



Trading Region Upgrade (TRU) – Information Sheet

1-year pilot project 2018/2019

DISCLAIMER: The following information sheet summarizes the key points related to the sales process of the TRU Service during the pilot phase in order to have all relevant information in one place. However, please note that the information sheet is not in itself a binding document. Please consult the legally binding documents before participating in the auction (e.g. in the case of the Czech Republic: Framework Agreement, Czech Network Code Section F, Article 20, Price Decision).

1. General Description

1.1 TRU in General, Runtime & Total Quantity

TRU is a new specially designed service to connect the Austrian and Czech gas markets directly. TRU is a service provided by GAS CONNECT AUSTRIA (GCA) and NET4GAS (N4G).

TRU provides the ability to reach the neighboring market. For the users of TRU this has the effect as if the two markets were connected directly.

Once the TRU service is obtained, it has to be allocated to a balance group and can be nominated via standard capacity nomination procedure. TRU already includes the respective transport capacity which is required for the underlying transport route(s).

A 1-year pilot phase is foreseen for TRU. An evaluation of TRU will be done based on the results and benefits of the Pilot project.

Within the scope of the 1-year pilot phase, the TRU service will be available as a **yearly service** useable from 01 October 2018, 06:00 CE(S)T until 01 October 2019, 06:00 CE(S)T, with a **total quantity of 112,686 kWh/h**.

The following sections provide detailed information about the TRU selling process, the use and price of TRU as well as settlement and reporting issues.



1.2 The benefits of TRU

As a specially designed and innovative service TRU will entitle network users to make an exit nomination from the Austrian Market Area East which will be immediately matched with entry into the Czech market area and vice versa.

TRU facilitates cross border transmission and access to both market areas. It will simplify transactions through establishing a One Stop Shop. TRU will also reduce transaction costs and substantially increase trading flexibility. This will create additional business opportunities.

2. TRU Selling in the pilot phase (sales process)

The selling of TRU will be carried out on the basis of a bidding and allocation procedure.

2.1. Participation Requirements

In the pilot phase TRU is offered to all market participants. The direction is dependent on the seller, i.e. the direction from the Czech Republic to Austria is sold by N4G and the direction from Austria to the Czech Republic is sold by GCA.

2.2. Bidding Procedure

For the bidding the TSOs will open a **bidding window from 02 July 2018, 09:00 CE(S)T until 16 July 2018, 17:00 CE(S)T** and interested customers shall have the chance to bid via a bidding form (TRU Bid form). In case bids are delivered outside of the bidding window and/or in case bids do not comply with the formal requirements as specified below and in the respective TRU Bid form of each TSO, they shall be refused. Commencement of the TRU bidding procedure will be published on the website of each TSO.

Completed signed [bid form for the direction from the Czech Republic to Austria](#) shall be sent to:

NET4GAS, s.r.o.
Na Hřebenech II 1718/8
140 21 Praha 4
Czech Republic

Attention:
Mr. David Urban
Department: Commercial Operations



Completed signed [bid form for the direction from Austria to the Czech Republic](#) shall be sent to:

Gas Connect Austria GmbH

Floridsdorfer Hauptstraße 1
1210 Vienna
Austria

Attention:

Mr. Aleksandar Savic
Department: Sales Transmission & Distribution

The interested customers may place up to 10 binding bids using the TRU Bid form of the relevant selling TSO. The following information has to be provided by the bidders:

- a. The TRU quantity they intend to book expressed in kWh/h per runtime as requested in the relevant TRU bid form,
- b. Bids containing TRU quantities higher than the offered total service quantity of 112,686 kWh/h per year shall be rejected,
- c. Contact details, i.e. bids without contact details shall be rejected.

The bids shall be confirmed by the TSOs at the latest three business days after close of bidding window.

2.3. Allocation - procedure

After the bidding window has been closed and all valid Bids are collected, the **Uniform price auction algorithm** will be used as allocation procedure (i.e. prevailing procedure as for Day-Ahead auctions on the auction platforms).

The main characteristics are:

- There is only one bidding round, i.e. bidding window.
- Bidder can submit up to 10 bids.
- All bids are ranked in a descending order according to their bid price, i.e. reserve price + surcharge
- The lowest bid price of all awarded bids is considered as the clearing price, i.e. same price for all successful bidders
- „Fill-or-kill“ option subject to minimum amount condition. If allocated TRU is less than the requested minimum amount of TRU the bid shall be considered unsuccessful.



