

TRANSPARENCY ON TRANSMISSION TARIFFS

GAS YEAR 2024-2025

Information to be published pursuant to article 29 of

Commission Regulation (EU) 2017/460

May 2024

Rua Dom Cristóvão da Gama n.º 1-3.º
1400-113 Lisboa
Tel.: 21 303 32 00
Fax: 21 303 32 01
e-mail: erse@erse.pt
www.erse.pt

Table of contents

INTRODUCTION.....	1
ART. 29 (A) INFORMATION FOR STANDARD CAPACITY PRODUCTS FOR FIRM CAPACITY	2
Art. 29(a)(i) Reserve prices	2
Art. 29(a)(ii) Multipliers and seasonal factors.....	3
Art. 29(a)(iii) Justification for the level of multipliers.....	4
Art. 29(a)(iv) Justification for the application of the seasonal factors	5
ART. 29(B) INFORMATION FOR STANDARD CAPACITY PRODUCTS FOR INTERRUPTIBLE CAPACITY	6
Art. 29(b)(i) Reserve prices	6
Art. 29(b)(ii) Assessment of the probability of interruption.....	7

Introduction

[Commission Regulation \(EU\) 2017/460](#) of 16 March 2017 establishes a network code on harmonised transmission tariff structures for gas ("Tariff NC"), including rules on the application of a reference price methodology, on the calculation of reserve prices for standardized capacity products and on the publication requirements, among others. The publication requirements are defined in articles 29 and 30 of the Tariff NC.

Article 29 refers to the information to publish before the annual yearly capacity auction, and refers to standard capacity products for firm capacity and for interruptible capacity, covering information on the reserve prices, multipliers, seasonal factors and evaluation of the probability of interruption. This information must be published no later than 30 days before the annual yearly capacity auction.

Article 30 refers to the information to publish before the tariff period, and refers to the information associated with the approval of transmission tariffs for natural gas, covering information on the determination of allowed revenues and tariffs. This information must be published no later than 30 days before the tariff period.

This document ¹ presents the information required under article 29 of the Tariff NC. The information required under article 30 will be published in a separate document no later than 30 days before the tariff period, which starts on October 1st.

Legal notice

The information provided in this document aims to comply with the provisions of article 29 of Commission Regulation (EU) 2017/460 of 16 March 2017, establishing a network code on harmonised transmission tariff structures for gas, not dispensing with the consultation of the ERSE Directive 8/2024, of 29 May 2024 ², which approves the tariffs and prices for natural gas for the gas year 2024-2025. In case of discrepancy, the information published by the ERSE Directive 8/2024 prevails over the information disclosed in this document.

¹ Available at ERSE's [webpage](#).

² Subject to subsequent publication in the Official Journal (*Diário da República*).

Art. 29 (a) Information for standard capacity products for firm capacity

The gas transmission network in Portugal has a Virtual Interconnection Point (VIP) at the border with the Spanish transmission network, denominated as VIP Iberico. VIP Iberico combines two interconnection points existing on the Portugal-Spain border, namely the Campo Maior-Badajoz point and the Valença do Minho-Tuy point.

VIP Iberico is the only point on the transmission network subject to Commission Regulation (EU) 2017/460, of 16 March, establishing a network code on capacity allocation mechanisms in gas transmission systems.

Currently, all existing capacity products on each side of the border between Portugal and Spain are offered, namely the standard capacity product types (5-years, yearly, quarterly, monthly, daily and within-day). ERSE sets the reserve prices for standard firm capacity products at VIP Iberico for a tariff period of one year coinciding with the timeframe of the yearly standard capacity products.

Art. 29(a)(i) Reserve prices

The following two tables present the reserve prices for the standard capacity products for firm capacity at VIP Iberico during gas year 2024-2025 (October - September), namely at the entry point from VIP Iberico (Table 1) and at the exit point to VIP Iberico (Table 2).

