REGULATORY OFFICE FOR NETWORK INDUSTRIES
Bajkalská 27, P.O.BOX 12, 820 07 Bratislava 27

DECISION

Number: 0040/2019/P
File number: 2257-2019-BA

Bratislava, 29 May 2019

The Regulatory Office for Network Industries as the authority competent for the proceedings pursuant to Section 9(1)(b), first bullet and Section 9(1)(c), first bullet, in conjunction with Section 5(6)(b) of Act No 250/2012 Coll. on regulation in network industries, as amended, in respect of the reference price methodology for access to the transmission network and for gas transmission and the determination of indicative reference prices and the level of multipliers,

has decided

according to Section 12(1)(g), Section 14(11) and (18) of Act No 250/2012 Coll. on regulation in network industries, as amended, in conjunction with Article 27(4) and Article 28(1) of Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas, Article 41(6)(a) of Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC and Article 13 of Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005

on its own initiative in respect of the regulated entity **eustream, a.s.,** Votrubova 11/A, 821 09 Bratislava, Id No 35 910 712 for the regulatory period starting on 1 January 2022 as follows:

1. **according to Article 26(1)(a)** of Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas (hereinafter TAR NC), the Office prescribes the use of the postage stamp reference price methodology (RPM), whereby reference prices are calculated as the share of the total target capacity revenues, split into the entry and exit component, and based on a cost factor and the appropriate forecasted contracted capacity, with benchmarking applied to the reference prices calculated from the target capacity revenue at exit points from eurstream's transmission system in accordance with Article 6(4)(a) TAR NC.

The input parameter for the calculation of reference prices for access to the transmission network and gas transmission is the target capacity revenue.

Target revenue is the sum of the revenue derived from the booked transmission capacity (capacity revenue) and the revenue derived from the amount of the gas transported (commodity revenue) and shall be calculated in accordance with the following formula:

$TR_t = TR_{Cat} + TR_{Cot}$

where:
TR_t is the target revenue in EUR;
TR_{Cat} is the target capacity revenue in EUR
TR_{Cot} is the target commodity revenue in EUR.

The target capacity revenue shall be calculated as follows:

$TR_{Cat} = RoIC + OPEX_t + Dep - DPR_t$

where:
RoIC is reasonable profit in EUR/year,

$RoIC = RAB \times (WACC+VRP)$

where:
RAB is the regulated asset base in EUR, which is the value of assets used exclusively for the regulated activity;

WACC is the rate of return on the regulated asset base before tax set by the Office for the regulatory period 2017-2021, expressed in percent;

VRP is the premium for increased business risk, in terms of the volume of transmission capacities sold, expressed in percent;

$OPEX_t$ is the operating cost in EUR, excluding variable cost of gas transmission (energy consumption for gas transmission, cost related to the production of emissions and the cost of gas losses);

Dep is the accounting depreciation expense on the regulated asset base in EUR/year;

DPR_t is the estimated complementary revenue recovery charge in EUR;

The commodity part of the target revenue shall be determined as follows:

$TR_{Cot} = (CF_t \times rate) \times CP + DPR_t$

where:

CF_t is the estimated value of commercial natural gas flows at all entry and exit points in MWh,

rate is the flow-based charge (tariff related to the quantity of gas transported), in % of the quantity of gas transported;

DPR_t is the estimated complementary revenue recovery charge in EUR;

CP is the price of natural gas according to CEGH VTP Gas futures, EEX, of 20 May 2019 set at the level of EUR 19.597 per MWh;

t means each year of the regulatory period beginning in 2022.

For the calculation of reference prices by using the postage stamp methodology, the Office sets:

a) The target capacity revenue (TR_{Ca}),
b) The forecasted contracted capacity at each entry and exit point (hereinafter 'planned capacity') for the regulatory period beginning on 1 January 2022;
c) The entry/exit split.

The target capacity revenue for entry and exit points shall be calculated in accordance with the following formulas:

$$TR_{CaEn} = TR_{Ca} \times W_{En}$$
$$TR_{CaEx} = TR_{Ca} \times W_{Ex}$$

where:

TR_{Ca} is the target capacity revenue in EUR/year;

TR_{CaEn} is the target capacity revenue attributable to entry points in EUR/year;

W_{En} is the weight factor applied to the revenue attributable to entry points in percent (38%);

TR_{CaEx} is the target capacity revenue attributable to exit points in EUR/year;

W_{Ex} is the weight factor applied to the revenue attributable to exit points in percent (62%);

The reference prices at all entry and exit points before a secondary adjustment shall be calculated in accordance with the following formula:

$$T_{En} = TR_{CaEn} / CAP_{En}$$
$$T_{Ex} = TR_{CaEx} / CAP_{Ex}$$

where
T_{En} is the reference price before secondary adjustment at entry points in EUR/MWh/day/year for 2022
T_{Ex} is the reference price before secondary adjustment at exit points in EUR/MWh/day/year for 2022

CAP_{En} is the forecasted capacity at all entry points in MWh/day in 2022;
CAP_{Ex} is the forecasted capacity at all exit points in MWh/day in 2022.

