Gasgrid Gas Market Forum 3.6.2025

Agenda

9.30 Opening of the event

9.30 Current topics in the Gas Business

10.00 The future of the clean gas market

10.15 Market update

10.30 Break

10.40 Transfer pricing package for 2026

11.40 Status review of the EU gas package implementation

11.55 Mentimeter and closing of the event

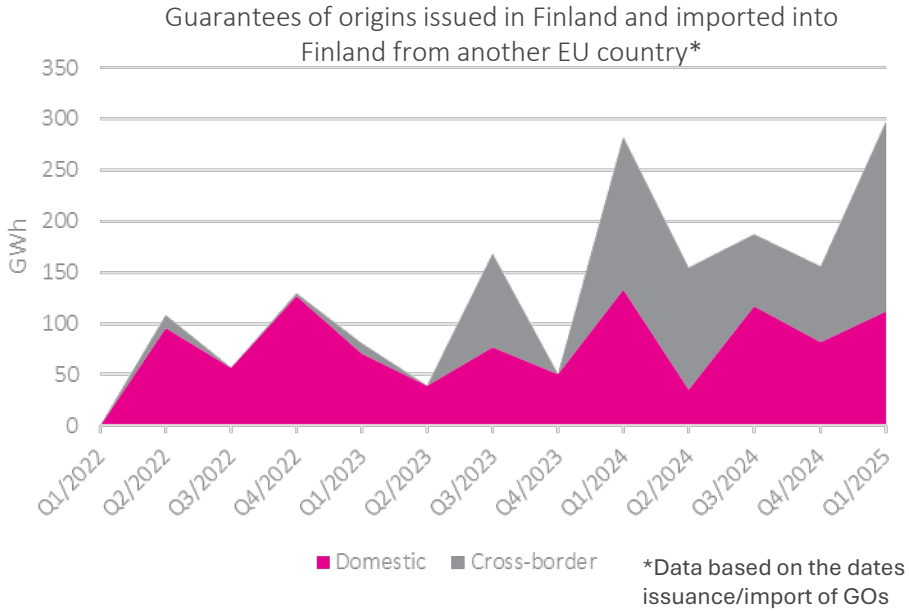
GASGRID

Current Topics in the Gas Business

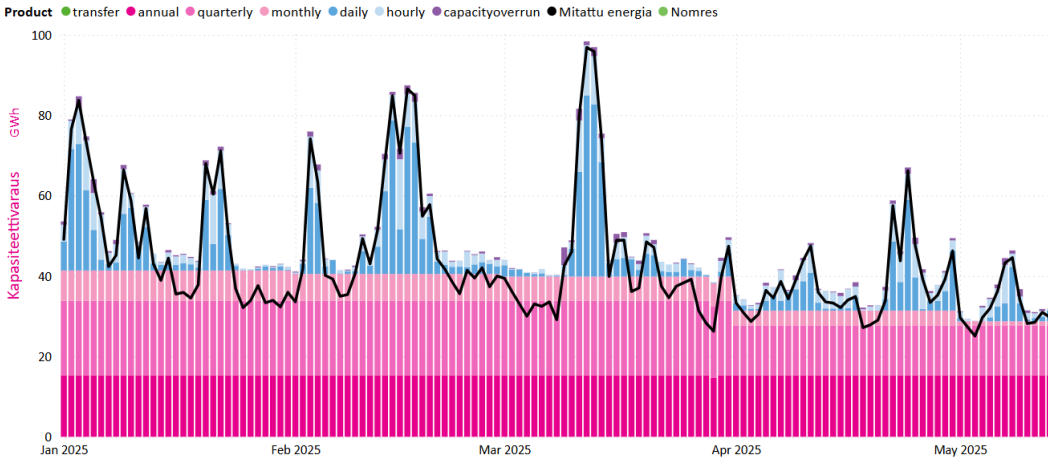
Mika Myötyri, Head of Markets and Customers

Current Topics in the Gas Business

- More stable phase on the gas market following the exceptional winter and the repair of the Balticconnector pipeline. The Finnish gas system has remained well-balanced, with only minor daily imbalances and more stable gas prices.
- In the previous winter season, gas demand was sensitive to electricity price level. During the coldest periods of winter, gas played a vital role in ensuring the reliability of electricity production in Finland by balancing the energy system.
- Gasgrid has organized stakeholder events and engaged with authorities (e.g., Energy Authority, Tax Administration) to clarify the interplay between guarantees of origin, sustainability certificates, taxation and emissions trading.
- There is strong momentum in the clean gas sector. Especially in Q4/2024, new international GO traders registered themselves as an account holder in Finland.



*Data based on the dates of issuance/import of GOs



Current Topics in the Gas Business

- Wider range of renewable gas injections into the network foreseen
  - Container-based biomethane injection into the network
  - E-methane molecules may be injected into the network in near future.
  - ➢ The need to update the market model is under assessment.
- Gas has been increasingly recognized as a ‘stabilizing force’ in the electricity market.
  - Government working groups explored mechanisms to support fossil-free flexibility, including investment incentives for gas engine power plants. These developments enable a growing strategic role for gas in Finland’s energy transition.
- Gasgrid is designated as a regulated entity under Emission Trading System 2. This means Gasgrid is responsible for:
  - Monitoring and reporting emissions from natural gas released into consumption by part of end users covered by ETS2.
  - Submitting a monitoring plan and applying for an emissions permit to the Energy Authority (Energiavirasto).
  - Acquiring and surrendering ETS2 allowances starting in 2027?

Current Topics in the Gas Business

- Gasgrid launched a public consultation on the reference price methodology in accordance with the EU Tariff Network Code (TAR NC).
- Market has been well in balance. Also, after the implementation of the internal balance management model, the efficiency of balancing actions have increased which has reflected also in the unit prices of neutrality charges.
- Strategic objectives 2024–2026:
  - Regional gas market delivers value to our customers through high availability, flexibility, and predictability.
  - Secure a significant role for gases in Finland's energy transition, thereby creating value for gas market customers and enhancing national competitiveness.
  - Promote the availability of renewable methane gases in the market, aiming to increase production capacity at least tenfold by 2030.
  - Assess infrastructure options that meet long-term gas demand.
  - Advance operational readiness to support hydrogen development – including readiness to operate and maintain hydrogen systems when needed.
- Gasgrid launches the survey for customers in upcoming days.

The Future of the Clean Gas Market

Heli Haapea, Gasgrid Finland Oy

03/06/2025

Heli Haapea, Service Manager
Gas Business / Market and Customers

heli.haapea@gasgrid.fi
Tel. +358 40 352 7643

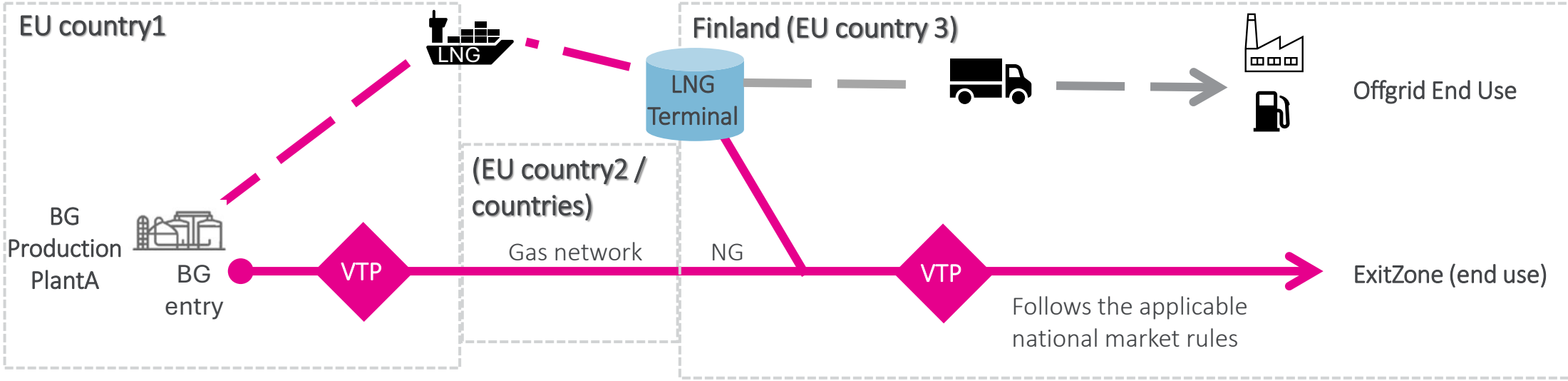
www.linkedin.com/in/helihaapea

Building the future gas system

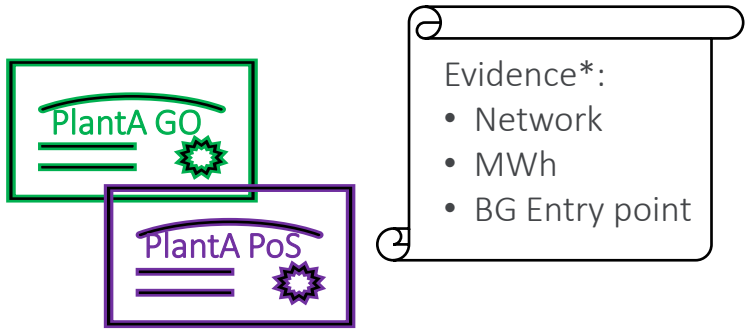
- The aim is to enable widespread use of domestic renewable gas with minimal infrastructure investments.
- By 2030, the production capacity of domestic renewable gases in the gas system is expected to increase to grow 20–30-fold.
  - The growth of renewables is based on increasing *biomethane* production and injection of *renewable synthetic methane*.
- In addition to biogas, synthetic methane will flow through our pipes in the coming years – possibly by the end of 2025. The first **e-methane production facility** is expected to be connected to Finland's gas system **by 2027**.

(Bio)gas can be transferred **from the distribution network (DSO) into the transmission network (TSO) through a compressor station** – the first connection has been established.
Off-grid (bio)gas injection ('container solution') into the Finnish gas system → enables transporting clean gases from off-grid production to the Finnish gas system entry point.
The first hydrogen production facility has been registered in the guarantees of origin registry. Issuance of e-methane GOs is possible as well.