Table 1 - Reserve prices of the standard capacity products for firm capacity at the entry point from VIP Iberico, gas year 2024-2025

PRICES OF THE TRANSMISSION TARIFF: ENTRY POINTS	
Firm capacity products (daily horizon or higher)	
VIP Iberico	Contracted capacity
	EUR/(kWh/day)/day
Annual	0,00009652
Quarterly	0,00011389
Monthly	0,00013030
Daily	0,00018724

PRICES OF THE TRANSMISSION TARIFF: ENTRY POINTS	
Firm capacity products (within-day horizon)	
VIP Iberico	Contracted capacity
	EUR/(kWh/h)/h
Within-day	0,00020558

Table 2 - Reserve prices of the standard capacity products for firm capacity at the exit point to VIP Iberico, gas year 2024-2025

PRICES OF THE TRANSMISSION TARIFF: EXIT POINTS	
Firm capacity products (daily horizon or higher)	
VIP Iberico	Contracted capacity
	EUR/(kWh/day)/day
Annual	0,00009439
Quarterly	0,00011138
Monthly	0,00012743
Daily	0,00018312

PRICES OF THE TRANSMISSION TARIFF: EXIT POINTS	
Firm capacity products (within-day horizon)	
VIP Iberico	Contracted capacity
	EUR/(kWh/h)/h
Within-day	0,00020106

Standard firm capacity products longer than one year have reserve prices equal to the yearly product applicable at the time of capacity utilization.

Art. 29(a)(ii) Multipliers and seasonal factors

The multipliers applicable to non-yearly capacity products at VIP Iberico are provided in Table 3. The multipliers for gas year 2024-2025 are slightly lower in all time horizons, when compared to the previous gas year.

Table 3 - Multipliers applied to reserve prices for non-yearly standard capacity products, gas year 2024-2025

MULTIPLIERS OF THE TRANSMISSION TARIFF	
Entry points and exit points	
VIP Iberico	
Quarterly product	1,18
Monthly product	1,35
Daily product	1,94
Within-day product	2,13

Standard firm capacity products longer than one year have reserve prices equal to the yearly product, corresponding to unitary multipliers.

Seasonal factors are not applied.

Art. 29(a)(iii) Justification for the level of multipliers

In line with the position expressed by stakeholders in the sector on previous occasions, ERSE has privileged the stability of multipliers³. Multipliers for quarterly, monthly and daily products were constant between gas year 2013-2014 and gas year 2023-2024. The multiplier for within-day products was constant between gas year 2016-2017 and gas year 2023-2024. However, in 2024, as a result of public consultation⁴, the methodology for calculating the multipliers was updated. The methodological change resulted in multiplier values similar to the previous ones, although slightly lower, for all maturities.

Article 28(3)(a) of the Tariff NC refers to five criteria to take into account in the approval of multipliers by the national regulatory authority⁵. ERSE considers that the current level of multipliers meets the five criteria for multipliers.

The first criterion, of a balance between short-term gas trade and long-term signals for efficient investment, is considered to be met insofar as the multipliers in force have not prevented market agents from reserving capacity in the VIP Iberico at the various horizons of the capacity products according to their commercial supply strategy: in the VIP Iberico there has been a transfer from booking annual capacity to capacity in shorter maturity products since gas year 2020-2021, together with a total booking of the LNG terminal's technical regasification capacity through the annual product, since gas year 2019-2020. Given the stability of the multipliers, this change in the supply strategy of market agents is essentially the result of the price relationship between LNG and natural gas and the long-term contracts held by agents operating in the Iberian Peninsula and, in particular, in Portugal. The multipliers for non-yearly standard capacity products should represent a balance between two opposite objectives. On the one hand, multipliers should be high enough such that long-term bookings are not discouraged as investments in transmission assets have a long-term perspective. On the other hand, multipliers should be low enough to avoid the creation of barriers for short-term bookings, which would hamper flexibility and the entry of new players into the market. Moreover, multipliers should increase as the duration of the product type decreases, encouraging capacity bookings that give greater predictability to the management of the system.

³ For instance in the response to the [Public Consultation n.º 66](#) of ERSE.

⁴ [Public consultation n.º 117 of ERSE](#).

⁵ The criteria are: (i) the balance between facilitating short-term gas trade and providing long-term signals for efficient investment in the transmission system; (ii) the impact on the transmission services revenue and its recovery; (iii) the need to avoid cross-subsidisation between network users and to enhance cost-reflectivity of reserve prices; (iv) situations of physical and contractual congestion; (v) the impact on cross-border flows.

The second criterion, the impact on revenue recovery, is ensured through the stability of the multipliers, which has allowed ERSE to estimate the use of VIP Iberico in the various time horizons with greater certainty, mitigating the risk of revenue deviations due to changes in multipliers⁶.

In view of the third criterion, cross-subsidization between network users is avoided as the same multipliers are applied for the two supply entry points of the Portuguese system, represented by VIP Iberico and the LNG terminal in Sines. Since the same multipliers are applied for capacity products with the same duration across these two entry points, in the event of greater short-term volatility it is not expected that multipliers will be a determinant factor for gas supply to consider one specific entry point over the other.

