



## **PRINCIPLES FOR DETERMINING TRANSMISSION TARIFFS FOR NEW DELIVERY POINTS ON THE REGIONAL NETWORK**

### **1. TARIFF STRUCTURE FOR GAS TRANSMISSION ON THE REGIONAL NETWORK**

Each point on the Regional Network, and particularly each Delivery Point, is linked with a Regional Tariff Level (NTR). The NTR is based on the cost of transporting gas from the Main Transmission System to the Delivery Point in question, excluding Connection.

The tariff for transporting natural gas to a given Delivery Point on the Regional Network therefore consists of a single term, the transmission capacity on the Regional Network, proportional to the NTR and the Regional Transmission Capacity subscribed for the Delivery Point under consideration.

### **2. GENERAL PRINCIPLES FOR DETERMINING TRANSMISSION TARIFFS FOR NEW DELIVERY POINTS ON THE REGIONAL NETWORK**

#### 2.1. Connections:

When a new infrastructure is built to supply a single consumer or a single public distribution system, it is basically treated as a Connection, and therefore paid for by the consumer or distributor under the terms of a connection contract.

In the case of a connection, the Regional Tariff Level that applies to the new Delivery Point is the level that applies at the Connection point.

#### 2.2 Extensions:

Basically, a structure designed to supply several consumers will be treated as an extension to the Regional Network, and transmission on the latter extension will be paid for by applying a transmission tariff increment (between the starting point of the extension and the Delivery Points) proportional to the capacity subscribed on that extension.

The method of determining the NTR reflects the estimated costs on the date the tariff is calculated and provides an effective economic indicator for evaluating extension projects. In particular, costly extensions are reflected in high transmission tariffs.

The general principle of the method used is as follows: before a new section is built, one calculates the price which, on the basis of a provisional schedule of flows and volumes to be carried over the section, would be sufficient to recover the updated costs of the project over that period as assessed on that date:

- forecast investment for the section;
- provisional operating costs for the section.

The prices for each section used to access a given delivery point are added together to set the tariff for the point under consideration.

This method:

- maintains continuity with the previous costs according to the STS tariff concept, which have been transposed into NTR for existing points;
- results in determining the NTR of the new delivery points.

N.B.:

- By construction, the tariff for the starting point of a new extension pays for transmission on the Regional Network upstream of that point.
- As a general rule, unless there are major changes to the main transmission system compared with the Regional Network after the branch costs are established, the NTR values thus determined are never revised over time.

### **3. METHOD FOR CALCULATING THE TARIFF FOR NEW DELIVERY POINTS**

For new extensions, the tariff at a delivery point is calculated, following the tree structure of the network, from the starting point of the new extension to the delivery point in question, by adding together the tariff at the starting point of the new extension and the tariffs corresponding to each of the sections on the route by which the gas is transported (toll method).

For each new section in a new extension, the corresponding tariff is established on the date when the investment is planned, to ensure that the two following amounts are equal:

- the adjusted amount, in constant currency over 20 years, of planned investment for this section and the associated annual operating costs;
- the amount, adjusted in the same way, of additional transmission revenue, defined on the basis of forecast subscriptions on the section under consideration.

For a new Delivery Point, the value – as calculated in the method described above – is then rounded down to the nearest whole number to obtain the value of the Regional Tariff Level (NTR) of the new Delivery Point under consideration.