



# ACER Consultation Template

Fields marked with \* are mandatory.

## Introduction

The Agency for the Cooperation of Energy Regulators ('the Agency') has developed an online template following Article 26(5) of the Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a Network Code on Harmonised Transmission Tariff Structures for Gas ('TAR NC'). The online template has been designed for the NRA/TSO responsible for carrying out the consultation on the reference price methodology to provide a summary of the consultation.

The online template and the tool for the submission of files to the Agency is implemented over a secure IT connection based on https.

Instructions for using the online template and for the submission of the consultation documents are on the appendix, at the end of the online template. For additional information on the online template, visit: [http://www.acer.europa.eu/Official\\_documents/Public\\_consultations/Pages/ACER-Consultation-Template.-Tariff-NC-Article-26\(5\).aspx](http://www.acer.europa.eu/Official_documents/Public_consultations/Pages/ACER-Consultation-Template.-Tariff-NC-Article-26(5).aspx)

## General information on the consultation on the RPM

### \* Member state

- |                                 |                                      |                                |  |
|---------------------------------|--------------------------------------|--------------------------------|--|
| <input type="radio"/> Austria   | <input type="radio"/> Belgium        | <input type="radio"/> Bulgaria | <input checked="" type="radio"/> Croatia |
| <input type="radio"/> Cyprus    | <input type="radio"/> Czech Republic | <input type="radio"/> Denmark  | <input type="radio"/> Estonia            |
| <input type="radio"/> Finland   | <input type="radio"/> France         | <input type="radio"/> Germany  | <input type="radio"/> Greece             |
| <input type="radio"/> Hungary   | <input type="radio"/> Ireland        | <input type="radio"/> Italy    | <input type="radio"/> Latvia             |
| <input type="radio"/> Lithuania | <input type="radio"/> Luxembourg     | <input type="radio"/> Malta    | <input type="radio"/> Netherlands        |
| <input type="radio"/> Poland    | <input type="radio"/> Portugal       | <input type="radio"/> Romania  | <input type="radio"/> Slovak Republic    |
| <input type="radio"/> Slovenia  | <input type="radio"/> Spain          | <input type="radio"/> Sweden   | <input type="radio"/> United Kingdom     |

Organisation responsible for the consultation on the RPM.

Croatian Energy Regulatory Agency (HERA)

Contact point in the NRA/TSO responsible for the consultation.

Timeline for the final consultation: launch and closing dates.

Launch date: 18.12.2018, closing date: 18.02.2019.

Will there be any intermediate consultations prior to the final consultation? If so, what topics will they cover? The last section of the survey allows the NRA/TSO providing information on this part of the process.

No

Are any intermediate consultations planned/expected prior to the final consultation on the RPM?

- Yes
- To be decided
- No

## **A. Proposed reference price methodology [Article 26 (1)(a)]**

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### **A.1. Information on the parameters used in the proposed RPM related to technical characteristics of the transmission system [Articles 26(1)(a)(i), 30.(1)(a)].**

Provide the information on the parameters listed in Article 30(1)(a)(i-v) when they are an input to the proposed RPM . For parameters that are not an input to the RPM, mark as 'Not applicable'.

The description of the RPM and the justification of the parameters may refer to information requested in other points of Article 26 and in other articles, such as Article 7.

#### **A.1.A. Description of the proposed reference price methodology [Article 26(1)(a)].**

The following description is intended to provide an overview of the RPM. Include a reference to, at least, the following elements. Only refer to these items if they are applicable to the RPM:

- Choice of RPM
- Cost drivers of the RPM
- Locational signals in E/E points resulting of the RPM (e.g.: capacity, distance). Locational signals are price levels that send incentives to network users in order for the network operators to achieve an efficient operation and/or expansion of the gas system.

- Entry/exit split. Cost reflectivity and application to the RPM.
- Capacity/commodity split. Cost reflectivity and application to the RPM.
- Intra-system/cross-system split. Cost reflectivity and application to the RPM.
- Adjustments (benchmarking, equalisation and rescaling).
- Use of inter-TSO compensation mechanism. Brief note on the application of the RPM in multi-TSO E/E system and reference to the inter-TSO compensation mechanism consultation.

Indicate the choice of RPM (e.g.: postage stamp, capacity weighted distance, virtual point, matrix, or other)

Postage Stamp Methodology

Provide description.

HERA proposes Postage stamp RPM. The parameters used are:

- incentive regulation method based on the maximum allowed revenue,
- entry/exit split ratio of total allowed revenues is proposed as 60%:40% (current 70%:30%),
- according to proposed entry/exit split ratio of allowed revenues, share of allowed revenue allocated to yearly standard capacity products is forecasted to 0.78 for calculation of indicative referent prices and for calculating CAA ratio,
- multipliers and seasonal factors for calculating reserve price for non-yearly standard capacity products are proposed and published in separated consultation process,
- cost driver for the proposed Postage stamp is forecasted contracted capacity at all entry and exit points,
- capacity/commodity split 100%-0% (current 90%-10%),
- no adjustments to tariffs applied,
- discount for storage: 90% on entry to transmission system (hereinafter: TS) from storage and 100% on exit from TS and entry to storage,
- discount for LNG terminal - 15% on entry to transmission system (current 10%),
- homogeneous groups of entry and exit points,
- floating and fixed payable price approach proposed,
- same level of floating price applicable for all points within a particular homogeneous group of entry or exit points,
- fixed and floating price levels equal in first year;
- indexation for fixed payable price proposed by applying Croatian Consumer price index (CPI),

Final consultation implicated application of proposed RPM for the period from 2021 till 2026.

