ACER

European Union Agency for the Cooperation of Energy Regulators

Tariff Report

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

NRA: Magyar Energetikai és Közmű-szabályozási Hivatal (MEKH)

TSO: FGSZ Földgázszállító Zártkörűen Működő Részvénytársaság (FGSZ)

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1. ACER conclusion

1 The Hungarian national regulatory authority ('NRA'), Magyar Energetikai és Közmű-szabályozási Hivatal ('MEKH'), proposes a postage stamp reference price methodology ('RPM'), complemented by a 90% discount at entry points from storage facilities and a 100% discount at exit points to storage facilities. MEKH proposes to apply a 50/50 entry-exit split, requesting input to stakeholders on the possibility of the entry-exit split ranging between 40/60 and 60/40.

2 The Network Code on Harmonised Transmission Tariff Structures for Gas ('NC TAR') foresees a cost allocation assessment ('CAA') to assess the impact of the RPM on cross-subsidisation. The result of the CAA is 0.38%, which is below the 10% threshold for which the NRA is not required to provide a justification.

3 The NC TAR also foresees a comparison of the proposed RPM with the capacity weighted distance ('CWD') methodology. The tariffs resulting from the CWD methodology leads to differences compared to the postage stamp methodology ranging between -93% and 56%, as shown in Table 3. The CAA for the CWD is 22.57%, potentially implying a higher cross-subsidisation between cross-system and intra-system users and would require a justification pursuant to Article 5(6) of the NC TAR.

4 The consultation document proposes an in-kind flow-based charge (commodity-based tariff). However, MEKH notified to the Agency the intent to replace this charge with a monetary flow-based charge, following the stakeholder responses to the consultation. The Agency could not assess the details of the flow-based charge currently applicable as the relevant NRA decision is not available in English[1]. The Agency therefore refers to its analysis of the flow-based charge consulted in the 2020/21 Hungarian tariff consultation[2] which was assessed in the 2021 ACER report[3].

5 The consultation document proposes two non-transmission services respectively for odorization and connection service to the network.

6 Finally, the Agency notes that there is an on-going court-procedure on the application of Article 35 of the NC TAR to a single contract concluded before 6 April 2017. MEKH proposes to set tariffs, including for contracts concluded before 6 April 2017, using the proposed RPM.

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

- The information required by Article 26(1) of the NC TAR has been published.
- The RPM is compliant with all requirements under Article 7 of the NC TAR.
- The flow-based charge, based on the monetary terms design which MEKH consulted in 2020/21, are compliant with all the requirements set in Article 4(3) of the NC TAR.
- The proposed non-transmission charges are compliant with Article 4(4) of the NC TAR.

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

- Reconcile the non-transmission services as required by Article 17(3) of the NC TAR.
- Ensure the compliance of the commodity-based tariffs with Article 4(3) of the NC TAR, which has been consulted for in-kind terms and will be implemented in monetary terms. The Agency

[1] MEKH's Decision on Definition of the reference price methodology for 2021/2025.

[2] MEKH, 'Fulfilment of the Consultation Requirement set by Article 26 of TAR NC', 13 November 2020, https://mekh.hu/fulfilment-of-the-consu-tation-requirement-set-by-article-26-of-tar-nc

[3] ACER, Analysis of the Consultation Document for Hungary, 2021.

refers to the recommendation made in the 2021, to explain the changes in the levels of the commodity-based tariffs.

- Justify, pursuant to Articles 4(1) and 4(4) of the NC TAR, the choice of allocating the costs of the “legal title transfer service” and the “data provision over basic data provision service” using the RPM.

2. Introduction

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

10 Article 27 of the NC TAR requires the Agency to analyse the consultation documents on the reference price methodologies for all entry exit systems[4]. This Report presents the analysis of the Agency for the transmission system of Hungary.

11 On 8 November 2024, the MEKH forwarded the consultation documents to the Agency. The consultation was launched on 9 November 2024 and remained open until 9 January 2025. On 10 February 2025, the 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, MEKH shall take and publish a motivated decision on all the items set out in Article 26(1).

Reading guide

12 Chapter 3 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. Chapter 5 focusses 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.

[4] 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?

13 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.

14 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.

