ACER

European Union Agency for the Cooperation of Energy Regulators

Tariff report

Analysis of the consultation document on the gas transmission tariff structure for Latvia

NRA: Sabiedrisko pakalpojumu regulēšanas komisija
TSO: AS Conexus Baltic Grid

1 April 2026

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1. ACER conclusion

1 The Latvian National Regulatory Authority ('NRA'), Sabiedrisko pakalpojumu regulēšanas komisija (PUC), has carried out a consultation on the tariff structure applicable to Latvia. The tariff period lasts 1 year, from 1 October 2026 to 30 September 2027. The regulatory period lasts from 1 October 2026 to 30 September 2028.

2 The tariff structure for the Latvian transmission networks is based on the broader market merger for Finland, Estonia, and Latvia ('FINESTLAT') which entered into force on 1 January 2020[1]. PUC has informed ACER that the appropriateness of this framework has not been reviewed following the war in Ukraine and the prohibition of Russian gas imports to the Latvian market. The main elements of the FINESTLAT market merger are:

- A common entry tariff of 142.77 €/MWh/d/y set at all entry IPs to the FINESTLAT market zone. This tariff is applied to the LNG entry point in Finland and the Latvian entry from Lithuania).
- Zero tariffs at the IPs within the FINESTLAT zone.
- An Inter-TSO compensation ('ITC') mechanism agreement between the concerned TSOs applied only to the revenue collected from entries. This mechanism is partial, as it does not provide an efficient compensation based on network costs. It redistributes TSO's revenue recovered from the FINESTLAT entry points proportionally to the gas consumption at each of the FINESTLAT market zone networks.

3 As a result of the FINESTLAT market merger, the scope of application of the proposed RPM is limited. The NRA proposes to apply a postage stamp RPM, however, based on the sequence for calculating tariffs, the proposed RPM is only applicable to domestic exit points. The NRA proposes to set tariffs for injection points for renewable and low-carbon gases outside the RPM to reflect the costs of connecting these users. In addition, the NRA proposes 100% discounts to entry points from and exit points to storage facilities.

4 It should be noted that the currently applicable tariffs to domestic exits are 100% commodity based. The NRA proposes in the consultation document to transition to a capacity-based regime. However, it has been discussed with the Agency the possibility of a one-year transitional period to minimise the impact of the transition. The Agency referred to the need of adapting a capacity-based regime already in its 2019[2] and its 2023[3] reports on the Latvian tariff consultations.

5 In relation to the Incukalns underground gas storage ('UGS'), the NRA does not propose to continue the two schemes that were in place in the past to allocate costs associated to the storage facility using the proposed RPM. A first mechanism was in place in the 2019 tariff consultation to recover part of the storage costs. The Incukalns UGS served to provide pressure to the gas transmission network. A second mechanism was in place in the 2023 tariff consultation aiming at allocating a part of the operational costs related to the storage of gas in the Incukalns UGS using the proposed RPM. In the current consultation, the NRA does not propose to allocate the costs associated with the maintenance of pressure levels at the Incukalns UGS, nor the costs of storage obligations.

6 The NC TAR foresees a cost allocation assessment ('CAA') and a comparison of the chosen RPM with the capacity-weighted distance ('CWD') methodology. The result of the CAA provided in the consultation is 176.82%, which is close to the result provided in the 2022 consultation (173.36%). This result is significantly above the 10% threshold laid out in Article 5(5) of the NC TAR and therefore requires a justification. The Agency notes that the NRA does not provide the details of the

[1] See section 4.1.2. of Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia, 2019.
[2] See page 13 of Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia, 2019.
[3] See page 18 of Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia, 2023.

calculation, as required by Article 26(1)(a)(vi) of the NC TAR. The NRA also provides a comparison with the CWD methodology. The Agency notes that the comparison provides limited information, in particular, it does not include the assumptions on the capacity bookings. The results are provided in a table as part of the consultation document.

7 Finally, the consultation refers to the transport of Russian gas entering Latvia from the Estonian network. Following the ban on Russian gas imports that entered into force on 1 January 2023[4], the Latvian legislation[5] foresees a dedicated regime for transporting gas from Russia to Kaliningrad crossing the Estonian, Latvian and Lithuanian networks (see section 6). This route serves as a back-up to the direct transport via Lithuania. Russian shippers should notify the Estonian and Latvian TSOs for transiting gas and the commercial arrangements (capacity reservation and balancing) should be carried out by a shipper registered in the FINESTLAT market zone. The base tariff for calculating the daily firm capacity product is based on the common FINESTLAT entry tariff, which is charged at the entry to Estonia from Russia and at the exit to Lithuania from Latvia. The daily capacity tariffs is calculated using the same multipliers applied to the IP connecting Latvia and Lithuania.

