ACER

European Union Agency for the Cooperation of Energy Regulators

Tariff Report

Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Germany

NRA: Bundesnetzagentur für Elektrizität, Gas, Telekommunikation, Post und Eisenbahnen (BNetzA)

TSO: All the TSOs in the market area Trading Hub Europe

8 April 2025

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1. ACER conclusion

1 The German National Regulatory Authority ('NRA'), Bundesnetzagentur für Elektrizität, Gas, Telekommunikation, Post und Eisenbahnen ('BNetzA'), has carried out a consultation on the reference price methodology ('RPM') for the German transmission network. This is BNetzA's third consultation since the NC TAR came into force.

2 The proposed RPM is the same as in the previous two consultations, a postage stamp methodology, jointly applied for all transmission system operators in the German entry-exit zone. The proposed RPM applies a single, uniform tariff for both entry and exit points.

3 As there is no differentiation between the entry and exit tariffs, there is no ex-ante entry-exit split. The entry-exit split is calculated ex post, it's value for 2026 is 33%-67%.

4 BNetzA proposes to apply a 75% discount at entry points from and exit points to storage facilities, which also applies to storage facilities connected to neighbouring entry-exit systems, unless the specific capacity booking allows for a transfer of gas to the neighbouring entry-exit-system (or in other words, when storage functions as an interconnection point). With regard to LNG facilities a 40% discount exclusively for annual and quarterly capacity products is proposed in a separate consultation[1] carried out in accordance with Article 28 of the NC TAR.

5 The consultation also proposes discounts to conditional products, which are widely used by the German TSOs with approximately 12% market share. No other discounts are proposed in the RPM, however the discounts for renewable and low-carbon gases foreseen by Regulation (EU) 2024/1789[2] apply[3]. To compensate for the revenue underrecovery due to the use of discounts, BNetzA applies rescaling to the reference price, by multiplying the tariff with a constant. Two non-transmission tariffs are proposed and no commodity-based transmission tariffs. BNetzA has additionally carried out a consultation for the inter-transmission system operator compensation ('ITC') mechanism.

6 Compared to the RPM proposal submitted during the previous consultation, the current proposal has only minor differences. Although the merger of the German market areas has been finalised since the last consultation, the previous consulted RPM already foresaw its effects, therefore the current proposal does not bring any further change. Both the previously applied and the currently proposed RPMs reflect the increased complexity of the single market area. The most significant difference of the consulted RPM is that the previously applied benchmark adjustment is being phased out. This phase-out is motivated by the increased interconnectedness of the system. Another significant methodological change is that some services that are not closely related to the TSO's activities are no longer categorised as non-transmission services. This reclassification was carried out in line with the remarks in paragraphs 126 and 130 of the 2020 Agency Report on the Tariff Consultation for Germany[4]. In addition to these changes, the inflow of Russian pipeline gas into Germany ceased, resulting in a very significant decrease of cross-border flows and capacity bookings. While this does not have any direct effect on the design of the RPM itself, it reduces the weight of cross-border system use.

7 The proposed RPM shall apply from 1 January 2026 to 31 December 2030. Indicative tariffs are calculated for the tariff periods of 2026 and 2027.

[1] https://www.bundesnetzagentur.de/DE/Beschlusskammern/1_GZ/BK9-GZ/2024/2024_bis0999/BK9-24-0612/BK9-24-0612_Konsultation_FL_Hauptseite.html?nn=699086

[2] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=OJ:L_202401789

[3] BNetzA notes in the consultation document that it reserves the right to decide upon a derogation from these discounts in line with Article 18(5) of Regulation (EU) 2024/1789.

[4] https://www.acer.europa.eu/sites/default/files/documents/Publications/Agency%20report%20-%202nd%20analysis%20of%20the%20consultation%20document%20for%20Germany.pdf

8 In line with the provisions of the NC TAR, BNetzA carried out a cost allocation assessment ('CAA') and calculated the tariffs in accordance with the capacity-weighted distance ('CWD') methodology. For the CAA, BNetzA analysed several scenarios with different share of allocations of storage use to intra-system/cross-system purposes. Except for a single outlier, all scenarios resulted in the CAA index staying below the 10% threshold foreseen by the NC TAR. The CAA for the tariffs calculated in accordance with the CWD methodology, however, resulted in the index reaching 34.3%, highly above the allowed threshold. This indicates that the proposed RPM results in less cross-subsidisation than the CWD methodology.

9 In the 2020 Agency Report on the Tariff Consultation for Germany the Agency recommended BNetzA to analyse the issue of regional networks (smaller pipelines with a downstream purpose): delineate them and allocate their costs to the domestic customers benefiting from their services, preferably by reclassifying them as distribution systems. BNetzA had not addressed this issue in the RPM, however the stakeholders' responses submitted to the consultation indicate a general satisfaction with the previous RPM and show that stakeholders would appreciate its continued application.

10 The Agency welcomes that BNetzA has taken into account several of the Agency's previous recommendations regarding the classification of former non-transmission services. The Agency appreciates the willingness of BNetzA to discuss the RPM and its provisions and offering additional information in a timely manner.

11 The Agency, after having completed the analysis of the consultation document pursuant to Article 27(2) of the NC TAR concludes that:

- The information referred to in Article 26(1) of the NC TAR has been published. The consultation document has been published in English a month later than the beginning of the consultation.
- The Agency concludes that the RPM is compliant with the requirements on transparency, non-discrimination and volume-risk listed under Article 7 of the NC TAR. The Agency, however, cannot conclude on the requirements of cost-reflectivity, prevention of undue cross-subsidisation and non-distortion to cross-border trade. While the application of a postage stamp methodology is an appropriate choice, given the complexity and meshed nature of the German system, the lack of a sufficient assessment in the consultation document regarding the classification of regional networks prevents the Agency from concluding on the RPM's compliance with these requirements.
- The criteria for setting the commodity charge are not applicable.
- The Agency concludes that the criteria for setting non-transmission charges are met for the metering non-transmission services, however the compliance of the alternative nomination procedure non-transmission service cannot be assessed.

12 As the proposed RPM is basically the same as the previously applied postage stamp-based RPM, with very limited changes that do not materially influence the compliance of the RPM itself, the Agency reiterates therefore several of its previous recommendations published in its earlier reports.

