

# Implementation Workshop

## Tariff Network Code



european network  
of transmission system operators  
for gas

# Welcome

# Introduction

## TAR NC Implementation Workshop

**Irina Oshchepkova**

**Tariff Subject Manager, ENTSOG**

# Agenda

1. Agenda of the Workshop
2. Organisational matters
3. Meeting objectives







## Agenda [1]

### Welcome

## ENTSOG's 2<sup>nd</sup> Implementation WS

- Registration and welcome coffee
- Introduction
- EC view

### 1<sup>st</sup> Session

## Transparency

- Updated publication requirements
- Publication requirements and Transparency Platform
- Standardised section for data publication on TSO/NRA website
- Stakeholder view
- **Coffee break**

## Agenda [2]

### 2<sup>nd</sup> Session

### NRA/ACER perspective

- NRA perspective
- ACER's perspective
- **Lunch break**
- Stakeholder view

### 3<sup>rd</sup> Session

### Addressing stakeholder concerns

- IDoc updates
- Stakeholder view
- **Coffee break**
- TAR NC and Storage
- Stakeholder view

### 4<sup>th</sup> Session

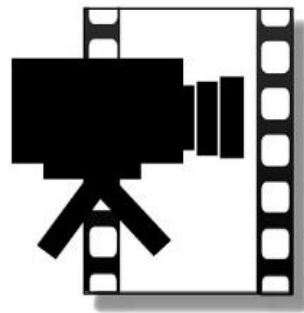
### Up-coming year/Monitoring

- Implementation and Effect monitoring
- Conclusions



# Organisational matters

agenda



# Meeting objectives

A large green L-shaped graphic that frames the text on the left.

Share  
implementation  
experiences and  
plans

A large red L-shaped graphic that frames the text in the center.

Updated TAR  
IDoc

A large yellow L-shaped graphic that frames the text on the right.

Views of Prime  
Movers, EC,  
ACER and NRAs



European  
Commission

**EC view**

# **1<sup>st</sup> Session: Transparency**



# Updated publication requirements

## TAR NC Implementation Workshop

**Andreas Martens, ENTSOG Tariff Adviser**

**Kathrine Stannov, Transparency Subject Manager, ENTSOG**



# Agenda

1. Recap of the 1st workshop: What, When and How?
2. Early compliance with publication requirements
3. Conclusion

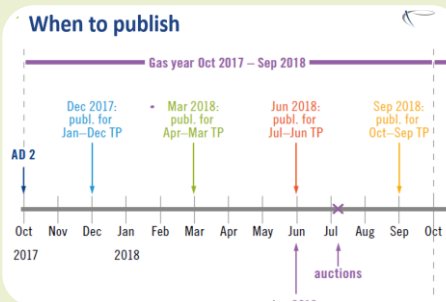
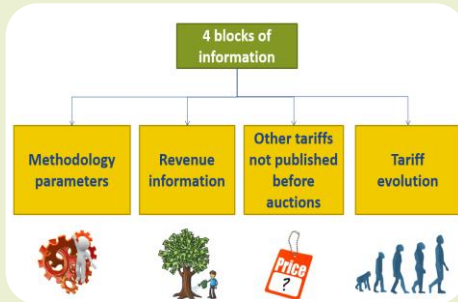




# **1. Recap from 1<sup>st</sup> Implementation Workshop**



# Something you took away



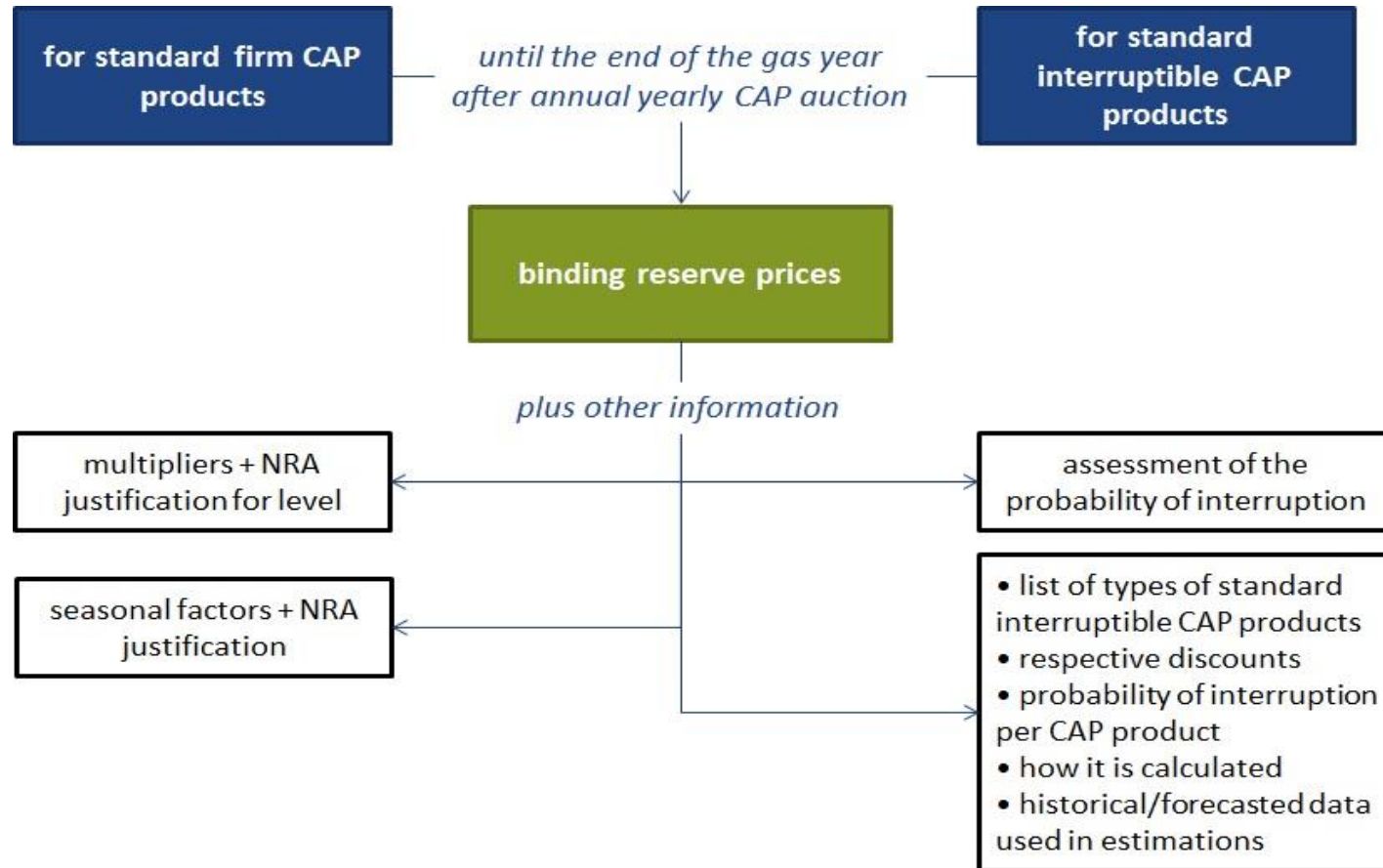
What

When

How

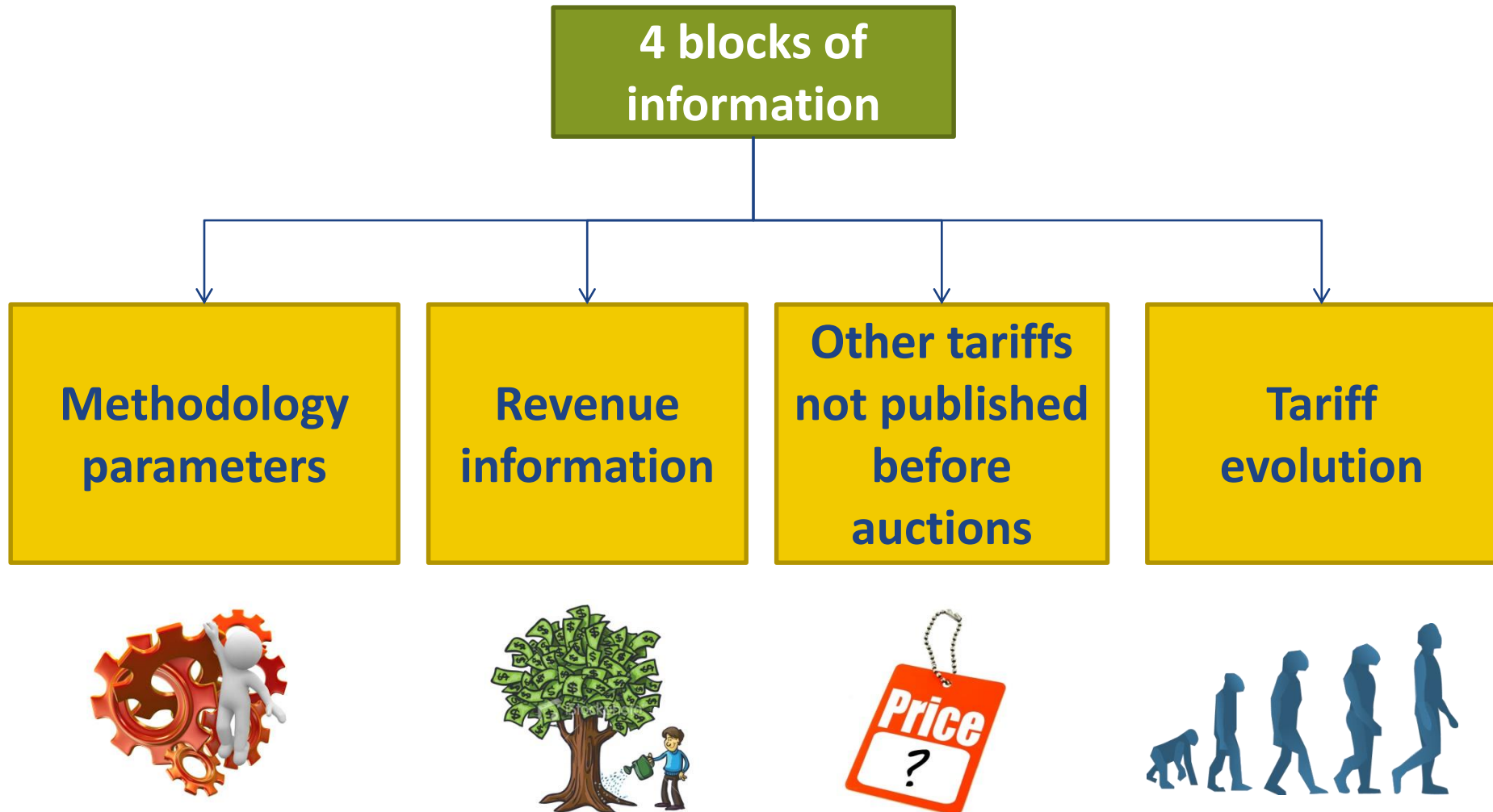


# What to publish before annual yearly capacity auctions





# What to publish before tariff period







## What (ENTSOG TP)

- ***Reserve prices → Applicable tariff***
  - Hourly vs Daily regime
  - Applicable Tariff in common unit
  - Multipliers / seasonal factors / discounts for interruptible capacity
- ***Flow-based charges → Commodities***
- ***Simulation costs for flowing 1 GWh/day/year***
- ***Interconnection points***
- ***Link to TSO or NRA website with all tariff information***

