



*"Dear business partners,*

*In this NEWS4SHIPPERS issue we provide you with information regarding the proposed methodology for the calculation of transmission tariffs in the Czech Republic as of 2020. Furthermore, you can learn more about the 2019 Price Decision for domestic gas transmission. As usual, we also provide you with the latest information on the development of the TRU project and the VIP implementation. Last but not least, we would like to invite you to visit our updated customer website with relevant information about the Czech gas market! We wish you a Happy New Year 2019 and look forward to our further cooperation."*

Michal Mareš, Senior Specialist, Client and Contract Management

## Proposal for Czech transmission tariff structure from 2020

- European Commission Regulation (EU) No 2017/460 of 16 March 2017 establishing a network code on harmonized transmission tariff structures for gas (TAR NC) sets a new methodology for gas transmission price setting
- The Energy Regulatory Office (ERO) carried out a public consultation of the tariff methodology and the relevant regulated prices in the Czech Republic
- Changes in prices for transportation apply as of 1 January 2020

### PRICES

In the last quarter of 2018, ERO carried out a public consultation of the proposed transmission tariff methodology and regulated prices for gas transmission in the Czech Republic in line with the TAR NC. Details of the proposal are provided in the [consultation document](#) available at ERO's website.

In the Czech Republic, the tariffs set under the TAR NC shall apply as of 1 January 2020. The starting dates of the new tariff methodology may differ in other European countries.

Article 19.1. of the consultation document proposes to introduce different levels of transmission tariffs for each entry/exit point in 2020. This is caused by the introduction of the new capacity-weighted distance reference price methodology in compliance with the TAR NC.

### Transmission prices for ENTRY (CZK/MWh/d/a)

Border points	2019	2020 proposal	% Δ
ENTRY			
VIP Brandov	765.01	795.45	4
Lanžhot	765.01	481.40	-37
VIP Waidhaus	765.01	851.59	11
Cieszyn (Český Těšín)	765.01	208.45	-73
UGS	442.96	181.51	-59

### Transmission prices for EXIT (CZK/MWh/d/a)

Border points	2019	2020 proposal	% Δ
EXIT			
VIP Brandov	2,991.43	3,394.13	13
Lanžhot	2,991.43	3,160.71	6
VIP Waidhaus	2,991.43	1,738.88	-42
Cieszyn (Český Těšín)	2,991.43	4,733.08	58
UGS	95.60	1,527.98	1,498

The variable transmission price for border points is proposed at the level of  $0.0026 * C_{NCG}$  and 0.3 CZK/MWh for storage (the prices do not include the costs of emission allowances; compared with  $0.003 * C_{NCG}$  and 0.14 CZK/MWh in 2019, respectively).

Article 19.2. of the consultation document also provides [estimated tariff levels for the upcoming years until 2025](#).

According to the proposal, short-term multipliers will remain unchanged, seasonal factors will not be introduced and a discount for the possible interruption of interruptible transmission contracts will be charged ex-post in-line with the current approach.

Based on the comments received in public consultation, the ERO will issue a final decision on the TAR NC implementation, which should be published by 31 May 2019.

*David Urban*

## Czech-Austrian transmission offered on a day-ahead basis from 31 October 2018

- NET4GAS and Gas Connect Austria (GCA) launched the first TRU day-ahead auction on 31 October 2018
- Separate points used for the TRU service in both directions at PRISMA

### PRODUCTS

NET4GAS and GCA provide the market with a new short-term trading opportunity by offering the TRU product as a daily service.

Starting with the first auction held on 31 October 2018, the TRU day-ahead product has been offered on the PRISMA booking platform through the 1-year pilot phase. Each transmission direction is offered under a different network point as an unbundled product:

- [TRU AT -> CZ](#) for the direction from AT to CZ,
- [TRU CZ -> AT](#) for the direction from CZ to AT.

Currently 22,000 kWh/h of day-ahead capacity is offered from the Czech Republic to Austria and 112,000 kWh/h for the direction to the Czech Republic.

In order to nominate TRU, a network user has to ensure that the respective shipper code pairs have been created at least 5 working days in advance of the initial nomination in the respective nomination system.

Both TSOs continue to offer TRU in [paper-based monthly and quarterly auctions](#) outside of the online auction platforms. The auction calendar and other information on TRU are available on our [website](#).

