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.