1 Gas Market (commercial)



2 GOs and certificates



a) **EECS-GO transfer** and cancellation in the Gasgrid Register
b) **Ex-Domain GO Cancellation** to the Gasgrid Register

A supply contract for providing evidence* of the purchase

PlantA PoS

PlantA GO - Consumer disclosure

NG Natural gas
BG Biogas
VTP Virtual Trading Point
GO Guarantee of Origin
EECS European Energy Certificate System ('European GO')
PoS Proof of Sustainability

GASGRID

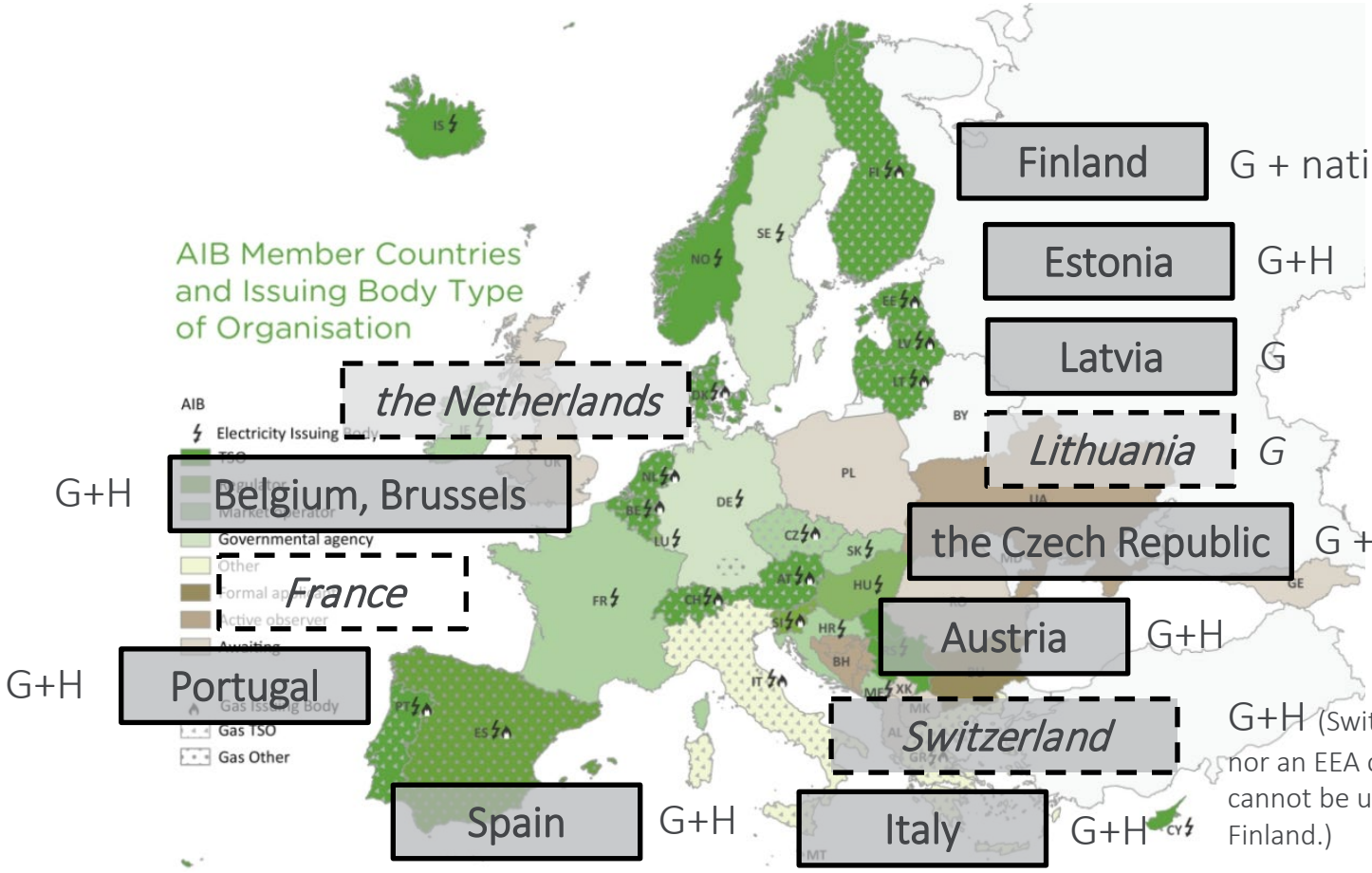
EECS® GOs

European Energy Certificate System, AIB's **GSG members**

Ex-Domain cancellations of national GOs:

- Denmark → Finland
- Lithuania → Finland
- France → Finland, Finland → France

Finland/Gasgrid does not generally prevent cancellations abroad, but the receiving country may not accept cancellations for origin verification. When canceling abroad, the destination country must always be selected.



Association of Issuing Bodies (AIB)

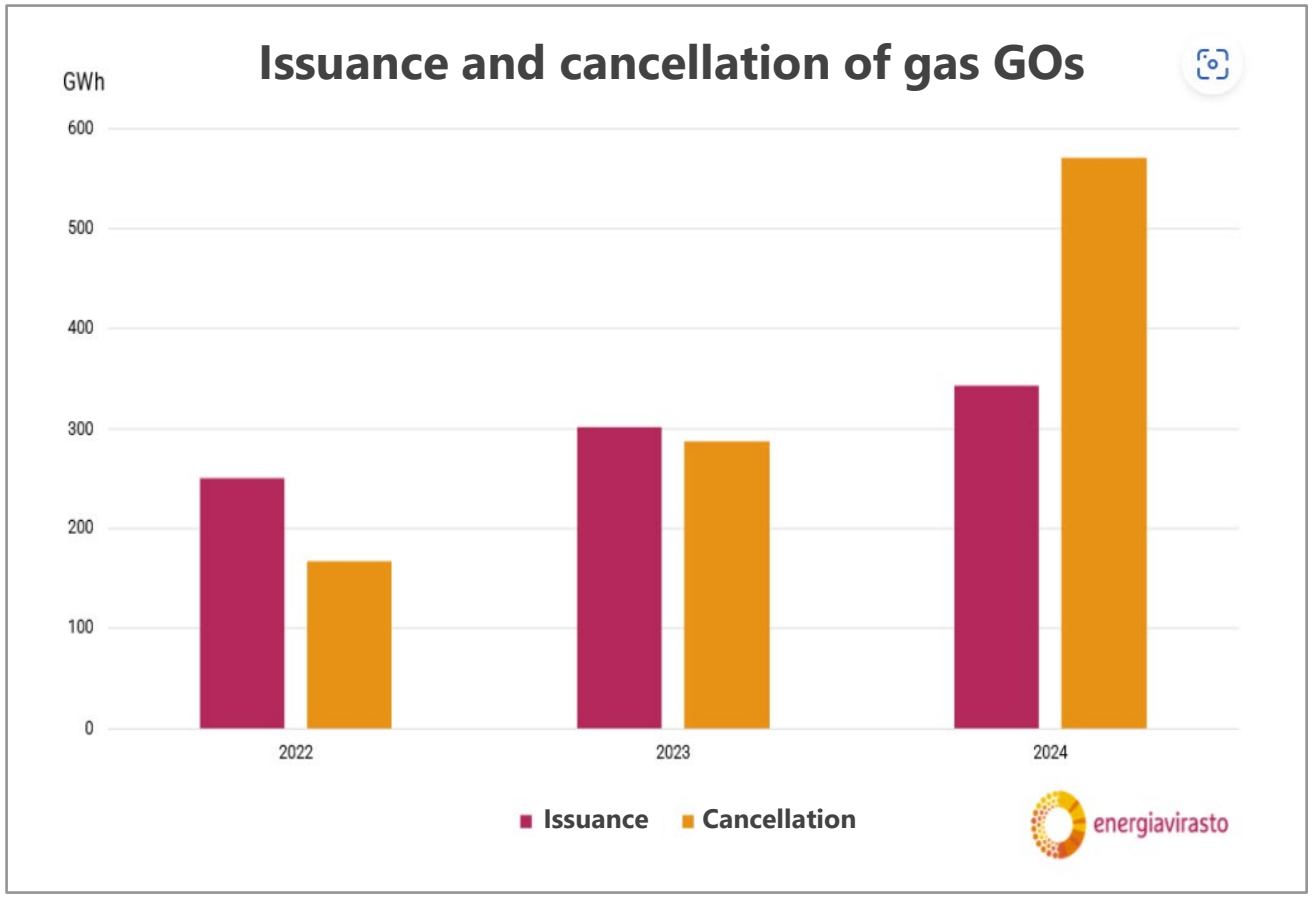
https://www.aib-net.org/facts/aib-member-countries-regions
https://www.aib-net.org/

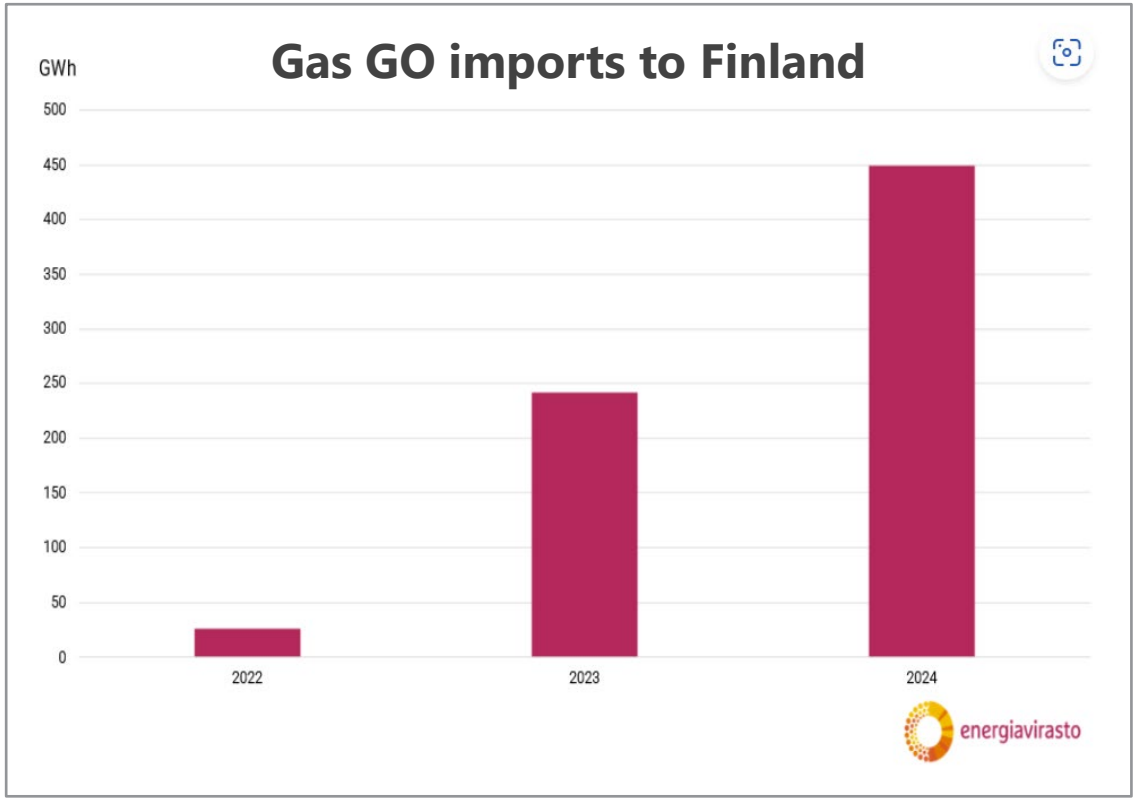
Clean gases in excise taxation

- Excise tax has been levied on biogas since 1.1.2022.
- Nine (9) tax levels based on sustainability and usage have been established for biogas, found in the Tax Administration's energy tax guide (only in Finnish and Swedish). Tax procedures are similar regardless of how/where biogas is produced or in what form the gas is transferred.
- The same tax procedures apply to biogas coming from abroad. When gas exits the tax exemption system, excise tax is levied.

Product taxation:

1. **Biogas must be produced** before it can be used from a taxation perspective.
2. The end-user and biogas producer must be in the same gas network. From a taxation perspective, biogas can be delivered from the production site to the end-user in the gas network **if there is a physical pipeline connection between the production site and the gas usage site** (i.e., the gas molecule can move). Gas cannot be delivered from the distribution network to the transmission network without increasing pressure!
    - Nominations between countries are not required.
    - Maintenance breaks in the network do not matter.