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

- The consultation document does not contain all the required information listed in Article 26(1), including the details of the CWD comparison, the assessment of the impact of the FINESTLAT tariff structure on cross-subsidisation and the methodology to forecast contracted capacity.
- The proposed tariff structure is compliant with the requirements on transparency, non-discrimination and volume risk. At the same time, the Agency cannot conclude that the proposed tariff structure is compliant with the requirements on cost-reflectivity, cross-subsidisation, and cross-border trade.
- The criteria for setting the commodity charge are not applicable.
- The criteria for setting non-transmission tariffs are not applicable.

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

10 First, regarding the FINESTLAT market merger, the Agency refers to the recommendations made in the Latvian tariff Report published in 2023[6], which should be taken into account when revising the FINESTLAT market merger design and when monitoring the appropriateness of this design for the current market dynamics. In particular, the NRA should monitor how the changes in flows affect potential cross-subsidisation between networks, as discussed in section 4.3 of this report. A revision of the FINESTLAT market merger should enable applying a consistent approach to calculate the tariffs for the exit point to Lithuania (see section 4.5.2) and to renewable and low-carbon gases injection points (see section 4.5.5). In addition, it should allow rescaling the “missing revenue” from discounts to exit points to and entry points from storage facilities (section 4.5.6).

11 Second, regarding the proposed transitional period to implement a capacity-based regime for domestic exit points, the Agency refers to the analysis provided in the 2019 and 2023 reports on the Latvian tariff consultation. The currently applicable commodity-based tariffs are not compliant. According to Article 4(3) of the NC TAR, “*the transmission service revenue shall be recovered by*

[4] Amendments to Article 106(4) of the Energy Law of July 14, 2022, which entered into force on 1 January 2023, stipulate that the supply of natural gas from the Russian Federation is prohibited.
[5] See points 2.37, 5.3, 5.10 and 8.9.5 of Common Regulations for the Use of Natural Gas Transmission System, 2025.
[6] See page 4 of Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia, 2023.

capacity-based transmission tariffs". The Agency therefore recommends to the NRA to adapt a capacity-based regime. A transitional 1-year period can be adopted, as considered by the NRA..

12 Third, regarding the cost allocation assessment, the Agency recommends that the NRA publish the components and the details of the calculation, as required by Article 26(1)(a)(vi) of the NC TAR.

13 Fourth, regarding the capacity forecast for capacity at the IP with Lithuania, the Agency repeats its recommendation, issued in the 2023 ACER report on the Latvian tariff consultation[7], for the NRA to provide a methodology to estimate the forecasted contracted capacity across all points of the network, including the assumptions used. This information is not included as part of the consultation and is a requirement pursuant to Article 26(1)(a)(i)(1) of the NC TAR. The Agency further recommends that both NRAs, VERT and PUC, coordinate and compare the forecast for capacity at the Kiemenai exit from Latvia to Lithuania

14 Fifth, regarding the CWD, the Agency recommends that the NRA publish the full calculation, including the assumptions on capacity bookings and the conversions between capacity and commodity reservations for domestic exit points.

[7] See section 4.4.3 of the Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia, 2023.

2. Introduction

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

16 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 Latvia.

17 On 8 December 2025, the NRA, forwarded the consultation documents to the Agency. The consultation was launched on 4 December 2025 and remained open until 6 February 2026. All consultation responses were published on 9 February 2026. Their summary, in Latvian, was published on 12 February 2026. 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, on 6 July 2026, the NRA shall take and publish a motivated decision on all the items set out in Article 26(1).

Reading guide

18 In chapter 3, this document first 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 for Latvia. 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. Chapter 6 provides other comments. 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?

19 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.

20 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.

21 Overall, the Agency notes that the consultation is missing information that is required under Article 26(1) of the NC TAR. The Agency recommends that PUC includes in the motivated decision the missing elements referred to in Table 1 below.

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	Partial
26(1)(a)(v)	the assessment of the proposed reference price methodology in accordance with Article 7	Partial. The consultation provides limited information on the impact of the FINESTLAT tariff structure.
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)	Partial.
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 • the share of the allowed or target revenue forecasted to be recovered from such tariffs • the indicative commodity-based transmission tariffs	Not applicable

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	Not applicable
26(1)(d)	the indicative information set out in Article 30(2);	Yes
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

22 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

23 The consultation is proposed considering the following dates:

- Regulatory period: 1 October 2026 to 30 September 2028.
- Tariff period: 1 October 2026 to 30 September 2027.
- Period for which the RPM is proposed: 1 October 2026 to 30 September 2028.

