The Final Consultation Document

on information referred to in Article 26(1) of the Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas (hereinafter referred also to as "Consultation")

Instructions

The subject of the Consultation

Article 26(1) of the TAR NC

Consultation period

March 11, 2024 – May 11, 2024

How to submit your contribution

The company eustream, a.s. (hereinafter referred to as "Eustream") seeks your views on the Consultation proposal. Responses should be sent to the e-mail address mentioned below. Unless you mark some of your response confidential, Eustream will publish it as a whole on its website www.eustream.sk. All stakeholders are entitled to ask Eustream for keeping some of their responses confidential. In that case, it should be clearly marked to that effect and include reasons. Based on the previous sentences and based on the Article 26(2)[1] all stakeholders, who intend to take part at the Consultation process, are asked to submit their responses, which will include also a non-confidential version suitable for publication.

Eustream prefers to receive responses in an English or Slovak language and in an electronic form so all responses can be processed efficiently.

In order to avoid any doubts, Eustream follows the GDPR requirements. For more information please visit the website www.eustream.sk.

Contact details

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[1] Any reference to the Article(s) mentioned in this Consultation document is considered to be the Article(s) of the Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas, if not explicitly written otherwise.

Content of the Consultation document

1. Introduction

Context

The TAR NC was adopted in in line with Regulation (EC) No 715/2009 of the European Parliament and of the Council of July 13, 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005 with the objective to contribute to market integration, to enhance security of supply and to promote interconnections between gas transmission networks. The TAR NC was published in the Official Journal of the European Union on March 17, 2017 and it entered into force 20 days later on April 06, 2017. It has been applied since that date with the exception of the provisions of Chapters VI and VIII, which have been applied since October 1, 2017 and Chapters II, III and IV, which have been applied as from May 31, 2019.[2] The TAR NC is the fourth network code in the gas sector, following the network code on capacity allocation mechanisms in gas transmission systems (hereinafter referred to as "the Prior CAM NC")[3], the network code on gas balancing of transmission networks[4] and the network code on the interoperability and data exchange rules.[5] The Prior CAM NC was a subject to amendment in parallel to the development of the TAR NC. The Official Journal of the EU published the revised version of the network code on capacity allocation mechanisms (hereinafter referred to as "CAM NC') on March 17, 2017, and it entered into force 20 days later on April 06, 2017.[6] Since network codes are the Commission Regulations (EU), they apply directly to all EU Member States.

The TAR NC establishes a network code setting out the rules on harmonised transmission tariff structures for gas, including rules on the application of a reference price methodology, the associated consultation and publication requirements as well as the calculation of reserve prices for standard capacity products. The TAR NC shall be binding in its entirety and directly applicable in all Member States of the EU.

General

Article 26(1) of the TAR NC stipulates one or more intermediate consultations and a final consultation.

Articles 26 and 27 of the TAR NC address periodic consultations that shall be repeated at least every five years starting from May 31, 2019. The date May 31, 2019 was also the final deadline till which the procedure consisting of the final consultation on the reference price methodology (hereinafter referred also to as "RPM") in accordance with the Article 26(1), the motivated decision by the ÚRSO, according to the Article 27 (4) of TAR NC, on all items set out in the Article 26(1) (hereinafter referred also to as "Decision"), the calculation of tariffs on the basis

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No 984/2013 of 14 October 2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and supplementing Regulation (EC) No 715/2009 of the European Parliament and of the Council (OJ L 273, 15.10.2013, p. 5)

[4] Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks (OJ L 91, 27.03.2014, p. 15)

[5] Commission Regulation (EU) 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange rules (OJ L 113, 01.05.2015, p. 13)

[6] Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013 (OJ L 72, 17.03.2017, p. 1)

of this Decision, and the publication of the tariffs in accordance with Chapter VIII of the TAR NC were to be concluded. This condition was fulfilled by issuing a decision of the ÚRSO, No. 0040/2019/P, dated on May 29, 2019.

The responsibility for the Consultation

The sole responsibility for the Consultation per Article 26 of TAR NC is imposed on Eustream based on the Decision of the Regulatory Office for Network Industries No 0001/2017/P-TS dated on November 20, 2017 and the issuance of the motivated decision is strictly limited and given to ÚRSO as the sole national regulatory authority in the Slovak Republic.

Indicative timetable

Milestones	**Deadline**
Start of the Consultation	March 11, 2024
End of the Consultation	May 11, 2024
Indicative date of publication of the Consultation responses received and their summary	till May 15, 2024

Note: The indicative timetable does not include all milestones which are obliged to be conducted in accordance with the TAR NC, but only milestones under the management and control of Eustream. In order to avoid any doubts, Eustream will act upon and in line with the TAR NC.

Disclaimer

The reference price methodology and parameters presented in this Consultation document are subject to the approval of ÚRSO. Until the approval and relevant decision issued by ÚRSO, tariffs presented in this document are indicative and non-binding.

Indicative final tariffs are based on future costs and expected use of the transmission system that may be revised before the beginning of the period for which the tariffs are set, i.e., till January 1, 2025.

This document is published in both Slovak and English versions. In case of a different interpretation, the Slovak version shall prevail.

2. Basic information about Slovak natural gas transmission system

Natural gas transmission via territory of the Slovak Republic is provided and secured by the sole transmission system operator, company Eustream. Eustream owns and operates a high-pressure gas transmission system that is interconnected with major European pipeline systems in Ukraine, the Czech Republic, Hungary, Austria and Poland.

The transmission system, on total length of 2,376 km, consists of four or five parallel pipelines mostly 1200/1400 mm in diameter with an operating pressure of 7.35 MPa. The pressure differential needed for a continuous gas flow is ensured by four large compressor stations with an aggregated power of almost 425 MW. The most important station is located at Veľké Kapušany at the Slovak-Ukrainian border. Technical capacity at entry points from Ukraine represents 1 976 GWh or 190 mcm/d, respectively. An aggregated transmission capacity of all entry points to the transmission system is ca. 4,012 GWh, or 385.8 mcm/d, respectively.