Issuance and cancellation of gas GOs
GWh
600
500
400
300
200
100
0
2022
2023
2024
Issuance
Cancellation
energiavirasto


Gas GO imports to Finland
GWh
500
450
400
350
300
250
200
150
100
50
0
2022
2023
2024
energiavirasto

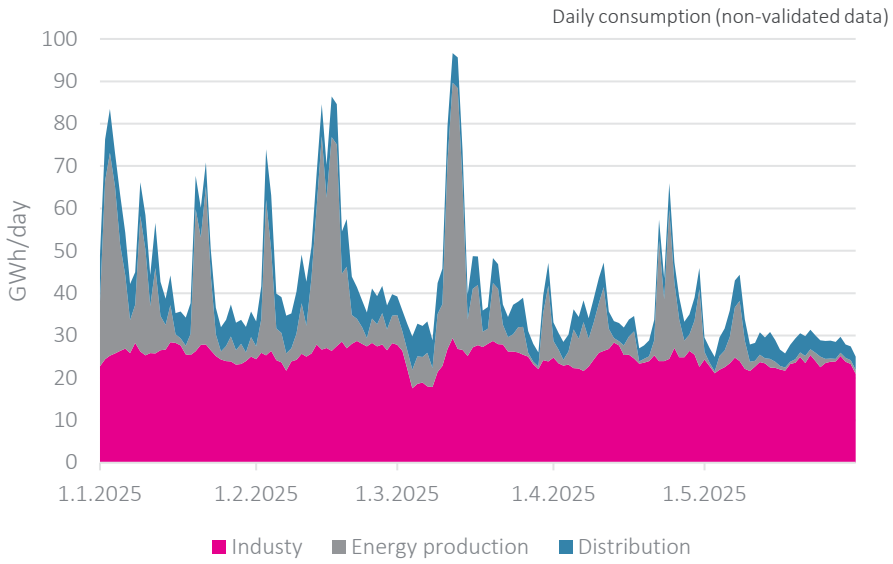
Market Update

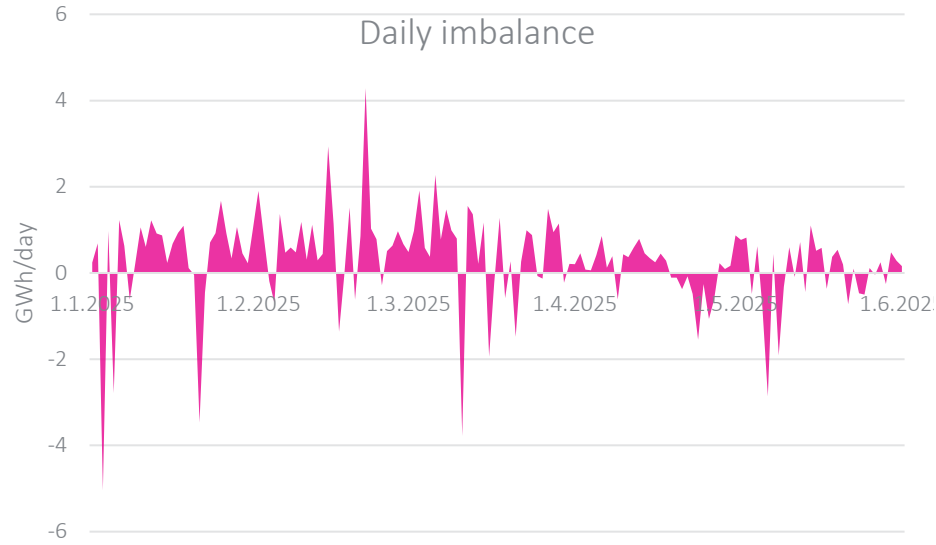
Aaro Piirainen, Gas Market specialist

03/06/2025

Market overview

- Finnish gas consumption has been slightly lower 2025 vs 2024 so far:
  - Mild winter, electricity prices/energy market conditions
  - Q1/2025 ≈ 4,3 TWh (Q1/2024 ≈ 5,2 TWh)
  - 1-5/2025 ≈ 6,4 TWh (1-5/2024 ≈ 6,8 TWh)
  - During May, gas consumption has been stable around 25-30 GWh/d mainly to the industrial sector use
- Balancing of BRP's has been on a good level and market status has been stable especially during 4-5/2025
  - No need for TSO balancing actions / adjusting balance gas price during Q2 so far
- BC capacity restrictions during June:
  - Technical BC exit (FI→EE) capacity = 5 GWh/d
  - Technical BC entry (EE→FI) capacity = 0 GWh/d
  - Due to planned maintenance works at Baltic system side
  - Updated BC capacity allocation mechanism (10/2024) allows use of virtual capacity if nominations to opposite direction (max 24 GWh/d or 1 GWh/h)
  - Limited operational flexibility during June → close eye on the balancing (TSO and BRP's)
- Inkoo LNG terminal was filled up last week, next cargo scheduled for end of June





Updated balancing model and balance situation monitoring

- Gasgrid has reviewed and updated its internal balance monitoring, procedure and balancing model during end of 2024
  - Focus on the cost efficiency of balancing providing more stability to the neutrality charge unit prices
  - Taking into account the daily forecasted imbalance for the ongoing gas day, accumulated surplus or deficit of imbalances and considering the operational flexibility limits during each time when determining the need and weight of the balancing actions (balance gas price and volume bought/sold)
  - Successful since updating the model → monthly neutrality charges low / close to 0 €/MWh during 2025
  - May neutrality price will also be close to zero. Will be published once final variables within calculation are confirmed later during June.

Month/Year	MWh exit total*	€/MWh
2025		
January	2 954 726	0,00877
February	3 024 456	-0,01469
March	2 566 015	0,03840
April	2 396 252	0,00413
May		
June		
July		
August		
September		
October		
November		
December		

If the neutrality charge is positive, Gasgrid charges the balance responsible party. If the neutrality charge is negative, Gasgrid compensates the balance responsible party.

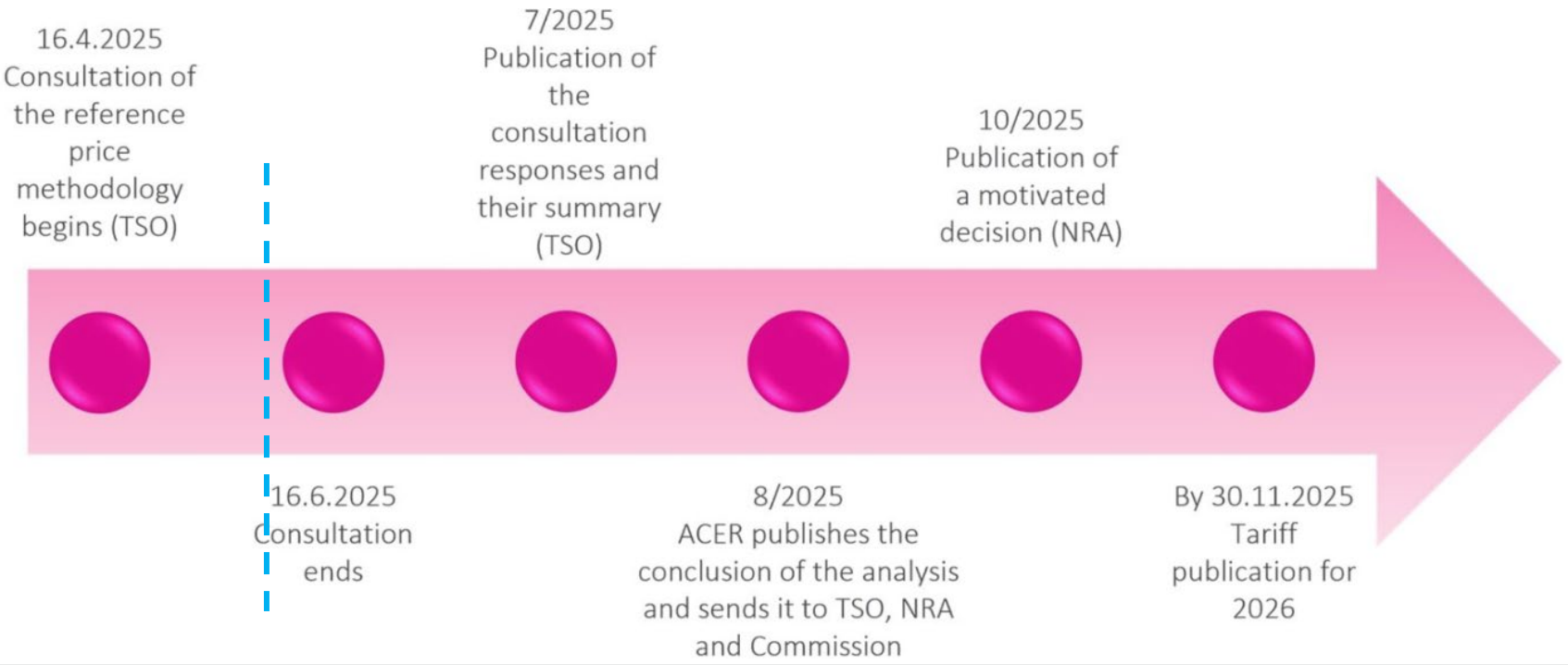
03/06/2025

Consultation on the Transmission service pricing for 2026

Elina Mäki & Henriikka Pilpola

Tariff process for 2026

- Two parallel transmission tariff consultations open until June 16. The proposed tariffs would enter into force 1 January, 2026 at 07:00 EET.
  - Tariff methodology consultation organized by Gasgrid
  - Consultation on the tariff discounts, seasonal factors and multipliers organized by the Finnish NRA.

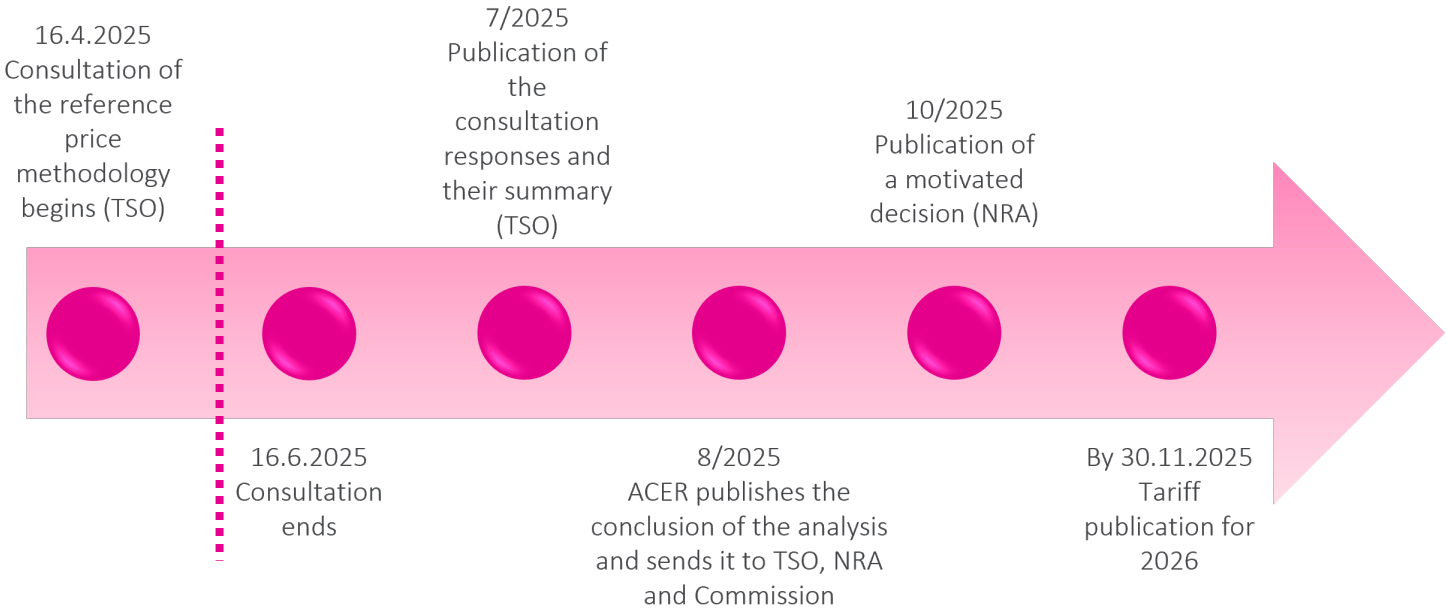


Periodic Consultation of Tariff Methodology 2025

Aaro Piirainen, Gas Market specialist

Consultation of the Reference Price Methodology (RPM)

- Gasgrid Finland is organizing a periodic consultation on the RPM (16.4.-16.6.2025)
- Based on EU Tariff Network Code (TAR NC), which sets union wide tariff related principles.
- TAR NC requires member states to organize periodic consultation on the RPM at least in every 5 years. Last consultation was organized 2020
- This consultation concerns the **RPM**.
  - (In parallel with this consultation, Finnish Energy Authority (Energiavirasto) organizes separate consultation regarding tariff multipliers, discounts and seasonal factors.)



