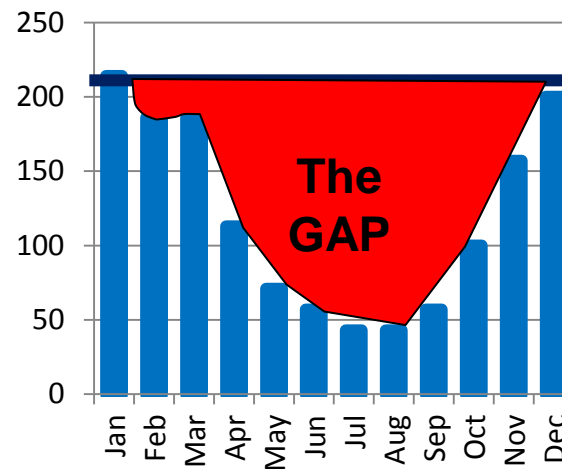
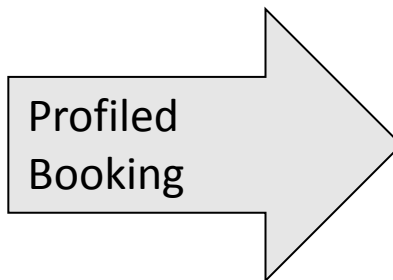
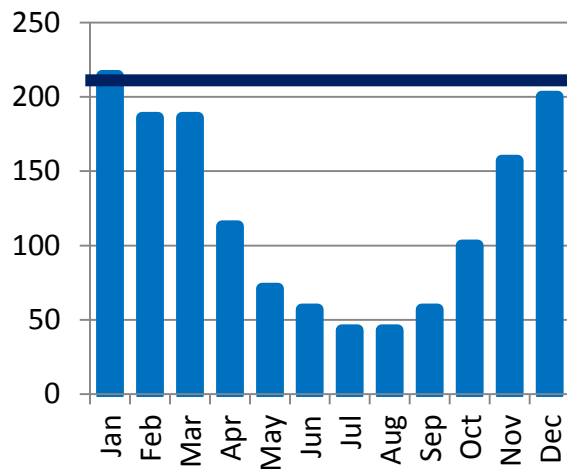


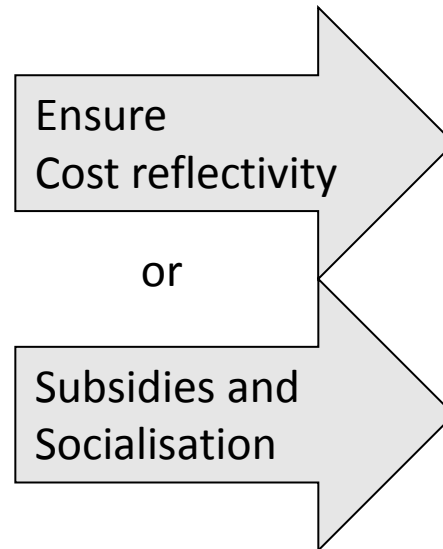


Tariff NC
GIE view on
Seasonal Factors and Multipliers

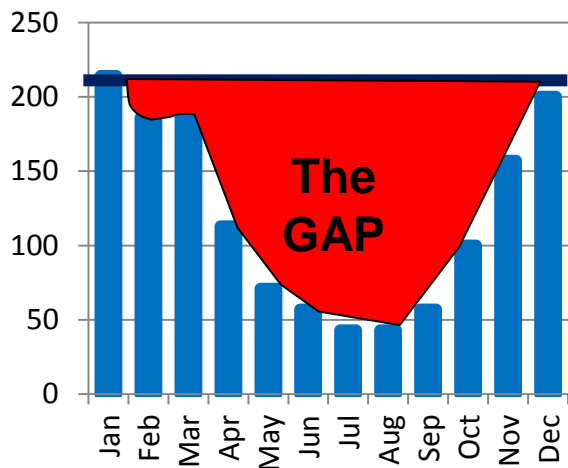
Philipp Daniel Palada, February 2014



In order to facilitate cross border trade, network users have the ability to book profiled (short term) on quarterly, monthly or daily basis.
The network code has to deal with the consequences of potential underrecovery.



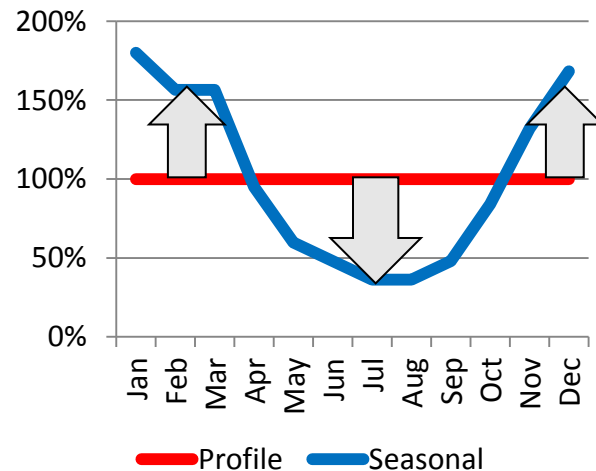
Ensure cost reflectivity



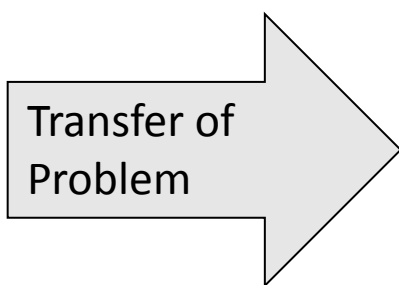
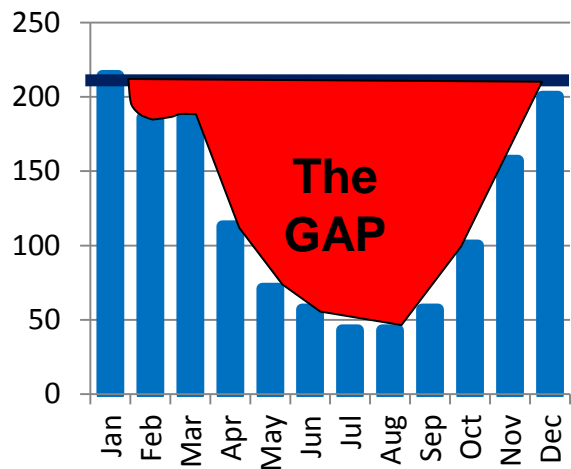
Setting the tariff simply based on average use of capacity would undermine longterm booking and would not deliver any signal for efficient use.

↪ Something more intelligent needed

Seasonal Factors are a proper instrument to incentivise efficient use of network and to deliver a signal for the congestion and/or value of capacity at given time. Seasonal factors in combination with reasonable defined multipliers can ensure in addition cost coverage for the TSO.



Cross subsidies and socialisation



Cost not earned at cross border points have to be earned elsewhere or will be subject of revenue recovery (which is pretty much the same).

Justified if the benefits of the transfer exceed the burdens.

Well, we have some doubts!

The combination of Seasonal Factors and well defined Multipliers deliver balanced solution:

- Balanced price for short term and long term bookings
- Clear signal for efficient use of capacity
- Cost reflective solution dealing with consequences at point of origin instead of problem-transfer
- Network users can find individual optimum of short and long term bookings
- Fair allocation of risk

