RULING

Ref. No.: 0003/2011/P   Bratislava 06.10.2010
Doc. No.: 3849/2010/BA

The Network Industries Regulatory Office under section 5, par. 1, item d) count 2 and item f) of the Law No. 276/2001, Digest of Laws, on the Regulation in Network Industries, as amended and supplemented by consequential amendments, **has decided** on the issue of the draft price for an access to the transmission network and gas transmission in 2011 for the regulated entity eustream, a.s., Company ID: 35 910 712, with a registered office - Mlynské nivy 42, 825 11 Bratislava, **as follows:**

The Network Industries Regulatory Office based on section 14, par. 5 linked to section 12, par. 1, items e) and k) of the Law No. 276/2001, Digest of Laws, on the Regulation in Network Industries, as amended and supplemented by consequential amendments, and in accordance with the section 3, item e) and section 4 item e) of Decree of the Network Industries Regulatory Office No. 1/2009 as of June 10, 2009, which sets up the price regulation in gas industry, and the method of its implementation, together with section 4 par. 1, section 5 to section 7 of Decree f the Network Industries Regulatory Office No. 4/2008 as of July 23, 2008, which sets up the scope of the price regulation in gas industry, and which supplements Decree of the Network Industries Regulatory Office published on July 31 2007 No. 4/2007, which sets up the range and structure of eligible costs, method for the determination of a reasonable profit and reference materials for the draft price in gas industry as amended by Decree of the Network Industries Regulatory Office No. 7/2008 published on October 1, 2008 and Decree No. 4/2009 published on June 10, 2009, for the regulated entity - eustream, a.s., Company ID: 35 910 712, with a registered office - Mlynské nivy 42, 825 11 Bratislava approves the following prices for an access to the transmission network and for gas transmission for the period from January 1, 2011 until December 31, 2011:

1. Tariffs for entry points to the transmission network:

Table No. 1

Tariff group (booked daily capacity)	Initial tariff rate at the entry point (n) $(P_{0en(n)(t)})$ (EUR/(m^3/d)/y)				
	Lanžhot	Baumgarten	Veľké Kapušany	Veľké Zlievce	Domáci bod
T_{en1} (up to 1.75 mil. m^3)	0,2976	0,5364	1,6269	0,8059	0,1536

T_{en2} (over 1.75 mil. m³ incl. up to 40 mil. m³)	0,3023	0,5448	1,6523	0,8185	0,1560
T_{en3} (over 40 mil. m³ incl. up to 132 mil. m³)	0,2129	0,3837	1,1638	0,5765	0,1099
T_{en4} (over 132 mil. m³ incl.)	0,1567	0,2824	0,8566	0,4243	0,0809

while the final tariff rate at the entry point (n) to the transmission network shall be determined for the calendar year (t) as follows:

$$P_{en(n)(t)} = P_{0en(n)(t)} * (1 - \alpha_{(n)(t)}/1\ 000\ 000 * C_{en(n)(t)}) * I$$

where: $P_{en(n)(t)}$ − final tariff rate at the entry point (n) to the transmission network for the calendar year (t) (in EUR/(m³/d)/y),

$\alpha_{(n)(t)}$ −daily capacity factor for the entry point (n) to the transmission network for the calendar year (t) (in d/m³),

$C_{en(n)(t)}$ − contractually agreed daily capacity at the entry point (n) to the transmission network for the calendar year (t) (in m³/d),

$I_{y/m/d}$ − duration factor, determined according to the type of contract (in years/months/days),

n − entry point, for which the final rate shall be determined for the calendar year (t),

t − the calendar year, for which the final rate shall be determined for entry point (n).