*Tomáš Vyležik*

## 2019 Price Decision published for domestic gas transmission

- Prices for border points have already been published in the *Price Decision No. 1/2018* in May 2018
- Fixed SSOs' transmission tariffs remain unchanged

### PRICES

On 22 November 2018, the ERO published its new *Price Decision No. 6/2018* (so far in Czech only) with the regulated transmission tariffs effective in calendar year 2019 for [gas storage, distribution systems and customers](#) directly connected to the transmission network.

Yearly fixed transmission tariffs for storage remain unchanged and equal to 442.96 CZK/MWh/d and 95.60 CZK/MWh/d for transmission system entry and exit, respectively. The multipliers for short-term bookings are also unchanged compared to 2018.

The only parameter which was changed is the variable fee for transmission exit into storage that was increased from 0.05 to 0.14 CZK for each transmitted MWh.

Transmission prices for the Czech border points were published in *Price Decision No. 1/2018* in May 2018.

*Drahomíra Glacová*

## Virtual Interconnection Point (VIP) Brandov-GASPOOL implemented on 1 November 2018

- VIP Brandov-GASPOOL was successfully implemented as of 1 November 2018
- Work on the implementation of VIP Waidhaus-NCG keeps going according to the approved schedule

### MARKET

Since 1 November 2018 all NET4GAS capacities between the Czech Republic and the GASPOOL market area have been marketed at the new VIP Brandov-GASPOOL under the following PRISMA points:

- [GASPOOL Exit / Czech Entry Bundled](#)
- [Czech Exit / GASPOOL Entry Bundled](#)
- [Czech Entry Unbundled](#)
- [Czech Exit Unbundled](#)

Holders of contracts existing before the virtualization have the opportunity to transfer their contracted capacities from the old IPs to the new VIP.

NET4GAS also continues in intensive discussions with its partners from the NCG market area in order to establish [VIP Waidhaus-NCG](#) as of 1 March 2019. We will provide you with more information on the implementation of this VIP soon.

*Michal Mareš*

## Updated Customers section on NET4GAS website published!

IT

We are pleased to inform you that we have launched an updated “Customers” section on the NET4GAS website, displaying relevant market information in an easy-to-understand way and structure. Besides the information about our products,

services, prices and network, we included a new “European Gas Industry” section summarizing information regarding our neighbouring transmission system operators and the European organizations ACER and ENTSOG. We hope that you find our updated “Customers” section useful and interesting. We would welcome any feedback.

*Drahomíra Glacová*

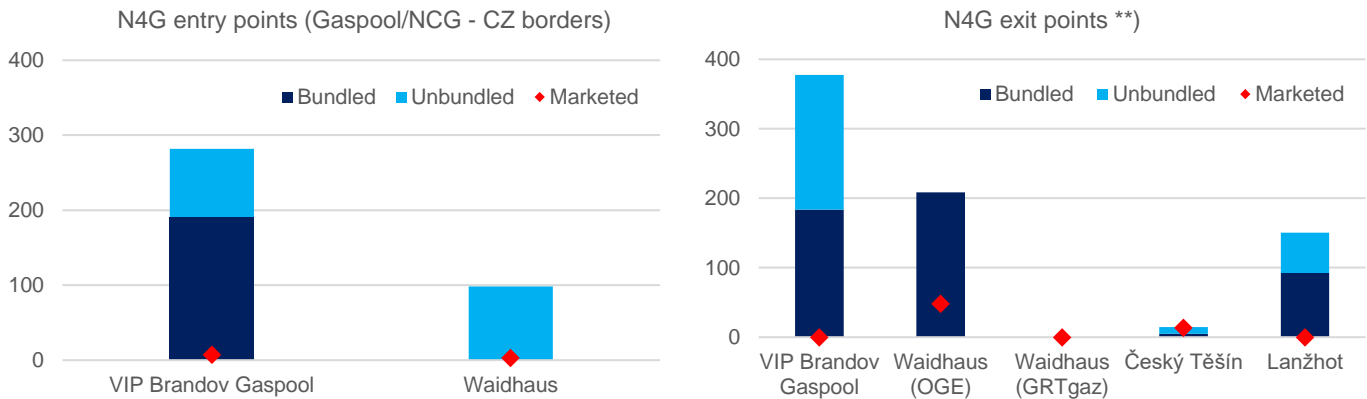
## Recent auction activities (Q4 / 2018)

