

# Stimulating Gas Tariff Policy as Factor of Decarbonization

## Roundtable Discussion Latvia

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# Importance of the topic

**Leveraging Economic Incentives:** Gas tariffs, which determine the price consumers pay for natural gas, can be strategically adjusted to incentivize the uptake of low-carbon alternatives like hydrogen, biomethane, and renewable natural gas.

**Differentiated Tariffs:** Charging lower tariffs for cleaner gas sources could incentivize their production and consumption.

**Carbon Pricing:** Incorporating carbon pricing mechanisms into gas tariffs can make fossil-based natural gas more expensive, making cleaner alternatives more economically attractive.

# importance of the topic

**Performance-Based Tariffs:** Linking tariffs to the carbon intensity of the gas supply could encourage gas suppliers to invest in decarbonization technologies.

**Role of Regulation:** Clear and effective regulations will be crucial to ensure that gas tariff policies incentivize decarbonization in a fair and equitable manner.

**The main challenge:** Is set reachable goal for NG segment in the national strategy. From this goal all tariff structure should be formed.

# Setting Targets for Tariff Calculation

- Tariff structure – DSO level

Tariff variable part:

		Tariff	Sezonal tariff	
1.	till 2 635 kWh	22,9503	-	EUR/MWh
2.	from 2 635,1 till 263 450 kWh	8,9199	34,0287	EUR/MWh
3.	from 263 450,1 till 1 327 788 kWh	8,5700	15,9742	EUR/MWh
4.	from 1 327 788,1 till 13 277 880 kWh	5,8542	7,0386	EUR/MWh
5.	from 13 277 880,1 till 132 778 800 kWh	3,9134	5,4977	EUR/MWh
6.	from 132 778 800,1 till 210 760 000 kWh	1,4665	3,7378	EUR/MWh
7.	from 210 760 000,1 till 1 353 800 000 kWh	1,9771	2,4579	EUR/MWh
8.	above 1 353 800 000 kWh	0,4006	1,1781	EUR/MWh
	till 16,1 from 25 m3/h		265,79	EUR/year
	till 25,1 from 40 m3/h		394,80	EUR/year
	till 40,1 from 65 m3/h		653,54	EUR/year
	above 65 m3/h		8,6200	EUR/m3/h/year

# Setting Targets for Tariff Calculation

- Tariff structure –TSO level
  - ✓ Variable part EUR/ MWh. - Exit point for supply of consumers of Latvia - **2.64883010 EUR/MWh.**
  - ✓ ENTRY / EXIT points in Common Zone – **142,77 MWh/day/year**
- Are the legislation targets set for gas tariffs?
  - ✓ **Energy law set:** The tariffs for distribution system services within one license operation area shall not depend on the distance between the location of the connection of the gasified object to the distribution system and the location of the distribution system interconnection with the transmission system.

# Setting Targets for Tariff Calculation

*What mechanism does the regulator use (or plan to use) to set the target, when it comes to the tariff calculation?*

*Are there specific targets for setting tariffs?*

- ✓ New tariff period for DSO will start from 2026. 1.january.
- ✓ Tariff evaluation process is not started yet, but till now clear goals are not set in national energy strategy so this process will be challenging for us. One of the main goal at the moment are give direct signals to users about real amount of tariff.

# Decarbonization Goals

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- *Are there any policies adopted within the regulatory framework that promote reducing network losses and lowering CO emissions?*

No additional regulation is adopted from Regulator side.



**THANK YOU  
FOR YOUR ATTENTION!**

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# Topic description

## as per 2024-2026 workplan

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This roundtable will explore **how gas tariff policies can stimulate decarbonization efforts**. The discussion will focus on setting targets within tariff calculations and the incentives for gas companies to achieve these targets ahead of schedule. Key topics will include how these policies can reduce network losses and lower CO emissions, ultimately contributing to broader decarbonization goals. Participants will leverage in-house expertise to identify effective strategies and best practices for integrating decarbonization incentives into gas tariff policies.