Eustream continually strives to modernise and upgrade the gas infrastructure. For that reason, Eustream has implemented several projects aimed at enhancing system operation and communication with the customers.

Entry/exit points from/to the transmission network on the territories of other EU Member States ("limited scope" and "broader scope" rules of TAR NC applicable):

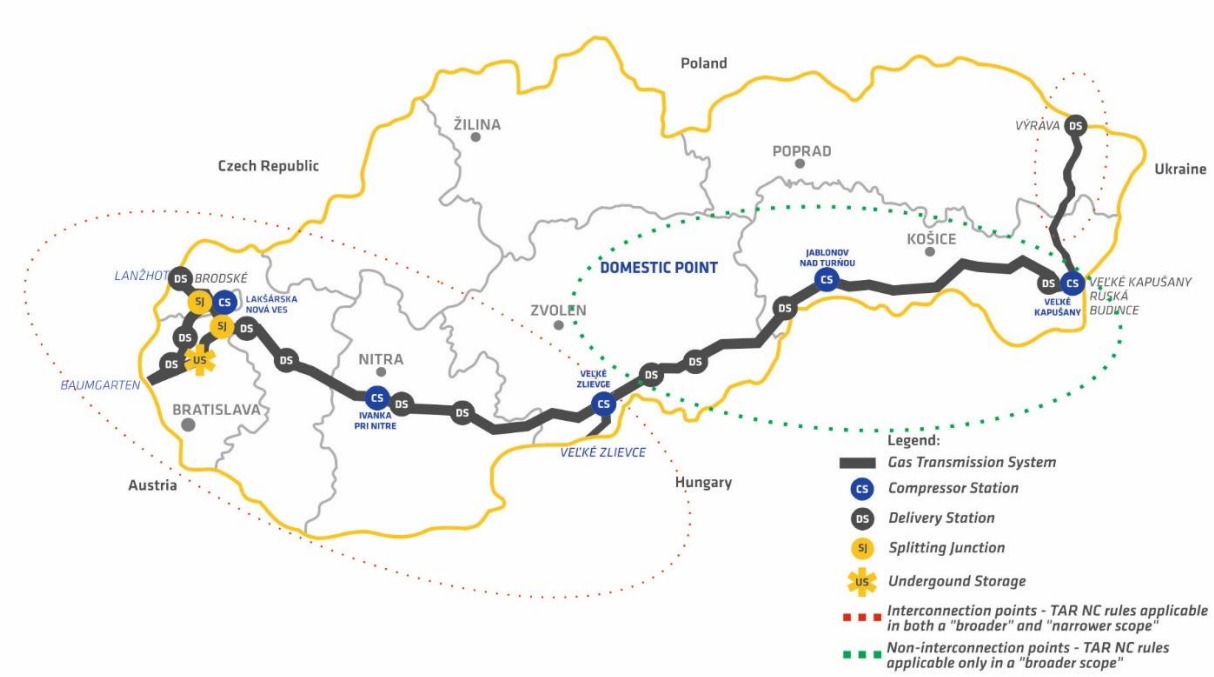
- Lanžhot (entry/exit point from/to the transmission network of the Czech Republic),
- Baumgarten (entry/exit point from/to the transmission network of Austria),
- Veľké Zlievce (entry/exit point from/to the transmission network of Hungary),
- Výrava (entry/exit point from/to the transmission network of Poland).

Entry/exit points from/to the transmission network on the territories of third countries (only "broader scope" rules of TAR NC applicable):

- Veľké Kapušany (entry/exit point from/to the transmission network of Ukraine),
- Budince (entry/exit point from/to the transmission network of Ukraine).

Entry/exit points from/to distribution networks and storages (only "broader scope" rules of TAR NC applicable):

- Domestic point (entry/exit aggregate virtual point from/to distribution networks and storages on the territory of the Slovak Republic).



Picture 1: Scheme of the Slovak natural gas transmission system

Note: The picture also includes compressor station No. 2, which is currently not utilized for increasing the pressure level of the transmission network, and only its components necessary for gas transmission are owned by the company.

As a part of the Domestic point, the company Eustream also provides connection to the storage services of the Slovak natural gas storage operators. All storages in the Slovak Republic are connected to the Eustream transmission system, and also directly connected to network grids of other operators.

Gas year for gas transmission in Slovakia is from 1st October till 30th September. Regulatory period that is equal to the tariff period lasts for 5 years. Current regulatory and tariff periods started on January 01, 2023 and will end on December 31, 2027.

Transmission system regulation of Eustream is based on the price-cap principle utilizing a fixed-price system. Due to turbulent changes in the natural gas market, which Eustream is facing, with a significant expectation that these changes will continue in the future, **Eustream proposes the introduction of a floating price system from January 1, 2025, at all entry and exit points and for all contracts.**

3. Description of the proposed Reference Price Methodology (RPM)

Art. 26(1)(a)

The suggested RPM is the postage stamp methodology, followed by the secondary adjustment based on benchmarking.

Reasoning

In the postage stamp methodology, the total amount of capacity related allowed revenue, split in entry and exit parts, is divided by the respective forecasted contracted capacity to derive reference prices.

Postage stamp is the methodology that is easy to understand and its main advantage lies in its simplicity. Reference prices calculated based on this methodology can be easily reproduced by the stakeholders. Usage of the postage stamp methodology in the simple transmission networks is cost-reflective, non-discriminatory and with limited possibilities for cross-subsidisation. Further advantages of the postage stamp methodology are: (i) stability of the RPM for stakeholders, (ii) flexibility, where entry-exit split may be an input or an output of the RPM, (iii) transparency and (iv) equalisation principle.

As visible in the Picture 1, network of Eustream is extremely robust transmission system, focused on a number of high-capacity entry/exit points, that consists of overall 7 entry/exit points, out of which only 4 are Interconnection Points according to the CAM NC definition. Except of the domestic transmission, which covers significantly less than half of the overall natural gas transmission in Slovakia, the transmission network of Eustream is mainly used for 3 types of transmission – East to West (from Veľké Kapušany to Baumgarten), from West to East (mainly from Baumgarten/Lanžhot to the exit point Budince) and from South to West (from Veľké Zlievce to Baumgarten). Due to the fact of very close geographical locations of both Eastern, as well as Western entry/exit points, distance does not serve as a key cost driver of Eustream.

