



European Union Agency for the Cooperation
of Energy Regulators

Agency Report

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

NRA: Energimarknadsinspektionen

TSO: Swedegas

20 February 2025

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1. ACER conclusion

- 1 The Swedish Transmission System Operator ('TSO') 'Swedegas' has been tasked by the National Regulatory Authority ('NRA') 'Energimarknadsinspektionen' ('Ei') to carry out the consultation process according to Article 26(1) of the Network Code on Harmonised Transmission Tariff Structures for Gas ('NC TAR').
- 2 This consultation follows up on the Agency's recommendation outlined in its 2024 Tariff Report¹. The Agency concluded that the previous consultation, launched between 8 March and 8 May 2024, was of limited use since the Reference Price Methodology ('RPM') consulted at that time and its input parameters were not used to calculate the reference price applied in the Swedish gas transmission network.
- 3 The current consultation is an improvement in this context. Swedegas proposes a postage stamp RPM, with a 0/100% entry-exit split applied uniformly at the domestic exit points. A 100% tariff discount at the entries from and exit to storage facilities is proposed. Non-transmission tariffs are also proposed.
- 4 The regulatory period for the allowed revenue methodology lasts four calendar years, from 2023 to 2026. The regulatory period for the consulted reference price methodology starts on 1 October 2024 and follows the gas year which requires further alignment when computing the proposed tariff. It is not clarified in the consultation document how this difference is addressed.
- 5 Furthermore, it is not clear whether the proposed reference price methodology has been used to set the tariff applicable to the gas year 2024-2025 without NRA approval or whether the previous RPM's regulatory period has been extended, exceeding the requirement to repeat at least every five years the tariff setting process laid down in Article 27(5) of the NC TAR.
- 6 The Agency concludes that the TSO has published most of the required information listed in Article 26(1) of the NC TAR, except for the following:
 - The forecasted contracted capacity for the remaining years of the regulatory period, namely 2025/2026 and 2026/2027;
 - The comparison of tariffs between tariff periods, in particular the differences between the estimated level of the transmission tariff for the same type of transmission service applicable for the prevailing tariff period and each tariff period within the regulatory period, as required by Articles 26(1)(d) and 30(2)(a) of the NC TAR.
- 7 In this report, the Agency repeats the considerations on the allowed revenue made in its 2024 assessment². The Agency observes that the allowed revenue methodology has not changed, leading to the same deficiencies. Notably, the consultation document does not clarify how the non-recovered revenue is treated, and the TSO does not publish the information on the yearly under- or over-recovery of the allowed revenue that is subject to transparency requirements according to Article 30(b)(vi) of the NC TAR. Furthermore, the Agency emphasises that a sustained under-recovery over time raises concerns whether the TSO's costs correspond to those of an efficient and

¹ See paragraph (6) and (12) of the Tariff report 2024: [Analysis of the Consultation Document on the Gas transmission Tariff Structure for Sweden](#).

² See paragraph (35) to (39) of the Tariff report 2024: [Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Sweden](#).

structurally comparable network operator, a requirement underpinned by Article 17 of Regulation (EU) 2024/1789.

8 In its 2018 Report, the Agency recommended the NRA to explain “*why a methodology that takes into account distance would not be appropriate*”. Following this recommendation, Swedegas commissioned a study with the objective of providing the requested evidence, which the NRA took into account in its 2018 motivated decision³.

9 In the present consultation document, Swedegas updates the analysis with the 2024/2025 input parameters arguing that the conclusions provided at that time are still valid, namely that the postage stamp methodology “*is reasonably cost reflective and that a shift to a capacity weighted distance methodology is unlikely to increase cost reflectivity in a meaningful nor predictable way because distance is considered as poor proxy for the actual cost drivers in the Swedish transmission network*”. The Agency welcomes the efforts of both the TSO and the NRA to provide further evidence to justify the choice of the postage stamp methodology.

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

- The input parameters of the proposed reference price methodology do not fulfil the transparency requirements of the NC TAR. Therefore, the Agency concludes that the proposed RPM is not fully compliant with the transparency principle;
- The choice of the postage stamp methodology is appropriately justified, thanks to the additional evidence provided in the current consultation;
- The sustained under-recovery over time and the unclarity over the treatment of the non-recovered revenue raise concerns whether the TSO’s costs correspond to those of an efficient and structurally comparable network operator, questioning the cost reflectivity of the proposed tariff and, consequentially, prevent the Agency to conclude that the proposed reference price methodology is compliant with the principle of cost-reflectivity;
- The proposed RPM achieves a reasonable level of cross-subsidisation compared to the capacity weighted distance alternative. Furthermore, the Agency concludes that the proposed RPM is compliant with the principle of non-discrimination, volume risk and preventing distortion of cross-border trade;
- The tariffs for the non-transmission services ‘pressure reduction service’ and ‘administrative charge’ satisfy the criteria of Article 4(4) of the NC TAR. They are cost reflective, non-discriminatory, objective and transparent, and are charged to the beneficiaries of the services;
- On the contrary, the information provided on the three non-transmission services ‘extra area consumption fee’, ‘capacity allocation fee for summer and winter periods’, and ‘capacity allocation fee for daily capacity products’ is insufficient to assess the same, namely whether they comply with Article 4(4) of the NC TAR.

11 The Agency recommends the NRA to consider the following recommendations when taking its motivated decision pursuant to Article 27(4) of NC TAR:

³ See [Copenhagen Economics report 2018](#) and [Ei’s Decision on reference price methodology 2018](#).