13 The Agency provides the following recommendations to BNetzA when publishing its motivated decision pursuant to Article 27(4) of the NC TAR:

- First, the Agency recommends BNetzA assess the existence of regional networks in line with the definitions in Article 2(17) and (19) of Directive (EU) 2024/1788. If such an assessment finds that regional networks are in place, their costs should be allocated using the RPM, should the proposed methodology prove capable of allocating the costs related to regional networks only to domestic users. As a reference for such approaches, the Agency points to Chapter 4.1 of the Agency's 2024 Tariff Report on Portugal[5]. Should the allocation of the costs of regional networks to domestic end users not be possible under the proposed RPM, the Agency recommends to place regional networks into distribution networks and allocating

[5] https://www.acer.europa.eu/sites/default/files/documents/Publications/2024_tariff_analysis_report_Portugal.pdf

these costs outside the RPM. As a reference for carrying out such reclassification of assets, the Agency points to the case of Austria, to paragraph 9 of the 2020 Agency Report on the Tariff Consultation for Germany and Chapter 5.4 of the Agency's Report on the Application of Reference Price Methodologies in Member States[6]. The Agency also recommends taking into account the effects of repurposing natural gas pipelines for the purposes of the hydrogen system and carrying out the assessment after clarifying the requirements and technical consequences of repurposing.

- Second, provide more clarity on how the tariff levels for conditional products are set. While the RPM defines a range for the tariffs of conditional products by using the standard postage stamp tariff as their ceiling and the tariff for interruptible products as their floor, yet there is no clarity regarding the way the tariffs of individual conditional products are established and what factors influence their chosen discount level.
- Third, with regard to the way storage entry and exit discounts are applied at cross-border facilities, assess the received consultation responses and consider the possibility of applying an ex-post or a more flexible methodology for storage discounts, ensuring that the mandatory discount applies in all cases where gas does not cross the border.
- Fourth, consider supplementing the consultation document with a more easily understandable, more user-friendly publication format to facilitate stakeholders' understanding of the tariff methodologies and their changes. Consider providing more transparency on the calculation of CWD tariffs.
- Fifth, assess the costs and benefits of applying a discount for LNG terminal entries taking into account cross-border effects and verify whether the security of supply benefit provided by sustaining the discount justifies the costs allocated to the system users and the internal gas market. For the assessment of the discount consider the recommendations in paragraph 14 of the 2024 Agency Report on the Dutch Tariff Methodology[7].
- Sixth, clarify the methodology for the alternative nomination procedure non-transmission service.

[6] https://www.acer.europa.eu/sites/default/files/documents/Publications/The%20internal%20gas%20market%20in%20Europe_The%20role%20of%20transmission%20tariffs.pdf

[7] https://www.acer.europa.eu/sites/default/files/documents/Publications/2024_ACER_Tariff_analysis_report_Netherlands.pdf

2. Introduction

14 Commission Regulation (EU) 2017/460 of 16 March 2017 establishes a network code on harmonised transmission tariff structures for gas (NC TAR).

15 Article 27 of the NC TAR requires the Agency to analyse the consultation documents on the reference price methodologies for all entry exit systems[8]. This Report presents the analysis of the Agency for the transmission system of Germany.

16 On 13 December 2024, the NRA Bundesnetzagentur für Elektrizität, Gas, Telekommunikation, Post und Eisenbahnen (BNetzA), launched the consultation and forwarded it to the Agency. The consultation remained open until 13 February. 2025. On 5 March 2025, the six consultation responses and their English summary were published. The Agency has taken these into consideration for this analysis. Within five months following the end of the final consultation, and pursuant to Article 27(4) of the NC TAR, BNetzA shall take and publish a motivated decision on all the items set out in Article 26(1).

Reading guide

17 Chapter 3 of this document presents an analysis on the completeness, namely if all the information in Article 26(1) has been published. Chapter 4 assesses the proposed reference price methodology ('RPM') for Germany. Chapter 5 focuses on the compliance, namely if the RPM complies with the requirements set out in Article 7 of the code, if the criteria for setting commodity-based transmission tariffs as set out in Article 4(3) are met and if the criteria for setting non-transmission tariffs as set out in Article 4(4) are met. This document contains two annexes, respectively the legal framework and a list of abbreviations.

[8] With the exception of Article 10(2)(b), when different RPMs may be applied by the TSOs within an entry-exit zone.

3. Completeness

3.1. Has all the information referred to in Article 26(1) been published?

18 Article 27(2)(a) of the NC TAR requires the Agency to analyse whether all the information referred to in Article 26(1) of the NC TAR has been published.

19 Article 26(1) of the NC TAR requires that the consultation document should be published in the English language, to the extent possible. The Agency remarks that the consultation document has been published in English only on 15 January 2025, a month later than the original one. The Agency assesses that this method of publication resulted in an unlevel playing field for informing all stakeholders.

20 Overall, almost all information in Article 26(1) of the NC TAR has been properly published, as detailed in the following table. The Agency recommends BNetzA to include the missing information in its final decision.

Table 1: Checklist information Article 26(1)

Article	Information	Published: Y/N/NA
26(1)(a)	the description of the proposed reference price methodology	Yes
26(1)(a)(i) **26(1)(a)(i)(1)** **26(1)(a)(i)(2)**	the indicative information set out in Article 30(1)(a), including: • the justification of the parameters used that are related to the technical characteristics of the system, • the corresponding information on the respective values of such parameters and the assumptions applied	Yes
26(1)(a)(ii)	the value of the proposed adjustments for capacity-based transmission tariffs pursuant to Article 9	Yes
26(1)(a)(iii)	the indicative reference prices subject to consultation	Yes
26(1)(a)(iv)	the results, the components and the details of these components for the cost allocation assessments set out in Article 5	Yes
26(1)(a)(v)	the assessment of the proposed reference price methodology in accordance with Article 7	Yes
26(1)(a)(vi)	where the proposed reference price methodology is other than the capacity weighted distance reference price methodology detailed in Article 8, its comparison against the latter accompanied by the information set out in point (iii)	Yes
26(1)(b)	the indicative information set out in Article 30(1)(b)(i), (iv), (v)	Yes
26(1)(c)(i) **26(1)(c)(i)(1)** **26(1)(c)(i)(2)** **26(1)(c)(i)(3)**	where commodity-based transmission tariffs referred to in Article 4(3) are proposed • the manner in which they are set	Not applicable