2. Tariffs for exit points from the transmission network:

Table No. 2

Tariff group (booked daily capacity)	Initial tariff rate at the exit point (n) $(P_{0ex(n)(t)})$ (EUR/(m³/d)/y)				
	Lanžhot	Baumgarten	Veľké Kapušany	Veľké Zlievce	Domáci bod
T_{ex1} (up to 1.75 mil. m³)	1,6179	1,8401	2,2604	0,8220	0,8297
T_{ex2} (over 1.75 mil. m³ incl. up to 40 mil. m³)	1,6432	1,8689	2,2958	0,8349	0,8427
T_{ex3} (over 40 mil. m³ incl. up to 132 mil. m³)	1,1574	1,3163	1,6171	0,5880	0,5936
T_{ex4} (over 132 mil. m³ incl.)	0,8518	0,9688	1,1902	0,4328	0,4369

while the final tariff rate at the exit point (n) from the transmission network shall be determined for the calendar year (t) as follows:

$$P_{ex(n)(t)} = P_{0ex(n)(t)} * (1 - \alpha_{(n)(t)}/1\ 000\ 000 * C_{ex(n)(t)}) * I$$

where: $P_{ex(n)(t)}$ − final tariff rate at the exit point (n) from the transmission network for the calendar year (t) (in EUR/(m³/d)/y),

α – daily capacity factor for the exit point (n) from the transmission network for the calendar year (t) (in d/m^3),

$C_{ex(n)(t)}$ – contractually agreed daily capacity at the exit point (n) from the transmission network for the calendar year (t) (in m^3/d),

$I_{y/m/d}$ – duration factor, determined according to the type of contract (in years/months/days),

n – exit point, for which the final rate shall be determined for the calendar year (t),

t – the calendar year, for which the final rate shall be determined for entry point (n).

3. Tariffs rates of gas for operational purposes:

Table No. 3

	Entry/exit points				
	Lanžhot	Baumgarten	Veľké Kapušany	Veľké Zlievce	Domáci bod
Tariff rate at the entry point (%)	0,10	0,14	0,60	0,10	0,00
Tariff rate at the exit point (%)	1,10	1,10	0,06	0,10	0,00

b) *Conditions of applicability of access and gas transmission prices*

1. **Types of tariffs for access to the gas transmission network and gas transmission**

Tariff groups for access and gas transmission are divided into tariff groups applicable for pricing of access into and gas transmission through entry points to the transmission network (T_{en1}, T_{en2}, T_{en3}, T_{en4}) and into tariff groups applicable for pricing of access into and gas transmission through exit points from the transmission network (T_{ex1}, T_{ex2}, T_{ex3}, T_{ex4}), which further split into individual types on the basis of the contractually agreed daily capacity of the gas transmission through the entry point (n) to the transmission network for the calendar year (t) (hereinafter "$C_{en(n)(t)}$") and/or through the exit point (n) from the transmission network for the calendar year (t) (hereinafter "$C_{ex(n)(t)}$"; $C_{en(n)(t)}$ and/or $C_{ex(n)(t)}$ hereinafter the „ **daily capacity**") stipulated in the contract for gas transmission and access to the transmission network concluded by and between eustream and the transmission network user (hereinafter the „**contract**") in the following manner:

- **tariff T_{en1}** – shall be used to evaluate the access and gas transmission through entry points to the transmission network with daily capacity up to 1.75 mil. m^3,
- **tariff T_{en2}** – shall be used to evaluate the access and gas transmission through entry points to the transmission network with daily capacity over 1.75 mil. m^3 including and up to 40 mil. m^3,
- **tariff T_{en3}** – shall be used to evaluate the access and gas transmission through entry points to the transmission network with daily capacity over 40 mil. m^3 including and up to 132 mil. m^3,

- **tariff T_{en4}** – shall be used to evaluate the access and gas transmission through entry points to the transmission network with daily capacity over 132 mil. m³ including,
- **tariff T_{ex1}** – shall be used to evaluate the access and gas transmission through exit points to the transmission network with daily capacity up to 1.75 mil. m³,
- **tariff T_{ex2}** – shall be used to evaluate the access and gas transmission through exit points to the transmission network with daily capacity over 1.75 mil. m³ including and up to 40 mil. m³,
- **tariff T_{ex3}** – shall be used to evaluate the access and gas transmission through exit points to the transmission network with daily capacity over 40 mil. m³ including and up to 132 mil. m³,
- **tariff T_{ex4}** – shall be used to evaluate the access and gas transmission through exit points to the transmission network with daily capacity over 132 mil. m³ including.