Content of the consultation

- TAR NC Art. 26 defines the main scope of the consultation. Consultation includes:
  - Technical characteristics of Finnish transmission system
  - Financial values of Gasgrid Finland (allowed revenue, transmission service revenue for the ongoing regulatory period of 2024 - 2027)
  - Description of Inter-TSO Compensation (ITC) mechanism (FI, EE-LV) and its impacts on RPM calculation
  - Description of the proposed RPM (postage stamp) and its calculation
  - Calculation of Capacity Weighted Distance (CWD) method
  - Comparison to the Capacity Weighted Distance (CWD) method
  - Indicative commodity-based and non-transmission tariffs
  - Proposed new tariff component (connection capacity charge)
  - Cost Allocation Assessment (CAA)

ITC agreement between Finnish, Estonian and Latvian TSOs

- Common entry tariff zone between the 3 TSOs since 1.1.2020
- **Same level of entry tariff for all external points** (same unit price, same short-term multipliers)
- **Simple to implement and beneficial for the gas users and shippers** within the common entry tariff area
- **Entry revenue treated as a virtual revenue pool**
- **Compensation of variable costs of compressor units** involved in supporting the gas flows in the region from the virtual revenue pool
- **Monthly sharing of residual of pooled revenue** (after compensation of variable costs) according to ITC shares – based on the market share of the country
- The result of ITC process is treated as part of transmission service revenue, reducing the share of transmission service revenue collected from exit points.

ITC agreement between Finnish, Estonian and Latvian TSOs

- Calculation example to illustrate the ITC mechanism (*simple exemplary values, not reflecting the actual figures*)
- Assumptions:
  - Share of Finnish market = 50 %, Estonian and Latvian market shares 25 % each
  - Entry revenue pool 10 M€ (collected from entry points of the common tariff zone)
  - Gasgrid Finland has eligible variable cost of 1 M€, no eligible variable costs for Estonian or Latvian TSOs

1) Eligible variable costs are subtracted from the entry revenue pool

$$Entry\ revenue\ pool\ for\ redistribution = 10\ M€ - 1\ M€ = 9\ M€$$

Finnish TSO keeps 1 M€ itself.

2) Entry revenue pool is redistributed based on the share of national market

- Finnish TSO: 50 % * 9 M€ = 4,5 M€
- Estonian TSO: 25 % * 9 M€ = 2,25 M€
- Latvian TSO: 25 % * 9 M€ = 2,25 M€

Principles and alignments used in Reference Price calculations

- CWD calculation required by the TAR NC to be calculated as a reference for the proposed postage stamp RPM
- In CWD calculation, 50/50 entry-exit split must be used
  - ITC agreement is excluded from CWD calculation, because the harmonized entry reference price and capacity with no price at BC are not possible with CWD methodology.
  - With CWD Finland evaluated as its own entry-exit area
- Following assumptions are used in the calculations:
  - Finnish domestic gas consumption 14 TWh/year
  - Transit flow (BC exit) 6 TWh/year
  - Total collected revenue from capacity tariffs 68,8 M€ (allowed revenue – commodity based tariff – connection capacity charge)

Estimated flow scenario for CWD

Entry point	Estimated share from total entries
Inkoo LNG entry	78 %
Balticconnector entry	20 %
Hamina LNG entry	2 %
Exit point	**Estimated share from total exits**
Exit Zone (domestic consumption)	70 %
Balticconnector exit	30 %

Annualization factor

- Shares of different short-term capacity products need to be considered in the reference price calculations, as shippers do not only book yearly capacity product.
- Annualization factor considers the estimated shares and multipliers of the booked capacity products:

$$Annualization\ factor = \sum(share\ of\ each\ capacity\ product * multiplier\ of\ the\ product)$$

Capacity product (ExitZone, Fi)	Share [%]	Multiplier
Year	36	1
Quarter	34	1,1
Month	8	1,25
Day	14	2
Within-day	8	2,5

Capacity product (Entry, Fi)	Share [%]	Multiplier
Year	1	1
Quarter	29	1,1
Month	36	1,25
Day	31	1,5
Within-day	4	1,7

Capacity product (Entry, ITC)	Share [%]	Multiplier
Year	38	1
Quarter	26	1,1
Month	16	1,25
Day	16	1,5
Within-day	2	1,7

Capacity point	Annualization factor
ExitZone (Fi)	1,31114
Entry (Fi)	1,30009
Entry (ITC)	1,16675

Annualized estimated capacity bookings

- After applying the annualization factor, the estimated capacity bookings are following:

Annualized Entry (ITC)	16 334 479	MWh/year
Annualized Exit (ITC)	18 355 960	MWh/year
Annualized Entry (no ITC)	26 001 752	MWh/year
Annualized Exit (no ITC)	26 222 800	MWh/year

- With the ITC agreement in place, annualized entry and exit quantities are smaller than without ITC agreement in place, because with ITC agreement there is no tariff at BC and entry capacity revenue is allocated according to the countries consumption share.

Capacity Weighted Distance RPM

- The cost drivers for the CWD calculation are distance and capacity.
- Distributes all costs among network points considering both the location of the point within the system, and the booked capacity on each point.
- For all entry points, the total booked capacity is “distributed” among the exit points proportionally to their booked capacity values. The full distance that the gas flows in the system is calculated by using the capacity weighted distances from the given entry point to all exit points. The same principle applies for exit points.
- TAR NC requires 50/50 entry/exit split for CWD calculation. The harmonized entry tariff cannot reach the share of 50 % with any arrangement in Finland.
- ITC-mechanism is made for the region where postage stamp methodology is applied in all countries involved in the common zone → CWD calculation together with ITC agreement is not part of this consultation.
  - CWD calculation is made for the case “Finland is not part of any integration and forms its separate entry-exit-area”

Capacities with CWD calculation

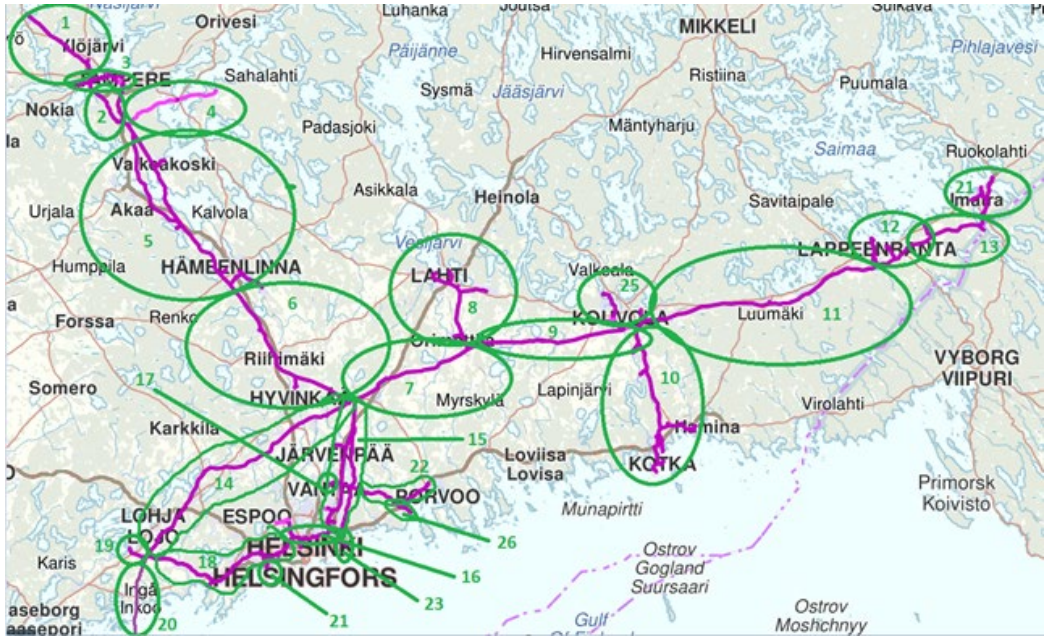
- Technical entry capacities used in the calculation are following

Entry point	Technical maximum capacity [MWh/day]	Share of entry capacity from total maximum entry capacity [%]
Inkoo LNG entry	140 000	64,67
Balticconnector entry	70 500	32,56
Hamina LNG entry	6 000	2,77

- Firm capacity is not published for Finnish exit zone, Gasgrid Finland has evaluated there is plenty of capacity available for market participants and the capacity can be booked without any limitations.

  → technical capacities for clustered exit points are based on the technical capacities concluded in the connection agreement between TSO and the customer.

- Exit points at the exit zone are clustered for simplification, because there are many small-scale exit points in Finland.
- Exit zone is divided for 25 clustered exit points for CWD reference price calculation.
- 3 entry points included to the calculation (BC, Inkoo LNG and Hamina LNG). Biogas entry points are excluded for simplicity due to relatively small capacity having limited impact on the reference price values.



Capacity weighted average distances with CWD

- Capacity Weighted Average Distance is calculated for each entry and exit point in Finnish gas system.
- It is used for determining the weight of each entry and exit point, which sets the target revenue to be collected from each entry and exit point.

Entry point	Capacity weighted average distance [km]
Inkoo LNG entry	179
Balticconnector entry	179
Hamina LNG entry	194

- As Inkoo LNG entry point and Balticconnector entry point are located close to each other, the same weighted average distance is applicable for both entry points

CWAD from exit point to all entry points

Exit point	Capacity weighted average distance [km]
Kyrokoski branch	314
Nokia branch	294
Marjamäki - Nokia	287
Kangasala branch	290
Hämeenlinna - Marjamäki	250
Mäntsälä - Hämeenlinna	198
Leipälänkulma - Mäntsälä	153
Lahti branch	212
Kouvola - Leipälänkulma	218
Kotka branch	270
Hanhijärvi - Kouvola	262
Lappeenranta branch	327
Imatra - Hanhijärvi	334
Mäntsälä - Pölans	79
Mäntsälä - Suurmetsäntie	144
Suurmetsäntie - Vihdintie	126
Martinlaakso branch	124
Vihdintie - Djupström - Pölans	103
Pölans - Kirkniemi	68
Inkoo - BC offshore	8
Imatra branch	369
Porvoo branch	173
Vuosaari branch	143
Suomenoja branch	111
Kuusankoski branch	241
Kilpilahti branch	174

CWD reference prices

- Calculations give following reference prices for the CWD:

Entry point	Entry tariff [€/kWh/day/year]	Entry tariff [€/MWh]
Inkoo LNG entry	0,39940	1,09425
Balticconnector entry	0,78440	2,14903
Hamina LNG entry	0,72387	1,98320

- Large differences between the reference prices determined by CWD method
- CWD methodology derives unreasonably high reference prices for certain exit points, that have a great technical capacity, but relatively small consumption .

