

RULING

Ref. No.: 0003/2013/P
Doc. No.: 4258-2012-BA

Bratislava 10.10.2012

The Regulatory Office for Network Industries under section 5, par. 1, item d) count 2 and item f) of the Act No. 276/2001 Coll. 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 2013 for the regulated entity eustream, a.s., with its registered office at Votrubova 11/A, 821 09 Bratislava, company ID: 35 910 712, **as follows**:

The Regulatory Office for Network Industries based on section 14, par. 5 linked to section 12, par. 1, items e) and k) of the Act No. 276/2001 Coll. 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 the Decree of the Regulatory Office for Network Industries No. 189/2011 Coll., which sets up the price regulation in network industries and the method of its implementation, as amended by the decree No. 168/2012 Coll., together with section 5 to section 7 of the Decree of the Regulatory Office for Network Industries No. 216/2011 Coll., which sets up the scope of the price regulation in gas industry, as amended by the decree No. 169/2012 Coll., for the regulated entity eustream, a.s., with its registered office at Votrubova 11/A, 821 09 Bratislava, company ID: 35 910 712, approves for the period from 1st January 2013 until 31st December 2013 the following comparable prices for an access to the transmission network and gas transmission which are set in form of tariffs:

1. Tariffs for entry points to the transmission network:

Table No. 1

Tariff group (booked daily capacity, $T_{en(m)}$)	Initial tariff rate at the entry point (n) ($P_{0en(n)(m)(t)}$) (EUR/(MWh/d)/y)				
	Lanžhot	Baumgarten	Veľké Kapušany	Veľké Zlievce	Domáci bod
T_{en1} (up 18 200 MWh)	29,36	52,92	160,53	79,53	15,14
T_{en2} (over 18 200 MWh incl. up to 416 000 MWh)	29,82	53,75	163,04	80,77	15,38
T_{en3} (over 416 000 MWh)	21,00	37,86	114,84	56,89	10,84

incl. up to 1 372 800 MWh)					
T _{en4} (over 1 372 800 MWh incl.)	15,46	27,87	84,52	41,87	7,98

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

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

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

$\alpha_{(m)(t)}$ – daily capacity factor for the tariff group (m) for the entry point to the transmission network for the calendar year (t) (in d/ MWh),

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

I_{y/m/d} – duration factor, determined according to the type of the 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),

m = 1, for all C_{en(n)(t)} up to 18 200 MWh,

m = 2, for all C_{en(n)(t)} in the range btw. 18 200 MWh incl. up to 416 000 MWh,

m = 3, for all C_{en(n)(t)} in the range btw. 416 000 MWh incl. up to 1 372 800 MWh,

m = 4, for all C_{en(n)(t)} over 1 372 800 MWh incl.,

$\alpha_{(m)(t)} = 0$, for m = 1 and m = 4,

$\alpha_{(m)(t)} = 0,8462$, for m = 2,

$\alpha_{(m)(t)} = 0,1923$, for m = 3.

2. Tariffs for exit points from the transmission network:

Table No. 2

Tariff group (booked daily capacity, T _{ex(m)})	Initial tariff rate at the exit point (n) (P _{0ex(n)(m)(t)}) (EUR/(MWh/d)/y)				
	Lanžhot	Baumgarten	Veľké Kapušany	Veľké Zlievce	Domáci bod
T _{ex1} (up 18 200 MWh)	159,63	181,56	223,04	81,12	81,87
T _{ex2} (over 18 200 MWh incl. up to 416 000 MWh)	162,13	184,40	226,53	82,39	83,15
T _{ex3} (over 416 000 MWh incl. up to 1 372 800 MWh)	114,20	129,88	159,55	58,03	58,56
T _{ex4}	84,05	95,59	117,43	42,71	43,10

(over 1 372 800 MWh incl.)					
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while the final tariff rate at the exit point (n) from the transmission network shall be determined for the calendar year (t) as follows:

$$P_{\text{ex}(n)(t)} = P_{0\text{ex}(n)(m)(t)} * (1 - \alpha_{(m)(t)}/1\,000\,000 * C_{\text{ex}(n)(t)}) * I_{y/m/d}$$