2. Structure of tariff groups for access and gas transmission

2.1 Tariff groups for the access and gas transmission through the entry points to the transmission network (T_{en1}, T_{en2}, T_{en3}, T_{en4}) comprise initial tariff rates ($P_{0en(n)(t)}$) applied at the relevant entry points (n) to the transmission network in the calendar year (t).

2.2 Tariff groups for the access and gas transmission through the exit points from the transmission network (T_{ex1}, T_{ex2}, T_{ex3}, T_{ex4}) comprise initial tariff rates ($P_{0ex(n)(t)}$) applied at the relevant exit points (n) from the transmission network in the calendar year (t).

3. Use of tariffs for the access and gas transmission

3.1 A yearly payment for the access and gas transmission through the transmission network for the calendar year (t) shall be determined as a sum of yearly payments for the calendar year (t) determined for each entry point to the transmission network and each exit point from the transmission network agreed in the contract in the following manner:

$$P_{(t)} = \sum_{n=1}^{x} (P_{en(n)(t)} * C_{en(n)(t)}) + \sum_{n=1}^{y} (P_{ex(n)(t)} * C_{ex(n)(t)})$$

where:
x – number of entry points agreed under the contract for the calendar year (t),
y – number of exit points agreed under the contract for the calendar year (t).

3.2 The transmission network user shall be included in respect of each entry point to the transmission network and each exit point from the transmission network agreed in the transmission contract into a tariff group (T_{en1}, T_{en2}, T_{en3}, T_{en4}, T_{ex1}, T_{ex2}, T_{ex3}, T_{ex4}) taking into account his total daily capacity of gas transmission agreed for each entry point and each exit point ($C_{en(n)(t)}$, $C_{ex(n)(t)}$). Classification does not change depending on the real volume of the transmitted gas.

3.3   The initial tariff rate at each entry point to the transmission network for the calendar year (t) ($P_{0en(n)(t)}$) and the initial tariff rate at each exit point from the transmission network for the calendar year (t) ($P_{0ex(n)(t)}$) applied within the tariffs groups, to which the network user is included in respect of each entry point and each exit point agreed in the contract, shall be determined pursuant to a specification of the entry points and exit points of the gas transmission provided for in the contract. The entry points to and the exit points from the transmission network shall be considered the following points:

- **Lanžhot** – shall be considered as the entry/exit point from/to the transmission network of gas facilities on the territory of the Czech Republic,

- **Baumgarten** – shall be considered as the entry/exit point from/to the transmission network of gas facilities on the territory of the Austria,

- **Veľké Kapušany** – shall be considered as the entry/exit point from/to the transmission network of gas facilities on the territory of the Ukraine,

- **Veľké Zlievce** – shall be considered as the entry/exit point from/to the transmission network of gas facilities on the territory of the Hungary,

- **Domestic point** – joint virtual point on the territory of the Slovak Republic; shall be considered as the entry/exit point from/to gas distribution networks and storages located on the territory of the Slovak Republic.

3.4   Daily capacity factor ($\alpha_{(n)(t)}$) shall be determined for each entry point to the transmission network and each exit point from the transmission network agreed in the contract for the calendar year (t) depending on the classification of the network user to a tariff group applied for a certain entry point and a certain exit point in the calendar year (t). For the network user included in respect of a certain entry point and/or a certain exit point to a tariff group T_{en1} and/or $T_{ex1,}$ a daily capacity factor at the amount of 0 shall apply. For the network user included in respect of a certain entry point and/or a certain exit point to a tariff group T_{en2} and/or $T_{ex2,}$ a daily capacity factor at the amount of 0.0088 shall apply. For the network user included in respect of a certain entry point and/or a certain exit point to a tariff group T_{en3} and/or $T_{ex3,}$ a daily capacity factor at the amount of 0.0020 shall apply. For the network user included in respect of a certain entry point and/or a certain exit point to a tariff group T_{en4} and/or $T_{ex4,}$ a daily capacity factor at the amount of 0 shall apply.