- To include the missing elements and clarify the elements found inconsistent in the derivation of the proposed tariff, ensuring that stakeholders are fully informed about the tariff setting methodology and its input parameters. In addition, the NRA should specify the start of the regulatory period for the proposed reference price methodology and the applicability of the consulted tariff.
 - To provide the missing information on the three non-transmission services 'extra area consumption fee', 'capacity allocation fee for summer and winter periods', and 'capacity allocation fee for daily capacity products'.
- 12 Finally, the Agency welcomes the steps taken by the NRA to realign the allowed revenue to fulfil the requirement of Article 17 of Regulation (EU) 2024/1789, namely that it reflects the actual costs incurred by the TSO, insofar as such costs correspond to those of an efficient and structurally comparable network operator. The Agency remarks that these steps are highly dependent on whether future legislative changes recognise the NRA's powers in this respect.

2. Introduction

- 13 Commission Regulation (EU) 2017/460 of 16 March 2017 establishes a network code on harmonised transmission tariff structures for gas. Article 27 of the NC TAR requires the Agency to analyse the consultation documents on the reference price methodologies for all entry-exit systems⁴. This Report presents the analysis of the Agency for the transmission system of Sweden.
- 14 The Swedish TSO has been tasked by the NRA to carry out the consultation pursuant to Article 26(1) of the NC TAR. The consultation was launched on 21 October and remained open until 21 December 2024. Within five months following the end of the final consultation, and pursuant to Article 27(4) of the NC TAR, the NRA shall take and publish a motivated decision on all the items set out in Article 26(1).
- 15 This consultation follows up on the Agency's recommendation outlined in its 2024 Tariff Report⁵. The Agency concluded that the previous consultation, launched between 8 March and 8 May 2024, was of limited use since the RPM consulted at that time and its input parameters were not used to calculate the reference price applied in the Swedish gas transmission network.
- 16 On 21 October 2024 the NRA forwarded a new consultation document to the Agency and to the respondents of the previous consultation inviting them to submit their responses until 5 November, under a three-week period. The TSO was insufficiently clear in announcing on its website the opening of this new distinct public consultation process, with respect to the one conducted in the spring of 2024, hence hindering the possibility for other potentially interested stakeholders to participate in the public consultation process, beyond the ones invited.
- 17 The Agency concluded that the process of three weeks was not compliant with the requirements of the NC TAR. Therefore, after receiving the consultation documents and before its closure, the Agency informed bilaterally the NRA about the incompliance of the proposed process.
- 18 Consequently, the public consultation was prolonged until 21 December 2024, reaching the two-month period prescribed in the NC TAR. Furthermore, the TSO published a new notice on its website clarifying the status of the new public consultation and inviting all stakeholders to submit comments. The NRA reported that no stakeholder responses have been submitted to the consultation, in the end.

Reading guide:

- 19 Chapter 3 provides an analysis on the completeness of the consultation, that is whether all the information referred to in Article 26(1) has been published. Chapter 4 presents an assessment of the proposed reference price methodology for Sweden. Chapter 5 focuses on the compliance, namely if the RPM complies with the requirements set out in Article 7 of the NC TAR and whether the criteria for setting non-transmission tariffs as set out in Article 4(4) are met. This document contains two annexes, respectively the legal framework and a list of abbreviations.

⁴ With the exception of Article 10(2)(b), when different RPMs may be applied by the TSOs within an entry-exit zone.

⁵ See paragraph (6) and (12) of the Tariff report 2024: [Analysis of the Consultation Document on the Gas transmission Tariff Structure for Sweden](#).

3. Completeness

3.1. Has all the information referred to in Article 26(1) been published?

- 20 Article 27(2)(a) of the NC TAR requires the Agency to analyse whether all the information referred to in Article 26(1) of the NC TAR has been published.
- 21 Article 26(1) of the NC TAR requires that the consultation document should be published in the English language, to the extent possible. The Agency confirms that the consultation document has been published in English.
- 22 The Agency concludes that the TSO has published in general terms most of the required information listed in Article 26(1) of the NC TAR, except for the following:
- The forecasted contracted capacity for the remaining years of the regulatory period, namely 2025/2026 and 2026/2027;
 - The comparison of tariffs between tariff periods, in particular, the differences between the estimated level of the transmission tariff for the same type of transmission service applicable for the prevailing tariff period and each tariff period within the regulatory period as required by Articles 26(1)(d) and 30(2)(a) of the NC TAR⁶.
- 23 The Agency recommends the NRA to include the missing elements in its motivated decision pursuant to Article 27(4) of the NC TAR.
- 24 Furthermore, the Agency following its conclusions and recommendations as included in the 2024 Tariff Report, remarks that the additional information included in the consultation document related to the non-transmission services ‘extra area consumption fee’, ‘capacity allocation fee for summer and winter periods’, and ‘capacity allocation fee for daily capacity products’, does not sufficiently clarify the functioning of these services and how the costs are allocated to the network users. This prevented the Agency to assess whether these services comply with the requirements laid down in Article 4(4) of the NC.
- 25 The Agency recommends the NRA to further clarify the functioning of these three non-transmission services in its final decision pursuant to Article 27(4).

⁶ The Agency notes that the prevailing period in this public consultation refers to the tariff period 2023/2024.

