РЕПУБЛИКА БЪЛГАРИЯ
Комисия за енергийно
и водно регулиране

**D E C I S I O N:**

**No. M - 1**
**of 01/06/2021**

**THE ENERGY AND WATER REGULATORY COMMISSION**

**at a closed meeting held on 01.06.2021, after reviewing an Application bearing incoming Reference No.E-15-45-12 of 05.03.2021 by Bulgartransgaz EAD concerning the approval of pricing parameters for the period 01.10.2021 – 30.09.2022 and data collected during a public discussion held on 27.04.2021 and the opinions received, found out the following:**

The administrative proceedings have been opened on the basis of an Application filed with the Energy and Water Regulatory Commission (EWRC, the Commission), bearing incoming Reference No.E-15-45-12 of 05.03.2021 concerning the approval of pricing parameters for the period 01.10.2021 – 30.09.2022 by Bulgartransgaz EAD. By Order No.3-E-45 of 12.03.2021 of the Chairperson of EWRC, a working group has been established to analyse the received Application. Following the check of the Application and the annexes thereto, with a letter bearing outgoing No.E-15-45-12 of 15.03.2021 Bulgartransgaz EAD was requested to submit electronically in an Excel format the calculation tables, including formulas that were used for the calculation of the levels of multipliers and seasonal factors, determining the short-term capacity products access prices, proposed to be approved. With a letter incoming Reference No.E-15-45-12 of 22.03.2021 Bulgartransgaz EAD had supplied the requested information.
The results of the analysis of Bulgartransgaz EAD Application are shown in a Report with incoming Reference No.E-Дк-409 of 15.04.2021, approved by EWRC with a decision under Protocol No.77 of 20.04.2021, item 2. With the same decision EWRC had approved a draft decision in connection with Application with incoming Reference No.E-15-45-12 of 05.03.2021 and a document on a consultation of the multipliers, seasonal factors and discounts that will apply when setting the transmission tariffs for gas year 2021 - 2022 that will be subject to a public discussion in line with article 14 of the Energy Act (EA), to a consultation with the NRAs of the Hellenic Republic and the Republic of Romania accordingly and the relevant stakeholders according to Article 28 of Regulation (EU) 2017/460 of the Commission of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas (Regulation (EU) 2017/460, the Regulation). On 27.04.2021, a public discussion of the draft decision has been organised where only Bulgartransgaz EAD representative had attended. The latter stated that the company approved fully the text of the draft decision and the draft document on the consultation under Regulation (EU) 2017/460. Having regard to the public discussion an opinion had been received with incoming Reference No.E-15-59-2 of 28.04.2021 by ICGB AD. The company believes that the two entry points to the Bulgarian gas transmission network, operated by Bulgartransgaz EAD (Kulata/Sidirokastro and IGB/Stara Zagora) must be treated and considered to be „homogeneous group of points“ in line with article 3(10) and (19) of Regulation (EU) 2017/460. ICGB AD suggested identical trading conditions to apply at the two entry points in line with Article 6(4)(b) of the regulation, namely: the same reference price to be applied for all types of capacity products at both points. According to the company this will prevent any form of discrimination or breach of the cross-border trade in line with Article 7(c) and (d) of Regulation (EU) 2017/460. Concerning the opinion of ICGB AD, EWRC believes that Article 6(4)(b) of Regulation provides the possibility for one and the same reference price to apply for some or all points within one homogenous groups of points. Article 3(19) of the same Regulation regulates a definition for „cluster of entry or exit points“, namely: A homogenous cluster of points or a cluster of entry or exit points, located within the vicinity of each other and which are considered as, respectively, one entry point or one exit point.