*Detailed description will follow with next presentation*



# New Theme - Who: Responsibility Split TSO/NRAs

MS	Information in Article 29 – TSO/NRA website	Information in Article 30 – TSO/NRA website	Information in Article 31(2) – sending information to ENTSOG's TP
Austria	NRA	NRA	TSO
Czech Republic	NRA	NRA	TSO
France	NRA	NRA	TSO
Hungary	NRA	NRA	NRA
Ireland	To be decided	To be decided	To be decided
Poland	TSO	TSO	TSO
Portugal	TSO publishes an assessment of the probability of interruption  NRA publishes the rest	NRA	TSO
Spain	To be decided	To be decided	To be decided

*MS not mentioned: TSO is responsible for all the publication.  
Poland is included as responsibility has shifted recently to be the TSO*



## **2. Early compliance with publication requirements**

### **2.1. Detailed description**



# Early compliance with publication requirements

## ***ENTSOG's TP***

Dec 2017: tariffs applicable for the current gas year (1 Oct 2017 – 1 Oct 2018)

- Reserve prices for all MS
- Flow-based charges for MSs whose tariff period is other than one year or other than January to December

## ***TSO/NRA website***

By the end of 2017: applicable revenue information per Art. 30(1)(b) for the current tariff period for MSs whose tariff period is other than one year or other than January to December

*Will be explained in details in next part*



# When – March status

TP 1 (Jan-Dec)

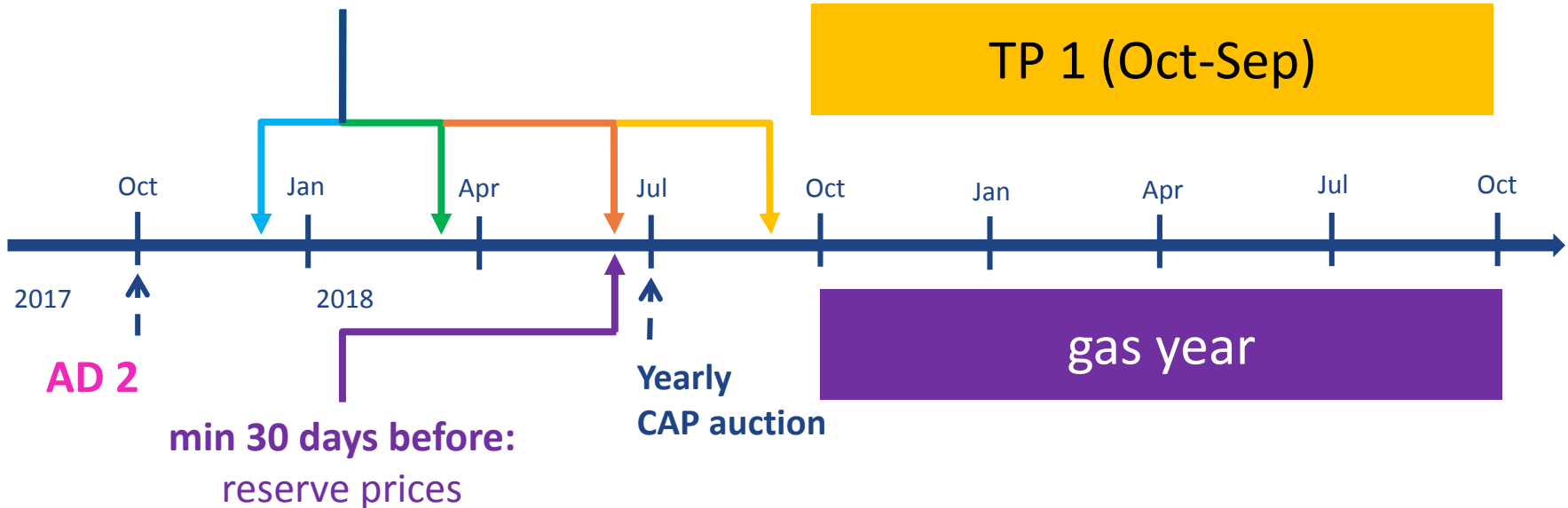
TP 1 (Apr-Mar)

min 30 days before:

RPM, revenue, other tariffs,  
tariff changes, trends, model

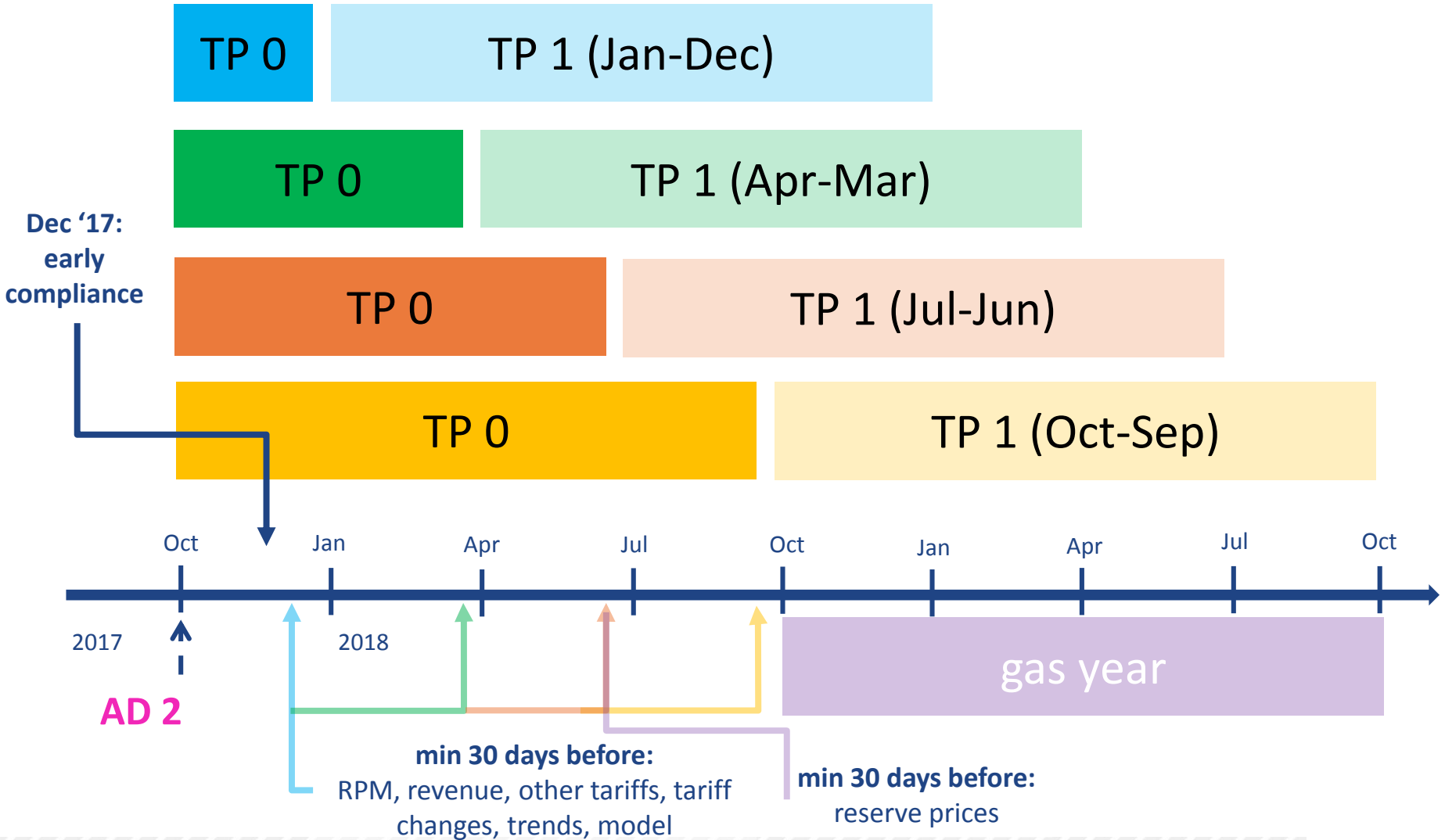
TP 1 (Jul-Jun)

TP 1 (Oct-Sep)