Table 1: Checklist information Article 26(1)

Article	Information	Published: Y/N/NA
26(1)(a)	the description of the proposed reference price methodology	Yes
26(1)(a)(i) 26(1)(a)(i)(1) 26(1)(a)(i)(2)	the indicative information set out in Article 30(1)(a), including: <ul style="list-style-type: none"> the justification of the parameters used that are related to the technical characteristics of the system, the corresponding information on the respective values of such parameters and the assumptions applied 	Partially. The lack of clarity around the estimation of the input parameters hinders the overall transparency of the information provided.
26(1)(a)(ii)	the value of the proposed adjustments for capacity-based transmission tariffs pursuant to Article 9	Yes
26(1)(a)(iii)	the indicative reference prices subject to consultation	Yes
26(1)(a)(iv)	the results, the components and the details of these components for the cost allocation assessments set out in Article 5	Yes
26(1)(a)(v)	the assessment of the proposed reference price methodology in accordance with Article 7	Yes
26(1)(a)(vi)	where the proposed reference price methodology is other than the capacity weighted distance reference price methodology detailed in Article 8, its comparison against the latter accompanied by the information set out in point (iii)	Yes
26(1)(b)	the indicative information set out in Article 30(1)(b)(i), (iv), (v)	Yes
26(1)(c)(i) 26(1)(c)(i)(1) 26(1)(c)(i)(2) 26(1)(c)(i)(3)	where commodity-based transmission tariffs referred to in Article 4(3) are proposed <ul style="list-style-type: none"> the manner in which they are set the share of the allowed or target revenue forecasted to be recovered from such tariffs the indicative commodity-based transmission tariffs 	Not applicable
26(1)(c)(ii) 26(1)(c)(ii)(1) 26(1)(c)(ii)(2) 26(1)(c)(ii)(3) 26(1)(c)(ii)(4)	where non-transmission services provided to network users are proposed: <ul style="list-style-type: none"> the non-transmission service tariff methodology therefor the share of the allowed or target revenue forecasted to be recovered from such tariffs the manner in which the associated non-transmission services revenue is reconciled as referred to in Article 17(3) the indicative non-transmission tariffs for non-transmission services provided to network users 	Partially. The information included in the consultation document related to the three additional non-transmission services does not sufficiently clarify the functioning of these services and how the costs

Article	Information	Published: Y/N/NA
		are allocated to the network users.
26(1)(d)	the indicative information set out in Article 30(2);	Partially. The differences between the estimated level of the transmission tariff applicable for the prevailing tariff period and for each tariff period within the regulatory period (2023-2026) are missing.

4. Assessment of the proposed reference price methodology

- 27 The Swedish gas transmission system is characterised by a linear network stretching from South to North, with several lateral branches. The 99.5% of the gas injected in the system enters the network from Denmark through the only interconnection point “Dragør” serving five distribution system operators and seven end-consumers directly connected to the transmission network. There are two additional injection points for biomethane within the transmission network. There is no cross-border transit of gas from Sweden to Denmark. The Skallen storage facility has been brought back into operation after a period of mothballed status.
- 28 Since the merger of the Swedish and Danish balancing zones in April 2019, the Dragør IP is not bookable on the Swedish side, and booking of capacity occurs only at the domestic exits of the transmission network. As a result, there is no entry tariff set for the Dragør point.

Figure 1: Swedish transmission system - Source: Swedegas



4.1. Reference price methodology subject to consultation

- 29 Swedegas proposes a postage stamp RPM, with a 0/100% entry-exit split applied uniformly at the domestic exit points. A 100% tariff discount at the entry from and exit to storage facilities is proposed. Non-transmission tariffs are also proposed.
- 30 The regulatory period for the allowed revenue methodology lasts four years, the current methodology is applicable from 2023 to 2026. The regulatory period for the consulted reference price methodology starts on 1 October 2024 and follows the gas year. The Agency highlights that:
- The TSO is consulting on a reference price methodology that should have been already applied to compute the tariff applied to the regulatory period starting on the first of October 2024. It is not clear to the Agency whether the proposed reference price methodology has been used to set the tariff applicable to the gas year 2024-2025 without being adopted by the NRA with a motivated decision or whether the previous RPM regulatory period, has been extended, exceeding the consultation requirements laid down in Article 27(5) of the NC TAR.
 - The regulatory periods of the allowed revenue and the proposed RPM follow two different time periods, as one follows the calendar year and the other the gas year, which leads to a misalignment of three months when computing the proposed tariff. It is not clarified in the consultation document how this difference is addressed.
- 31 The Agency remarks that the procedure consisting of the final consultation on the RPM, the motivated decision, the calculation of tariffs based on the decision, and the publication of the tariff results shall be repeated at least every five years pursuant to Article 27(5) of the NC TAR.
- 32 The Agency recommends the NRA to clarify in its final decision pursuant to Article 27(2) of the NC TAR the starting of the regulatory period for the proposed reference price methodology and the applicability of the consulted tariff, aligning them with the requirements of the NC TAR.
- 33 Furthermore, the Agency highlights that the tariff proposed for 2024-2025 computed from the proposed reference price methodology in this consultation has the same value as the tariff proposed in the previous 2024 consultation that was not derived from a consulted reference price methodology as understood from the Agency in its 2024 analysis⁷. Absent appropriate explanation about this outcome, this result poses concerns to what extent the estimations of the input parameters of the proposed reference price methodology are appropriate.

4.1.1. Capacity as a cost driver

- 34 The forecasted capacity is an input parameter to the postage stamp RPM. In the consultation document, the forecasted contracted capacity is estimated for the tariff period 2024-2025, while no additional forecast has been provided for the remaining years of the regulatory period, namely 2025/26 and 2026/27.
- 35 The Agency recommends the NRA to include in its final decision the forecasted contracted capacity at least for the years 2025/2026 and 2026/2027 used to estimate the respective tariffs, which are instead included in the consultation document, providing the assumptions and the methodology used for the estimation as required by Article 26(1)(a)(i) of the NC TAR.

⁷ See paragraph (6) of the [Analysis of the Consultation Document on the Gas transmission Tariff Structure for Sweden 2024](#).