Thus the Commission believes that grouping of geographically remote entry-exit points with different operating regime and different level of capacity products bookings will result in reducing the cost orientation of the applied cost allocation model and subsidising the tariffs at one point at the expense of an tariff increase in the other and breaching the requirements of Article 7(c) and (d) of Regulation (EU) 2017/460. Thus principles in the selected reference price methodology will be breached.
Concerning the multipliers, seasonal factors and discounts for each tariff period in line with Article 28(2) of Regulation (EU) 2017/460, the NRA carries out a subsequent consultation with the NRAs of all directly involved member states and the relevant stakeholders; following the consultation the NRA will take a justified decision regarding: the levels of multipliers, seasonal factors and the calculations laid down Article 15 of the Regulation (EU) 2017/460; the level of discounts laid down Article 9(2) and Article 16 of the Regulation (EU) 2017/460. At the time of making the decision, the NRA took account of the received responses from the consultation and the following aspects:

a) for the multipliers - the balance between facilitating short-term gas trade and providing long-term signals for efficient investment in the transmission system; the impact on the transmission services revenue and its recovery; the need to avoid cross-subsidisation between network users and to enhance cost-reflectivity of reserve prices; situations of physical and contractual congestion; the impact on cross-border flows;

b) for seasonal factors - the impact on facilitating the economic and efficient utilisation of the infrastructure; the need to improve the cost-reflectivity of reserve prices – Article 28(3) of Regulation (EU) 2017/460. In this regard, with letter outgoing no.E-04-00-5/20.04.2021 and with letter with outgoing No.E-04-00-6 of 20.04.2021, EWRC had provided the energy regulatory authority of Greece (RAE), the Romanian energy regulatory authority (ANRE) accordingly for their position the consultation document concerning the multipliers, the seasonal factors and the discounts to be applied when setting the transmission tariffs for gas year 2021 – 2022. With letter incoming No.E-04-00-6 of 26.05.2021, ANRE has indicated that following an analysis of Bulgartransgaz EAD proposal, it has no comments on the consultation document. Within the given one-month term, no opinions have been received by stakeholders, nor an opinion by RAE on the consultation document.

**On the basis of an analysis of the facts and circumstances contained in the documents in the administrative file, the Commission established as follows:**

According to Article 18a (1) of Methodology Determining Prices for Access and Transmission of Natural Gas through the Gas Transmission Networks Owned by Bulgartransgaz EAD (Methodology, promulgated SG No. 72 of 29.08.2014) for each pricing period until 1 March, the operator shall file in the Commission a proposal on: Entry and exit points/zones for which the access and transmission prices are set; factors determining the access prices for booking short-term capacity products on the basis of the reference firm capacity price; seasonal multipliers determining the prices for booking short-term capacity products; a discount when setting access prices for booking interruptible capacity products; a discount when setting access prices for entry-exit points from/to natural gas storage facilities; a discount when setting access prices for entry-exit points from LNG facilities and for entry points from and exit points to infrastructure, developed with the purpose of ending the isolation of Member States in respect of their gas transmission systems The Commission adopted a decision approving the discounts, multipliers and seasonal factors following a consultation in line with Article 28 of Regulation (EU) 2017/460 of the Commission of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas – Article 18a(2) of the Methodology.
Having regard to the above Bulgartransgaz EAD, with its Application incoming No.E-15-45-12 of 05.03.2021 has proposed for approval pricing parameters for the period 01.10.2021 – 30.09.2022, and namely: Multipliers and seasonal factors (seasonal multipliers), factors determining the price of overrun capacity, factor (discount) determining the access prices to entry and exit points from/to natural gas storage facility and discounts determining the interruptible products price. Bulgartransgaz EAD has therefore proposed for approval the entry and the exit points/zones for which access and transmission prices must be set.