Exit point	Exit tariff [€/kWh/day/year]	Exit tariff [€/MWh]
Kyrokoski branch	2,7981	7,6661
Nokia branch	5,5055	15,0835
Marjamäki - Nokia	1,2727	3,4868
Kangasala branch	1,0710	2,9342
Hämeenlinna - Marjamäki	0,7263	1,9900
Mäntsälä - Hämeenlinna	0,4729	1,2956
Leipälänkulma - Mäntsälä	0,5076	1,3908
Lahti branch	2,9912	8,1950
Kouvola - Leipälänkulma	0,4801	1,3152
Kotka branch	0,8656	2,3716
Hanhijärvi - Kouvola	1,4218	3,8953
Lappeenranta branch	8,2534	22,6120
Imatra - Hanhijärvi	0,6209	1,7012
Mäntsälä - Pölans	0,3808	1,0434
Mäntsälä - Suurmetsäntie	1,6942	4,6418
Suurmetsäntie - Vihdintie	0,2671	0,7317
Martinlaakso branch	1,4063	3,8528
Vihdintie - Djupström - Pölans	0,4022	1,1020
Pölans - Kirkniemi	0,6478	1,7748
Inkoo - BC offshore	0,0105	0,0289
Imatra branch	2,5221	6,9098
Porvoo branch	0,8135	2,2286
Vuosaari branch	0,5024	1,3763
Suomenoja branch	0,6890	1,8876
Kuusankoski branch	0,4656	1,2756
Kilpilahti branch	0,1938	0,5308

Postage stamp reference price calculations (proposed RPM)

- The postage stamp methodology foresees the same reference price at all entries and the same reference price at all exits. Location within the transmission system does not matter, because the tariff is the same.
- The key drivers affecting to the reference price are: estimated (forecasted) booked capacity and revenue to be collected by capacity tariffs.

$$Reference\ price = \frac{Revenue\ to\ be\ collected\ from\ entry/exit\ points}{Booked\ entry/exit\ capacity}$$

- For the sake of comparison, three different cases have been calculated for postage stamp method:
  1. Postage stamp with ITC agreement (current and proposed model), entry reference price set to harmonized value (0,14277 €/kWh/day/year)
  2. Postage stamp without ITC, entry reference price set to the harmonized value
  3. Postage stamp without ITC, 50/50 entry/exit revenue split

Postage stamp calculation results

- Postage stamp calculation for the three cases give following results:

	Case 1 - ITC	Case 2 – no ITC	Case 3 – no ITC 50/50 split	unit
Entry revenue	6 389 243	10 170 603	34 400 000	€
Exit revenue	62 410 757	58 629 397	34 400 000	€
Total revenue	68 800 000	68 800 000	68 800 000	€
Entry reference price	0,14277	0,14277	0,48289	€/kWh/day/year
Exit reference price	1,24101	0,81607	0,47882	€/kWh/day/year
Total reference price	1,38378	0,95884	0,96171	€/kWh/day/year

- Calculated reference price for cases without ITC agreement result in lower reference prices as the transit flow is taken into account causing higher volumes subject to tariffs and reducing the unit price. However, without ITC agreement tariff would need to be placed at BC both sides of the border, which is estimated to negatively impact the cross-border trading between the market areas.
- Without the ITC agreement, for the Finnish gas user, imposing a tariff on the Balticconnector would mean that the gas coming from Estonia would have to be at least equally cheaper than exit tariff set by Estonian TSO and entry tariff set by Gasgrid Finland, so that it would be worth crossing the border.
- Gasgrid proposes to continue applying the current postage stamp reference price calculation method with the ITC agreement in place between Finland, Estonia and Latvia

Comparison of reference prices (CWD vs. Postage Stamp)

- Reference prices calculated according to the CWD methodology results in high price differences in the system which would most likely lead to decreasing gas use and have increasing impact on reference prices.
- With CWD those exit points having high technical capacity, but relatively low estimated booked capacity would be subject to high reference prices.
- Uniform reference prices according to the postage stamp methodology provides more transparent price signal compared to the CWD and enables shippers to reproduce the tariff calculation based on their total expected capacity bookings.
- The flow scenarios have an impact on the reference prices calculated by CWD methodology while postage stamp methodology does not consider which point is used and how much.
- CWD methodology would not allow applying exit zone principle, because the exit tariffs are different in each exit point. This would mean that capacity should be booked for each exit point separately.

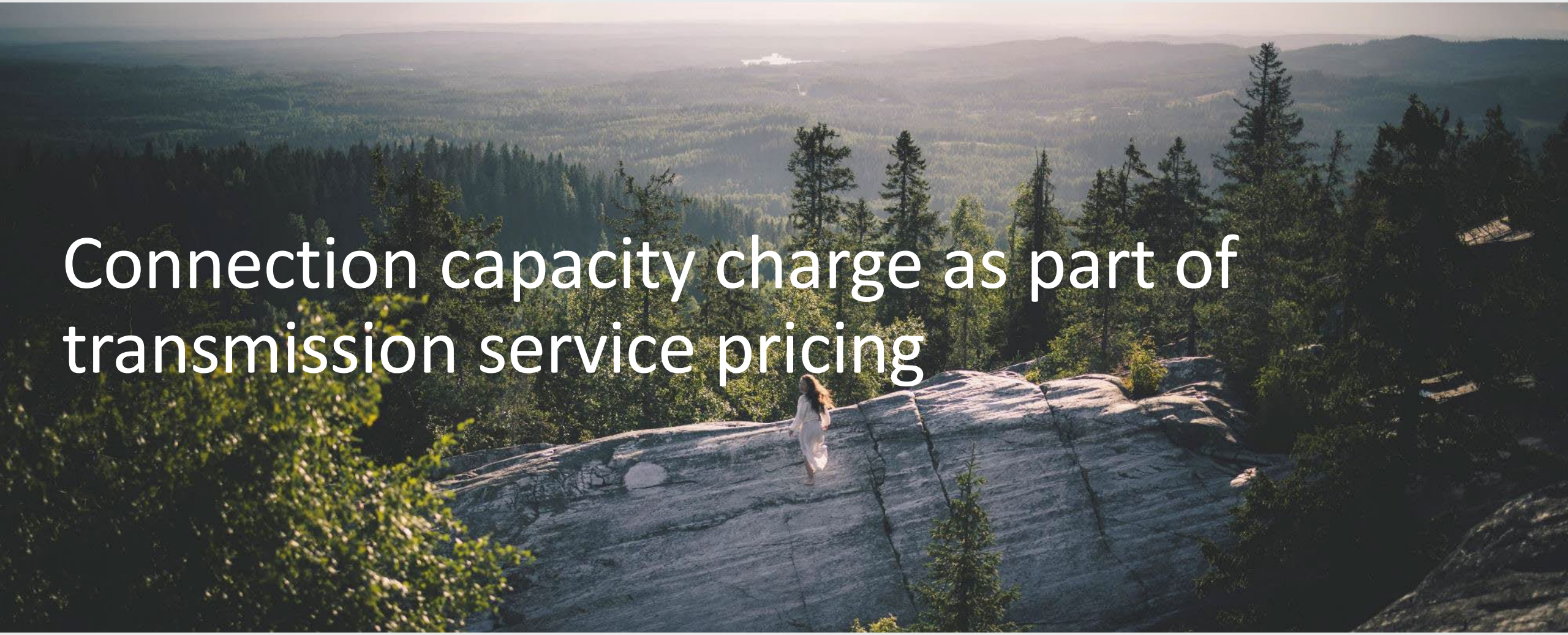
The proposed RPM - postage stamp methodology including common entry-tariff area with Estonia and Latvia with ITC agreement

- Postage stamp methodology is simple and straightforward. It enables to import gas through entry point from where it is cheapest.
- The postage stamp methodology enables better predictability for tariffs than CWD methodology. In CWD, the decision of a single customer in certain pipeline branch may have significant impact on the transmission price level of the branch due to the change in the consumption in that area.
- Common tariff zone with ITC mechanism is based on the principle where postage stamp is applied separately in each country → ITC mechanism can not be applied with the CWD mechanism.
- The proposed postage stamp model facilitates cross-border trade in the common tariff zone, because there is no tariff at BC.

Gasgrid invites market participants to provide opinions

- Submit opinions and comments by 23.59 EEST on 16th June 2025
- Send responses via e-mail to customerservice@gasgrid.fi and kirjaamo@energiavirasto.fi
- Responses and their summary will be published on Gasgrid Finland's website within one month after consultation ends
- Include a non-confidential version of your response suitable for publication

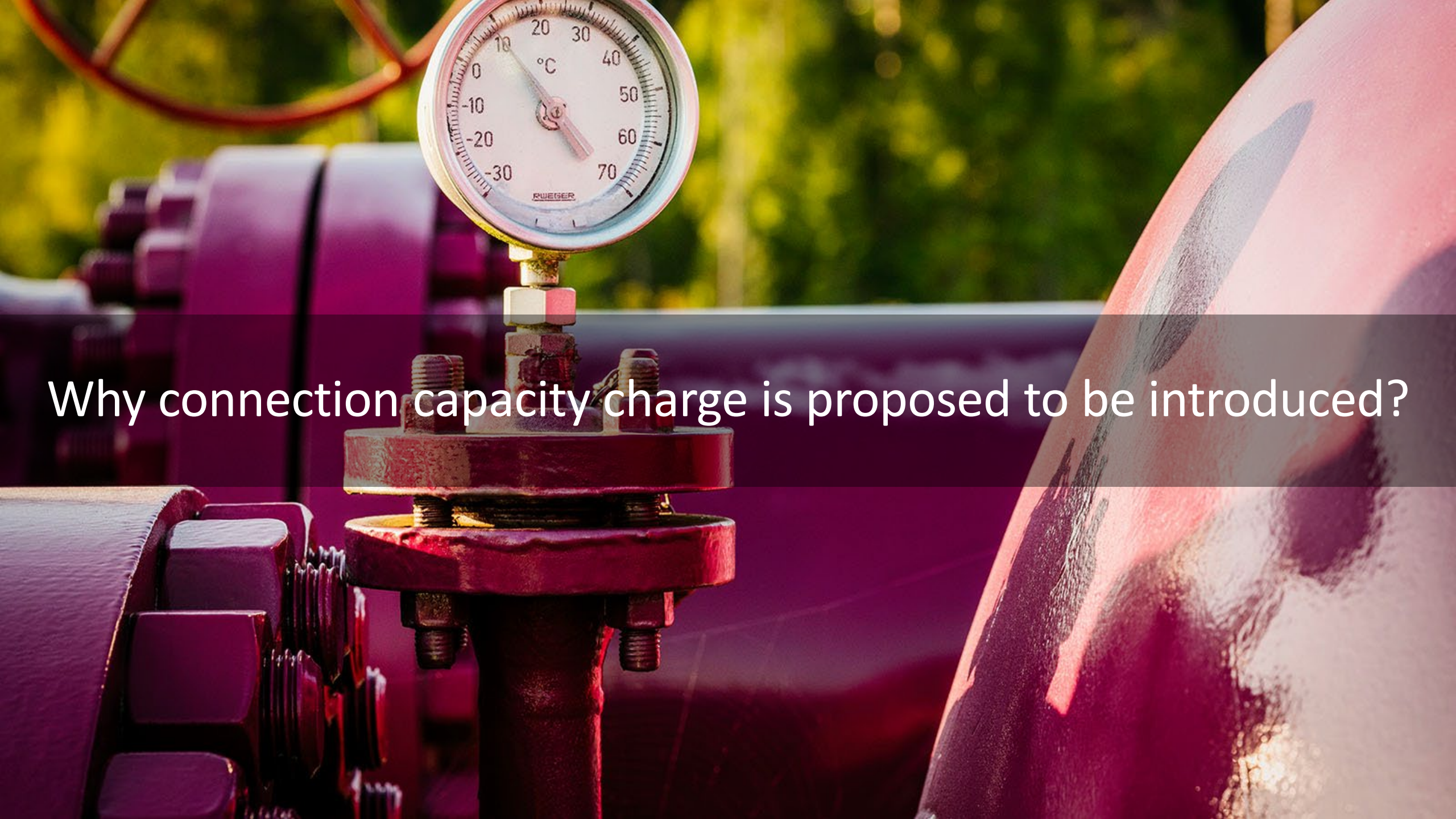

Thank you!
Questions?