Reference to consultation document(s). Provide document ID and relevant page(s).

->Final consultation document, chapter 3., sections 3.4. to 3.7., pages 22. - 40.;

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

-->[https://www.hera.hr/en/html/public\\_consultations.html](https://www.hera.hr/en/html/public_consultations.html)

### A.1.B. Justification of the parameters and how they are used in the RPM [Articles 26(1)(a)(i), 30(1)(a)(i-v)].

Justify the selection and use of the parameters listed in Article 30(1)(a)(i-v) that are and input to the RPM, in view of the level of complexity of the transmission network related to the technical characteristics of the transmission system.

Reference to consultation document(s). Provide document ID and relevant page(s).

Final consultation document, section 3.2., pages 16 - 22 and subsection 3.5.2. regarding technical capacity and forecasted contracted capacity, pages 26. - 32.

### A.1.C. Technical capacity at entry and exit points: values and associated assumptions [Articles 26(1)(a)(i), 30(1)(a)(i)].

Is the parameter an input to the RPM?

- Yes  
 No

### A.1.D. Forecasted contracted capacity at entry and exit points: values and associated assumptions [Articles 26(1)(a)(i), 30(1)(a)(ii)].

Is the parameter an input to the RPM?

- Yes  
 No

Values of the forecasted contracted capacity at entry and exit points. Reference to consultation document(s). Provide document ID and relevant page(s).

Subsection 3.5.2, Table 8. Forecasted contracted capacity for all entry and exit points, and Table 11. regarding intra-system and cross-system split of forecasted contracted capacity.

Associated assumptions for the values of the forecasted contracted capacity at entry and exit points. Reference to consultation document(s). Provide document ID and relevant page(s).

### A.1.E. The quantity and the direction of the gas flow for entry and exit points: values and associated assumptions [Articles 26(1)(a)(i), 30(1)(a)(iii)].

Is the parameter an input to the RPM?

- Yes  
 No

### A.1.F. Structural representation of the transmission network with an appropriate level of detail and associated assumptions [Articles 26(1)(a)(i), 30(1)(a)(iv)].

The representation should include an image of a simplified network depicting the transmission network and distinguishing the elements defined in Article 2(1)(1) of the Regulation (EC) No. 715 /2009:

- High-pressure pipelines (other than the upstream pipeline network and other then high-pressure pipelines primarily used in the context of local distribution of natural gas, with a view to its delivery).
- Transmission networks which are dedicated to supplyin domestic customers.
- TSO-DSO interface (transmission exit points to DSO).

The representation should include the transmission network elements included in the regulatory asset base.

Reference to consultation document(s). Provide document ID and relevant page(s).

Final consultation document, section 3.2. description of TS, figure 1 and 2 on pages 17. and 18., and subsection 3.4.3., pages 24-25, including enumerating elements included in regulated assets (detailed list and specifics of TSO's regulated assets elements are considered as publicly sensitive information), however general components are published on TSO web page, under publications according to Chapter VIII of Regulation 2017/460 (<http://www.plinacro.hr/default.aspx?id=8>

Associated assumptions and criteria used for the structural representations (e.g.: clustering, average distances, etc).

Provide reference to consultation document(s):

Clustering was applied only as parameter for the capacity weighted distance reference price and CAA calculation, as elaborated in Table 5. of subsection 3.5.2.

For proposed Postage stamp methodology, homogeneous group of exit and entry points are proposed:

- entry interconnection points;
- entry points from production;
- entry points from the gas storage system,
- entry points from liquefied natural gas terminal (hereinafter: 'LNG')
- exit interconnection points,
- domestic exit points.

### A.1.G. Additional technical information and associated assumptions about the transmission network such as the length of pipelines, the diameter of pipelines and the power of compressor stations [Articles 26(1)(a)(i), 30(1)(a)(v)].

Are there other parameter used as input to the RPM related to technical characteristics of the transmission system? Provide pipeline pressure levels if available.

- Yes  
 No

### A.2. The value of the proposed adjustments for capacity-based transmission tariffs pursuant to Article 9 [Article 26(1)(a)(ii)]

#### A.2.A. Proposed discount(s) at entry points from and exit points to storage facilities [Articles 26(1)(a)(ii), 9(1)].

Do you apply the discount(s) at entry points from and/or exit points to storage facilities?

- Yes  
 No

Indicate discount (%) at entry points from storage facilities compared to the initial result of the RPM.

90

Indicate discount (%) at exit points to storage facilities compared to the initial result of the RPM.

100

Other file or reference (e.g. different discounts for different products at the same storage facilities).

Are there storage facilities connected to more than one transmission or distribution network system.

- Yes  
 No

### A.2.B. Proposed discount(s) at entry points from LNG facilities [Articles 26(1)(a)(ii), 9(2)].

Do you apply the discount(s) at entry points from LNG facilities?

- Yes  
 No

Indicate discount (%) at entry points from LNG facilities.

15

Reference to consultation document(s). Provide document ID and relevant page(s).

Final consultation document, subsection 3.7.2., page 40

### A.2.C. Proposed discount(s) at entry points from and exit points to infrastructure developed with the purpose of ending the isolation of Member States [Articles 26(1)(a)(ii), 9(2)].

Do you apply discount(s) at entry points from and exit points to infrastructure developed with the purpose of ending the isolation of Member States?