The Applicant has provided a decision of Bulgartransgaz EAD Management Board under Protocol MB No.513 of 01.03.2021, item 1.1., 1.2. and 1.3. on the adoption of a draft Application for the approval of pricing parameters for the period 01.10.2021 – 30.09.2022, to be entrusted to the Executive Director of the company to file the draft Application for approval by the Supervisory Board of Bulgartransgaz EAD and to be entrusted to the Executive Director of the company after the approval by the Supervisory Board to table the draft Application for the approval of pricing parameters for the period 01.10.2021 – 30.09.2022 in EWRC. A decision has also been submitted to the Supervisory Board of Bulgartransgaz EAD under protocol SB No.9 of 04.03.2021, item 1.1. on the approval of the management Board decision of Bulgartransgaz EAD on the approval of the draft Application.

## I. Multipliers, seasonal factors (seasonal multipliers) and discounts

### 1. Multipliers

According to the definition under Article 3(16) of Regulation (EU) 2017/460 "multiplier" means the factor applied to the respective proportion of the reference price in order to calculate the reserve price for a non-yearly standard capacity product.
The access to the gas transmission system, which Bulgartransgaz EAD must grant, includes a portfolio of products offered for the capacity booking. The company therefore offers capacity products as follows: within day, daily, monthly, quarterly and yearly.
According to Article 14 of Regulation (EU) 2017/460 the determination of access prices of short-term products is a function of the yearly reference price (firm yearly capacity price) for the respective entry-exit point/zone in the absence of seasonal factors. According to Article 15 of Regulation (EU) 2017/460 where seasonal factors are applied, the reserve prices for non-yearly standard capacity products for firm capacity shall be calculated in accordance with the relevant formulas set out in Article 14 which shall be then multiplied by the respective seasonal factor calculated as set out in paragraphs 2 to 6 of Article 15 of the Regulation. According to the Applicant, over the gas year the access prices for short-term capacity products are derivatives of the price for firm yearly capacity and the ratio of the average duration (days) is divided by 365/366 (the number of days in the year). Short-term product price is determined according to the formulae:

$$Pst = m * S * Py * (d/dy)$$

Where:

*Pst* is the price for the relevant short-term product for the relevant period of application;

m is the multiplier for the relevant short-term product;
*S* is a seasonal factor for each given period of application of the relevant short-term product;
$P_y$ is the reference price for a yearly product;
*d* is the duration of the short-term product in days;

*dy* is the duration of the year in days (365 or 366 days for a leap year)

Booking of short-term products relates to the fluctuations in the consumption of final customers. According to Bulgartransgaz EAD, each gas transmission system user, optimising their costs, would book such a portfolio of long-term and short-term products that would cover to the maximum the aggregate consumption curve of their customers. The large number of customers with uneven consumption would generate a larger volume of short-term products. The final prices for the natural gas quantities supplied to these customers should also include the individual costs linked with natural gas transport to them. In the meantime, the main investments in the transmission system are made to cover the peak quantities of transported natural gas, where the fluctuation is strong, a large part of the system capacity remains unused outside the period of peak consumption.

Bulgartransgaz EAD indicates that when determining the value of the multipliers, it is important to take into account the balance between the efficient use of the network and the revenue collection by the TSO. Low multiplier values encourage network users to book short-term products, smoothing their capacity booking profile, while high multiplier values encourage long-term product booking (yearly and products lasting more than one year). The Applicant had proposed the application of uniform multipliers and seasonal factors, both at the interconnection points, and at all other points which is well justified in the opinion of the company provided the complexity of the gas transmission system in Bulgaria and the need of guaranteeing the non-discriminatory access and removal of cross-subsidisation.

Provided the arguments put forward and in line with Article 18(a)(1)(2) of the Methodology, the company shall offer for approval factors (multipliers) determining the prices for access of the short-term capacity products, valid for the period 01.10.2021 – 30.09.2022, as follows:

For quarterly capacity products 1,3;
For monthly capacity products 1,4;
For daily capacity product 2;
For within-day capacity products 2,5.