4.2. Changes compared to the 2023 consultation

24 The tariff structure proposed by the NRA is based on the proposal assessed by the Agency in its 2023 Agency Report[9]. This includes the following elements which were already relevant in the consultation launched in 2022:

- The tariff structure is based on the FINESTLAT market merger.
- A prohibition to import Russian gas entered into force on 1 January 2023[10]. A similar ban is also applicable to Estonia, and Lithuania. Russian gas can only transit from third countries to third counties (i.e. from Russia or Belarus to Kaliningrad).
- The proposed RPM is proposed to be applied only to domestic exit points of the Latvian network as a result of the FINESTLAT market merger.

25 The following elements are new compared to 2022 consultation:

- Gas flows have changed as a result of the ban on Russian gas. At the same time, the impact of new flow patterns on the current tariff structure has not been fully analysed, as explained by the NRA to ACER in bilateral discussions.
- The NRA proposes, in the consultation document, to roll out a capacity-based regime applicable to domestic exit points. Previously, these points were booked based on a commodity-based regime. Bilaterally, the NRA has discussed with the Agency the possibility to introduce a transitory period of 1 year before the new capacity regime is applied.
- The regime to transport Russian gas from the Korneti interconnection point with Estonia (next to the border with Russia) to the Kiemenai interconnection point with Lithuania had not been previously analysed by the Agency in its 2023 report[11] .
- The storage filling obligations for the Incukalns UGS are no longer applicable. The associated costs are no longer proposed to be allocated using the RPM.

[9] Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia 2023.
[10] Amendments to Article 106(4) of the Energy Law of July 14, 2022, which entered into force on 1 January 2023, stipulate that the supply of natural gas from the Russian Federation is prohibited.
[11] Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia, 2023.

4.3. FINESTLAT market merger

26 The basic principles for the ITC mechanism have been applied from the launch of the FINESTLAT system on 1 January 2020. The Agency regrets that this ITC mechanism was not properly consulted, as the settings of this mechanism were decided by an agreement between the concerned TSOs. The Agency provided additional details on the consultation requirements applicable to the ITC in Section 4.1.1.2 of the 2019 Agency Report[12].

27 The main principles for the ITC, as described in the consultation document, include:

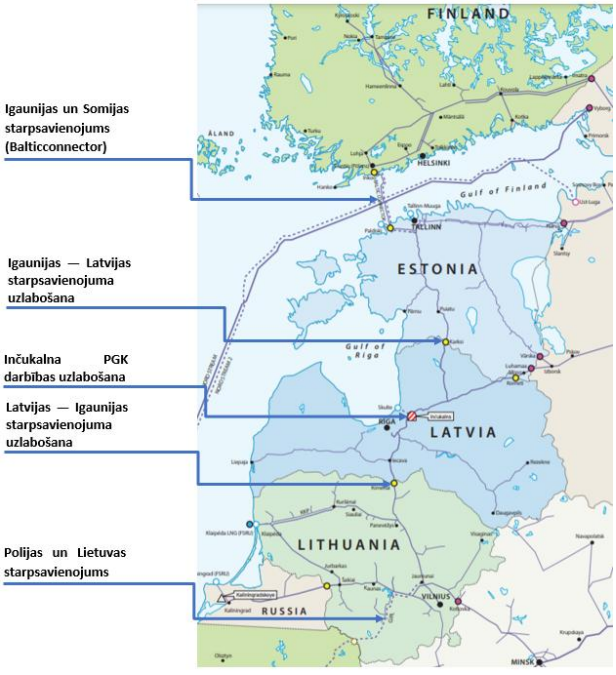
- The revenue recovered from the tariffs of all entry points of the FINESTLAT market zone are gathered in a single revenue pool.
- The pooled revenue is redistributed to each of the three networks based on the share of natural gas delivered through the transmission network for domestic consumption in each Member State.
- A compensation for variable costs is possible following the validation of the relevant flow costs related to compression used for the purpose of flowing gas between Member States of the FINESTLAT market zone. The NRA communicated to the Agency that the validation process is agreed between the TSOs with no involvement from the NRAs.

28 The Agency provided several recommendations for the revisions of the FINESTLAT market merger that have been repeated across the report, which can be found, for example, in section 4.3.3. of the 2023 ACER report on the Latvian tariff consultation.

4.4. Description of the network

29 This section presents the network characteristics that are relevant for assessing the proposed tariff structure for the Latvian transmission network. It is supported by the map in Figure 1 below.

Figure 1: Map of the Baltic region including the Latvian transmission network



[12] Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia 2019.

30 First, the Latvian gas transmission system is divided into a gas transmission system network and a regional network[13]. The transmission system network consists of infrastructure connecting the entry points from and exit point to another country (Kiemenai to Lithuania and Luhamaa to Estonia) and to the natural gas storage facility Incukalns UGS[14]. The regional networks consist of the part of the Latvian transmission system used to supply gas to domestic areas together with branches, gas regulation stations, and nodes of the system operator.