AUCTIONS

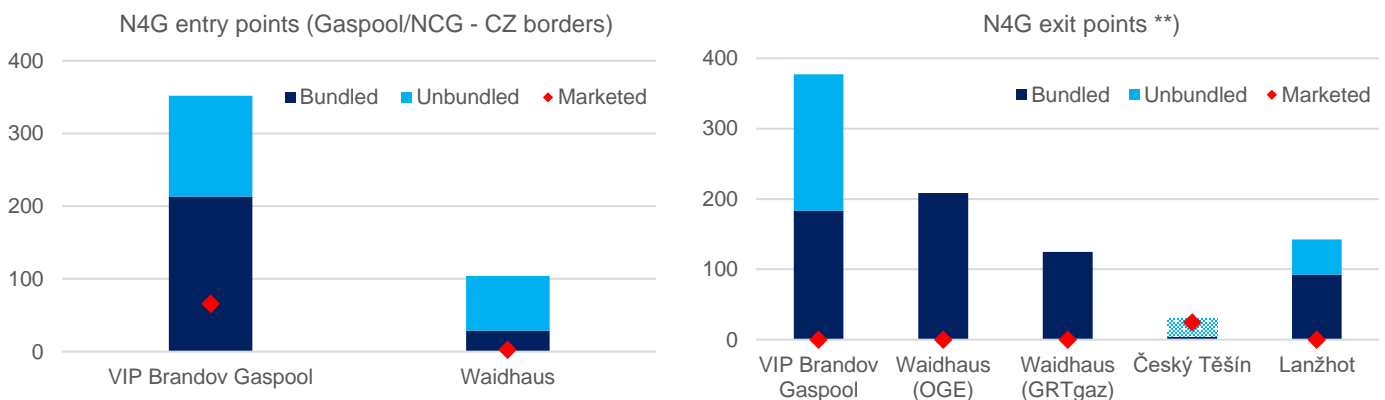
We have observed high flows of gas towards Germany at IP Waidhaus. The flow of gas towards Poland through Český Těšín exit has also been used to a large extent. By contrast, the flows towards the East have been lower than normal. In terms of storages, injection has mainly turned into withdrawal at this point of winter. Injection is now only sporadic.

*Vladimír Čermák*

## NET4GAS firm capacities in monthly auctions for December 2018 in GWh/d



## NET4GAS firm capacities in daily auctions in GWh/d (26 November – 2 December 2018) \*\*\*)



\*) In addition, the Lanžhot bundled & unbundled entry capacities offered from Slovakia exceeded 900 GWh/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.

## Overview of upcoming planned maintenance work of NET4GAS infrastructure

### SHUTDOWNS

An overview of all planned maintenance work and consequent firm capacity interruptions at all entry and exit points of the NET4GAS infrastructure for every calendar day is available on our [website](#). Find all upcoming planned maintenance below:

### Entry points

Month	Entry point	Technical capacity [GWh/d]	Maximum daily interruption [GWh/d]	Maximum available daily firm capacity [GWh/d]
January	Lanžhot	1,640.413	721.947	918.466
	HSK/Olbernhau	456.510	93.183	405.207
February	Lanžhot	1,640.413	1,266.023	918.466
	HSK/Olbernhau	456.510	93.183	405.207
March	Lanžhot	1,640.413	1,266.023	918.466
	HSK/Olbernhau	456.510	150.768	405.207

### Exit points

Month	Entry point	Technical capacity [GWh/d]	Maximum daily interruption [GWh/d]	Maximum available daily firm capacity [GWh/d]
January	Lanžhot	913.680	394.455	624.901
February	Lanžhot	913.680	428.983	624.901
March	Lanžhot	913.680	461.418	484.697

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
14 January 2019 9:00	21 January 2019 9:00	Monthly	1 February 2019 – 1 March 2019	Firm
21 January 2019 9:00	4 February 2019 9:00	Quarterly	1 April 2019 – 1 October 2019	Firm
22 January 2019 7:00	29 January 2019 9:00	Monthly	1 February 2019 – 1 March 2019	Interruptible
11 February 2019 9:00	18 February 2019 9:00	Monthly	1 March 2019 – 1 April 2019	Firm
19 February 2019 7:00	26 February 2019 9:00	Monthly	1 March 2019 – 1 April 2019	Interruptible
25 February 2019 7:00	4 March 2019 9:00	Quarterly	1 April 2019 – 1 October 2019	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  $H+4$ .