Bulgartransgaz EAD has justified the proposed multipliers for such type of products, indicating their compliance with the multipliers applied in Europe. according to statistical data supplied by the European Network of Transmission System Operators for Gas (ENTSOG), the applicable average values of the multipliers in some of the European countries, such as Greece, Spain, Lithuania, Portugal, Romania, Slovenia, Slovakia and Croatia for, are the following: quarterly – 1,38; monthly – 1,61; daily – 2,55 and within-day – 2,90.

According to Article 13(1) of Regulation (EU) 2017/460 the level of multipliers shall fall within the following ranges: for quarterly standard capacity products and for monthly standard capacity products, the level of the respective multiplier shall be no less than 1 and no more than 1,5; for daily standard capacity products and for within-day standard capacity products, the level of the respective multiplier shall be no less than 1 and no more than 3. In duly justified cases, the level of the respective multipliers may be less than 1, but higher than 0, or higher than 3.

The multipliers proposed by Bulgartransgaz EAD for gas year 2021/2022 fall within the interval specified in Article 13(1) of Regulation (EU) 2017/460.

**2. Seasonal factors (seasonal multipliers)**

According to the definition under Article 3(21) of Regulation (EU) 2017/460 “seasonal factor” means the factor reflecting the variation of consumption within the year which may be applied in combination with the relevant multiplier.

Bulgartransgaz EAD indicated that the seasonal factors apply to setting the prices of short-term capacity products taking into account of the seasonality of natural gas flows over the year. According to the company the aim of applying seasonal factors is to incite network users to use the gas transmission system during the low demand season (summer) providing efficient use of the transmission system, thereby reducing the risk of congestion of the gas transmission system and avoiding the need of additional investments in the increase of the cross-system capacity of the transmission system. The company indicates that the calculation of the proposed seasonal factors is based on monthly average estimate of transported natural gas quantities for Gas Year 2021/2022 in line with Article 15(2-6) of Regulation 2017/460.

The estimated average monthly natural gas quantities for Gas Year 2021/2022 are shown in Table 1.

***Table 1***

| Month | Estimated natural gas quantities (GWh) |
|---|---|
| October 2021 | 5691 |
| November 2021 | 7007 |
| December 2021 | 8815 |
| January 2022 | 9667 |
| February 2022 | 9118 |
| March 2022 | 7232 |
| April 2022 | 6813 |
| May 2022 | 5072 |
| June 2022 | 4359 |
| July 2022 | 4152 |
| August 2022 | 3921 |
| September 2022 | 4771 |

Following an analysis of the electronic model data presented by Bulgartransgaz EAD with letter with incoming No.E-15-45-12 of 22.03.2021 it was established that the offered seasonal factors have been calculated on the basis of the aggregate monthly average estimate of transported natural gas quantities at entry and exit points of the gas transmission system for gas year 2021/2022 and the rules of Article 15 of Regulation 2017/460. The seasonal factors for monthly, daily and within-day capacity products are determined with the application of several successive steps. The use of the gas transmission system is determined for each month of a given gas year. The value for each month is attributed to the total for the period aggregate natural gas quantity and is multiplied by 12, which determines the magnitude of the initially determined seasonal factors. The arithmetic mean of the products of the resulting initial values with the selected multiplier for the respective capacity products shall be calculated in the next step. Seasonal factors for the quarterly capacity products shall be calculated as the arithmetic mean for the three relevant months.
Bulgartransgaz EAD in line with Article 18(a)(1)(3) of the Methodology has offered for approval for the period 01.10.2021 – 30.09.2022 seasonal factors (seasonal multipliers) determining the access prices for short-term capacity products as follows:

### *2.1. For quarterly products*

For IV quarter of 2021 as of 1 October to 31 December – a factor of 1,12;
For I quarter of 2022 as of 1 January to 31 March – a factor of 1,36;
For II quarter of 2022 as of 1 April to 30 June – a factor of 0,85;
For III quarter of 2022 as of 1 July to 30 September – a factor of 0,67.

