

DECISION UNDER ARTICLE 28 (2) OF COMMISSION REGULATION (EU) 2017/460 OF 16 MARCH 2017 ESTABLISHING A NETWORK CODE ON HARMONIZED TRANSMISSION TARIFF STRUCTURES FOR GAS

(1) Consultation under article 28

Article 28 of Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonized transmission tariff structures for gas (hereinafter “NC TAR”) requires that subsequent consultations on the level of discounts, the level of multipliers, and the level of seasonal factors be conducted every tariff period. Under the conditions in the Czech Republic, this means that such consultations have to be conducted every year.

On the basis of the requirements set out in Article 28 (2) NC TAR the Energy Regulatory Office (hereinafter also “the Office”), as the national regulatory authority, on 12 May 2023 launched the public consultation on discounts, multipliers and seasonal factors. The Office informed about the initiation of this consultation the representatives of the national regulatory authorities of all directly connected Member states and also the representatives of ACER. Any stakeholder had the opportunity to comment on the consultation document until 22 May 2023 via e-mail to plyn@eru.cz.

In addition to the consultation pursuant to Article 28, the values of the multipliers for 2024 were also the subject of the consultation on a draft price decision pursuant to Section 17e of Act No. 458/2000 Coll., as amended.

Within both consultations, 4 entities submitted comments to the Office. The proposed multiplier values only concerned the comments of NET4GAS, s.r.o., which proposed:

- to increase the multiplier from 1.1 to 1.25 for quarterly products (similar to Poland, but lower than Slovakia),
- to increase the multiplier from 1.25 to 1.5 for monthly products (similar to Poland and Slovakia),
- to increase the multiplier from 1.5 to 1.7 for daily products (a lower level than in Poland and Slovakia),
- to increase the multiplier from 1.7 to 2.0 for intraday products.

NET4GAS, s.r.o. argues that the multipliers values in the Czech Republic are lower than in surrounding countries, just as the proposed tariffs for 2024 are. Low multiplier values motivate short-term product reservations, while high multipliers motivate annual and longer reservations. After the failure of contracts with long-term capacity reservations, it is now desirable to motivate system users to reserve long-term capacities by increasing the multiplier values.

According to the data available to the Office, the values of the multipliers do not differ significantly from the values of the multipliers in the surrounding states and, like in the Czech Republic, they have not changed in the past few years. The Office continues to consider that the set levels of multipliers fully ensure a balance between facilitating short-term gas trade and providing long-term signals for efficient investment in the transmission system, do not have any negative impact on the transmission services revenue and its recovery, do not cause cross-subsidization between network users and ensure cost-reflectivity of reserve prices, do not cause physical or contractual congestion and do not have any negative impact on cross-border flows.

(1.1) Setting the level of multipliers

The Office treated the issue of determining the level of multipliers for the quarterly, monthly, daily and within-day capacity products extensively as part of the final consultation under Article 26 NC TAR during the year 2018. On the basis of this consultation, on 27 May 2019 the Office published a motivated decision under Article 27 (4) NC TAR, detailing the reasons for the levels of the multipliers for each of the short-term capacity products, including an assessment of the aspects specified in Article 28 (3) (a) NC TAR. The same reasons are still valid for the level of multipliers for 2024.

On the basis of the facts outlined above, the Office set the level of multipliers for interconnection points and virtual interconnection points unchanged for 2024. The following table shows the levels of multipliers for particular capacity products for 2024:

Table 1 The levels of multipliers set for 2024

Capacity product	Multiplier
Quarterly	1.10
Monthly	1.25
Daily	1.50
Within-day	1.70

(1.2) Setting the levels of seasonal factors and calculations referred to in Article 15 NC TAR

Seasonal factors for calculating reserve prices for capacity products are not used in the Czech Republic and their introduction in the future is not envisaged. In relation to the earlier consultations on proposals for the rules of gas market functioning in the Czech Republic, no demand for introducing seasonal transmission tariffs was expressed by the users or the operator of the transmission system. The probable reason is the existence of short-term transmission tariffs (see subchapter 1.1 above) that make it possible for transmission network users to structure their capacity requirements to a sufficient extent while taking into account the need to cover the costs caused by short term transmission products. Because of the size of the Czech transmission network, no cases occur where, for example, a winter season sees shortages of available transmission capacity and such circumstance, and the related higher costs, have to be reflected in the structure of transmission tariffs.

(1.3) Discounts referred to in Article 9 (2) and Article 16 NC TAR

No LNG facilities constituting entry points to the transmission system in the Czech Republic are currently operated in the Czech Republic. No infrastructure developed with the purpose of ending the isolation of Member States is operated. Article 9 (2) NC TAR is therefore not used.

It decided, in accordance with Article 16 (4) NC TAR, to continue to apply the regime of ex-post discounts to compensate for interruptions, i.e. for the interrupted part of capacity, equaling three times the reserve price for daily standard firm capacity in the case of capacity products for interruptible capacity. Should an interruption occur at an interconnection point, the Office will analyze the probability of interruptions and introduce an ex-ante discount under Article 16 (2) NC TAR for the subsequent period.