

19 December 2022

EFET response to ARERA consultation on gas tariff regulation criteria for the sixth regulatory period (6PRT) - Final guidelines

[ARERA consultation 502/2022](#) on 6th tariff regulatory period (6PRT) incorporates some of the market participants' observation from the previous consultation 213/2022, however there are still some relevant matters to be addressed regarding:

- i. Proposed modification of entry/exit split from 28/72 to 25/75
- ii. Missing consultation on the application of technical capacity vs forecasted contracted capacity
- iii. Setting of the CM_{CF}
- iv. Clarification on multipliers

Key messages

#1 - Entry/exit tariffs should be set equal to 20/80

We understand that the proposed entry/exit split at 25/75 is justified by the Authority due to the reduction in demand for natural gas and the entry into operation of the new Meledugno¹.

Considering the expected trend of reduction in demand and the new foreseen infrastructures, **we encourage ARERA to apply the most appropriate entry/exit split equal to 20/80** in order to properly take into account that:

- Entry into operation of two new regasification terminals will contribute to further reducing the use of entry infrastructures at a national level.
- The inclusion of methanisation costs in Sardinia at the tariff level would cancel the benefit of the change from 28/72 to 25/75
- The Adriatic Line project is expected to enter in operation by 2027 instead of 2034
- The transition to clean energy, in perspective, leading to the diffusion of "new gases" which will impact on the entry tariff for fossil gas

¹ As mentioned under paragraph 17.2.c.iv.

#2 - ARERA should have consulted market participants on the application of technical capacity vs forecasted contracted capacity for entry tariffs

Regarding the use of technical capacity as cost driver, instead of the forecasted contracted capacity, in our previous response to ARERA consultation on 6PRT, we encouraged:

“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”

We would have appreciated the inclusion of the above question in this consultation.

Moreover, we disagree with the Authority's analysis, carried out at paragraph 17.2, rejecting the proposal to use the technical capacity driver for the calculation of the tariffs at the entry points. In fact, it's not necessarily true that the use of technical capacity as cost's driver would lead to a systematic underestimation of the approved entry tariffs and thus to a revenue under recovery.

If so, the TAR NC would have not proposed the technical capacity as cost's driver. The same argument could lead to a logic conclusion: it's not necessary the introduction of a complementary tariff as is CV_{FC} .

#3 - CM_{CF} should be fixed based on equity principles

We appreciate that the Authority confirmed the possibility of keeping the CM_{CF} fixed for the entire regulatory period for the sake of tariffs stability. Furthermore, it is important that **tariffs are fixed based on equity principles in order to avoid discrimination between market participants.**

CM_{CF} should be established consistently to real costs sustained by the customers for maintenance of the metering devices, in order to make the choice of keeping or transferring metering service more comparable.

#4 – We seek further clarifications and assessments on multipliers

With regards the introduction of the city-gates' multipliers, we observe that today the criteria used to calculate the guarantees that market participants shall provide are based on the capacities assigned at the beginning of the thermal year and updated monthly in relation to the capacity transactions.

CONSULTATION RESPONSE

With the introduction of variability, there would be no need to establish the assigned capacity ex-ante, and therefore the amounts of the guarantees will have to be determined according to different criteria and probably attributable to the monthly withdrawal forecasts.

We believe that it's paramount to share a **preliminary assessment of the impacts of the new criteria**, in order to avoid further increases in the economic burdens incurred by the operators.

Lastly, without prejudice to the acceptance of the proposal, for a definitive evaluation of the same, it would be appropriate to clarify some significant aspects, in relation to their potential managerial and/or economic impact: in particular in relation to the reference volumes (actual measured, estimated on the basis of annual consumption, adjustment methods, etc.) to which the multipliers would be applied.