### *2.2 For monthly, daily and within-day products*

For October 2021 – a factor of 0,89;
For November 2021 – a factor of 1,10;
For December 2021 – a factor of 1,38;
For January 2022 – a factor of 1,51;
For February 2022 – a factor of 1,43;
For March 2022 – a factor of 1,13;
For April 2022 – a factor of 1,07;
For May 2022 – a factor of 0,79;
For June 2022 – a factor of 0,68;
For July 2022 – a factor of 0,65;
For August 2022 – a factor of 0,61;
For September 2022 – a factor of 0,75.

**3. Factors (discounts)**

***3.1. Determining the prices for access at entry and exit points to/from the natural gas storage facilities.***

According to Article 9(1) of Regulation (EU) 2017/460 a discount of at least 50% shall be applied to capacity-based transmission tariffs at entry points from and exit points to storage facilities, unless (and to the extent) a storage facility which is connected to more than one transmission or distribution network is used to compete with an interconnection point.

Bulgartransgaz EAD has indicated that the positive role of natural gas storage on the gas transmission system impacts the provision of: reliability and flexibility of supply during peak demand periods; supply interruption insurance; greater price stability in crisis situations; avoidance of imbalance sanctions; security in case of termination of the main natural gas supplies for a longer period. According to the company, natural gas storage facilities play an important role in the overall, efficient and optimal management of the gas transmission system, including the compensation of irregularities in consumption, as well as the reduction of capital costs as a result of their availability, i.e. less capital expenditure on additional infrastructure to cover peak consumption. The Applicant also states that the stored natural gas quantities provide stability of the gas supply in case of shortage of incoming natural gas quantities as a result of the fluctuation in seasonal demand. Bulgartransgaz EAD indicates that as of the moment on the territory of the Republic of Bulgaria there is only one gas storage facility – Chiren UGS. The gas storage has 24 exploitation wells, a compressor station with a total installed capacity of 10 MW and other technological facilities necessary for ensuring the injection, withdrawal and quality of the stored natural gas. The technological process associated with the activity of natural gas storage is seasonal (cyclic) and means gas withdrawal and injection from/into the underground gas storage. The storage of natural gas in Chiren storage facility compensates the seasonal fluctuations in gas supply and demand in the country. Natural gas quantities stored in Chiren UGS are chiefly relied upon to guarantee the security of natural gas supply to the country. The storage facility also provides quantities of technological gas for balancing.

In view of the above arguments of Bulgartransgaz EAD regarding the importance of the natural gas storage facilities for the security of supply, smoothing of seasonal irregularities in natural gas consumption, security of the gas transmission system, as well as the requirement of Regulation (EU) 2017/460 for the use of a specific discount from the tariffs for access to entry and exit points in/from the storage facilities, the company proposes a discount (a factor) of 0.2 (discount 80%) of the cost-oriented price for the respective capacity product, for all natural gas storage facilities connected to the gas transmission system, owned by the company.

***3.2. When determining the price of interruptible products***

The manner of determining the discounts is regulated in Article 16 of Regulation (EU) 2017/460.

Given that during the last full reporting year (2019/2020) no interruption caused by physical congestion at the interconnection points has been reported and the lack of such in the indicative scenario for the forecast demand for gas year 2021/2022 and the lack of historical data needed to calculate the probability of interruption, the company offers for gas year 2021/2022 the application of a discount based on the actually measured duration of the interruption (ex-post discount). When applying ex-post discounts, the prices of interruptible capacity products will be the same as the prices of firm capacity products, and in case of interruption, the users who have booked interruptible capacity will be compensated with a discount determined in accordance with the provisions of Article 16(4) of Regulation 2017/460; the level of discount will be equal to the triple price for the daily capacity product, calculated on the actually interrupted capacity in accordance with the formula:

$D = 3 * P_{dp} * C * t,$

where

$D$ – discount, in BGN;

$P_{dp}$ – price of daily capacity product, in BGN/kWh/d;

$C$ – the actually interrupted capacity, kWh/h;

$t$ - interruption time, h.