31 Second, the network includes the Incukalns UGS, which has a total capacity of approximately 24.8 TWh compared to the total Latvian demand of 8.8 TWh. The UGS played a role ensuring pressure in the Latvian transmission network up to 2024. In 2025 the Incukalns UGS enhancement project was completed, ending the dependency of withdrawal capacity from the inventory level of gas in storage.

32 Third, the Estonia-Latvia interconnection enhancement project (Karksi) was completed in 2023. The project, in the Estonian network, increases the bidirectional capacity between Estonia and Latvia[15], allowing better access of the Incukalns UGS to users in Finland and Estonia. This is further supported by the construction of a bi-directional compressor station in Puiata, as part of the Baltic Connector project between Finland and Estonia.

33 Fourth, the Inkoo LNG terminal in Finland became operational in January 2023. This provides an additional supply route to the FINESTLAT market zone in addition to the entry point to Latvia from the Lithuanian network.

34 Fifth, the GIPL pipeline connecting Poland and Lithuania entered into operation in May 2022.

35 Finally, the FINESTLAT system has two balancing zones: the common Estonian-Latvian balancing zone and the Finnish balancing zone.

4.4.1. Regional networks

36 As referred to above, the Latvian transmission network comprises regional networks. The Agency remarks that regional networks are a long-standing topic in the implementation of the NC TAR. The Agency provided general guidance on this issue in its 2020 NC TAR Implementation Report[16] which was repeated in the dedicated report on the 2023 Tariff Consultation for Latvia[17].

37 The allocation of the regional networks together with transmission networks is likely to result in cross subsidies between cross-system use and intra-system use. The Agency repeats its general recommendation to the Latvian NRA for the allocation of the cost associated with regional networks:

- First, in cases where regional networks are in place, these costs can be allocated using the RPM, should the proposed methodology prove capable of allocating the costs related to regional networks only to domestic users.
- Second, should the allocation of the costs of regional networks to domestic end users not be possible under the proposed RPM, the Agency recommends changing the category of regional networks to distribution, allocating these costs outside the RPM.

[13] In the public consultation document, the transmission system network is labelled as ‘cross-border transmission network’ and the regional system network as ‘national transmission system’.
[14] The length of the cross-border transmission system is 577 km, the diameter is 700 mm and the working pressure therein is from 28 to 50 bars. The length of pipelines that are part of the regional network is 613 km and the working pressure expands between 35 and 55 bar.
[15] Up to 105GWh/d.
[16] The Internal Gas Market in Europe: The Role of Transmission Tariffs, 2020.
[17] See page 5 of Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia, 2023.

38 The Agency notes that a postage stamp methodology cannot allocate the specific costs of regional networks only to the users of these networks. For this reason, the Agency recommends the NRA to change the category of regional networks to distribution, allocating these costs outside the RPM.

39 This recommendation should be read together with the recommendation on the tariffs applied to domestic exit points. The Agency notes that a 100% commodity-based tariff could be applicable to regional networks once these assets become distribution assets, since these are then outside the scope of the NC TAR. The Agency invites the NRA to consider this approach.

40 This recommendation is based on the definitions of 'transmission' and 'distribution' in Directive 2009/73/EC[18].

4.4.2. Incukalns UGS storage facility

41 The Incukalns UGS in Latvia is the only operating underground storage facility in the FINESTLAT zone.

42 In the 2019 tariff Consultation for Latvia, the NRA proposed to allocate a part of the costs associated with the Incukalns UGS using non-transmission tariffs. The Agency provided recommendations for this service in mechanism in Section 4.3. of the 2019 Agency Report for Latvia[19].

43 In the 2023 tariff consultation for Latvia, the NRA proposed to allocate the costs of SoS storage obligations using the RPM. The Agency provided recommendations for this service in mechanism in Section 4.6. of the 2023 Agency Report for Latvia[20].

44 The Agency notes that the previously applicable SoS storage obligation has been discontinued and it is no longer relevant for the proposed tariff structure.

4.5. Proposed tariff structure

45 The following chapter assesses the proposed RPM.

4.5.1. Scope of application of the proposed RPM

46 Following the tariff structure applicable to the FINESTLAT market zone, the NRA proposes to apply a postage stamp RPM. This methodology is applied only to domestic exits, as there is a separate tariff applicable to the exit point to Lithuania (see Section 4.5.2 below) and discounts of 100% are proposed to entry points from and exit points to the Latvian storage facility (see Section 4.5.6 below). Finally, the NRA proposes to set tariffs to entry points from renewable and low-carbon gases outside the RPM.

47 The scope of application of the proposed RPM is limited as a result of the FINESTLAT market merger. Tariffs are calculated based on the following steps:

- First, a part of the TSO revenue is recovered from the ITC in proportion to the relative weight of domestic demand. The TSO recovers EUR 3.3m (9% of its total revenue) based on these tariffs. This revenue is discounted from the TSO revenue to be allocated in the next steps.

