



Tariff decision GTS 2020

ACM, 4-6-2019

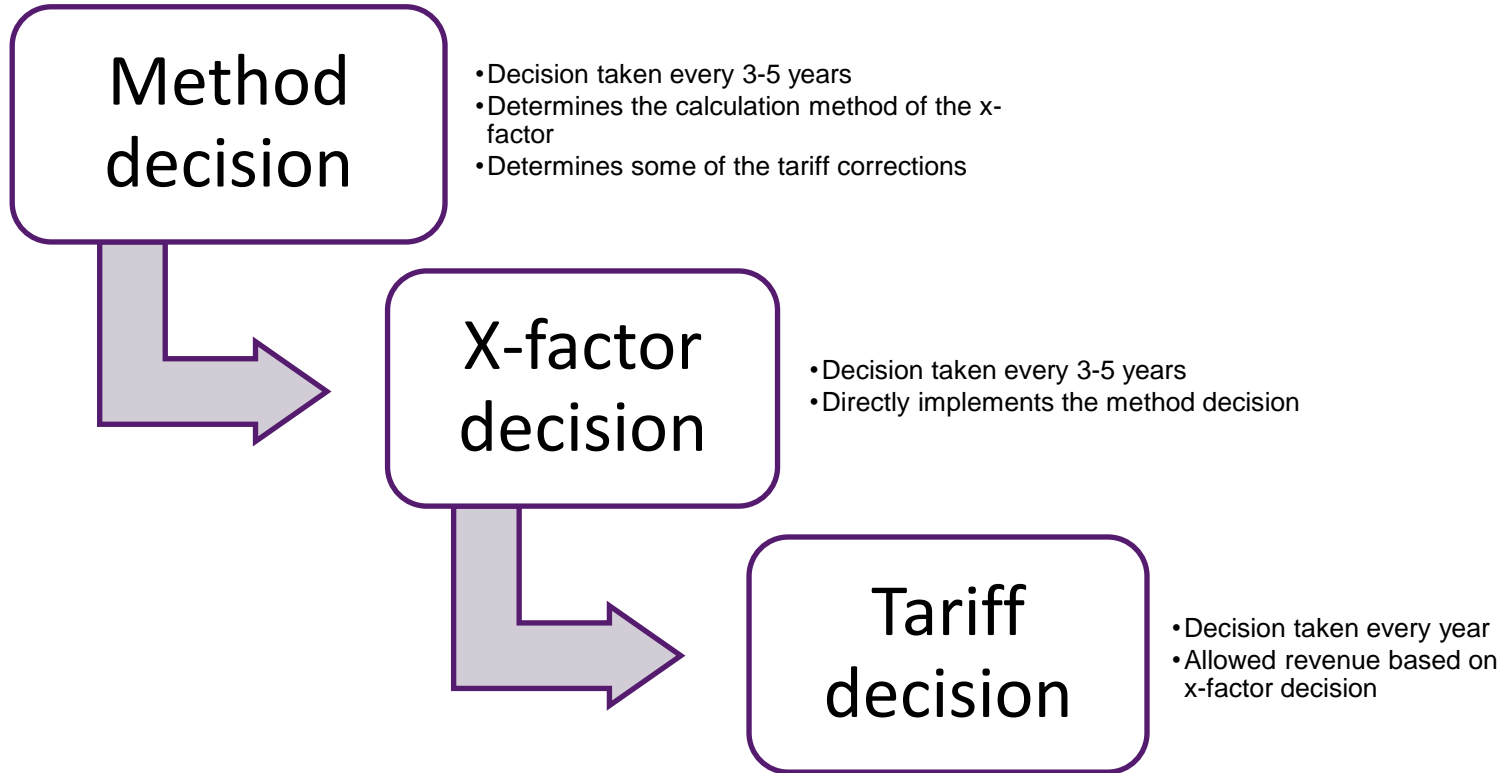
Content

- Tariff regulation process
- Tariff decision process
- Tariff decision contents
- Deviations from the proposal of GTS
- Outlook to 2021
- Closure

