



REPUBLIC OF BULGARIA
ENERGY AND WATER REGULATORY COMMISSION



Consultation document on the multipliers, seasonal factors and discounts, which will be applied for setting transmission tariffs for 2022- 2023 gas year

According to the requirements of Art.28 of Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures (Regulation (EU) 2017/460), the Energy and Water Regulatory Commission has to conduct a consultation with the national regulatory authorities of all directly connected Member States and the relevant stakeholders on the following:

- (a) level of multipliers;
- (b) level of seasonal factors and the calculations set out in Article 15 of Regulation (EU) 2017/460;
- (c) levels of discounts set out in Articles 9 (2) and 16 of Regulation (EU) 2017/460.

For gas year 1 Oct 2022 - 30 Sep 2023, EWRC proposes the calculation of reserve prices for non-yearly standard capacity products for firm capacity using seasonal factors and multipliers.

The level of multipliers and seasonal factors is the same for all entry and exit points, as well as for the interconnection points. This approach is justified in order to ensure non-discriminatory access and elimination of cross-subsidization, as well as in view to the complexity of the transmission system in the Republic of Bulgaria.

The use of seasonal factors aims to achieve a balance between efficient network usage and the revenue collection of the transmission system operator. Low multipliers levels encourage network users to reserve short-term products, smoothing out their capacity booking profile, while high multipliers levels stimulate the reservation of long-term products lasting one or more years. The application of seasonal factors promotes the efficient system usage by changing the flows from periods of increased demand (winter) to periods of weak demand (summer) and reduces the negative impact that the booking of profiled capacity can have on the stability of the TSO revenues and tariffs.

The level of the multiples was established taking into account the following principles:

- a) ensuring the balance between facilitating short-term gas trade on one hand and providing long-term signals for efficient investments in the transmission system and ensuring efficient revenue recovery on the other;
- b) avoiding volatility of tariffs;
- c) avoiding cross-subsidization between gas transmission network users.

According to Art.13 (1) of Regulation (EU) 2017/460, where seasonal factors are applied, the arithmetic mean of the product of the multiplier applicable for the respective standard capacity product and the relevant seasonal factors shall be within the same range as for the respective multipliers level, namely:

- for quarterly standard capacity products and for the monthly standard capacity products the level of the respective multiplier shall be no less than 1 and no more than 1.5;
- for daily standard capacity products and for intraday 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.

The levels of the proposed multipliers and the calculated seasonal factors under art.15 of Regulation (EU) 2017/460, are as follows:

1. Multipliers used to determine the short-term products prices, as follows:

- 1.1 quarterly capacity products - 1.3;
- 1.2 monthly capacity products - 1.4;
- 1.3 daily capacity products - 2;
- 1.4 intraday capacity products - 2.5.

2. Values of seasonal factors.

2.1 Quarterly capacity products:

- 2.1.1. 2022 IV quarter (1 Oct – 31 Dec) – 1.08;
- 2.1.2. 2023 I quarter (1 Jan – 31 March) – 1.35;
- 2.1.3. 2023 II quarter (1 April – 30 June) – 0.83;
- 2.1.4. 2023 III quarter (1 July – 30 Sep) – 0.74;

2.2 Seasonal factors for monthly, daily and intraday product:

- 2.2.1. October 2022 – 0.84;
- 2.2.2. November 2022 – 1.08;
- 2.2.3. December 2022 – 1.31;
- 2.2.4. January 2023 – 1.48;
- 2.2.5. February 2023 – 1.39;
- 2.2.6. March 2023 – 1.17;
- 2.2.7. April 2023 – 0.97;
- 2.2.8. May 2023 – 0.81;
- 2.2.9. June 2023 – 0.72;
- 2.2.10. July 2023 – 0.77;
- 2.2.11. August 2023 – 0.67;
- 2.2.12. September 2023 – 0.79.

The seasonal factors calculations under Art.15 of Regulation (EU) 2017/460 for monthly, daily and intraday capacity products are set out in Annex № 1 to this consultation document, and the resulting factors for setting prices for short-term capacity products, are as follows:

Month	Capacity products			
	Quarterly	Monthly	Daily	Intraday

October 2022	1.404	1.176	1.680	2.100
November 2022		1.512	2.160	2.700
December 2022		1.834	2.620	3.275
January 2023	1.755	2.072	2.960	3.700
February 2023		1.946	2.780	3.475
March 2023		1.638	2.340	2.925
April 2023	1.079	1.358	1.940	2.425
May 2023		1.134	1.620	2.025
June 2023		1.008	1.440	1.800
July 2023	0.962	1.078	1.540	1.925
August 2023		0.938	1.340	1.675
September 2023		1.106	1.580	1.975
Average	1.30	1.40	2.00	2.50

The levels of discounts under art.9 (1) of Regulation (EU) 2017/460, are as follows:

According to Art.9 (1) of Regulation (EU) 2017/460 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. In this regard, it should be taken into account that natural gas storage facilities play an important role in the overall, efficient and optimal management of the gas transmission system, including to compensate for uneven consumption and to reduce capital costs as a result of their occurrence, i.e. less capital expenditure on additional infrastructure to cover peak consumption. At present, on the territory of the Republic of Bulgaria, there is only one gas storage – Chiren UGS. For these reasons and in view of the requirement of Regulation (EU) 2017/460 of a specific tariff discount for entry and exit point to have access from/to natural gas storage facilities, it is justified to apply a discount at the amount of 80% (rate 0.2) of the relevant capacity product tariff, for a gas storage facility connected to the gas transmission system owned by Bulgartransgas EAD.

