1 Oct-31 Sep), such harmonization would facilitate the process of tariff calculation. There are no legal regulations for setting 'tariff year' timescale in Poland. The tariff is calculated for a period of 12 months. President of the Energy Regulatory Office issues a decision about entry the tariff into force and determines the period of its applicability. But, however in accordance with the Energy Law, the period of tariff application may be extended. That is why, the period for tariff application from 1 January to 31 December is not standardised (* In 2014 the tariff setting year is exceptionally in line with calendar year). All tariffs (DSO, Storage Operators, Shippers, Traders) follow the TSO tariff period.	6
Portugal			1st July - 30th June			1st July - 30th June	11	3	2		-1		-2			2
Romania			1st July - 30th June													0
Slovakia	*			*			1	3	3	0	0	-1	-1	0		4
Slovenia	*															0
Spain	*			*				3	3	0	2	1	-2	0		7
Sweden		*		*			5	0	0							0
UK		*	1st October - 30th September			1st April - 31st March	8	2	2	0	-1	-1	0	Yes	Depends on the ability to reset any other charges outside of the strict tariff year. Could be impacts on non cam-point shippers if revenues not collected to meet revenue target are collected from them. Status quo almost, assumes that on cam points no changes can be made outside of Oct-Sep, but if a dual regime was in place then it could impact non cam points for revenue recovery if regulatory year remains as Apr-Mar.	2
UK		*						3				0			UK already operating Oct to September and present accounts that way as well	3
																17

3. Option 3 – Maintain the Status Quo

Country	TSO Tariff Setting Year (1st January - 31st December)	TSO Tariff Setting Year (1st October - 30th September)	TSO Tariff Setting Year (other please specify)	DSO Tariff Setting Year (1st January - 31st December)	DSO Tariff Setting Year (1st October - 30th September)	DSO Tariff Setting Year (other please specify)	No. of DSOs in Country	One-off costs for TSOs (scale 0-3)	Ongoing costs for TSOs (scale 0-3)	Impact on DSOs	Impact on Storage Operators	Impact on shippers / traders	Impact on NRAs	Other impacts	Explanation of other impacts	Totals
Austria	*						21	3	3							6
Belgium	*			*			17	3	3	0	0	0	0			6
Bulgaria																0
Croatia	*															0
Czech Republic	*			*			3	3	3	0	0	0	0			6
Denmark		*					4	3	3							6
Finland	*															0
France			1st April - 31st March				~25	3	3							6
Germany	*						app. 700	3	3							6
Greece	*						3	3	3							6
Hungary	*			*			11	3	3	0	0	0	0			6
Ireland		*					1	3	3							6
Italy	*						224	3	3							6
Luxembourg	*															0
The Netherlands	*															0
Poland	*							3	3							6
Portugal			1st July - 30th June			1st July - 30th June	11	3	3							6
Romania			1st July - 30th June													0
Slovakia	*						1	3	3							6
Slovenia	*															0
Spain	*							3	3							6
Sweden							5	3	3							6
UK		*					8	3	3							6
																96