



"Dear business partner,

This issue of our regular News4shippers covers various topics related to the upcoming annual capacity auction including the 2019 border point tariffs. Further, we are glad to inform you that the TRU service will start its pilot phase by auction for gas year (GY) 2018/19 on 2 July 2018. The TRU service enables direct connection between the Czech and Austrian gas markets by a single nomination. We also focus on another important topic - Virtual Interconnection Points (VIP). Currently, VIPs are scheduled to be implemented by 1 November 2018. Enjoy reading!"

Drahomíra Glacová, Senior Specialist, Client and Contract Management

New TRU product is offered for GY 2018/19

- Pilot phase auction for GY 2018/19 starts on 2 July
- Trading Region Upgrade (TRU) ensures direct gas transmission between the Czech and Austrian gas markets by a single contract and nomination

PRODUCTS

NET4GAS and Gas Connect Austria (GCA) are offering the TRU service as a pilot project for GY 2018/19. The capacity will be offered at a capacity auction **between 2 July and 16 July 2018** (17:00 CET). The yearly transmission service with a limited **volume of 112,686 kWh/h** is offered by NET4GAS in the direction from the Czech Republic to Austria, whereas the service from Austria to the Czech Republic is offered by the Austrian TSO, GCA.

A **paper-based bidding procedure** with a uniform price auction algorithm will be applied in the pilot project. Interested customers may place up to 10 binding bids in the bidding form allowing them to ship gas directly between the Czech Republic and Austria by a **single nomination without making any additional bookings or nominations in Slovakia**.

A detailed product description and all relevant TRU documentation are available on our [webpage](#).

Tomáš Vyležík

Yearly capacity auction on 2 July 2018

- Capacities available for the next 15 gas years
- Auction data already on the capacity platforms

AUCTIONS

The firm annual capacity auction starts in line with **CAM NC** at 9 AM (CET) on 2 July 2018. All the auction data, including capacities and prices, are already available on the [PRISMA](#) and [GSA](#) platforms.

NET4GAS offers firm bundled and unbundled transmission capacities at its border interconnection points starting with GY 2018/19 and ending with GY 2032/33. An overview and links to the auctions for the upcoming gas year are available in the following tables:

NET4GAS Entry Capacities for GY 2018/19 (GWh/d)

Interconnection Point	Bundled Product	Unbundled Product
Lanžhot	52	788
Waidhaus	0	86
Brandov – OPAL	115	0
Hora sv. Kateřiny	80	0
Hora sv. Kateřiny – Olb.	24	26
Český Těšín	0	0

NET4GAS Exit Capacities for GY 2018/19 (GWh/d)

Interconnection Point	Bundled Product	Unbundled Product
Lanžhot	90	0
Waidhaus (OGE)	188	0
Waidhaus (GRTgaz)	73	
Hora sv. Kateřiny	164	14
Brandov – STEGAL	0	0
Český Těšín	0	0

Tomáš Vyležík

2019 border point tariffs published

- Newly published tariffs for VIP border points
- Exit border points and fuel gas charges remain stable
- Day-ahead and within-day multipliers unchanged

PRICES

In order to comply with the new *Commission Regulation (EU) No 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas (TAR NC)*, the first Price Decision effective as of 2019 was already published on 28 May 2018 prior to the yearly auction. The Price Decision defines tariffs for the Czech border points including VIP border points. Starting from 1 January 2019, the charges for gas transmission services will be as follows:

Transmission prices (CZK/MWh/d/a)

Border points	2018	2019	% Δ
Entry	765.01	765.01	-
Entry VIP	N/A	765.01	
Exit	2,991.43	2,991.43	-
Exit VIP	N/A	2,991.43	
Exit TRU	3,818.06	3,818.06	-
Exit (variable charge)	0.003 x C _{NCG}	0.003 x C _{NCG}	-

Multipliers for shorter than yearly products remain unchanged ranging from 1.1 to 1.7 of the yearly price for quarterly to within-day auctions.

The second Price Decision, containing transmission tariffs from/into SSOs and DSOs, will be published on 30 November 2018 at the latest.

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

Drahomíra Glacová

VIP implementation by 1 November 2018

- Capacities with Germany will only be offered at VIPs
- Free of charge transfer of existing contracts from IPs to VIPs will be enabled

MARKET

In accordance with Article 19 of *Commission Regulation (EU) No 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems (CAM NC)*, NET4GAS is planning to establish and offer all available capacities as of 1 November 2018 at the **Virtual Interconnection Points (VIPs)**.

Three VIPs are planned to be established in the Czech Republic on the borders with Gaspool and NetConnect Germany zones (both in Germany) and with Slovakia.

Under the Czech dual model, existing physical interconnection points will remain in place for all contracts concluded prior to the VIP implementation. If they wish so, customers will have the opportunity to transfer these contracts from IP to VIP without any additional cost.

Currently, the planned date is still 1 November 2018 according to CAM NC. However, the ongoing discussions of ACER and ENTSOG about ambiguities regarding Art. 19 paragraph 9 of CAM NC may affect the requirement of VIP implementations including the date itself. We will keep you informed.

A more detailed description of the planned VIP scheme in the Czech Republic is available in the *public consultation* document that was published and commented on in May. Further details shall be provided to the market in the coming weeks and months.

