



“Dear business partners,

As usual, the main focus of our early summer NEWS4SHIPPERS is on the upcoming yearly capacity auction. Therefore, you will find an overview of the most crucial parameters of the auction, namely the offered yearly NET4GAS capacities, the new 2022 transmission tariffs and the latest status update on the ongoing incremental capacity projects.

For those who are interested in the German market merger, which is scheduled for 1 October 2021, you can find information about its effect on the Czech gas transmission system. Furthermore, looking even further into the future, we want to introduce the European Hydrogen Backbone initiative that outlines a plan of a future dedicated hydrogen transport infrastructure which also includes the NET4GAS grid!

Enjoy reading!”

Tomáš Vyležík, Senior Manager, Client and Contract Management

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Yearly capacity auction on 5 July 2021

- NET4GAS capacities for the yearly auction are 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 5 July 2021 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 the gas year (GY) 2021/22 and ending with the gas year 2035/36. Unbundled transmission capacities are offered only for the period of the upcoming gas year in line with the 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 2021/22 (GWh/d)

Interconnection Point	Bundled	Unbundled
Lanzhot	301	982
Český Těšín	0	0
VIP Brandov	139	112
VIP Waidhaus	0	3.2

NET4GAS Exit Capacities for GY 2021/22 (GWh/d)

Interconnection Point	Bundled	Unbundled
Lanzhot	0	0
Český Těšín	0	4
VIP Brandov	302	27
VIP Waidhaus	99	0

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

For information on the unbundled capacities offered on the other side of our Czech 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 calendar year 2022

- The 2022 transmission tariffs escalated in line with the methodology applicable for the current 5th regulatory period
- Variable charge for border points and transmission prices for storage will be published in November 2021

PRICES

On 28 May 2021, the Czech Energy Regulatory Office (ERO) published the Price Decision setting the 2022 fixed transmission capacity tariffs for all existing Czech border points as well as the tariff for the Czech-Polish incremental capacity project.

As of 1 January 2022, the tariffs for gas transmission services at border points will be as follows:

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

Entry border point	2022	2021
Lanzhot	507.95	494.94
Český Těšín	225.23	219.46
VIP Brandov	846.84	825.16
VIP Waidhaus	903.10	879.98

Exit border point	2022	2021
Lanzhot	3,369.25	3,282.98
Český Těšín	5,122.41	4,991.25

VIP Brandov	3,618.06	3,525.42
VIP Waidhaus	1,853.60	1,806.14

The minimum mandatory auction premium for the Czech-Polish incremental capacity project equals 14,679.69 CZK/MWh/d/a in 2022 with detailed price conditions for the project set in Article 2.2 of the Price Decision.

The new transmission tariffs have been escalated in line with the methodology described in the *ERO Decision* under Article 27 (4) of the *Commission Regulation (EU) No. 2017/460 of 16 March 2017 establishing the network code on harmonised transmission tariff structures for gas (TAR NC)* and the regulatory parameters of the Principles of the 5th regulatory period (2021-25).

The Price Decision also sets multipliers for short-term products. The multipliers remain at the same level as in the previous years and are equal to 1.1 (quarterly products), 1.25 (monthly products), 1.5 (daily products) and 1.7 (within-day products).

The currently valid variable charge for cross-border transmission equals $0.0058 \times C_{OTE}$ whereas C_{OTE} stands for the *OTE daily market price* for the respective transmission day. The value effective in 2022 together with other important parameters, such as the transmission tariffs for SSOs and DSOs, will be published by the ERO in a Price Decision in November 2021.

For more detailed information, please see the *Price Decision* published on the ERO website.

David Urban

Incremental capacities with Poland will be auctioned in the upcoming yearly auction

- Incremental capacities with Poland for the border point Český Těšín will be auctioned on 5 July 2021
- Marketing of Czech-Austrian incremental capacity has been postponed

CAPACITIES

The incremental capacity project conducted by NET4GAS and the Polish transmission system operator (TSO) GAZ-SYSTEM for IP Cieszyn / Český Těšín obtained *coordinated decisions* issued by the Czech and Polish national regulatory authorities. Incremental capacity of 1,143,000 kWh/h for the yearly auction in the direction from Poland to the Czech Republic has already been published on the *GSA Platform* for the gas years from 2028/29 to 2042/43.

Signing of the *Contract for Provision of Gas Transmission Service* with NET4GAS is a necessary precondition to participate in the auction taking place on 5 July 2021. More details regarding the project are available on our *website*.