4.1.2. Allowed revenue and regulatory account

- 36 In the consultation document Swedegas proposes to recover only 88%⁸ of the total allowed revenue⁹, with the objective to incentivise the use of the system and avoid demand reductions that could have a negative impact on the overall market¹⁰. The share of the allowed revenue that it is intended to recover is 505.5 million Swedish Krona ('MSEK') divided between transmission service revenue (426.4 MSEK), non-transmission service revenue¹¹ (76.0 MSEK) and an "authority fee"¹² (3.2 MSEK).
- 37 In this report, the Agency repeats the considerations on the allowed revenue made in its 2024 assessment¹³. The Agency acknowledges that the NRA is in the process of reviewing the allowed revenue methodology applicable to Swedegas¹⁴ as laid out under Article 78(7)(a) of Directive (EU) 2024/1788.
- 38 The Agency remarks that in the consultation it is not clarified how the share of the allowed revenue that is proposed to be recovered over the total has been computed. Moreover, the consultation does not explain why this percentage has decreased from the 89% proposed in the 2024 consultation to the current 88%.
- 39 Furthermore, as it has already been observed from the information gathered bilaterally from the TSO in the previous report, the actual revenue recovered consistently undershoots¹⁵ the proposed target. The Agency notes that this element may signal a systematic overestimation of the forecasted contracted capacity, and hence, the Agency invites the TSO to refine the methodologies for estimating the forecasted contracted capacity to diminish the recovery gap.
- 40 The Agency reiterates from its 2024 assessment that the consultation document does not clarify how the non-recovered revenue is treated¹⁶. The Agency notes that the TSO does not publish

⁸ The Agency computed that the actual revenue recovered computed from the proposed price and the forecasted capacity contracts accounts for 87,6%.

⁹ The total allowed revenue computed by Swedegas for 2025 is 577 MSEK.

¹⁰ Following a similar approach to the one outlined in the two last public consultations (2018, March 2024).

¹¹ The Agency notes that the estimation of the non-transmission revenue has been increased from 51.4 MSEK to 76.0 MSEK with respect to the previous 2024 consultation, the TSO has justified bilaterally to the Agency that this increase is due to the inclusion of the three additional non-transmission services.

¹² This element has first appear in this consultation, from the information received by the NRA it corresponds to a pass-through administrative cost allocated from the NRA to the TSO, that will be distributed to network users. From the information provided to the Agency it is not clear whether this element should be included in the allowed revenue.

¹³ See paragraph (35) to (39) of the Tariff report 2024: [Analysis of the Consultation Document on the Gas Transmission Tariff Structure for Sweden](#).

¹⁴ The NRA explained to the Agency that in 2021 it attempted to change methodology for the allowed revenue for the regulatory period 2023-2026. Swedegas appealed the new methodology, and Ei decided to revert back to the initial methodology. This choice was motivated by the ruling of the National Administrative court on a similar instance, questioning the legal basis of the NRA to change the allowed revenue methodology. The Agency understands from the NRA that changes in the national law are foreseen to allow the NRA to change the allowed revenue methodology successfully in the future.

¹⁵ Upon request, the TSO provided to the Agency the details of the actual revenue obtained and the under- or over-recovery values for the period 2017-2023. The resulting yearly revenue recovered has been consistently lower than 80% of the allowed revenue in all years except for 2021.

¹⁶ From the information gathered bilaterally by the Agency from the NRA, a decision has still to be taken on the transfer of the under-recovered revenue collected by the TSO before 2023 to the current regulatory period.

information on the yearly under- or over-recovery of the allowed revenue and the part thereof attributed to the regulatory account, which is subject to transparency requirements according to Article 30(b)(vi) of the NC TAR.

- 41 The Agency cannot consider the allowed revenue of the TSO as those of an efficient and structurally comparable network operator if the transparency requirements laid down in Article 30(b)(vi) of the TAR NC are not met. In particular, the information on the yearly under- or over-recovery of the allowed revenue and its allocation to the regulatory account should be published prior to the tariff period, as required by Article 30(1) of the TAR NC, and it should be clarified how the unrecovered revenue is treated.
- 42 The Agency following its assessment made in its 2024 Tariff Report¹⁷ concludes that the sustained under-recovery over time raises concerns whether the TSO's costs correspond to those of an efficient and structurally comparable network operator, a condition required by Article 17 of Regulation (EU) 2024/1789.

4.2. Cost allocation assessment

- 43 The NRA does not provide in the consultation document a cost allocation assessment ('CAA') for the proposed RPM. The Agency concludes that this is a correct approach, since there is no possibility to transit gas through the country and consequently there are no cross-system users, an input parameter that is necessary to perform the assessment.

4.3. Comparison with the CWD methodology

- 44 Swedegas has provided in the consultation document a comparison between the proposed postage stamp methodology and a counterfactual Capacity Weighted Distance ('CWD') methodology as laid out in Article 8 of the NC TAR pursuant to Article 26(1)(a)(vi) of the NC TAR. The counterfactual CWD methodology is provided with two different entry-exit splits: 0/100% and 50/50%.

Table 2: Comparison between Postage Stamp Methodology and CWD expressed in SEK/kWh/h/y.

	Södra Skåne	Norra Skåne	Halland	Västra Götaland
PS 0/100	296	296	296	296
CWD 0/100	76	151	304	478
CWD 50/50	181	219	296	383

¹⁷ Tariff report 2024: [Analysis of the Consultation Document on the Gas transmission Tariff Structure for Sweden 2024](#).

45 In the counterfactual CWD methodology the transmission network is divided by Swedegas into four clusters of domestic exit points (Södra Skåne, Norra Skåne, Halland, Västra Götaland). As shown in Table 2 the tariff resulting from the application of a CWD methodology with a 0/100% entry-exit split results in the northern area, Västra Götaland, applicable tariff being six times higher than the area closest to Dragør IP, Södra Skåne. Similarly, when applying a 50/50% entry-exit split, the reference price in the northern area is more than two times higher than the southern area¹⁸.

