

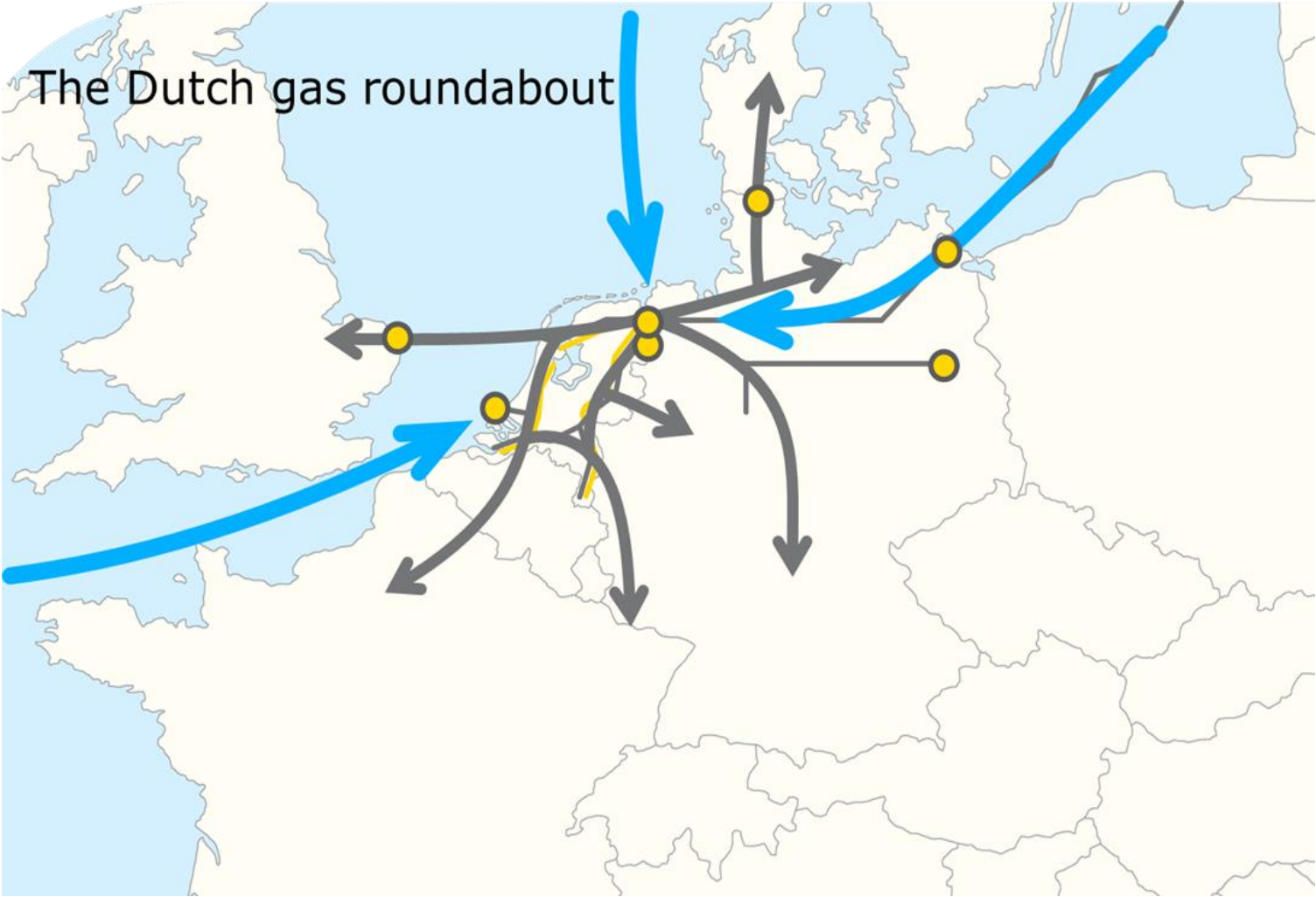
NC TAR Implementation process

Market session, hosted by GTS

15 September 2017

Agenda

- ACM: Implementation process until 1 March 2018.
- DNV GL: A study on the implementation status of NC TAR in six northwest European countries
- The Brattle Group: Gas transport tariffs and the Dutch Gas Market
- GTS: Framing NC TAR implementation



NC TAR - Goals

- Contribute to market integration
- Enhance security of supply
- Promote the interconnection between gas networks
- Improve transparency of transmission tariff structures
- Enable understanding of tariffs
- Ensure a reasonable level of cost reflectivity and predictability of tariffs

Desirable features

- Liquid trading hub
- Security of supply
- Competitive gas market
- Transit flows
- Desirable features consistent with Third Package and Gas Target Model

NC TAR services vs. statutory tasks

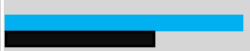



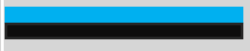

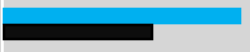


- The ACM sets the allowed revenue for the tasks TT, QC, BT, BAT and AT
- Peak and WQA not in scope NC TAR
- The NC TAR determines transmission tariff structures and the preconditions for non-transmission tariff structures
- NC TAR services not necessarily identical to current legal tasks

Two NC TAR compliant scenarios

NC TAR element	Scenario 1: Competitive Market, Attract gas	Scenario 2: Counter factual
Services	All-in (TT, QC, BT, BAT, AT): Obligatory TS	TT: Obligatory TS QC, BT*, BAT*, AT: Choice, NTS
Distance dependency in tariffs (RPM)	No (Postage stamp)	Yes (Counter factual CWD)
Entry/Exit revenue split	0%-100%	50%-50%
Storage discount	50% (exit side)	50%
LNG discount	-	0%
Multiplier/seasonal	One system for all points: NC TAR based Multiplier: German multipliers Seasonal: Apply NC TAR seasonal algorithm, with parameter power=2 for two groups: Off take with temperature dependency (LDC exit, L-gas exit)	Non-IP: Keep current monthly factors system IP: German multipliers Seasonal: Apply NC TAR seasonal algorithm for all IP's

* ACM considers BT and BAT as obligatory TS

Comparison against goals and desirable features

NC TAR goals and desirable features	Comparison
Contribute to market integration	
Enhance security of supply	
Promote the interconnection between gas networks	
Improve transparency of transmission tariff structures	
Enable understanding of tariffs	
Ensure a reasonable level of cost reflectivity and predictability of tariffs	
Liquid trading hub	
Competitive gas market	
Transit flows	

 Scenario 1: Competitive Market, Attract gas
 Scenario 2: Counter factual

Next sessions: numerical results

- RPM results for tariff year 2020
 - Expected revenues based on Method Decision and X-factor decision for year 2020
 - Forecasted contracted capacity for 2020
- Basic web based tariff tool
 - Entry/exit split
 - Storage discount
 - LNG discount