Unlike the project with Poland, the marketing of Czech-Austrian incremental capacity has been postponed. This comes as the result of the request for an extension of the deadline for the decisions submitted by the NRAs to the Agency for the Cooperation of Energy Regulators (ACER). We will provide you with more information in the coming months.

Michal Mareš

German market merger on 1 October 2021

- German market zones Gaspool and Net Connect Germany (NCG) will merge into the Trading Hub Europe (THE)
- No major effects expected on Czech gas transmission
- VIP Brandov and VIP Waidhaus remain as separate border points with Germany

MARKET

A new single market zone will be established in Germany on 1 October 2021 by the merger of the current market zones Gaspool and NCG.

No major impact on Czech gas transmission is expected, as VIP Brandov and VIP Waidhaus will remain separate virtual interconnection points with the German THE without any changes either in Czech transmission capacities or in transmission prices.

Minor operational effects will be visible on the PRISMA platform as the names of the VIPs will change to „VIP Brandov“ and „VIP Waidhaus“ without reference to the names of current German market zones. Moreover, new shipper code pairs shall be set with NET4GAS in case there will be a change in shipper codes on the German side of the border.

More information about the market merger and its effects on the German market is available on the [German market merger website](#).

Michal Mareš

European Hydrogen Backbone growing to 40,000 km by 2040

- The European Hydrogen Backbone (EHB) represents an initiative of a dedicated hydrogen infrastructure in 21 European countries
- NET4GAS is one EHB member among 23 European gas TSOs
- More than two-thirds of the hydrogen network to be composed of repurposed natural gas pipelines

HYDROGEN

In April 2021, the European Hydrogen Backbone initiative presented its updated vision of a dedicated hydrogen transport infrastructure across Europe that includes a hydrogen network of 39,700 km in 21 European countries by 2040, with further growth expected after 2040.

A dedicated hydrogen pipeline infrastructure shall be developed from the 2020s to facilitate the creation of a cross-border and liquid market for renewable and low-carbon hydrogen. The EHB is an affordable solution as almost 70% of the hydrogen infrastructure is based on repurposed already existing natural gas pipelines. A route from the east to the west of Europe which will pass through the Czech transmission grid is planned by 2035.

More detailed information is available on the "Gas for Climate: A path to 2050" [website](#).

Tomáš Vyležík

Overview of NET4GAS capacity auctions and planned maintenance

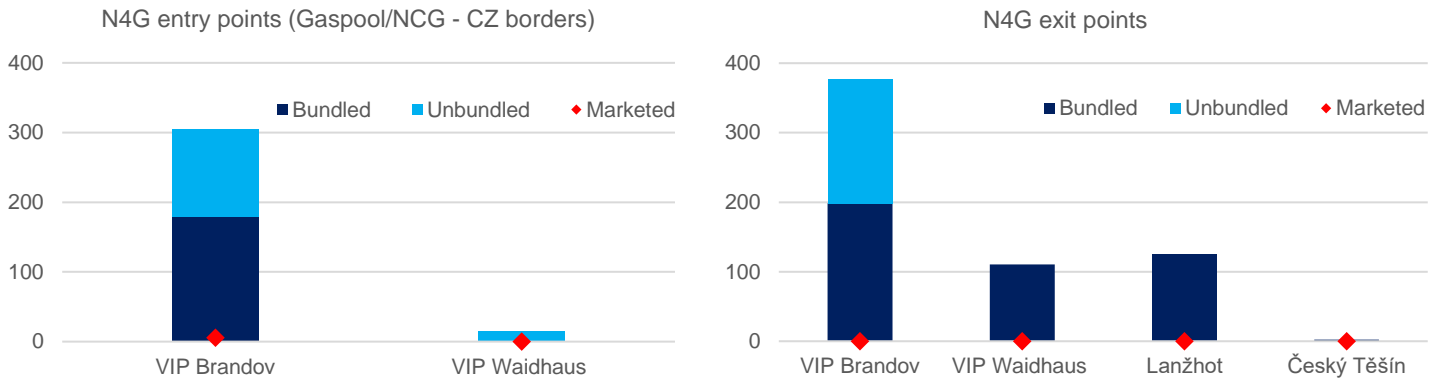
Recent auction activities (Q1 - Q2 / 2021)