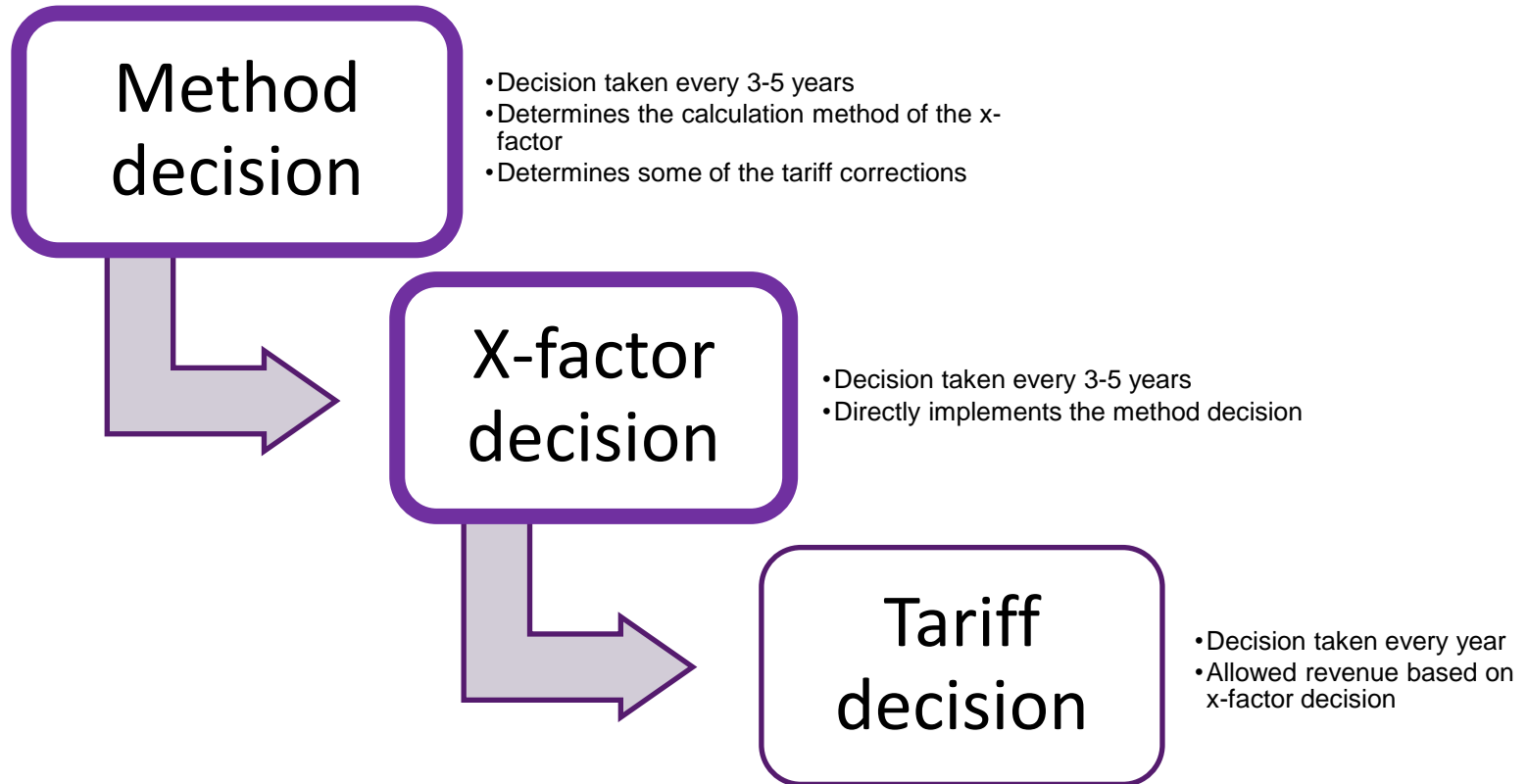


Tariff regulation process

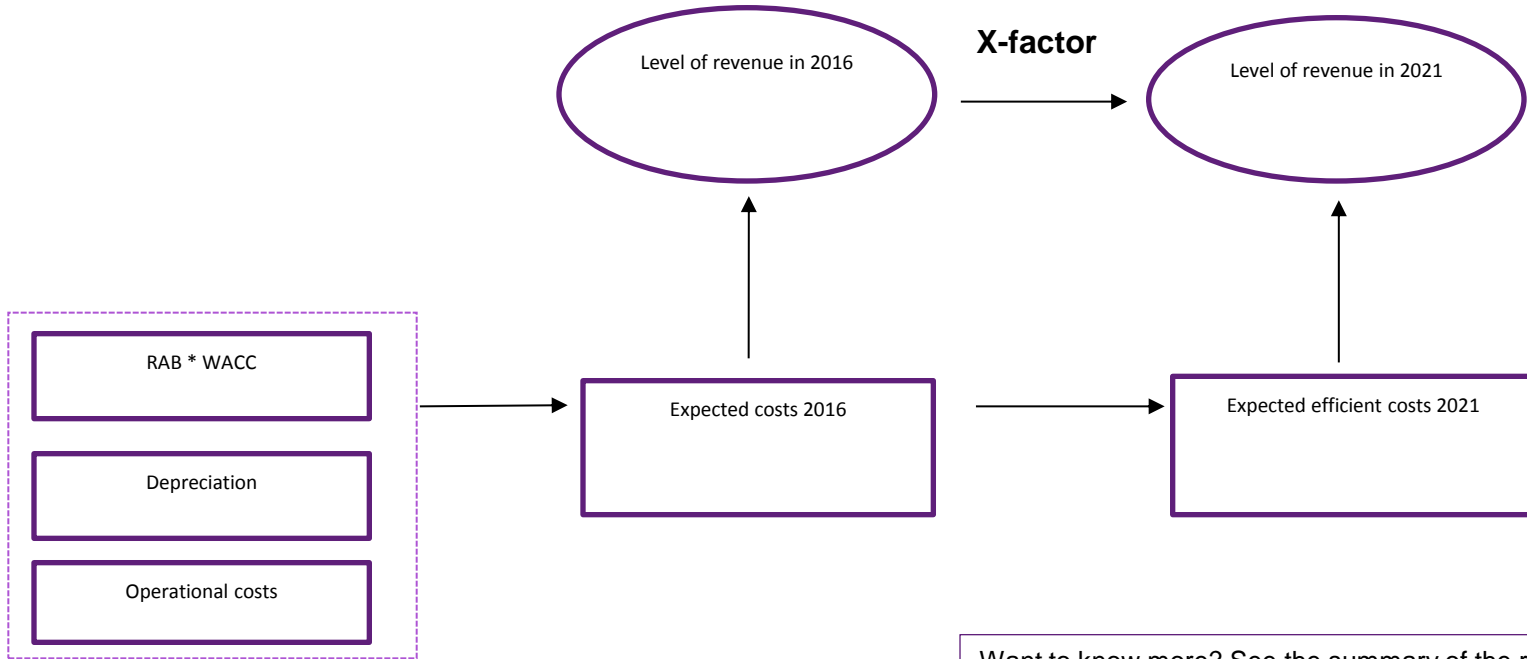
Tariff regulation process



Tariff regulation process