	• the share of the allowed or target revenue forecasted to be recovered from such tariffs • the indicative commodity-based transmission tariffs	
26(1)(c)(ii) **26(1)(c)(ii(1)** **26(1)(c)(ii)(2)** **26(1)(c)(ii)(3)** **26(1)(c)(ii)(4)**	where non-transmission services provided to network users are proposed: • the non-transmission service tariff methodology therefor • the share of the allowed or target revenue forecasted to be recovered from such tariffs • the manner in which the associated non-transmission services revenue is reconciled as referred to in Article 17(3) • the indicative non-transmission tariffs for non-transmission services provided to network users	Yes
26(1)(d)	the indicative information set out in Article 30(2);	Mainly, but the explanation of the difference in the level of transmission tariffs for the same type of transmission service applicable for the prevailing tariff period and for the tariff period for which the information is published is missing
26(1)(e) **26(1)(e)(i)** **26(1)(e)(ii)** **26(1)(e)(iii)** **26(1)(e)(iv)**	where the fixed payable price approach referred to in Article 24(b) is considered to be offered under a price cap regime for existing capacity: • the proposed index; • the proposed calculation and how the revenue derived from the risk premium is used • at which interconnection point(s) and for which tariff period(s) such approach is proposed • the process of offering capacity at an interconnection point where both fixed and floating payable price approaches referred to in Article 24 are proposed	Not applicable

4. Assessment of the proposed reference price methodology

21 The following chapter assesses the proposed RPM taking into account the input parameters of the methodology and the cost allocation assessment.

4.1. Timeline for the application of tariffs

22 The regulatory period does not coincide with the application of the RPM. The current regulatory period spans from 2023 to 2027. The tariff periods coincide with the calendar years. The proposed RPM would be applicable for the determination of the tariffs from 1 January 2026 until no later than 31 December 2030. Non-binding indicative tariffs based on forecasted inputs are calculated in a detailed manner for 2026 and published without detailed calculations for 2027.

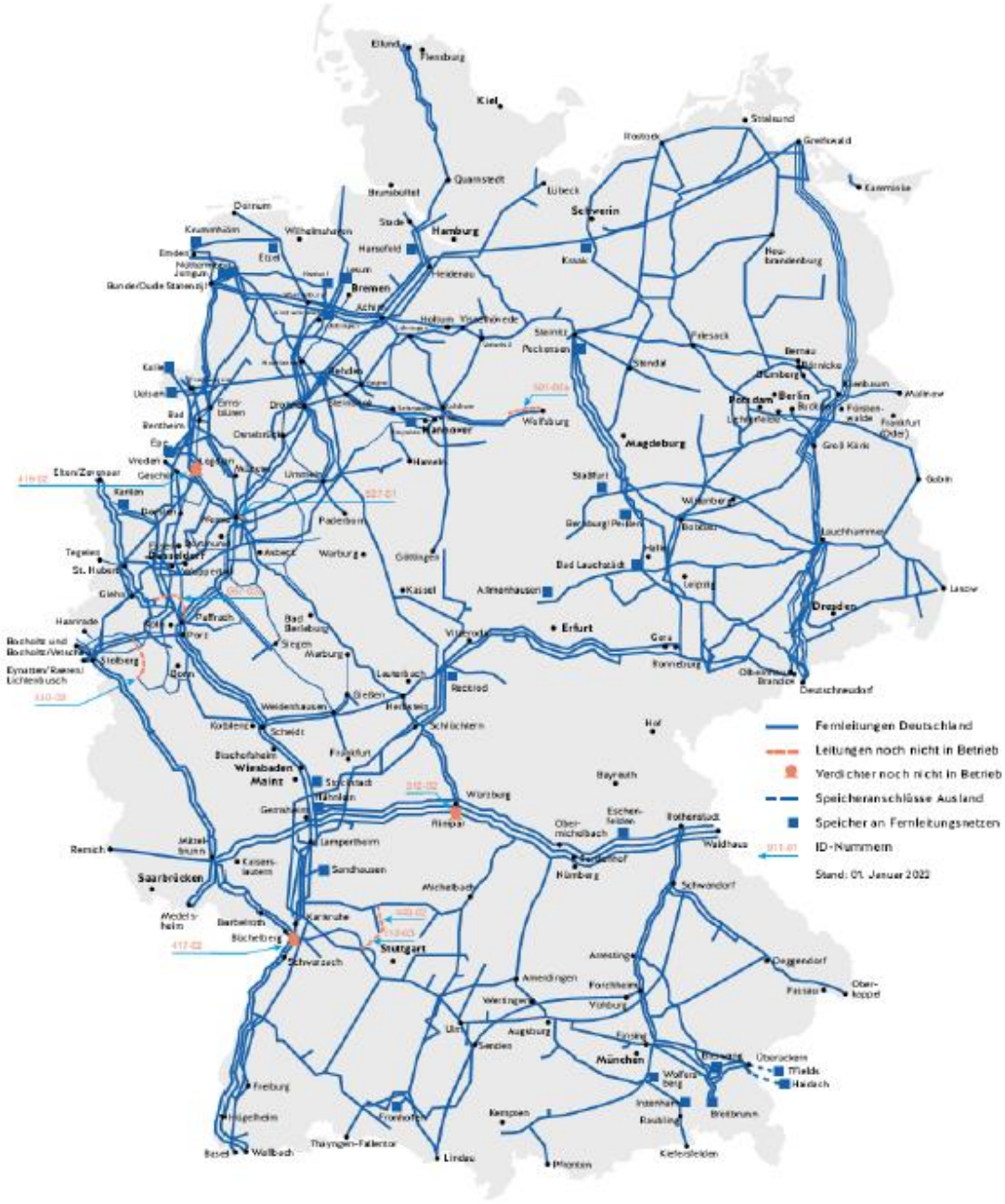
4.2. Description of the network

23 The German natural gas network is a highly complex system consisting of 15 TSOs. The TSOs operate a pipeline network of approximately 40,000 km with 334 physical entry points and 3,596 physical exit points, which form 116 bookable entry points and 1,170 bookable exit points. The system includes 180 compressors, and approximately 1,100 pressure regulating stations and metering stations. Some of the pipelines and facilities are jointly operated by TSOs and are taken into account twice in this context by BNetzA due to the complexity of joint operation and maintenance. The system has 7,429 branches and 890 meshed points.

24 In the consultation document BNetzA demonstrates that the complexity of the system results in a very large number of possible combinations between entry and exit points: 948,780 since the 2021 merger of the two former German market areas, GASPOOL and NCG.

25 The network is connected to all neighbouring Member States and the non-EU country of Switzerland with firm capacities. The network includes access to several underground storage facilities, among them storages with cross-border functions, has access to LNG terminals, and is a cross-quality network including both H-gas and L-gas transmission infrastructure, which further increases the complexity of the transmission activities. Due to the characteristics and limitations of the network, capacity products with conditional firmness are widely applied in the German system, however their share decreased significantly since the last consultation.