- Yes  
 No

## A.3. Indicative reference prices subject to consultation [Article 26(1)(a)(iii)]

### A.3.A. Indicative reference prices at each entry and at each exit point [Article 26(1)(a)(iii)].

Reference to consultation document(s). Provide document ID and relevant page(s).

Final consultation document, Chapter 4, pages 48- 52.

## A.4. Cost allocation assessment [Articles 26(1)(a)(iv), 5]

According to Article 27(2)(b) the Agency shall assess the compliance of Article 7. Given that Article 7 (c) refers to the cost allocation assessment, the Agency's analysis of compliance applies to the cost allocation assessment. For this purpose, the Agency request the NRA/TSO responsible for the consultation to submit a justification of the cost allocation assessment together with the rest of the consultation documentation once the consultation is launched. This only applies for the case when the cost allocation ratio exceeds 10%. This justification is requested by the Agency independently of its inclusion in the NRA motivated decision described in Article 27(4). For the submission of documents relevant to this section, see the upload section at the end of this template.

### A.4.A. Results of the capacity cost allocation assessment [Articles 26(1)(a)(iv), 5].

Capacity cost allocation comparison index (%)

13.91

#### A.4.B. Components of the capacity cost allocation assessment [Articles 26(1)(a)(iv), 5].

Reference to consultation document(s). Provide document ID and relevant page(s).

Final consultation document, section 3.8., Table 11 and 13. pages 39 - 43.

#### A.4.C. Details of components of the capacity cost allocation assessment [Articles 26(1)(a)(iv), 5].

Description of the calculation, including:

- Details of the cost drivers following Article 5(1)(a).
- Rationale for the combination of capacity cost drivers.
- Where the result of the capacity cost comparison index exceeds 10%, provide the justification for such results.

Reference to consultation document(s). Provide document ID and relevant page(s).

Final consultation document, section 3.8., pages 41-44 and part 3.9.2., pages 45-47.

Capacity cost allocation comparison index for proposed RPM results with 13.9% for year 2021, slightly above foreseen level of 10%, and upon closing of final consultation procedure, HERA shall provide justification for such results in motivated decision according to Article 27, paragraph 4 as stipulated in Article 5, paragraph 6 of Commission Regulation 2017/460.

Reasoning for proposing Postage stamp Methodology under CAA results above 10% are explained in detail in this Template document, under Section A.5. taking into account the comparison between CWD RPM results and indicative tariff levels.

#### A.4.A. Results of the commodity cost allocation assessment [Articles 26(1)(a)(iv), 5].

Commodity cost allocation comparison index (%).



#### A.4.B. Components of the commodity cost allocation assessment [Articles 26(1)(a)(iv), 5].

Reference to consultation document(s). Provide document ID and relevant page(s).

Not applicable, due to proposed 100:0 capacity/commodity split.

#### A.4.C. Details of components of the commodity cost allocation assessment [Articles 26(1)(a)(iv), 5].

Description of the calculation, including:

- Details of the cost drivers following Article 5(1)(a).
- Rationale for the combination of commodity cost drivers.
- Where the result of the commodity cost comparison index exceeds 10%, provide the justification for such results.

Reference to consultation document(s). Provide document ID and relevant page(s).

Not applicable

### **A.5. Assessment of the proposed reference price methodology in accordance to Article 7 and Article 13 of the Regulation (EC) No. 715/2009 [Article 26(1)(a)(v)]**

The Agency will evaluate the compliance of the RPM against the set of principles laid out in Article 7 [Article 27(2)(b)(1)]. For the purpose of making explicit the criteria that will be used for this analysis, the template provides the following non-exhaustive list of suggestions to follow in the assessment. Quantitative analysis and stakeholder support will be taken by the Agency as evidence. When such proofs are not available, compliance will be reviewed based on the explanations provided.

#### A.5.A. The RPM should: enable network users to reproduce the calculation of reference prices and their accurate forecast.

The description of the RPM, together with the rest of elements listed in this template should be instrumental to allow replicating the calculation of reference prices. Provide the manner and the order in which these elements are used for the calculation of the RPM.

Reference to consultation document(s). Provide document ID and relevant page(s).

The RPM template replicating the calculation of reference prices is published on Croatian and English language, on following address:

--> [https://www.hera.hr/en/html/public\\_consultations.html](https://www.hera.hr/en/html/public_consultations.html)

Simplified tariff model published on HERA's web site includes all inputs for forecasted capacities until 2040, allowing network users to input custom assumption regarding allowed revenues and forecasted contracted capacities for all transmission entry and exit points, indexation for fixed price and the amount of risk premium.

Entry/exit splits of allowed revenues (60:40), and discounts for storages and entry from LNG terminal are set to proposed level and not enabled for modification, since this inputs depend on NRA's decision based on subsequent periodic consultation, as per Article 27, paragraph 5 of Commission Regulation 2017/460.

The level of share of allowed revenue allocated to yearly standard capacity products is defined to 0.78 for overall consultation period and integrated in calculation of indicative tariffs after 60:40 entry/exit AR split.

Furthermore, HERA published additional model for calculating price for non-yearly standard products, based on multipliers and seasonal factors, allowing users to have insight to calculation steps resulting with proposed level of multipliers and seasonal factors.