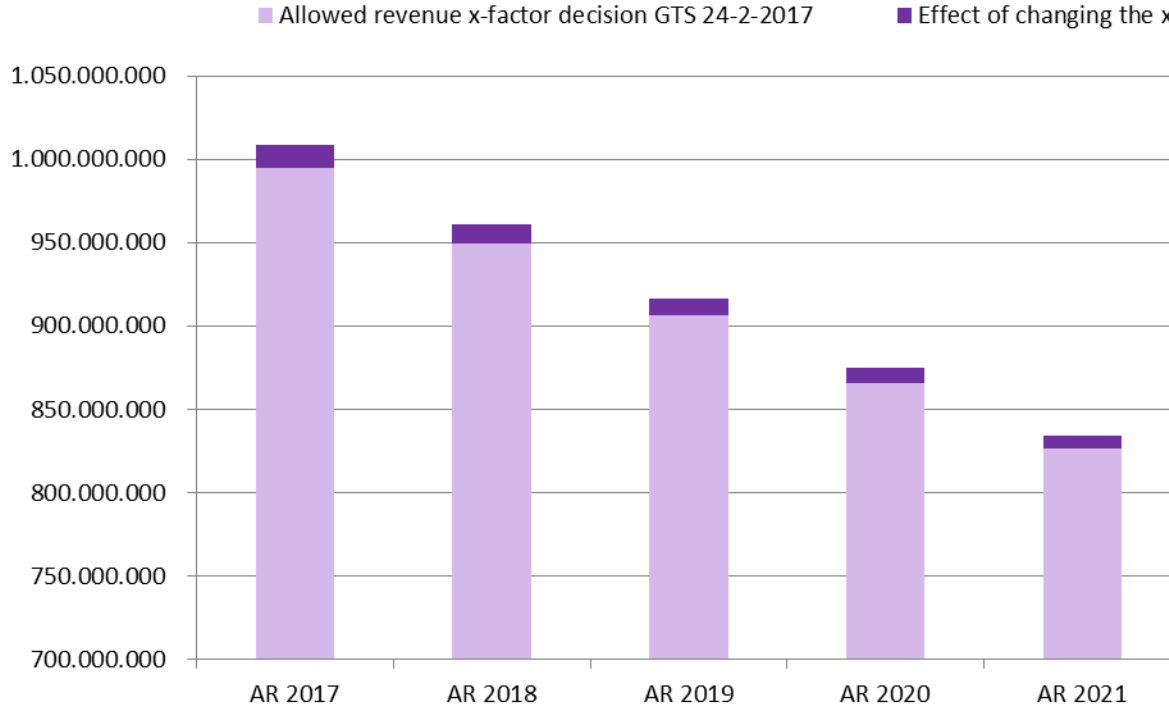
Method decision & X-factor decision 2017-2021



Want to know more? See the summary of the regulation on the [ACM website](#)

