



Agencija za energijo

Consultation on discounts, multipliers, and seasonal factors

on the basis of Article 28 of
Commission Regulation (EU)
2017/460 of 16 March 2017
establishing a network code
on harmonised transmission
tariff structures for gas

Consultation document

Maribor, August 2018
www.agen-rs.si



1 THE PURPOSE OF THIS CONSULTATION DOCUMENT

The Energy Agency of the Republic of Slovenia is the national regulatory authority responsible for regulating the energy market and in compliance with the European and national legislation determines the methodology for setting gas transmission tariffs and approves the proposed tariffs of the network charge for the natural gas transmission operator (henceforth referred to as gas TSO).

Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas (henceforth referred to as Regulation (EU) No 2017/460) in Article 28 determines that the national regulatory authority must conduct a consultation on discounts, multipliers, and seasonal factors.

Gas transmission tariffs must be determined in a transparent and impartial manner and taking into account the eligible costs of the system. They must be designed to encourage network users to use the transmission system effectively, and provide the gas TSO with stable and predictable conditions.

The costs of leased transmission capacity are not affected only by the amount of leased capacity but also by duration and period of the lease, therefore, such multipliers and seasonal factors must be set up that encourage network users to use the system effectively. It is also necessary to determine discounts for the lease of interruptible capacity by taking into account the probability of interruption of the use of capacity.

The purpose of the consultation document is to seek the opinion of the national regulatory authorities of all directly connected Member State and the relevant stakeholders.

2 INVITATION TO PARTICIPATION

In line with Article 28 of the Commission Regulation (EU) No 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas the Energy Agency invites all interested parties to give their opinion on the prepared level of multipliers, seasonal factors, and discounts.

You should send your comments to the Energy Agency by

30 October 2018,

in electronic form to the email address: info@agen-rs.si

with the title: Consultation on discounts, multipliers and seasonal factors

After the consultation, the Energy Agency will publish the received comments on its website, and after their review, it will reach a reasoned decision on the aspects of discounts, multipliers, and seasonal factors.

The decision taken by the Energy Agency will be published on its website.

3 MULTIPLIERS

Multiplier means the factor applied to the respective proportion of the reference price in order to calculate the reserve price for a non-yearly standard capacity product.

Regulation (EU) No 2017/460 in Article 13 defines the level of multipliers for each standard capacity product within the following ranges:

- Quarterly standard capacity product and monthly standard capacity product:

$$1 \leq \text{multiplier} \leq 1.5$$

- Daily standard capacity products and within-day standard capacity product:

$$1 \leq \text{multiplier} \leq 3$$

The Energy Agency proposes that for the period 2020 the following multipliers for individual standard capacity products are used:

Standard capacity product	Level of multiplier
Quarterly	1.4
Monthly	1.5
Daily	3
Within-day	3

These multipliers will be used to calculate standard capacity products for all interconnection points and for all points within the Republic of Slovenia. The proposed multipliers together with seasonal factors will allow the system users more advantageous lease of short-term capacity.

4 SEASONAL FACTORS

Regulation (EU) No 2017/460 defines seasonal factor as the factor reflecting the variation of demand within the year.

Seasonal factors are used to determine the reserve price for a non-yearly standard capacity product in a way that after calculating the tariff using the corresponding multiplier level the reserve price is multiplied by the respective seasonal factor. Seasonal factors must be calculated as set out in Article 15 of this Regulation.

In line with paragraphs 2 to 6 of Article 15, the Energy Agency calculated the following seasonal factors for the tariff period 2020:

Seasonal factor for an individual standard capacity product				
Gas month	Quarterly	Monthly	Daily	Within-day
January	1.652	1.679	1.679	1.679
February	1.652	1.666	1.666	1.666
March	1.652	1.612	1.612	1.612
April	0.675	0.807	0.807	0.807
May	0.675	0.640	0.640	0.640
June	0.675	0.579	0.579	0.579
July	0.528	0.504	0.504	0.504
August	0.528	0.495	0.495	0.495
September	0.528	0.584	0.584	0.584
October	1.145	0.750	0.750	0.750
November	1.145	1.130	1.130	1.130
December	1.145	1.554	1.554	1.554

These seasonal factors for the tariff period 2020 were set on the basis of the forecasted hourly gas flow in 2019 and amounted to:

Gas month	Forecasted hourly flow [kWh]
January	2,093,914
February	2,083,484
March	2,038,418
April	1,284,763
May	1,101,002
June	1,029,824
July	938,729
August	927,427
September	1,035,929
October	1,223,645
November	1,607,825
December	1,989,033

The listed seasonal factors are going to be used for calculating standard capacity products for all interconnections points and all points within the Republic of Slovenia. The proposed multipliers together with seasonal factors will allow system users more advantageous lease of short-term capacity compared to current levels of short-term factors. The use of seasonal factors encourages the lease and use of transmission capacity in periods when the transmission network is less utilised.

The calculation of seasonal factors in line with paragraph 2 to 6 of Article 15 of Regulation (EU) No 2017/460 is presented in Annex 1.

5 DISCOUNTS

On the basis of Article 28(1), point (c) of Regulation (EU) No 2017/460 national regulatory authorities takes a decision on the levels of discounts set out in Articles 9(2) and 16.

5.1 Storages facilities, LNG, and infrastructure ending isolation

Regulation (EU) No 2017/460 in Article 9 regulates adjustment of tariffs at entry points from and exit points to storage facilities and entry points from LNG facilities and infrastructure ending isolation.

The Slovenian transmission system has no entry and exit points to storage facilities; it also has no entry point from LNG facilities and entry or exit points to infrastructure developed to eliminate the isolation of the Members States from the point of view of their natural gas transmission systems. For that reason, the Energy Agency did not determine a proposal for a level of discounts in line of Article 9 of Regulation (EU) No 2017/460.

5.2 Interruptible capacity

In line with Article 16 of Regulation (EU) No 2017/460 a national regulatory authority may instead of ex-ante discounts decide to apply an ex-post discount, whereby network users are compensated after the actual interruptions incurred, but such ex-post discount may only be used at interconnection points where there was no interruption of capacity due to physical congestion in the preceding gas year.

In the Slovenian transmission system in the preceding gas year no interruption due to physical congestion occurred, therefore, the Energy Agency suggests that for interruptible capacity ex-post discount is used, whereby network users are compensated after the actual interruption happened.

In line with Article 16(4) of Regulation (EU) No 2017/460 in case of interruption the ex-post compensation for each day on which interruption occurred equal to three times the reserve price for daily standard capacity products for firm capacity will be paid to a network user.

As before, users will receive compensation for interruptible capacity ex-post and only if interruption of firm capacity actually occurs.

6 CONCLUSION

When consulting of proposals for multipliers, seasonal factors and discounts, the Energy Agency would like to provide users a comparable, transparent and impartial transition to charging tariffs for the transmission system, which will be in compliance with Regulation (EU) No 2017/460, while at the same time does not affect the competitiveness of transmission routes and the changed flows of natural gas. With this proposal, the Energy Agency ensures comparable revenues from transmission services, where reserved prices would better reflect eligible costs of individual services.