3.5   Duration factor of long-term and one-year contracts (I_y) shall be determined depending on the agreed number of years of the gas transmission performance agreed on the basis of the contract. If the number of years of the gas transmission performed by eustream shall be 20 years and more, the duration factor at the amount of 0.886 shall apply. If the number of years of the gas transmission performed by eustream shall be less than 20 years, the duration factor of long-term contracts shall be determined in the following manner:

$$I_y = 1.006 - 0.006 * D_y$$

where: D_y – duration of transmission performance under the contract in years.

3.6 Duration factor of short-term (monthly or daily) contracts ($I_{m/d}$) shall be determined depending on the agreed number of months/days of the gas transmission performance agreed on the basis of the contract. The duration factor of short-term contracts shall be determined in the following manner:

Monthly contracts:

$$I_m = 0.16 + 0.12 * D_m$$

where: D_m – duration of transmission performance under the contract in months

Daily contracts:

$$I_d = 0.001 + 0.01 * D_d$$

where: D_d – duration of transmission performance under the contract in days.

3.7 The final tariff rate at each entry point to the transmission network for the calendar year (t) ($P_{en(n)(t)}$) and the final tariff rate at each exit point from the transmission network for the calendar year (t) ($P_{ex(n)(t)}$) shall be determined in accordance with Sections 3.2 to 3.6 above in the following manner:

$$P_{en(n)(t)} = P_{0en(n)(t)} * (1 - \alpha_{(n)(t)} / 1\,000\,000 * C_{en(n)(t)}) * I$$

$$P_{ex(n)(t)} = P_{0ex(n(t)} * (1 - \alpha_{(n)(t)}/1\,000\,000 * C_{ex(n(t))}) * I$$

3.8 The yearly payment for the access and gas transmission through the transmission network determined pursuant to Section 3.1 shall apply in the first calendar year of the natural gas transmission performance on the basis of the contract. If the agreed time period of the gas transmission performance does not start on 1 January 2011, the network user is obligated to pay in the first calendar year to eustream a proportionate part of the yearly payment for the access and gas transmission through the transmission network, which shall be determined as a ratio of days of the agreed time period of the transmission performance in the given calendar year to the total number of days in the given calendar year. The network user shall pay the yearly payment for the access and gas transmission, eventually its proportionate part, in a manner agreed in the contract.

3.9 The yearly payment for the access and gas transmission through the transmission network for each following calendar year (t) for contracts with duration which includes the change between consecutive calendar years shall be always from the 1st January of the following year determined pursuant to Section 3.1 in conjunction with Sections 3.2 to 3.6 by applying the entry data valid for each relevant calendar year (t), whereby the applied initial tariff rate for each entry point to the transmission network and exit point from the transmission network shall be the applicable rate given in the table No. 1 or the table No. 2 above adjusted in the following manner:

$$P_{0en/ex(n)(t)} = P_{0en/ex(n)(t-1)} * [0.5 + 0.5 * (1+IR_{(t-2)}/100)]$$

where: $P_{0en/ex(n)(t)}$ – adjusted figure of the initial tariff rate for an entry point (n) to the transmission network or an exit point (n) from the transmission network to be applied in the relevant calendar year (t),

$P_{0en/ex(n)(t-1)}$ – initial tariff rate for an entry point (n) to the transmission network or an exit point (n) from the transmission network, which was applied in the immediately preceding calendar year (t-1),

$IR_{(t-2)}$ – inflation index in the European Union published by the office of Eurostat, item "annual average inflation rate - European Union" valid in the calendar year (t-2).

3.10　　If the agreed time period of the gas transmission performance does not end in the last calendar year of the agreed time period of the transmission performance on the basis of the contract on 31st of December of the given calendar year, the network user is obligated to pay in the last calendar year to eustream a proportionate part of the yearly payment for the access and gas transmission through the transmission network determined pursuant to Section 3.9, which shall be determined as a ratio of days of the agreed time period of the transmission performance in the given calendar year to the total number of days in the given calendar year.