26 The following figure from the consultation document provides a graphical overview of the system:



Quelle: Fernleitungsnetzbetreiber, schematische Darstellung

4.3. Proposed RPM

27 BNetzA proposes a postage stamp methodology with a sole uniform tariff to be applied at all entry and all exit points. The standard postage stamp methodology is supplemented by conditional products with discounted tariff. The level of the tariff of conditional products ranges between the levels of the standard postage stamp tariff for firm products and the tariff of the interruptible products. The RPM contains no detailed instructions how the level of conditional products within this discounted range is set, and the application of the discount is left to the discretion of the TSOs.

28 A 75% discount is applied for storage facilities; in case of cross-border facilities the application of the discount depends on the ex-ante choice of the system user regarding the purpose of storage use. No provisions on biomethane entry point discounts are included in the RPM[9]. A 40% discount exclusively for annual and quarterly capacity products is also expected to be applied – based on a separate consultation and decision – for LNG entry points.

4.3.1. Cost drivers

29 BNetzA proposes the use of forecasted contracted capacity as the single cost driver. In order to determine the value of this cost driver, BNetzA conducted a survey on the average contracted non-adjusted capacity forecasted for the calendar year 2026 at all entry and exit points of the TSOs. The capacity forecasts were mainly based on the tariff model for 2024 and adjusted with more up to date information, if available. The capacity forecasts used for the calculations are unadjusted capacities, not adjusted by the effects of multipliers and discounts[10].

4.3.2. Entry-exit split

30 BNetzA does not apply an ex-ante entry-exit split. The allocation of revenues to entries and exits is the function of the contracted capacities and the uniform postage stamp tariff. The forecasted level of the entry-exit split for 2026 is 33%-67%. This is mainly in line with the level experienced under the previous RPM.

4.3.3. Secondary adjustments

31 BNetzA proposes the application of rescaling as a secondary adjustment to compensate for the over- or underrecovery of the allowed revenue due to the application of discounts (e.g. for storage facilities and conditional products) and multipliers for within-year products. The rescaling is carried out through multiplication with a constant, which is one of the methods allowed by Article 6(4) of the NC TAR. The Agency notes that the simplified tariff model takes into account rescaling in a slightly different manner, by adjusting the capacities instead of the tariffs themselves, however mathematically the two methods are equivalent, therefore this deviation has no material consequences.

4.4. Cost allocation assessment

32 BNetzA provides the results of the cost allocation assessment ('CAA'), both for the proposed RPM and for the counterfactual CWD methodology. BNetzA analysed several scenarios with different variations for the allocation of revenues at storage exit points to intra-system and cross-system purposes. The analysed scenarios ranged from allocating all storage exit point revenues to intra-system use to allocating it completely to cross-system use, with several variations in-between. All scenarios, except for the allocation of all storage exit point revenues to cross-system use resulted in values between the 10% threshold, ranging from 3.8%-7.4%[11]. Since the CAA value for the

[9] BNetzA justifies the former biogas discount's removal from the RPM with the argument that as Article 18(1) of Regulation (EU) 2024/1789 is directly applicable in all member states, it is needless to repeat it in the RPM.

[10] These are later taken into account during rescaling.

[11] The sole outlier resulted in an index of 15.1%.

proposed RPM is within the 10% threshold as laid out in Article 5(6) of the NC TAR, it does not need further justification.

4.5. Comparison with the CWD methodology

33 BNetzA provides a comparison between the proposed postage stamp methodology and the standard CWD methodology as laid out in Article 8 of the NC TAR. The calculations for the analysis per the counterfactual CWD methodology are not included in the consultation document. BNetzA argued during the discussions during the preparation of this report that the complexity of the system and the size of the relevant datasets prevented any meaningful publication of that model. BNetzA also argues in the consultation document that the transparency of the CWD calculations cannot be ensured due to trade secrets relating to third parties (e.g. capacity forecasts of final consumers) and security-related issues about the location of certain facilities and their consumption. Nonetheless, the resulting tariffs are published in the consultation document.

34 The following table shows the differences between the tariffs calculated by the postage stamp and the CWD methodology.

Type of system points	Postage Stamp Tariff (€/kWh/h/y)	Tariff according to CWD methodology (€/kWh/h/y)
Entry from Biogas facilities	6.06	11.32
Entry from domestic production facilities	6.06	7.71
Entry from LNG terminals	6.06	9.57
Exit to final consumers	6.06	4.10
Entry from storage facilities	6.06	9.94
Exit to storage facilities	6.06	4.38
Entry IPs	6.06	9.14
Exit IPs	6.06	6.73
Domestic exit points	6.06	4.23

35 The largest difference is in the tariffs of the storage entry points. The application of CWD methodology results in higher entry tariffs, higher exit IP tariffs and lower tariffs for the rest of the exits. The differences in the resulting tariffs do not question the choice of the postage stamp RPM as proposed by BNetzA.

5. Compliance

5.1. Does the RPM comply with the requirements set out in Article 7?

36 Article 27(2)(b)(1) of the NC TAR requires the Agency to analyse whether the proposed reference price methodology complies with the requirements set out in Article 7 of the NC TAR. This article refers to Article 17 of Regulation (EU) 2024/1789 and lists several requirements to take into account when setting the RPM. As these overlap, in the remainder of this chapter, the Agency will take a closer look at the five elements listed in Article 7 of the NC TAR.

37 As the concepts of transparency, cost reflectivity, non-discrimination, cross-subsidisation and cross border trade are closely related the Agency concludes with an overall assessment.

5.1.1. Transparency

38 **Article 7(a)** of the NC TAR requires that the RPM aims at ensuring that network users can reproduce the calculation of reference prices and their accurate forecast. The Agency finds the simplified tariff model, as required by Article 30(2)(b) of the NC TAR, useful. The Agency considers that network users would be able to reproduce the calculation of reference prices. The Agency further considers that network users would be able to forecast the reference prices.

39 The Agency considers the choice of a postage stamp RPM with uniform tariffs at all points a simple solution that makes it easy for all network users to understand and reproduce the way the allowed revenue is allocated to the system points.

40 The Agency therefore concludes that the proposed RPM complies with the criteria of transparency.

41 The Agency however recommends to BNetzA to consider the application of a more user-friendly format of publishing the consultation document, supplementing the draft decision by a concise summary. While the consultation document contains almost all the required information appropriately, as it is primarily a legal document, it might be difficult for stakeholders to understand the methodological elements, how they changed and what their impact is.