Changed method decision 2017-2021

Yearly allowed revenue excl.corrections & effect changed method decision

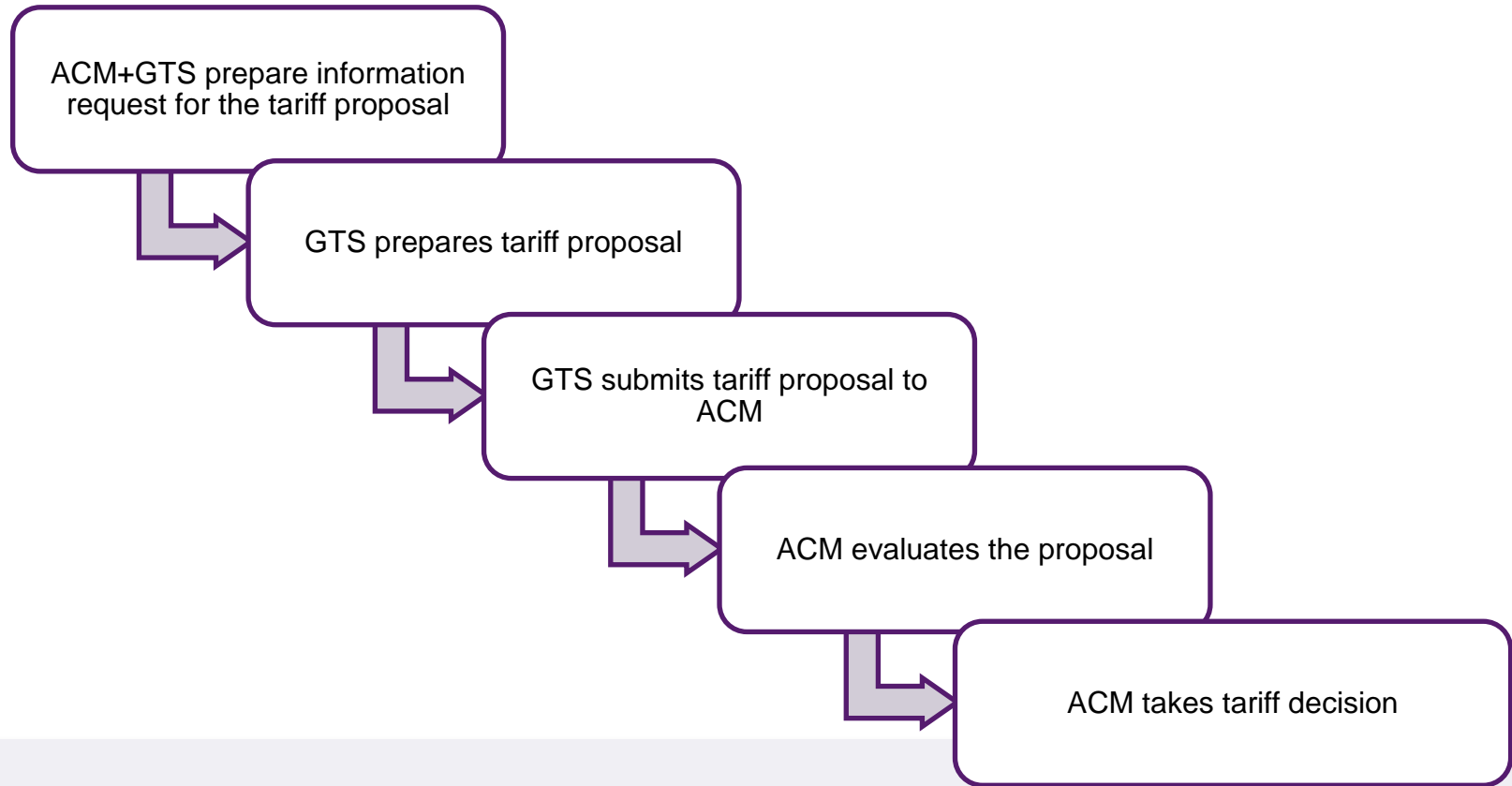


CBb judged that the appeal of the WACC and the Frontier shift was justified. Therefore ACM took a changed method decision 2017-2021



Tariff decision process

Tariff decision process





Tariff decision 2020

Calculation steps

1. Calculating the allowed revenue excl. corrections
2. Determining the tariff corrections
3. Calculating the allowed revenue incl. corrections
4. Calculating the reference price before adjustments
5. Calculating the reference price after adjustments
6. Calculating the entry/exit tariffs

Step 1: calculating the allowed revenue excl. corrections (i)

- The base revenue and the x-factor for each task follow from the method decision and the x-factor decision

	Base revenue	x-factor
Transport (TT)	828.255.592	5,08%
Balancing (BT)	31.681.908	4,28%
Existing connection (BAT)	45.096.691	5,53%
Connection points (AT)	540.922	-2,53%
Quality conversion (QC)	97.350.352	1,54%

Step 1: calculating the allowed revenue excl. corrections (ii)

- The allowed revenue excl. corrections is determined by applying the x-factor and the inflation to the base revenue for each task
- The inflation is 2,6% (CPI –index of february 2019)

	Allowed revenue excl. corrections
Transport (TT)	711.312.019
Balancing (BT)	28.124.477
Existing connection (BAT)	38.010.238
Connection points (AT)	629.802
Quality conversion (QC)	96.598.498
Allowed revenue excl. corrections	874.675.033

Step 2: Determining the tariff corrections (i)

- All corrections are in the price level of 2020
- All corrections are including a tax interest of 4%

Step 2: Determining the tariff corrections (ii)

Correction	Total (in €)	TT (in €)	BT (in €)	BAT (in €)	AT (in €)	KC (in €)	AT* (in €)
Correction non-regular expansion investments	410.492	286.706	10.967		-	112.819	
Correction for revenue regulation	-16.576.114	-12.102.567	-2.897.628	1.267.810	-192.093	-2.651.636	
Correction overbook and buyback scheme	-3.119.936	-3.119.936					
Correction auction receipts	-1.376.373	-1.376.373					
Correction purchase costs energy KC	10.109.733					10.109.733	
Correction administrative imbalance	6.152.086	6.152.086					
Incidental corrections	37.151.999	30.669.185	1.212.809	1.622.560	25.600	3.317.442	304.403

Step 2: Determining the tariff corrections (ii)