3.11　　The price for access to the transmission network and gas transmission in the year (t) for contracts with interruptible transmission capacity shall be determined in a way, so that it reflects the probability of interruption. In such case the yearly payment for the access and gas transmission through the transmission network $P_{(n)(t)}$ in year (t) is for yearly contract through entry or exit point (n) determined by following formula:

$$P_{(n)(t)} = P_{an\text{-}t} / y * \sum_{n=1}^{y} [L_I]$$

where:
$P_{(n)(t)}$ – yearly payment for the access and gas transmission through entry of exit point (n),
$P_{an\text{-}t}$ – yearly payment to transmission capacity without interruption,
y – total number of days in year (t),
L_I – factor of real interruption, 　if $C_S/C_I \geq 0.04$, then $L_I = C_S/C_I$
　　　　　　　　　　　　　　　 if $C_S/C_I < 0.04$, then $L_I = 0.04$
C_S – truly offered interruptible capacity in the case of interruption or limitation of the transmission
C_I – interruptible capacity agreed in the contract

Monthly invoices of yearly payment P(n)(t) are not equal, but reflect interruption in the actual month.

3.12　　The transmission network user is obligated to provide eustream gas for operational purposes of the transmission network for each entry point to the transmission network and for each exit point from the transmission network separately. The volume of the provided gas for the operational purposes shall be determined as a multiplication of the real metered and transported volume of gas at each entry point of the user to the transmission network and each exit point of the user from the transmission network

(according to which one is used) and applicable rates of gas for operational purposes stipulated in Table No. 3.

3.13   In case that the network user exceeds the daily capacity at the entry or exit point (n) then the network user is obliged to pay the overrun charge as specified by article 11 of the ordinance of the government of the Slovak Republic 212/2010 which is amending the ordinance of the government of the Slovak Republic 409/2007 which is setting the rules for functioning of the gas market.

3.14   In case that the network user concludes contracts where daily transmission capacities at the same entry and exit point are booked simultaneously in time then the cheaper from the two final tariffs for this entry/exit point is reduced by 25% for the respective time period of simultaneous booking. In case that the booked capacities at the same entry and exit point are not equal then the reduction is applied up to the amount of the smaller of the respective capacities.

3.15   The price for the Title Transfer Service provided at the entry and/or exit points of the transmission network consists of

- a fixed fee of 1 000,00 EUR paid as a lump sum covering all title transfer transactions for every month when the Title Transfer Service was contracted;
- a fee of 0,10 EUR per 1000 m3 of quantity of gas allocated in terms of the Title Transfer Service.

3.16   The mentioned prices, tariffs and conditions of their application for the access to the transmission network and gas transmission shall be applied by eustream for contracts on access to the transmission network and gas transmission concluded within the time period from 01 January 2011 (including) till 31 December 2011 (including).

3.17   Tariffs laid down in this Decision are without VAT.

Rationale:

After revision of submitted facts and data supplemented in the draft price for an access to the transmission network and for gas transmission (hereinafter referred to as „Draft Price") Office for Regulation of Network Industries came into a conclusion, that the Draft Price is in compliancy with the section 3 item e) and section 4 item e) of Decree of the Network Industries Regulatory Office No. 1/2009, as of June 10, 2009, which sets up the scope of the price regulation in gas industry, and the method of its implementation, and section 4 par. 1, section 5 to section 7 of Decree No. 4/2008 and has decided as is mentioned in predicational part of this Ruling. Comparable prices for an access to the transmission network and for gas transmission are set up upon section 6 par. 4 of decree No. 4/2008 as tariffs for an access to the transmission network and for gas transmission.

This Ruling is in accordance with section 47 par. 5 of the Law No. 71/1967 Digest of Laws, and supplemented by consequential amendments, and with section 19a par. 5 of Law of Regulation signed by authorized personne Ing. Jozef Holjenčík, chairman of Regulatory council, executing power of the head of the council.

Instruction:
Against this Ruling is possible to give up an abjuration to the Office for Regulation of Network Industries (Bajkalská 27, P.O.Box 12, 820 07 Bratislava 27) in period of 40 days from the date of submission of this Ruling. An abjuration against price cannot cause an abeyance. This Ruling can be brought to the court for review.

Ing. Jozef Holjenčík
Chairman of Regulatory council
Executing power of the
head of the council

The Ruling will be delivered to:
1. eustream, a.s., Mlynské nivy 42, 825 11 Bratislava,
2. The Ministry of Economy of the Slovak Republic, department of Energy, Mierová 19, 827 15 Bratislava.