2. **according to Article 26(1)(a)(i) TAR NC, the Office publishes**
indicative information set out in Article 30(1)(a) TAR NC on the parameters included in the reference price methodology that are related to the technical characteristics of the system

Technical capacity at entry points to and exit points from the transmission system

Technical capacity at entry points (MWh/d)	2019
Lanžhot	696,800
Baumgarten	247,520
Domestic point	169,104
Veľké Zlievce	0
Veľké Kapušany	2,028,000
Budince	176,800
Výrava	0
Total	3,318,224

Technical capacity at exit points (MWh/d)	2019
Lanžhot	400,400
Baumgarten	1,570,400
Domestic point	459,680
Veľké Zlievce	126,965
Veľké Kapušany	0
Budince	280,800
Výrava	0
Total	2,838,245

Total forecasted contracted capacity at entry points to and exit points from the transmission system

Forecasted contracted capacity at entry points (MWh/d)	
Lanžhot	245,041
Baumgarten	0
Domestic point	15,600
Veľké Zlievce	28,600
Veľké Kapušany	1,543,427
Budince	0
Výrava	0
Total	1,832,668

Forecasted contracted capacity at exit points (MWh/d)	
Lanžhot	12,000
Baumgarten	1,594,809
Domestic point	139,616
Veľké Zlievce	0
Veľké Kapušany	0
Budince	250,000
Výrava	0
Total	1,996,425

Based on historical experience, commercial gas flows are expected to reach 95% of the forecasted contracted capacity.

Amount and direction of gas flow at entry points and exit points and related assumptions

Forecasted contracted capacity and flows -related assumptions

At present, entry point Lanžhot is used for the following 4 main purposes:

(i) as an entry point for gas transported in the direction to Ukraine;
(ii) as an entry point for supplies to the domestic market;
(iii) as an entry point for gas transported in the direction to the Baumgarten hub;
(iv) as an entry point for gas transported in the direction to the Baumgarten hub in case of maintenance of the transmission network of Ukraine and/or Russia or of eustream's transmission network in the direction from east to west.

Based on historical experience, the contracted capacity at entry point Lanžhot is expected to reach approximately 8.6 billion m^3/year at 95% utilization.

For exit point Lanžhot, the level of bookings is expected at about 0.4 billion m^3/year with a 95% level of utilisation.

Entry/exit point Baumgarten

A significant part of the exit capacity at point Baumgarten is covered by long-term contracts.

The flow forecast at entry/exit point Baumgarten is also at the level of 95% of the forecasted contracted capacity; at the exit, however, it is only 85%, due to the difference between the total forecasted contracted capacity on the entry and exit side (being higher at the exit). The assumption is based on historical experience regarding the behaviour of transmission network users.

Domestic entry/exit point:

For the domestic entry/exit point, the contracted entry capacity is forecasted at the current level of 0.5 billion m^3/year and the contracted exit capacity at the level of approximately 4.9 billion m^3/year .

Expected flows - 95% of the contracted capacity.

Entry/exit point Veľké Zlievce:

Entry/exit point Veľké Zlievce is currently not used. After the launch of the HUSK project, however, utilisation at a level of about 1.0 billion m^3/year is expected.

Expected flows - 95% of the contracted capacity.

