

TECHNICAL PROFILE

IMPLEMENTATION OF PUBLICATION OBLIGATIONS REFERRED TO IN REGULATION (EU) 460/2017 ESTABLISHING A NETWORK CODE ON HARMONISED TRANSMISSION TARIFF STRUCTURES FOR GAS

794/2017 / R / gas (*)

With Resolution 794/2017/R/gas, the Regulatory Authority for Electricity, Gas and Water updated the "*Regulation of tariffs for transporting and dispatching natural gas for the regulatory period 2014-2017 and for the transition period 2018-2019*" (RTTG) to implement rules regarding publication obligations introduced by Regulation (EU) 460/2017, which establishes a network code ("TAR Code") to favour harmonised transmission tariff structures for gas.

In particular, Resolution 794/2017/R/gas, in attributing the formal responsibility for fulfilling publication obligations to Snam Rete Gas, provides that:

- *some information* (such as the value of the fees) are published by Snam Rete Gas upon approval by the Authority, similarly to current regulation;
- *some sensitive information* (mainly relating to reference revenues and the value of assets recognised for tariff purposes relating to each transmission system operator) are published by Snam Rete Gas, but based on parameters approved by the Authority simultaneously with the approval of tariffs. The information will be published, where possible, with reference to individual transmission system operators;
- *the simplified tariff model must be published by Snam Rete Gas* after transmission to the Authority; the model will be accompanied by an explanation of how to use it, which allows network users to calculate the applicable transmission tariffs for the next tariff period and to estimate possible developments beyond that period. This simplified tariff model will be submitted for consultation by Snam Rete Gas, and updated also during the year, based on observations from interested parties.

The following three tables summarise the obligations envisaged by the TAR Code and their implementation methods.

(*) This sheet is for disclosure purposes only; it is not a measure.

Article 29	Existing Regulations	Proposed Regulations
a) Information for standard production capacity for continuous capacity		
i) Reserve prices applicable until at least to the end of the 'gas year' beginning after the annual yearly capacity auction	Approved by AEEGSI on proposal from the major company. Published by AEEGSI in Annex to the resolution approving fees. Available on the major company website.	Maintenance of existing regulation with obligation to publish per TAR Code by the major company
ii) Multipliers and seasonal factors applied to reserve prices for non-yearly standard capacity products	Defined by AEEGSI under existing tariffs	Obligation to publish per TAR Code by the major company
iii) Justification of the national regulatory authority for the level of multipliers		
iv) Justification of application of possible seasonal factors		
b) Information for standard production capacity and interruptible capacity		
i) Reserve prices applicable until at least to the end of the 'gas year' beginning after the annual yearly capacity auction	Approved by AEEGSI on proposal from the major companies. Published by AEEGSI in Annex to the resolution approving fees. Available on the major company website.	Obligation to publish per TAR Code by the major company
ii) Assessment of the probability of interruption	Not published	

	Existing regulation	Proposed regulation
ARTICLE 30.1		
a) Information on parameters used in the methodology of reference prices applied referring to technical characteristics of the transmission system		
i) Technical capacity at entry and exits points and associated assumptions	In part already available from the major company under Art. 23.9 RTTG	Obligation to publish per TAR Code by the major company
ii) Forecasted contracted capacity at entry and exits points and associated assumptions		
iii) Quantity and direction of the gas flow for entry and exit points and associated assumptions, for example supply and demand scenarios for the gas flow under peak conditions		
iv) Structural representation of the transmission network, with an appropriate level of detail		
v) Additional technical information on transmission network, as for example length and diameter of the gas pipelines and the power of the compression stations		
b) Other information		
i) Allowed or target revenue, or both, for the transmission system operator	Not published	Defined and calculated by AEEGSI. Published by AEEGSI in Annex to the deliberation approving fees. Obligation to publish per TAR Code by the major company
ii) Information on annual variations to point i)		
iii) The following parameters <ol style="list-style-type: none"> 1. Types of assets included in the regulated asset base and their aggregated value; 2. Cost of capital with calculation methodology 3. Capital expenditure including: a) methodologies to determine the initial value of the assets b) methodologies to re-valuate the assets c) explanations of the evolution of the value of the assets d) depreciations periods and amounts per asset type 4. Operational expenditures 		

	<p>5. Incentive mechanisms and efficiency targets</p> <p>6. Inflation indices</p>		
iv)	transmission services revenue		
v)	<p>The following ratios for the revenue referred to in point iv):</p> <ol style="list-style-type: none"> 1. Capacity-commodity split, meaning the breakdown between the revenue from capacity-based transmission tariffs and the revenue from commodity-based transmission tariffs; 2. Entry-exit split, meaning the breakdown between the revenue from capacity-based transmission tariffs at all entry points and the revenue from capacity-based transmission tariffs at all exit points 3. Intra-system/cross system split, meaning the breakdown between the revenue from intra-system network use at both entry points and exit points and the revenue from cross-system network use at both entry points and exit points calculated as set out in Article 5; 		
vi)	<p>Where and to the extent that the transmission system operator functions under a non-price cap regime, the following information related to the previous tariff period on regarding the reconciliation of the regulatory account:</p> <ol style="list-style-type: none"> 1. The actually obtained revenue, the under- o over-recovery of the allowed revenue and the part thereof attributed to the regulatory account and, if applicable, sub-accounts within such regulatory account. 2. The reconciliation period and the incentive mechanisms implemented. 		
vii)	The expected use of the auction premium		

c) Information on transmission and non-transmission tariffs		
i) Where applied, commodity-based transmission tariffs referred to in Article 4.3	Approved by AEEGSI on proposal from the major company. Published by AEEGSI in Annex to the deliberation approving fees. Available on the major company website.	Maintenance of existing regulation with obligation to publish per TAR Code by the major company
ii) Where applied, non-transmission tariffs or non-transmission services referred to Article 4.4		
iii) Reference prices and other prices applicable at points other than those referred in Article 29		

	Existing regulation	Proposed regulation
ARTICLE 30.2		
a) Explanation of the following		
i) The difference in the level of transmission tariffs for the same type of transmission service applicable for the prevailing tariff period and for the tariff period for which the information is published	Not published	Information supplied by the major company to AEEGSI for this proposal. Approved by AEEGSI for the deliberation approving fees. Obligation to publish per TAR Code by the major company
ii) The estimated difference in the level of transmission tariffs for the same type of transmission service applicable for the tariff period for which the information is published and for each tariff period within the remainder of the regulated period		
b) A simplified tariff model, regularly updated and accompanied by the explanation of how to use it, enabling network users to calculate the transmission tariffs applicable for the prevailing tariff period and to estimate their possible evolution beyond such tariff period	Not published	Model developed by the major company and sent to AEEGSI together with the proposal for fees. Obligation to publish per TAR Code by the major company