#### **A.5.B. The RPM shall into account the actual costs incurred for the provision of transmission services considering the level of complexity of the transmission network.**

Evaluate the cost reflectivity of the RPM related to the level of complexity and the technical characteristics of the transmission network. The assessment can be based on elements such as:

- How do the level of complexity and the technical characteristics of the transmission network influence the choice of RPM?
- Is the use or non-use of locational signals related to the level of complexity and the technical characteristics of the transmission network?
- How does the choice of E/E split affect the cost reflectivity of reference prices?
- How do reference prices at E/E points relate to the underlying costs of the network?
- Indicate any other elements of the RPM relevant to assess the cost reflectivity of the RPM

Reference to consultation document(s). Provide document ID and relevant page(s).

The proposed RPM accounts the actual costs of transmission services over the amount of maximum allowed revenue (hereinafter: AR) including forecasts on all operative expenditures and investments connected to transmission system under envisaged scenario S1 (Final consultation document, subsection 3.4.3. pages 24 - 25 and 31 to 32) calculated in details, based on building block approach for each year of next tariff/regulatory period (2021-2026).

Components of AR were not elaborated in consultation documentation, as not stipulated by Commission Regulation 2017/460, under Article 26. However the methodology for calculating AR is published on TSO web page <http://www.plinacro.hr/default.aspx?id=895>, as per Chapter VIII of Regulation 2017/460 Article 30.1.(b) (ii) for current tariff period, and will be updated to scenario S1 after formal decision by HERA following completion of final consultation procedure.

Furthermore, when providing cost allocation assessment, the decision on RPM, level of entry/exit ratio and connected tariff values were chosen based on iterative simulations indicating lowest results of CAA in 2021 (given by postage stamp RPM, at 60:40 E/E split, subsection 3.5.4. of Final consultation document, pages 33-34).

Forecasted costs assigned to intra-system and cross-system use were used based on rules set in Article 5 (5), in a manner that initially, forecasted contracted capacity dedicated for cross-use were defined - capacity on entries for LNG terminal and capacity for exits on IPs - it is assumed that all capacities on IP exits origin only from the gas coming from LNG terminal, however residual LNG gas will be used for intra-system use.

The costs dedicated to intra-system use were calculated as a difference between the overall transmission costs and those initially calculated for cross-use, allocated on each point of transmission system (production, entry at interconnection points, storage, domestic exits and entry from LNG for residual capacity).

### **A.5.C. The RPM shall ensure non-discrimination and shall prevent undue cross-subsidisation including by taking into account the cost allocation assessments set out in Article 5.**

Evidence for the assessment should take into account the cost allocation assessment, which checks the non-discrimination between two predefined groups of network users. Other means can be used to check non-discrimination between other groups of network users. Provide reference to consultation document(s). Provide document ID and relevant page(s).

Final consultation document, subsection 3.4.2. and 3.5.4., pages 23–24, and 33–34.

Total allowed revenues were initial input to RPM, following to distribution on homogenous entry and exit points based on forecasts for yearly standard capacity products and permitted discounts for storage and LNG terminal. When providing cost allocation assessment, the decision on level of entry /exit ratio and connected tariff value was chosen based on lowest results of CAA in 2021. (given by postage stamp RPM, at 60:40 E/E split).

In addition, to facilitate cross-system use of TS, the level of tariffs on IP points has to be set to competitive level, compared to adjacent transmission systems, especially due to the fact that geographical location of Croatia is on the edge of the main European transmission systems, which gives value-added flows only by offering new gas source, like LNG terminal on Krk.

Results for 2021. including LNG capacity flows, were therefore of utmost relevance, since Regulation 2017/460 sets rules that fixed payable price could be offered on the same level as floating one. Thus, floating level price in 2021 and CAA results were starting point for further calculation of remaining tariff period.

Fixed payable price by its definition inevitably empowers some level of cross-subsidation, however, as included in Regulation 2017/460 as possible motivating approach for projects of EU importance, this level of cross-subsidation should not be assessed as undue.

Furthermore, when proposing fixed payable price approach, this possibility is given solely for capacities related to the project of gas delivery from the LNG terminal in the Open Season procedure, and fairly to all users.

#### **A.5.D. The RPM shall ensure that significant volume risk related particularly to transports across an entry-exit system is not assigned to final customers within that entry-exit system.**

Explain how the variation in transit flows affects reference prices for final consumers. The assessment can be based on elements such as:

- The contribution of the E/E split to the risk bared by final consumers.
- Are there any ex-ante splits of revenues for the purpose of intra-system and cross-system users?

Reference to consultation document(s). Provide document ID and relevant page(s).

Final consultation document, subsection 3.4.2. and 3.5.4. pages 23–24, and 33–34.

Based on postage stamp methodology, all the volume risk within transmission system is allocated equally to all system users under floating price mechanism over reconciliation between two consecutive tariff periods, with the aim of reimbursing to the transmission system operator the under-recovery and of returning to the network users the over-recovery.

Furthermore, among other considerations, in order to avoid any volume risk connected to LNG project overflowing from cross-use to intra-use system, HERA proposes implementation of fixed price to certain points connected to this project (Final consultation document, point 3.6.)

Therefore, under fixed price approach, no revenue reconciliation shall occur and all risks related to under-recovery or over-recovery shall be covered exclusively by the risk premium, however, HERA proposes risk premium in 0 HRK, as explained in subsection 3.6.2.1., page 37.

Moreover, HERA envisages future possible activities performed by market users under fixed payable price approach that could introduce volume risk – commercial gas swap. Therefore, HERA proposes the possibility of implementing the risk premium in later years, reflecting the mentioned influence of the commercial gas swap, and taking into account resulting decrease of bookings at the transmission system entries and/or exits.