- Pro-rata allocation is used in case of equally-ranked bids.
- Reserved price is the regulated tariff including time factors if applicable.

3. TRU Operation (running the service)

In general, the use of TRU is carried out within the standard nomination procedures.

3.1. Starting with TRU, Nomination and Renomination

Although, TRU is operated as regular transmission capacity between two virtual points, some differences arise from different market setups (market rules).

After having bought a certain TRU quantity within the bidding procedure, customers will conclude a TRU contract (or get a TRU allocation confirmation). TSOs will also register TRU contract(s) within their IT systems [Capacity Utilization @ GCA and trygas @ N4G] so that the TRU contract holder can manage, e.g. allocate its contracted TRU quantities to the relevant TRU user (balance group responsible in AT). Customers using TRU will be able to nominate TRU (for the first time for the gas day 01 October 2018) under following conditions:

- **In general, applicable to both markets**
 - Customers using TRU have to be entitled to nominate at both markets
 - TRU shall be nominated in the same way as transmission capacity
 - The same lead times apply
 - The renomination lead time for TRU planned to be 2 hours starting at full hour prior to submitted renomination. If not stated differently, prevailing market rules will be applied.
 - Customers using TRU will receive all necessary confirmations to enable their balancing properly in time
 - The exchange format to be used for the nomination of TRU is edigas 4.0 or a higher version.
- **In Austria [TRU in the direction from AT to CZ contracted with GCA]**
 - TRU must be allocated to a balance group
 - Allocation procedure is the same as for transmission capacity, i.e. to be executed via GCA's Capacity Utilization system.
 - TRU can be allocated to an existing balance group within a 2 hours lead time prior to the intended use of the service
 - The lead time for the first operational set up for each new balance group is 5 working days



- Nomination for TRU shall be processed via Gas Management System (GMS)
- **In Czech [TRU in the direction from CZ to AT contracted with N4G]**
 - TRU users entering Czech market get registered by Czech market operator OTE [www.ote-cr.cz]
 - TRU users not entering Czech market get registered by N4G
 - Nomination shall be processed within the IT system (trygas) and CDS OTE
 - CMP rules will not be applied for the pilot at least.

3.2. Balancing

The nominated TRU will be allocated to the balancing accounts within the respective market areas and the balancing rules of this gas market will apply. That means the balancing regimes of the Austrian and Czech gas markets are not affected by TRU.

4. Service Price and Fee

4.1. TRU service price from the Czech Republic to Austria

The service price for CZ TRU in 2018/2019 gas year has two parts:

- a) Fixed price (reserved price) amounts to 3,818.06 CZK/MWh/d/a and
- b) Variable price – depending on volume nominated and amounting to $0.003 \times C_{NCG}$ CZK/MWh *whereas C_{NCG} is the planned purchase price of gas for the next gas day that is determined as the value of the "End-of-Day Price" on the European Energy Exchange AG for the following gas day D+1 for the product Day 1 MW for the NCG zone on the current gas day D; the daily price in EUR / MWh is converted to CZK / MWh by the daily exchange rate of EUR / CZK announced by the CNB on the current gas day D.*

Full description of CZ TRU prices is available in Sections 1.1.1.2. of the [Price Decision no. 5/2017](#) published for 2018 and the [Price Decision no. 1/2018 published for 2019](#).

The monthly service fee for the direction from the Czech Republic to Austria is the result of the twelfth part of the fixed price times the allocated amount of the TRU service (fixed part of the fee) and the variable price times the nominated transmission volume into the neighboring market (variable part of the fee).

4.2. TRU service price from Austria to the Czech Republic

The reserve price for the TRU auction is the approved TRU yearly tariff from Austria to the Czech Republic which amounts to 7.27 EUR/kWh/h/a. For other runtimes the TRU tariff shall



apply according to the Austrian Gas System Charges Ordinance including time factors as amended from time to time.¹

5. Invoicing and payment

TRU service will be charged monthly on a separate invoice.

6. Other Conditions

All relevant terms and conditions for the TRU service from Austria to the Czech Republic are included in the TRU “Offer conditions & bid form”, which is published on the website www.gas-connect.at.

All relevant supplemental terms and conditions for the TRU service from the Czech Republic to Austria are included in Section F, Article 20 of the N4G [Network Code](#).

¹ For details refer to Article 6 of GCA’s Trading Region Upgrade Service – “Offer condition & bid form”