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

$\alpha_{(m)(t)}$ – daily capacity factor for the tariff group (m) for the exit point from the transmission network for the calendar year (t) (in d/MWh),

$C_{\text{ex}(n)(t)}$ – contractually agreed daily capacity at the exit point (n) from the transmission network for the calendar year (t) (in MWh/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 exit point (n),

m = 1, for all $C_{\text{ex}(n)(t)}$ up to 18 200 MWh,

m = 2, for all $C_{\text{ex}(n)(t)}$ in the range btw. 18 200 MWh incl. up to 416 000 MWh,

m = 3, for all $C_{\text{ex}(n)(t)}$ in the range btw. 416 000 MWh incl. up to 1 372 800 MWh,

m = 4, for all $C_{\text{ex}(n)(t)}$ over 1 372 800 MWh incl.,

$\alpha_{(m)(t)} = 0$, for m = 1 and m = 4,

$\alpha_{(m)(t)} = 0,8462$, for m = 2,

$\alpha_{(m)(t)} = 0,1923$, for m = 3.

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

Conditions of applicability of tariffs for the access to the transmission network and gas transmission:

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

Tariff groups for the access to the transmission network and gas transmission (hereinafter referred to as “access and gas transmission”) are divided into tariff groups applicable for pricing of access and gas transmission through the entry points to the transmission network ($T_{en(m)}$), and tariff groups applicable for pricing of access and gas transmission through the exit points from the transmission network ($T_{ex(m)}$), 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 on access to the transmission network and gas transmission concluded by and between eustream, a.s., with its registered office at Votrubova 11/A, 821 09 Bratislava (hereinafter referred to as “eustream”) and the transmission network user (hereinafter referred to as „**contract**“) in the following manner:

- **tariff T_{en1}** – shall be used to evaluate the access and gas transmission through the entry points to the transmission network with daily capacity up to 18 200 MWh,
- **tariff T_{en2}** – shall be used to evaluate the access and gas transmission through the entry points to the transmission network with daily capacity over 18 200 MWh including and up to 416 000 MWh,
- **tariff T_{en3}** – shall be used to evaluate the access and gas transmission through the entry points to the transmission network with daily capacity over 416 000 MWh including and up to 1 372 800 MWh,
- **tariff T_{en4}** – shall be used to evaluate the access and gas transmission through entry points to the transmission network with daily capacity over 1 372 800 MWh including,
- **tariff T_{ex1}** – shall be used to evaluate the access and gas transmission through the exit points from the transmission network with daily capacity up to 18 200 MWh,
- **tariff T_{ex2}** – shall be used to evaluate the access and gas transmission through the exit points from the transmission network with daily capacity over 18 200 MWh including and up to 416 000 MWh,
- **tariff T_{ex3}** – shall be used to evaluate the access and gas transmission through the exit points from the transmission network with daily capacity over 416 000 MWh including and up to 1 372 800 MWh,
- **tariff T_{ex4}** – shall be used to evaluate the access and gas transmission through the exit points from the transmission network with daily capacity over 1 372 800 MWh including.

2. Structure of tariff groups for the access and gas transmission

- 2.1 Tariff groups for the access and gas transmission through the entry points to the transmission network ($T_{en(m)}$) comprise initial tariff rates ($P_{0en(n)(m)(t)}$) 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 ($T_{ex(m)}$) comprise initial tariff rates ($P_{0ex(n)(m)(t)}$) 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) for each entry point to the transmission network and each exit point from the transmission network agreed in the contract in the following manner:

$$P_{(t)} = \sum_{n=1}^5 (P_{en(n)(t)} * C_{en(n)(t)}) + \sum_{n=1}^5 (P_{ex(n)(t)} * C_{ex(n)(t)})$$

- 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 ($T_{en(m)}$, $T_{ex(m)}$) taking into account his total daily capacity of gas transmission agreed for each entry point and each exit point for the calendar year (t) ($C_{en(n)(t)}$, $C_{ex(n)(t)}$). Classification does not change depending on the real quantity of the transmitted gas.

- 3.3 The initial tariff rate at each entry point to the transmission network for the calendar year (t) ($P_{0en(n)(m)(t)}$) and the initial tariff rate at each exit point from the transmission network for the calendar year (t) ($P_{0ex(n)(m)(t)}$) 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 the gas distribution networks and storages located on the territory of the Slovak Republic.