Cost-based form of regulation of the prices for access to the transmission network and natural gas transmission has, in case of the Slovak Republic, important specifics, if compared to the other Member States of the European Union. The most important are as follows:

(i) Despite the declining trend in transmission of Russian gas, there is still a high share of international transmission in the overall natural gas;
(ii) Competition in form of international transit pipelines and transmission systems of other European TSOs;
(iii) Extreme sensitivity to the ongoing situation in Ukraine.

Described specific position of the Slovak transmission system may lead and leads into high volatility of the capacity bookings and transmission flows. In regards to these facts, benchmarking constitutes an important tool for securing long-term stability and competitiveness of the tariff system and can be also perceived as a tool for increasing stability of the tariff system, also in cases of high volatility of contracted capacity. In the previous tariff proposal, Eustream utilized benchmarking for the secondary adjustment of reference prices (by reducing reference prices) based on consultation according to the TAR NC. In the current period, due to the extreme decline in the utilization of Eustream's transmission system, caused by the military conflict in Ukraine, and with the associated increase in raw reference prices, the

use of benchmarking is more than necessary. Its utilization can ensure competitiveness of transmission tariffs despite the current market situation associated with the decrease in the volume of natural gas transmission through the territory of the Slovak Republic.

Comprehensive description of the proposed RPM could be found in the document "Methodology for setting the tariffs for the access to the gas transmission network and gas transmission".

3.1. Information, justification and values of the parameters used in the applied RPM related to the technical characteristics of the transmission system

Art. 26(1)(a)(i)

This part of the Consultation document describes all input parameters, related to the technical characteristics of the transmission system, that are used in the applied reference price methodology, as well as counterfactual methodology and methodology for derivation of the commodity-based transmission tariffs.

Proposed RPM uses the following input parameters:

- Target revenues
- Amount of revenue from a long-term contract
- Entry/Exit split
- Forecasted contracted capacity
- Contractual capacity from a long-term contract
- Expected inflation rate until the end of the relevant period for which the tariffs are set
- Tariff levels of selected operators from EU Member States, relevant for benchmarking purposes

Capacity weighted distance methodology, as per Article 8 of the TAR NC, used as counterfactual methodology, uses in addition the following parameters:

- Matrix of distances between entry and exit points of the transmission network.

Methodology for setting the commodity-based transmission tariffs uses the following input parameters:

- Expected flows of natural gas
- Technical characteristics of the compressor fleet
- Information on natural gas losses
- Information on production of CO_2 emissions

From all mentioned input parameters, these ones relate to the technical characteristics of the transmission system:

- Forecasted contracted capacity and related flows of natural gas
- Matrix of distances

Note: Detailed description on calculation methods of RPM and counterfactual methodology could be found in the document "Methodology for setting the tariffs for the access to the gas transmission network and gas transmission".

3.1.1. Technical input parameters for the chosen RPM, counterfactual RPM and commodity-based transmission tariffs

3.1.1.1. Forecasted contracted capacity and flows of natural gas

Forecasted contracted capacity at entry and exit points is an important input parameter to the chosen RPM – postage stamp. Part of total target revenues (after subtracting revenues from a long-term contract), related to entry/exit points are divided by the respective forecasted entry or exit capacity (after subtracting contractual capacity from a long-term contract), in order to calculate reference prices. For the aforementioned reason, the information on the total forecasted contractual capacity does not include details on the volume of capacity from the long-term contract.

Total forecasted contracted capacity at entry points is assumed on the following level:

[MWh/d]	2025	2026	2027	AVG
Total Entry	123,182	123,182	123,182	123,182
Lanžhot	28,493	28,493	28,493	28,493
Baumgarten	28,493	28,493	28,493	28,493
Domestic point	0	0	0	0
Veľké Zlievce	51,227	51,227	51,227	51,227
Veľké Kapušany	14,969	14,969	14,969	14,969
Budince	0	0	0	0
Výrava	0	0	0	0

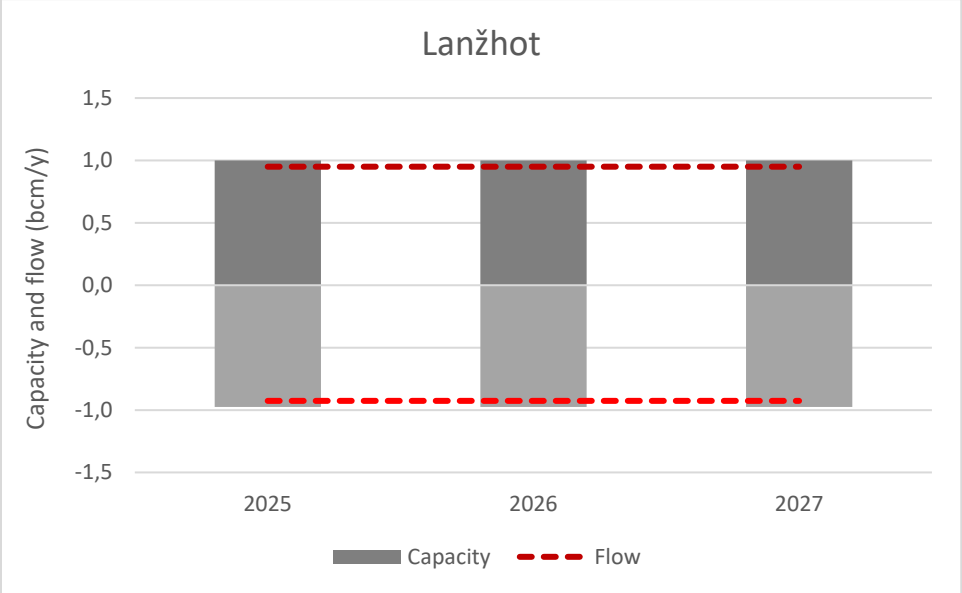
Total forecasted contracted capacity at exit points is assumed on the following level:

