

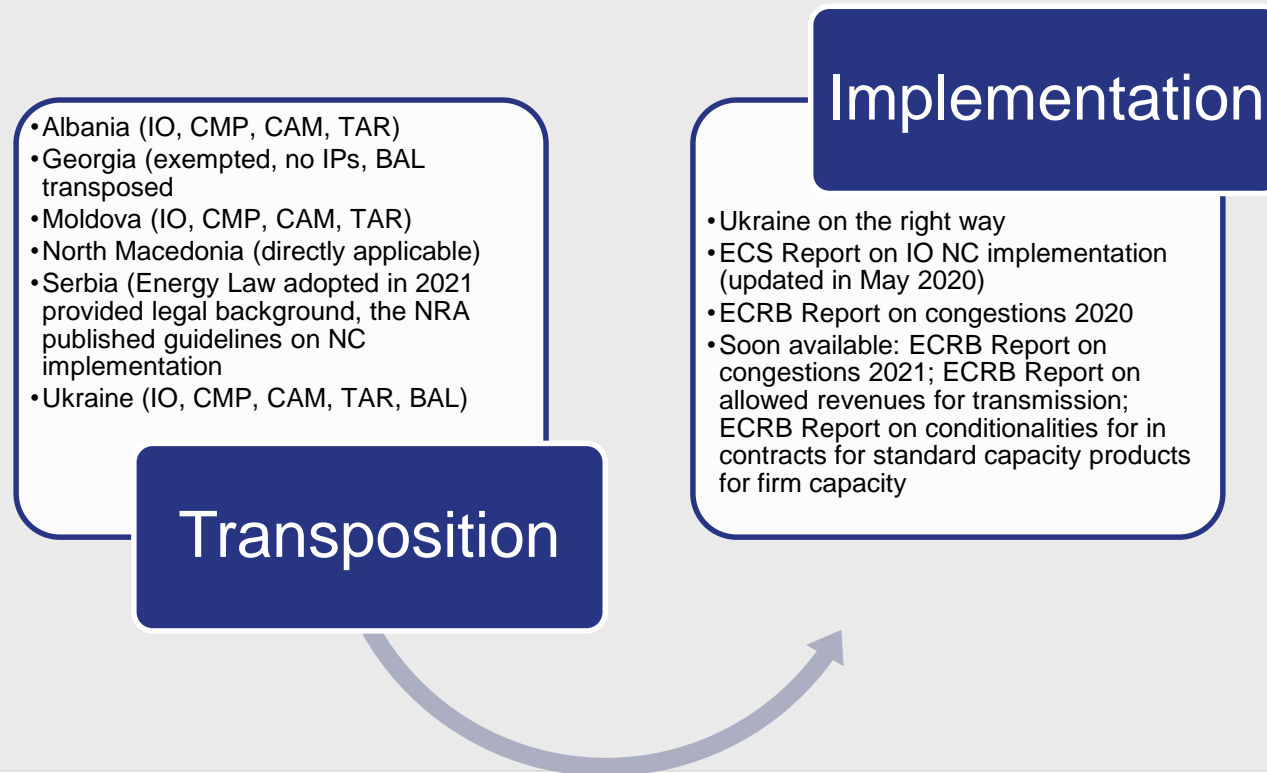
*Network code implementation -
harmonised transmission tariff
structure and congestions at
interconnection points in the EnC*