Compensation of the users with this discount will be made when determining the monthly charges for the amounts due for natural gas transmission, made after the end of the reporting month.

## II. Entry and exit points/zones for price setting purposes

Pursuant to Art. 18a, para. 1, item 1 of the Methodology, Bulgartransgaz EAD proposed for approval entry and exit points/zones belonging to the gas transmission system, owned by Bulgartransgaz EAD for the period 01.10.2021 - 30.09.2022 , for which access and transmission prices should be set, as follows:

**Entry/exit point Negru Voda/Kardam** - part of the gas transmission system, coincides with the aggregate point between the entry - exit points Negru Voda 1/Kardam with EIC 21Z000000000159I and Negru Voda 2, 3/Kardam with EIC 21Z000000000160X;

**Entry zone Local production** - part of the gas transmission system, owned by Bulgartransgaz EAD, uniting all entry points connected to production enterprises on the territory of the Republic of Bulgaria, coincides with aggregate entry point "Aggregate entries" with EIC 21Y000000000040K;

**Exit zone Bulgaria** - part of the gas transmission system, owned by Bulgartransgaz EAD, uniting all exit points of the gas transmission system to gas distribution networks and natural gas customers on the territory of the Republic of Bulgaria, coincides with the aggregate zone between exit point Aggregate exits national gas transmission network (NGTN) with EIC 21Y000000000031L and exit point Aggregate exits gas transmission network for transit transmission (GTNTT) with EIC 21Y000000000032J;

**Entry/exit point GMS Chiren** - part of the national gas transmission network, coincides with entry/exit point GMS Chiren with EIC 21Z000000000349D;

**Entry/exit point Kulata/Sidirokastro** - part of the gas transmission network for transit transmission, coincides with entry/exit point Kulata/Sidirokastro with EIC 21Z000000000020C;

**Exit point Kyustendil/Zhidilovo** - part of the gas transmission network for transit transmission, coincides with exit point Kyustendil/Zhidilovo with EIC 21Z000000000137S;

**Entry/exit point Ruse/Giurgiu** - part of the national gas transmission network, coincides with entry/exit point Ruse/Giurgiu with EIC 21Z0000000002798;

**Entry/exit point Strandzha/Malkoclar** - part of the gas transmission network for transit transmission, coincides with the aggregate point between exit point Strandzha 2/Malkoclar with EIC 58Z-00000015-S2M and entry-exit point Strandzha/Malkochlar with EIC 21Z000000000157M;

**Entry/exit point Kireevo/Zajecar** - part of the gas transmission network for transit transmission, coincides with entry/exit point Kireevo/Zajecar with EIC 58Z-000000007- KZ;

**Entry/exit point with IGB** - connection point of the interconnector IGB with the national gas transmission network of Bulgartransgaz EAD, near the town of Stara Zagora.

The above entry and exit points, except for the entry/exit point with IGB, are included in the list of important points of Bulgartransgaz EAD gas transmission system, approved by Decision № BT-1 of 13.02.2020 of the EWRC.

**III. Factor setting the price for overrun capacity**

According to the applicant, excess of nominated capacity occurs when the daily allocated quantity of a gas transmission system user at entry and exit points exceeds the booked capacities by the user for the respective entry and exit points. Exceeding the booked capacities can lead to significant problems in the gas transmission system, such as congestion at some points, suspension of technological operating mode and even disruption of the system. On the other hand, overrun of the booked capacity may lead to additional costs for the operator in connection with change of the pre-defined on the basis of booking technological mode of the transmission system. In this regard, Bulgartransgaz EAD proposes, regardless of the portfolio of booked products for capacity provision, to keep the value of the factor in the amount of 4.00 as approved by EWRC Decision № НГП-1 of 02.10.2020. In order to determine the price for overrun capacity, the factor shall be applied to the price of the reference firm capacity at the respective point, recalculated on a daily basis.