[MWh/d]	2025	2026	2027	AVG
Total Exit	205,303	205,303	205,303	205,303
Lanžhot	27,791	27,791	27,791	27,791
Baumgarten	7,123	7,123	7,123	7,123
Domestic point	128,219	128,219	128,219	128,219
Veľké Zlievce	0	0	0	0
Veľké Kapušany	0	0	0	0
Budince	42,170	42,170	42,170	42,170
Výrava	0	0	0	0

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

3.1.1.2. Forecasted contracted capacity and flows – associated assumptions

Lanžhot entry/exit point:



Note: Values above the x-line represents entry capacity/flows and below the x-line exit capacity/flows

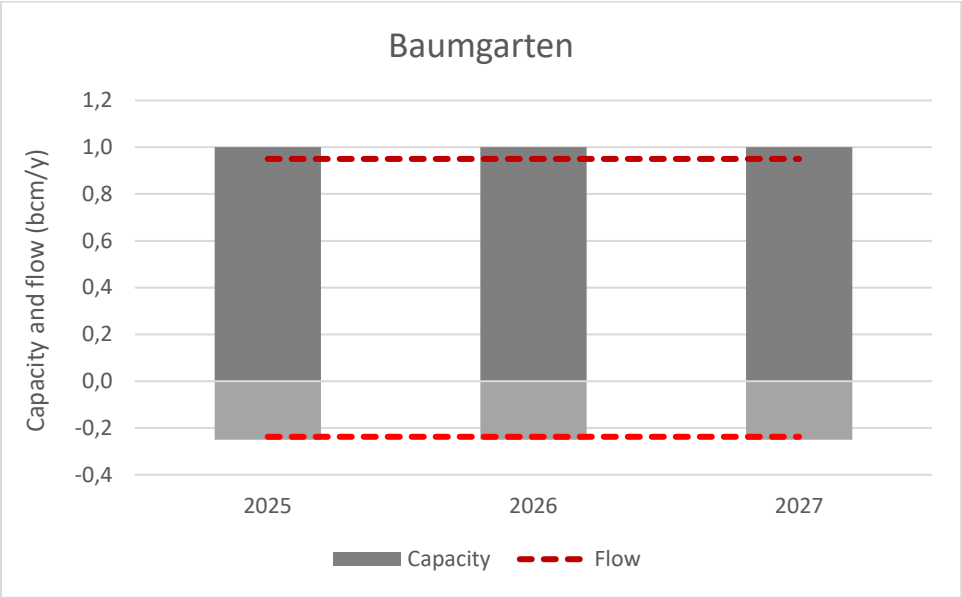
Entry point Lanžhot point currently serves for 2 main purposes:

(i) as an entry point for gas transmitted towards Ukraine,
(ii) as an entry point for domestic supply.

At the same time, it is also utilized to a minimum extent for supplying the Czech Republic.

Based on historical experience Eustream assumes that contracted capacity at entry Lanžhot would achieve ca. 1.0 bcm/year and at exit 0.97 bcm/year, with 95% utilization.

Baumgarten entry/exit point:

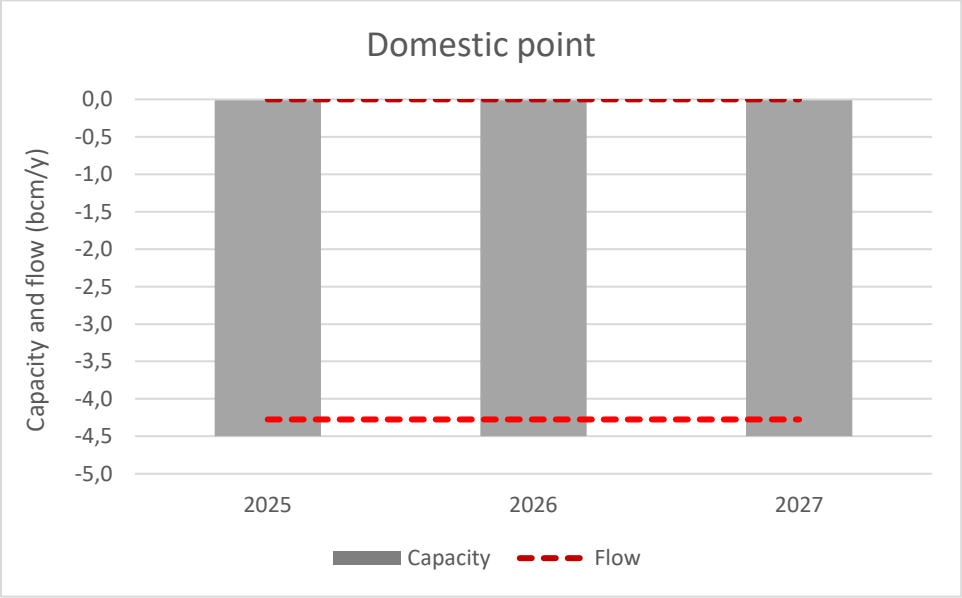


Note: Values above x-line represents entry capacity/flows and below the x-line exit capacity/flows

Significant part of Exit Baumgarten capacity is already contracted on a long-term basis (based on the long-term contract - it is not displayed on the graph). On top of this, Eustream expects some additional bookings in exit direction and new bookings at the entry point Baumgarten.

Forecast of flow is, also in case of Baumgarten entry/exit point, at the level of 95%.

