



ACER



European Union Agency for the Cooperation
of Energy Regulators

Progress on Allowed revenues

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- ACER is continuing the work on possible regulatory mechanisms for hydrogen following the ACER/CEER White Paper.
- In the case of repurposed natural gas assets:
 - Asset transfer values: Guidance on how to assess the appropriate value of assets transferred from natural gas to pure hydrogen networks. The role of NRAs is important to ensure a fair split of revenues between asset owners and end consumers.
 - Allocation of potential additional costs in natural gas networks resulting from repurposing: Guidance for the appropriate allocation of these costs.
- In the case where hydrogen networks are regulated:
 - Allowed revenue regimes and parameters to cope with the uncertainty and risk during the development of a hydrogen market.
 - Tariff regimes applicable to regulated hydrogen networks (e.g. when to apply regulated tariffs? Is there a preference for capacity or commodity tariffs?)
 - Transparency on key regulatory aspects (e.g. repurposing costs, asset transfer values, tariffs).



- ACER is currently carrying out on-going work on allowed revenue in the context of the energy transition.
- TSO asset values: ACER is reviewing potential inconsistencies existing in the differences in asset valuation principles and in past RAB revaluations.
 - TSO asset values are based on different principles (e.g. historical opening value and depreciation, replacement costs, etc).
 - A number of MSs have revaluated TSO assets in the past.
- TSO risk and remuneration: Important to keep control of the TSO costs end-users pay throughout the transition
 - ACER is reviewing the proportionality between the risk of the TSOs and the different remuneration tools (i.e. WACC, premia).
- Existing tools like the CEER benchmarking study can help improve the efficiency of TSO costs. A number of NRAs support the mandatory participation of TSOs in this study.



Assess future gas demand and network utilisation

- The reduction of the natural gas demand could lead, to a decrease in the utilisation of natural gas networks and an increase in gas network tariffs, both transmission and distribution networks.
- ACER is currently assessing possible regulatory tools to cope with the challenges ahead:
 - NRAs could perform network utilisation scenarios to assess the impact of declining natural gas demand on natural gas network tariffs.
 - Performed at national level and coordinated at EU level.
 - ACM has already completed such assessment in 2021.
 - The results of this assessment could trigger, depending on the depreciation of the assets, regulatory adaptations which could consist of:
 - Adjustments on infrastructure remuneration (e.g. depreciation profile).
 - Possible differentiation of regulation applicable to assets forecasted to be repurposed for H2.
 - Where current NRA competences are not sufficient to address the risk of stranded costs, additional discussion on potential regulatory measures needs to follow.
- The stranding of the assets due to decreasing natural gas demand can have a cross-border dimension, which needs to be addressed. The different speeds of decarbonisation may further complicate this.



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