

## Consultation on discounts, multipliers and seasonal factors under Article 28 of Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas

Article 28 of Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised 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.

### Consultation on the level of multipliers at interconnection points

The Energy Regulatory Office (hereinafter also “the ERO”) treated the issue of determining the level of multipliers for the quarterly, monthly, daily and within-day capacity products as part of the final consultation under Article 26 NC TAR, which was conducted in 2018. On the basis of this consultation, on 27 May 2019 the ERO published a motivated decision under Article 27 (4) NC TAR, containing 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.<sup>1</sup> These levels of multipliers were also published in Price Decision of the Energy Regulatory Office on regulated prices related to gas supply, and were applied to each of the capacity products offered and sold in auctions<sup>2</sup> for the calendar years 2020 to 2022.

The proposed 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-subsidisation 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.<sup>3</sup>

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<sup>1</sup> „3. When adopting the decision referred to in paragraphs 1 and 2, the national regulatory authority shall take into account the consultation responses received and the following aspects:

a) for multipliers

- 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;”

<sup>2</sup> Chapter III of Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013

<sup>3</sup> Chapter 8.1 of the Decision under Article 27 (4) of Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas.

The Energy Regulatory Office therefore proposes to preserve the structure and level of multipliers unchanged for 2023 as well. The following table shows the levels of multipliers proposed for 2023:

Levels of multipliers	
Capacity product	Multiplier
Quarterly	1,1
Monthly	1,25
Daily	1,5
Within-day	1,7

**Table 1** The levels of multipliers proposed for 2023

The proposed levels of multipliers fall within the ranges set out in Article 13 (1) NC TAR, i.e. quarterly and monthly within the range from 1 to 1.5 and daily and within-day within the range from 1 to 3.

### **Consultation on the level of seasonal factors and calculations referred to in Article 15 NC TAR**

Seasonal factors are not applied in the Czech Republic for calculating the reserve price of transmission capacity products and they are not expected to be introduced in the future.

### **Consultation on the level of discounts referred to in Article 9 (2) and Article 16 NC TAR**

No LNG facilities constituting entry points to the Czech transmission system 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.

The Energy Regulatory Office also proposes, 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, equalling 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 ERO will analyse the probability of interruptions and introduce an ex-ante discount under Article 16 (2) NC TAR for the subsequent period.