Entry/ exit point Domestic point:

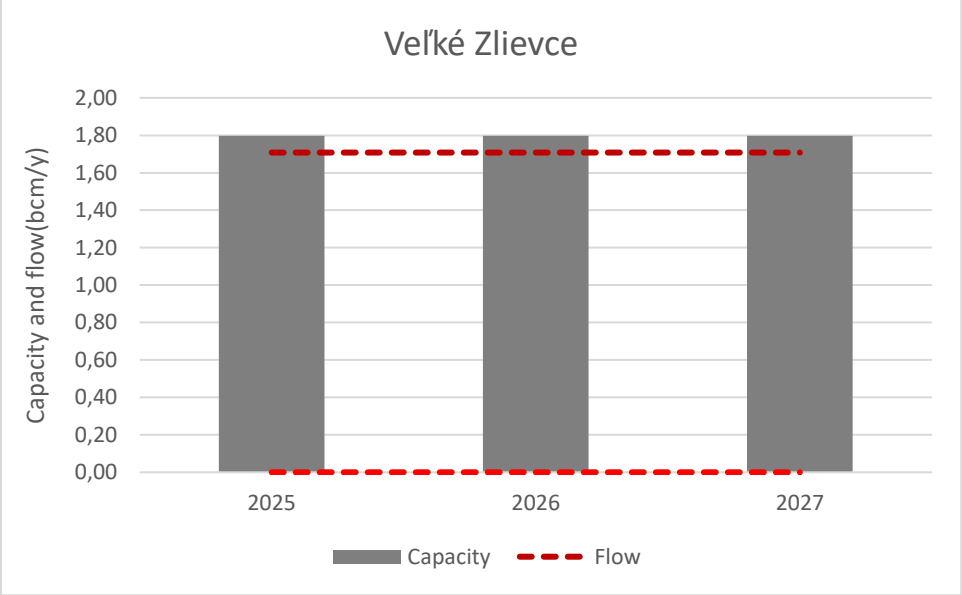


Note: Values above the x-line represents entry capacity/flows and below the x-line exit capacity/flows

For the entry/exit point Domestic point, Eustream forecasts contracted capacity at the current level of ca. 0.0 bcm/year for entry and ca. 4.5 bcm/year for exit.

Flow expectation is expected to reach 95% of contracted capacity.

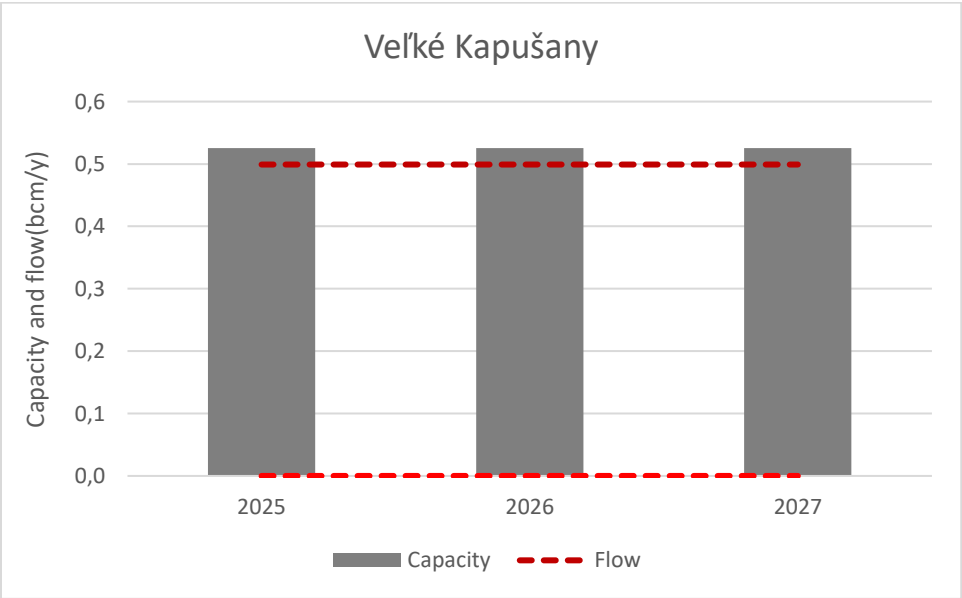
Veľké Zlievce entry/exit point:



Note: Values above the x-line represents entry capacity/flows and below the x-line exit capacity/flows

Eustream expects utilization of the entry/exit point Veľké Zlievce at the level of ca. 1.8 bcm/year at entry, with the expected flow at the level of 95% of a contracted capacity.

Veľké Kapušany entry/exit point:

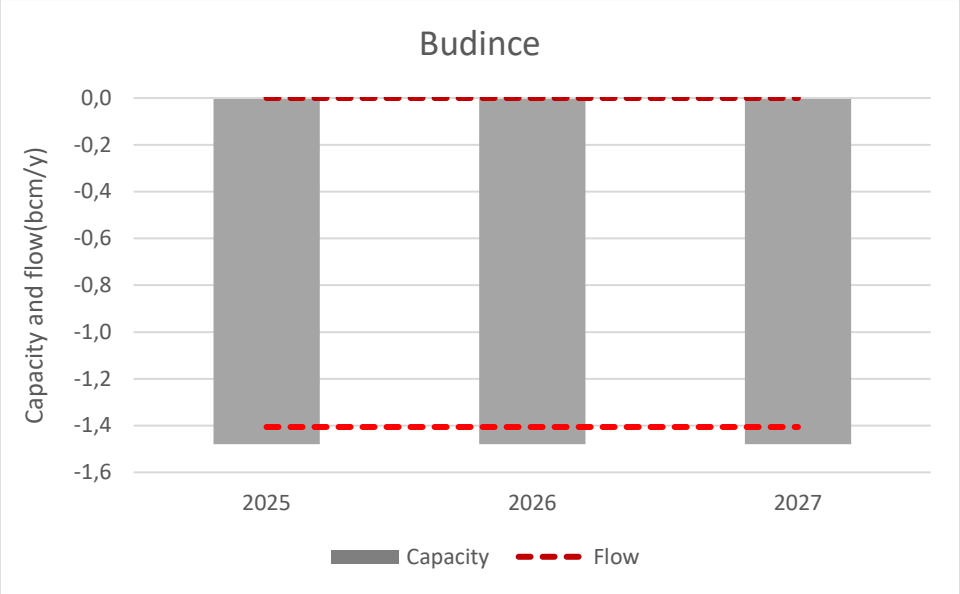


Note: Values above the x-line represents entry capacity/flows and below the x-line exit capacity/flows

Veľké Kapušany point historically represented the main gateway for Russian gas deliveries to the EU. Due to the impact of the military conflict in Ukraine causing a decrease in its importance for gas deliveries to EU countries, Eustream anticipates the decline of its utilization. At this

point, almost the entire volume of contracted capacity is a subject to a long-term contract, and Eustream is considering new contracts totaling approximately 0.52 bcm/year) with utilization at a level of 95%.