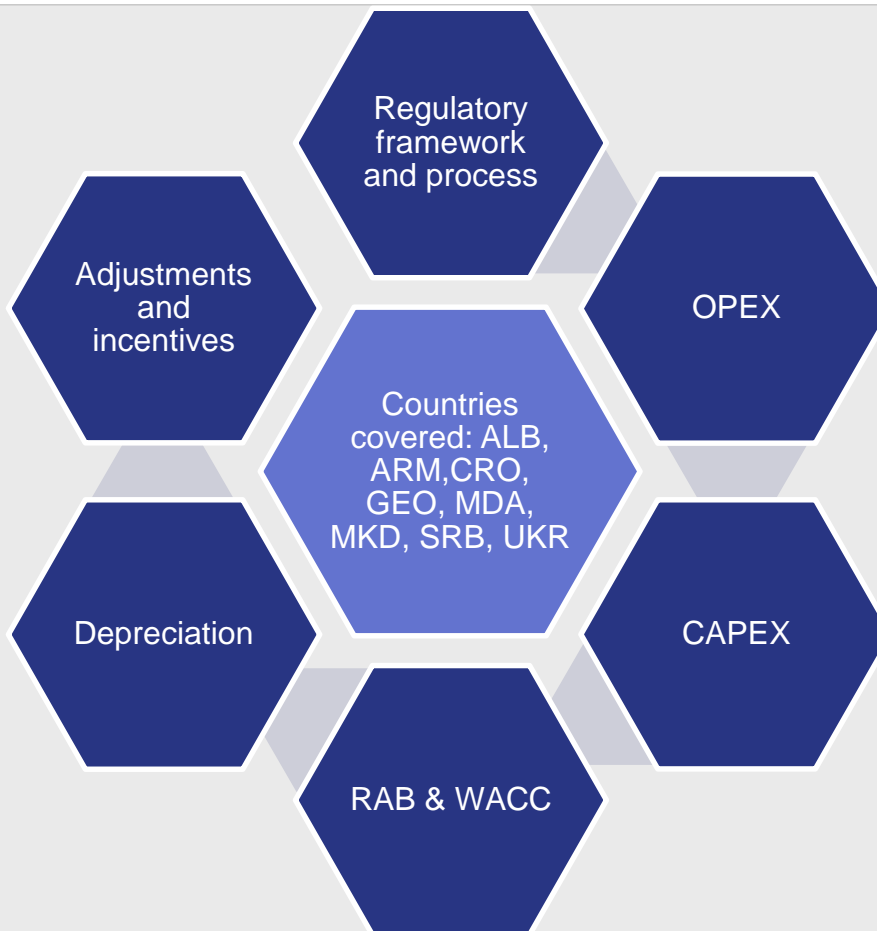
16th Energy Community Gas Forum

Ljubljana, 23 September 2021

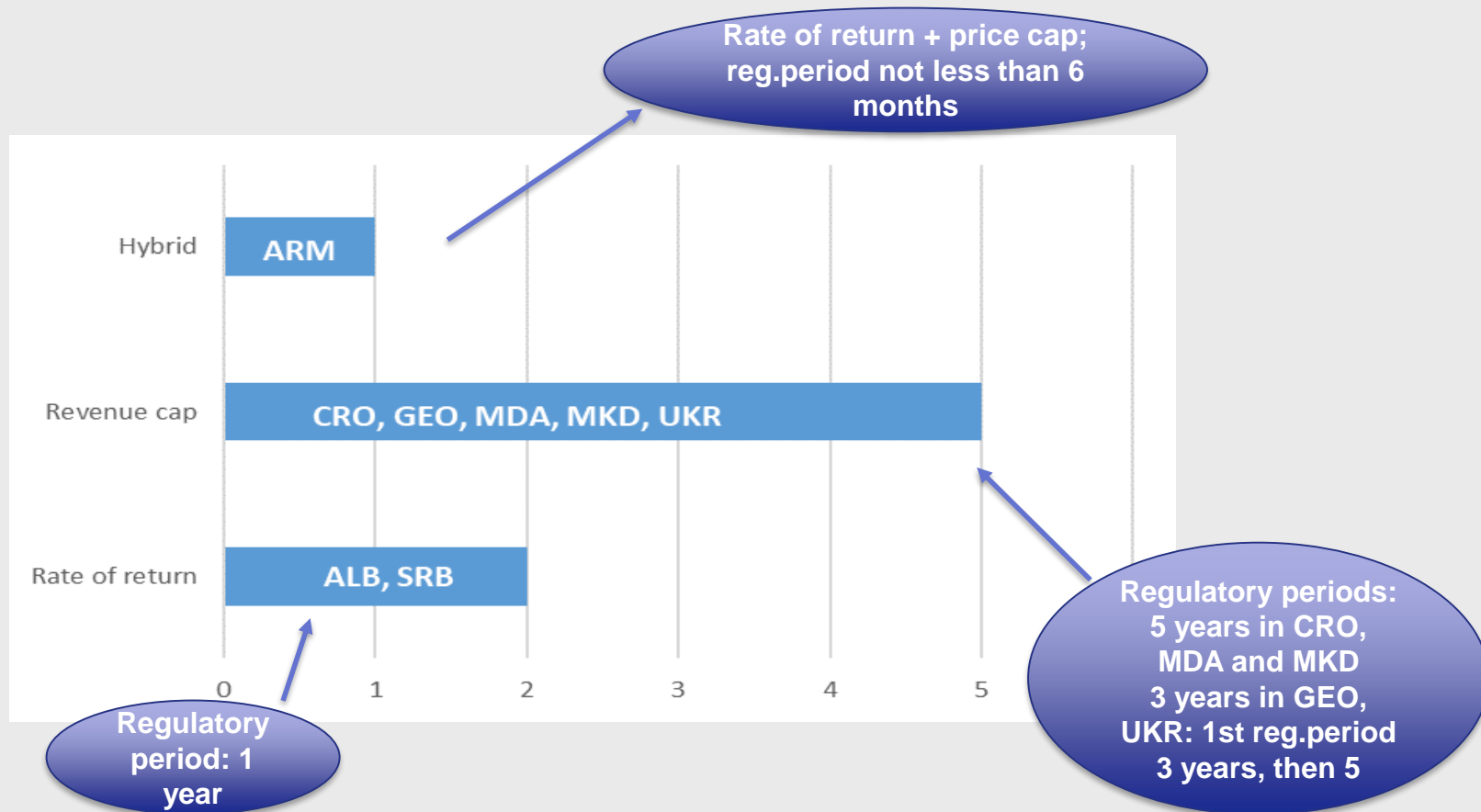
- ❖ *Background: NC implementation in the EnC Contracting Parties*
- ❖ *ECRB Report on methodologies and parameters used to determine the allowed or target revenue of gas transmission system operators*
