



Dear Business Partner,

When joining the TSO gas business a year ago after many years working in the gas sales and trading business, it felt like learning a new language. People around me seemed to be talking in secret codes using abbreviations, the names of animals or even Latin phrases. One of the aims of our new quarterly newsletter is to avoid such complex language and provide you with some information about our products, services, and future changes in plain English!

We hope you will find this short newsletter helpful. If you have any questions, please don't hesitate to contact me or anyone in our customer team. We're here to help.

Erik Kolstö, Head of Commercial Operations

Entry border charges increase by 1.5%

- Exit border points and fuel gas charges remain stable
- Minor increases in storage transmission tariffs
- Day-ahead and within-day multipliers decreased

PRICES

Following the publishing of the new Price Decision, starting from 1 January 2018, the charges for gas transmission services in 2018 will be as follows:

TRANSMISSION PRICES (CZK/MWh/d/a)

	2017	2018	% Δ	
Border points				
Entry	753.46	765.01	+ 1.5	▲
Exit	2,991.43	2,991.43	-	
Exit TRU	-	3,818.06	-	
Exit (variable charge)	0.003 x C _{NCG}	0.003 x C _{NCG}	-	
Storage				
Entry	436.27	442.96	+ 1.5	▲
Exit	94.16	95.60	+ 1.5	▲
Exit (variable charge)	0.23	0.05		▼

Multipliers for day-ahead and within-day auctions at the border points change to 1.5 and 1.7, respectively, of the yearly price.

For detailed information, please see the website of the Czech Energy Regulatory Office where the *Price Decision* is published (currently in Czech only).

Drahomíra Glacová

Less interruptible capacity auctions in 2018

- New rules as of 1 January 2018
- At least 3 border points might be affected

AUCTIONS

From 1 January 2018 interruptible capacity for annual, quarterly, and monthly products may only be offered in cases where the corresponding annual, quarterly, and monthly firm product was sold at an auction premium, was sold out, or was not offered.

When looking at historical bookings, there is a risk that there will not be any annual, quarterly, or monthly

interruptible capacity offered at the potentially affected border points Waidhaus, Hora sv. Kateřiny, and Lanžhot.

These new rules are a result of the replacement of the former **CAM NC**. The new CAM NC, *Commission Regulation (EU) No 2017/459 of 16 March 2017*, introduces new requirements for offering interruptible capacity in Article 32.

David Urban

Potential new Czech-Austrian service (TRU)

- TRU plans to connect the Austrian and Czech gas markets
- TRU pilot project in preparation

PRODUCTS

The Czech Energy Regulatory Office has published a tariff for a potential new service called TRU (Trading Region Upgrade) that would **connect the Austrian and Czech gas markets**. By booking the TRU service, a shipper will be able to ship gas directly between the Czech Republic and Austria by a single nomination without making any additional bookings or nominations in Slovakia. The service from the Czech Republic to Austria should be offered by NET4GAS, whereas the service from Austria to the Czech Republic should be offered by the Austrian TSO, Gas Connect Austria.

To gauge interest in the service, it is currently envisaged that TRU will conduct a market test with a limited volume during a TRU **pilot project**.

We hope to provide you with more information about the service in the coming weeks.

Tomáš Vyležík

New communication protocol in Feb 18

- AS4 shall be used from 1 February 2018

IT

NET4GAS will use the communication protocol AS4, as one of the below-mentioned options, in its communications with network users **from 1 February 2018**, according to a decision of the Czech Energy Regulatory Office.



This is a result of the approval of *Commission Regulation (EU) 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange rules*.

All network users may use the AS4 protocol, the http/s-SOAP protocol for integrated data exchange, or the http/s protocol for interactive data exchange in their communications with NET4GAS.

Tomáš Pour

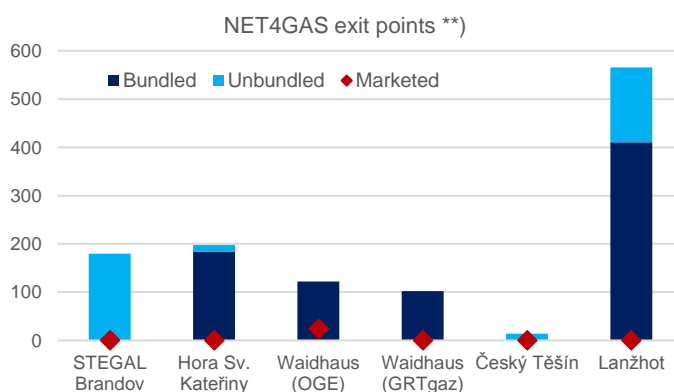
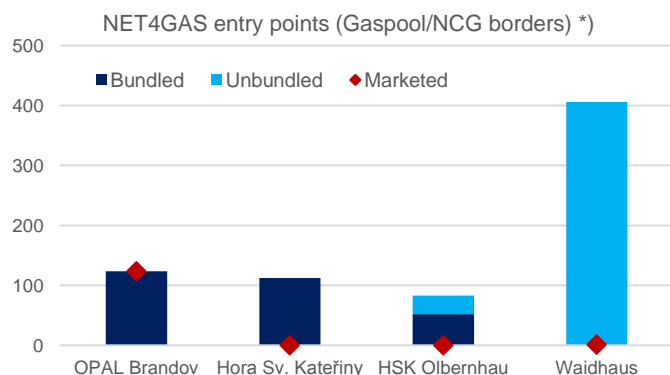
Short market comments (Q3&Q4 / 2017)