In the fourth criterion, on situations of physical and contractual congestion, this situation is not applicable to Portugal since physical congestion has never been recorded at VIP Iberico, nor the application of auction premia in the respective capacity auctions.

Finally, in the criterion related to cross-border flows, multipliers are considered to be neutral for cross-border flows, since the same multipliers are applied in both directions of VIP Iberico and on the two supply entry points of the Portuguese system.

[Art. 29\(a\)\(iv\) Justification for the application of the seasonal factors](#)

Seasonal factors are not applied at VIP Iberico.

⁶ The main reason for the volatility of revenues recovered at points of the transmission network is related to the demand by gas-fired power plants, which depends on the dynamics of the wholesale electricity market, as well as weather conditions. The level of multipliers applied at VIP Iberico does not contribute to this volatility.

Art. 29(b) Information for standard capacity products for interruptible capacity

The transmission system operator in Portugal provides at VIP Iberico, at the border with the Spanish transmission network, standard capacity products for interruptible capacity for daily and within-day bookings.

These products comply with the rules in the network code on capacity allocation mechanisms in gas transmission systems established by Commission Regulation (EU) 2017/459.

Art. 29(b)(i) Reserve prices

In accordance with the Tariff Regulation for the gas sector ⁷, reserve prices of products for interruptible capacity relating to the points of entry and exit of the transmission network include an ex-ante discount or an ex-post discount, to be decided annually by ERSE.

In the gas year 2024-2025, an ex-ante discount applies to the standard capacity products for interruptible capacity at VIP Iberico.

The following two tables present the reserve prices for the standard capacity products for interruptible capacity at VIP Iberico during gas year 2024-2025 (October - September), namely at the entry point from VIP Iberico (Table 4) and at the exit point to VIP Iberico (Table 5).

Table 4 - Reserve prices of the standard capacity products for interruptible capacity at the entry point from VIP Iberico, gas year 2024-2025

PRICES OF THE TRANSMISSION TARIFF: ENTRY POINTS	
Interruptible capacity products (daily horizon)	
VIP Iberico	Contracted capacity
	EUR/(kWh/day)/day
Daily	0,00017863

PRICES OF THE TRANSMISSION TARIFF: ENTRY POINTS	
Interruptible capacity products (within-day horizon)	
VIP Iberico	Contracted capacity
	EUR/(kWh/h)/h
Within-day	0,00019612

⁷ Available [here](#).

Table 5 - Reserve prices of the standard capacity products for interruptible capacity at the exit point to VIP Iberico, gas year 2024-2025

PRICES OF THE TRANSMISSION TARIFF: EXIT POINTS	
Interruptible capacity products (daily horizon)	
VIP Iberico	Contracted capacity
	EUR/(kWh/day)/day
Daily	0,00017470

PRICES OF THE TRANSMISSION TARIFF: EXIT POINTS	
Interruptible capacity products (within-day horizon)	
VIP Iberico	Contracted capacity
	EUR/(kWh/h)/h
Within-day	0,00019181

The ex-ante discount applied at the point of entry from VIP Iberico and at the point of exit to VIP Iberico is 4,6%. Its calculation follows from the formula presented in paragraph 2 of article 16 of the Tariff NC ⁸, and results from a unitary adjustment factor (A=1) and a probability of interruption of 4,6% (Pro=4,6%). The interruption probability value is justified in the following point.

Art. 29(b)(ii) Assessment of the probability of interruption

The discount to be applied to standard capacity products for interruptible capacity at VIP Iberico is approved by ERSE. In case the ex-ante discount is applied, ERSE sets the adjustment factor (A) and the probability of interruption (Pro), after a proposal by the transmission system operator.

In view of the absence of physical or commercial congestion at VIP Iberico, the transmission system operator developed a theoretical model to simulate the occurrence of congestion situations, and thus estimate the probability of interruption at VIP Iberico. The value obtained for the Pro parameter is 4,6%. In the case of the adjustment factor, the transmission system operator proposes a unitary value (A=1).

After analysing the assessment of the probability of interruption ⁹, prepared by the transmission system operator, ERSE adopted the proposed values.

⁸ According to the aforementioned article, the ex-ante discount results from the following expression: $D_{\text{ex-ante}} = \text{Pro} \times A \times 100\%$, where «Pro» is the probability of interruption and «A» is the adjustment factor to reflect the estimated economic value of the type of standard capacity product for interruptible product.

⁹ Assessment available at ERSE's [webpage](#) on the transparency information on transmission tariffs.