Budince entry/exit point:



Note: Values above the x-line represents entry capacity/flows and below the x-line exit capacity/flows

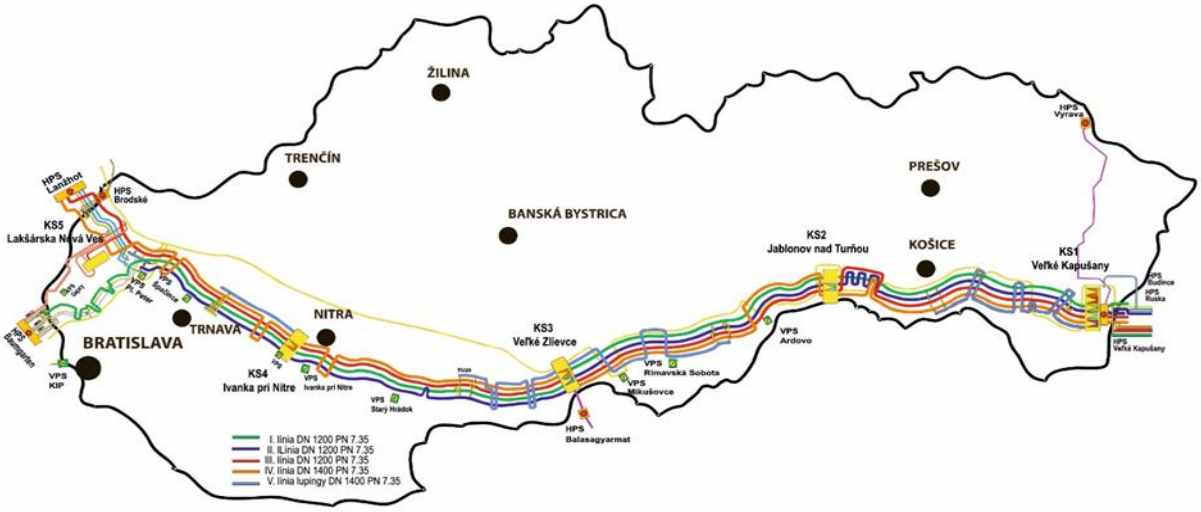
Budince point plays a significant role in supplying natural gas to Ukraine; however, due to the military conflict, natural gas consumption in Ukraine, and therefore the utilization of the Budince point, is decreasing. Eustream expects the contracted capacity at the exit point to be 1.5 bcm/year, with utilization at 95%.

Výrava entry/exit point:

Due to the current market situation and historical data, for tariff calculation purposes, Eustream considers no capacity bookings at this point.

3.1.1.3. The structural representation of the transmission network and distance matrix

Distance matrix, as one of the key input parameters to counterfactual RPM, has been calculated based on the real length of the pipelines. Simplified structural representation of the network of company Eustream is shown on the Picture 2



Picture 2: Structural representation of Slovak natural gas transmission system with an appropriate level of detail

Note: The picture also includes compressor station No. 2, which is currently not utilized for increasing the pressure level of the transportation network, and only its components necessary for gas transmission are owned by the company.

Distance matrix is as follows:

[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

3.1.2. Other input parameters for the RPM (not related to the technical characteristics of the system)

3.1.2.1. Entry/exit split

For the purpose of calculation of the reference prices, the proposed entry/exit split is 37.5/62.5 in line with the Article 8(1)(e) of the TAR NC.

3.1.2.2. Tariff levels (comparison) of operators from EU Member States, relevant for benchmarking purposes

For the purposes of secondary adjustment of RPM results based on benchmarking (refer to the document 'Methodology for determining tariffs for access to the transmission network and transmission of natural gas'), Eustream used the tariffs of the following operators of transmission networks from EU Member States:

			Tariff 2024				Tariff 2025 (EUR/MWh/d/y)			
Country / TSO	Currency	Units	ENTRY min	ENTRY max	EXIT min	EXIT max	ENTRY min	ENTRY max	EXIT min	EXIT max
CZ / Net4Gas	CZK	MWh/d/y	280,39	1124,28	3694,01	10208,39	11,28	45,22	148,58	410,59
HU / FGSZ	HUF	kWh/h/y	1352,98	1352,98	1263,77	1263,77	145,80	145,80	136,18	136,18
DE / all TSOs	EUR	kWh/h/y	5,1	5,1	5,1	5,1	216,75	216,75	216,75	216,75
PL / Gaz System - NTS	PLNgr	kWh/h/h	0,6617	0,6617	0,3214	0,3214	570,26	570,26	276,98	276,98
PL / Gaz System - Yamal	PLNgr	kWh/h/h	0,5157	1,1774	0,4916	0,813	444,43	1014,69	423,66	700,65
AT / GCA, TAG	EUR	kWh/h/y	0,85	0,97	1,23	3,26	36,13	41,23	52,28	138,55
IT / SNAM	EUR	Smc/d/y	1,234623	3,011917	2,304301	3,700192	119,93	292,59	223,85	359,45

3.1.2.3. Expected inflation rate

The following forecast of the EU inflation rate has been used[7]:

[%]	2020	2021	2022	2023	2024	2025	2026	2027
EU inflation rate	0.7%	2.9%	9.2%	6.4%	2.0%	2.0%	2.0%	2.0%

3.2. Proposed adjustments for capacity-based transmission tariffs

Art. 26(1)(a)(ii)

Adjustments of tariffs at entry points from and exit points to storage facilities

According to Art. 9(1) of the TAR NC*:*

"A discount of at least 50 % shall be applied to capacity-based transmission tariffs at entry points from and exit points to storage facilities, unless and to the extent a storage facility which is connected to more than one transmission or distribution network is used to compete with an interconnection point ",

the reference prices for entry and exit points from/to storages are subject to further adjustment – discount on the level of at least 50%.