Figure 2: Different offtake areas of the transmission System - Source: Swedegas:



46 When justifying the choice of using a postage stamp methodology instead of a CWD, Swedegas argues that distance is not a meaningful cost driver due to the network topology¹⁹ and that tariffs derived from a CWD methodology type would result in higher reference prices for transmission users in the north (Västra Götaland) causing a negative impact on the market by reducing the overall demand volumes, due to the consumers structure in the northern area²⁰, which in turn would lead to proportionally higher tariffs for the remaining transmission users in the system.

¹⁸ However, when applying the CWD methodology taking into account a 50/50% split, we are assuming a scenario not compatible with the Swedish system as Dragør entry point is not bookable.

¹⁹ In page 26 of the Consultation Document, Swedegas states that Skåne and Halland, in contrast to Västra Götaland, have a larger share of branch lines which only serves local customers. In addition, the pipeline diameter gradually declines going from the south to the north, implying diminishing CAPEX.

²⁰ From the information available in the consultation document the Agency understands that consumers in the Västra Götaland zone are mainly industrial consumers and therefore more responsive to price increases.

5. Compliance

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

- 47 Article 27(2)(b)(1) of the NC TAR requires the Agency to analyse whether the proposed reference price methodology complies with the requirements set out in Article 7 of the NC TAR. This article refers to Article 17 of Regulation (EU) 2024/1789 and lists a number of requirements to take into account when setting the RPM. As these overlap, in the remainder of this chapter, the Agency will take a closer look at the five elements listed in Article 7 of the NC TAR.
- 48 As the concepts of transparency, cost reflectivity, non-discrimination, cross-subsidisation and cross-border trade are closely related the Agency concludes with an overall assessment.
- 49 In its 2018 Report, the Agency recommended the NRA to explain “*why a methodology that takes into account distance would not be appropriate or, alternatively, to switch to a method which is more cost-reflective, such as the CWD methodology or another distance-related methodology*”²¹.
- 50 Following this recommendation, Swedegas commissioned a study with the objective to provide the requested evidence, which the NRA took into account in its 2018 motivated decision²². In the present consultation document Swedegas updates the analysis with the 2024/2025 input parameters arguing that the conclusions provided at that time are still valid²³.

5.1.1. Transparency

- 51 **Article 7(a)** of the NC TAR requires that the RPM aims at ensuring that network users can reproduce the calculation of reference prices and their accurate forecast.
- 52 While the proposed postage stamp methodology, as a simple methodology, enables a high degree of transparency and facilitates network users’ understanding of the tariff setting and replicating tariff calculations compared to all the other methodologies, the Agency finds that the lack of consistency around the information provided in the consultation document hinders the overall level of transparency achieved.
- 53 First, the regulatory periods of the allowed revenue and the proposed RPM follow two different time periods, as one follows the calendar year and the other the gas year, which leads to a misalignment of three months when computing the proposed tariff. It is not clarified in the consultation document how this difference is addressed. Furthermore, it is not clear whether the proposed reference price methodology has been used to set the tariff applicable to the gas year 2024-2025 without NRA approval or whether the previous RPM’s regulatory period has been extended, exceeding the requirement to repeat at least every five years the tariff setting process laid down in Article 27(5) of the NC TAR.

²¹ The assessment reflects on the Swedish transmission system configuration, where the network stretches on a single main line from south to north, making it difficult to exclude distance as a potential cost driver on a theoretical point of view without substantiated evidence.

²² See [Ei’s Decision on reference price methodology 2018](#).

²³ See [Copenhagen Economics report 2018](#) and [Ei’s Decision on reference price methodology 2018](#).

- 54 Second, the forecasted contracted capacities have been provided in the consultation document only for the first tariff period 2024/2025, while tariffs have been forecasted also for the gas years 2025/2026 and 2026/2027, limiting the possibility for network users to replicate the tariff forecasts. Furthermore, the differences between the estimated level of the transmission tariff for the same type of transmission service applicable for the prevailing tariff period and for each tariff period within the regulatory period as required by Articles 26(1)(d) and 30(2)(a) of the NC TAR are missing, hindering the possibility to compare tariffs of different periods.
- 55 Third, while the decision to recover only a portion of the total allowed revenue has been argued by the TSO in the consultation document, it is not explained how the share of the allowed revenue that is proposed to be recovered with respect to the total has been computed. Furthermore, the information related to the yearly under- or over-recovery of the allowed revenue and the part thereof attributed to the regulatory account is not published by the TSO, contrary to the requirements of Article 30(b)(vi) of the NC TAR.
- 56 Finally, the Agency highlights that although a simplified model is provided in the consultation document, due to the unavailability of the forecasted contracted capacities it is not possible to reproduce the calculation of the reference price forecasts as required by Article 7(b) of the NC TAR²⁴.
- 57 The Agency concludes that these elements limit the clarity of how the proposed tariff and its forecasts have been computed.

5.1.2. Cost-reflectivity

- 58 **Article 7(b)** of the NC TAR requires the RPM to take into account the actual costs incurred for the provision of transmission services, considering the level of complexity of the transmission network.
- 59 The main result of the analysis summarised by Swedegas in the consultation document is that the proposed postage stamp methodology *“is reasonably cost reflective and that a shift to a CWD methodology is unlikely to increase cost reflectivity in a meaningful nor predictable way because distance is considered as poor proxy for the actual cost drivers in the Swedish transmission network”*.
- 60 From the information provided in the consultation document and conditionally to the validity of the assumptions made by Swedegas in the developed methodological framework, the Agency concludes that the arguments presented are reasonable. Therefore, the Agency concludes that including the distance cost driver and using a CWD methodology would not necessarily increase the level of cost reflectivity²⁵.

5.1.3. Cross-subsidisation and non-discrimination

- 61 **Article 7(c)** of the NC TAR requires the RPM to ensure non-discrimination and prevent undue cross-subsidisation.
- 62 The Agency defines ‘cross-subsidisation’ as a deviation from cost-reflectivity whereby users of the entry-exit system are charged tariffs that differ from the costs they cause to the system.