[18] Directive (EU) 2025/1788 defines "transmission", under Article 2(17) as "*the transport of natural gas through a network, which mainly contains high-pressure pipelines, other than an upstream pipeline network and other than the part of high-pressure pipelines primarily used in the context of local distribution of natural gas, with a view to its delivery to customers, excluding supply*". Distribution is defined in Article 2(19) as "*the transport of natural gas through local or regional pipeline networks with a view to its delivery to customers, but not including supply*".
[19] Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia 2019.
[20] Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia 2023.

- Second, tariffs applicable to entry points within the FINESTLAT market zone (i.e. Lithuania) are set to a common entry tariff of EUR 142.77 /MWh/d/y.
- Third, the tariff applicable to the entry point with Lithuania is set to the same common entry tariff of the FINESTLAT market zone, EUR 142.77 /MWh/d/y. The TSO recovers EUR 1.9 m (4.9% of its total revenue) based on tariffs for this entry point.
- Fourth, the costs associated with the injection of renewable and low-carbon gases are recovered using a dedicated tariff. The TSO recovers EUR 211,500 (0.5% of its total revenue) based on these tariffs.
- Fifth, the remainder revenue is allocated to domestic exit points. The TSO recovers EUR 36.33 m (93% of its total revenue) based on these tariffs.
- Sixth, any revenue that is recovered from the transport of Russian gas, which has been limited in the 2023-26 period, would be considered as an over-recovery that is reconciled (see section 6)

48 Based on this sequence the RPM proposed in the consultation document is only applicable to domestic exit points.

4.5.2. Tariff applicable to the exit point to Lithuania

49 The Agency notes that the NRA proposes to continue applying the common FINESTLAT tariff to the exit point to Lithuania. The revenue from this exit point is not part of the FINESTLAT agreement and is used to recover the allowed revenue of the Latvian TSO. The Agency notes that this tariff is not derived using the same postage stamp methodology that is applied to the domestic exit points of the Latvian network.

50 The ratio between the revenue allocated from cross-system use and intra-system use in the Latvian network can vary depending on the tariff set to the exit point to Lithuania which has an impact on cross-border flows.

51 The Agency repeats its remark, made in the 2023 Agency Report for Latvia[21], on the requirement according to Article 6(3) of the NC TAR to apply the same methodology to all exit points of the network. The NRA should derive the applicable tariff to the exit point to Lithuania based on the same methodology applied to the domestic exit points.

4.5.3. Capacity forecasts applied to the exit point to Lithuania

52 The NRA forecasts the contracted capacity for the exit point to Lithuania, as detailed in Table 1 below, which includes the forecasted contracted capacity. This data is relevant to understand the revenue that is expected to be collected from the Kiemenai interconnection point.

Table 1: Forecasted booked capacity at the exit point to Lithuania (Kiemenai). Source: 2025 tariff consultation for Latvia.

MWh/d/year	Gas year 2026-2027	Gas year 2027-2028
Capacity at exit point Kiemenai (LV to LT)	5.424,15	5.424,15

[21] Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia 2023.

53 The Agency notes that the forecast differs from the capacity forecast made recently in the Lithuanian consultation. This difference was already visible in the 2023 Latvian consultation and still remains. The difference is visible when comparing the proposed forecast by the NRA with the forecast by made by the Lithuanian NRA, which is shown in Table 2 below.

Table 2 Forecasted contracted capacity at the entry point from Latvia (Kiemenai). Source: 2025 tariff consultation for Lithuania[22]

Capacity: MWh/d/y	Tariff year 2025-2028			
	2025	2026	2027	2028
Kiemėnai (entry)	10.863	10.863	10.863	10.863

54 The Agency repeats its recommendation[23] for the NRA to provides the methodology to estimate the forecasted contracted capacity across all points of the network, including the assumptions used. This information is not included as part of the consultation and is a requirement pursuant to Article 26(1)(a)(i)(1) of the NC TAR. The Agency further recommends that both, VERT and PUC, coordinate and compare the forecast for capacity at the Kiemenai exit from Latvia to Lithuania. The capacity forecast should be provided for all years for which the RPM is proposed.

4.5.4. Commodity and capacity regime for tariffs set to domestic end-users

55 The supply regime for domestic exit points between 1 October 2023 to 30 September 2026, and also prior to this period, lacked a capacity booking regime and tariffs were established based on the off-take volumes (i.e. commodity-based tariffs). The consultation document proposes replacing the currently applicable commodity-based regime to transition to a capacity-based one. At the same time, the NRA has discussed with ACER the possibility of delaying the implementation of the new capacity regime for one year.

