

TRANSPARENCY ON TRANSMISSION TARIFFS

Information to be published pursuant to Article 29 of
Commission Regulation (EU) 2017/460

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Introduction

Commission Regulation (EU) 2017/460 of 16 March 2017 establishes a network code defining the rules for harmonized structures for gas transmission tariffs ("Tariff Network Code"), 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 Network Code.

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 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 document¹ presents the information required under article 29 of the Tariff Network Code. 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.

¹ Available at <http://www.erse.pt/eng/naturalgas/tariffs/Paginas/Parameters.aspx> .

Art. 29 (a) Information for standard capacity products for firm capacity (reserve prices, multipliers, seasonal factors, etc.)

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

Currently, all existing capacity products on each side of the border 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 the VIP for a tariff period of one year coinciding with the timeframe of the yearly standard capacity products.

Art. 29(a)(i) Information for standard capacity products for firm capacity: reserve prices

Table 1 presents the reserve prices for the standard capacity products for firm capacity at the VIP during the gas year 2019-2020 (October - September).

Table 1 - Reserve prices of the standard capacity products for firm capacity at the VIP, gas year 2019-2020

Type of point	Point	Product	Reserve price	
			€/((kWh/d)/d)	€/((kWh/h)/h)
Entry	VIP	Yearly	0,00026478	
		Quarterly	0,00034422	
		Monthly	0,00039717	
		Daily	0,00052956	
		Within-day		0,00058252
Exit	VIP	Yearly	0,00005815	
		Quarterly	0,00007560	
		Monthly	0,00008723	
		Daily	0,00011630	
		Within-day		0,00012793

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) Information for standard capacity products for firm capacity: multipliers and seasonal factors

The multipliers applicable to non-yearly capacity products at the VIP are provided in Table 2.

Table 2 - Multipliers applied to reserve prices for non-yearly standard capacity products, gas year 2019-2020

Capacity product	Multiplier
Quarterly	1,3
Monthly	1,5
Daily	2
Within-day	2,2

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) Information for standard capacity products for firm capacity: justification for the level of multipliers

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 reserves are not discouraged as investments in transmission assets have a long-term perspective and the recovery of transmission revenues should consider this. On the other hand, multipliers should be low enough to avoid the creation of barriers for short-term contracting, which would hamper tariff flexibility and the entry of new players into the market.

Moreover, the multipliers should increase as the duration of the product type decreases, encouraging capacity bookings that give greater predictability to the management of the system.

Art. 29(a)(iv) Information for standard capacity products for firm capacity: justification for the application of the seasonal factors

Seasonal factors are not applied.

Art. 29(b) Information for standard capacity products for interruptible capacity (reserve prices and an assessment of the probability of interruption)

The transmission system operator in Portugal provides for the VIP 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) Information for standard capacity products for interruptible capacity: reserve prices

Due to the absence of interruptions due to physical congestion, pursuant to ERSE Directive No. 3/2019, of March 14, the reserve prices of standard capacity products for interruptible capacity will be equal to the reserve prices of standard capacity products of the same type, subject to an *ex-post* discount.

Table 3 sets out the reserve prices of the standard capacity products for interruptible capacity at the VIP during the gas year 2019-2020 (October - September). The table also indicates that an *ex-post* discount is applied pursuant to article 16 of the Tariff Network Code.

Table 3 - Reserve prices of the standard capacity products for interruptible capacity at the VIP, gas year 2019-2020

Type of point	Point	Product	Reserve price		Discount
			€/ (kWh/d)/d	€/ (kWh/h)/h	
Entry	VIP	Daily	0,00052956		Ex-post discount
		Within-day		0,00058252	
Exit	VIP	Daily	0,00011630		Ex-post discount
		Within-day		0,00012793	

The *ex-post* discount is determined in accordance with Article 4(1) and Article 4(2) of ERSE Directive No. 3/2019 and consists in an *ex-post* compensation to be paid to the holder of the interruptible capacity product. The compensation shall be paid for each day on which an interruption occurred and shall be equal to three times the reserve price for daily standard capacity products for firm capacity, applicable to the contracted capacity of the interrupted product.

Art. 29(b)(ii) Information for standard capacity products for interruptible capacity: assessment of the probability of interruption

The Portuguese tariff code² provides that in the absence of a capacity interruption due to physical congestion in the previous gas year an *ex-post* discount should be applied to the standard interruptible capacity products at the VIP. If an interruption due to physical congestion had taken place in the previous gas year, an *ex-ante* discount would be applied, which should reflect the probability of interruption.

The transmission system operator (TSO) has submitted to ERSE its assessment³ of the probability of interruption and has concluded that no interruption due to physical congestion have occurred to date. For this reason, given the absence of historical data usable for the calculation of probability values based on realistic scenarios, it is considered that the probability of interruption assumes an infinitesimally low value, whatever the standard capacity product for interruptible capacity.

² Approved by [Regulation n.º 361/2019, of 23 April](#) (only available in Portuguese).

³ Assessment available on the TSO's [webpage](#).