

Response to the consultation on Gasgrid Finland's tariffs

Gasgrid Finland organised a consultation on Gasgrid Finland's prices for 2022 and the information in accordance with Article 30 of the Tariff Network Code on harmonised transmission tariff structures for gas (TAR NC). Gasgrid received three opinions from the following operators: Suomen Kaasuenergia Oy, Baltic Energy Partners and Eesti Energia.

Gasgrid thanks the market participants concerned for their opinions.

- [Suomen Kaasuenergia](#)
- [Baltic Energy Partners](#)
- [Eesti Energia](#)

The consultation document noted that the parties providing opinions must indicate separately whether their opinions or part thereof are confidential information that may not be published on our website. Since the parties providing the opinions have not indicated that their opinions contain confidential information, Gasgrid Finland publishes the opinions on its website. Below are Gasgrid Finland's responses to the points set out in the opinions concerning the tariff consultation.

- 1) Gasgrid Finland has proposed in its pricelist that the transmission system operator (TSO) reserves the right to regulate the tolerance within the limits of which the shipper may renominate downwards without an underutilisation fee. It has been proposed that the tolerance range be 10 – 50 MWh/h instead of the fixed 50 MWh/h as a present. Tolerance and the underutilisation fee would be applied only on gas days when the Balticconnector is congested in the direction concerned.**

Gasgrid has proposed that the TSO be reserved the right to adjust the tolerance limit to a range of 10 – 50 MWh/h so that the TSO has the right to adjust the tolerance in situations deviating from the normal operational situation. This is primarily a matter of reserving the right and Gasgrid specifies that so far there has been no need to adjust the current applicable tolerance of 50 MWh/h. A need to adjust the tolerance could arise in situations where systematic renomination behaviour in Balticconnector leads to renomination causing such great and rapid changes in commercial transmission capacity that the changes pose operational challenges to the physical transmission of gas. Gasgrid considers that such is more likely to occur in situations where Balticconnector is congested, in which case nominations are more likely to be greater than the actual transmission need. Such nomination behaviour can arise because Balticconnector capacity has no price. However, Gasgrid has estimated the application of a tolerance and underutilisation fee to be unnecessary in situations where there is no congestion. Similar nomination downward could also occur in a situation where there is no congestion but Gasgrid has estimated this to be of less significance.

In the case of Balticconnector, deviations in the physical and commercial transmission quantities of gas are allocated to the Operational Balancing Account (OBA), which is a joint account between Gasgrid Finland and Estonian TSO Elering AS to allow the TSOs to manage the differences in physical and commercial transmission quantities. The quantities of gas allocated to the OBA must remain within the upper and lower limits agreed by the TSOs. Should the renominated gas quantities change significantly and systematically, the differences in physical and commercial quantities could result in the supply limits specified in the OBA being reached and the TSO having to initiate physical balancing activities (buying and selling of physical gas quantities).

In Balticconnector, this is a matter of so-called physical congestion because, due to the implicit capacity allocation mechanism based on confirmed nominations, all allocated capacity will also be used when the confirmed nominations act as the shipper's allocation which is used in balancing calculations. Physical congestion occurs when the actual transmission need notified by nominations exceeds the capacity available to market participants. Commercial congestion means that the shipper first books capacity but the actual transmission need (nominated quantity of gas) is explicitly smaller than the capacity allocated, which means that some of the capacity booked is unused. In the event of congestion, the importance of a high actual utilisation rate is emphasised so that as much capacity as possible is actually used. At the same time, booking free capacity by nomination to be on the safe side can be emphasised when demand outstrips availability or is close to congestion. Should renominations downward be made because greater preliminary nominations have been made than the actual transmission need to be on the safe side, there may be a need to renominate more strongly downwards. On the other hand, the short response time could mean that the capacity returned by renomination downward remains unused. This is why the underutilisation fee and the tolerance are applied on the gas days when Balticconnector has been congested.

Congestion is possible in Balticconnector during the gas day. Should there be no congestion after the nomination round (D-1 at 15:00h) and congestion occurs later when shippers have renominated upward more than the capacity available after the nomination round. Should congestion not occur until during the ongoing gas day due to upward renominations, the underutilisation fee shall be applied to start from the renomination round when congestion occurred. Nominations already accepted are not affected and the confirmed quantities remain confirmed.

Gasgrid has adjusted the terms and conditions to be applicable from the beginning of 2022 so that any changes in tolerance are primarily published through the UMM platform and additionally on Gasgrid's website.

- 2) **Gasgrid has received opinions on balancing relation to the following matters: a) it has been stated that the balancing neutrality charge should be directed at those balance responsible parties who have caused the imbalance in the gas system. 2) Regarding the imbalance charge, It has been stated that the current adjusted neutral gas price of 10% less than the neutral gas price is too large taking into account the high price level of gas energy. The opinion proposes reducing the adjusted neutral gas price be a more reasonable 5% less than the neutral gas price instead of 10% as at present.**

Balancing principles have been presented in the terms and conditions of balancing management confirmed by the Energy Authority which are in force until further notice. Gasgrid has acknowledged the need to assess overall balancing management applied at present. Balancing services and their development have been set in Gasgrid's operations plan for the upcoming year. Gasgrid will assess balancing services as a whole including the principles for determining imbalance charges currently applied as well as the neutrality charge. Gasgrid will implement the balancing development project by a method involving the market participants.