56 In the analysis of the 2019 Tariff Consultation for Latvia, the NRA indicated to the Agency that the Latvian gas system was not yet technically ready to use capacity-based tariffs at domestic exit points, and that this solution could only be implemented at the beginning of the next regulatory period from 1 October 2026 to 30 September 2028). In its 2019 report on the tariff consultation for Lativa, the Agency referred to capacity products as a prerequisite for the implementation of the entry-exit model[24].

57 At the time of the 2022 tariff consultation, the commodity regime had not changed. The Agency recommended the NRA to apply commodity-based tariffs to domestic exit points[25]. This recommendation should be looked at in conjunction with the recommendation on regional networks[26]. Re-categorising regional networks as distribution could allow maintaining commodity-based tariffs.

58 In the currently applicable commodity-based regime, end-users are invoiced for the gas consumed as well as for the use of the transmission network in proportion to the delivered gas. End-users are also invoiced directly for the use of the distribution network.

[22] See page 15 of Consultation on Methodology on Tariffs of AB Amber Grid for 2026-2028, 2025.
[23] See section 4.4.3 of the Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia, 2023.
[24] According to Article 4(3) of the NC TAR, "*the transmission service revenue shall be recovered by capacity-based transmission tariffs*".
[25] See paragraph 16 of the Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia 2023.
[26] See section 4.5 of the Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia 2023.

59 The consultation document proposes to move to a capacity-based regime, where shippers and suppliers are required to book capacity. This regime can potentially lead to different booking profiles by shippers and reshape the risk profile across market participants.

60 Stakeholders refer in the consultation responses to the possibility of extending the current commodity-based regime. The NRA addressed this possibility with ACER, discussing a 1-year long transitional period applicable until 30 September 2027.

61 The Agency refers to the analysis provided in the 2019 and 2023 reports on the Latvian tariff consultation. The currently applicable commodity-based tariffs are not compliant with the NC TAR. The Agency therefore recommends to NRA to adapt a capacity-based regime. A transitional 1-year period can be adopted, as considered by the NRA.

4.5.5. Tariffs for renewable and low-carbon gases injection points

62 The consultation proposes to set tariffs for renewable and low-carbon gases injection points outside the proposed RPM. The costs associated with renewable and low-carbon gases injections points are EUR 211,500, which represents 0.5% of the allowed revenue of the TSO. The NRA proposes a tariff of EUR 0.3300629 kWh/d/year, which is below the domestic exit tariff of EUR 0.0034684 kWh/d/year.

63 Article 18 of Regulation (EU) 2024/1789 provides for a specific framework for tariff discounts for renewable and low-carbon gases. The tariff discounts provided for in this Article shall apply unless the regulatory authorities decide not to apply the discounts or to set lower discount levels. In 2025, the NRA has derogated from the application of discounts to entry points from renewable and low carbon gasses[27].

64 The Agency notes that the current tariff structure is not compliant with the NC TAR as tariffs for all points of the network are not derived using the RPM, as required by Article 6(3) of the NC TAR. This is further described above in the section on the scope of application of the proposed RPM. Given the adoption of the FINTESTLAT market merger, tariffs at entry points are set to EUR 142.77 /MWh/d/y. Alternatively, tariffs for renewable and low-carbon gases injection points could be set using the postage stamp RPM.

65 In this context, the Agency considers that the proposed approach, preserves the compliance with the requirement on cost reflectivity, cross-subsidisation and transparency. The Agency recommends reviewing the approach to tariffs for renewable and low-carbon gases injection points as part of the broader review of the FINESTLAT market merger referred to in section 4.3.

4.5.6. Discount to exit points to and entry points from storage facilities

66 PUC proposes to apply a 100% discount to entry points from and exit points to the Latvian storage facility. This is in line with Article 9 of the NC TAR.

67 The missing revenue resulting from the application of discounts to exit points to and entry points from storage facilities is recovered from domestic exit points. This implies that the rescaling to recover the missing revenue is not applied to all points of the network, as required by Article 6(4)(c) of the NC TAR.

[27] Decision No 46 of 27 June 2025 'On the procedure for applying the Regulator's Decision No 119 of 26 October 2023 on tariffs for the natural gas transmission system service of Joint Stock Company "Conexus Baltic Grid"'. https://www.sprk.gov.lv/sites/default/files/cmaa_files/Padomes%20l%C4%93mums%20N046%20D27062025%20_elektroniski_ar%20%C4%A3erboni.pdf

4.5.7. Proposed tariffs

68 The tariffs resulting from the proposed tariff structure are summarised in Table 3 below. The table additionally includes tariffs resulting from the CWD methodology calculated without considering the FINESTLAT tariff structure.

Table 3: Comparison of tariffs of entry and exit points determined by using postage stamp methodology and CWD methodology (Source: LV consultation document).