Pursuant to paragraph 2 of the same article, 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.

The provision of Art.9 (2) of Regulation (EU) 2017/460 does not apply to the Bulgarian transmission system as it is not connected to LNG facilities or infrastructure designed to overcome the isolation of Member States with regard to their gas transmission systems.

The calculation of the reserve prices for standard capacity products of interruptible capacity is regulated in Art.16 of Regulation (EU) 2017/460. Rules on applying and calculation of the ex-ante discount are listed in art.16 para.1-3 of Regulation (EU) 2017/460. According to Art.16 (4) (1) of Regulation (EU) 2017/460, as an alternative to applying ex-ante discounts in accordance with paragraph 1, the national regulatory authority may decide to apply an ex-

post discount, whereby network users are compensated after the actual interruptions incurred. Such ex-post discount may only be used at interconnection points where there was no interruption of capacity due to physical congestion in the preceding gas year - Art.16 (4) (2) of Regulation (EU) 2017/460. The ex-post compensation paid for each day on which an interruption occurred shall be equal to three times the reserve price for daily standard capacity products for firm capacity - Art.16 (4) (3) of Regulation (EU) 2017/460.

Given that in the last gas year (2020/2021) no interruption at interconnection points due to physical congestion was reported, no such interruption has been foreseen in the indicative scenario developed by the TSO for gas year 2022/2023 forecast demand and there are no historical data on calculating interruption probability, it is justified to apply an ex-post discount based on actually measured interruption duration for gas year 2022/2023 for all entry/exit points of the transmission system. When applying an ex-post discount, the interruptible capacity products prices will be the same as the prices of firm capacity products, and in the event of an interruption, users who have reserved interruptible capacity will be compensated by applying ex-post discount equal to three times the reserve price for daily capacity products, calculated over the actually interrupted capacity.

EWRC invites all interested parties to submit their opinions no later than 20th May 2022. In case the opinions contain confidential data and information that cannot be published by EWRC on its website, this must be explicitly and clearly noted or stated, otherwise EWRC will consider that the correspondent agrees with the processing and publication of the provided information.

This Consultation document on the multipliers, seasonal factors and discounts applied for setting transmission tariffs for 2022-2023 gas year, has been adopted by EWRC with a decision under Protocol No 101, item 4/20.04.2022.

ANNEX 1

Seasonal factors for monthly, daily and intraday capacity products

month	Total monthly forecasted flows (art. 15(3)a) [kWh]	Sum of monthly forecasted flows (art.15(3)b) [kWh]	Usage rate (art.15(3)c)	Initial level of the respective seasonal factors (art.15(3)e)	Arithmetic mean of the products of the resulting values referred to in point (e) and the multiplier for monthly products (art.15(3)f)	Arithmetic mean of the products of the resulting values referred to in point (e) and the multiplier for daily products (чл.15(3)f)	Arithmetic mean of the products of the resulting values referred to in point (e) and the multiplier for intraday products (чл.15(3)f)	Resulting value of the factors for monthly products (чл.15(3)g)	Resulting value of the factors for daily products (чл.15(3)g)	Resulting value of the factors for intraday products (чл.15(3)g)
(1)	(2)	(3)	(4)=(2)/(3)	(5)=((4)*12) ^а	(6)	(7)	(8)	(9)	(10)	(11)
October 2022	5 409 412 336	77 542 500 000	0.0698	0.8371	1,1720	1.6743	2.0928	0.84	0.84	0.84
November 2022	6 973 364 895	77 542 500 000	0.0899	1.0792	1,5108	2.1583	2.6979	1.08	1.08	1.08
December 2022	8 438 165 771	77 542 500 000	0.1088	1.3058	1,8282	2.6117	3.2646	1.31	1.31	1.31
January 2023	9 557 069 131	77 542 500 000	0.1232	1.4790	2,0706	2.9580	3.6975	1.48	1.48	1.48
February 2023	9 000 986 995	77 542 500 000	0.1161	1.3929	1,9501	2.7859	3.4823	1.39	1.39	1.39
March 2023	7 565 337 522	77 542 500 000	0.0976	1.1708	1,6391	2.3415	2.9269	1.17	1.17	1.17
April 2023	6 287 873 198	77 542 500 000	0.0811	0.9731	1,3623	1.9461	2.4327	0.97	0.97	0.97
May 2023	5 257 957 596	77 542 500 000	0.0678	0.8137	1,1392	1.6274	2.0342	0.81	0.81	0.81
June 2023	4 667 923 528	77 542 500 000	0.0602	0.7224	1,0113	1.4448	1.8059	0.72	0.72	0.72
July 2023	4 953 237 597	77 542 500 000	0.0639	0.7665	1,0731	1.5331	1.9163	0.77	0.77	0.77
August 2023	4 312 985 241	77 542 500 000	0.0556	0.6675	0,9344	1.3349	1.6686	0.67	0.67	0.67
September 2023	5 118 186 189	77 542 500 000	0.0660	0.7921	1,1089	1.5841	1.9801	0.79	0.79	0.79
Arithmetic mean value					1.40	2.00	2.50			
Compared to the set limit					Yes	Yes	Yes			