

MAVIR, the Hungarian TSO welcomes the excellent work made by Consentec focusing on the task to assess the correct size of the ITC infrastructure fund. Nevertheless, we make use of the possibility given the by ACER public consultation procedure to give our thoughts and opinions answering the questions of the review material:

1) *Has Consentec's study considered a sufficient range of potentially suitable options for assessing the ITC infrastructure fund? What other options do you believe should be included in the assessment?*

We are convinced that the study thoroughly considered all the possible options for the methods determining the correct ITC fund. In our opinion an effect of the fund's size should be investigated: The so called flow price – which is the same as the perimeter fee – is very much dependent on the infrastructure fund's size. By capping the fund the flow price – consequently the perimeter fee – will be relative low. This means a rather cheap access fee for perimeter countries (which are non-member countries) to the EU transmission network.

2) *Are the criteria adopted to assess these options and their application to the identified options appropriate? What additional or alternative criteria do you think should be applied?*

Concentrating the study on the given subject the criteria are well adopted for the investigation. We suggest that beyond the age of the assets also the role of them in transmitting transit flows (see the former idea of "Horizontal Network") should be taken into consideration in the assessment.

3) *Of the options identified by Consentec, do you have any preferences? If so, please provide reasons for your preferences.*

We prefer the "Restricted Absolut" option. The study has proved the unrealistic low value of the present fund size. Although the "Absolut" option would be a correct approach, the difference from one year to another one would mean a too big step.

4) *Are the assumptions adopted for the illustrative numerical analysis appropriate? Considering the practical limitations of availability, what other data or assumption do you believe should be used in such analysis?*

All the assumptions and data are realistic, a possible inaccuracy could not cause any considerable mistakes/deviations thus the results give a good picture of the subject.

5) *Do you think that the scope considered by the RAB in the study is relevant? In particular, how do you think lines below 225kV should be treated?*

We consider all the elements taking part in transmission of transit. (See our answer given on Q 2.)

6) *How do you believe the different parts of the congestion revenues should be treated in calculating the ITC infrastructure fund and why?*

In our opinion the role of the congestion management and the CB allocation is totally different from the role of ITC so the incomes (payments) of them have to be handled separately.

7) *Do you agree with Consentec's assessment and the preliminary conclusions on the options for determining the ITC infrastructure fund?*

Yes, we agree with the assessment and the conclusions considering our remarks to the question 2.

8) *What are your views regarding the suitability of using LRAIC to determine the ITC infrastructure fund? Do you consider the LRAIC proposed by Consentec appropriate?*

Given the high diversity in methods calculating and interpreting LRAIC we regard the regulated cost data much more definite and coherent.

9) *Are there any other issues that you believe should be taken into account in this review? In particular, how do you believe the on-going wider developments in the European energy market and regulatory arrangements should impact the Agency's proposal on the infrastructure fund?*

This review covers all the questions and problems concerning the concrete subject. We see a slight contradiction between the approaches of country specific LRAIC and standardised costs in the Regulation.

*Beyond the clear scope of this review (which is the assessment of the ITC infrastructure fund) we welcome any views or proposals to enhance the methods and principles of the ITC as a whole.*

In general we think that the ITC method itself should be improved radically. The definition of transit shall be refined making a clear distinction between "normal" and "unintended" or called "loop" flows. We would hint to the former excellent study of Consentec suggesting the TRM (Transit Reference Model), which was prepared for the request of ETSO and unfairly forgotten.

Kind regards,

On behalf of Director of Market Operations

Dr. GYULAY Zoltán