Correction	Total (in €)	TT (in €)	BT (in €)	BAT (in €)	AT (in €)	KC (in €)	AT* (in €)
Correction non-regular expansion investments	410.492	286.706	10.967		-	112.819	
Correction for revenue regulation	-16.576.114	-12.102.567	-2.897.628	1.267.810	-192.093	-2.651.636	
Correction overbook and buyback scheme	-3.119.936	-3.119.936					
Correction auction receipts	-1.376.373	-1.376.373					
Correction purchase costs energy KC	10.109.733					10.109.733	
Correction administrative imbalance	6.152.086	6.152.086					
Incidental corrections	37.151.999	30.669.185	1.212.809	1.622.560	25.600	3.317.442	304.403

Step 2: Determining the tariff corrections (iii)

Incidental corrections: €37.151.999

1. Regulator station Pernis: **€118.729**
2. Estimated extra costs for the newly defined connection task (AT*):
€304.403
 - a) The newly defined connection task includes the existing connection task (BAT) and the connection point task (AT)
 - b) Besides this, GTS now has to build the entire connection (connection point, cable and GRS) and alter the connection
 - c) The extra costs are an estimation of the elements mentioned in b)

Step 2: Determining the tariff corrections (iv)

3. Changed method decision: **€36.728.867**

- a) As mentioned before, the yearly allowed revenue before corrections increased
- b) This means that GTS was undercompensated for the years 2017, 2018 and 2019
- c) This correction is to compensate for this
- d) The gas act states that this should be corrected in the first following tariff decision

Step 2: Determining the tariff corrections (iv)

Correction	Total (in €)	TT (in €)	BT (in €)	BAT (in €)	AT (in €)	KC (in €)	AT* (in €)
Correction non-regular expansion investments	410.492	286.706	10.967		-	112.819	
Correction for revenue regulation	-16.576.114	-12.102.567	-2.897.628	1.267.810	-192.093	-2.651.636	
Correction overbook and buyback scheme	-3.119.936	-3.119.936					
Correction auction receipts	-1.376.373	-1.376.373					
Correction purchase costs energy KC	10.109.733					10.109.733	
Correction administrative imbalance	6.152.086	6.152.086					
Incidental corrections	37.151.999	30.669.185	1.212.809	1.622.560	25.600	3.317.442	304.403

Step 2: Determining the tariff corrections (v)

Correction for energy costs and for administrative imbalance

- Energy costs correction: **€18.694.033**
- Administrative imbalance correction: **€11.375.899**

- Since the tariff corrections and the implementation NC-TAR lead to a tariff increase and the ACM expected the decision to lead strong tariff fluctuations, ACM decided to postpone 50% of these two corrections to next year.

- Energy costs correction: **€10.109.733***
- Administrative imbalance correction: **€6.152.086***

