



Agencija za energijo

Consultation on discounts, multipliers and seasonal factors for the tariff period 2021

pursuant to 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, April 2020
www.agen-rs.si



1 THE PURPOSE OF THIS CONSULTATION DOCUMENT

The Energy Agency is the national regulatory authority of the Republic of Slovenia responsible for regulating the energy markets and in accordance with European and Slovenian legislation establishes a methodology for setting natural gas transmission tariffs and approves the proposed network charge tariffs for the natural gas transmission system operator (hereinafter referred to as the TSO).

Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas (hereinafter Regulation (EU) 2017/460) provides that the national regulatory authority must conduct a consultation on the level of discounts, multipliers and seasonal factors. The consultation must be carried out for each tariff period.

In 2018, the Agency carried out the first consultation on the level of discounts, multipliers and seasonal factors for the tariff period in 2020. Discount rates, multipliers and seasonal factors for 2020 are published in the Legal Act on the methodology for determining network charge for the natural gas transmission system (Official Gazette of the Republic of Slovenia No 20/19, 8/20).

The consultation paper contains proposals for discount rates, multipliers and seasonal factors for 2021.

The purpose of this consultation document is to obtain the views of the national regulatory authorities of all directly connected Member States and other stakeholders.

2 INVITATION TO PARTICIPATION

In accordance with Article 28 of Commission Regulation (EU) 2017/460 establishing a network code on harmonised transmission tariff structures for gas, the Energy Agency invites all interested stakeholders to give their opinion on the prepared level of multipliers, seasonal factors and discounts.

Send your comments Opinions to the Energy Agency by

4 May 2020,

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

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

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

The adopted multipliers, seasonal factors and discounts will be published in an Act of the Agency relating to the calculation of the network charge for the natural gas transmission system.

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.

Article 13 of Regulation (EU) 2017/460 provides that the level of multipliers shall be for quarterly standard capacity products and for monthly standard capacity products no less than 1 and no more than 1.5; for daily standard capacity products and for within-day standard capacity products, the level of the respective multiplier shall be no less than 1 and no more than 3.

The Energy Agency proposes to use, for the tariff period 2021, lower multipliers for a quarterly and monthly standard capacity product as for the tariff period 2020, while the multipliers for the daily and within-day capacity products remain the same:

Standard capacity product	Multiplier level
Quarterly	1.40
Monthly	1.45
Daily	2.75
Within-day	2.80

Those 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 the seasonal factors, will allow system users to book, in the short term, a more favourable booking of short-term capacity. The proposed multipliers continue to encourage network users to use long-term booking of transmission capacity, as it is only in this way that the further development of the transmission system and the appropriate level of the tariff rates are able to be optimised.

The proposed multipliers are designed in a way to ensure that the projected revenues from short-term capacity bookings are to be maintained. Further decrease in rates of multipliers would result in lower reserve prices for short-term capacity bookings and lower revenues from the network charges, which would increase the risk of higher network charges in the subsequent years.

The proposed multipliers will give the users of the system of short-term capacity booking an appropriate price signal and ensure an adequate distribution of the eligible costs of the TSO among the different system users. The proposed level of multipliers we also aim to prevent possible congestion at the interconnection points of the Slovenian transmission system.

4 SEASONAL FACTORS

Seasonal factors reflect the variation of demand within the year and are used to determine the reserve price for non-yearly standard capacity products in a way that after the calculation of the tariff by using corresponding multiplier level the reserve price is multiplied by the respective seasonal factor. The seasonal factors shall be calculated in accordance with Article 15 of Regulation (EU) 2017/460.

Calculated seasonal factors for the tariff period 2021:

Seasonal factors for each standard capacity product				
Gas month	Quarterly	Monthly	Daily	Within-day
January	1.526	1.748	1.748	1.748
February	1.526	1.492	1.492	1.492
March	1.526	1.337	1.337	1.337
April	0.749	0.853	0.853	0.853
May	0.749	0.710	0.710	0.710
June	0.749	0.685	0.685	0.685
July	0.660	0.632	0.632	0.632
August	0.660	0.623	0.623	0.623
September	0.660	0.725	0.725	0.725
October	1.150	0.901	0.901	0.901
November	1.150	1.195	1.195	1.195
December	1.150	1.356	1.356	1.356

These seasonal factors are going to be used for standard capacity products for all interconnection points and for all points within the Republic of Slovenia.