42 Paragraph 2 of the recital of the NC TAR states that “network users should be able to understand the costs underlying transmission tariffs and to forecast transmission tariffs to a reasonable extent”. Given the lack of granularity in both the data on allowed revenue and on the applied cost drivers, the Agency remarks that stakeholders might find it difficult to understand the underlying costs and their development. The Agency also notes that this issue was raised in the responses sent to the consultation, too. While the Agency does not consider this a breach of the requirements in Article 7 of the NC TAR, it nonetheless encourages BNetzA to consider good practices among NRAs with regard to the detail of the published data supporting simplified tariff models.

43 The consultation document also contains significantly less information about the background calculations for the counterfactual capacity weighted distance methodology than similar consultation documents usually do. While this is not a breach of the provisions of Article 26(1)(a)(vi) of the NC TAR, which only require the publication of the indicative reference prices according to the CWD methodology, a more detailed publication would provide more transparency and help networks users in understanding the tariffs better. In the discussions with ACER and during the preparation of this analysis, BNetzA argued that the lack of the publication of background data for CWD tariffs is partly due to the complexity of this data and the size of the applied databases. Nonetheless, the Agency advocates for more transparency, if technically and legally possible.

44 ACER recommends more transparency on how the tariffs of conditional products are set. As the RPM only sets the range for the tariffs of these products, system users will not be able to foresee their exact level or understand the factors leading to the calculation of the level of the discounts. While the range in which the discounts for conditional products might be set is small (approximately 10%), this part of the calculation of tariffs lacks transparency.

5.1.2. Cost-reflectivity

45 **Article 7(b)** of the NC TAR requires the RPM to take into account the actual costs incurred for the provision of transmission services, considering the level of complexity of the transmission network and the technical characteristics of the transmission system. The transmission system network in Germany can be considered a highly complex meshed network. This is reflected in the choice of the cost driver.

46 The RPMs usually make a trade-off between simplicity and transparency, and cost-reflectivity. Given the complexity of the German system, other methodologies than non-postage stamp would be significantly more complex and therefore less transparent for system users, making it harder to understand and forecast tariffs. Based on the responses submitted to the consultation, the stakeholders expressed that they valued the simplicity and stability provided by the application of the postage stamp methodology. The simplicity of the RPM, however, results in decreased cost-reflectivity. In its previous analysis, the Agency focused on the potential existence of regional networks and the widespread use of conditional products as two factors that might adversely influence the cost-reflectivity of a postage stamp methodology. Given that the proposed RPM methodology has no material changes compared to the previous one, the Agency refers to its previous analysis carried out in chapters 3.4.3 and 3.4.4 of the 2020 Agency Report on the Tariff Consultation for Germany.

47 ACER notes that since the previous consultation the share of conditional capacity decreased, thus mitigating any potential issues arising from their application. 13% of all forecasted capacity bookings are conditional products. Their share is 9% at IP entries and 29% at IP exits, compared to 61% and 57% for the previous consultation. The only area where conditional products still dominate capacity bookings are storage entries and exits, with a share of 68% and 72% respectively.

48 The application of conditional products, while allowed by Article 4(2) of the NC TAR, does not mean that the tariffs of these products are exempt from the requirements on transparency and cost-reflectivity. The RPM proposed by BNetzA, however, provides no guidance on or insight into how these tariffs and their discounts are set. The proposed RPM defines a range for the allowed level of conditional tariffs, with the standard firm product price as a ceiling and the interruptible product price as the floor. Given the established order of interruption of capacity products, the price range is consistent with the order of interruption. The principles or methods by which the TSOs determine the specific level of the conditional product price within this range is not regulated in the RPM. This means that system users have no means to verify whether the actual level of conditional products is cost-reflective or not. Given the share of conditional products and the range of the conditional discount (the price of the interruptible product is usually 90% of the firm product), the lack of information affects less than 1.5% of the total allowed revenue of the German system. Nonetheless, the Agency recommends BNetzA to systematically assess the operation and the tariffication of the conditional products in order to provide more clarity and transparency and to improve the cost-reflectivity of the system.

49 With regard to the potential existence of regional networks, the Agency understands BNetzA's argument that neither Regulation (EU) 2024/1789, nor Directive (EU) 2024/1788 has clarified the status of regional networks. The Agency however stands by its previous assessment that the definitions provided by Directive (EU) 2024/1788 on transmission and distribution are clear enough to validate the separation of transmission assets from regional networks. The Agency reiterates its

recommendations previously published in paragraph 60 of the 2020 Agency Report on the Tariff Consultation for Germany and recommends BNetzA to:

- "First, assess the existence of regional networks and its impact on tariffs.
- Second, should the main beneficiaries of these assets be end-users, the NRA should allocate the costs of regional networks to the end-users of the German network. One way to meet this objective could be to move regional networks into distribution."

50 The Agency also advises BNetzA to take into account the recommendations and analysis published in Chapter 4.1 of the Agency's 2023 Tariff Report on Italy[12] and in Chapter 5.4 of the Agency's Report on the Application of Reference Price Methodologies in Member States.[13]

51 In addition to the issues previously analysed in the Agency's earlier tariff reports, the application of the storage discount in the case of storage facilities with cross-border capabilities also raises some concerns regarding its compliance and its effects on cost-reflectivity. According to Article 9(1) of the NC TAR, mandatory discounts shall be applied to entry and exit transmission tariffs at 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".* The German system is connected to several underground storage facilities that are connected to more than one system that can be used to compete with an interconnection point.

52 In the proposed RPM the application of the discount at such storages depends, as a general rule, on the system users' intention declared at the time of booking the exit capacity to the storage facility.[14] BNetzA's argument that even the optionality of being able to transport gas to another system has an additional value is not without merit. BNetzA also indicated to the Agency in the exchanges during the preparation of this report that this is a minor issue affecting a limited number of users. The consultation responses, however, clearly indicate that some stakeholders would prefer a system offering more flexibility, with the application of the discount based on actual gas transfers and not on an ex-ante indication of intentions. Two of the six consultation responses mentioned this issue. Both stakeholders referred to the Dutch storage discount regime which allows for ex-post corrections of the application of the discount. The Agency notes that such a system would more clearly ensure that only gas volumes actually crossing borders would result in the non-application of the discount. The Agency also notes that the Dutch storage facilities with cross-border capabilities are connected to the German system, which could make the implementation of a similar system on the German side easier. The Agency recommends to BNetzA to assess the received consultation

[12] https://www.acer.europa.eu/sites/default/files/documents/Publications/Agency_report-analysis_of_the_consultation_document_for_Italy.pdf

[13] https://www.acer.europa.eu/sites/default/files/documents/Publications/The%20internal%20gas%20market%20in%20Europe_The%20role%20of%20transmission%20tariffs.pdf

[14] The system user only receives the discount if they simultaneously book discounted entry capacity back towards the German market area. If a system user with existing discounted entry capacity from storage injects gas to the storage from outside Germany, they are required to book separate, undiscounted entry capacity in addition to their already existing capacities. Instead of actually booking the additional capacity, the TSO may issue an invoice with its tariff. In such cases the system user with already booked discounted entry capacity eventually pays more for the transportation of the gas into the German system, than if they would have booked a non-discounted capacity.