		Indicative tariffs EUR/kWh/d		
		Postage stamp methodology	CWD methodology	Comparison (Postage stamp / CWD)
Entry points	Korneti (EE)	-	-	-
	Karsi (EE)	-	0.51620	-
	Kiemėnai (LT)	0.14277	0.83366	-0.6909
	Storage	-	0.65484	-
	Renewable and low-carbon gases injection	0.33006	1.0726	-0.7425
Exit points	Exit point Korneti (EE)	-	-	-
	Exit point Karsi (EE)	-	1,72650	-
	Exit point Kiemėnai (LV)	0.14277	0.50994	-0.3672
	Exit point to storage facility	-	-	-
	Domestic exit point	0.00347	0.81714	-0.81365

4.6. Cost allocation assessment

69 PUC provides the results of the cost allocation assessment ('CAA') for the proposed tariff structure. The result of the CAA for the tariffs applicable for two years is 176,82%. This is similar to the result of 173.36% provided in the 2022 consultation.

As in the 2023 Report[28i], the Agency notes that the result provided in the consultation document cannot be taken as indicative of potential cross-subsidisation resulting from the application of the RPM. In the proposed FINESTLAT tariff structure, the revenue that should be attributed to cross-system and intra-system use depends on the redistribution of revenue based on the ITC. As a result, the proposed calculation does not reflect the actual revenue that should be attributed to cross-system and intra-system use. The Agency remarks that it is a requirement of the NC TAR to publish the components and the details of these components for the cost allocation assessments. The Agency repeats its recommendation, issued in the 2023 Report on the Latvian consultation[29], to publish the full calculation, including the assumptions on capacity bookings and the conversions between capacity and commodity reservations for domestic exit points.

4.7. Comparison with the CWD methodology

70 PUC provides a comparison between the proposed tariffs for entry and exit points based on the proposed postage stamp methodology and on the CWD methodology. The results are summarised in Table 3 above.

[28] See section 4.7 of the Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia, 2023.
[29] See section 4.4.3 of the Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Latvia, 2023.

71 The comparison provides limited information. In particular, it does not include the capacity bookings that are used in the calculation. The NRA provides a comparison of the tariffs in a table as part of the consultation document.

72 The Agency recommends that the NRA include the CWD calculation as part of the simplified tariff model, including the details of the calculation, such as the contracted capacity assumptions.

5. Compliance

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

73 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 a number of 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.

5.1.1. Transparency

74 **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. Based on the calculation sequence discussed in section 4.5.1 and 4.5.5 tariffs are only calculated for domestic exit points and for renewable and low-carbon gases injection points. The remainder tariffs are set based on the FINESTLAT market merger. This point simplifies the requirements on the tariff model, which provides the relevant information for users to reproduce the calculation of tariffs and to forecast tariffs.

75 The Agency concludes that the proposed consultation document is compliant with the requirement on transparency.

5.1.2. Cost-reflectivity

76 **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.

77 The Agency notes that there are various elements of the proposed tariff structure that potentially distort the cost-reflectivity of the proposed tariffs. The Agency cannot assess the degree to which cost-reflectivity is distorted as the relevant analyses are not provided in the consultation document.

78 First, the proposed ITC for the FINESTLAT market zone can potentially lead to cross-subsidies. As explained in section 4.3, the compensation of the TSO revenue is carried out on the basis of demand, which does not necessarily reflect network utilisation.

79 Second, the possible continuation of commodity-based tariffs results in a distortion of the principle of cost-reflectivity compared to capacity-based tariffs.

80 Third, the tariff set at the exit point to Lithuania is not set based on the RPM and therefore does not reflect the underlying costs and network utilisation. These tariffs are not cost-reflective, since they should be calculated together with the tariffs applicable to the Latvian domestic exit points. This calculation should be based on contracted capacity across all points.

81 Fourth, the tariffs set at entry points from renewable and low-carbon gases is not derived using the proposed RPM. While the tariff can reflect the specific costs of connecting these users to the network, the requirement to ensure cost reflectivity should be considered in the context of an RPM applied to all points of the network.

82 Based on this assessment, the Agency cannot conclude that the proposed tariff structure is compliant with the requirement on cost-reflectivity.

5.1.3. Cross-subsidisation

83 **Article 7(c)** of the NC TAR requires the RPM to prevent undue cross-subsidisation.

84 Based on the conclusion provided by the Agency on cost-reflectivity in section 5.1.2 above, the Agency cannot conclude that the proposed tariffs are compliant with the requirement on cross-subsidisation.

5.1.4. Non-discrimination

85 **Article 7(c)** of the NC TAR requires the RPM to ensure non-discrimination.