Entry/exit point Veľké Kapušany

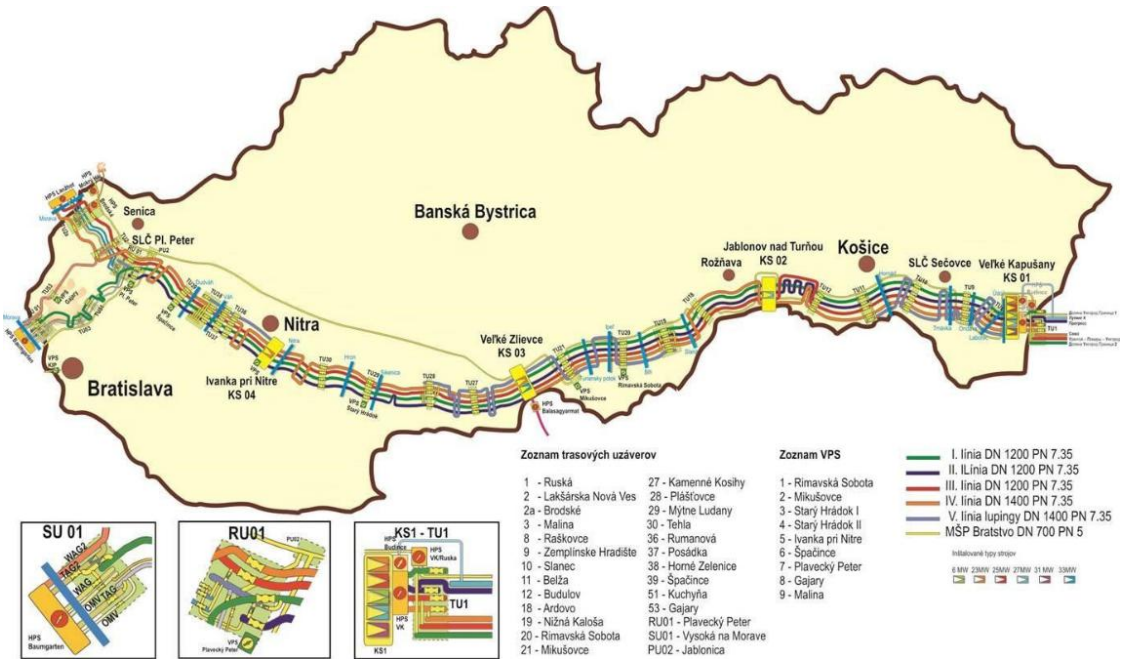
Veľké Kapušany is currently the main gate for gas supplies from Russia to the EU. As this point is currently also the most important entry point for gas supplies for the Slovak domestic market and is also used as an entry point for reserve supplies for western EU countries in the case of maintenance of the Nord-Stream and/or Jamal pipelines, the forecast of the contracted capacity is based on historical experience (approx. 54.2 billion m^3/year).

Expected flows - 95% of the contracted capacity.

Entry/exit point Budince
After the entry/exit point Budince is put into operation, the transmission capacity in the direction to Ukraine will be fully booked on a medium-term basis. Until the end of 2019, the total technical capacity at this point (14.6 billion m^3/year) is almost fully booked, but not used to the full extent. In future, bookings are expected at a level of approximately 8.8 billion m^3, roughly corresponding to the current level of utilisation.

Entry/exit point Výrava
The entry/exit point Výrava is expected to be put into operation in December 2021. As this capacity is currently not being offered, no historical data are available concerning the future level of booked capacity. For this reason, no booked capacity at this point has been considered in the tariff calculation.

Simplified structural scheme of eustream's network:



Eustream's transmission network is a network with a total length of 2,332.056 km and consists of four or five parallel gas pipelines with a diameter of 1200/1400 mm with an operating pressure of 7.35 MPa. The power required for continuous gas flow is provided by four compressor stations with an aggregate power of almost 500 MW. The most important compressor station is located in Veľké Kapušany on the Slovak-Ukrainian border. With a total power of nearly 300 MW it is the biggest compressor station in the EU, allowing an entry flow of 2,028 GWh, or 212 million m^3 per day. The total transmission capacity at all entry points to the transmission network is almost 3,370 GWh or 324 mil. m^3/day.

Of the total number of seven entry/exit points operated by eustream, there are:

4 entry/exit points from/to transmission systems of other EU Member States:
- Lanžhot (entry/exit point from/to the transmission system of the Czech Republic);
- Baumgarten (entry/exit point from/to the Austrian transmission system);
- Veľké Zlievce (entry/exit point from/to the Hungarian transmission system);
- Výrava (entry/exit point from/to the Polish transmission system, currently under construction).

2 entry/exit points from/to transmission systems of third countries:
- Veľké Kapušany (entry/exit point from/to the Ukrainian transmission system);
- Budince (entry/exit point from/to the Ukrainian transmission system);

1 entry /exit point from/to distribution networks and storage facilities:
- Domestic point (entry/exit point from/to distribution networks and storage facilities in the territory
  of the Slovak Republic).