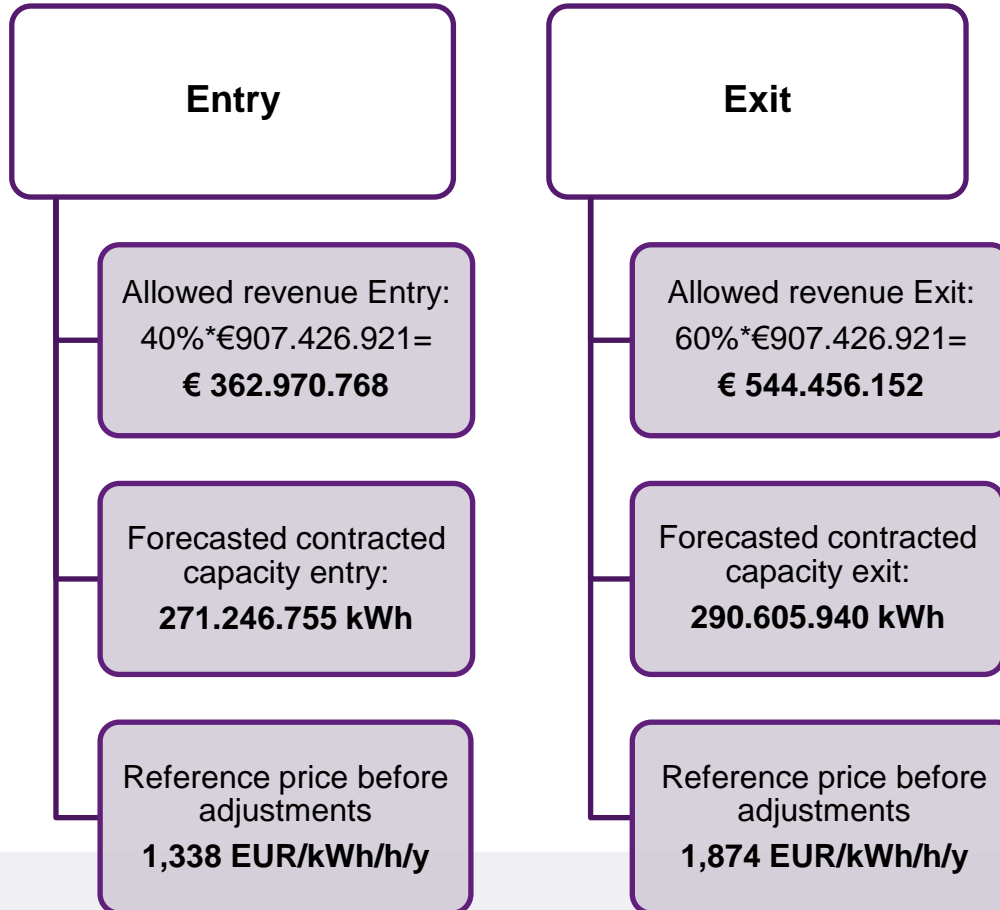
*This amount is 50% of the first mentioned amount corrected with two times the 4% tax interest.

Step 3: calculating the allowed revenue incl. corrections

- The allowed revenue incl. corrections is determined by adding the tariff corrections to the allowed revenue excl. corrections

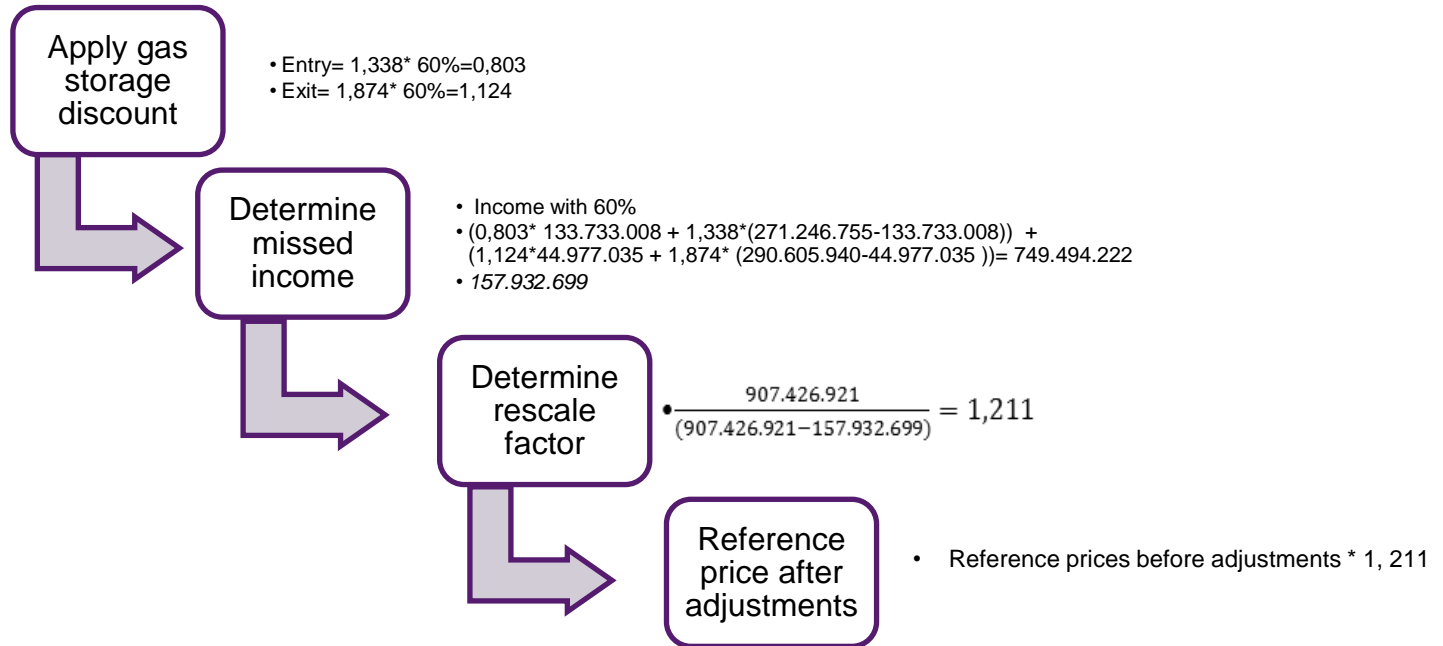
	Allowed revenue incl. corrections (in €)	Allowed revenue excl. corrections (in €)
Transport (TT)	731.821.120	711.312.019
Balancing (BT)	26.450.625	28.124.477
Existing connection (BAT)	-	38.010.238
Connection points (AT)	-	629.802
Quality conversion (QC)	107.486.857	96.598.498
Newly defined connection task (AT*)	41.668.319	
Allowed revenue incl. corrections (AR)	907.426.921	874.675.033