In the opposite situation, when a system user books non-discounted exit capacity to inject the gas into the storage, and then later decides to feed back the capacity into the German system, the exit capacity remains undiscounted. BNetzA considers the non-application of the discounts appropriate in such cases, arguing that "a price must be set for the acquisition of flexibility". BNetzA argues that whether the use of the storage competes with an interconnection point is determined by the network users' choice at the booking of exit capacities.

responses and consider the possibility of applying a more flexible methodology for storage discounts.

53 Based on the lack of clarity regarding the above-mentioned issues, the Agency concludes that the cost-reflectivity of the proposed RPM cannot be conclusively assessed.

5.1.3. Cross-subsidisation and non-discrimination

54 **Article 7(c)** of the NC TAR requires the RPM to ensure non-discrimination and prevent undue cross-subsidisation. One instrument to evaluate this is the cost allocation assessment ('CAA', Article 5 of the NC TAR). BNetzA carried out the CAA based on multiple scenarios for the allocation of storage entry revenues. The result for the capacity cost allocation comparison index was below the 10% threshold for all capacities, except one outlier. The CAA only assesses cross-subsidisation between intra-system and cross-system network use. The Agency also assessed if there is undue cross-subsidisation between other groups of users. The Agency found no overt signs of cross-subsidisation.

55 However, as the principles of cost-reflectivity and avoidance of cross-subsidisation are strongly interconnected, lacking a clear assessment of regional networks and their effects on the underlying costs, the Agency cannot assess whether the proposed RPM is compliant with the requirement of preventing undue cross-subsidisation.

56 The Agency concludes that the allocation of all transmission costs via a single RPM to all entry-exit points minimises the possibility of forms of discrimination not allowed by the NC TAR.

5.1.4. Volume risk

57 **Article 7(d)** of the NC TAR requires that the RPM ensures that significant volume risk related particularly to transports across an entry-exit system is not assigned to final customers within that entry-exit system.

58 In 2023, based on BNetzA's latest annual monitoring report[15], 968 TWh gas was imported into Germany, while the volume of exports was 187 TWh. In the preceding year these values for 1,441 TWh and 514 TWh, respectively. The forecasted capacity bookings also show that less than 20% of the capacities can be allocated for cross-border purposes.

59 This clearly shows that in the case of Germany the transport of gas across the network is not higher than the volume of gas transported to final customers.

60 The Agency therefore concludes that the RPM is compliant with the requirement on volume risk.

5.1.5. Cross-border trade

61 **Article 7(e)** of the NC TAR requires that the RPM ensures that the resulting reference prices do not distort cross-border trade.

15 https://data.bundesnetzagentur.de/Bundesnetzagentur/SharedDocs/Downloads/EN/Areas/ElectricityGas/CollectionCompanySpecificData/Monitoring/MonitoringReport2024.pdf

62 As BNetzA proposes a uniform postage stamp tariff, the Agency could not identify specific elements explicitly distorting cross-border trade. The comparison of the indicative tariffs with the tariffs derived through the application of the CWD methodology also shows no trend in the differences of IP tariffs.

63 Parallel to the consultation of the RPM, BNetzA also carried out a consultation on multipliers and discounts (MARGIT 2026)[16]. While this consultation was carried out separately from the RPM consultation, in accordance with Article 28 of the NC TAR, its results might have effects on the compliance of the RPM with the requirements on cost-reflectivity, cross-subsidisation and cross-border trade. In the MARGIT 2026 consultation BNetzA proposed the continued application of a discount at LNG terminal entry points, set at a level of 40%. Article 9(2) of the NC TAR states that discounts at LNG facilities may be applied for the purpose of increasing security of supply.

64 In the reasoning for the draft MARGIT 2026 decision BNetzA argues that the greater diversity of LNG terminals and supply sources increases security of supply, thus validating the application of the discount. BNetzA also argues that applying the discount exclusively to yearly and quarterly product aids the stable utilisation of the terminal. Diversification of the supply sources and access to new upstream markets is indeed indubitably helpful. It is, however, debatable that the application of the discount actually works as a significant factor in the investment decisions on the development of new LNG terminals. However, the application of discount is decided annually, and therefore cannot be claimed that the regulatory environment has a stable characteristic on which investors could steadily rely. It is also not possible to verify based on the information published in MARGIT 2026, if the discount actually does have a significant effect on the utilisation of the LNG terminals. In paragraph 54 of MARGIT 2026 BNetzA states that “there are many theoretically possible approaches to calculating an entry discount, but sufficient data and information for their practical application are generally not available”.

65 While the security of supply benefits and incentivising effects of the discount are hard to quantify, the costs caused by its application both within Germany and cross-border, in other Member States, can be more clearly identified. The share of forecasted contracted capacities at LNG entry points is 4.2% of all forecasted capacities – with a 40% discount it means that – with everything else being the same[17] - 1.7% of the allowed transmission revenues of the German TSOs is reallocated to other system points. This is a non-negligible amount with the potential to distort cross-border flows, create undue cross-subsidisation and decrease the cost-reflectivity of the tariffs. Therefore, the Agency recommends BNetzA to properly assess the costs caused to the internal gas market by the application of the discount and the security of supply benefits created by it. The Agency recommends BNetzA to take into account the cross-border effects when carrying out this cost-benefit analysis.

66 Taking into account the lack of clarity about the effects of the LNG discount and the conclusion on the RPM’s compliance with cost-reflectivity, the Agency cannot conclusively assess whether the proposed RPM distorts cross-border trade.

5.2. Are the criteria for setting commodity-based transmission tariffs as set out in Article 4(3) met?

67 Article 27(2)(b)(2) of the NC TAR requires the Agency to analyse whether the criteria for setting commodity-based transmission tariffs as set out in Article 4(3) are met.

[16] https://www.bundesnetzagentur.de/DE/Beschlusskammern/1_GZ/BK9-GZ/2024/2024_bis0999/BK9-24-0612/BK9-24-0612_Konsultation_FL_Hauptseite.html?nn=699086

[17] During the preparation of this report BNetzA indicated that their expectation is that in case of a lower discount, capacity bookings at LNG entry points would decrease, which would also result in more revenue being allocated to other points.