Connection capacity charge as part of transmission service pricing

Connection capacity charge

- Connection capacity charge is designed to be based on the connection capacity agreed in the connection agreement between the connecting party (either transmission network end user or distribution system operator) and Gasgrid Finland.
- The connection capacity charge would be part of the transmission tariff model. **The introduction of the connection capacity charge will not have any impact on the allowed revenue** which will still be determined according to the Energy Authority's regulatory method.
- The gas transmission tariff model at the Finnish exit zone is proposed to be based on the following components:
  - Exit capacity products, which are charged according to the tariffs of booked capacity products
  - A commodity charge, which is charged based on the amount of gas transmitted.
  - Connection capacity charge.
- The connection capacity charge would be invoiced monthly to each shipper delivering gas to each connection point in the same way as capacity products and commodity charges are currently invoiced.
- Gasgrid proposes that the connection capacity charge would be implemented from the start of the tariff period 2026 (1 January 2026 at 07:00 EE(S)T).



Why connection capacity charge is proposed to be introduced?

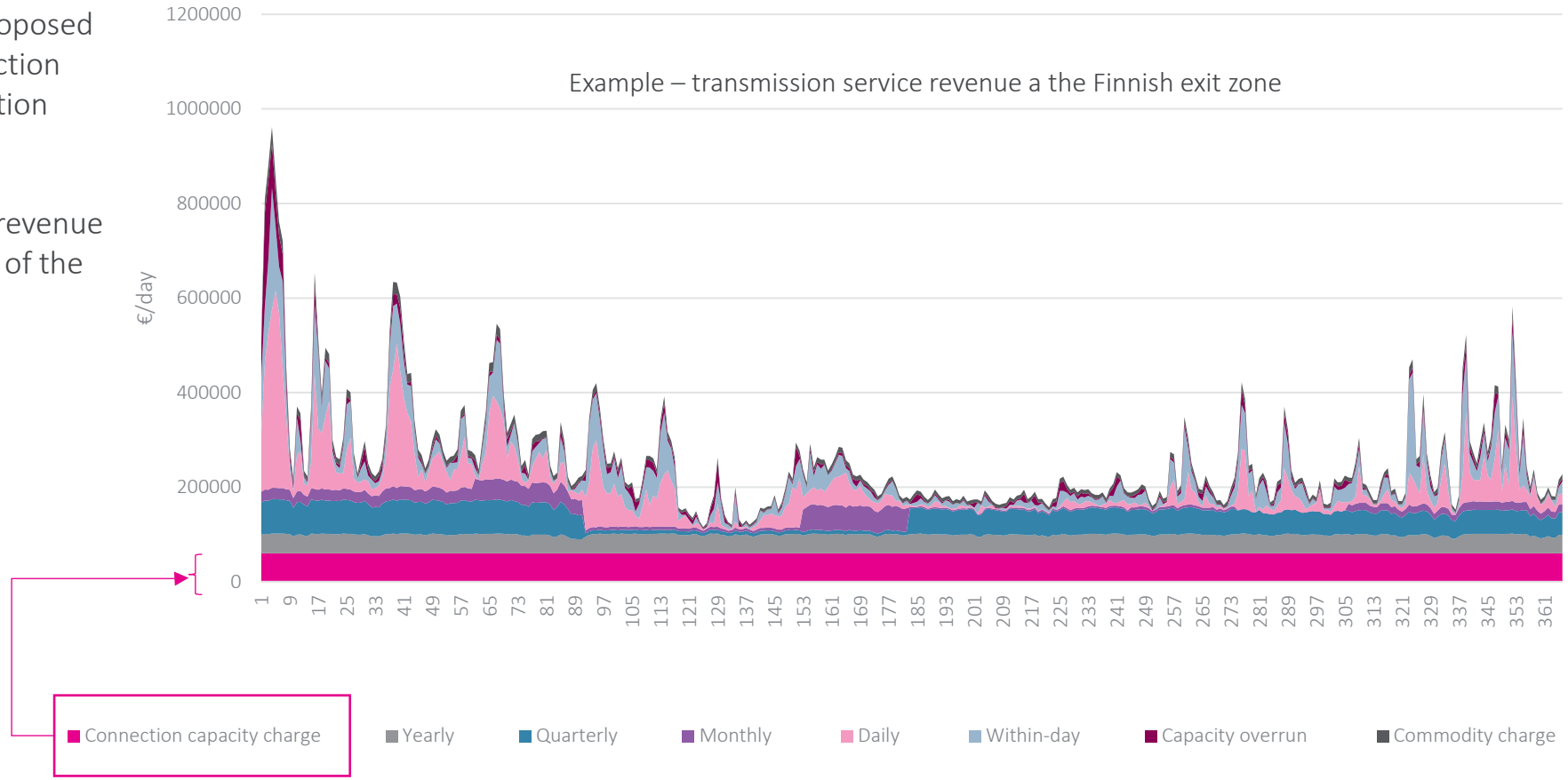
Why connection capacity charge is proposed to be introduced?

- An increasing share of gas transmission costs is borne by industrial end-users, posing a challenge to the equal treatment of network users. Gasgrid view is that the current tariff model favors network users with unpredictable consumption – by introducing the connection capacity charge, the costs and transmission service fees between the network user groups would be more balanced.
- Regardless of the gas consumption profile of network users, the gas transmission infrastructure is available to all users throughout the year. Gasgrid maintains the gas infrastructure based on connection capacities (i.e., peak demand requirements). The ability of the gas infrastructure to transmit gas at high capacity when needed by a network user provides inherent value.
- Since the current gas transmission tariff model is based on consumption-driven capacity and commodity charges, an increasing share of gas transmission costs is borne by industrial end-users. This poses a challenge to the principle of equal treatment among network users.

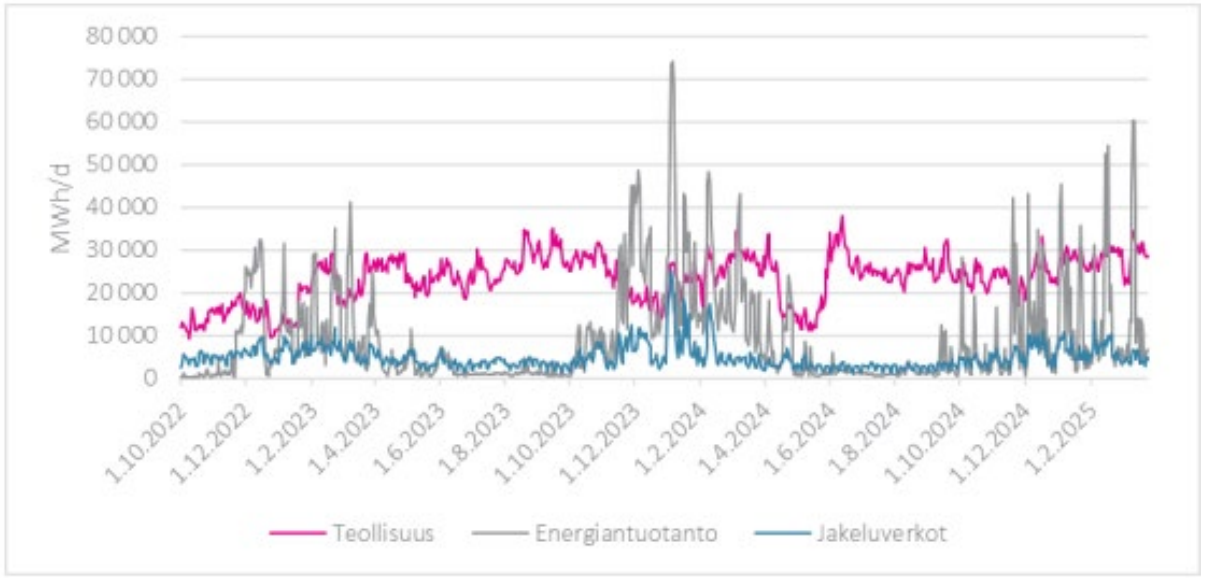
The connection capacity charge will increase the predictability of transmission service revenue, and further the transmission pricing for shippers.

The connection capacity charge is proposed to be based on the applicable connection capacities determined in the connection agreements.

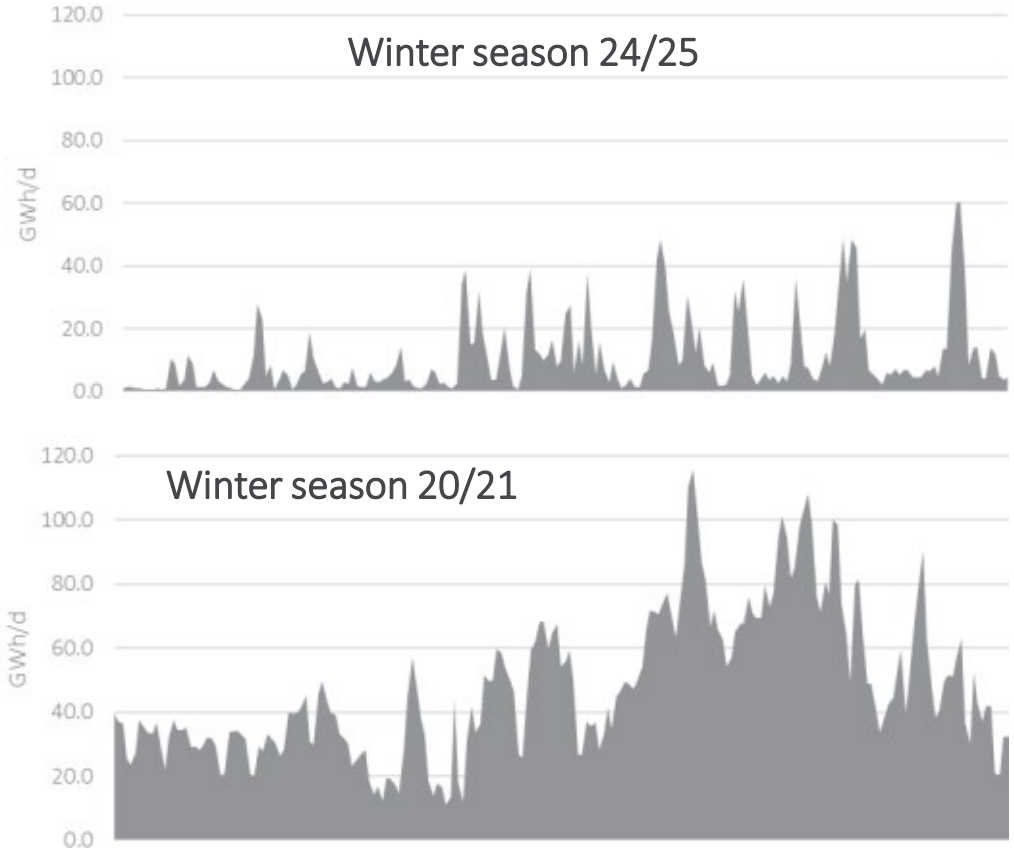
Its share of the transmission service revenue is designed to be approximately 20% of the total transmission service revenue.

