

Information to be published on the methodology used to set the regulated revenue of the transmission system operator

This document complements the information published in the [chapter 3 of the Document concerning the prices of Gasgrid Finland and the information in accordance with the article 30 of Tariff Network Code](#) to fulfil the requirements set by paragraph 1 of the [Annex I of the regulation \(EU\) 2024/1789 of the European Parliament and of the Council of 13 June 2024 on the internal markets for renewable gas, natural gas and hydrogen](#). The paragraph includes the information to be published on the methodology used to set the regulated revenue of the transmission system operator.

Description for treatment of decommissioned assets in the regulation method:

According to the regulation, this is the case and, naturally, we comply with it within the company:

Demolition costs of replacement investments in network assets

The demolition costs of replacement investments in network assets are treated as costs. The capitalised demolition costs of replacement investments in network assets are adjusted on the calculation of reasonable return as if they had been recorded as expenses. Costs capitalised in the balance sheet are adjusted from the adjusted balance sheet along with the network assets in non-current assets (Chapter 2.1).

The demolition costs of replacement investments are not included in the adjusted replacement value or adjusted net present value of network assets. Depreciations related to the demolition costs of replacement investments in network assets are returned to the adjusted profit as a part of the planned depreciation and reduction in the value of network assets in non-current assets. The demolition costs of replacement investments in network assets capitalised during the financial period are deducted from the profits and controllable operational costs (KOPEX) and the general efficiency target reference level (SKOPEX).

During the fifth (2024–2027) and sixth (2028–2031) regulatory period, 1/8 of the capitalised demolition costs of replacement investments in network assets in accordance with the 2023 financial statements will be deducted from the operating profit. These demolition costs capitalised before 2024 will be considered as controllable operational cost” Additionally, we have just decommissioned a couple of compressors, and they are no longer taken into account in the regulation in any way.

The methodology to determine the total expenditure (TOTEX) or, if applicable, operational expenditure (OPEX) and capital expenditure (CAPEX)

In this matter, we follow Finnish accounting legislation and proceed accordingly.

Controllable and non-controllable costs

Controllable costs in 2024: -23 677,75 k€

Non-controllable costs in 2024: -31 765,96 k€

Financial indicators to be provided:

- (a) earnings before interest, taxes, depreciation and amortisation (EBITDA);
 - o 2024: 63 452,09 k€
- (b) earnings before interest and taxes (EBIT);
 - o 2024: 48 266,34 k€
- (c) return on assets I (ROA) = EBITDA / RAB;
 - o 2024: 8 %
- (d) return on assets II (ROA) = EBIT / RAB;
 - o 2024: 6 %
- (e) return on equity (ROE) = Profit / Equity: (i) return on capital employed (RoCE); (ii) leverage ratio; (iii) net debt / (Net debt + Equity); (iv) net debt / EBITDA.
 - o (e) return on equity (ROE) = Profit / Equity:
 - 2024: 7 %
 - o (i) return on capital employed (RoCE):
 - 2024: 11 %
 - o (ii) leverage ratio:
 - 2024: 64 %
 - o (iii) net debt / (Net debt + Equity):
 - 2024: 20 %
 - o (iv) net debt / EBITDA:
 - 2024: 124 %