86 The Agency has not identified any form of discrimination related to the proposed RPM. For this analysis, the Agency defines 'discrimination' as 'charging different prices to different network users for the identical gas transmission service'.

5.1.5. Volume risk

87 **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.

88 Given the characteristics of the Latvian transmission system, such a risk seems unlikely.

5.1.6. Cross-border trade

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

90 The Agency considers that the FINESTLAT market integration should favour cross-border trade within the region. At the same time, the proposed tariff for the exit to Lithuania is not set based on the RPM. Based on the conclusion provided by the Agency on cost-reflectivity in section 5.1.2 above, the Agency cannot conclude that the proposed tariff structure is compliant with the requirement of not distorting cross-border trade.

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

91 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. 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.

92 The NRA does not propose to apply a commodity-based transmission tariff in the meaning set under Article 4(4) of the NC TAR.

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

93 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.

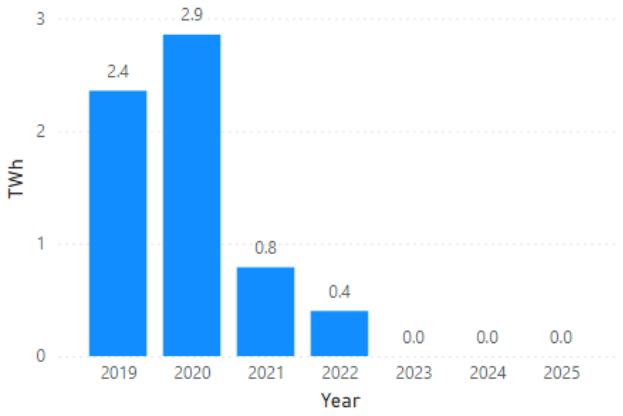
94 The NRA does not propose to apply non-transmission services.

6. Other comments

95 Russian imports to Latvia were banned on 1 January 2023[30]. Similar legislation has been introduced in Poland, Lithuania[31] [32], Estonia[33]. In Finland the draft of the law were prepared but not adopted[34].

96 At the same time, the Latvian legislation foresees a dedicated regime for transporting Russian gas from Estonia to Lithuania, which is then further transported to Kaliningrad[35]. This route serves as a back-up for the gas transported from Belarus to Kaliningrad crossing Lithuania. The NRA informed ACER that there are no long-term contracts in place for this service and that this transport route is only used sporadically, as highlighted in Figure 2.

Figure 2: Entry flows at the Luhamaa point between Russia and Estonia. Source: ENTSOG TP.



97 In order to transport gas across Estonia and Latvia, the third country TSO is required to communicate the Estonian and Latvian TSOs a transit notification. A network user registered in the FINESTLAT market zone is required to carry out the transport arrangement, including the contracting of capacity and balancing. Transported gas volumes cannot access the FINESTLAT market zone, and nominated volumes at entries need to be equal to nominations at exits.

98 Capacity for gas transported from Russia to Lithuania is offered as a point-to-point daily product. Tariffs for this product are charged at the entry point between Estonia and Russia and at the exit point from Latvia to Lithuania. In both cases, the tariff is set based on the FINESTLAT entry tariff of 142.77 €/MWh/d/y, which is adjusted to the daily capacity product based on the same multipliers applied at all other entry points.

99 The revenue collected is subject to a differentiated treatment:

- Revenue collected at the entry point between Estonia and Russia is distributed across FINESTLAT TSOs using the ITC.

[30] Amendments to Article 106(4) of the Energy Law of July 14, 2022, which entered into force on 1 January 2023, stipulate that the supply of natural gas from the Russian Federation is prohibited.
[31] https://www.e-tar.lt/portal/legalAct.html?documentId=f32ecd80828711ed8df094f359a60216
[32] https://www.e-tar.lt/portal/legalAct.html?documentId=dfcf89b077f411eea5a28c81c82193a8
[33] Vabariigi Valitsuse sanktsiooni kehtestamine kaupade ostu keeluks seoses Venemaa Föderatsiooni agressiooniga Ukrainas, mida toetab Valgevene Vabariik–Riigi Teataja
[34] There is no separate national legislation in force concerning a ban on imports of Russian gas, as the matter is now addressed at EU level through the Regulation (EU) 2026/261 of the European Parliament and of the Council of 26 January 2026 on phasing out Russian natural gas imports and preparing the phase-out of Russian oil imports, improving monitoring of potential energy dependencies and amending Regulation (EU) 2017/1938
[35] See points 2.37, 5.3, 5.10 and 8.9.5 of Common Regulations for the Use of Natural Gas Transmission System, 2025.

- Revenue collected at the exit point between Latvia and Lithuania is attributed to the Latvian TSO.

100 The NRA and the TSO clarified that the intent of these rules and architecture is to ensure the security of the FINESTLAT market and the transport network following the 2022 energy crisis.

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.

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