The proposed seasonal factors have been calculated in accordance with the second to the sixth paragraph of Article 15 of Regulation (EU) 2017/460 and are presented in Annex 1 in the same way as it was established for the current tariff period by taking into account the projected average hourly flow for the current tariff period and the exponent of 1.5.

The listed seasonal factors for the tariff period 2021 were set on the basis of the projected average hourly flow for all interconnecting points for 2020 and are:

Gas month	Forecasted average hourly flow [kWh]
January	2,720,093
February	2,447,766
March	2,275,575
April	1,685,597
May	1,492,460
June	1,456,844
July	1,380,157
August	1,367,583
September	1,513,449
October	1,748,418
November	2,110,376
December	2,296,485

The seasonal factors for quarterly standard capacity products were determined on the basis of the arithmetic mean of the seasonal factors for the three relevant months.

The levels of seasonal factors are adapted to the utilisation of the transmission system, which is used less in months outside the heating season. In this way, the proposed seasonal factors shall encourage the booking and use of transmission capacities during periods when the transmission network is less used.

The proposed multipliers together with seasonal factors provide appropriate signals for the optimal booking of existing transmission capacities and the effective further development of the transmission system.

5 DISCOUNTS

On the basis of Article 28(1) point (c) of Regulation (EU) 2017/460, the national regulatory authority shall decide on the level of discounts referred to in Article 9(2) and Article 16 of this Regulation.

5.1 Storage, LNG and infrastructure ending isolation

Article 9 of Regulation (EU) 2017/460 regulates the adjustments of tariffs at entry points from storage facilities, exit points to storage places and at entry points from LNG facilities and infrastructure for the elimination of isolation.

The Slovenian transmission system does not have entry and exit points to storage facilities, nor does it have an entry point from LNG facilities and entry or exit points from infrastructure developed to eliminate the isolation of the Member States from the point of view of their natural gas transmission systems. Therefore, the Energy Agency did not determine a proposal for a level of discounts in line with Article 9(2) of Regulation (EU) 2017/460.

5.2 Interruptible capacity

On the basis of Article 16 of Regulation (EU) 2017/460, the national regulatory authority may decide to use an ex-post discount instead of applying ex-ante discounts where network users receive compensation after interruptions have actually occurred, but such ex-post discount may only be used at interconnection points where there was no interruption of capacity year due to physical congestion in the preceding gas year.

In the Slovenian transmission system, no interruption has occurred in the preceding gas year due to physical congestion, therefore, and the Energy Agency suggests that for interruptible capacity for the tariff period 2021 ex-post discount is used, where the network users receive compensation once the interruption actually occurs.

In accordance with Article 16(4) of Regulation (EU) 2017/460, the ex-post compensation paid to a network user for each day on which an interruption occurred shall be equal to three times the reserve price for daily standard capacity products for firm capacity, as it is already determined by Article 24 of the Legal Act on the methodology for determining network charge for the natural gas transmission system for interruptible entry capacity and by Article 34 for interruptible exit capacity.

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

6 CONCLUSION

When consulting on proposals on the multipliers, seasonal factors and discounts for the tariff period 2021, the Energy Agency would like to provide users with comparable, transparent and impartial tariffs for the transmission system, which will be in line with Regulation (EU) 2017/460 while not affecting the competitiveness of the transmission routes and the changed natural gas flows. With this proposal, the Energy Agency provides comparable revenues from the booking of short-term services for 2021, comparable to 2020.

The Energy Agency's decision on the level of multipliers, seasonal factors and discounts will be published in an Act of the Energy Agency concerning the calculation of the network charge for the natural gas transmission system.