68 The use of commodity-based transmission tariffs is an exception. Only part of the transmission services revenue may be recovered by commodity-based transmission tariffs. BNetzA proposes not to apply commodity-based transmission tariffs.

5.3. Are the criteria for setting non-transmission tariffs as set out in Article 4(4) met?

69 Article 27(2)(b)(3) of the NC TAR requires the Agency to analyse whether the criteria for setting non-transmission tariffs as set out in Article 4(4) are met.

70 In the consultation document it is proposed to make use of non-transmission tariffs. The following services are recovered via non-transmission tariffs: meter operation at exit point to final customers, meter operation at exit point to downstream network operators and the alternative nomination procedure. These services should qualify as non-transmission services: the costs for these services are not driven by both capacity and distance and the costs of these services are part of the RAB.

71 Compared to the previous RPM, the following services are no longer classified by BNetzA as non-transmission services: market area conversion charge and biogas charge. This reclassification was carried out in line with the Agency's remarks in paragraphs 126 and 130 of the 2020 Agency Report on the Tariff Consultation for Germany, which noted that the costs of these services are not fully related to the TSO and the services themselves do not formally classify as non-transmission services. The Agency welcomes this reclassification but recommends the preservation of the previous level of transparency with regard to these services, the benefits of which were also stressed by several stakeholder responses submitted to the consultation.

72 The remaining non-transmission services revenue equals EUR 3,165,802, whereas the transmission services revenue equals EUR 3,206,927,026, the share of non-transmission revenue from the total allowed revenue of the TSOs is approximately 0.1%.

73 The NC TAR states that non-transmission tariffs shall be cost-reflective, non-discriminatory, objective and transparent and shall be charged to the beneficiaries of the non-transmission service.

74 As the methodologies for the metering non-transmission services remained the same, the Agency refers to its analysis in paragraphs 135-140 of the 2020 Agency Report on the Tariff Consultation for Germany. In line with its previous conclusions, the Agency concludes that the application of the metering non-transmission services complies with the requirements of cost-reflectivity, non-discrimination, objectivity and transparency, and also concludes that the costs of the services are charged to the beneficiaries of this service.

75 As for the alternative nomination procedure non-transmission service, the consultation document only contains the total allowed revenue allocated to this service, but it does neither include a methodology for its calculation, nor its cost drivers, or even the level of the tariff foreseen for this service. The Agency therefore cannot assess whether the alternative nomination procedure is compliant with any of the requirements of Article 4(4)(a) of the NC TAR. The Agency recommends BNetzA to clarify the methodology and the application of this non-transmission service in its motivated decision. The Agency, however, also notes that this non-transmission service is only responsible for 0.008% of the total allowed revenue of the German TSOs.

6. Annex 1: Legal framework

Article 27 of the NC TAR reads:
1. Upon launching the final consultation pursuant to Article 26 prior to the decision referred to in Article 27(4), the national regulatory authority or the transmission system operator(s), as decided by the national regulatory authority, shall forward the consultation documents to the Agency.

2. The Agency shall analyse the following aspects of the consultation document:
(a) whether all the information referred to in Article 26(1) has been published;
(b) whether the elements consulted on in accordance with Article 26 comply with the following requirements:
(1) whether the proposed reference price methodology complies with the requirements set out in Article 7;
(2) whether the criteria for setting commodity-based transmission tariffs as set out in Article 4(3) are met;
(3) whether the criteria for setting non-transmission tariffs as set out in Article 4(4) are met.

3. Within two months following the end of the consultation referred to in paragraph 1, the Agency shall publish and send to the national regulatory authority or transmission system operator, depending on which entity published the consultation document, and the Commission the conclusion of its analysis in accordance with paragraph 2 in English.
The Agency shall preserve the confidentiality of any commercially sensitive information.

4. Within five months following the end of the final consultation, the national regulatory authority, acting in accordance with Article 41(6)(a) of Directive 2009/73/EC, shall take and publish a motivated decision on all items set out in Article 26(1). Upon publication, the national regulatory authority shall send to the Agency and the Commission its decision.

5. The procedure consisting of the final consultation on the reference price methodology in accordance with Article 26, the decision by the national regulatory authority in accordance with paragraph 4, the calculation of tariffs on the basis of this decision, and the publication of the tariffs in accordance with Chapter VIII may be initiated as from the entry into force of this Regulation and shall be concluded no later than 31 May 2019. The requirements set out in Chapters II, III and IV shall be taken into account in this procedure. The tariffs applicable for the prevailing tariff period at 31 May 2019 will be applicable until the end thereof. This procedure shall be repeated at least every five years starting from 31 May 2019.

Article 26(1) of the NC TAR reads:
1. One or more consultations shall be carried out by the national regulatory authority or the transmission system operator(s), as decided by the national regulatory authority. To the extent possible and in order to render more effective the consultation process, the consultation document should be published in the English language. The final consultation prior to the decision referred to in Article 27(4) shall comply with the requirements set out in this Article and Article 27, and shall include the following information:
(a) the description of the proposed reference price methodology as well as the following items:
(i) the indicative information set out in Article 30(1)(a), including:
(1) the justification of the parameters used that are related to the technical characteristics of the system;
(2) the corresponding information on the respective values of such parameters and the assumptions applied.
(ii) the value of the proposed adjustments for capacity-based transmission tariffs pursuant to Article 9;
(iii) the indicative reference prices subject to consultation;
(iv) the results, the components and the details of these components for the cost allocation assessments set out in Article 5;
(v) the assessment of the proposed reference price methodology in accordance with Article 7;

(vi) where the proposed reference price methodology is other than the capacity weighted distance reference price methodology detailed in Article 8, its comparison against the latter accompanied by the information set out in point (iii);

(b) the indicative information set out in Article 30(1)(b)(i), (iv), (v);

(c) the following information on transmission and non-transmission tariffs:

(i) where commodity-based transmission tariffs referred to in Article 4(3) are proposed:

(1) the manner in which they are set;

(2) the share of the allowed or target revenue forecasted to be recovered from such tariffs;

(3) the indicative commodity-based transmission tariffs;

(ii) where non-transmission services provided to network users are proposed:

(1) the non-transmission service tariff methodology therefor;

(2) the share of the allowed or target revenue forecasted to be recovered from such tariffs;

(3) the manner in which the associated non-transmission services revenue is reconciled as referred to in Article 17(3);

(4) the indicative non-transmission tariffs for non-transmission services provided to network users;

(d) the indicative information set out in Article 30(2);

(e) where the fixed payable price approach referred to in Article 24(b) is considered to be offered under a price cap regime for existing capacity:

(i) the proposed index;

(ii) the proposed calculation and how the revenue derived from the risk premium is used;

(iii) at which interconnection point(s) and for which tariff period(s) such approach is proposed;

(iv) the process of offering capacity at an interconnection point where both fixed and floating payable price approaches referred to in Article 24 are proposed.