- 3.4 Daily capacity factor ($\alpha_{(m)(t)}$) 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 the 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 the 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 the tariff group T_{en2} and/or T_{ex2} , a daily capacity factor at the amount of 0.8462 shall apply. For the network user included in respect of

a certain entry point and/or a certain exit point to the tariff group T_{en3} and/or T_{ex3} , a daily capacity factor at the amount of 0.1923 shall apply. For the network user included in respect of a certain entry point and/or a certain exit point to the 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 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 in 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 gas transmission 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 agreed on the basis of the contract. The duration factor of short-term contracts shall be determined in the following manner:

For monthly contracts:

$$I_m = 0.1 + 0.1 * D_m$$

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

For daily contracts:

$$I_d = 0.001 + 0.0072 * D_d$$

where: D_d – duration of gas transmission 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 the Sections 3.2 to 3.6 above in the following manner:

$$P_{en(n)(t)} = P_{0en(n)(m)(t)} * (1 - \alpha_{(m)(t)}/1\ 000\ 000 * C_{en(n)(t)}) * I_{y/m/d}$$

$$P_{ex(n)(t)} = P_{0ex(n)(m)(t)} * (1 - \alpha_{(m)(t)}/1\ 000\ 000 * C_{ex(n)(t)}) * I_{y/m/d}$$

- 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 gas transmission on the basis of the contract. If the agreed time period of the gas transmission does not start on 1st January 2013, 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 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, or 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 accordance 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:

$$P_{0en/ex(n)(m)(t)} = P_{0en/ex(n)(m)(t-1)} * (1 + 0,5 * IR_{(t-2)}/100)$$

where: $P_{0en/ex(n)(m)(t)}$ – 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),

$P_{0en/ex(n)(m)(t-1)}$ – 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 “HICP - annual average inflation rate - European Union” valid in the calendar year (t-2), determined in percentage.

- 3.10 If the agreed time period of the gas transmission 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 in the given calendar year to the total number of days in the given calendar year.

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

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

where:

$P_{(n)(t)}$ – yearly payment for the access and gas transmission through the entry or exit point (n),

P_{an-t} – yearly payment for the transmission capacity without interruption,

y – total number of days in the relevant year (t),

L_1 – factor of real interruption, if $C_S/C_1 \geq 0.04$, then $L_1 = C_S/C_1$

if $C_S/C_1 < 0.04$, then $L_1 = 0.04$

C_S – really offered interruptible capacity in the case of interruption or limitation of the transmission,

C_1 – interruptible daily capacity agreed in the contract.

Monthly invoices of yearly payment $P_{(n)(t)}$ are not equal, but reflect the interruption in the respective 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 each exit point from the transmission network separately. The transmission network user shall provide eustream gas for operational purposes in the way agreed in the contract. The volume of the provided gas for 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. The transmission network user and eustream should on the transmission contract agree also on provision of the gas for operational purposes in financial terms. In such a case, the respective quantity of gas for operational purposes shall be multiplied by price CEGHIX, published on website of the company CEGH Gas Exchange of Wiener Boerse (www.ceghex.com), valid for the day of the transmission.
- 3.13 In case that the network user exceeds the contractually agreed daily capacity at the entry or exit point (n), then the network user is obliged to pay the overrun charge as specified by the section 11 of the Decree of the Government of the Slovak Republic No. 409/2007 Coll., which sets the rules for functioning of the gas market, as amended by the Decree of the Government of the Slovak Republic No. 212/2010 Coll.
- 3.14 In case that the network user concludes the contract, in which the daily transmission capacities are booked at the same entry and exit point simultaneously during the same time period, then the cheaper from 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 daily 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 daily capacities.
- 3.15 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 the contracts on access to the transmission network and gas transmission concluded within the time period from 1st January 2013 (including) till 31st December 2013 (including).
- 3.16 The tariffs laid down in this Ruling are without VAT.

