

27 June 2022

EFET response to ARERA consultation on the 6th tariff regulatory period (6PRT)

The elements outlined in [ARERA consultation 213/2022](#) on 6th tariff regulatory period (6PRT) represent a position aligned with the current regulatory period. Three new elements of relevance for market participants are proposed in the consultation:

- i) **Tariffs discounts on Storage and LNG** - ARERA proposes discounts of 100% on entry/exit storage tariffs (instead than the current 50%) and discount of 50% at entry points from regasification terminal (instead of the current 0%), estimating an increase of +21% on the entry fees and +9 % on exit fees
- ii) **Capacity allocation at city gate** – ARERA evaluates the introduction of daily capacity booking with the application of a multiplier between 2.5 and 3
- iii) **CM^{CF} tariff** – ARERA foresees a differentiation on the basis of two or three classes and the possibility of keeping the CM^{CF} tariff stable for the entire regulatory period

Key messages

1. Tariff discounts on storage and LNG should not result in the increase of tariffs at the other interconnection points, as this would be detrimental to imports from pipelines and to the overall Security of Supply (SoS). **Such tariff discounts could instead be financed through levies charged downstream the PSV**
2. Maintain the **tariffs as stable as possible** throughout the period, as proposed for CM^{CF} tariff
3. Change the reference level for the capacity: one possibility would be to use **technical capacity as cost driver instead of the forecasted contracted capacity for entry tariffs** to ensure a higher level of tariff stability even though this may give rise to an ongoing underrecovery. We encourage ARERA to consult the different stakeholders on the pros and cons of two drivers in the next consultation and to provide an estimation of the increase/decrease of entry/exit tariffs
4. **Maximise the capacity available to the market** as a mean to reduce transmission tariffs and optimise revenues recovery for transmission system operators as foreseen in the CAM Network Code

Detailed messages

Part II – Regulatory Framework

S3. Osservazioni in merito agli obiettivi dell'intervento dell'Autorità

We welcome the proposals of the Authority aimed at increasing the Security of Supply (SoS) and attracting additional gas into the Italian market. However, we share the following concerns on the proposed discounts:

- On **storage tariffs**, we believe that the introduction of such discount would not bring the desired benefits considering that such cost is already borne by Storage System Operator (SSO) and not by transport users. Furthermore, it would imply a considerable increase in other capacity tariffs that might lead to a reduction of the gas imports via pipeline. We encourage ARERA to consult with the neighbouring countries to properly assess the impact of the proposed discounts
- On **LNG entry tariffs**, we encourage ARERA to consider alternative mechanisms to such as: (i) a more competitive reserve price of the regasification auctions to incentivise the allocation of regasification capacity and (ii) transport cost included in the reserve price (as it is now for storage). Such a measure should be applied in a non-discriminatory way, avoiding distortions with respect to regasification capacity bookings already in place (both exempted and regulated)

Tariff discounts on storage and LNG should not come at the detriment of other interconnection points. **Such discounts could be financed instead through levies charged on domestic exit points, in order to truly create the conditions to attract all possible gas volumes into the Italian gas system.**

Part III – Revenues

S11. Osservazioni in merito al trattamento delle perdite di rete, autoconsumi e gas non contabilizzato

We underline the importance of the redefinition of the fixed unitary charge for the valorisation of the unitary exposure of the transport companies with respect to the differences between the recognized quantities of “gas non contabilizzato” (GCN) and the actual ones. This would ensure a greater participation of the transport companies in the risks of fluctuation of the GCN.

We note that with the reorganization of the gas metering activity at the entry and exit points of the transport network as set out in Resolution 512/2021/R/gas, new instruments will be available for transport companies from 2024 to ensure efficiency and accuracy of the measurement service.

Part IV – Transport tariffs

S20. Osservazioni in merito a moltiplicatori e fattori stagionali, in particolare la proposta di uno specifico moltiplicatore per i conferimenti giornalieri ai city gate

Multipliers at city gates

We believe that the mechanism proposed by ARERA “*in alternative to the one proposed on Consultation 157/2022/R/GAS*” is **not sufficiently detailed and thus is not possible to express a full evaluation**. This topic is object of a complex reform subjected to many Resolutions and Consultations (as outlined in par. 6.17) and should not be rediscussed in few lines.

Interruptible capacity

We take this opportunity to bring to the attention of ARERA the **amount of interruptible capacity sold from Italy to neighbouring countries** and identify potential barriers to cross-border trade.

We observe that at the exit point of Tarvisio the interruptible daily capacity has been offered only since March 31st, 2022 and at level much lower than what should be made available. The amount of daily interruptible capacity – never more than 18 mcm/d – made available at the Italy-Austria interconnection point is systematically low, even in days when there have been over 80mcm/d of forward flow.

We understand that the TSOs’ obligation to maximise capacity is explicitly affirmed for firm capacity only, however no clear instruction on the amount to be made available for interruptible capacity is currently given.

We struggle to understand why more daily interruptible capacity could not be offered, as it would contribute to revenues recovery for TSOs.

Part V – Measurement service

S21. Osservazioni in merito all’articolazione tariffaria del servizio di misura

We believe that it is necessary to pursue the **highest level of tariff stability during the period**. In this sense, we support ARERA proposal to maintain CM^{CF} tariff as stable as possible throughout the regulatory period (see paragraph 24.4.b).

We welcome ARERA proposal to differentiate CM^{CF} tariff by classes, however we encourage ARERA to further detail the number and characteristics of the different classes in the next consultation.