



“Dear business partner,

The COVID-19 pandemic has brought us lots of new challenges. We are glad that despite the unusual situation, we have been able to successfully manage this situation and deliver the same high-quality of service that you have been accustomed to. You can read more about our response to the COVID-19 pandemic in this issue of our regular NEWS4SHIPPERS newsletter.

However, the main focus of this issue of our newsletter is on the upcoming yearly capacity auction. In separate articles you will get an overview of the most crucial parameters in the auction, namely the yearly NET4GAS capacities offered and the new 2021 transmission tariffs.

Further, you can find information about a planned tender for gas supply for the initial filling of a new DN1400 pipeline. As usual, we also provide you with more information about NET4GAS' capacities, planned capacity auctions and maintenance of our infrastructure. I wish you all the best during this special time and enjoy reading!”

Michal Mareš, Senior Specialist, Client and Contract Management

NET4GAS' response to the COVID-19 pandemic

- Emergency measures successfully implemented
- Insignificant impact on NET4GAS

COVID - 19

Like all of you, we have been facing various challenges during recent months related to the COVID-19 pandemic. Immediately following the declaration of the state of emergency in the Czech Republic, all necessary measures to ensure the safety and health of our employees as well as the continuous reliability of natural gas transmission were implemented at NET4GAS. E.g. most employees of our headquarters have been working from home and a specific shift regime with full physical and even geographical separation of the shift services has been established for the dispatching teams in order to minimize the risk of infections among this critical group of employees.

Thanks to the measures adopted, the current impacts of the COVID-19 pandemic on NET4GAS' operational and other activities have been insignificant. As such, we are still able to ensure the uninterrupted gas transmission and to maintain a consistently high standard of related services.

Drahomíra Glacová

Yearly capacity auction on 6 July 2020

- Entry and exit capacities available on PRISMA and GSA platforms

AUCTIONS

The firm yearly capacity auction starts in line with the *Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems (CAM NC)* on 6 July 2020 at 9 AM (CET). All the auction data, including capacities and prices, are already available on the *PRISMA* and *GSA* platforms.

NET4GAS offers firm bundled transmission capacities at its border points starting with GY 2020/21 and ending with GY 2034/35. Unbundled transmission capacities are offered only for the period of the upcoming gas year in line with CAM NC.

A nonbinding overview and links to the auctions for border point transmission capacities for the upcoming gas year are available in the following tables:

NET4GAS Entry Capacities for GY 2020/21 (GWh/d)

| Interconnection Point | Bundled | Unbundled |
|-----------------------|---------|-----------|
| Lanžhot | 109 | 1,174 |
| Český Těšín | 0 | 0 |
| VIP Brandov | 0 | 0 |
| VIP Waidhaus | 0 | 0 |

NET4GAS Exit Capacities for GY 2020/21 (GWh/d)

| Interconnection Point | Bundled | Unbundled |
|-----------------------|---------|-----------|
| Lanžhot | 0 | 0 |
| Český Těšín | 0 | 2 |
| VIP Brandov | 302 | 27 |
| VIP Waidhaus | 102 | 0 |

Firm entry capacities at VIP Brandov and VIP Waidhaus and exit capacities at Lanžhot will not be offered in the yearly auction but will be on offer in later short-term auctions in accordance with the set-aside rules for these points.

Trading Region Upgrade Service (TRU) will not be offered in the upcoming yearly auction as its marketing is currently suspended. Nevertheless, following the market demand assessment for an incremental capacity carried out in 2019, NET4GAS and Gas Connect Austria plan to offer incremental capacity between the Czech Republic and Austria on PRISMA in the 2021 yearly capacity auction. For information on the unbundled capacities offered on the other side of our border, please check capacity auctions organized by the adjacent transmission system operators Open Grid Europe, GASCADE, OPAL Gastransport, eustream and GAZ-SYSTEM.

Veronika Jurčová

Price Decision for the 2021 calendar year

- New tariffs set in line with the methodology published by the Energy Regulatory Office (ERO) last year
- Variable charge for border points and transmission prices for storages will be published later this year

PRICES

In order to comply with *Commission Regulation (EU) No. 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas (TAR NC)*, the ERO published the first Price Decision on 4 June 2020. This

Price Decision is valid as of 1 January 2021 and contains 2021 fixed capacity tariffs for all Czech border points. Starting from 1 January 2021, the tariffs for gas transmission services at border points will be as follows:

Border point transmission prices (CZK/MWh/d/a)

| Entry border point | 2021 | 2020 |
|--------------------|--------|--------|
| Lanžhot | 494.94 | 484.84 |
| Český Těšín | 219.46 | 209.94 |
| VIP Brandov | 825.16 | 801.14 |
| VIP Waidhaus | 879.98 | 857.68 |

| Exit border point | 2021 | 2020 |
|-------------------|----------|----------|
| Lanžhot | 3,282.98 | 3,155.28 |
| Český Těšín | 4,991.25 | 4,724.95 |
| VIP Brandov | 3,525.42 | 3,388.29 |
| VIP Waidhaus | 1,806.14 | 1,735.89 |

Compared with 2020, the new transmission tariffs have been escalated in line with the methodology described in the *ERO Decision* under Article 27 (4) of TAR NC published in May 2019 and adjusted to regulatory parameters resulting from the public consultation related to the Principles of the 5th regulatory period (2021-25).