#### **A.5.E. The RPM shall ensure that the resulting reference prices do not distort cross-border trade.**

Refer at least to the effect of the E/E split on cross-border trade. Provide reference to consultation document(s). Provide document ID and relevant page(s).

Final consultation document, point 3.8., pages 41, and explanatory notes as in section A.5. A., B., C and D. of this ACER Template.

Also, the results of CAA index between proposed Postage stamp methodology and CWD methodology, indicate that postage stamp methodology is less cross-border distorted than CWD methodology.

#### **A.6. Comparison with the CWD methodology [Article 8] accompanied by the indicative reference prices subject to consultation set out in Article 26 (1)(a)(iii)**

**A.6.A. Where the proposed reference price methodology is other than the capacity weighted distance reference price methodology detailed in Article 8, a comparison between both methodologies should be performed [Articles 26(1)(a)(vi), 8].**

The comparison should be performed with an appropriate level of detail and should enable stakeholders to identify the main differences, advantages and disadvantages of the compared methodologies. The following non-exhaustive list provides relevant elements that can guide the comparison:

- Differences, if any, in the input parameters for each of the methodologies such as input parameters (e.g.: technical and forecasted capacity), ratios for the allowed or target revenue listed in Article 30(1)(b)(v) and discounts to storage and LNG.
- Differences in the manner in which each of the methodologies reflect the level of complexity and the technical characteristics of the transmission network.
- Relation of each of the methodologies to the principles laid out in Article 7.
- Cost allocation assessment in Article 5.

Provide the same parameters and assumptions used for the CWD as for the proposed RPM, highlighting the differences, if any. When the parameters used for each of the methodologies are different, indicate and follow through the differences in reference prices.

Reference to consultation document(s). Provide document ID and relevant page(s).

HERA used following parameters for calculation of CWD

- the allowed revenue
- entry/exit split of 50%:50% (as defined by Article 8 of Commission Regulation 2017/460)
- forecasted contracted capacity at all points weighted by distance (using steps from Article 8 of Commission regulation 2017/460),
- the level of share of allowed revenue allocated to yearly standard capacity products is defined to 0.78
- capacity/commodity split 100%-0% (current 90%-10%);
- no adjustments applied;
- discount for storage: 90% on entry to transmission system from storage and 100% discount for entry from transmission system to storage,
- discount for LNG terminal 85% on entry to transmission system,
- homogenization applied to all entry and exit points,
- floating and fixed payable price approach proposed.

The difference between parameters used for postage stamp methodology and CWD was in entry/exit revenue split, and the amount of discount for LNG terminal.

In order to compare the results of two different methodologies, the aim was to have a competitive scope of upper limit tariffs that both RPMs should produce.

Considering the importance of encouraging the development of cross-system use, target has been set on tariffs for cross-use. In order to have comparable level of prices for those transmission system points, the level of discount for LNG terminal resulted with 85%.

## A.6.B. Comparison of indicative reference prices at each entry point and at each exit point of the proposed RPM and the CWD detailed in Article 8.

Reference to consultation document(s). Provide document ID and relevant page(s).

Final consultation document, section 3.10. pages 47-48 compares indicative prices for 2021., Table 13.

## **B. Allowed or Target Revenue of the TSO [Article 26(1)(b)]**

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### **B.7. Indicative information set out in Article 30(1)(b)(i), (iv) and (v)**

**B.7.A. Allowed or target revenue, or both, of the transmission system operator [Articles 26(1)(b), 30(1)(b)(i)].**

- If allowed and target revenue are both used, provide detail for each case.
- In the case of multiple TSOs, indicate the approach adopted. In the case where the NRA is carrying out the consultation, provide the reference where the information on allowed or target revenue for each TSO can be found.
- Units: currency/year

#### Description.

Allowed revenue (hereinafter: AR) for 2021 is 417.440.147 HRK.

The allowed revenues are set based on building block approach, separately for each tariff year, based on assumptions for S1 capacity scenario, elaborated in subsection 3.5.2. of Final consultation document.

The amount of allowed revenues for forthcoming tariff period of 2021-2026 is published in Final consultation document (subsection 3.4.3.). Furthermore, forecasts until 2040 were calculated related to duration of contracts for Open Season procedure, and are available for users over Tariff simplified model published on HERA web site.

All the elements for calculating the AR values are not included in consultation, as not mandatory as per Article 26., however they could be found for current tariff period on web page of TSO Plinacro under publications according to Chapter VIII. of Regulation (EU) 2017/460 - Article 30 ( <http://www.plinacro.hr/default.aspx?id=895>) in details.

--> Publication of Decision on HERA web site (only available on Croatian): [https://www.hera.hr/hr/docs/2018/Odluka\\_2018-12-07\\_03.pdf](https://www.hera.hr/hr/docs/2018/Odluka_2018-12-07_03.pdf)

#### Reference to consultation document(s). Provide document ID and relevant page(s).

Subsection 3.4.3. Table 3, page 25 and subsection 3.5.4 Table 9, page 34

### B.7.B. Transmission services revenue [Articles 26(1)(b), 30(1)(b)(iv)].

#### Description (Units: currency/year)

417.440.147 HRK for 2021

#### Reference to consultation document(s). Provide document ID and relevant page(s).

Point 3.5.4 Table 9, page 34.



### B.7.C. Capacity-commodity split of the transmission services revenue.

Breakdown between the revenue from capacity-based transmission tariffs and the revenue from commodity-based transmission tariff [Articles 26(1)(b), 30(1)(b)(v)(1)].