15 Overall, all the information in Article 26(1) of the NC TAR has been properly published, as summarised 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	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 • the share of the allowed or target revenue forecasted to be recovered from such tariffs • the indicative commodity-based transmission tariffs	Yes, however the NRA will implement a commodity-based tariff in monetary terms.
26(1)(c)(ii) **26(1)(c)(ii(1)** **26(1)(c)(ii)(2)**	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	Yes

26(1)(c)(ii)(3) **26(1)(c)(ii)(4)**	• 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	
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

16 The following section provides a description of the proposed RPM.

4.1. Timeline for the application of tariffs.

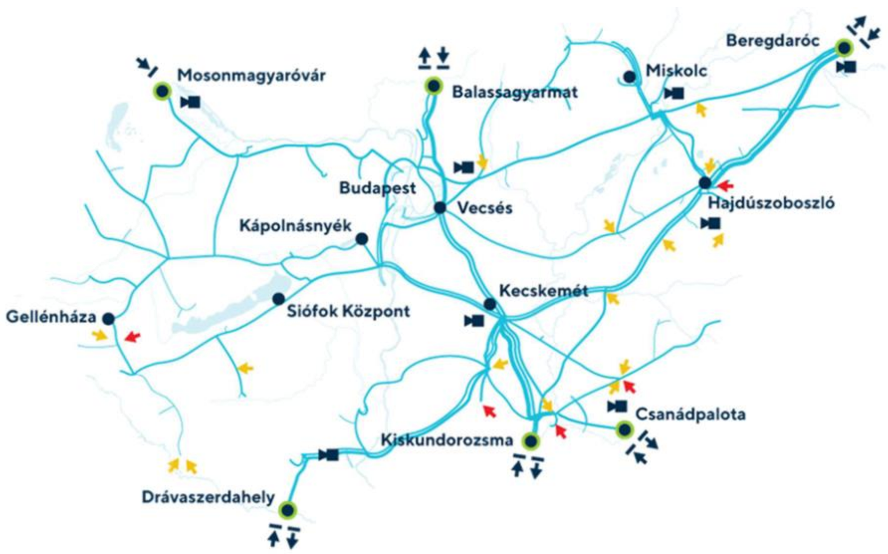
17 The following information is relevant in relation to the proposed tariff structure:

- Regulatory period: 1 October 2025 to 30 September 2029.
- Tariff period: 1 October 2025 to 30 September 2026.
- Period for which tariffs are being proposed: 1 October 2025 to 30 September 2026.

4.2. Description of the network

18 The Hungarian natural gas transmission network is meshed, allowing multiple combinations of entry and exit points. While the network has some entry points from production and allows for some gas to be transported across the system, it is mostly used as a downstream system. The network is connected to six other networks (Austria, Croatia, Slovakia, Serbia and Ukraine) and links Central European markets to the Krk LNG terminal. This is represented in Table 1 below.

Table 1: Hungarian natural gas transmission network.



19 In the previous regulatory period, gas was mainly transported from North (Austria and Ukraine entry points) to the South (Serbia and Romania exit points). In the current regulatory period, flows are expected in the opposite direction, with gas entering from the South (Serbia, Turkey) and exiting in the North (Slovakia, Ukraine). Additionally, LNG is imported via Croatia.

4.3. Contracts falling under Article 35 of the NC TAR

20 The NRA communicated to ACER that one contract was concluded before 6 April 2017. MEKH considered the contract as not falling under the scope of Article 35 of the NC TAR in its 2022 decision pursuant to Article 27 of the NC TAR. Article 35 of the NC TAR establishes that this Regulation "*shall not affect the levels of transmission tariffs resulting from contracts or capacity bookings concluded before 6 April 2017 where such contracts or capacity bookings foresee no change in the levels of the capacity- and/or commodity-based transmission tariffs except for indexation, if any*". This decision has been appealed, and the court case is still on-going[5].

21 Consistent with its 2022 decision, MEKH sets the tariffs for the capacity falling under this contract using the RPM. The capacity falling under this contract is used as an input to the RPM.

4.4. Proposed RPM

22 The NRA proposes a postage stamp reference price methodology ('RPM'), with an entry-exit split to be established within the threshold 40-60 / 60-40. MEKH proposes to apply a 90% discount at entry points from storage facilities and a 100% discount at exit points to storage facilities.

4.4.1. Cost drivers

23 The proposed postage stamp methodology is based on the capacity cost driver. To forecast the contracted capacity, MEKH consults with the TSO and with market parties on the expected use of the network. Table 2 below summarises the capacity forecast for the tariff period starting 1 October 2025.

[5]See the Request for a preliminary ruling from the Fővárosi Törvényszék (Hungary) lodged on 24 May 2024, MET Magyarország and Global NRG ROM, C-369/24.