3. according to Article 26(1)(a)(ii) TAR NC, the Office does not set
any discount on capacity-based transmission tariffs at entry points from and exit points to storage facilities;

4. according to Article 26(1)(a)(iii) TAR NC, the Office sets
the indicative reference prices and, on the basis thereof, the final reference prices after benchmarking adjustment as follows:

	Reference prices before secondary adjustment		**Final reference prices after secondary adjustment**	
	ENTRY (EUR/(MWh/day)/year)	EXIT (EUR/(MWh/day)/year)	ENTRY (EUR/(MWh/day)/year)	EXIT (EUR/(MWh/day)/year)
Lanžhot	119.8	179.4	119.8	166.7
Baumgarten	119.8	179.4	119.8	166.7
Domestic point	119.8	179.4	119.8	166.7
Veľké Zlievce	119.8	179.4	119.8	166.7
Veľké Kapušany	119.8	179.4	119.8	166.7
Budince	119.8	179.4	119.8	166.7
Výrava	119.8	179.4	119.8	166.7

According to Article 2(1) TAR NC, final reference prices will not be the reserve prices for yearly standard capacity products for the domestic entry/exit point, the entry/exit Veľké Kapušany and the entry/exit point Budince, as the Office did not take a decision to apply Commission Regulation (EU) 2017/459 of 16 March 2017establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013 at those entry/exit points from/to third countries.

The reserve prices for the above entry/exit points will be established on the basis of the final reference prices, the adopted Regulatory Policy for the regulatory period starting on 1 January 2022 and the relevant legal regulations of the Slovak Republic issued on the basis thereof.

5. according to Article 26(1)(a)(iv) TAR NC, the Office publishes the results, the components and the details of these components for the cost allocation assessments set out in Article 5 TAR NC

The aim of the cost allocation assessment is to assess whether there is cross-subsidisation between intra-system and cross-system network use, i.e. between domestic and cross-border gas transmission. In accordance with Article 5(1)(a) TAR NC, the cost allocation assessment relating to the transmission services revenue to be recovered by capacity-based transmission tariffs is based exclusively on the cost drivers of:

i. technical capacity; or
ii. forecasted contracted capacity; or
iii. technical capacity and distance; or
iv. forecasted contracted capacity and distance.

The Office prescribed to eustream the use of the postage stamp reference price methodology and, therefore, the key driver of the cost allocation assessment relating to the transmission services revenue to be recovered by capacity-based transmission tariffs is the forecasted contracted capacity. Its values for the regulatory period starting on 1 January 2022 are set out below.

Forecasted contracted capacity for intra-system use (MWh/year)	
Entry points	155,216
Exit points	155,216

Forecasted contracted capacity for cross-system use (MWh/year)	
Entry points	1,677,452
Exit points	1,841,209

The calculation of capacity revenue is based on the indicative reference prices at intra-system and cross-system entry and exit points.

In accordance with Article 5(1)(b) TAR NC, the cost allocation assessment relating to the transmission services revenue to be recovered by commodity-based transmission tariffs, if any, are based exclusively on the cost drivers of:

a) the amount of gas flows; or
b) the amount of gas flows and distance.

The calculation of commodity revenue is based on the following input data determined on the basis of indicative commodity tariffs and the forecasted amount of gas flows.

- The estimated price of natural gas according to CEGH VTP Gas futures, EEX, of 20 May 2019 is EUR 19.597 per MWh;
- Forecasted gas flows for intra-system and cross-system network use:

Forecasted gas flow for intra-system network use (MWh/year)	
Entry points	147,456
Exit points	147,456

Forecasted gas flow for cross-system use (MWh/year)	
Entry points	1,593,579
Exit points	1,593,579

Assessment	
Capacity revenue	0.76%
Commodity revenue	0.00%

The above table shows that the capacity, or respectively commodity cost allocation comparison indexes did not exceed the value of 10% according to Article 5(6) TAR NC.

Eustream maintains long-term fixed price contracts with high contracted capacities concluded before 6 April 2017. In accordance with Article 35 TAR NC, the levels of transmission tariffs resulting from those contracts are not affected by the TAR NC.

The Office carried out a cost allocation assessment taking into account the tariffs applicable to the domestic point and entry/exit points from/to third countries and the fixed prices payable in the first year of the regulatory period starting on 1 January 2022. The results of this assessment are shown in the table below.

Assessment taking into account long-term contracts	
Capacity revenue	0.32%
Commodity revenue	0.00%

The cost allocation assessment relating to the capacity revenue from intra-system and cross-system network use was performed by the Office in accordance with Article 5(3)(a) (b) and (c) TAR NC. The Office found that the results of the cost allocation assessment comply with Article 5(6) TAR NC as they did not exceed 10 percent.

6. **According to Article 26(1)(a)(v) TAR NC, the Office publishes** the assessment of the reference price methodology in accordance with Article 7 TAR NC.

The reference price methodology shall comply with Article 13 of Regulation (EC) No 715/2009 and with the following requirements set out in Article 7 TAR NC aimed at:

a) enabling network users to reproduce the calculation of reference prices and their accurate forecast;
b) taking into account the actual costs incurred for the provision of transmission services considering the level of complexity of the transmission network;
c) ensuring non-discrimination and prevent undue cross-subsidisation including by taking into account the cost allocation assessments set out in Article 5;
d) ensuring that significant volume risk related particularly to transports across an entry-exit system is not assigned to final customers within that entry-exit system;
e) ensuring that the resulting reference prices do not distort cross-border trade.