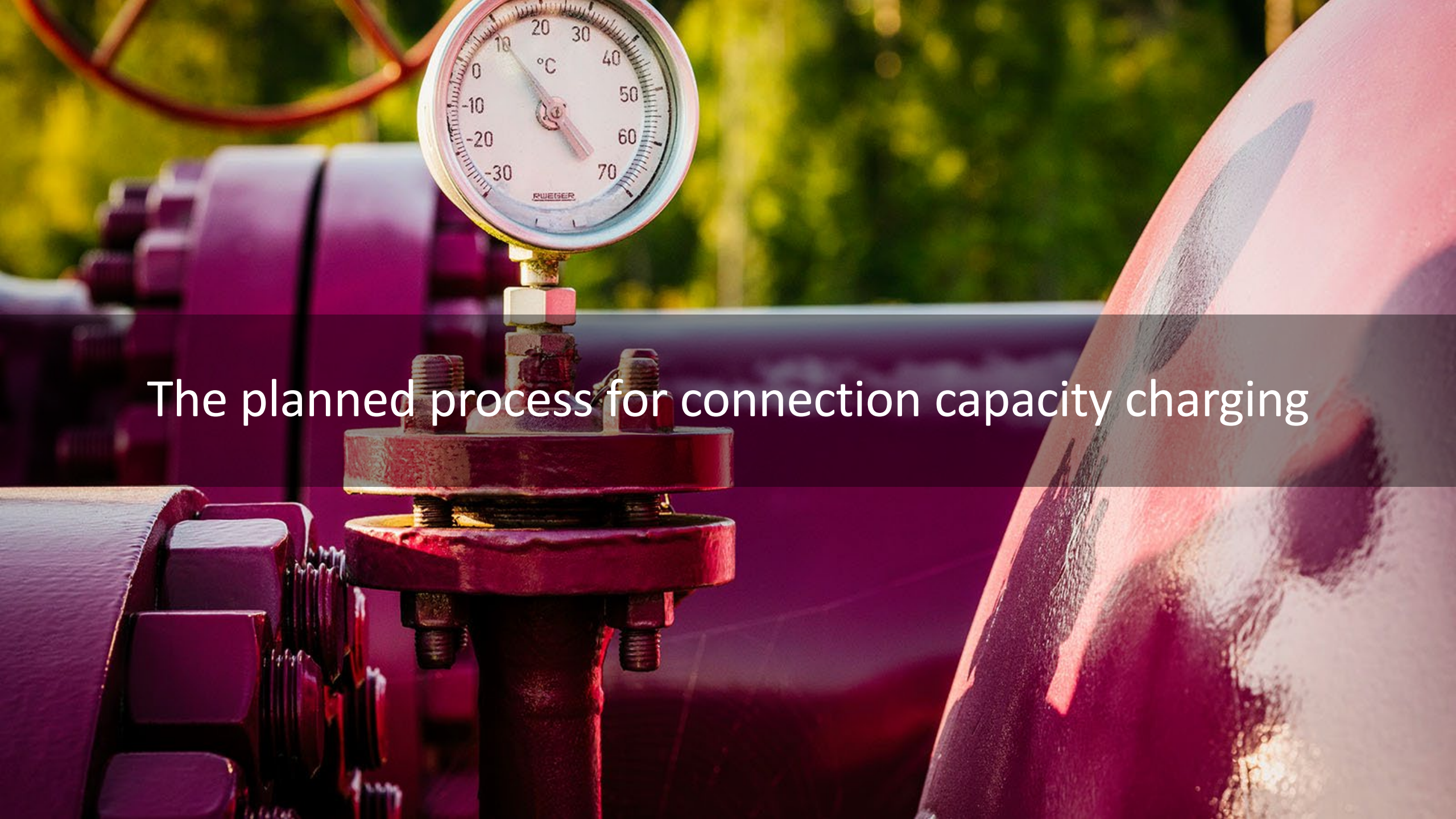


The gas consumption profile in energy production has changed significantly in recent years. Nowadays, energy production primarily uses gas during peak consumption periods primarily when electricity price level is high, resulting in low gas usage for most of the year. On the other hand, industrial end-users require gas more consistently throughout the year.



Gas consumption of the energy production segment in Finlan





The planned process for connection capacity charging

The connection capacity charge would be invoiced to each shipper based on the connection capacity of the transmission network end user

The transmission network end user informs the shipper delivering gas to the exit point.

→ Shipper delivering gas is aware of the connection capacity of the exit point.

Gasgrid has information on the connection capacities based on which the invoicing of the connection capacity charge addressed to the shippers will be performed.

→ Information provided by the end user for the shipper and the invoiced amount from the shipper should match.

If the transmission network end user amends the connection capacity, it must inform shipper that the shipper is aware on the change.

The connection capacity charge would be invoiced to each DSO based on the connection capacity of the city-gate (connection point between TSO and DSO networks

The TSO addresses the connection capacity charge invoice to the DSOs based on the netted connection capacities of the city-gates belonging to the DSO.

Through the city-gates several shippers may deliver gas to DSO network end users due to which it would be ibe active in

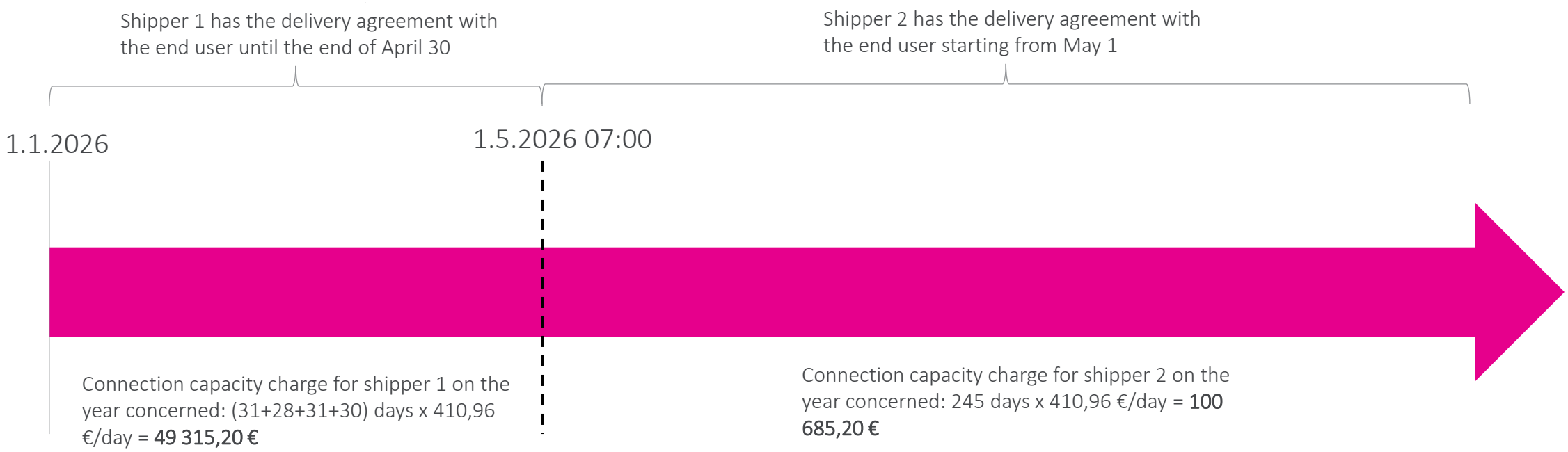
DSO has information on the capacities of the DSO network end users.

DSO could pass the connection capacity charge to their connection customers as part of the distribution service.

The connection capacity charge would remain fixed for a year, but the basis for invoicing the connection capacity charge would be determined daily. The connection capacity charge would be transferred to a new shipper from the gas delivery day when the new shipper takes responsibility for the gas deliveries to the consumption point.

Example:
Connection capacity charge is 1000 €/MW
Connection capacity 150 MW

- Annual connection capacity charge = 1000 €/MW x 150 MW = 150 000 €.
- Basis for invoicing the connection capacity charge would be determined daily = 150 000 € / 365 = 410,96 €/day



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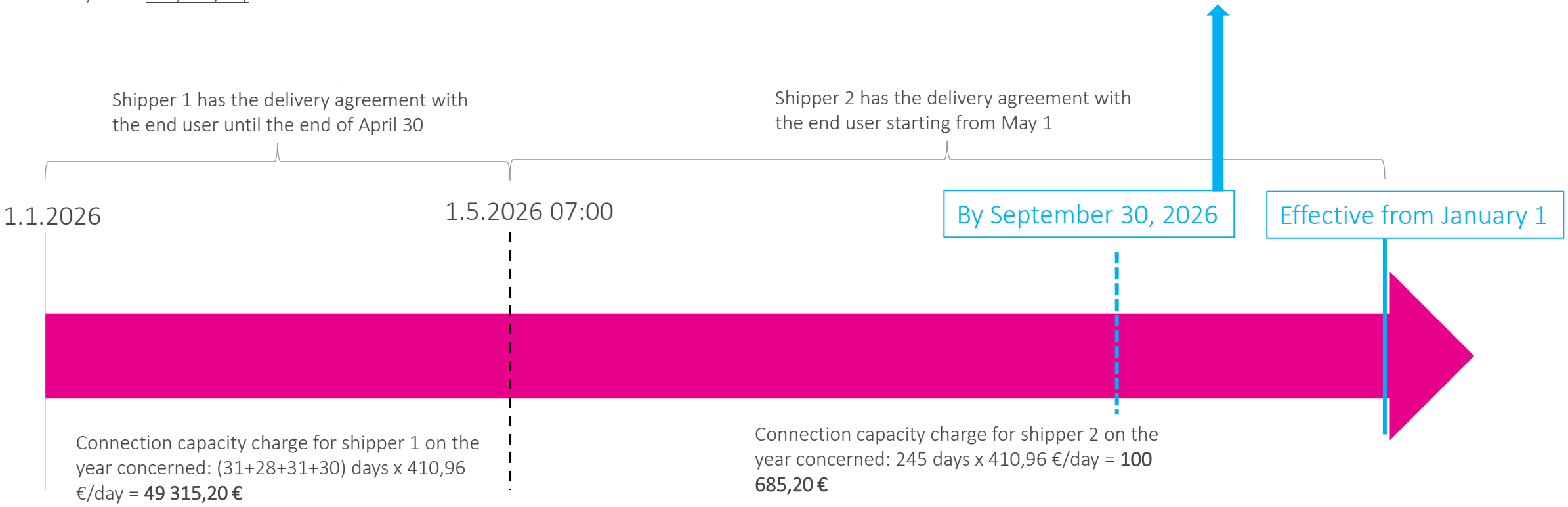
Connection capacity charge is 1000 €/MW
Connection capacity 150 MW

- Annual connection capacity charge = 1000 €/MW x 150 MW = 150 000 €.
- Basis for invoicing the connection capacity charge would be determined daily = 150 000 € / 365 = 410,96 €/day

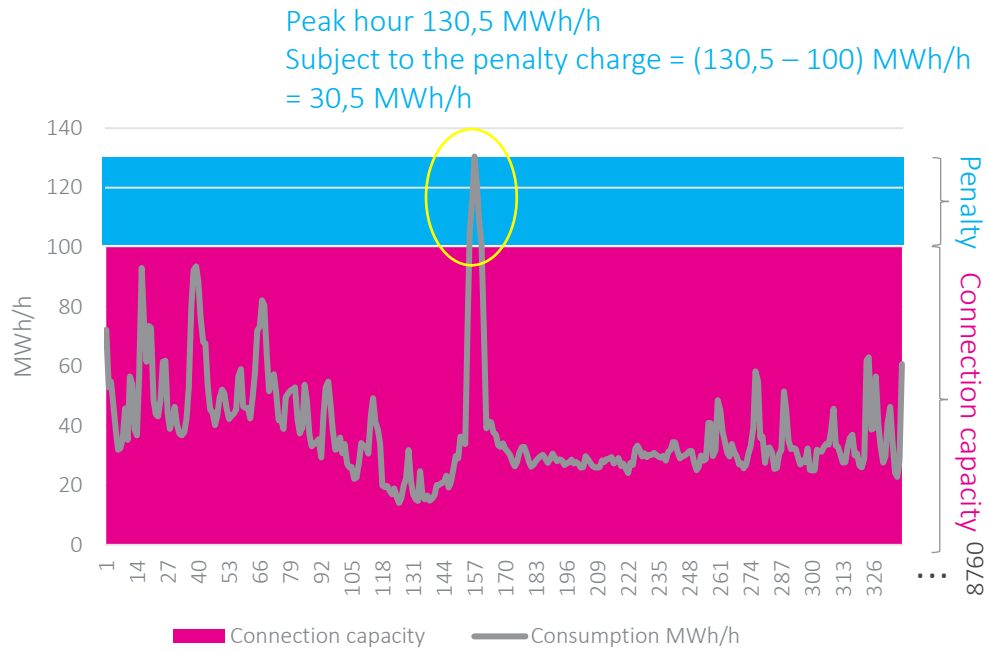
The connection capacity could be reviewed once a year by the transmission network end user/DSO by the end of September. The amended connection capacities take effect at the beginning of the next calendar year.