**IV. Ratio for allocation of the required revenues from natural gas access price and transmission price**

Bulgartransgaz EAD proposes for approval a ratio of allocation of the required revenues covered by the access price and required revenues covered by the transmission price in the amount of: 90% covered from access price and 10% from transmission price. These required revenues are apart from the paid by the technological component and apart from the paid required revenues from the component for compensation of imposed obligations to society. In this regard, the company has indicated that in order to reimburse its costs, the transmission system operator may set tariffs based on transported natural gas quantities (transmission prices) or based on contracted capacity (access prices). Bulgartransgaz EAD has stated that the capacity price (tariff element per MWh/day) is imposed against the right of the user to use the gas transmission system for the period of the contract concluded with the transmission system operator, where the right to use the system is determined by the maximum daily quantity booked by the user for the period of the contract in units of energy measurement. The user shall be imposed overrun capacity charges if he exceeds these booked values. According to the company, the transmission price was imposed based on the actual use of the system or the actual consumption, expressed in MWh, i.e. the value per unit volume of natural gas transported from an entry point to an exit point/zone. According to the Methodology, the transmission price is set by dividing the costs (required revenues) related to it by the estimated transported natural gas quantities at entry and exit points of the system. The access price is determined by entry and exit points and zones, by allocating the costs related to it (required revenues) by the cost allocation mechanism, defined in the Methodology.

Bulgartransgaz EAD has indicated that in order to determine the necessary revenues referred to payment from the access price and the transmission price, two approaches are applied in practice. One of them is based on the rule that variable costs refer to the transmission price and the conditional fixed costs and the return on the regulatory base refer to the access price. Another approach is to administratively determine the ratio of payment of the total required revenues as ones paid from the access price and others paid from the transmission price. The company considers that the second approach is possible only in implementation of the applied tariff structure, as most of the variable costs (technological costs, fuel gas and electric power for operation of compressor stations) for the regulatory period refer to the technological component of the transmission price.

Bulgartransgaz EAD has indicated that some countries in Europe apply both, an access price and a transmission price. In these countries, the access/transmission ratio shows a clear tendency for a higher percentage of revenue to be recovered from the access price. The observed ratio between revenues from access price and transmission price reflects the higher share of fixed costs (capital and fixed costs for operation and maintenance) in the gas transmission networks.

In addition, the applicant points out, in the analysis of the final consultation conducted by Bulgartransgaz EAD under Art. 26 of Regulation (EU) 2017/460, the Agency for Cooperation of Energy Regulators recommends reducing the administratively determined component of the transmission price and reducing it to zero at the end of the current regulatory period.

According to Art. 30, para. 1, item 12 of the Energy Act, the prices for access and transmission of natural gas through transmission and/or distribution networks are subject to regulation by the

Commission, except in the cases when the Commission at its discretion approves a methodology for setting the price for access and transmission through a transmission network. In this regard, by a decision under Protocol № 109 of 11.08.2014, item 4, the EWRC has adopted a Methodology. According to Art. 18, para. 3, item 1 of the Methodology, the ratio for allocation of the required revenues from natural gas access price and transmission price shall be approved by the Commission for a regulatory period. By Decision № НГП-1 of 02.10.2020, the EWRC has determined a regulatory period from 1 October 2020 until 30 September 2025, for which it has approved a ratio of 85/15 for allocation of the required revenues, such as: 85% from access price and 15% from transmission price. For these reasons, Bulgartransgaz EAD request for approval of the ratio for allocation of the required revenues from the natural gas access price and transmission price, is inadmissible.