Re a): The reference price methodology given in point 1 of this decision is comprehensible and transparent.
Reference prices at entry and exit points are calculated as the ratio of the capacity revenue forming part of the target revenue and the forecast contracted capacity.
All the necessary data is part of this decision.
The Office believes that the RPM chosen enables network users to reproduce the calculation of reference prices and their accurate forecast.

The reference price calculation model is published on eustream's website in section https://tis.eustream.sk/TisWeb/#/?nav=oa.calw&lng=SK.

Re b) Eustream's transmission network is a simple transmission network comprising four compressor stations, with the share of international gas transmission being 90%. It is exposed to a high level of competition from the transmission system of other European system operators. The RPM methodology takes into account reasonable operating cost of the transmission system, which have been assessed by the Office, including the actual transmission system maintenance cost, personnel, administrative and financial cost and further development of the network. All data on eustream's costs were submitted to the Office by letter No 655/2019 of 30 January 2019. As eustream's only activity is gas transmission, all costs are considered to be the costs of gas transmission. The Office is of the opinion that the selected RPM takes into account the actual costs incurred for the provision of transmission services considering the level of complexity of the transmission network.

Re c) Under the postage stamp reference price methodology, data on forecasted contracted capacity and forecasted gas flows are used for the calculation of reference prices. The forecast of these figures is based on eustream's historical data. Because the same calculation is applied to all entry and exit points of the transmission network, the selected RPM ensures non-discrimination and prevents undue cross-subsidisation, as demonstrated by cost allocation assessment according to Article 5 TAR NC.

The Office performed an assessment of the target capacity revenue (data provided in point 2 of the decision), also taking into account the prices under long-term contracts. In this assessment, the cost allocation index reached a value not exceeding 10 percent set out in Article 5(6) TAR NC meaning that there is no cross-subsidisation between intra-system and cross-system network use.

Re d) Under the postage stamp RPM, reference prices at all entry and exit points are calculated in the same manner on the basis of eustream's costs. The Office shall set the reserve prices for the domestic entry/exit point on the basis of the methodology approved by this decision and in accordance with national legislation valid for the new regulatory period starting in 2022 in a way ensuring sufficient protection of final customers in the Slovak Republic and ensuring that significant volume risk related particularly to transports across an entry-exit system is not assigned to final customers within that entry-exit system;

Re e) Cross-border trade is intended to ensure that gas is transported through a transit transmission network to customers in another state. The postage stamp methodology is a simple one, with the data used to calculate the reference prices included in the text of this decision, and enables the calculation of transmission tariffs for 2022 and their forecast for the later years. This removes possible barriers that could distort cross-border trade.

7. According to Article 26(1)(a)(vi) TAR NC, the Office publishes

a comparison of the indicative reference prices calculated by using the postage stamp methodology and the prices determined on the basis of capacity weighted distance (CWD) in accordance with Article 8 TAR NC.

The Office prescribed the use of the postage stamp reference price methodology with subsequent adjustment by benchmarking, i.e. a methodology other than the capacity weighted distance (CWD) reference price methodology detailed in Article 8 TAR NC and, therefore, a comparison between the former and the latter, including the indicative reference prices according to Article 26(1)(a)(iii) TAR NC is provided below.

The input parameter for the capacity weighted distance (CWD) reference price methodology is the matrix of distances between entry points and exit points. The distance matrix was determined based on the actual length of the pipelines.

ENTRY	Final reference prices after secondary adjustment [€/(MWh/day)/ /year]	CWD results [€/(MWh/day) / year]	Difference
Lanžhot	119.8	49.7	70.1
Baumgarten	119.8	N/A	N/A
Domestic point	119.8	79.0	40.8
Veľké Zlievce	119.8	74.2	45.6
Veľké Kapušany	119.8	132.2	-12.4
Budince	119.8	N/A	N/A
Výrava	119.8	N/A	N/A

EXIT	Final reference prices after secondary adjustment [€/(MWh/day) / /year]	CWD results [€/(MWh/day)/ year]	Difference
Lanžhot	166.7	198.2	-31.5
Baumgarten	166.7	207.3	-40.6
Domestic point	166.7	105.4	61.3
Veľké Zlievce	166.7	N/A	N/A
Veľké Kapušany	166.7	N/A	N/A
Budince	166.7	41.8	124.9
Výrava	166.7	N/A	N/A

[km]	Lanžhot	Baumgarten	Domestic point	Veľké Zlievce	Veľké Kapušany	Budince	Výrava
Lanžhot	0	90	250	228	456	456	554
Baumgarten	90	0	257	234	463	463	561
Domestic point	250	257	0	22	206	206	304
Veľké Zlievce	228	234	22	0	229	229	327
Veľké Kapušany	456	463	206	229	0	19	98
Budince	456	463	206	229	19	0	98
Výrava	554	561	304	327	98	98	0

Another parameter for the calculation of reference prices using the CWD is the forecasted contracted capacity at entry and exit points for the regulatory period starting on 1 January 2022, which is set out in point 2.