Multipliers for short-term products remain unchanged and equal to 1.1 (quarterly products), 1.25 (monthly products), 1.5 (daily products) and 1.7 (within-day products).

By 30 November 2020, the ERO should publish the second Price Decision for 2021 that will contain transmission tariffs for SSOs and DSOs plus the variable charge for cross-border transmission.

For more detailed information, please see the *Price Decision* published on the ERO website or visit our [website](#).

David Urban

Tender for gas supply for the initial filling of a DN1400 pipeline

- Contractual volume of ca 180,000 MWh
- Delivery at the Czech VTP during Q4/2020
- Price shall be based on day-ahead market index

PRODUCTS

In the coming weeks, NET4GAS is planning to open a public procurement tender for gas supply for the initial filling of a new DN1400 pipeline built as a part of the Capacity4Gas project.

The contractual volume shall be delivered at the Czech VTP with a price based on a day-ahead market index. A detailed tender specification is still being prepared. More information about the tender will soon be available in accordance with the public procurement law, please see our [website](#).

Tomáš Vyležík

Overview of NET4GAS capacity auctions and planned maintenance

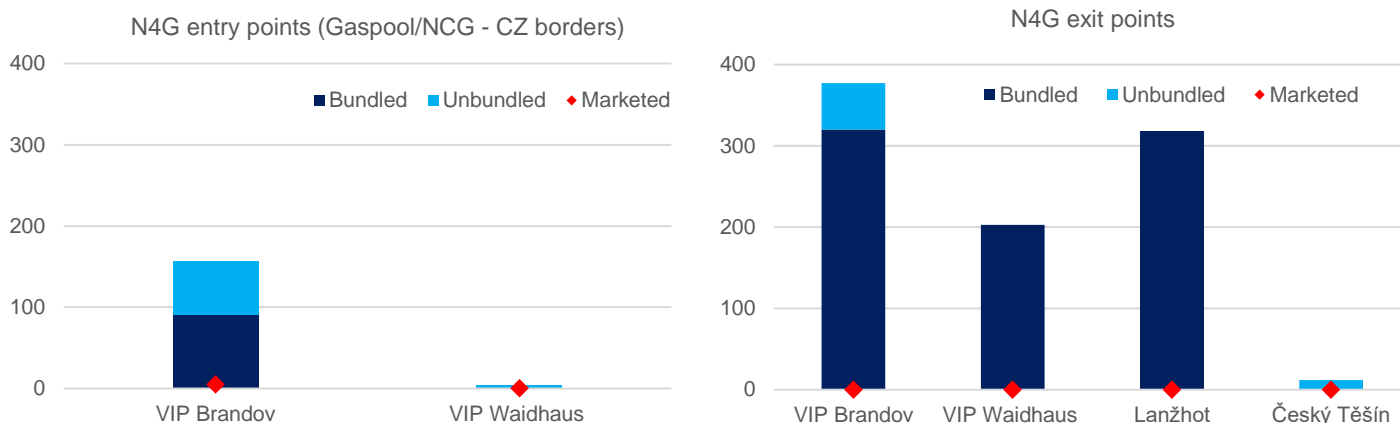
Recent auction activities (Q1- Q2 / 2020)

AUCTIONS

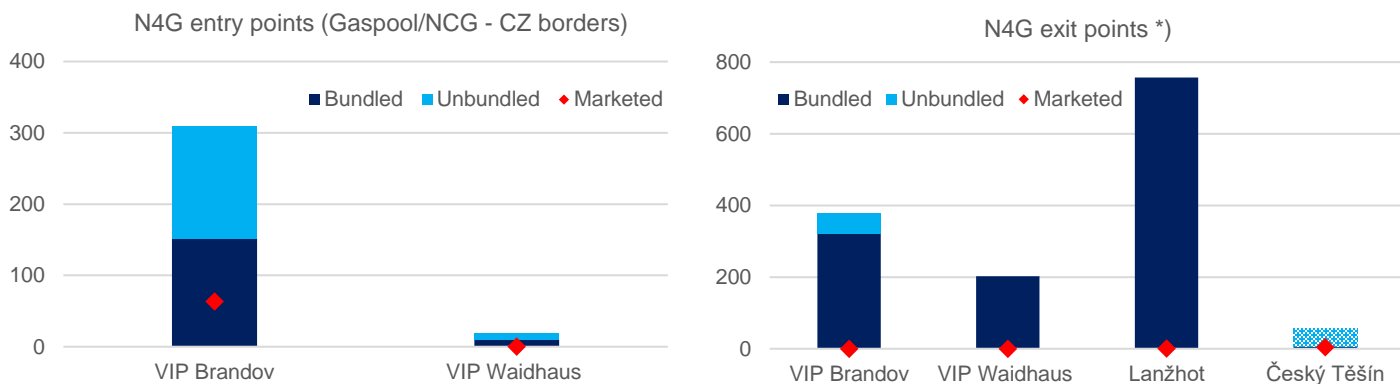
The first two quarters of the year have been affected by the warm winter of 2019/20, extremely high storage levels and lower demand marked also by the COVID-19 pandemic. The gas markets have seen record-low spot gas prices with an upward sloping futures price curve (contango). Despite lower transmission gas flows in the Czech Republic, the short-term booking of gas transmission capacity in the Czech Republic has not been strongly affected, but it has remained stable during the past two quarters.