# When – September status





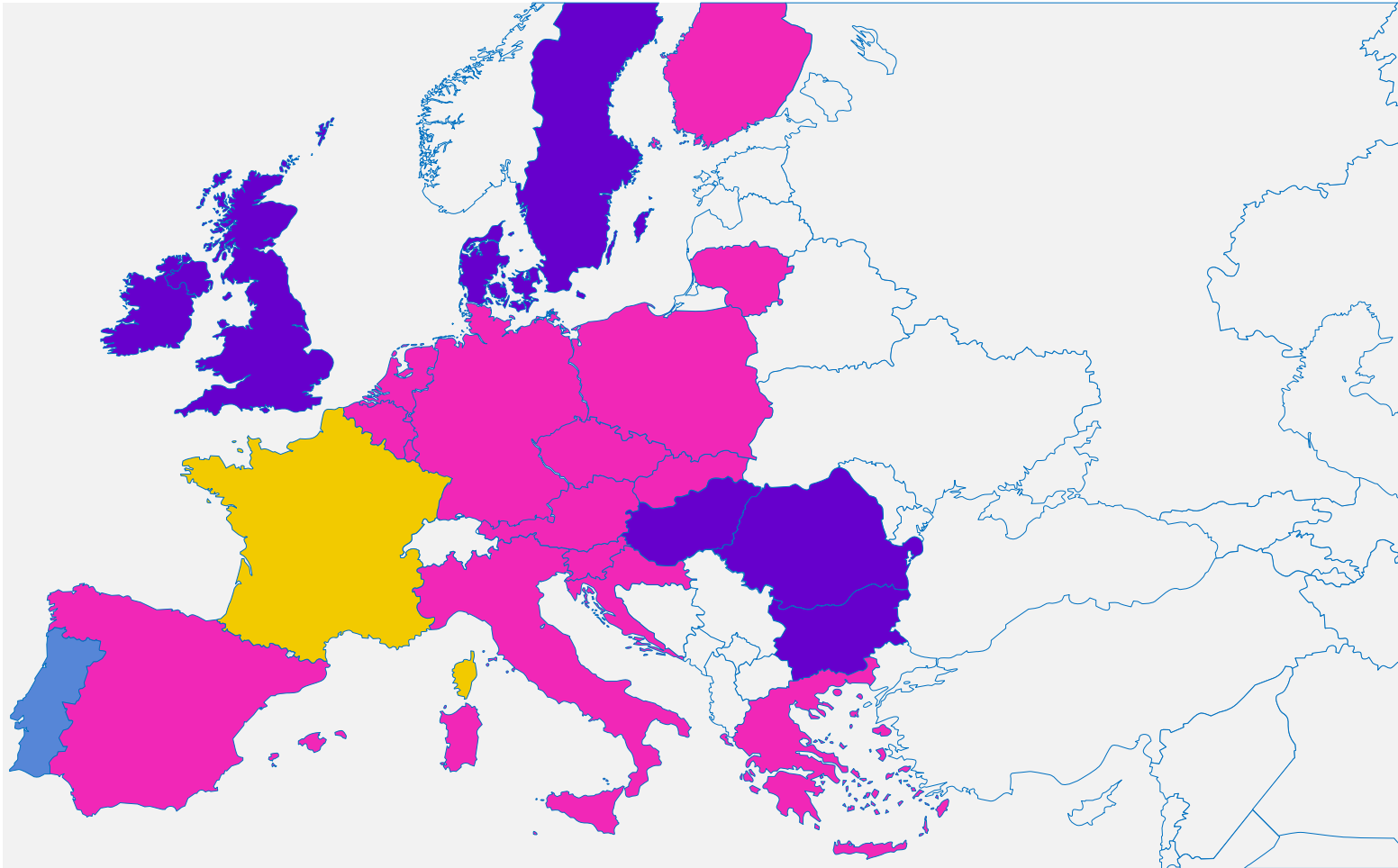


## **2. Early compliance with publication requirements**

### **2.2. Publications – status quo**



## Tariff Period – Different throughout Member States



January-December

April-March

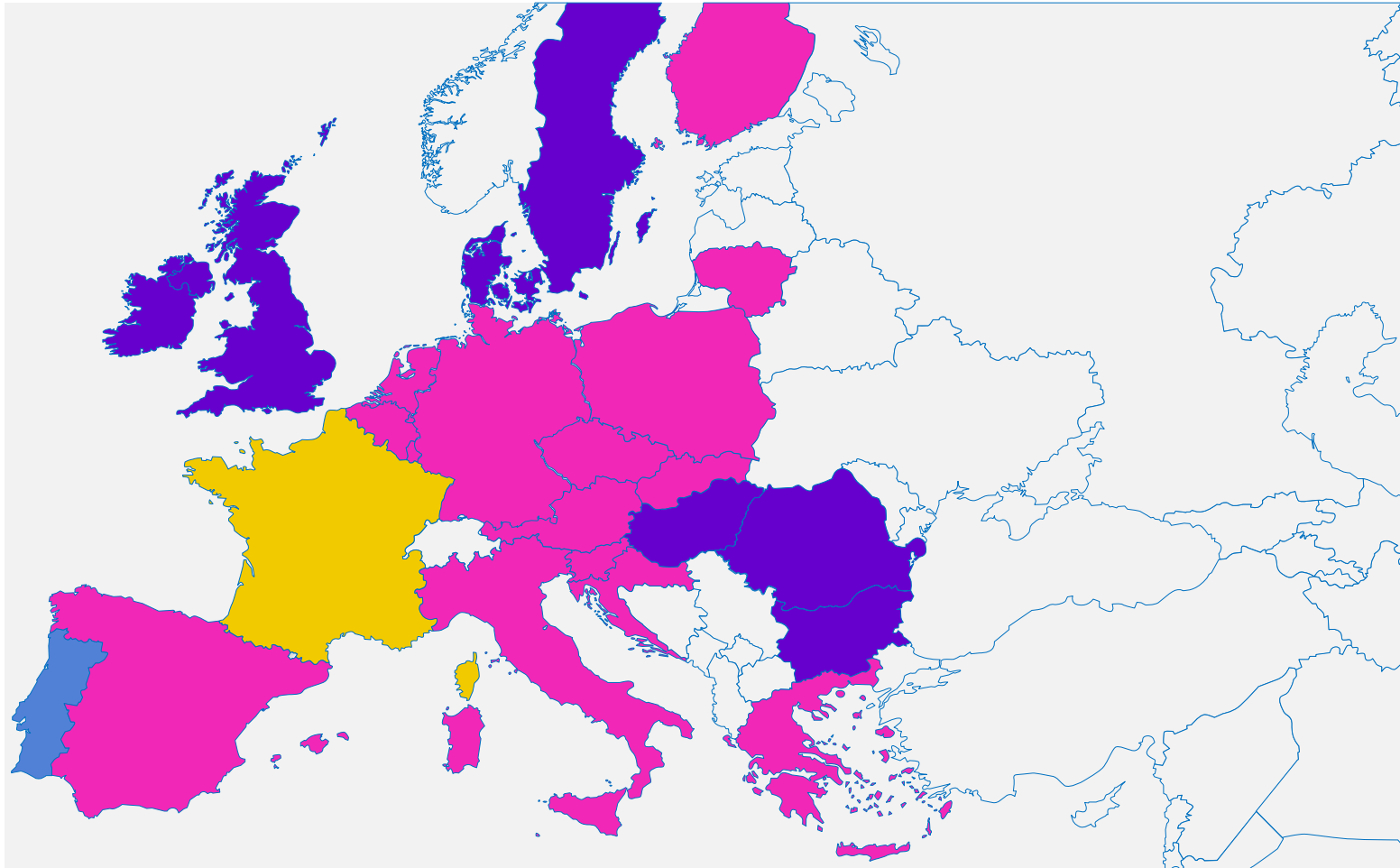
July-June

October-September

In HU + BG, the tariff period will change from January-December to October-September as from 1 October 2017.



## Publication on TP before Tariff Period 1



December

March

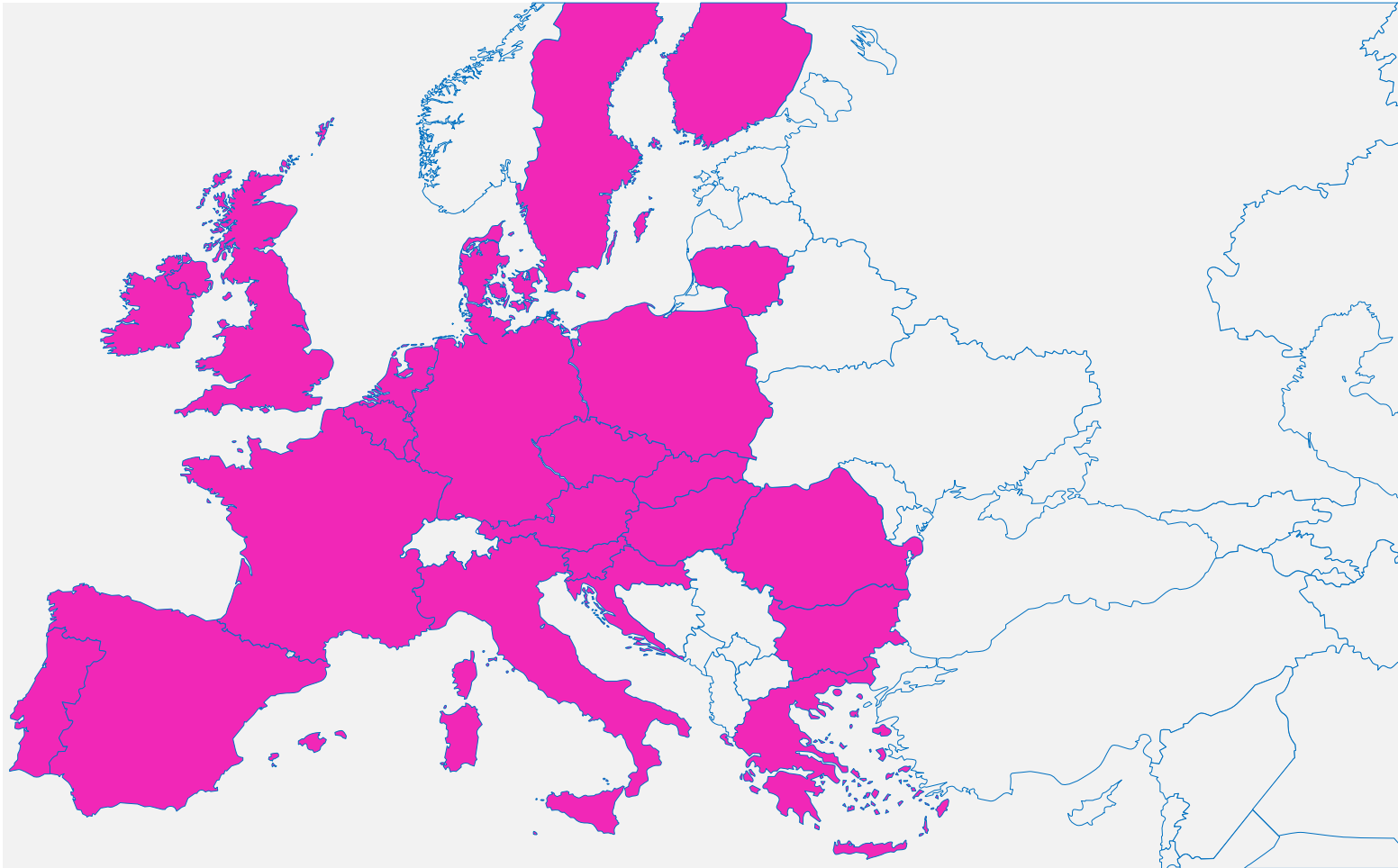
June

September

Before the tariff period, flow-based charges (commodities) and simulation costs must be published on the TP.



## Publication on TP before the ann. auctions – Tariff Period 1



June

Before the annual auctions, reserve prices (applicable tariffs) referring to the next gas year must be published on the TP.