The comparison includes the data for all network points despite the fact that the Office will set the reserve prices for the domestic entry/exit point and for Veľké Kapušany and Budince on the basis of the methodology approved by this decision and in accordance with national legislation valid for the new regulatory period starting on 1 January 2022 in a way ensuring sufficient protection of final

customers and ensuring that significant volume risk related particularly to transports across an entry-exit system is not assigned to final customers within that entry-exit system.

As is clear from the comparison, the disadvantage of applying the CWD methodology to the Slovak transmission system is that it is not possible to establish the tariffs for entry and exit points at which no capacity is expected.

8. According to Article 26(1)(b) TAR NC, the Office establishes

8.1. indicative information set out in Article 30(1)(b)(i) TAR NC - target revenue of the transmission system operator for the 1st year of the regulatory period starting on 1 January 2022:

- in the amount of EUR 793.5 million
- in the amount of EUR 768.1 million after secondary adjustment (benchmarking) at exit points from the transmission network.

8.2. indicative information set out in Article 30(1)(b)(iv) TAR NC - transmission services revenue

The transmission system operator has not decided on the form, in which non-transmission services will be provided in the regulatory period starting on 1 January 2022. The established amount of target revenue is equal to the transmission services revenue.

8.3 indicative information set out in Article 30(1)(b)(v) TAR NC - the ratios for the transmission revenue referred to in Article 30(1)(b)(iv) TAR NC

8.3.1. Breakdown between the revenue from capacity-based transmission tariffs and the revenue from commodity-based transmission tariffs

Revenue	Before secondary adjustment	After secondary adjustment
Capacity-based	72.8%	71.9%
Commodity-based (based on flow)	26.7%	27.6%
Commodity-based (complementary charge)	0.5%	0.5%

8.3.2. Breakdown between the revenue from capacity-based transmission tariffs at all entry points and the revenue from capacity-based transmission tariffs at all exit points

The Office sets the split between the revenue from capacity-based transmission tariffs at all entry points (38.0%) and the revenue from capacity-based transmission tariffs at all exit points (62.0%).

8.3.3. Intra-system/cross-system split, i.e. the breakdown between the revenue from intra-system network use at both entry points and exit points and the revenue from cross-system network use at both entry points and exit points according to Article 5 TAR NC

Split taking into account the final reference prices after secondary adjustment at all exit points from the network:

Revenue	**(%)**
Intra-system	8.1
Cross-system	91.9

Split taking into account fixed prices resulting from long-term contracts:

Revenue	**(%)**
Intra-system	8.1
Cross-system	91.9

9. according to Article 26(1)(c) TAR NC

9.1 according to Article 26(1)(c)(i) TAR NC - commodity-based transmission tariffss

9.1.1. Manner in which commodity-based transmission tariffs are set

The Office **sets** commodity-based transmission tariffs as the sum of

a) the flow-based charge; and
b) the complementary revenue recovery charge

9.1.2. The Office sets the share of the target revenue forecasted to be recovered from commodity-based tariffs as follows:

Commodity revenue	**(%)**
Before secondary adjustment	27.2
After secondary adjustment	28.1

9.1.3. Indicative commodity-based transmission tariffs

The Office sets:

a) A flow-based charge of 1.7% of the amount of gas flow transmitted, namely

i. 0.85% at an entry point;
ii. 0.85% at an exit point;

b) Complementary revenue recovery charge of EUR 0.08 per MWh.

9.2 according to Article 26(1)(c)(ii), the Office does not set any non-transmission service tariffs, because the transmission system operator has not decided on the form, in which non-transmission services will be provided in the regulatory period starting on 1 January 2022.

10. according to Article 26(1)(d) TAR NC, the Office publishes the indicative information set out in Article 30(2) TAR NC.