Article 7 of the NC TAR reads:

The reference price methodology shall comply with Article 13 of Regulation (EC) No 715/2009 and with the following requirements. It shall aim at:

(a) enabling network users to reproduce the calculation of reference prices and their accurate forecast;

(b) taking into account the actual costs incurred for the provision of transmission services considering the level of complexity of the transmission network;

(c) ensuring non-discrimination and prevent undue cross-subsidisation including by taking into account the cost allocation assessments set out in Article 5;

(d) ensuring that significant volume risk related particularly to transports across an entry-exit system is not assigned to final customers within that entry-exit system;

(e) ensuring that the resulting reference prices do not distort cross-border trade.

Article 17 of Regulation (EU) 2024/1789 reads:

1. Tariffs, or the methodologies used to calculate them, applied by the transmission system operators and approved by the regulatory authorities pursuant to Article 78(7) of Directive (EU) 2024/1788, as well as tariffs published pursuant to Article 31(1) of that Directive, shall be transparent, take into account the need for system integrity and its improvement and reflect the actual costs incurred, insofar as such costs correspond to those of an efficient and structurally comparable network operator and are transparent, whilst including an appropriate return on investments. Tariffs, or the methodologies used to calculate them, shall be applied in a non-discriminatory manner.

Tariffs may also be determined through market-based arrangements, such as auctions, provided that such arrangements and the revenue arising therefrom are approved by the regulatory authority.

Tariffs, or the methodologies used to calculate them, shall facilitate efficient natural gas trade and competition, while at the same time avoiding cross-subsidies between network users and providing incentives for investment and maintaining or creating interoperability for transmission networks.

Tariffs for network users shall be non-discriminatory and shall be set separately for every entry point into or exit point out of the transmission system. Cost-allocation mechanisms and rate setting methodology regarding entry points and exit points shall be approved by the regulatory authorities. Regulatory authorities shall ensure that network tariffs shall not be calculated on the basis of contract paths.

2. Tariffs for network access shall neither restrict market liquidity nor distort trade across borders of different transmission systems. Where, notwithstanding Article 78(7) of Directive (EU) 2024/1788, differences in tariff structures would hamper trade across transmission systems, transmission system operators shall, in close cooperation with the relevant national authorities, actively pursue convergence of tariff structures and charging principles.

3. Until 31 December 2025, the regulatory authority may apply a discount of up to 100 % to capacity-based transmission and distribution tariffs at entry points from, and exit points to, underground natural gas storage facilities and at entry points from LNG facilities, unless and to the extent that such a storage facility which is connected to more than one transmission or distribution network is used to compete with an interconnection point.

From 1 January 2026, the regulatory authority may apply a discount of up to 100 % to capacity-based transmission and distribution tariffs at entry points from, and exit points to, underground natural gas storage facilities and at entry points from LNG facilities for the purpose of increasing security of supply. The regulatory authority shall re-examine that tariff discount and its contribution to the security of supply during every regulatory period, in the framework of the periodic consultation carried out pursuant to the network code adopted pursuant to Article 71(2), first subparagraph, point (d).

4. Regulatory authorities may merge adjacent entry-exit systems with a view to enabling full or partial regional integration where tariffs may be abolished at the interconnection points between the entry-exit systems concerned. Following the public consultations conducted by the regulatory authorities or by the transmission system operators, the regulatory authorities may approve a common tariff and an effective compensation mechanism between transmission system operators for the redistribution of costs arising from the abolition of interconnection points.

5. Member States with more than one interconnected entry-exit system, or more than one network operator within one entry-exit system, may implement a uniform network tariff with the aim of creating a level playing field for network users, provided that a network plan has been approved and a compensation mechanism between the network operators is implemented.

Article 4(3) of the NC TAR reads:
3. The transmission services revenue shall be recovered by capacity-based transmission tariffs.
As an exception, subject to the approval of the national regulatory authority, a part of the transmission services revenue may be recovered only by the following commodity-based transmission tariffs which are set separately from each other:

- *(a) a flow-based charge, which shall comply with all of the following criteria:*
  - *(i) levied for the purpose of covering the costs mainly driven by the quantity of the gas flow;*
  - *(ii) calculated on the basis of forecasted or historical flows, or both, and set in such a way that it is the same at all entry points and the same at all exit points;*
  - *(iii) expressed in monetary terms or in kind.*
- *(b) a complementary revenue recovery charge, which shall comply with all of the following criteria:*
  - *(i) levied for the purpose of managing revenue under- and over-recovery;*
  - *(ii) calculated on the basis of forecasted or historical capacity allocations and flows, or both;*
  - *(iii) applied at points other than interconnection points;*
  - *(iv) applied after the national regulatory authority has made an assessment of its cost-reflectivity and its impact on cross-subsidisation between interconnection points and points other than interconnection points.*

Article 4(4) of the NC TAR reads:
4. The non-transmission services revenue shall be recovered by non-transmission tariffs applicable for a given non transmission service. Such tariffs shall be as follows:

- *(a) cost-reflective, non-discriminatory, objective and transparent;*
- *(b) charged to the beneficiaries of a given non-transmission service with the aim of minimising cross-subsidisation between network users within or outside a Member State, or both.*

Where according to the national regulatory authority a given non-transmission service benefits all network users, the costs for such service shall be recovered from all network users.

7. Annex 2: List of abbreviations

Acronym	Definition
ACER	Agency for the Cooperation of Energy Regulators
ENTSOG	European Network of Transmission System Operators for Gas
NRA	National Regulatory Authority
TSO	Transmission System Operator
EC	European Commission
EU	European Union
MS	Member State
NC TAR	Network code on harmonised transmission tariff structures for gas
IP	Interconnection Point
VIP	Virtual Interconnection Point
RPM	Reference Price Methodology
CWD	Capacity Weighted Distance
CAA	Cost Allocation Assessment
RAB	Regulated Asset Base
OPEX	Operational Expenditures
CAPEX	Capital Expenditures
BNetzA	Bundesnetzagentur für Elektrizität, Gas, Telekommunikation, Post und Eisenbahnen