Table 2: Contracted capacity at entry and exit points. Source: MEKH consultation document.

		kWh/h/y
Entries	Total contracted capacity at entry.	**28,875,113**
	IPs	21,145,381
	- VIP Bereg (UA>HU)	116,13
	- Mosonmagyaróvár (AT>HU)	6,025,203
	- Csanádpalota (RO>HU)	3,295,243
	- Drávaszerdahely (CR>HU)	1,640,519
	- Balassagyarmat (SK>HU)	8,876
	- Kiskundorozsma (RS>HU)	10,059,406
	Storage entry points:	5,682,198
	Domestic production entry points:	2,047,534
Exits	Total contracted capacity at exit. kWh/h/y	**38,183,254**
	IPs	8,816,042
	- Kiskundorozsma (HU>RS)	393,838
	- Kiskundorozsma 2 (HU>RS)	20,678
	- Csanádpalota (HU>RO)	2,880,550
	- Mosonmagyaróvár (HU>AT) virtual	*8,448*
	- Drávaszerdahely (HU>CR)	93,380
	- Balassagyarmat (HU>SK)	2,627,873
	- VIP Bereg (HU>UA)	2,791,276
	Storage exit points:	5,237,962
	Domestic exit points:	24,129,250

4.4.2. Entry-exit split

24 MEKH proposes to establish the entry-exit split within the threshold 40-60 / 60-40, which will be set taking into account the input provided by stakeholders in their responses to the consultation. In the consultation document, MEKH calculates tariffs using a 50/50 entry-exit split.

25 The Agency notes that a number of stakeholders expressed their preferences for a lower share of revenue to be allocated to entries (OMV, OMV Petrom, MFGT, MEKSZ).

4.4.3. Benchmarking

26 In the previous consultation, launched in 2020, MEKH proposed to benchmark the entry point from Croatia. The NRA argued that the route Croatia – Hungary – Austria was in competition with an alternative route to transport LNG crossing Croatia – Slovenia – Austria. ACER provided its compliance analysis in the 2021 Report on the Hungarian tariff structure[6]. The consultation document no longer proposes a benchmarking adjustment.

4.4.4. Storage discounts

27 The NRA proposes to apply a 90% discount at entry points from storage facilities and a 100% discount at exit points to storage facilities.

4.4.5. Rescaling

28 The NRA proposes a uniform rescaling factor at entry and at exit points to recover the missing revenue resulting from the application of discounts to points to and from storage.

[6] See paragraphs (40) to (70) of ACER Analysis of the Consultation Document for Hungary, 2021.

29 Discounts for renewable gas and low-carbon gas under the Regulation (EU) 2024/1789 may also be taken into account when determining the rescaling factor.

4.4.6. Resulting tariffs

30 The resulting tariffs are summarised in Table 3 below.

Table 3: Proposed transmission tariffs and difference between the proposed postage stamp and CWD methodologies..

		Forecasted contracted capacity (kWh/h/y)	Calculated indicative capacity tariff according to the CWD RPM (Ft/kWh/h/y)	Indicative capacity tariff according to the proposed postage stamp RPM (Ft/kWh/h/y)	Difference: CWD – postage stamp (%)
Exits	Domestic exit	24,129,250	977.87	1269.08	22.95%
	Exit to storage	5,237,962	0.00	0.00	0.00%
	(HU>RS)	393,838	805.58	1269.08	36.52%
	(HU>RS)	20,678	805.58	1269.08	36.52%
	(HU>RO)	2,880,550	1,036.70	1269.08	18.31%
	(HU>HR)	93,380	1,363.39	1269.08	-7.43%
	(HU>UA)	2,627,873	2,348.80	1269.08	-85.08%
	(HU>SK)	2,791,276	1,527.37	1269.08	-20.35%
Entries	(UA>HU)	116,134	2,780.52	1,678.18	-65.69%
	(RS>HU)	10,059,406	1,168.11	1,678.18	30.39%
	(AT>HU)	6,025,203	3238.91	1678.18	-93.00%
	(RO>HU)	3,295,243	1384.12	1678.18	17.52%
	(HR>HU)	1,640,519	2,338	1678.18	-39.34%
	(SK>HU)	8,876	1,814	1678.18	-8.12%
	Entry from storage	5,682,198	73.23	167.82	56.36%
	Entry production	2,047,534	1850.68	1678.18	-10.28%

4.5. Cost allocation assessment

31 MEKH provides the cost allocation assessment (CAA) for the proposed postage stamp methodology following the application of storage discounts and rescaling. The result is 0.38%, which is below the 10% threshold laid out in Article 5(6) of the NC TAR. The result does not need further justification.

4.6. Comparison with the CWD methodology

32 The NRA provides a comparison between the proposed RPM and the CWD methodology. The differences between both methodologies are summarised in Table 3 above. In addition, the NRA provides the CAA for the CWD, which results in 22.57%, above the threshold laid out in Article 5(6) of the NC TAR.