²⁴ The Agency consider that the requirement of providing a simplified model has been achieved in the consultation with the provision of a spreadsheet where the computation of the tariff for the year 2024-2025 derived from the proposed postage stamp methodology has been presented.

²⁵ See [Copenhagen Economics report 2018](#) and [Ei's Decision on reference price methodology 2018](#).

- 63 The Agency remarks that the proposed RPM does not create undue cross-subsidisation between intra-system users and cross-system users, as there are no cross-system users in the Swedish transmission network.
- 64 Regarding the possible cross-subsidisation between network users within the system, identified in its 2018 Report²⁶, the Agency welcomes the analysis, conducted by both the TSO and the NRA, to further justify the choice of the proposed postage stamp methodology²⁷. The results of the analysis, summarised in the consultation document, provide further evidence that the level of cross-subsidisation resulting from the application of an alternative CWD methodology type would be higher than the proposed postage stamp methodology²⁸. Overall, the Agency concludes that the results are reasonable.
- 65 Assuming that a certain degree of cross-subsidisation is inevitable in an entry-exit system, the Agency concludes that the proposed postage stamp methodology does not lead to a relevant degree of cross-subsidisation in comparison to the application of a CWD methodology.
- 66 Regarding the requirement of ensuring non-discrimination, the Agency has not identified any form of discrimination related to the proposed RPM. This analysis is based on the definition of 'discrimination' as 'charging different prices to different network users for the identical gas transmission service'.

5.1.4. Volume risk

- 67 **Article 7(d)** of the NC TAR requires that the RPM ensures that significant volume risk related particularly to transport across an entry-exit system is not assigned to final customers within that entry-exit system. As in Sweden there is not transit of gas through the entry-exit system flowing to other countries, final customers would not face volume risks.

5.1.5. Cross-border trade

- 68 **Article 7(e)** of the NC TAR requires that the RPM ensures that the resulting reference prices do not distort cross-border trade. As in Sweden there is no cross-border transit of gas to neighbouring countries cross-border trade is not distorted.

5.1.6. Conclusions

- 69 The Agency welcomes the efforts of both the TSO and the NRA to provide further evidence to justify the choice of the postage stamp methodology, yet the input parameters of the proposed reference price methodology do not fulfil the transparency requirements of the NC TAR. Therefore, the Agency concludes that the proposed RPM is not fully compliant with the transparency principle.
- 70 The Agency concludes that the choice of a postage stamp methodology is appropriately justified, thanks to the additional evidence provided in the current consultation. However, the sustained under-recovery over time and the unclarity over the treatment of the non-recovered revenue raise concerns whether the TSO's costs correspond to those of an efficient and structurally comparable network operator, questioning the cost reflectivity of the proposed tariff, and, consequentially, prevent the

²⁶ In 2018, the Agency concluded that the cross-subsidisation could be justified if adequate quantitative evidence were provided supporting the choice of a postage stamp methodology.

²⁷ See [Copenhagen Economics report 2018](#) and [Ei's Decision on reference price methodology 2018](#).

²⁸ The Agency notes that the analysis can be difficult to follow in some parts and it is not possible to ignore the dependency of the results on the assumptions on which the methodological framework is based.

Agency to conclude that the proposed reference price methodology is compliant with the principle of cost-reflectivity;

- 71 The proposed RPM achieves a reasonable level of cross-subsidisation compared to the CWD alternative. Furthermore, the Agency concludes that the proposed RPM is compliant with the principle of non-discrimination, volume risk and preventing distortion of cross-border trade.
- 72 In sum, the Agency recommends the NRA to clarify, in its motivated decision, the elements found inconsistent in the derivation of the proposed tariff, ensuring that stakeholders are fully informed about the tariff setting methodology and its input parameters.
- 73 Finally, the Agency welcomes the steps taken by the NRA to align the definition of the allowed revenue as an input parameter of the RPM, to fulfil the requirement of Article 17 of Regulation (EU) 2024/1789, namely that it reflects the actual costs incurred by the TSO, insofar as such costs correspond to those of an efficient and structurally comparable network operator. The Agency remarks that further steps are needed and acknowledges the dependence of those steps on future legislative changes, intending to recognise the NRA's powers in this respect.

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

- 74 Article 27(2)(b)(3) of the NC TAR requires the Agency to analyse whether the criteria for setting non-transmission tariffs as set out in Article 4(4) are met.
- 75 Swedegas proposes tariffs for five non-transmission services:
- Pressure reduction service,
 - Administrative charge,
 - Extra area consumption fee,
 - Capacity allocation fee for summer and winter periods,
 - Capacity allocation fee for daily capacity products.
- 76 In the consultation document the TSO specifies that the share of allowed revenue forecasted to be recovered from non-transmission tariffs is expected to be 15%²⁹. The Agency notes that the estimation of the non-transmission revenue has been increased from 51.4 MSEK to 76.0 MSEK with respect to the previous 2024 consultation³⁰.
- 77 No information on the amount to be recovered per service has been provided in the consultation document. There is no separate regulatory account for the non-transmission tariffs and the reconciliation follows the same approach as the transmission tariffs.
- 78 Following its previous analysis, the Agency repeats its assessment and considers that tariffs for the first two non-transmission services ('pressure reduction service' and 'administrative charge') satisfy Article 4(4)(a) and (b) since they are cost-reflective, non-discriminatory, objective and transparent,

²⁹ This value has been computed by the Agency from the information provided in the consultation document, while the percentage included in the consultation still refers to the values included in the early 2024 consultation.

³⁰ The TSO has justified bilaterally to the Agency that this increase is due to the inclusion of the three additional non-transmission services.

and are charged to the beneficiaries of the services not creating subsidies between network users within or outside Sweden³¹.