Tomáš Václavík

NET4GAS capacities offered and booked in monthly auctions for June 2020 in GWh/d



NET4GAS capacities offered and booked in daily auctions in GWh/d for the period 26 May – 31 May 2020 **)



Note: Hatched charts represent unbundled capacities offered on an interruptible basis.

*) Daily Český Těšín unbundled exit capacities are only offered on an interruptible basis. However, the daily firm bundled product is also available.

***) Charts represent the daily maximums offered and marketed during the respective time period. Marketed also includes interruptible capacities which are on a day-ahead basis offered for all NET4GAS entry and exit points.

Overview of upcoming planned maintenance work of NET4GAS infrastructure

SHUTDOWNS

Please find below a rough overview of the currently planned maintenance up to September 2020. All and complete planned maintenance work and consequent firm capacity interruptions at all entry and exit points of the NET4GAS infrastructure for every gas day are available on our [website](#). The final maintenance plan is in line with the legislation announced 42 days in advance.

Entry points

| Month | Entry point | Technical capacity [GWh/d] | Maximum daily interruption [GWh/d] | Maximum available daily firm capacity [GWh/d] |
|-----------|--------------|----------------------------|------------------------------------|---|
| July | VIP Brandov | 2,087.706 | 992.874 | 2,002.935 |
| | VIP Waidhaus | 120.000 | 109.200 | 10.800 |
| August | VIP Brandov | 2,087.706 | 84.771 | 2,010.255 |
| | VIP Waidhaus | 120.000 | 109.200 | 10.800 |
| September | VIP Brandov | 2,087.706 | 119.403 | 2,010.255 |
| | VIP Waidhaus | 120.000 | 109.200 | 10.800 |

Exit points

| Month | Exit point | Technical capacity [GWh/d] | Maximum daily interruption [GWh/d] | Maximum available daily firm capacity [GWh/d] |
|-----------|------------------------|----------------------------|------------------------------------|---|
| July | Lanžhot | 1,246.380 | 427.316 | 1,246.380 |
| August | no planned maintenance | | | |
| September | MND GS | 83.898 | 83.898 | 83.898 |
| | Moravia GS | 47.790 | 47.790 | 47.790 |

The last two columns show the maximum daily interruption and the maximum available daily firm capacity in a given month during maintenance, i.e. in case the maintenance affects infrastructure only during some days of the month, the maximum available daily firm capacity equals the whole technical capacity.

Upcoming auctions of NET4GAS capacities

AUCTIONS

All upcoming auctions can be found in the auction calendar on the [PRISMA](#) platform. Find all monthly and quarterly auctions to be published in the next three months in the table below:

| Publication date | Auctions start | Auction type | Product runtime | Capacity types |
|------------------------|------------------------|--------------|-----------------------------------|----------------|
| 6 June 2020 9:00 | 6 July 2020 9:00 | Yearly | 1 October 2020 – 1 October 2035 | Firm |
| 13 July 2020 7:00 | 20 July 2020 9:00 | Yearly | 1 October 2020 – 1 October 2035 | Interruptible |
| 13 July 2020 9:00 | 20 July 2020 9:00 | Monthly | 1 August 2020 – 1 September 2020 | Firm |
| 21 July 2020 7:00 | 28 July 2020 9:00 | Monthly | 1 August.2020 – 1 September 2020 | Interruptible |
| 20 July 2020 9:00 | 3 August 2020 9:00 | Quarterly | 1 October 2020 – 1 October 2021 | Firm |
| 10 August 2020 9:00 | 17 August 2020 9:00 | Monthly | 1 September 2020 – 1 October 2020 | Firm |
| 18 August 2020 7:00 | 25 August 2020 9:00 | Monthly | 1 September 2020 – 1 October 2020 | Interruptible |
| 31 August 2020 7:00 | 7 September 2020 9:00 | Quarterly | 1 October 2020 – 1 October 2021 | Interruptible |
| 14 September 2020 9:00 | 21 September 2020 9:00 | Monthly | 1 October 2020 – 1 November 2020 | Firm |
| 22 September 2020 7:00 | 29 September 2020 9:00 | Monthly | 1 October 2020 – 1 November 2020 | Interruptible |

Daily auctions for firm capacity always start at 4:30 PM on the day before the gas day, and the auctions for interruptible capacity always start at 5:30 PM on the day before the gas day. Within-day auctions start at 7:00 PM on the day before the gas day. Bidding windows open at the start of an auction and start every hour H , with bids to be placed for the remaining part of the gas day starting at hour $H+4$.