

ACER Stakeholder Event on Methodologies and Parameters to  
Determine Gas TSO Revenues  
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# EFET's views on TSO revenue setting

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European Federation  
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# Transparency builds trust in tariff setting



- Article 30 of the TAR NC is there for a reason
  - Understanding of the relevant price control parameters
  - Price control parameters → allowed revenue → tariffs
  - Comparison of relative TSO efficiency
  - Visibility of under/over recovery
  - Exposure of any hidden cross subsidy, RAB re-evaluation or inefficiency

## Transparency builds trust in tariff setting (2)

Review of Article 30 information – a “mixed bag”

- No information yet for some countries
- Differing degrees of completeness
- Differing degrees of granularity
- Differing interpretation of parameters
- Differing degrees of accessibility
- No useful information for price capped TSOs
- No tariff models yet for some countries
- Differing degrees of user input into tariff models
- Not all of the supporting information is available in English



# Revenue setting mechanisms



- Shippers are not able to decide which form of price control is appropriate for individual TSOs
- TSOs need assurance that their operations will be properly remunerated and financeable but
- Shippers need assurance that tariffs reflect efficiently incurred costs
- Preference is for “allowed revenues” and proportionate incentives which motivate TSOs to outperform and respond to shipper needs

## Benefits arising from ACER's report

- ACER should not strive for a single harmonised price control methodology across the EU
- Instead the report should:
  - Highlight best practices
  - Point out possible material inefficiencies
  - Develop common metrics for crude benchmarking of relative TSO efficiency
- NRAs should reflect on the report and use it to refine their future price control decisions



# Conclusions

- TAR NC represents the beginning of the process of creating trust in tariff setting
- Initial analysis of Article 30 information shows that more still needs to be done
- Shippers must be able to make a meaningful link between price control parameters → allowed revenue → tariffs
- TSOs need assurance that their operations will be properly remunerated and financeable

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Thanks for listening

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