AUCTIONS

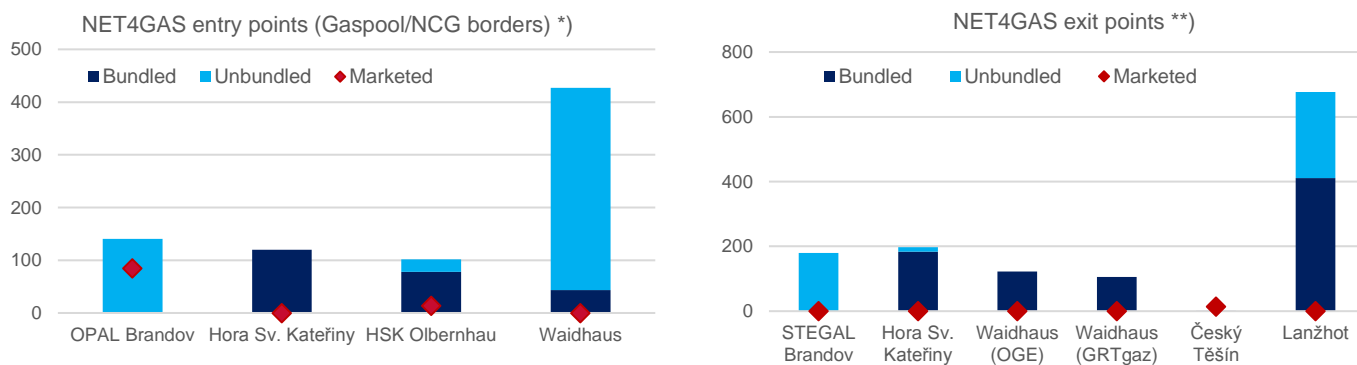
Since July 2017, there has been an increase of flows from the OPAL pipeline into the NET4GAS system. During the same period, the level of new Lanžhot exit bookings has been relatively low. On the other hand, there has been higher demand for capacities towards power plants.

Vladimír Čermák

NET4GAS firm capacities in monthly auctions for Dec 17 in GWh/d



NET4GAS firm capacities in daily auctions in Nov 17 in GWh/d (16 - 23 November 2017) ^{***)}



**) In addition, the Lanžhot bundled & unbundled entry capacities offered from Slovakia exceeded 1.4 TWh/d.*

****) NET4GAS Waidhaus exit capacities split in line with PRISMA auctions reflecting two adjacent TSOs.*

****) The daily maximums offered and marketed during the respective time period; marketed also includes interruptible capacities.*

Note: Competing capacity is allocated at the Hora Sv. Kateřiny and HSK Olbernhau border entry points.

More information about available capacities in the transmission system, the technical capacity of adjacent TSOs, and scheduled shutdowns can be found on the [NET4GAS website](#).

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.

AUCTION CALENDAR

Publication date	Auctions start	Auction type	Product runtime	Capacity types
11 December 2017 09:00	18 December 2017 09:00	Monthly	1 January 2018 - 1 February 2018	Firm
19 December 2017 07:00*	27 December 2017 09:00*	Monthly	1 January 2018 - 1 February 2018	Interruptible
8 January 2018 09:00	15 January 2018 09:00	Monthly	1 February 2018 - 1 March 2018	Firm
16 January 2018 07:00*	22 January 2018 09:00*	Monthly	1 February 2018 - 1 March 2018	Interruptible
22 January 2018 09:00	5 February 2018 09:00	Quarterly	1 April 2018 - 1 October 2018	Firm
12 February 2018 09:00	19 February 2018 09:00	Monthly	1 March 2018 - 1 April 2018	Firm
20 February 2018 07:00*	26 February 2018 09:00*	Monthly	1 March 2018 - 1 April 2018	Interruptible
26 February 2018 07:00*	5 March 2018 09:00*	Quarterly	1 April 2018 - 1 October 2018	Interruptible

** In case the firm auctions at the respective network point(s) are not finished, the publication / start will be postponed to the day after the end of the firm auctions.*

Daily auctions for firm capacity always start at 4:30PM on the day before the gas day, and auctions for interruptible capacity always start at 5:30PM on the day before the gas day.

Within-day auctions start at 7:00PM 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 $H+4$.