**With regard to the above and on the grounds of Art. 18a of the Methodology for determining prices for access and transmission of natural gas through the gas transmission networks, owned by Bulgartransgaz EAD, in connection with Art. 28 of Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a Network code on harmonised transmission tariff structures for gas and Art. 27, para. 2, item 6 of the Administrative Procedure Code in connection with Art. 13, para. 8 of the Energy Act,**

**THE ENERGY AND WATER REGULATORY COMMISSION**

**DECIDED:**

**I. To approve to Bulgartransgaz EAD for the period 01.10.2021 - 30.09.2022, as follows:**

**1. Multipliers, seasonal factors (seasonal multipliers) and discounts for setting the prices for access to short-term capacity products for the period 01.10.2021 - 30.09.2022, as follows:**

**1.1. Multipliers:**

**1.1.1. Capacity products**

**1.1.1.1. for quarterly capacity products: 1.3**

**1.1.1.2. for monthly capacity products: 1.4**

**1.1.1.3. for daily capacity products: 2**

**1.1.1.4. for within-day capacity product - 2,5**

**1.2. Seasonal factors (seasonal multipliers):**

**1.2.1. For quarterly products:**

**1.2.2. For the fourth quarter of 2021 from 01.10. until 31.12.2021 - factor with a value of 1.12;**

**1.2.3. For the first quarter of 2022 from 01.01.2022 until 31.03.2022 - factor with a value of 1.36;**

**1.2.4. For the second quarter of 2022 from 01.04.2022 until 30.06.2022 - factor with a value of 0.85;**

**1.2.5. For the third quarter of 2022 from 01.07.2022 until 30.09.2022 - factor with a value of 0.67.**

**1.2.2. For monthly, daily and within-day products:**

**1.2.2.1. For October 2021 - factor with a value of 0.89;**

**1.2.2.2. For November 2021 - factor with a value of 1.10;**

**1.2.2.3. For December 2021 - factor with a value of 1.38;**

**1.2.2.4. For January 2022 - factor with a value of 1.51;**

**1.2.2.5. For February 2022 - factor with a value of 1.43;**

**1.2.2.6. For March 2022 - factor with a value of 1.13;**

**1.2.2.7. For April 2022 - factor with a value of 1.07;**

**1.2.2.8. For May 2022 - factor with a value of 0.79;**

**1.2.2.9. For June 2022 - factor with a value of 0.68;**

**1.2.2.10. For July 2022 - factor with a value of 0.65;**

**1.2.2.11. For August 2022 - factor with a value of 0.61;**

**1.2.2.12. For September 2022 - factor with a value of 0.75;**

**1.3. Factors (discounts):**

**1.3.1. to set the prices for access at entry and exit points to/from natural gas storage facilities in the amount of 80% of the cost-oriented price for the respective capacity product.**

**1.3.2. when booking interruptible capacity products - ex-post discount where in case of interruption, users who have booked interruptible capacity to be compensated with amount equal to the triple price for the daily capacity product charged on the actually interrupted capacity.**

**2. Entry and exit points for which access and transmission prices are set:**

**2.1. Entry/exit point Negru Voda/Kardam;**

**2.2. Entry point Local production;**

**2.3. Exit zone Bulgaria;**

**2.4. Entry/exit point GMS Chiren;**

**2.5. Entry/exit point Kulata/Sidirokastro;**

**2.6. Exit point Kyustendil/Zhidilovo;**

**2.7. Entry/exit point Ruse/Giurgiu;**

**2.8. Entry/exit point Strandzha/Malkoclar;**

**2.9. Entry/exit point Kireevo/Zajecar;**

**2.10. Entry/exit point with IGB.**

**3. Factor setting the price for overrun capacity - 4.**

**II. Terminates the administrative proceedings on application Incoming № E-15-45-12 dated 05.03.2021 in the part of Bulgartransgaz EAD request for approval of the ratio for allocation of the required revenues from the natural gas access price and transmission price.**

**The Decision is subject to appeal before the Supreme Administrative Court within 14 (fourteen) days.**

**CHAIRPERSON:**

**Assoc. Prof. PhD Ivan Ivanov**

**CHIEF SECRETARY:**

**ROSITSA TOTKOVA**