

E-Control
Rudolfsplatz 13a
1010 Vienna, Austria

14 March 2022

Subject: EFET¹ letter regarding the TSO allowed revenues in Austria

EFET appreciates the opportunity to participate to yet another E-Control consultation aimed at rectifying the Austrian transmission tariff methodology. Through the years we have seen transparency increasing and cost-reflectivity improved. Cost of transporting gas through Austria have reduced and TSOs' revenues have progressively aligned to those of other TSOs across Europe. ACER opinions have been duly considered use and shippers have benefited from a much more efficient way to manage the Austrian gas network costs.

The proposal currently under discussion has the potential to move further in this direction, should the principles embraced by E-Control be followed to their full implications. However, while the reform recognises that a purely capacity based tariff fails to accurately capture the level of operational costs as and when they originate, it applies the notion of a variable charge only to exceptionally incurred cost, i.e. additional operational costs of electricity, gas and CO2 allowances.

Should the proposed modification go forward, the cost control function of E-Control would effectively be suspended to an extent, creating an undesirable precedent at the expenses of end users. As we acknowledge the exceptional and unforeseeable market conditions that have led to increased cost for TAG and GCA we accept that E-Control would, at their request, want to agree to adjusting the underlying cost basis. However, in order to avoid a similar situation repeating itself, E-Control should take time to develop an appropriate and definitive incentive mechanism that would ensure an efficient management of all operational costs.

Therefore, as an intermediary step in this direction and starting from October 1st, 2022, we would strongly recommend E-Control to take a more balanced view and:

- Amend the level of allowed revenues to give the TSOs a one-off chance to recoup the exceptionally incurred costs;
- Move all operational costs – including electricity, fuel gas and CO2 allowances costs currently recovered via the capacity charge – under a single all-encompassing commodity charge;
- Move away from an 80/20 split and allocate the full all-encompassing commodity charge to all exit point other than those towards underground storage site, unless

¹ The European Federation of Energy Traders (EFET) promotes competition, transparency and open access in the European energy sector. We build trust in power and gas markets across Europe, so that they may underpin a sustainable and secure energy supply and a competitive economy. We currently represent more than 100 energy trading companies, active in over 27 European countries. For more information: www.efet.org.

storage is used for access to neighboring systems, as this would allow to allocate operational costs closer to where they actually emerge. Operational costs are indeed a function of the distance covered by gas moving along the pipeline;

- Provide full visibility over the methods and the timing for the revision of the commodity charge, noting that a yearly adjustment with publication when all other tariff components are made public would be the ideal solution.

Should E-Control choose not to move all the operational costs under a commodity charge at this stage, we recommend retaining the 20/80 split for consistency with the current allocation of operational costs under the capacity charge as defined by the current methodology. In this case we would also appreciate an indication of whether all the operational costs would be recovered by a commodity charge following a 0/100 entry/exit split under the new regulatory period.

We believe that the abovementioned points would contribute to the transparency and predictability of the tariffs in Austria, encouraging greater network utilization and bookings in the forward timeframe. We remain available to engage in a conversation on all the above, confident that E-Control will choose the most efficient and sensible solution.

Kind Regards,
On behalf of EFET TF CSEE-G,



Davide Rubini,
Chairman of EFET TF CSEE-G



Doug Wood
Chair of EFET Gas Committee
Member of EFET Board