AUCTIONS

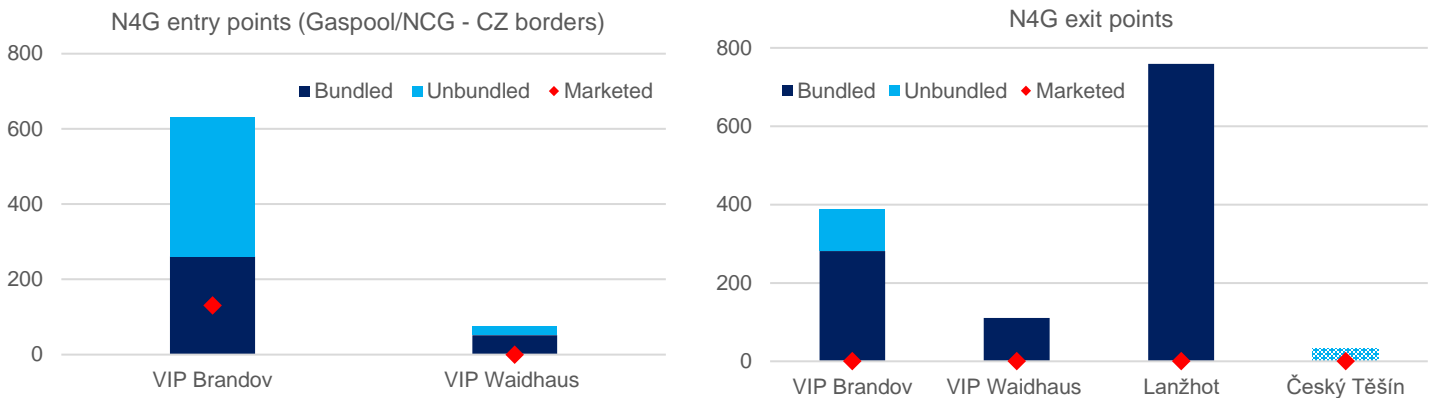
Gas demand in the first two quarters of the year was higher compared with the same period last year. The spot and forward prices in the gas markets have been growing during the spring. The storage injections during spring 2021 in Europe were the lowest since 2011. Short-term bookings of gas transmission capacity in the Czech Republic stayed at rather low levels.

Tomáš Václavík

NET4GAS firm capacities offered and booked in monthly auctions for June 2021 in GWh/d



NET4GAS firm capacities offered and booked in daily auctions in GWh/d for the period 26 May – 31 May 2021 *)



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.

Overview of upcoming planned maintenance work of NET4GAS infrastructure

SHUTDOWNS

Please find below a rough overview of the currently planned maintenance up to September 2021. 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]
June	VIP Brandov	2,546.338	311.410	2,546.338
	VIP Waidhaus	120.000	98.800	21.200
July	VIP Brandov	2,546.338	1,482.005	2,546.338
	VIP Waidhaus	120.000	98.800	21.200
August	VIP Brandov	2,546.338	521.308	2,546.338
	VIP Waidhaus	120.000	98.800	21.200
September	VIP Brandov	2,546.338	2,090.000	2,546.338
	VIP Waidhaus	120.000	98.800	21.200

Exit points

Month	Exit point	Technical capacity [GWh/d]	Maximum daily interruption [GWh/d]	Maximum available daily firm capacity [GWh/d]
June	No planned maintenance			
July	No planned maintenance			
August	Lanžhot	1,246.380	120.884	1,246.380
September	No planned maintenance			

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
5 June 2021 9:00	5 July 2021 9:00	Yearly	1 October 2021 – 1 October 2036	Firm
12 July 2021 7:00	19 July 2021 9:00	Yearly	1 October 2021 – 1 October 2036	Interruptible
12 July 2021 9:00	19 July 2021 9:00	Monthly	1 August 2021 – 1 September 2021	Firm
20 July 2021 7:00	27 July 2021 9:00	Monthly	1 August 2021 – 1 September 2021	Interruptible
19 July 2021 9:00	2 August 2021 9:00	Quarterly	1 October 2021 – 1 October 2022	Firm
9 August 2021 9:00	16 August 2021 9:00	Monthly	1 September 2021 – 1 October 2021	Firm
17 August 2021 7:00	24 August 2021 9:00	Monthly	1 September 2021 – 1 October 2021	Interruptible
30 August 2021 7:00	6 September 2021 9:00	Quarterly	1 October 2021 – 1 October 2022	Interruptible
13 September 2021 9:00	20 September 2021 9:00	Monthly	1 October 2021 – 1 November 2021	Firm
21 September 2021 7:00	28 September 2021 9:00	Monthly	1 October 2021 – 1 November 2021	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 $H+4$.