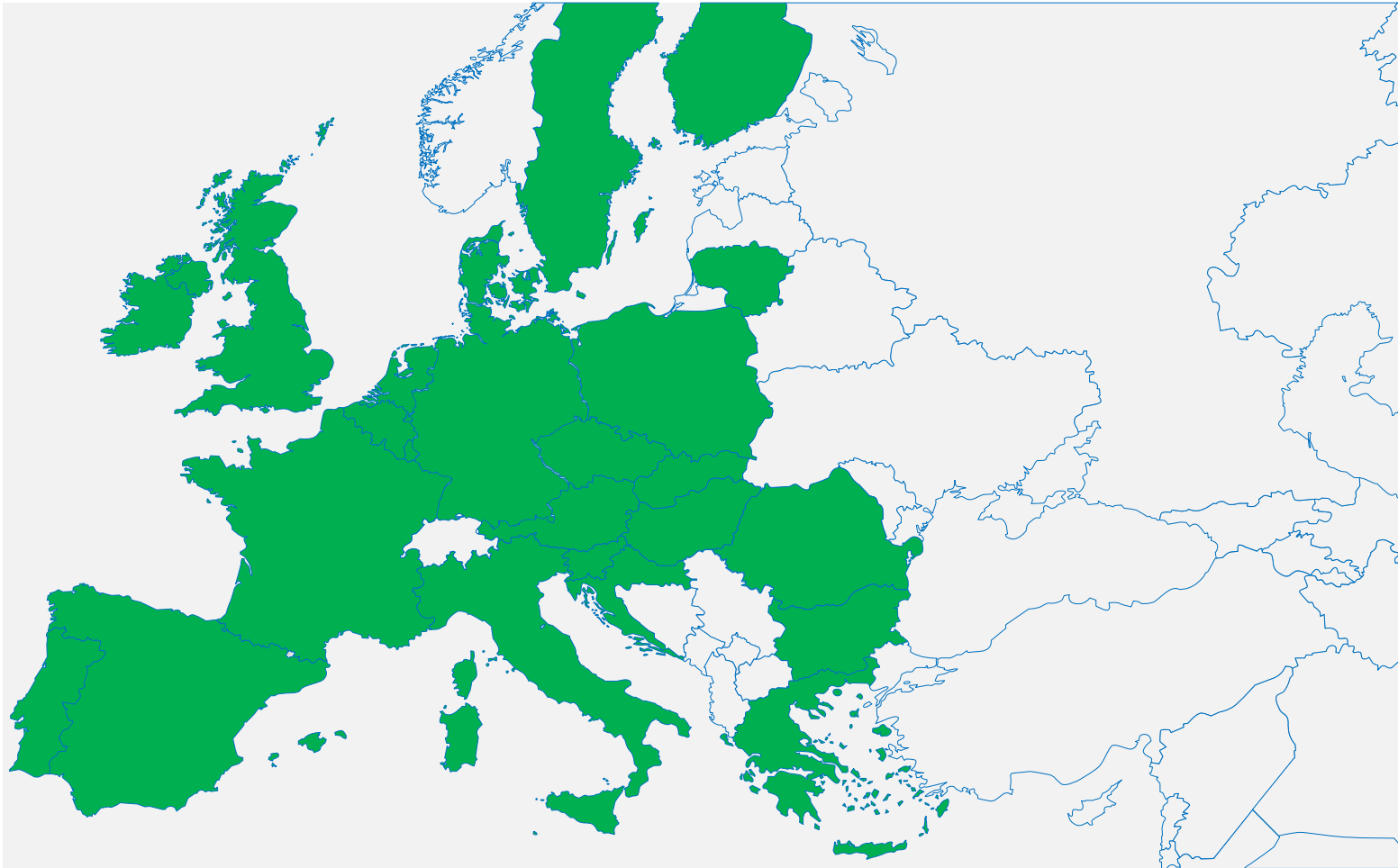


## **2. Early compliance with publication requirements**

### **2.2. Publications – changed status**



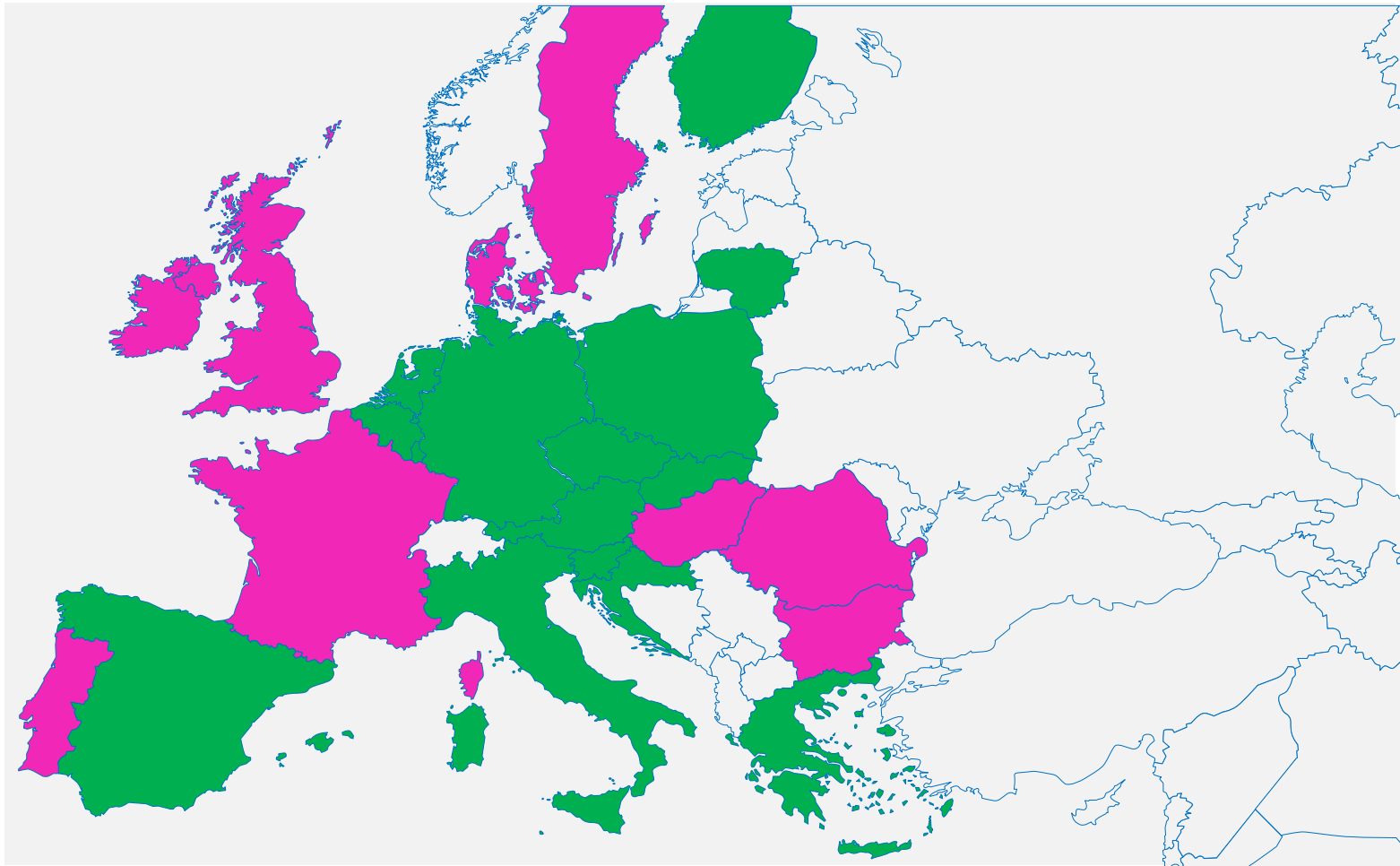
## Publication on TP Dec '17 / Tariff period 0: Res. Prices



**December 2017**

For increased stakeholder information, TSOs and NRAs have decided on early compliance and will publish reserve prices for the current gas year.



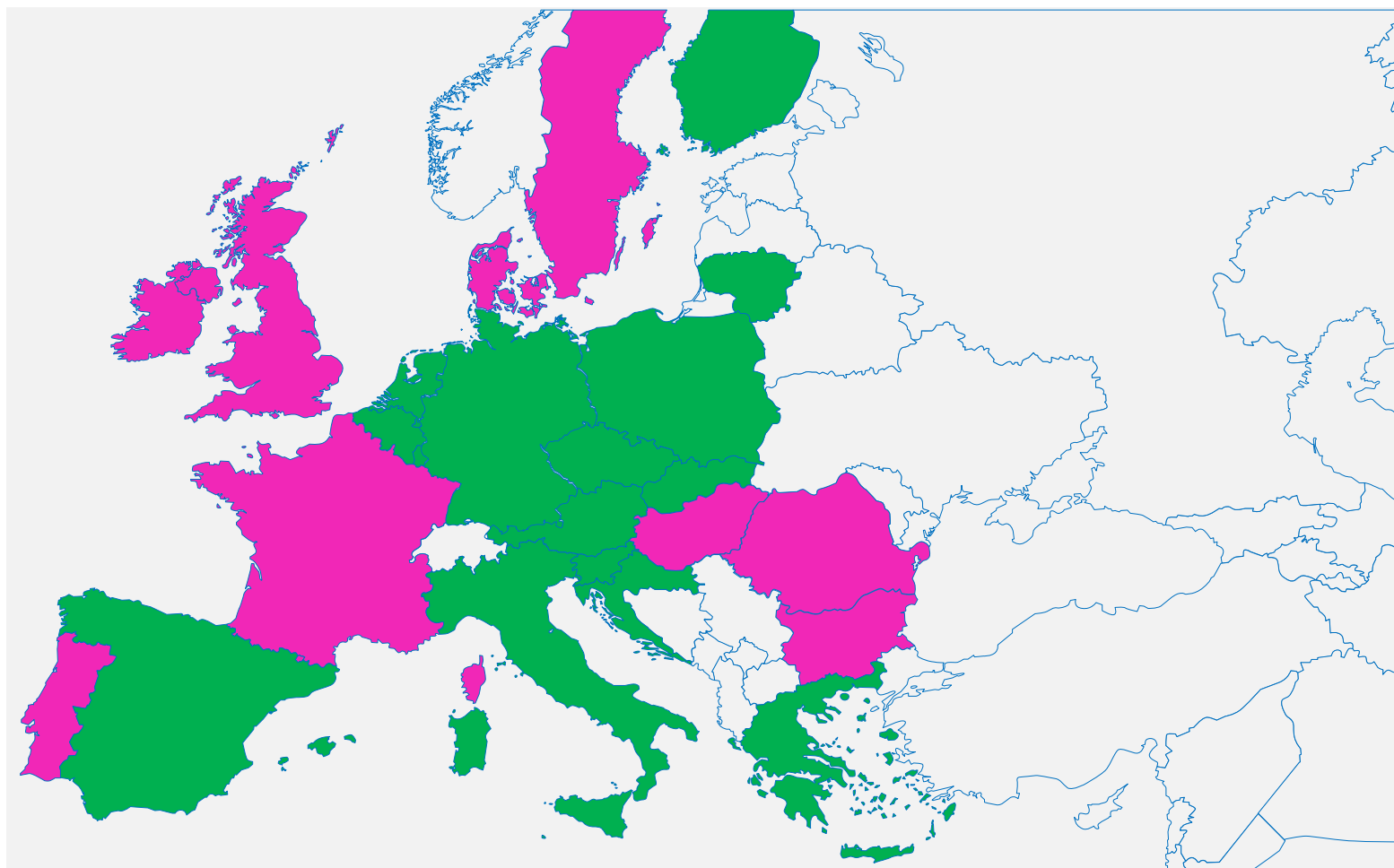


Jan-Dec countries (Future Tariff Period)    Everyone else (Current Tariff Period)

For increased stakeholder information, TSOs and NRAs have decided on early compliance and will publish flow-based charges and simulations for the current tariff period.



## Revenue publication on TSO/NRA website – Dec '17



**Jan-Dec countries (Future Tariff Period)**    **Everyone else: Current tariff period**

For increased stakeholder information, TSOs and NRAs have decided on early compliance and will publish their revenues for the current tariff period on their respective websites, available via ENTSG TP.