[7] Source of data – Eurostat. After 2023, the assumption of stabilizing the inflation rate of EU countries at 2.0% is used.

Since all storage facilities on the territory of the Slovak Republic are directly connected also to the (i) distribution network and (ii) Austrian transmission network, these connections are fully used to "compete with an interconnection point" and thus, discount not mandatory. Since entry/exit point from/to storage facilities is currently part of the Domestic point and not separate entry/exit point, discount is not proposed to be offered.

Adjustments of tariffs at entry points from LNG facilities

Not applicable – there is no entry point from LNG facility in the Slovak transmission network.

3.3. The indicative reference prices subject to the Consultation

Art. 26(1)(a)(iii)

The indicative reference prices are as follows:

[€/(MWh/d)/y] **Entry**	Raw Reference prices	Final reference prices
Lanžhot	584.9	365.0
Baumgarten	584.9	365.0
Domestic point	584.9	328.5
Veľké Zlievce	584.9	365.0
Veľké Kapušany	584.9	365.0
Budince	584.9	365.0
Výrava	584.9	365.0
Exit		
Lanžhot	584.9	365.0
Baumgarten	584.9	365.0
Domestic point	584.9	328.5
Veľké Zlievce	584.9	365.0
Veľké Kapušany	584.9	365.0
Budince	584.9	365.0
Výrava	584.9	365.0

Shown reference prices are indicative reference prices, for the tariff year 2025. Please note that:

(i) Final reference prices for other years of the tariff period will be subject to regular escalation by the chosen escalation index,

(ii) Final reference prices for the non-IPs (entry/exit Domestic point, entry/exit Veľké Kapušany and entry/exit Budince) may not serve as the reserve prices for the standard yearly capacity products. Derivation of the reserve prices for the non-IPs is not subject of the TAR NC, however Eustream proposes the use of the proposed indicative reference prices for all entry/ exit points of the transmission network.

It is also important to note that the final reference prices provided are based on the assumption of contracted capacities and natural gas flows as presented in this document. Eustream reserves the right to recalculate the presented reference prices and submit a proposal for their adjustment to the pricing decision of ÚRSO in the event of any significant changes after 2024, based on significant changes in input economic parameters.

3.4. Cost allocation assessments

Art. 26(1)(a)(iv)

The cost allocation assessment aims to evaluate whether any cross subsidisation occurs between transit and domestic transmission for both – capacity as well as commodity-based transmission tariffs.

It compares revenues to be obtained per unit of a defined costs driver for intra and cross-system use. Since Eustream uses reference price methodology based on postage stamp principles, but incorporating benchmarking with the distinction between domestic transmission and transit, key cost drivers are forecasted contracted capacity and forecasted flow of natural gas.

Input data for cost allocation assessment relating to the transmission services revenue to be recovered by capacity-based transmission tariffs:

- Forecasted contracted capacity for intra-system and cross-system use:

Forecasted contracted capacity for intra-system use [MWh/y]	2025	2026	2027	AVG
ENTRY points	46,098	46,098	46,098	46,098
EXIT points	128,219	128,219	128,219	128,219

Forecasted contracted capacity for cross-system use [MWh/y]	2025	2026	2027	AVG
ENTRY points	77,084	77,084	77,084	77,084
EXIT points	77,084	77,084	77,084	77,084

- Capacity-based revenues to be obtained from intra-system and cross-system use, calculated based on the reserve prices and forecasted contracted capacity.

Note: The analysis does not include revenues and contractual capacities from the long-term contract, as the tariff in the long-term contract has been determined by a different tariff methodology and remains fixed for the entire duration of the long-term contract (with the exception of regular inflation escalation).

Input data for cost allocation assessment relating to the transmission services revenue to be recovered by commodity-based transmission tariffs:

- Forecast of natural gas price[8]:

[EUR/MWh]	2025	2026	2027
Forecast of natural gas price	30.006	29.278	28.693

- Forecasted flow of natural gas used for intra-system and cross-system use:

Forecasted flow for intra-system use [MWh/y]	2025	2026	2027	AVG
ENTRY points	43,793	43,793	43,793	43,793
EXIT points	121,808	121,808	121,808	121,808

Forecasted flow for cross-system use [MWh/y]	2025	2026	2027	AVG
ENTRY points	73,230	73,230	73,230	73,230
EXIT points	73,230	73,230	73,230	73,230

- Commodity-based revenues to be obtained from intra-system and cross-system use, calculated based on the indicative commodity-based transmission tariffs and forecasted flow of natural gas.

Results:

Assessment	2025	2026	2027
Capacity-based revenues	7.64%	7.64%	7.64%
Commodity-based revenues	0.00%	0.00%	0.00%

Reasoning:

Results of the cost allocation assessments are for capacity-based revenues as well as for the commodity-based revenues at the level below the specified threshold value of 10%.

Note: Comparison results do not take into account the volume of revenues and contractual capacities from the long-term transmission contract, as well as the utilization of additional services (e.g., Shorthaul - Domestic) approved by ÚRSO.

[8] CEGH VTP Gas futures, 16.2.2024 - https://www.cegh.at/exchange-market/market-data/?product=yearly&market=AT

3.5. Assessment of the proposed RPM in accordance with Article 7

Art. 26(1)(a)(v)

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

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.

