

Autorità di regolazione per energia, reti e ambiente (ARERA, Italy)

Enti Rregullator i Energjise (ERE, Albania)

Ρυθμιστική Αρχή Ενέργειας (RAE, Greece)

Approval of Tap Tariff Code amendments

Proposed by TAP AG on the 22nd of June 2018

Whereas¹:

On August 29th 2011, TAP AG submitted to the Italian Ministry of Economic Development and on August 31st 2011 to the Regulatory Authority for Energy of Greece (RAE) an “Exemption Application for Trans Adriatic Pipeline”, as foreseen by Article 36 of the Gas Directive 2009/73/EC. On September 1st 2011 TAP AG submitted to the Energy Regulatory Entity (ERE) of Albania an “Exemption Application for Trans Adriatic Pipeline”, in accordance with Article 22 of the Gas Directive 2003/55/EC.

In June 2013 the Italian Ministry, RAE and ERE took the decision on the exemption, adopting the *Final Joint Opinion*, a document jointly written by AEEG, ERE and RAE (hereafter: “the Authorities”) and amended to comply with the Commission Decision [C(2013)2949 final] dated 16th of May 2013 and having taken note of the Opinion 1/2013 of the Energy Community Secretariat dated 14th of May 2013.

In the aforementioned document an exemption from the provisions of Article 41.6, 41.8, 41.10, among others, has been granted to TAP AG for a period of 25 years starting from the beginning of the Commercial Operation Date, under the following conditions:

1. TAP AG had to submit for the approval of the three Authorities the document containing the final methodology for the implementation of the TAP Tariff (hereafter: “*TAP Tariff Code*”).
2. The TAP Tariff had to reflect efficient costs, to be transparent and non-discriminatory and had to follow the principles described in the Exemption Application.
3. The methodology had to define the pricing mechanism for all forward capacity products offered by TAP, namely capacity products of different durations of firm and interruptible nature, for different entry and exit points.
4. The methodology defined is such that for any further capacity product offered additional to the initial forward capacity, the TAP Tariff is to be reduced.
5. The Authorities in deciding on the final tariff structure, when approving the *TAP Tariff Code* for the TAP pipeline, have to properly take into account and reflect in the accepted tariff, the relevant different risk levels attached to TAP’s investments in the Initial and Expansion Capacity.
6. The Authorities have to monitor regularly if the TAP Tariff complies with the approved methodology. TAP has to cooperate with the Authorities in performing this task.

Following the provision of the *Final Joint Opinion*, on the 14th October 2013 TAP AG submitted to the Authorities for approval the *TAP Tariff Code*.

At the beginning of November 2013, the Authorities approved, with separate but coordinated decisions, the *TAP Tariff Code* (AEEGSI Deliberation 495/2013/R/gas, dated 6/11/2013, RAE Decision 531/2013 dated 6/11/2013, ERE Decision n. 127 dated 7/11/2013). The approved TAP Tariff Code includes the following clause: “The

¹ Hereafter the definitions of the *Final Joint Opinion* apply.

Transporter must obtain regulatory approval before implementing any amendment of the TAP Tariff Code as required by Article 4.2.1 of the Joint Opinion.”.

On the 22nd of June 2018, TAP AG sent a letter to the Authorities, seeking for the following amendments of the TAP Tariff Code:

- a) In the Target Revenue escalation formula (§2.1), the index MUICP (“Monetary Union Index of Consumer Prices” as defined in the Council Regulation (EC) No 2494/95 of 23 October 1995) is replaced with HICP (“Harmonised Indices of Consumer Prices” as defined in the Regulation (EU) 2016/792 of the European Parliament and of the Council of 11 May 2016 on harmonised indices of consumer prices and the house price index), as provided by Eurostat.
- b) The same Target Revenue escalation formula (§2.1) is adjusted to properly account for leap years so that, else equal, the Target Revenue stays constant between leap years and non-leap years.
- c) The current redistribution mechanism (as stated in §5.1) foresees redistribution of additional revenues twice a year. The amendment foresees the alignment of the redistribution period with the end of each year in order to allow the final calculation of the extra-revenues compared with the Target Revenue of the year.

Whereas:

- as stated in the Final Joint Opinion and quoted at point 6 above, the Authorities have to monitor regularly if the TAP Tariff complies with the approved methodology;
- the proposed amendments are in line with the principles stated in the Final Joint Opinion and summarized in points 1 to 6 above; in particular, they are likely to improve the accuracy and the transparency of the tariff methodology and do not introduce undue barriers to the foreseen process of short-term booking of capacity;
- the proposed amendments affect the Gas Transportation Agreements that have been signed between TAP AG and each Shipper of the exempted capacity. Therefore, upon the Authorities’ request, TAP AG consulted these Shippers and presented to TAP AG their positive feedback, as documented to the Authorities by TAP AG;

the Authorities jointly

approve the amendments proposed by TAP AG and attached as ANNEX B. The amendments integrate the TAP Tariff Code as approved by respective decisions of ARERA, RAE and ERE (AEEGSI Deliberation 495/2013/R/gas, dated 6/11/2013, RAE’s decision is 531/2013 dated 6/11/2013, ERE Decision n. 127 dated 7/11/2013).