Michal Mareš

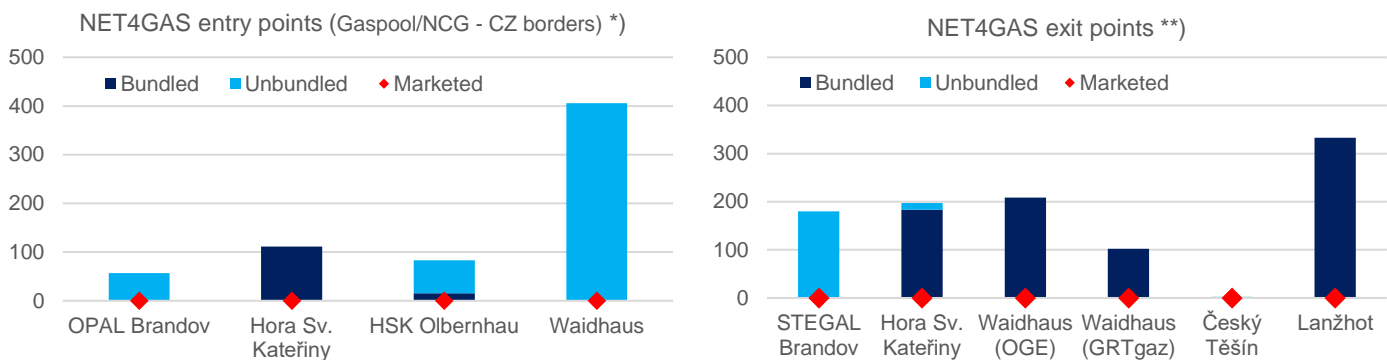
Recent auction activities (Q2 / 2018)

AUCTIONS

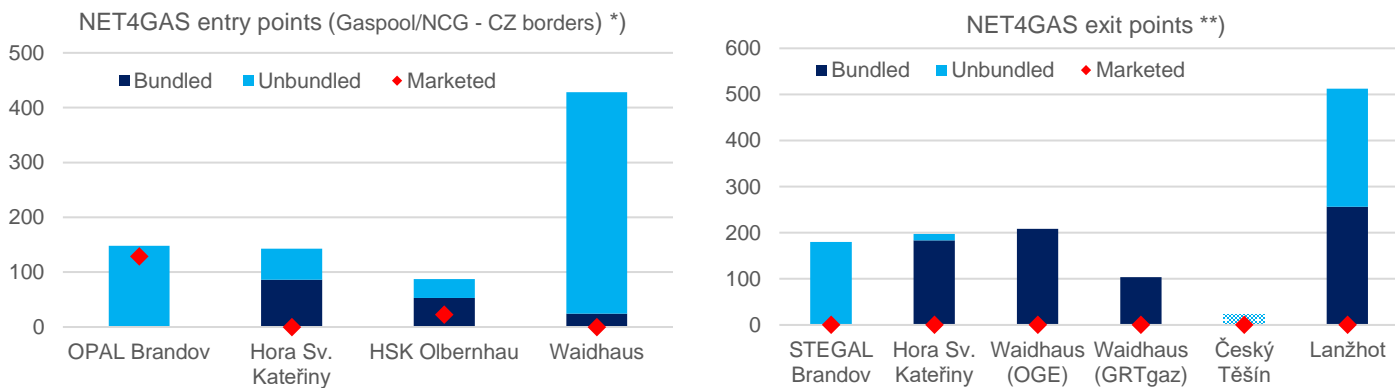
During Q2/2018 we observed very high flows via the Nord Stream pipeline heading towards customers in the Western Europe. This might be attributable to the refilling of storage facilities, which remained unusually empty after the past winter, and also presumably to favorable spreads between the traded market and prices under long term purchase contracts. Given the flat price structure this summer, injection into Czech based storage facilities continues at a steady pace. The positive price spread between Polish and Czech virtual points triggered gas flows at IP Český Těšín. Maintenance of the Ukrainian transmission system and the resulting limited supply of gas in Slovakia motivated shippers to transport significant gas quantities to Slovakia via the NET4GAS system. Detailed information about available capacities in the transmission system, the technical capacity of adjacent TSOs, and scheduled shutdowns can be found on the [NET4GAS website](#).

Vladimír Čermák

NET4GAS firm capacities in monthly auctions for June 2018 in GWh/d



NET4GAS firm capacities in daily auctions in GWh/d during period 26 May – 3 June 2018 ***)



*) In addition, the Lanžhot bundled & unbundled entry capacities offered from Slovakia exceeded 1.2 TWh/d.

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

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

Note: Sold capacities also include interruptible products. Competing capacity is allocated at the Hora Sv. Kateřiny and HSK Olbernhau border entry points.

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
02 June 2018 9:00	02 July 2018 9:00	Yearly	1 October 2018 – 1 October 2019	Firm
09 July 2018 7:00	16 July 2018 9:00	Yearly	1 October 2018 – 1 October 2019	Interruptible
09 July 2018 9:00	16 July 2018 9:00	Monthly	1 August 2018 – 1 September 2018	Firm
17 July 2018 7:00	24 July 2018 9:00	Monthly	1 August 2018 – 1 September 2018	Interruptible
23 July 2018 9:00	06 August 2018 9:00	Quarterly	1 October 2018 – 1 October 2019	Firm
13 August 2018 9:00	20 August 2018 9:00	Monthly	1 September 2018 – 1 October 2018	Firm
21 August 2018 7:00	28 August 2018 9:00	Monthly	1 September 2018 – 1 October 2018	Interruptible
27 August 2018 7:00	03 September 2018 9:00	Quarterly	1 October 2018 – 1 October 2019	Interruptible
10 September 2018 9:00	17 September 2018 9:00	Monthly	1 October 2018 – 1 November 2018	Firm
18 September 2018 7:00	25 September 2018 9:00	Monthly	1 October 2018 – 1 November 2018	Interruptible

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 $H+4$.