## **3. Conclusion**



## Something to take away



**Overview  
and  
comparison  
for IPs**

**Details on  
MS level for  
all relevant  
points**

**Start  
looking in  
December  
2017**

# Publication requirements and Transparency Platform

## TAR NC Implementation Workshop

**Marin Zwetkow, ENTSOG Transparency Adviser**



# Agenda

1. The standardised table on ENTSOG's TP
2. Live presentation
3. Conclusion







# **1. The standardised table on ENTSOG's TP**



## Standardised Table on ENTSOG's TP

***A few important keywords from the standardised table:***

- ***Validity approach***
- ***Different capacity units and currencies***
- ***The common unit***
- ***Conditional product type as a remark***
- ***Simulation remarks***





## **2. Live presentation**



# Live presentation





## **3. Conclusion**



## Something to take away



Tariff data



Export wizard



**'Look and feel' of the new tariff section**

**How to compare tariff information from operators**

**Terminologies used in the TP**

# Standardized section for data publication on TSO/NRA websites

## Implementation approach

**Maria Gerova**

**IT Project Manager, Bulgartransgaz, on behalf of ENTSOG**



# Agenda

1. Publication requirements
2. Form of publication
3. Structure of the standardized section
4. Implementation of the standardized section by a TSO – live demonstration





# Publication requirements



Official Journal of the European Union

17.3.2017

## CHAPTER VIII

### PUBLICATION REQUIREMENTS

#### Article 29

shall be published before the annual yearly capacity auction

and, where the national regulatory authority takes a decision to apply Regulation (EU) other than in accordance with the requirements set out in Articles 31 and 32 by the national regulatory authority or the transmission system operator(s) as decided by the national regulatory authority:

- (a) for standard capacity products for firm capacity:
  - (i) the reserve prices applicable until at least the end of the gas year beginning after the annual yearly capacity auction;
  - (ii) the multiplier and season factors applied to reserve prices for non-yearly standard capacity products;
  - (iii) the justification of the national regulatory authority for the level of multipliers;
  - (iv) where seasonal factors are applied, the justification for their application.
- (b) for standard capacity products for interruptible capacity:
  - (i) the reserve prices applicable until at least the end of the gas year beginning after the annual yearly capacity auction;
  - (ii) an assessment of the probability of interruption including:
    - (1) the list of all types of standard capacity products for interruptible capacity offered including the respective probability of interruption and the level of discount applied;
    - (2) the explanation of how the probability of interruption is calculated for each type of product referred to in point (1);
    - (3) the historical or forecasted data, or both, used for the estimation of the probability of interruption referred to in point (2).



# Form of publication

## *Tariff information on TSOs/NRAs web-sites*

### Tariff NC, Article 31

#### Form of publication

The required information shall be accessible to the public, free of charge and of any limitations as to its use. It shall be published:

- > Via link on ENTSG TP
- > In a user-friendly manner
- > In a clear, easily accessible way and on a non-discriminatory basis
- > In a downloadable format
- > In the official for the MS and in EN languages



*“With the aim to facilitate the access to the required information and enhance the market transparency, as voluntary activity ENTSG and the TSOs developed **standardized format** for tariff publications on TSOs/NRAs web-sites”.*





# Structure of the standardized section

## *Tariff information on TSOs/NRAs web-sites*

TAR NC	Description	Link	Further Information
<b>Information to be published before the annual yearly capacity auction</b>			
Art. 29 (a)	Information for standard capacity products for firm capacity (reserve prices, multipliers, seasonal factors, etc.)	<a href="#">Link to the information of the TSO individual website</a>	
		<a href="#">Link 2</a>	
		<a href="#">Link 3</a>	
Art. 29 (b)	Information for standard capacity products for interruptible capacity (reserve prices and an assessment of the probability of interruption)	<a href="#">Link to the information of the TSO individual website</a>	
		<a href="#">Link 2</a>	
		<a href="#">Link 3</a>	



# Structure of the standardized section

## *Tariff information on TSOs/NRAs web-sites*

TAR NC	Description	Link	Further Information
Information to be published before the tariff period			
Art. 30 (1)(a)	Information on parameters used in the applied reference price methodology related to the technical characteristics of the transmission system.	<a href="#">Link to the information of the TSO individual website</a>	
		<a href="#">Link 2</a>	
		<a href="#">Link 3</a>	
Art. 30 (2)(b)	Information about the used tariff model and an explanation how to calculate the transmission tariffs applicable for the prevailing tariff period.	<a href="#">Link to the information of the TSO individual website</a>	
		<a href="#">Link 2</a>	
		<a href="#">Link 3</a>	





# Standardized section - implementation





# Something to take away - what to expect?

## Increased transparency of transmission tariffs



**More data  
available up  
to  
TAR NC  
requirements**



**Easy to find**



**Uniform  
publication  
structure**



## Placeholder – Stakeholder view

# **2<sup>nd</sup> Session:**

# **NRA/ACER perspective**



## Placeholder – NRA perspective





## Placeholder – ACER perspective



## Placeholder – Stakeholder view

# **3<sup>rd</sup> Session: Addressing stakeholder concerns**

# IDoc updates

## TAR NC Implementation Workshop

**Irina Oshchepkova, Tariff Subject Manager, ENTSOG**

**Colin Hamilton, National Grid, on behalf of ENTSOG**

**Niels Krap, ONTRAS, on behalf of ENTSOG**

# Agenda

1. Sources of changes
2. Stakeholder comments
3. Other updates
4. Conclusion

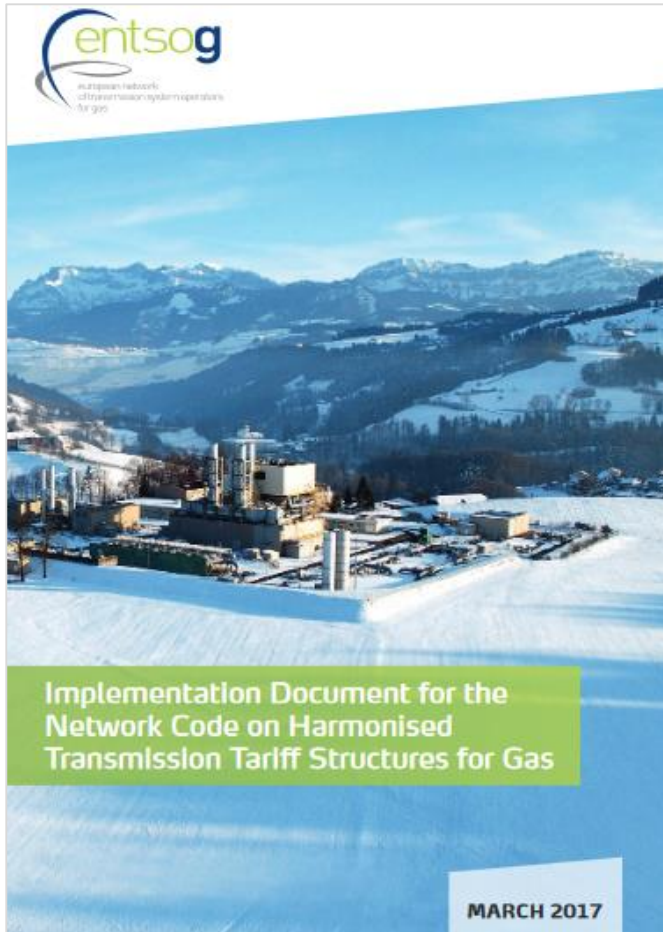




# **1. Sources of changes**



# Sources overview



## Stakeholder feedback

- From respondents
- Through ACER

## Internal ENTSG discussions

- Further implementation developments
- Internal Workshops

## Questions at external presentations





# Process overview

Updated IDoc  
and all excel files  
for Annexes



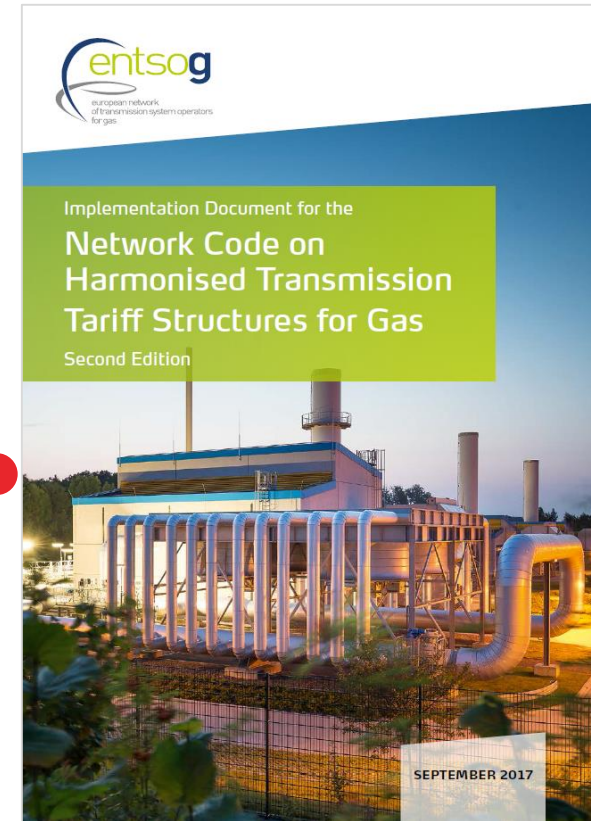
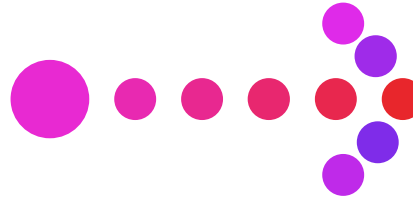
Log of  
comments