Rationale:

To the Regulatory Office for Network Industries (hereinafter referred to as “office”) was submitted on 31.08.2012, under office’s file number 25158/2012/BA, based in the file no. 4258-2012-BA, the price proposal for access to the transmission network and gas transmission in 2013 (hereinafter referred to as "price proposal") of the regulated entity eustream a.s., Votrubova 11 / A, 821 09 Bratislava, company ID: 35 910 712 (hereinafter referred to as “regulated entity”). By this day, the pricing procedure started.

Regulated entity amended price proposal by the letter, dated 26.9.2012, under file number of the office 27764/2012/BA.

According to section 14 par. 2 of the Act No. 276/2001 Coll. on the regulation in network industries, as amended and supplemented by consequential amendments (hereinafter referred to as „act on regulation“), the parties of the pricing procedure are regulated entity, which submitted the price proposal and Ministry of Economy of the Slovak Republic (hereinafter referred to as “ministry”). By the letter No. 26256/2012/BA, dated 12.09.2012, the office informed ministry about start of the pricing procedure.

Office considered the price proposal according the the Decree of the Regulatory Office for Network Industries No. 216/2011 Coll., which sets price regulation in gas industry as amended by the decree No. 169/2012 Coll. (hereinafter referred to as “decree No. 216/2011 Coll.”). After revision of the proposal of tariffs for access to the transmission network and gas transmission in accordance with section 7 of the Decree No. 216/2011 Coll. office came into conclusion that the price proposal is in compliance with section 7 of the Decree No. 216/2011 Coll.. Office came also into conclusion that the price proposal is in compliance with section 4 par. 1 of the Decree No. 216/2011 Coll..

According to the section 12 par. 6 of the act on regulation office submitted by the letter No. 27774/2012/BA, dated 26.9.2012, a revised price proposal together with supporting materials necessary for price proposal to the ministry for the statement.

Ministry stated to the submitted price proposal during the statutory 10 days period by the letter No. 8645/2012-3200, dated 01.10.2012, under office’s file number 28956/2012/BA, that it will not make any comments to the price proposal.

After a revision of the submitted price proposal office came into conclusion that the draft price is in the compliance with the section 3 item e) and section 4 item e) of the Decree of the Regulatory Office for Network Industries No. 189/2011 Coll., which sets up the scope of the price regulation in the network industries and the method of its implementation as amended by the decree No. 168/2012 Coll. and the section 4 par. 1, section 5 to section 7 of the Decree No. 216/2011 Coll. and decided as it is mentioned in predicational part of this Ruling. Comparable prices for the access to the transmission network and gas transmission are set up upon the section 6 par. 3 of the Decree No. 216/2011 Coll. as tariffs for the access to the transmission network and gas transmission.

On 09.10.2012, after prior arrangement, office according to the section 33 par. 2 of the Act No. 71/1967 Coll. on administrative procedure (rules of administrative procedure) as amended and supplemented by consequential amendments (hereinafter referred to as “rules of

administrative procedure”) informed the ministry, as the party of the pricing procedure, about the materials for the ruling. Minutes of familiarity with the materials before the issuance of the ruling is part of the file.

Regulated entity, to the which the office gave, by the letter No. 29064/2012/BA, dated 08.10.2012, an opportunity to comment the materials for the price proposal according to the section 33 par. 2 of the rules of administrative procedure, used his right during the statutory period on 09.10.2012 in the headquarters of the office. Minutes of familiarity with the materials before the issuance of the ruling is part of the pricing procedure file.

According to the section 45 par. 1 of the Act No. 250/2015 Coll. on the regulation in network industries, procedures initiated and not completed under the current regulation shall be completed under the current regulation.

Instruction:

It is possible to appeal against this Ruling. The appeal has to be submitted to the Regulatory Office for Network Industries, Bajkalská 27, P.O.Box 12, 820 07 Bratislava 27, within the period of 40 days from the date of submission of this Ruling. The appeal related to the matter of the prices cannot cause an abeyance. This Ruling can be brought to the court for the review after the exhaustion of the ordinary remedial instruments.

Ing. Jozef Holjenčík
Head of the Regulatory Office
for Network Industries

The Ruling will be delivered to:

1. eustream, a.s., Votrubova 11/A, 821 09 Bratislava
2. The Ministry of Economy of the Slovak Republic, Department of Energy, Mierová 19, 827 15 Bratislava