

Consultation in accordance with Article 28 of Tariff Network code

In Finland, the derogation of Article 49 of Directive 2009/73/EC of the European parliament and of the council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC ended 31st December 2019. From the beginning of 2020 EU gas market legislation has been applied as such.

In accordance with Article 28 of Commission Regulation on establishing a network code on harmonized transmission tariffs structures for gas (Tariff Network Code) the Energy Authority carries out a consultation with the national regulatory authorities of all directly connected Member States and the relevant stakeholders on the following:

- the level of multipliers
- if applicable, the level of seasonal factors and the calculations set out in Article 15
- the levels of discounts set out in Article 9(3) and 16

The consultation is open from 1st April until 1st June 2020. The consultation responses shall be delivered by e-mail to the address kirjaamo@energiavirasto.fi no later than 1st of June 2020.

At the same time with this consultation, TSO Gasgrid Finland Oy carries out a consultation about harmonized transmission tariff structures in accordance with Article 26 in the Tariff Network Code.

The level of multipliers

In accordance with Tariff Network Code "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 sets the following constraints:

- a) for quarterly standard capacity products and for monthly standard capacity products, the level of the respective multiplier shall be no less than 1 and no more than 1,5;



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- b) 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. In duly justified cases, the level of the respective multipliers may be less than 1, but higher than 0, or higher than 3.

Gasgrid Finland has proposed the following multipliers for standard capacity products in entry and exit points for the tariff year 2021:

Table 1. Proposed entry and exit capacity products for the tariff year 2021.

Capacity product	Multiplier
Yearly (reference price)	1
Quarterly	1,1
Monthly	1,25
Daily	1,5
Within-day	1,7

Finnish, Estonian and Latvian TSOs have established common tariff zone from 1st of January 2020. These TSOs have made an ITC (Inter-TSO Compensation) agreement in which the same level of entry tariff is set for all entry points at the tariff zone and in which there is no entry or exit tariff set at Balticconnector.

The multipliers shown in Table 1 are set in ITC agreement for entry points. The multipliers are harmonized with Estonian and Latvian TSOs.

Gasgrid Finland Oy sets its own most suitable multipliers for capacity products at the exit zone. Gasgrid Finland Oy proposes that the same multipliers which are used at the entry points shall be used at the exit zone to facilitate further on the market participants' ability to understand the markets better.

The grounds for the proposal are the following:

- Finnish gas market is characterized by industry's and energy production's fast start-up needs after malfunctions. If high multipliers were used the competitiveness of gas would be reduced which would put gas in difficult position in rapidly evolving needs and could lead to the use of alternative fuels.
- Capacity bookings of the market participants serve as input data for TSO's operative planning. To achieve a high security of supply and a cost-efficient operation of the network it is important for TSO to know one day prior with appropriate precision what kind of transfer volumes it should be prepared for. Thus, Gasgrid Finland has proposed a price step among short term products, which is hoped to guide capacity booking to rather daily products than within-day products.



- The same multipliers are also used for tariff year 2020. During the Q1/2020 no adjustments for the level of multipliers were found necessary.

Seasonal factors

Gasgrid Finland Oy sees no need to adjust the price of capacity products reflecting the variation of demand within the year.

Gasgrid Finland has proposed that the seasonal factor should be one (1) for the tariff year 2021. Gasgrid Finland Oy sees no scarcity in transmission capacity in the entry points or at the exit zone.

Discounts

In accordance with Article 9 in Tariff Network Code

1. A discount of at least 50 % shall be applied to capacity-based transmission tariffs at entry points from and exit points to storage facilities, unless and to the extent a storage facility which is connected to more than one transmission or distribution network is used to compete with an interconnection point.

2. At entry points from LNG facilities, and at entry points from and exit points to infrastructure developed with the purpose of ending the isolation of Member States in respect of their gas transmission systems, a discount may be applied to the respective capacity-based transmission tariffs for the purposes of increasing security of supply.

Gasgrid Finland Oy has proposed that no discounts should be applied in Finland.