

Public consultation process of the gas transmission reference price methodology in Malta, held in accordance with Art 26 of the Commission Regulation (EU) 2017/460 of 16 March 2017

In the period 15 June to 15 August 2020 the Maltese gas transmission operator, Melita TransGas Co Ltd (“MTG”), held public consultations related to the proposed future gas transmission tariff reference price methodology (“RPM”) in Malta. As part of the consultation process MTG made available¹ to the market the following documents:

- The draft reference price methodology
- The MS Excel calculation tool
- Key tariff assumptions summarized in line with the ACER template.

The aim of the whole consultation process was to present the RPM calculation methodology (i.e. related to tariffs for annual fixed gas transmission products) proposed to be applied in the Maltese gas transmission system, present the indicative tariff levels which may apply if the RPM is approved and to act as a basis for discussion with all stakeholders of the Maltese gas market and thus ensure that adequate transparency and stakeholder involvement is involved in the process.

During the consultation period all interested stakeholders had the opportunity to submit their comments to the proposed RPM. MTG’s key intention was to verify the market opinion about the RPM and whether it can be improved in the area of fairness, cost-reflectiveness, transparency and non-discrimination. MTG would like to express gratitude to the parties which invested time and effort to analyze the provided documents and formulate their opinion on the proposed RPM.

In the process of the public consultation only a single comment was submitted to MTG, which, together with MTG’s reply, has been published below in the ANNEX 1. MTG notes that the received comment relates to issues other than the RPM and as such contains no suggestions on directions in which the proposed RPM should be changed. Therefore, MTG concludes that the proposed RPM has been met with the approval of the market and that the proposed RPM, once adopted, will result in fair, cost-reflective, transparent and non-discriminatory tariffs. **MTG further concludes that, given no relevant feedback from the market, the proposed RPM does not require any adjustment at this stage.**

Consequently, the next steps and the indicative dates related to finalization of the gas transmission tariff RPM in Malta are as follows:

- ACER’s review of the RPM methodology
- Maltese NRA’s review and approval of the RPM methodology
- The indicative RPM for the next regulatory period

¹ The documents were (and continue to be) publicly available at:

- https://meae.gov.mt/en/Public_Consultations/MEW/Pages/Consultations/MalteseGasTransmissionSystemReferencePriceMethodologyinaccordancewithCommissionRegulationEU2017460of16March2017.aspx
- <https://melitatrangas.com.mt/commercial-regulatory/>

Annex 1

Comments received from market stakeholders in the public consultation process of the gas transmission reference price methodology (“RPM”) in Malta (held in accordance with Art 26 of the Commission Regulation (EU) 2017/460 of 16 March 2017) along with answers provided to them by the Maltese gas transmission operator, Melita TransGas Co Ltd (“MTG”).

Comment 1:

“With reference to the initiative above, I am hereby appealing to the Ministry for Energy and Water Management (Melita TransGas Company Ltd) to employ a Social Impact Assessment (SIA) process, which is in accordance with international standards for example those set by the International Association for Impact Assessment, which is accessible from this link:

<https://www.socialimpactassessment.com/documents/IAIA%202015%20Social%20Impact%20Assessment%20guidance%20document.pdf>

A social impact assessment reviews the social effects of development and social change, both intended and not.

The International Association for Impact Assessment defines an SIA as the process of analysing, monitoring and managing the intended and unintended social consequences, both positive and negative, of planned interventions and any social change processes invoked by those interventions.

Such changes may range from natural disasters to population growth and from policy interventions to singular development projects. Consequently, SIAs investigate the effects on people’s everyday lives in terms of culture, politics, community, health, well-being, aspirations, needs, rights and responsibilities, to name a few. They provide data for policymaking, which is based on evidence.

Social impacts under assessment should include all those things relevant to people’s everyday life. This may include one’s culture, community, political context, environment, health, well-being, personal and property rights as well as fears and aspirations.

Social impact assessments can help verify the consequences and impacts of policy proposals in relation to the communities involved. Hence, a basic starting point for such assessments should be the compilation of a community profile. A social impact assessment that does not understand the society in question is practically worthless.

Various methods, both quantitative and qualitative could be used within social impact assessments. The former refers to generalisable data especially through numbers, while the latter produce in-depth data on matters.

Research methods in SIAs may therefore include surveys of concerned populations who are asked questions on their perceptions of the change in question. Ethnographic methods may involve a deeper look into everyday practices of people, while elite interviews may verify the advice, concerns and interpretations of persons who are experts or who have experience in the respective field under analysis.

Methods may also involve the analysis of discourse on the subject in question, for example by looking at what is being pronounced in the public sphere, whether by the public, civil society, political actors, the media and the like.

SIAs should involve the participation of different stakeholders, ideally through mixed research methods.

Some other factors which should be included in social impact assessments include the consideration of reasonable alternatives to development proposals as well as comparative analysis of similar development proposals and related good or bad practices.

Analytic indicators should be provided and the entire process should be subject to peer review by independent experts in the field.

Social impact assessments should not be one-off exercises which are rubber-stamped by authorities without any sense of critical engagement. To the contrary, they should be ongoing processes which engage with various stakeholders and which report back so as to ensure effective policy processes. They should also use complementary research methods so as to ensure reliable and valid data.

Recommendations and mitigation measures could therefore be in place, and these would be based on social-scientific evidence.

It is also important that SIAs are peer-reviewed. This means that if a study is being carried out by a team of social scientists, this should be scrutinised by other independent social scientists. This could help identify shortcomings, conflicts and possible improvements to the same SIA.”

MTG reply to comment 1:

MTG points out that tariff reference price methodologies are not the subject of SIAs. The Commission Regulation (EU) 2017/460 of 16 March 2017 (which was the basis for development of the proposed RPM) also does not define how a SIA should be incorporated in the RPM-setting process.

This public consultation process is related purely to the RPM and from the submitted comment it is not clear how the proposed RPM can be refined in terms of fairness, cost-reflectiveness, transparency and non-discrimination, which are key RPM-setting principles from the perspective of the Commission Regulation (EU) 2017/460 of 16 March 2017. Consequently, MTG concludes that no action with regard to the proposed RPM needs to be taken as a follow-up of this comment.

In addition, MTG infers that the submitted comment was more generally related to the development of the Malta – Italy gas interconnection project, rather than specifically the proposed RPM, which was the subject of this consultation process. To this respect, MTG point out that discussions were held with the respective Competent Authorities and a social impact assessment was not requested as part of the screening letter.

Nonetheless, MTG would like to assure the stakeholders that the Melita TransGas pipeline is developed in line with all related legal requirements and best practices.