Comparison with  
the 1<sup>st</sup> IDoc



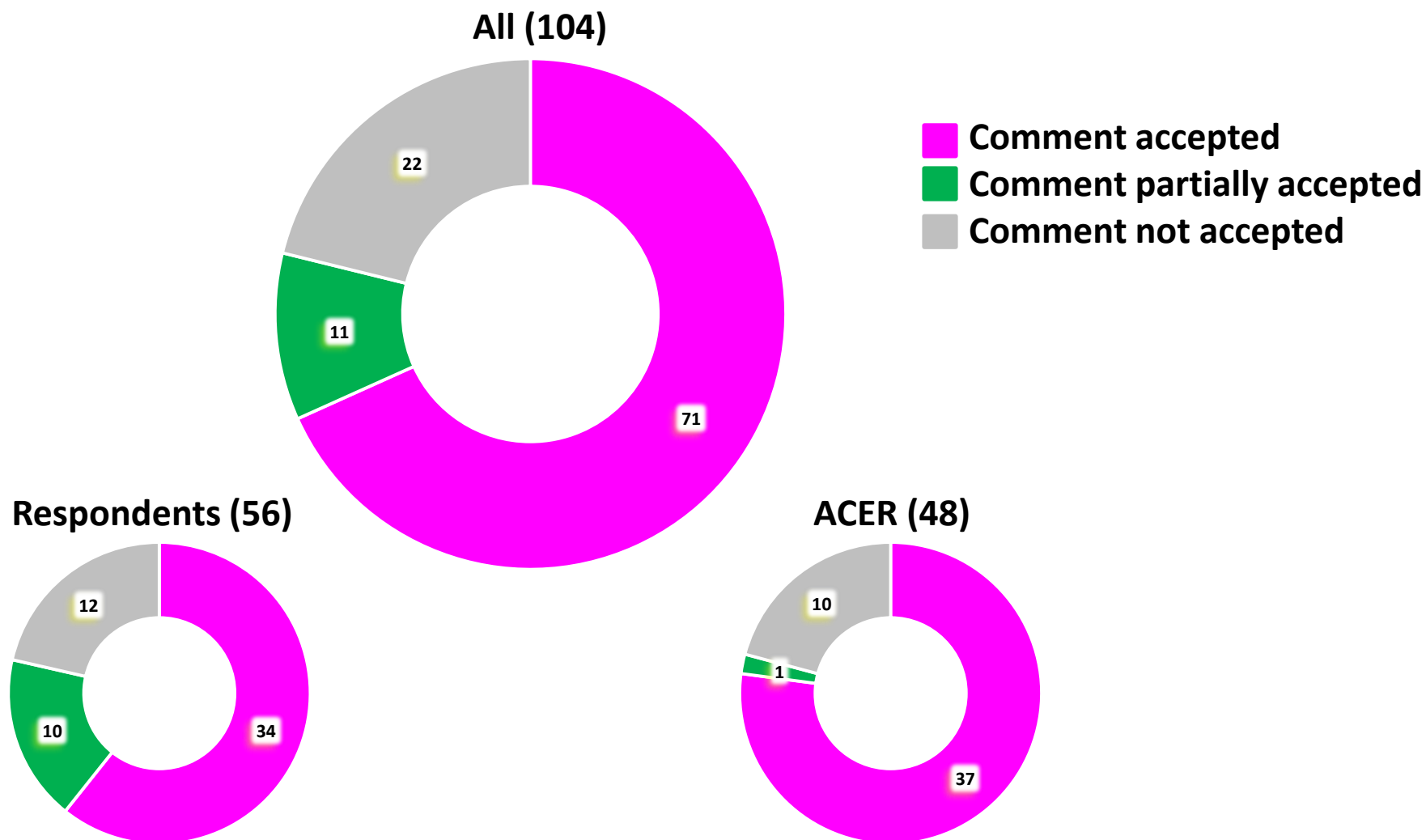
Transparent  
approach



*More pages in the 2<sup>nd</sup> IDoc as people ask for MORE!*



# Stakeholder comments





## **2. Stakeholder comments**

### **2.1. Section 'Process and Legal'**



## Scope and storage points



- NC exactly defines its scope
- NC does not permit limited scope rules to apply at non-IPs by national decision
- A possible extension by NRA does not apply to storage points

- Clarity of rules application for all points
- 3 categories of points: (1) IPs; (2) non-IPs which are points with third countries; (3) other non-IPs
- Storage points are in category (3), they are not ignored in the NC



## Existing contracts



# ACER



Agency for the Cooperation  
of Energy Regulators



- **Respondent:** no additional charges for network users that are parties of the existing contracts
- **ACER:** terms 'protected' and 'grandfathered' not used
- **ACER:** additional charges (to the fixed contractual amount) may be needed to maintain the tariff level

- Agree with ACER
- If a network user holding an existing contract was aware of additional charges on top of those fixed in contract, the principle of legitimate expectations is respected





## **2. Stakeholder comments**

### **2.2. Section 'Interruptible'**



# Interruptible discounts recalculation



20% probability of interruption which triggers a recalculation: absolute figure, not a relative one

- 10% to 31% (21% absolute) – recalculation permitted
- 10% to 12.5% (25% relative) – recalculation not permitted

- Use absolute figures instead of relative ones
- Numerical example



# Ex-post



## ACER



Agency for the Cooperation  
of Energy Regulators



- **Respondent:** NRA cannot cap the compensation
- **ACER:** 'not sure if this freedom [cap] is given...'
- **Respondent:** compensation does not depend on a within-day interruption

- Compensation cap may incentivise TSOs to offer interruptible capacity and may be implemented by NRAs as a safeguard
- NC refers to 'actual interruptions'



# Non-physical backhaul



## ACER



Agency for the Cooperation  
of Energy Regulators



- **Respondent:** non-physical backhaul could be regarded as conditional firm
- **Respondent:** no reference prices at unidirectional points for capacity in direction opposite to the flow
- **ACER:** clarify pricing examples

- Non-physical backhaul is interruptible
- Pricing examples, e.g. using technical capacity of a unidirectional point



## **2. Stakeholder comments**

### **2.3. Section 'Information'**



# Consultation and publication in English



- Consultation documents and summary in English will increase the process effectiveness
- Same for publication requirements
- Stakeholders 'are likely to be highly critical' otherwise

- Consultation in English will foster transparency along the process
- Publication in English is the most effective
- Credible justification needed otherwise



# Tariff changes and trends



- Provide tariff changes/trends using actual figures for reasonable estimates
- Other approaches are complementary
- Wide ranging estimates (e.g. +/- 100%) are of little benefit

- 3 options (ranges/percentage changes/ranges for percentage changes) are complementary to the actual forecasted tariffs
- 'Best estimates' of future tariffs





## **2. Stakeholder comments**

### **2.4. Section 'Tariff model'**



# Update of tariff model



- Updating tariff model enables estimating possible tariff evolution beyond the prevailing tariff period
- At least quarterly updates with under-/over-recovery information within the tariff period

- Updates are possible and optional
- Obligation is to publish the tariff model only before the tariff period
- Quarterly updates may be misleading – impression that tariffs may change within the tariff period





## Forecasted contracted capacity (FCC)



# ACER



Agency for the Cooperation  
of Energy Regulators



- **Respondent:** CWD unclear on FCC definition

- **Respondent:** large degree of subjectivity in calculating the counterfactual CWD tariffs

- **ACER:** NRA decides on the forecasting process, it can be without a TSO

- FCC must be based on a 'best estimate'

- TSO input must be taken into consideration



## CWD model



- Screenshot of a postage stamp tariff model is of little use
- 'Considerable merit' in developing an EU generic CWD counterfactual tariff model

- Excel files for IDoc Annexes published (postage stamp, CWD)
- Example of CWD model developed: ***live demonstration***



### **3. Other IDoc updates**



# Examples of other updates

## ***'Double-check'***

- More information on status as of September 2017
- Tariff period in Slovakia lasts 5-year until end of 2021

## ***More details***

- How to calculate commodity charges
- Details of 'flow scenario'

## ***Change of approach***

- Use all bookings for a given month in seasonal factor methodology



## 4. Conclusion



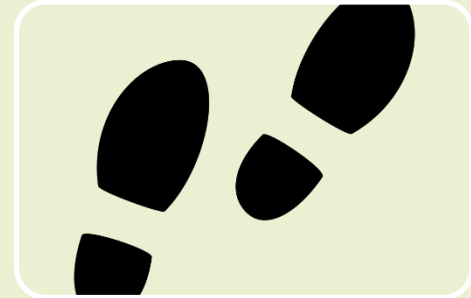
## Something to take away



**Useful  
exercise**



**Change  
comes from  
all**



**Next steps**



## Placeholder – Stakeholder view



# TAR NC and Storage

## TAR NC Implementation Workshop

**Laurent Percebois, ENTSOG Tariff Adviser**

**Emmanuel Bouquillion, TIGF, on behalf of ENTSOG**



# Agenda

1. Discounts: principles and practice
2. Different cases, different adjustments
3. Reduced discounts: why and how
4. Storages and rescaling: arguments and example



# 1. Discounts: principles and practice (1/2)

CURRENT STORAGE DISCOUNTS		
MS	TSO Entry discount	TSO Exit discount
AT	100%	Highly discounted
BE	0%	100%
BG	70%	70%
CZ	No general discount applied	No general discount applied
DE	50%	50%
DK	100%	100%
ES	100%	100%
FR	85% on average	85% on average
HR	0%	90%
HU	90%	100%

- TAR NC indicates specific tariff provisions for storages
- As a default, TAR NC ***obliges to set a minimum discount of 50%*** at reference prices for facilities connected to 1 single TSO network: ***‘regular storage facilities’***

# 1. Discounts: principles and practice (2/2)

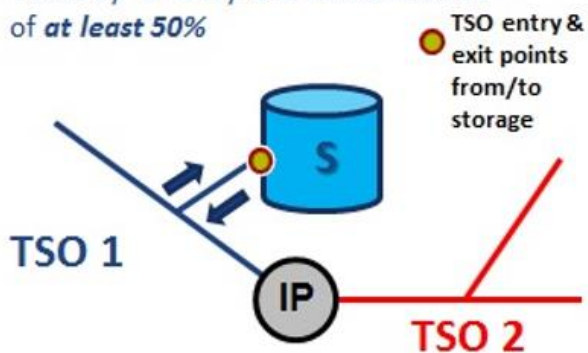
CURRENT STORAGE DISCOUNTS		
MS	TSO Entry discount	TSO Exit discount
IE	No discount on capacity charge	No discount on capacity charge
IT	14% (only if costs are allocated to each pipeline)	14% (only if costs are allocated to each pipeline)
NL	25%	25%
PL	80%	80%
PT	0%	No tariffs applied
RO	0%	0%
SE	100%	100%
SK	0%	0%
UK	0% (capacity charge), 100% (commodity charge)	0% (capacity charge), 100% (commodity charge)

- ***No harmonisation of TSO tariffs*** at Storage Connection Points (SCPs) in Europe in 2017
- Principle of discounts in order to avoid double charging, and due to the special contribution to system flexibility and security of supply

## 2. Different cases, different adjustments

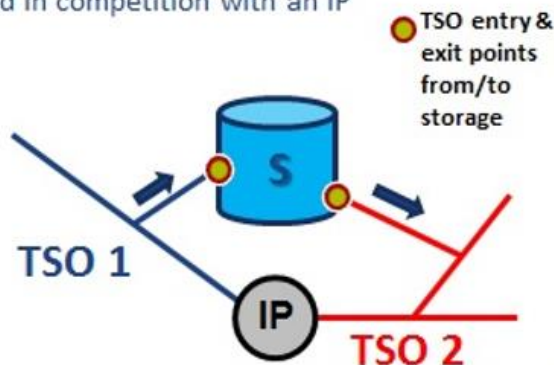
### Storage points

**Default rule:** storage connected to 1 TSO only → entry and exit discounts of *at least 50%*



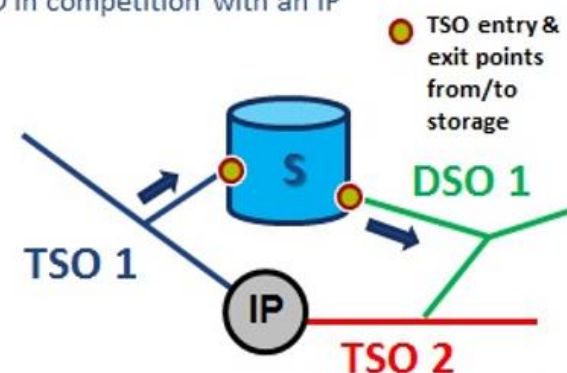
Regular storage facilities

**Exception 1:** storage connected to 2 TSOs and in competition with an IP



Facilities allowing XB use (case 1)