Revenue from recovered from capacity-based transmission tariffs, %:

Revenue from recovered from commodity-based transmission tariffs, %:

Reference to consultation document(s). Provide document ID and relevant page(s).

Final consultation document, subsection 3.5.5.

### B.7.D. Entry-exit split of the transmission services revenue.

Breakdown between the revenue from capacity-based transmission tariffs at all entry points and the revenue from capacity-based transmission tariffs at all exit points [Articles 26(1)(b), 30(1)(b)(v)(2)].

Revenue from capacity-based transmission tariffs at all entry points, %:

Revenue from capacity-based transmission tariffs at all exit points, %:

Reference to consultation document(s). Provide document ID and relevant page(s).

Final consultation document, subsection 3.5.4. Distribution of revenues from entry and exit tariffs

### B.7.E. Intra-system/cross-border split of the transmission services revenue.

Breakdown between the revenue from domestic network users at both entry points and exit points and the revenue from cross-border network users at both entry points and exit points calculated as set out in Article 5, [Articles 26(1)(b), 30(1)(b)(v)(3)]

Revenue from domestic network users at entry points and exit points, %:

Revenue from cross-border network users at entry points and exit points, %:

Reference to consultation document(s). Provide document ID and relevant page(s).

Final consultation document, section 3.8., Tables 12 and 13, pages 41-43.

## C. Information on commodity based and non-transmission tariffs [Article 26(1)(c)]

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Following Article 27(2), the Agency shall analyse the compliance of the criteria used for setting commodity-based tariffs as set out in Article 4(3), and of the criteria used for setting non-transmission tariffs as set out in Article 4(4). The analysis of compliance will be based on the terms listed in this section.

### C.8. Flow based charge. Information on commodity-based transmission tariffs referred to in Article 4(3) [Article 26(1)(c)(i)]

Do you apply a flow based charge?

- Yes  
 No

Comments, if relevant.

### C.9. Complementary revenue recovery charge: Information on commodity-based transmission tariffs referred to in Article 4(3) [Article 26(1)(c)(i)]

Do you use a complementary revenue recovery charge?

- Yes  
 No

Comments, if relevant.

### C.10. Information on non-transmission services provided to network users [Article 26(1)(c)(ii)]

Are there non-transmission services provided to network users on the bases of a non-transmission service tariff methodology?

- Yes  
 No

Comments, if relevant.

## D. Compared tariffs and tariff model [Article 26(1)(d)]

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### D.11. The indicative information set out in Article 30(2)

The comparison should be based on indicative reference prices. Whenever the data necessary for this comparison is not available at the time of the consultation on the RPM (e.g.: multipliers and seasonality), provide the date and the source where the information will be available.

#### D.11.A. Comparison between transmission tariffs applicable for:

- the prevailing tariff period, and for
- the tariff period for which the information is published.

Explain the difference between the level of transmission tariffs [Articles 26(1)(d), 30(2)(a)(i)].

Comparison with the past tariff period. The comparison should be based on transmission tariffs.

Reference to consultation document(s). Provide document ID and relevant page(s).

Final consultation document, Chapter 4, section 4.2., pages 51-52.

Final Consultation refers to the period from 2021 to 2026, where 2021 represents a new tariff period in relation to the current Decision on the amount of tariff items for gas transmission for the years of the second regulatory period 2019-2021, which was issued by HERA on 7th December 2018, and considering the planned beginning of operations of the liquefied natural gas terminal at Krk from 1 January 2021.

Due to the fact that consultation started in December 2018, HERA provides comparison between transmissions tariffs applicable in prevailing tariff period 2019 - 2020, and 2021 - 2026.

Link to information on TSO/NRA website.

- prevailing period - Decision on the amount of tariff items for gas transmission for the years of the second regulatory period 2019-2021  
--> HERA web page - [https://www.hera.hr/hr/html/propisi\\_plin.html](https://www.hera.hr/hr/html/propisi_plin.html)  
--> [https://narodne-novine.nn.hr/clanci/sluzbeni/2018\\_12\\_111\\_2159.html](https://narodne-novine.nn.hr/clanci/sluzbeni/2018_12_111_2159.html)

The English version of the Decision on the amount of the tariffs will be available before 1st of June 2019 on the web page of Plinacro, under obligation as per publications according to Chapter VIII. of Regulation (EU) 2017/460 - Article 30  
--> <http://www.plinacro.hr/default.aspx?id=612>

#### D.11.B. Comparison between transmission tariffs applicable for:

- the tariff period for which the information is published, and for
- each tariff period within the remainder of the regulatory period.

Provide estimated difference in the level of transmission tariffs [Articles 26(1)(d), 30(2)(a) (ii)].

Comparison with upcoming tariff periods. The comparison should be based on transmission tariffs.

Reference to consultation document(s). Provide document ID and relevant page(s).

Tariff period and regulatory period in Croatia are overlapping, therefore the decision on the amount of tariffs includes all the tariffs for regulatory period, and answers are as explained in section D.11.A. of this template.

Link to information on TSO/NRA website.