- 79 Following the recommendation included in the 2018 Tariff Report³², the NRA added three additional services to the list of non-transmission services compared to the list proposed in 2018 ('extra area consumption fee', 'capacity allocation fee for summer and winter periods', and 'capacity allocation fee for daily capacity products'). These non-transmission tariffs have been proposed by the TSO in both of its consultations in 2024.
- 80 The Agency welcomes that Swedegas included the indicative non-transmission tariffs. Nevertheless, the Agency concludes that the information provided in the consultation remains insufficient to assess whether these three non-transmission services satisfy the criteria laid down in Article 4(4)(a) and (b).
- 81 The Agency recommends the NRA to provide the missing information on these three non-transmission services in its final decision. Concretely, more information is required on the cost drivers and the methodologies of these non-transmission services tariffs, as well as additional justification on the compliance with the requirements laid down in Article 4(4).

³¹ Tariff report 2024: [Analysis of the Consultation Document on the Gas transmission Tariff Structure for Sweden 2024](#).

³² Tariff report 2018: [Analysis of the Consultation Document on the Gas transmission Tariff Structure for Sweden 2018](#).

6. Annex 1: Legal framework

Article 27 of the NC TAR reads:

1. Upon launching the final consultation pursuant to Article 26 prior to the decision referred to in Article 27(4), the national regulatory authority or the transmission system operator(s), as decided by the national regulatory authority, shall forward the consultation documents to the Agency.

2. The Agency shall analyse the following aspects of the consultation document:

(a) whether all the information referred to in Article 26(1) has been published;

(b) whether the elements consulted on in accordance with Article 26 comply with the following requirements:

(1) whether the proposed reference price methodology complies with the requirements set out in Article 7;

(2) whether the criteria for setting commodity-based transmission tariffs as set out in Article 4(3) are met;

(3) whether the criteria for setting non-transmission tariffs as set out in Article 4(4) are met.

3. Within two months following the end of the consultation referred to in paragraph 1, the Agency shall publish and send to the national regulatory authority or transmission system operator, depending on which entity published the consultation document, and the Commission the conclusion of its analysis in accordance with paragraph 2 in English.

The Agency shall preserve the confidentiality of any commercially sensitive information.

4. Within five months following the end of the final consultation, the national regulatory authority, acting in accordance with Article 41(6)(a) of Directive 2009/73/EC, shall take and publish a motivated decision on all items set out in Article 26(1). Upon publication, the national regulatory authority shall send to the Agency and the Commission its decision.

5. The procedure consisting of the final consultation on the reference price methodology in accordance with Article 26, the decision by the national regulatory authority in accordance with paragraph 4, the calculation of tariffs on the basis of this decision, and the publication of the tariffs in accordance with Chapter VIII may be initiated as from the entry into force of this Regulation and shall be concluded no later than 31 May 2019. The requirements set out in Chapters II, III and IV shall be taken into account in this procedure. The tariffs applicable for the prevailing tariff period at 31 May 2019 will be applicable until the end thereof. This procedure shall be repeated at least every five years starting from 31 May 2019.

82 *Article 26(1) of the NC TAR reads:*

1. One or more consultations shall be carried out by the national regulatory authority or the transmission system operator(s), as decided by the national regulatory authority. To the extent possible and in order to render more effective the consultation process, the consultation document should be published in the English language. The final consultation prior to the decision referred to in Article 27(4) shall comply with the requirements set out in this Article and Article 27, and shall include the following information:

(a) the description of the proposed reference price methodology as well as the following items:

(i) the indicative information set out in Article 30(1)(a), including:

(1) the justification of the parameters used that are related to the technical characteristics of the system;

(2) the corresponding information on the respective values of such parameters and the assumptions applied.

- (ii) the value of the proposed adjustments for capacity-based transmission tariffs pursuant to Article 9;
- (iii) the indicative reference prices subject to consultation;
- (iv) the results, the components and the details of these components for the cost allocation assessments set out in Article 5;
- (v) the assessment of the proposed reference price methodology in accordance with Article 7;
- (vi) where the proposed reference price methodology is other than the capacity weighted distance reference price methodology detailed in Article 8, its comparison against the latter accompanied by the information set out in point (iii);
- (b) the indicative information set out in Article 30(1)(b)(i), (iv), (v);
- (c) the following information on transmission and non-transmission tariffs:
 - (i) where commodity-based transmission tariffs referred to in Article 4(3) are proposed:
 - (1) the manner in which they are set;
 - (2) the share of the allowed or target revenue forecasted to be recovered from such tariffs;
 - (3) the indicative commodity-based transmission tariffs;
 - (ii) where non-transmission services provided to network users are proposed:
 - (1) the non-transmission service tariff methodology therefor;
 - (2) the share of the allowed or target revenue forecasted to be recovered from such tariffs;
 - (3) the manner in which the associated non-transmission services revenue is reconciled as referred to in Article 17(3);
 - (4) the indicative non-transmission tariffs for non-transmission services provided to network users;
- (d) the indicative information set out in Article 30(2);
- (e) where the fixed payable price approach referred to in Article 24(b) is considered to be offered under a price cap regime for existing capacity:
 - (i) the proposed index;
 - (ii) the proposed calculation and how the revenue derived from the risk premium is used;
 - (iii) at which interconnection point(s) and for which tariff period(s) such approach is proposed;
 - (iv) the process of offering capacity at an interconnection point where both fixed and floating payable price approaches referred to in Article 24 are proposed.