**Exception 2:** storage connected to 1 TSO and 1 DSO in competition with an IP



Facilities allowing XB use (case 2)

- Storage discounts are subject to a **TSO/NRA consultation** (at least every 5 years)



### 3. Reduced discounts: why and how (1/2)

- For *'storage facilities that allow for cross-system use'* (connected to at least 2 systems) discounts *may be reduced below 50%, to the extent that network users make use of such storages to compete with an IP*
- **Consequence 1:** the default 50% discount applies to the share of capacities that are not used to compete with an IP
- **Consequence 2:** SSOs, TSOs, NRAs have to monitor the actual capacity use





### 3. Reduced discounts: why and how (2/2)

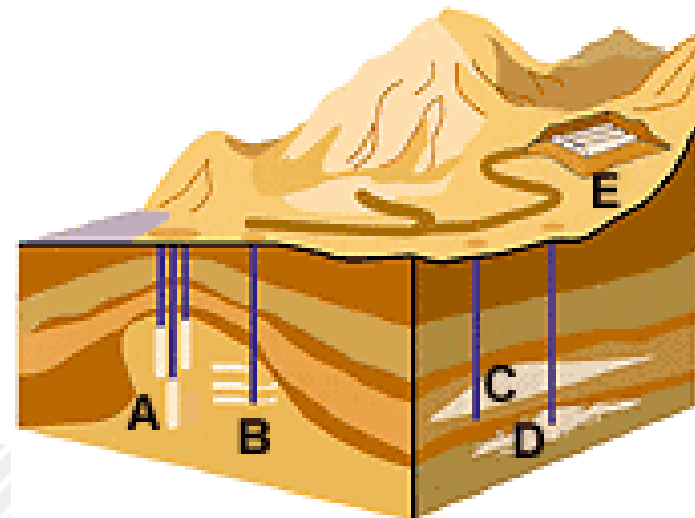
- How to assess the actual competition with IPs at *'storage facilities that allow for cross-system use'*?
  - Stakeholders suggested a timing criterion (simultaneous exit and entry within 24h)
  - Criterion not sufficient for ENTSG: bypassing of IPs justifies special consideration
- Today, TSOs in only 5 MSs have to deal with such specific storages:
  - **Austria:** capacity discounts applied, one single account per entry-exit system side.
  - **France:** capacity discounts higher than for 'regular' storages due to higher risk of interruption. Two flow-based virtual storage accounts.
  - **Germany:** capacity discounts are the same. Two accounts. A flow-based corrective charge.
  - **The Netherlands:** capacity discounts are the same. One single account.
  - **Slovakia:** no storage discount currently. One single account.





## 4. Storages and rescaling: **arguments**

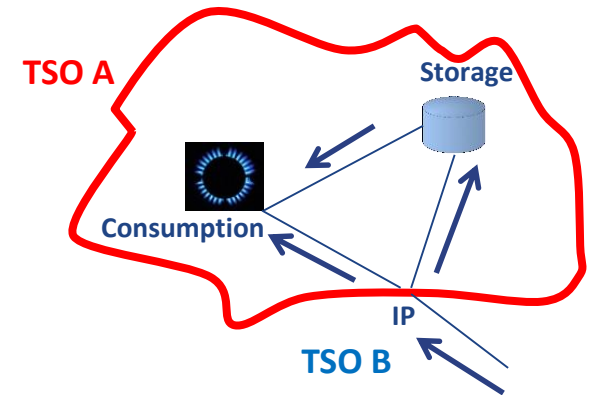
- **Conflicting arguments received**
  - **Respondent:** rescaling should not affect Storage Connection Points and should be applied only to other points, otherwise the post-rescaling reference price for Storage Connection Points corresponds to a discount which is lower than the one used at the pre-rescaling stage as per Article 9(1) (say, 50%)
  - **ACER:** Article 6(4)(c) states that rescaling should affect all entry points, or all exit points, or both
- **ENTSOG agrees with ACER:** after rescaling, discounts at storage points should remain the same as before rescaling, compared to non-storage points





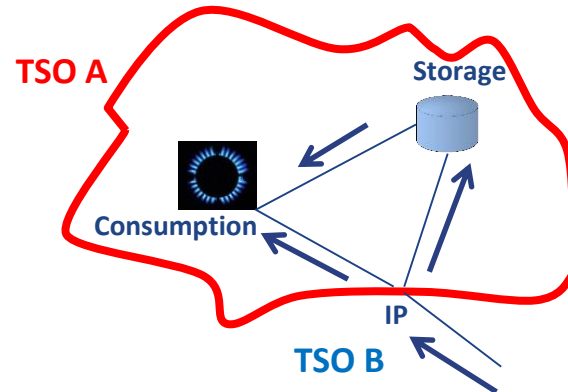
## 4. Storages and rescaling: **example (1/2)**

- TSO A uses a Postage-Stamp (PS) methodology with only 2 entry points into TSO and 2 exit points from TSO
  - **Entry points:**  $IP_{\text{Entry}}$ ,  $Storage_{\text{Entry}}$
  - **Exit points:**  $Storage_{\text{Exit}}$  and Consumption
- **Assumptions:**
  - Revenue: 100
  - Entry-exit split: 50%-50%
  - Forecast contracted capacity: 30 each at Consumption and  $IP_{\text{Entry}}$
  - Forecast contracted capacity: 10 each at  $Storage_{\text{Entry}}$  and  $Storage_{\text{Exit}}$
  - Discounts applicable at storage: 50%





## 4. Storages and rescaling: **example (2/2)**



- Entry tariff is  $50/(30+10) = 1.25$ ; Exit tariff is  $50/(30+10) = 1.25$
- **Tariffs after discounts**: 1.25 for Consumption and  $IP_{Entry}$ , 0.625 for  $Storage_{Entry}$  and  $Storage_{Exit}$  → **but under-recovery**:  $100 - 1.25*(30+30) - 0.625*(10+10) = 12.5$
- Rescaling: **increase all tariffs** by a  $100/(100-12.5)$  factor
- **Post-rescaling tariffs** are:  $\sim 1.43$  for Consumption and  $IP_{Entry}$ ,  $\sim 0.71$  for  $Storage_{Entry}$  and  $Storage_{Exit}$  → **no under-recovery**

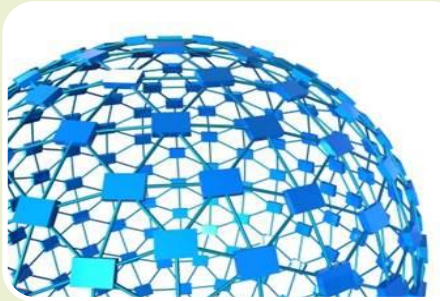
**Post-rescaling storage tariffs are still 50% of post-rescaling non-storage tariffs**



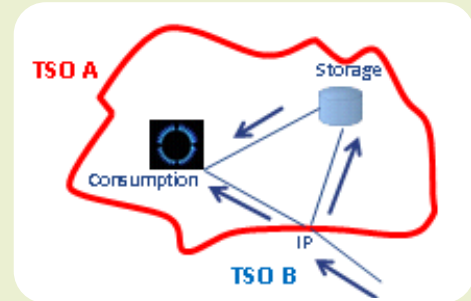
## Something to take away



**Regular  
storage:  
default 50%  
discount**



**Storage used  
to compete  
with IPs:  
default does  
not apply**



**Rescaling:  
storage  
points also  
affected**



## Placeholder – Stakeholder view

# **4<sup>th</sup> Session: Up-coming year and Monitoring**

# Implementation and Effect monitoring

## TAR NC Implementation Workshop

Seán Kinsella, ENTSOG Tariff Adviser



# Agenda

1. ENTSOG monitoring responsibilities  
as per TAR NC and Regulation 715
2. Implementation Monitoring
3. Effect Monitoring





# Implementation and Effect Monitoring

Effect Monitoring - Regulation 715, Article 8(8)

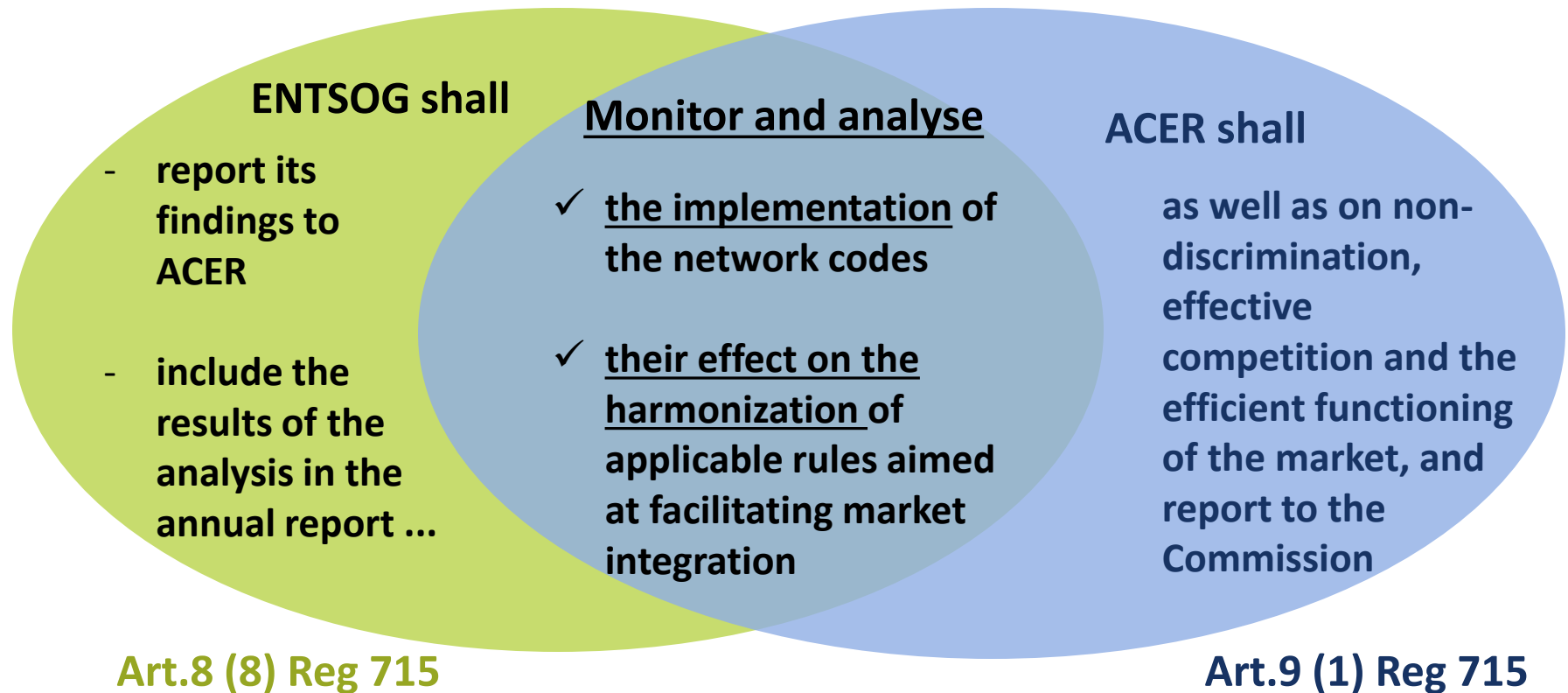
***‘ENTSOG shall monitor and analyse the implementation of the network codes and their effect on the harmonisation of applicable rules aimed at facilitating market integration.’***