According to Article 30(2)(a)(i) TAR NC, the Office publishes the difference in the level of transmission tariffs for the same type of transmission service applicable for the prevailing tariff period and for the tariff period for which the information is published

ENTRY	Prevailing tariff level (2019) (€/(MWh/day)/year)	Final reference prices (after secondary adjustment) (€/(MWh/day)/year)	Difference	%
Lanžhot	106.3	119.8	13.6	11%
Baumgarten	106.3	119.8	13.6	11%
Veľké Zlievce	109.4	119.8	10.4	9%
Výrava	N/A	119.8	N/A	N/A
Domestic point	15.7	119.8	104.2	87%
Veľké Kapušany	166.0	119.8	-46.2	-39%
Budince	166.0	119.8	-46.2	-39%

EXIT	Prevailing tariff level (2019) (€/(MWh/day)/year)	Final reference prices (after secondary adjustment) (€/(MWh/day)/year)	Difference	%
Lanžhot	165.1	166.7	1.6	1%
Baumgarten	187.7	166.7	-21.0	-13%
Veľké Zlievce	187.7	166.7	-21.0	-13%
Výrava	N/A	166.7	N/A	N/A
Domestic point	84.6	166.7	82.1	49%
Veľké Kapušany	230.6	166.7	-63.9	-38%
Budince	230.6	166.7	-63.9	-38%

The prices of 2019 are calculated in accordance with point 3, sub-paragraph 3.9 of Decision of the Office No 0021/2017/P of 31 October 2016, according to which the prices

for the following calendar years of the prevailing regulatory period (i.e. for the years of 2018-2021) are indexed by a factor of 0.5 - the inflation index in the European Union, as published by Eurostat, item "HICP – annual average rate of change – European Union" valid in calendar year (t-2), expressed as a percentage and published as at 1 June of calendar year (t-1). For the comparison, the Office used the most used tariff applicable to booked capacities of up to and including 18,200 MWh/d.

According to Article 30(2)(a)(ii), the Office publishes the estimated difference in the level of transmission tariffs for the same type of transmission service applicable for the tariff period for which the information is published and for each tariff period within the remainder of the regulatory period.

The following table shows the comparison of the prices for 2020 in accordance with Decision of the Office No 0021/2017/P of 31 October 2016 with the prices set by this decision for the year of 2022.

ENTRY	Tariff level (2020) [€/(MWh/day)/year)	Final reference prices (after secondary adjustment) (€/(MWh/day)/year)	Difference	%
Lanžhot	107.2	119.8	12.6	11%
Baumgarten	107.2	119.8	12.6	11%
Veľké Zlievce	109.4	119.8	10.4	9%
Výrava	N/A	119.8	N/A	N/A
Domestic point	15.8	119.8	104.0	87%
Veľké Kapušany	167.5	119.8	-47.7	-40%
Budince	167.5	119.8	-47.7	-40%

EXIT	Tariff level (2020) [€/(MWh/day)/year)	Final reference prices (after secondary adjustment) (€/(MWh/day)/year)	Difference	%
Lanžhot	166.5	166.7	0.2	0.1%
Baumgarten	187.7	166.7	-21.0	-13%
Veľké Zlievce	187.7	166.7	-21.0	-13%
Výrava	N/A	166.7	N/A	N/A
Domestic point	84.6	166.7	82.1	49%
Veľké Kapušany	230.6	166.7	-63.9	-38%
Budince	230.6	166.7	-63.9	-38%

The following table shows the comparison of the prices for 2021 in accordance with Decision of the Office No 0021/2017/P of 31 October 2016 with the prices set by this decision for 2022.

ENTRY	Tariff level (2021) [€/(MWh/day)/year)	Final reference prices (after secondary adjustment) (€/(MWh/day)/year)	Difference	%
Lanžhot	108.2	119.8	11.6	10%
Baumgarten	108.2	119.8	11.6	10%
Veľké Zlievce	111.4	119.8	8.4	7%
Výrava	N/A	119.8	N/A	N/A
Domestic point	15.9	119.8	103.9	87%
Veľké Kapušany	169.0	119.8	-49.2	-41%
Budince	169.0	119.8	-49.2	-41%

EXIT	Tariff level (2021) [€/(MWh/day)/year)	Final reference prices (after secondary adjustment) (€/(MWh/day)/year)	Difference	%
Lanžhot	168.0	166.7	-1.3	-1%
Baumgarten	191.1	166.7	-24.4	-15%
Veľké Zlievce	191.1	166.7	-24.4	-15%
Výrava	N/A	166.7	N/A	N/A
Domestic point	86.2	166.7	80.5	48%
Veľké Kapušany	234.8	166.7	-68.1	-41%
Budince	234.8	166.7	-68.1	-41%

In accordance with Article 30(2)(b) TAR NC, eustream publishes, on its website in section https://tis.eustream.sk/TisWeb/#/?nav=oa.calw&lng=SK, a simplified tariff model, updated regularly, accompanied by the explanation of how to use it, enabling network users to calculate the transmission tariffs applicable for the prevailing tariff period and to estimate their possible evolution beyond such tariff period.