83 Article 7 of the NC TAR reads:

The reference price methodology shall comply with Article 13 of Regulation (EC) No 715/2009 and with the following requirements. It shall aim at:

- (a) enabling network users to reproduce the calculation of reference prices and their accurate forecast;
- (b) taking into account the actual costs incurred for the provision of transmission services considering the level of complexity of the transmission network;
- (c) ensuring non-discrimination and prevent undue cross-subsidisation including by taking into account the cost allocation assessments set out in Article 5;
- (d) ensuring that significant volume risk related particularly to transports across an entry-exit system is not assigned to final customers within that entry-exit system;
- (e) ensuring that the resulting reference prices do not distort cross-border trade.

84 Article 17 of Regulation (EU) 2024/1789 reads:

1. Tariffs, or the methodologies used to calculate them, applied by the transmission system operators and approved by the regulatory authorities pursuant to Article 78(7) of Directive (EU) 2024/1788, as well as tariffs published pursuant to Article 31(1) of that Directive, shall be transparent, take into account the need for system integrity and its improvement and reflect the actual costs incurred, insofar as such costs correspond to those of an efficient and structurally comparable network

operator and are transparent, whilst including an appropriate return on investments. Tariffs, or the methodologies used to calculate them, shall be applied in a non-discriminatory manner.

Tariffs may also be determined through market-based arrangements, such as auctions, provided that such arrangements and the revenue arising therefrom are approved by the regulatory authority.

Tariffs, or the methodologies used to calculate them, shall facilitate efficient natural gas trade and competition, while at the same time avoiding cross-subsidies between network users and providing incentives for investment and maintaining or creating interoperability for transmission networks.

Tariffs for network users shall be non-discriminatory and shall be set separately for every entry point into or exit point out of the transmission system. Cost-allocation mechanisms and rate setting methodology regarding entry points and exit points shall be approved by the regulatory authorities. Regulatory authorities shall ensure that network tariffs shall not be calculated on the basis of contract paths.

2. Tariffs for network access shall neither restrict market liquidity nor distort trade across borders of different transmission systems. Where, notwithstanding Article 78(7) of Directive (EU) 2024/1788, differences in tariff structures would hamper trade across transmission systems, transmission system operators shall, in close cooperation with the relevant national authorities, actively pursue convergence of tariff structures and charging principles.

3. Until 31 December 2025, the regulatory authority may apply a discount of up to 100 % to capacity-based transmission and distribution tariffs at entry points from, and exit points to, underground natural gas storage facilities and at entry points from LNG facilities, unless and to the extent that such a storage facility which is connected to more than one transmission or distribution network is used to compete with an interconnection point.

From 1 January 2026, the regulatory authority may apply a discount of up to 100 % to capacity-based transmission and distribution tariffs at entry points from, and exit points to, underground natural gas storage facilities and at entry points from LNG facilities for the purpose of increasing security of supply. The regulatory authority shall re-examine that tariff discount and its contribution to the security of supply during every regulatory period, in the framework of the periodic consultation carried out pursuant to the network code adopted pursuant to Article 71(2), first subparagraph, point (d).

4. Regulatory authorities may merge adjacent entry-exit systems with a view to enabling full or partial regional integration where tariffs may be abolished at the interconnection points between the entry-exit systems concerned. Following the public consultations conducted by the regulatory authorities or by the transmission system operators, the regulatory authorities may approve a common tariff and an effective compensation mechanism between transmission system operators for the redistribution of costs arising from the abolition of interconnection points.

5. Member States with more than one interconnected entry-exit system, or more than one network operator within one entry-exit system, may implement a uniform network tariff with the aim of creating a level playing field for network users, provided that a network plan has been approved and a compensation mechanism between the network operators is implemented.

3. *The transmission services revenue shall be recovered by capacity-based transmission tariffs. As an exception, subject to the approval of the national regulatory authority, a part of the transmission services revenue may be recovered only by the following commodity-based transmission tariffs which are set separately from each other:*

- (a) a flow-based charge, which shall comply with all of the following criteria:*
 - (i) levied for the purpose of covering the costs mainly driven by the quantity of the gas flow;*
 - (ii) calculated on the basis of forecasted or historical flows, or both, and set in such a way that it is the same at all entry points and the same at all exit points;*
 - (iii) expressed in monetary terms or in kind.*
- (b) a complementary revenue recovery charge, which shall comply with all of the following criteria:*
 - (i) levied for the purpose of managing revenue under- and over-recovery;*
 - (ii) calculated on the basis of forecasted or historical capacity allocations and flows, or both;*
 - (iii) applied at points other than interconnection points;*
 - (iv) applied after the national regulatory authority has made an assessment of its cost-reflectivity and its impact on cross-subsidisation between interconnection points and points other than interconnection points.*

86 *Article 4(4) of the NC TAR reads:*

4. *The non-transmission services revenue shall be recovered by non-transmission tariffs applicable for a given non transmission service. Such tariffs shall be as follows:*

- (a) cost-reflective, non-discriminatory, objective and transparent;*
- (b) charged to the beneficiaries of a given non-transmission service with the aim of minimising cross-subsidisation between network users within or outside a Member State, or both.*

Where according to the national regulatory authority a given non-transmission service benefits all network users, the costs for such service shall be recovered from all network users.

7. Annex 2: List of abbreviations

Acronym	Definition
ACER	Agency for the Cooperation of Energy Regulators
ENTSOG	European Network of Transmission System Operators for Gas
NRA	National Regulatory Authority
TSO	Transmission System Operator
EC	European Commission
EU	European Union
MS	Member State
NC TAR	Network code on harmonised transmission tariff structures for gas
IP	Interconnection Point
VIP	Virtual Interconnection Point
RPM	Reference Price Methodology
CWD	Capacity Weighted Distance
CAA	Cost Allocation Assessment
RAB	Regulated Asset Base
OPEX	Operational Expenditures
CAPEX	Capital Expenditures
ITC	Inter-transmission system operator compensation mechanism