Implementation Monitoring – TAR NC, Article 36

***‘ENTSOG shall monitor and analyse how transmission system operators have implemented this regulation.’***

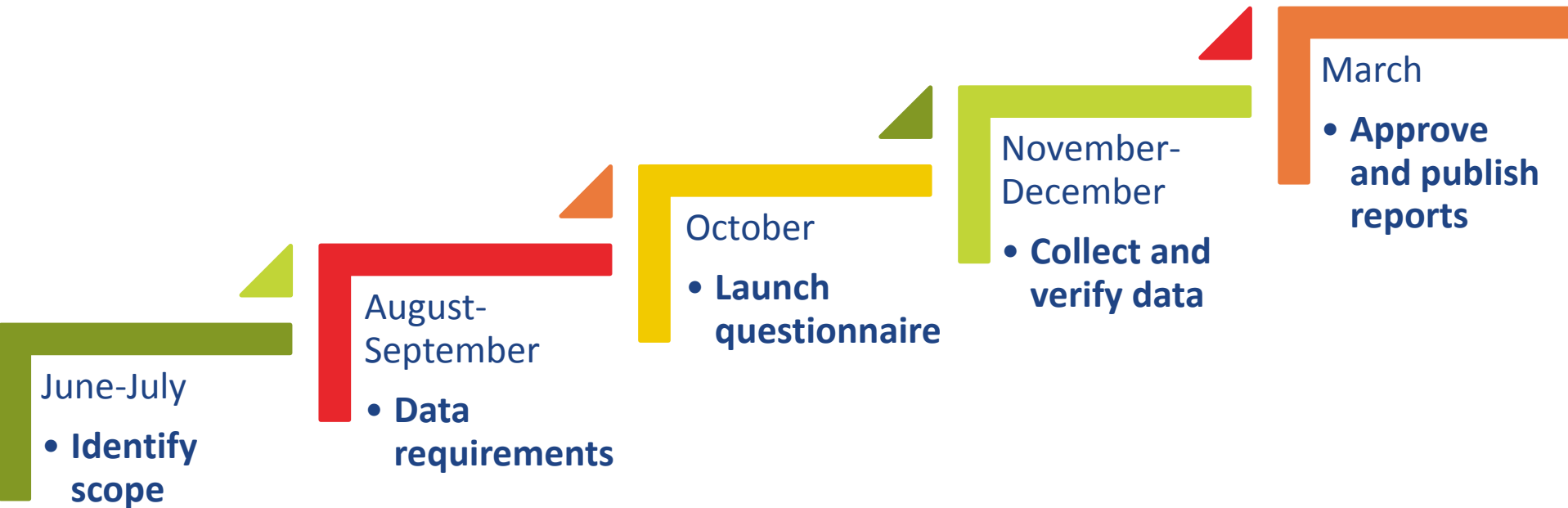


# ENTSOG & ACER Monitoring Obligations



*Overlapping and open formulation in Art. 8 and Art. 9 of Reg. 715/2009*

# Timescale for Implementation and Effect Monitoring reports (2017-18)



**31 March 2018:** publication and submission to ACER

**May 2018:** ENTSG's annual report to include the Summary of the TAR IM and EM reports



# Implementation Monitoring

- ***Scope***
  - Chapter 8 + early publication requirements
  - Scope expanded – All AD 1 and 2 chapters included
- ***Data collection***
  - ENTSOG/ACER collaboration - joint questionnaire
  - ACER online tool
- ***Questionnaire***
  - For every relevant article of TAR NC
  - Evidence based – links to data publication

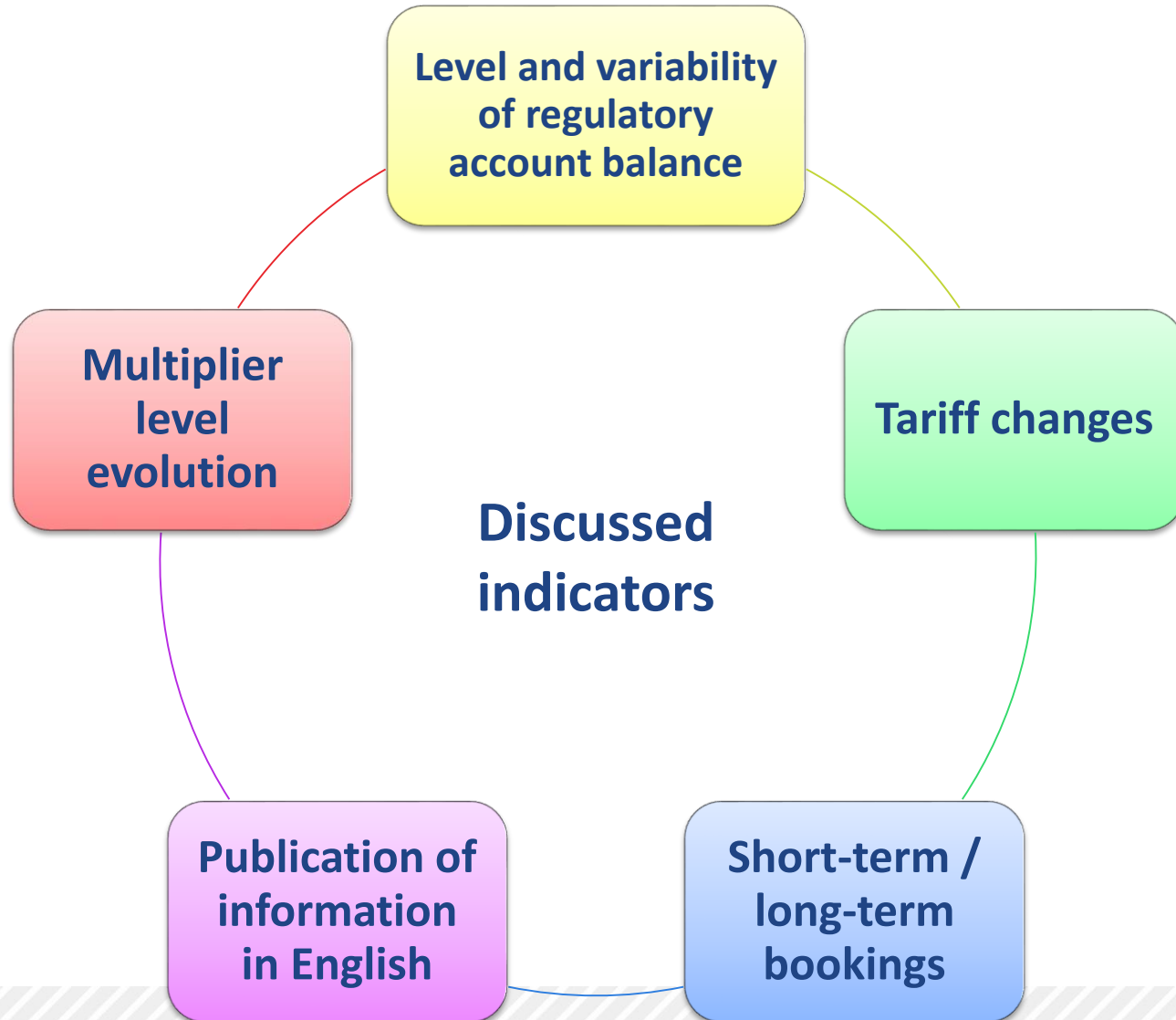


# Effect Monitoring



- ***ENTSOG starting Effect Monitoring – setting a benchmark***
- ***CEPA proposed seven indicators***
  - Some indicators not used
  - Some indicators revised
- ***Evolution of indicators***
- ***ACER feedback - included in process***

# Effect monitoring: indicators







# Something to take away



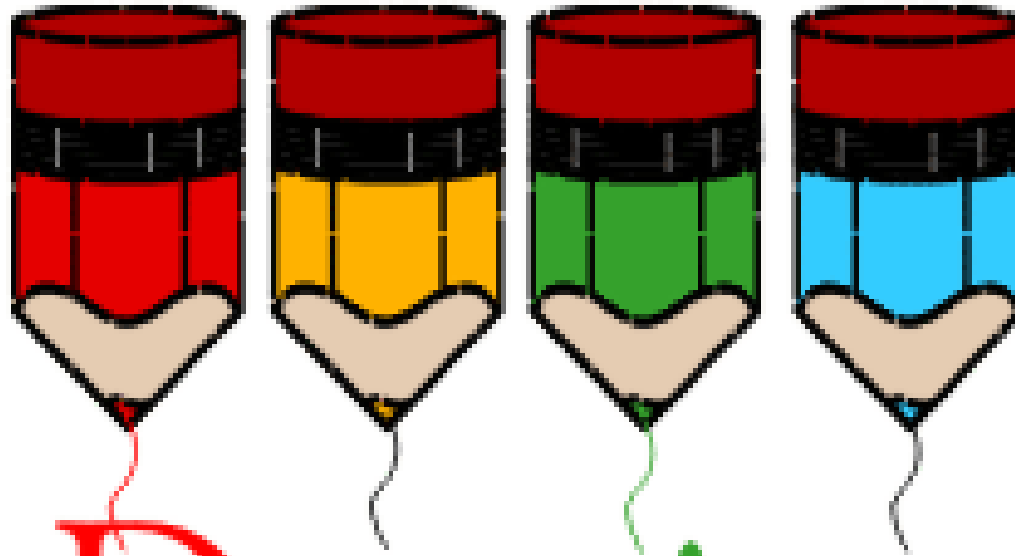
**Implementa-  
tion  
Monitoring  
—  
Expanded  
scope**



**Effect  
Monitoring  
—  
Laying a  
benchmark**



**ENTSOG /  
ACER  
—  
Collaboration**



Drawing  
conclusions



# Thank You for Your Attention

Tariff Brussels Team

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