11. according to Article 26(1)(e) TAR NC - additional information on fixed payable price

11.1. According to Article 26(1)(e)(i) TAR NC - indexation of the fixed payable price

The Office sets the final reference prices after the application of benchmarking for 2022. For the following years of the regulatory period, the Office decided that the final reference prices after the application of benchmarking will be indexed by index $IR_{(t-2)}$, being the inflation index in the European Union, as

published by Eurostat, item 'HICP – annual average rate of change – European Union' valid in calendar year (t-2).

11.2 according to Article 26(1)(e)(ii) TAR NC, the risk premium, the proposed calculation of the risk premium or the manner of use of the revenue derived from the risk premium, **are not set.**

11.3 according to Article 26(1)(e)(iii) TAR NC - definition of the points at which the fixed payable price approach is applied

The Office decided that the fixed payable price approach under a price cap regime will be applied at all entry points to and exit points from the transmission network of the transmission system operator.

11.4. According to Article 26(1)(e)(iv) TAR NC - the process of offering fixed and floating payable price

The Office only sets fixed payable prices.

12. according to Article 28 TAR NC - multipliers, seasonal factors and discounts

12.1. according to Article 28(1)(a) TAR NC, the Office sets

the levels of multipliers for products other than yearly standard capacity products as follows:

Type of product other than yearly standard capacity product	Multipliers
Quarterly standard capacity products	1.50
Monthly standard capacity products	1.50
Daily standard capacity products	2.993
Within-day standard capacity products	2.993

12.2 according to Article 28(1)(b) TAR NC - Seasonal factors

No seasonal factors applicable to access to the transmission network and gas transmission over the Slovak transmission network are set by the Office.

12.3. according to Article 28(1)(c) TAR NC - Non-application of discounts at entry points from LNG facilities and at entry points from and exit points to infrastructure developed with the purpose of ending the isolation - Article 9(2) TAR NC

The Office **does not set** the level of discounts at entry points from LNG facilities and at entry points from and exit points to infrastructure developed with the purpose of ending the isolation of Member States, because there are no entry points from LNG facilities or entry points from and exit points to infrastructure developed with the purpose of ending the isolation of Member States.

12.4 according to Article 28(1)(c) TAR NC - Levels of discounts on reserve prices for standard capacity products for interruptible capacity - Article 16 TAR NC

The Office decided that an ex-ante approach **shall be applied** to calculate the discounts on reserve prices for standard capacity products for interruptible capacity.

The reserve price for standard capacity products for interruptible capacity equals to the product of reserve prices for the respective standard capacity products for firm capacity calculated according to Article 14 TAR NC and the difference between 100% and the level of the ex-ante discount.

The ex-ante discount shall be calculated in accordance with the following formula:

$Di_{ex\text{-}ante} = Pro \times A \times 100\ \%$

where:

$Di_{ex\text{-}ante}$ is the level of an ex-ante discount;

Pro factor is the probability of interruption which refers to the type of standard capacity product for interruptible capacity;

A is the adjustment factor applied to reflect the estimated economic value of the type of standard capacity product for interruptible capacity, calculated for all interconnection points to directly connected Member States, which shall be no less than 1.

The Pro factor shall be calculated for all interconnection points to directly connected Member States per type of standard capacity product for interruptible capacity offered in accordance with the following formula on the basis of forecasted information related to the components of this formula:

$$Pro = \frac{N \times Dint}{D} \times \frac{CAP_{av.\ int}}{CAP}$$

where:
N is the expectation of the number of interruptions over D;

D_{int} is the average duration of the expected interruptions expressed in hours;

D is the total duration of the respective type of standard capacity product for interruptible capacity expressed in hours;

$CAP_{av.\ int}$ is the expected average amount of interrupted capacity for each interruption where such amount is related to the respective type of standard capacity product for interruptible capacity;

CAP is the total amount of interruptible capacity for the respective type of standard capacity product for interruptible capacity.

Calculation procedure of the Pro Factor in case of transmission interruption once per year (meaning that the total interruptible capacity for each interruptible product will be interrupted for 24 hours in the respective year).

$$Pro = \frac{N \text{ x } Dint}{D} \times \frac{CAP_{av.int}}{CAP}$$

$$Pro = \frac{1 \times 24}{24 \times 365} \text{ x } 1$$

$$Pro = \frac{24}{8760}$$

The value of the Pro factor is 0.00274.

The value of the adjustment factor A is set at 1, with the following resulting level of the ex-ante discount:

$Di_{ex\text{-}ante}$ = 0.00274 x 1 x 100 %

$Di_{ex\text{-}ante}$ = 0.274 %