- ❖ *ECRB report on congestions at gas interconnection points with respect to firm capacity products sold in the previous year*

❖ As of December 2020, all Network Codes applicable in the EnC CPs



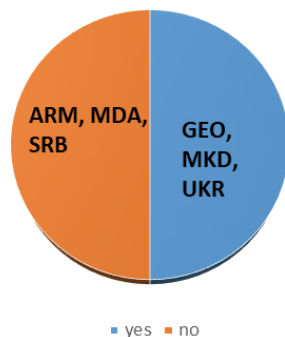


Regulatory framework



Operating expenditures

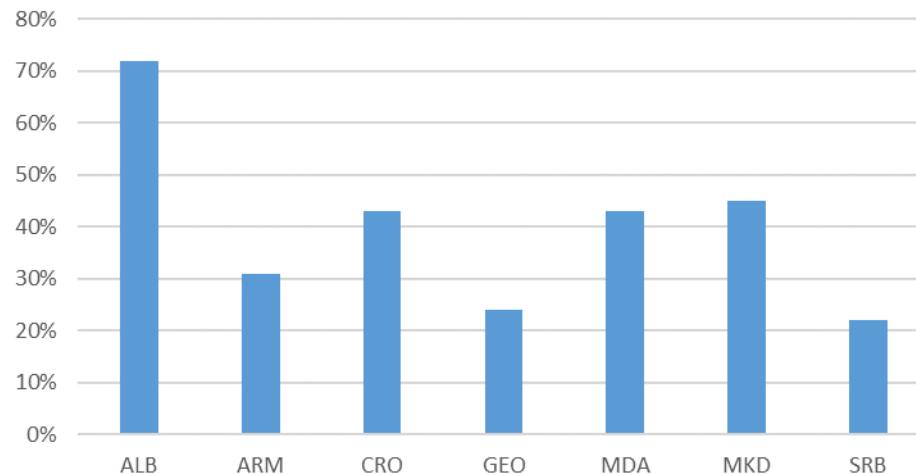
distinction between controllable and non-controllable costs