The connection capacity charge

- The designed connection capacity charge for the tariff period 2026 is proposed to be 1188,74 €/MW. This would cover approximately 20 % of the targeted transmission service revenue for 2026.
- As the connection capacity charge is proposed to be based on connection capacity agreed in the connection agreement the actual consumption must not exceed the connection capacity.
  - If the actual hourly consumption (MWh/h) would exceed the connection capacity agreed in the connection agreement, a penalty charge for the breach of agreement shall be imposed on shippers in situations where the user's declared capacity demand is exceeded.
  - The penalty review period and billing cycle is the calendar year.
  - **The penalty charge for the year 2026 is three times the connection capacity charge.**

Example: Connection capacity = 100 MW
The graph demonstrates the hourly consumption of the year 8760 hours



Annual charge: connection capacity charge x connection capacity + capacity exceeding connection capacity x penalty charge

Charge [€] = 1188,74 €/MW x 100 MW + 30,5 MW x (3 x 1188,74) €/MW = **227 643,70 €**

Penalty charge for each calendar year would be invoiced in the beginning of the following calendar year after the validated consumption data is available.


Tariff discounts for renewable and low-carbon gases

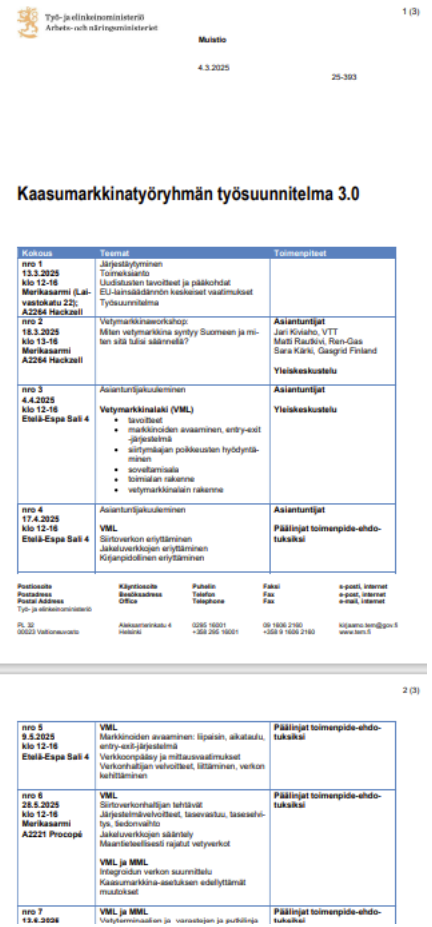
Tariff discounts for renewable and low-carbon gases

- In order to exploit the most economic locations for the production of renewable gas and low-carbon gas, network users should benefit from discounts in capacity-based tariffs.
- The reduction recognized in the regulation is 100% for renewable gas and 75% for low-carbon gas.
- The discount does not affect the general tariff setting methodology but the tariff discount would be provided ex post. In order to benefit from the discount, shippers should submit to the TSO the required information (Proof of Sustainability or the Guarantees of Origin as the case may be).
- Gasgrid proposes that the discounts would be implemented from the start of the tariff period 2026 (1 January 2026 at 07:00 EE(S)T).
- A discount can be granted for the so called container entry point if the shipper can demonstrate in the sustainability certificate (proof of sustainability) that the container from which the renewable or low-carbon gas is injected into the Finnish gas system has been transported by the most direct route from the renewable or low-carbon gas production facility.

Status update of the EU gas package implementation

Status update of the EU gas package implementation

- The dedicated working group for preparing the implementation of the gas package was established in mid-February 2025.
- The working group includes representatives from key ministries, regulatory authorities, and energy sector stakeholders. It also involves permanent experts from industry associations and allows for invited specialists, such as from the hydrogen cluster, to participate as needed.
- Objective of the legislation working group is to prepare a government proposal for hydrogen market legislation and implement EU Gas Package–related amendments to the Natural Gas Market Act.
  - Gasgrid position in the implementation work is that legislation must be enabling as nature, because at this stage we do not have in-depth knowledge of the functionalities of the hydrogen market.
- Drafts for the Hydrogen Market Act and amendments to the Natural Gas Market Act shall be completed by November 28, 2025.
- The gas package must be fully implemented at the national level by 5 August 2026, which is the deadline set by the EU directive.



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Arbets- och näringsministeriet

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Muistio

4.3.2025

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Kaasumarkkinatyöryhmän työsuunnitelma 3.0

Kokous	Teemat	Toimenpiteet
nro 1 13.3.2025 klo 12-16 Merikasarmi (Laivastokatu 22); A2264 Hackzell	Järjestäytyminen Toimeksianto Uudistusten tavoitteet ja pääkohdat EU-lainsäädännön keskeiset vaatimukset Työsuunnitelma	
nro 2 18.3.2025 klo 13-16 Merikasarmi A2264 Hackzell	Vetymarkkinaworkshop: Miten vetymarkkina syntyy Suomeen ja miten sitä tulisi säännellä?	**Asiantuntijat** Jari Kiviaho, VTT Matti Rautkivi, Rein-Gas Sara Kärki, Gasgrid Finland **Yleiskeskustelu**
nro 3 4.4.2025 klo 12-16 Etelä-Espa Sali 4	Asiantuntijakuuleminen **Vetymarkkinalaki (VML)** • tavoitteet • markkinoiden avaaminen, entry-exit -järjestelmä • siirtymäajan poikkeusten hyödyntäminen • soveltamisala • toimialan rakenne • vetymarkkinalain rakenne	**Asiantuntijat** **Yleiskeskustelu**
nro 4 17.4.2025 klo 12-16 Etelä-Espa Sali 4	Asiantuntijakuuleminen **VML** Siirtoverkon eriyttäminen Jakeluverkkojen eriyttäminen Kirjanpidollinen eriyttäminen	**Asiantuntijat** **Päälinjat toimenpide-ehdotuksiksi**

Postiosoite / Postadress / Postal Address
Työ- ja elinkeinoministeriö
PL 32
00023 Valtioneuvosto

Käyntiosoite / Besöksadress / Office
Aleksanterinkatu 4
Helsinki

Puhelin / Telefon / Telephone
0295 16001
+358 295 16001

Faksi / Fax / Fax
09 1606 2160
+358 9 1606 2160

e-posti, internet / e-post, internet / e-mail, internet
kirjaamo.tem@gov.fi
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nro 5 9.5.2025 klo 12-16 Etelä-Espa Sali 4	**VML** Markkinoiden avaaminen: liipaisin, aikataulu, entry-exit-järjestelmä Verkkoonpääsy ja mittausvaatimukset Verkonhaltijan velvoitteet, liittäminen, verkon kehittäminen	**Päälinjat toimenpide-ehdotuksiksi**
nro 6 28.5.2025 klo 12-16 Merikasarmi A2221 Procopé	**VML** Siirtoverkonhaltijan tehtävät Järjestelmävelvoitteet, tasevastuu, tasesähkötys, tiedonvaihto Jakeluverkkojen sääntely Maantieteellisesti rajatut vetyverkot **VML ja MML** Integroidun verkon suunnittelu Kaasumarkkina-asetuksen edellyttämät muutokset	**Päälinjat toimenpide-ehdotuksiksi**
nro 7 13.6.2025	**VML ja MML** Vetyhuoltoasetuksen ja varastojen ja putkilinja	**Päälinjat toimenpide-ehdo-tukselksi**

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Thank you for your feedback! ☺

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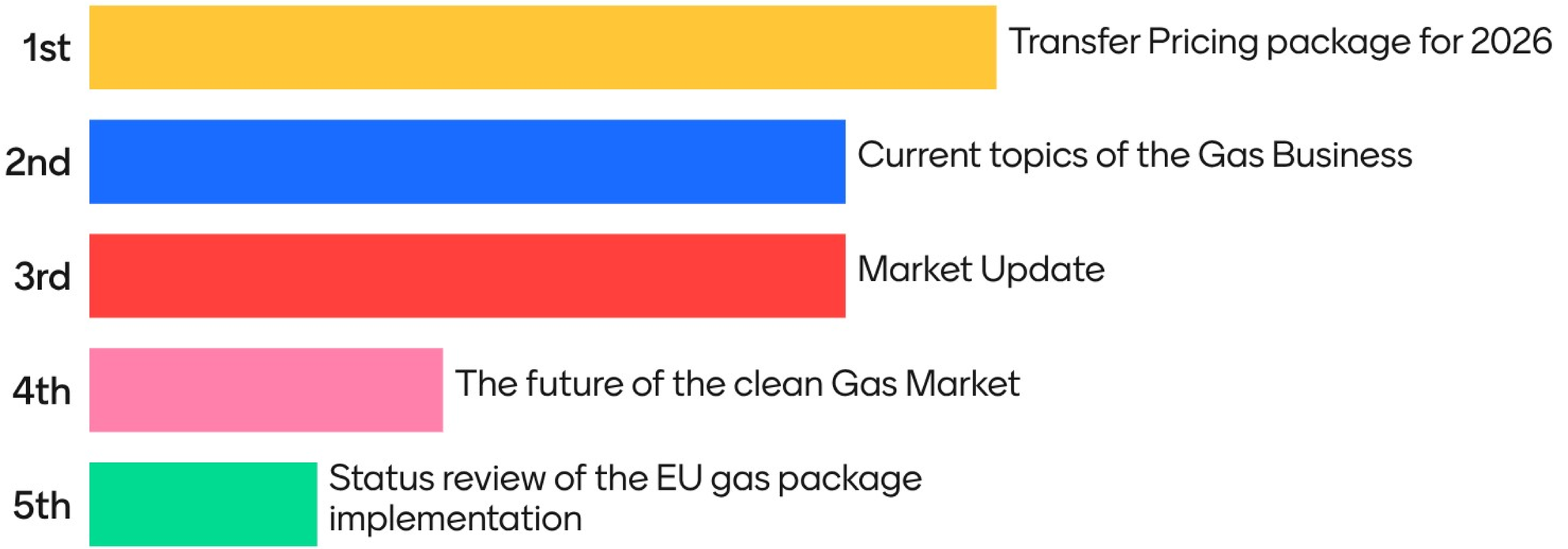

Free word - comment/question/feedback

👍

Jakeluverkkojen asiakkaiden osalta uusi tehokomponentti on ongelmallinen. Kun osa gasgrid kuluista on myyjän vastuulla ja osa jakelun. Hankala asiakkaan ymmärtää.

Have you made any kind of analysis of effects for customrrs of new capacity component? My guess is that no.

Was this Forum worth your valuable time?