Step 4: Calculating the reference price before adjustments



Step 5: Calculating the reference price after adjustments (i)

- The reference price after adjustments is calculated as follows:



Step 5: Calculating the reference price after adjustments (ii)

- The adjusted reference price is not rounded off

	Entry (EUR, kWh/h/y)	Exit (EUR, kWh/h/y)
Adjusted reference price non-storage points	1,620	2,268
Adjusted reference price storage points	0,648	0,907

Step 6: Calculating the entry/exit tariffs (i)

- In order to calculate the reserve prices, we apply the multipliers and seasonal factors
- Multipliers:

Product	Multiplier
Quarterly capacity product	1,25
Monthly capacity product	1,5
Daily capacity product	1,75
Within-day-capacity product	1,75

Step 6: Calculating the entry/exit tariffs(ii)

- Seasonal factors:

	Quarter	Month	Day & within day
January	1,553	1,785	1,877
February	1,553	1,667	1,753
March	1,553	1,207	1,269
April	0,712	0,859	0,903
May	0,712	0,676	0,711
June	0,712	0,6	0,631
July	0,552	0,555	0,583
August	0,552	0,528	0,555
September	0,552	0,574	0,604
October	1,183	0,745	0,784
November	1,183	1,207	1,269
December	1,183	1,595	1,677

Step 6: Calculating the entry/exit tariffs (iii)

- For interconnection points the tariffs are the reserve prices for the auction
- Example:
 - The tariff for a daily product for a non-gasstorage entry point in January:
 $1,620/366 * 1,75 * 1,877 = 0,01454024$ EUR/kWh/h/d
- The reserve prices are calculated in 8 decimal places

All reserve prices can be found on [our website](#)



Deviations from the proposal

Deviations from the proposal

- Inflation:
 - Proposal: 2%
 - Decision: 2,6%
 - CPI-Index of February was not known at the time of the proposal
- Extra costs for the newly defined connection task
 - Proposal: Based on 3 altered connections
 - Decision: Based on 2 altered connections
 - Historical data says 2 alterations
- Tariff corrections
 - Proposal: Correction for energy costs and administrative imbalance were fully implemented in 2020
 - Decision: Correction for energy costs and administrative imbalance are partially (50%) implemented in 2020
 - Mitigate the tariff fluctuation



Outlook to 2021

Outlook to 2021

- Tariffs are expected to increase again
- This is mainly due to decreasing forecasted contracted capacity
- No indication beyond 2021, because it is the last year of the regulatory period
- Preliminary planning new regulatory period:
 - September 2020 draft method decision
 - February 2021 final method decision



Closure

Questions?

More information? Look at our website:

[Tariff decision](#) (in Dutch)

[Information document about tariffs \(NC TAR\)](#) (in English)

[Informatiedocument over tarieven \(NC TAR\)](#) (in Dutch)