- prevailing period - Decision on the amount of tariff items for gas transmission for the years of the second regulatory period 2019-2021  
--> HERA web page - [https://www.hera.hr/hr/html/propisi\\_plin.html](https://www.hera.hr/hr/html/propisi_plin.html)  
--> [https://narodne-novine.nn.hr/clanci/sluzbeni/2018\\_12\\_111\\_2159.html](https://narodne-novine.nn.hr/clanci/sluzbeni/2018_12_111_2159.html)

The English version of the Decision on the amount of the tariffs will be available before 1st of June 2019 on the web page of Plinacro, under obligation as per publications according to Chapter VIII. of Regulation (EU) 2017/460 - Article 30  
--> <http://www.plinacro.hr/default.aspx?id=612>

D.11.C. At least a simplified tariff model, updated regularly, enabling network users to calculate the transmission tariffs applicable for the prevailing tariff period and to estimate their possible evolution beyond such tariff period [Articles 26(1)(d), 30(2)(b)].

Tariff model for prevailing tariffs and future tariff periods. The simplified tariff model should serve for the calculation of tariffs. If the information on multipliers and seasonality is not available at the time of the publication of the consultation on the RPM, it should be indicated. By the time this information is published, the simplified tariff model should be updated to include information on tariffs.

Reference to consultation document(s). Provide document ID and relevant page(s).

Final consultation document, Section 3.9. and subsection 3.9.1., pages 44-45

Link to information on TSO/NRA website.

Link to tariff model for future tariff periods (2021 - 2040)

--> [https://www.hera.hr/en/html/public\\_consultations.html](https://www.hera.hr/en/html/public_consultations.html)

--> <https://www.hera.hr/hr/html/savjetovanje-2018-16.html>

Link to tariff calculator for prevailing tariff period, under Tariff calculator option

--> <http://www.plinacro.hr/default.aspx?id=612>

#### D.11.D. Explanation of how to use the simplified tariff model [Articles 26(1)(d) and 30(2)(b)].

Reference to consultation document(s). Provide document ID and relevant page(s).

Simplified tariff model is very intuitive with few inputs for changing in order to calculate new tariff based on relevant inputs; explanation on how to use the model are included directly in document.

### E. Fixed payable price under price cap regime [Article 26(1)(e)]

#### E.12. Where the fixed payable price referred to in Article 24(b) is offered under a price cap regime for existing capacity

Is the fixed payable price referred to in Article 24(b) offered under a price cap regime for existing capacity.

- Yes  
 No

#### E.12.A. Provide proposed index [Article 26(1)(e)(i)].

Provide index and components of the index.

HERA proposes the Consumer Price Index (CPI) in Croatia for indexation of fixed price.

Notes on methodology could be find on the web page of Croatian bureau of statistics on following link:

[https://www.dzs.hr/default\\_e.htm](https://www.dzs.hr/default_e.htm)

Reference to consultation document(s). Provide document ID and relevant page(s).

Subsection 3.6.2.2. Indexation of fixed prices, pages 37–38.

### E.12.B. Provide proposed calculation for the risk premium [Article 26(1)(e)(ii)].

Provide details on the calculation of the risk premium.

The risk premium in the fixed payable price formula is proposed at 0 HRK.

However, in case of volume related activities of commercial gas substitution, HERA could for for the remaining years of the contracted capacity include a risk premium in calculation of the fixed reference price, in a level that reflects the aforementioned influence on contracted capacities at the entry and / or exits points.

Reference to consultation document(s). Provide document ID and relevant page(s).

Subsection 3.6.2.1. Risk premium, page 37.

### E.12.C. How is the revenue derived from the risk premium used? [Article 26(1)(e)(ii)].

Description:

Not applicable

Reference to consultation document(s). Provide document ID and relevant page(s).

Not applicable

### E.12.D. At which IPs is such approach is proposed? [Article 26(1)(e)(iii)].

Provide IP name and ID if used.

The fixed payable price approach is proposed only for IP Drávaszerdahely HUN - HRV, network point EIC 21Z000000000249H, only for the purpose of the Open Season procedure.

Reference to consultation document(s). Provide document ID and relevant page(s).

Final consultation document, subsection 3.6.1. Conditions for providing a fixed price in the Open Season procedure, page 35–36.

### E.12.E. For which tariff period(s) is such approach proposed? [Article 26(1)(e)(iii)].

#### Description:

For 2021 - 2040.

#### Reference to consultation document(s). Provide document ID and relevant page(s).

Final consultation document, subsection 3.6.1. Conditions for providing a fixed price in the Open Season procedure, pages 35-36.

### E.12.F. The process of offering capacity at an IPs where both fixed and floating payable price approaches referred to in Article 24 are proposed [Article 26(1)(e)(iv)].

#### Provide details on the offering process.

For floating payable price approach, capacity on IP Drávaszerdahely are offered over RBP - 'Regional Booking Platform, based under Regulation EU 2017/459 (CAM NC);  
and for fixed payable price approach only in Open Season procedure.

#### Reference to consultation document(s). Provide document ID and relevant page(s).

Subsection 3.6.3. Capacity allocation process at interconnection points and subsection , pages 39-40 and 3.6.1. Conditions for providing a fixed price in the Open Season procedure, pages 35-36.

## Documentation submission to the Agency

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The online template and the tool for the submission of files to the Agency is implemented over a secure IT connection based on https.

### Final consultation on th RPM

The Agency requests the NRA/TSO responsible for launching the final consultation on the RPM to follow the below requirements when submitting the consultation documentation to the Agency:

- **All files containing numerical data** must be provided to the Agency in non-protected Excel or Excel compatible files independently of how they are published in the consultation.
- **Files containing text** must be provided to the Agency in Word, Word compatible files, or PDF.
- **Files containing images** must be provided to the Agency in a commonly used image formats or PDF.