Efficiency factors used in:

- CRO: 1%
- GEO: 2%
- MDA: 20%
- UKR: 1%

OPEX as % of allowed revenue



Capital expenditures

Ex ante approval	with ex post review	ALB, CRO, GEO, MKD, SRB
	without ex post review	UKR
Ex post approval	ARM, MDA	

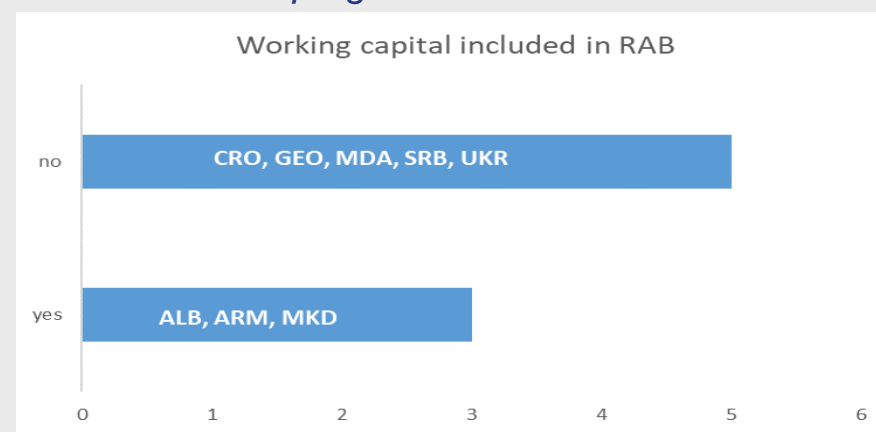
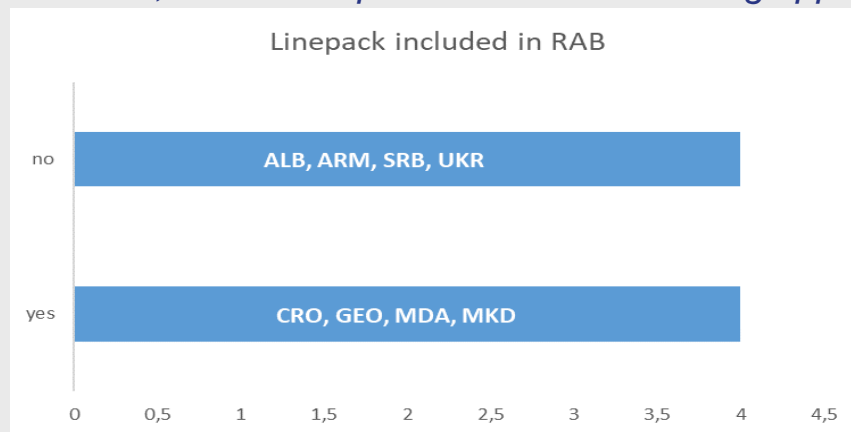
Tendering for large transmission system expansions required in all cases except MDA