4.7. Reconciliation of the regulatory account

33 Under- and/or over- recoveries are reconciled using the regulatory account. The reconciliation of the regulatory account is undertaken with annual frequency based on the gas year. Given the availability of actual revenue data and the legal deadlines related to tariff setting the reconciliation of the account for gas year n is carried out in gas year n+2 at the earliest.

5. Compliance

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

34 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 (EC) 2024/1789 and lists a number of requirements to take into account when setting the RPM.

5.1.1. Transparency

35 **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.

5.1.2. Cost-reflectivity

36 **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. The Agency considers the proposed postage stamp methodology compliant with the requirement on cost reflectivity.

5.1.3. Cross-subsidisation and non-discrimination.

37 **Article 7(c)** of the NC TAR requires the RPM to ensure non-discrimination and prevent undue cross-subsidisation. The Agency considers the proposed RPM compliant with both requirements.

5.1.4. Volume risk

38 **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. The Agency notes that the Hungarian transmission network does not transport significant volumes across the system. The Agency considers the proposed RPM compliant with the requirement on volume risk.

5.1.5. Cross-border trade

39 **Article 7(e)** of the NC TAR requires that the RPM ensures that the resulting reference prices do not distort cross-border trade. Following the conclusion on the requirement on cost-reflectivity, the Agency concludes that the proposed RPM is compliant with the requirement on non-distorting cross-border trade.

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

40 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.

41 The NRA proposes, in the consultation document, an in-kind flow-based charge. However, the NRA confirmed to the Agency the intent to express the charge in monetary terms following the consultation responses from several stakeholders (OMV, MFGT, OMV Petrom, FGZS). For this purpose, the NRA expressed its intent to maintain the currently applicable flow-based charge[7] which was consulted in the 2020/21 consultation[8]. The Agency, therefore, refers to its assessment of the flow-based change in the 2021 report on the Hungarian tariff structure[9], which concluded that the flow-based charge was compliant with the requirements under Article 27(2)(b)(2) of the NC TAR of the NC TAR. The Agency could not assess the details of the flow-based charge in the currently applicable NRA decision as it is not available in English.

42 The Agency recommends MEKH to ensure the compliance of the commodity-based tariffs with Article 4(3) of the NC TAR, which has been consulted for in-kind terms and will be implemented in monetary terms. The Agency refers to the recommendation made in the 2021 ACER report on the tariff structure for Hungary to explain the changes in the levels of the commodity-based tariffs.

Table 2: Criteria Article 4(3)(a) of the NC TAR based on the 2020/21 Hungarian tariff consultation.

Criteria	Y/N
levied for the purpose of covering the costs mainly driven by the quantity of the gas flow	Yes
calculated on the basis of forecasted or historical flows, or both.	Yes
set in such a way that it is the same at all entry points and the same at all exit points.	Yes
expressed in monetary terms or in kind	Yes

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

43 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. The NRA proposes two non-transmission services: odorization and connection services.

44 The odorization service: the charge for the service is calculated by dividing the allowed revenue for odorization services used by the volumes of the odorizing substance.

45 The connection service to the network: the costs of the service are allocated to the relevant network services based on principles detailed in the consultation document and may significantly differ between unique cases of connections.

[7] NEKH's Decision on Definition of the reference price methodology for 2021/2025.

[8] MEKH, 'Fulfilment of the Consultation Requirement set by Article 26 of TAR NC', 13 November 2020, https://mekh.hu/fulfilment-of-the-consu-tation-requirement-set-by-article-26-of-tar-nc

[9] ACER, Analysis of the Consultation Document for Hungary, 2021.

46 The Agency considers the proposed non-transmission tariffs cost-reflective, non-discriminatory, objective and transparent as required by Article 4(4) of the NC TAR.

47 Regarding the reconciliation of non-transmission services, MEKH points out that the odorization service is not reconciled. The Agency remarks that Article 17 of the NC TAR requires to reconcile non-transmission services as long as the TSO is not regulated under a price cap regime. The Agency remarks that the odorization service should therefore be reconciled. The Agency provides its recommendations on the reconciliation of non-transmission services in the TAR Implementation Monitoring Report[10].

48 Finally, the Agency notes that MEKH does no longer propose the following non-transmission services: “legal title transfer service” and the “data provision over basic data provision service”. The consultation document does not refer to these services. The Agency recommends that the NRA justify the choice of allocating these costs using the RPM pursuant to Articles 4(1) and 4(4) of the NC TAR.

[10] ACER, Report on the application of reference price methodologies in Member States, 2020.

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.

49 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.

50 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.

51 *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.*

52 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.

53 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