- **All data must be provided in non-protected files** that allow editing. If PDFs are used, they must not be protected against editing (e.g.: they must allow copying the text of the PDF)
- **Confidential information must be clearly marked as confidential. In the cases where the consultation includes confidential information, a non-confidential version of the consultation must also be provided as part of the documentation.** Such version can be prepared erasing or aggregating the sensible information to render the data non-confidential.

Upload consultation documentation

Provide a description of the uploaded documents and how they relate to the consultation (e.g.: main documents, supporting files, etc)

The consultation documentation is over 1MB in size, therefore will be submitted to ACER via e-mail.

Information on confidentiality. If any of the submitted files are subject to confidentiality rules, please identify these files and provide additional non confidential versions.

Not confidential

### Cost allocation assessment justification

Does the capacity and/or the commodity cost allocation comparison index, as per Articles(3)(c) and Article(4)(c), exceed 10%?

- Yes  
 No

In the cases where the cost allocation assessment exceeds 10%, ACER request a justification to be submitted as part of the consultation. Such information can be provided to ACER at the time of launching the final consultation allowing ACER with sufficient time to review it. See section on the cost allocation assessment for more details.

Upload supporting files with the justification for the cost allocation assessment.

Comments, if relevant.

Capacity cost allocation comparison index for proposed RPM results with 13.9% for year 2021, slightly above foreseen level of 10%, and upon closing of final consultation procedure, HERA shall provide justification for such results in motivated decision according to Article 27, paragraph 4 as stipulated in Article 5, paragraph 6 of Commission Regulation 2017/460.



Reasoning for proposing Postage stamp Methodology under CAA results above 10% are explained in detail in this Template document, under Section A.5. taking into account the comparison between CWD RPM results and indicative tariff levels.

## Additional supporting documents

For the purpose of making the implementation of the TAR NC more efficient, the Agency provides below two sections to facilitate information on intermediate consultations and on the publication of stakeholder responses relative to the final consultation on the RPM. The Agency advocates that NRAs /TSOs provide links to this data and/or the documentation itself by the time it is available. The survey can be accessed after the submission of the final consultation for the purpose of providing this data.

## Final consultation on th RPM: responses and summary

Upload consultation documentation

Link to the consultation documents.

--> In Croatian - <https://www.hera.hr/hr/html/savjetovanje-2018-16.html>  
--> In English - <https://www.hera.hr/en/html/public-consultation-2018-16.html>

## Intermediate consultation(s) on th RPM

Upload intermediate consultation documentation.

Link to the consultation documents.

## Appendix: Instructions for using the survey

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**The online template and the tool for the submission of files to the Agency is implemented over a secure IT connection which will be operational as of end of September 2017.**

## Reading the survey

The online template lists all legal requirements for the consultation on the RPM according to Article 26. In addition, it provides interpretation and guidelines to several requirements of Article 26. These two levels of text can be distinguished based on the colour of the typography used:

- **Blue typography** replicates the text of the Tariff NC and provides references to articles of the Tariff NC.
- **Black typography** provides descriptions and clarifications to the text of the TAR NC.

The additional clarifications and guidelines provide the reasoning and arguments that ACER will employ when reviewing the consultations, following the requirement set in Article 27(2).

The online template is structured into five different sections following the structure of Article 26. At the end of the survey, a section for uploading the consultation document(s) is provided.

The online template mirrors all requirements laid out in the template checklist which is available at:

### Timeline for completing the survey

The online template can be filled as of its date of publication (5 July 2017). It can be saved as a draft and can be subsequently updated following the steps of the national process until the final submission. The Agency advocates that the NRA/TSO responsible for the consultation provides the requested information relative to the consultation on the RPM using the online template. This includes:

- **Prior to the consultation**, the NRA/TSO should provide details relative to the contact point, the estimated timeline for the consultation, and the planning of intermediate consultations, if any.
- **After the publication of the final consultation**, the NRA/TSO should submit details relative to the publication of the stakeholder responses [Article 26(3)] and the NRA motivated decision [Article 27(4)].

### NRA/TSO input on the survey

When filling out the survey, the NRA/TSO responsible for the consultation on the RPM, should provide the following information:

- **Descriptions and justifications** based the requirements listed on Article 26.
- **References to the consultation document(s)** where the requested information can be found. References should include the name of the document and the page(s) being referred.
- **Relevant information on the consultation process.**

Whenever the format of the survey incurs in any incompatibility with the structure of the consultation, the NRS/TSO should contact ACER.

### Submission of the consultation document(s) to the Agency

This platform allows NRAs/TSOs submitting the consultation document(s) to the Agency. The submission of these documents is an obligation laid out under Article 27(1) and it is independent of the use that NRAs/TSOs make of the template. For this purpose, the NRA/TSO carrying out the consultation can use this file submission tool above.

### Publication of the survey summary

Upon filling in the requested information laid out in the online template tool, the NRA/TSO can access a summary of the consultation on PDF format. The PDF document can be included as an annex to the national consultation.

Regardless of the NRA/TSO decision to publish this document, the Agency will release on its website the completed templates as part of its analyses on the RPM consultations [Article 27(2)].

### Useful links

[COMMISSION REGULATION \(EU\) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas \(NC TAR\) \(http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0460&from=EN\)](http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32017R0460&from=EN)

[ACER Tariff Template website \(http://www.acer.europa.eu/en/Gas/Framework%20guidelines\\_and\\_network%20codes/TAR\\_IMP/Pages/default.aspx\)](http://www.acer.europa.eu/en/Gas/Framework%20guidelines_and_network%20codes/TAR_IMP/Pages/default.aspx)

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### Contact

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