Energy efficiency for CAPEX not used

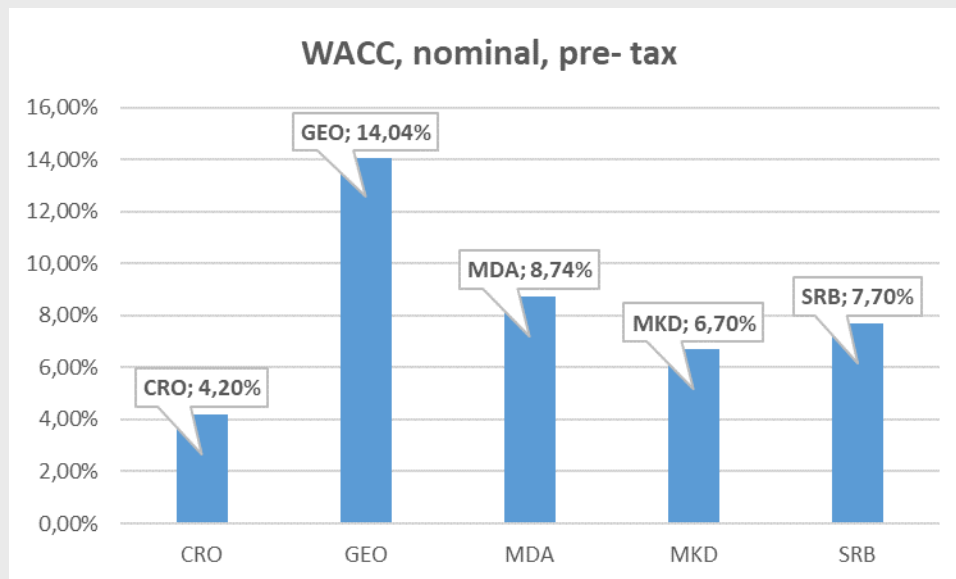
Regulatory asset base

Evaluation of assets:

- ❖ *Historical value: ALB, GEO, MDA, MKD, SRB*
- ❖ *CRO: revaluation done in the framework of unbundling process (2001)*
- ❖ *UKR: for assets constructed before incentive regulation was introduced- revaluation, for those created afterwards- historical value*
- ❖ *ARM: for assets constructed before 2001 an historical costs were used, for assets constructed after 2001, the cost of purchase or constructing approved in investment programs*



Weighted average cost of capital



UKR: 13,5% post- tax

*ALB: 4,91% vanilla
(post- tax on equity,
pre- tax on debt)*

- ❖ *Based on Annex I of Gas Regulation (EC) No 715/2009 related to congestion management rules*
- ❖ *Monitoring report on congestion at gas IPs with respect to firm capacity products sold in the previous year, for the years 2020, 2021 and 2022*
- ❖ *Identification of contractual congestions based on auctions was possible only for UKR IPs- first CAM NC auctions held in July 2020*
- ❖ *Other possible indicators used: unsuccessful capacity requests, non- offer of capacity, offer of interruptible capacity and trade on secondary market*

Report on contractual congestions (2)

- ❖ *Limited access to information on bookings for GEO and MKD*
- ❖ *In MDA all and in SRB most of the capacity in 2020 booked on yearly basis, in SRB also several monthly products were sold*
- ❖ *No bookings beyond 2020*
- ❖ *Interruptible capacity offered in SRB (for gas year 2019/2020) and UKR*

UKRAINE:

- ❖ *all capacity products available and booked at reserve prices, in line with CAM NC*
- ❖ *GSA and RBP used for capacity allocation*
- ❖ *Merging of IPs into Bereg VIP (Beregovo and Beregdaroc) and GCP GAZ-SYSTEM/UA TSO VIP (Drozdovychi and Hermanovychi) since 1 May 2020 i.e 1 July 2020*

- ❖ *NRAs of the CPs do not have to request transmission system operators to apply firm day-ahead use-it-or-lose-it mechanism*
- ❖ *ECRB identified a number of obstacles stemming from data availability, consistency and reliability and invites the TSOs to comply without delay with transparency-related provisions of Regulation (EC) 715/2009 and, in particular, Annex I of that regulation.*
- ❖ *ECRB invites Governments, NRAs and TSOs of the CPs and, where relevant, neighboring EU MSs, to enable full implementation of CMP Guidelines and CAM NC on interconnection points between the CPs and between the CPs and EU MSs*
- ❖ *ECRB recognizes the efforts and substantial progress towards full CMP and CAM NC implementation in Ukraine in 2020.*



*Thank you
for your attention!*

estratulat@anre.md

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