Eustream is convinced that all above-mentioned criteria are fulfilled, besides of other facts mentioned in the Consultation document, based also on the following:

a. chosen RPM enables network users to reproduce the calculation of reference prices and their accurate forecast:

- ✓ chosen RPM - the postage stamp methodology, is easy to understand, simple and replicable, which means that reference prices calculated based on this methodology can be easily reproduced by all stakeholders;
- ✓ all data necessary for calculation of reference prices are complete, real, consistent and publicly available;
- ✓ the simplified tariff model is being used, including the explanation of its usage, which gives network users, resp. all stakeholders the possibility to calculate the transmission tariffs for the prevailing tariff period and to estimate their possible evolution beyond such tariff period, as required by Article 30(2)(b) of the NC TAR.

b. chosen RPM takes into account the actual costs incurred for the provision of transmission services considering the level of complexity of the transmission network:

- ✓ chosen RPM reflects specific position of the Slovak transmission network, which represents simple, but extremely robust transmission system with high proportion of the international transmission (transit) on the overall natural gas transmission and competition in form of transmission systems of other European TSOs;
- ✓ proposed RPM is postage stamp methodology, followed by secondary adjustment based on price comparison, as an important tool for providing long-term stability and competitiveness of the tariff system, reflecting the specific position of the Slovak transmission network;
- ✓ chosen RPM reflects appropriate costs for the operation of the transmission network, including, but not limited to, costs of maintenance of the transmission infrastructure and its further development and also administrative, financial and marketing costs;

- ✓ all costs included into the calculation according to this chosen RPM are transparent, provable, reflect costs of efficient and structurally comparable transmission system operator and contain appropriate rate of return of the invested capital;
- ✓ all cost are considered as transmission costs and they are allocated via the same RPM;
- ✓ chosen RPM is applied to all entry and exit points.

c. chosen RPM ensures non-discrimination and prevent undue cross-subsidisation including by taking into account the cost allocation assessments set out in Article 5:

- ✓ the proposed RPM, based on a postage stamp methodology, ensures non-discrimination and prevents undue cross-subsidisation by taking into account the cost allocation assessments set out in the Article 5 of the TAR NC. Since Eustream uses reference price methodology based on postage stamp principles, key cost drivers are forecasted contracted capacity and forecasted flow of natural gas. These parameters are objective and the chosen RPM results in the same reference prices for all transmission customers for the same transmissions services, and hence the chosen RPM can be considered as non-discriminatory;
- ✓ allocation of all transmission costs via a single RPM to all entry-exit points, which prevents any form of discrimination not allowed by the NC TAR;
- ✓ costs calculated by the transmission system operator, the company Eustream, that serves as an input into the methodology for the calculation of reference prices according to given RPM, shall be submitted to ÚRSO and approved by ÚRSO, by which discrimination by transmission system operator is prevented;
- ✓ based on the results of cost allocation assessments set out in Article 5 of the TAR NC, containing the evaluation whether the cross-subsidisation between transit and domestic transmission - for capacity as well as commodity transmission tariffs does not occur, it can be stated that the results of this assessment are significantly below the threshold 10%, by which the limit of the threshold as defined in Article 5(6) of the TAR NC is fulfilled.

d. chosen RPM ensures that significant volume risk related particularly to transports across an entry-exit system is not assigned to final customers within that entry-exit system:

- ✓ indicative reference prices for entry/exit point Domestic point may not serve as the reserve prices for the standard yearly capacity products. The reserve prices for entry/exit point Domestic point are subject to methodology based on the national legislation, which will be valid and applicable in respect to this point. As the reserve prices for entry/exit point Domestic point will be under the approval of ÚRSO in accordance with the valid and applicable national legislation, it can be stated that by applying the mechanism containing process of control and approval of ÚRSO as the national regulatory authority, the protection of the final customers will be sufficiently ensured in a way that the significant volume risk related particularly to transports across an entry-exit system is not assigned to final customers within that entry-exit system.

e. chosen RPM ensures that the resulting reference prices do not distort cross-border trade:

- ✓ chosen RPM, as postage stamp methodology, provides high level of transparency. Since it is easily understandable, all parameters used for the calculation of reference prices are publicly available, enables calculation of transmission tariffs for the prevailing tariff period, resp. estimation of their possible evolution beyond such tariff period, the chosen RPM automatically reduces barriers distorting cross-border trade to minimum;
- ✓ floating price approach, under price cap regime, is being proposed for all entry/exit points for all tariff periods. The introduction of a floating price system will ensure an equal tariff level for all users of the transmission network, thus meeting the requirement of not disrupting cross-border trade.

3.6. Comparison of the indicative reference prices to the capacity weighted distance (CWD) results

Art. 26(1)(a)(vi)

Reference prices resulting from the counterfactual - CWD methodology and their comparison to the proposed indicative reference prices are shown in the following table:

[€/(MWh/d)/y] **Entry**	Final Reference prices	CWD results	difference
Lanžhot	365.0	1,052.1	-687.1
Baumgarten	365.0	1,113.9	-748.9
Domestic point	328.5	N/A	N/A
Veľké Zlievce	365.0	415.0	-50.0
Veľké Kapušany	365.0	875.0	-510.0
Budince	365.0	N/A	N/A
Výrava	365.0	N/A	N/A
Exit			
Lanžhot	365.0	426.9	-61.9
Baumgarten	365.0	435.2	-70.2
Domestic point	328.5	378.0	-49.5
Veľké Zlievce	365.0	N/A	N/A
Veľké Kapušany	365.0	N/A	N/A
Budince	365.0	774.0	-409.0
Výrava	365.0	N/A	N/A

Comparison pointed on main disadvantages of the CWD methodology for the transmission system operators as Eustream:

(i) inability to set the tariffs for the entry/exit points where no capacity booking is expected, and

(ii) inability to recognise real flow pattern of gas.

Results of CWD methodology are comparable in all relevant cases.

Application of the CWD methodology, however, leads into high discrepancy in the level of tariffs at entry points and exit points, despite the entry/ exit ratio being at 50/50. However, the comparison loses its effectiveness due to the significant utilization of benchmarking.

Due to these reasons, Eustream considers the chosen RPM as an appropriate and non-discriminatory, which may be used as the tariff setting methodology for company Eustream.

4. Indicative information set out in Article 30(1)(b)(i), (iv), (v)

Art. 26(1)(b)

4.1. Target revenue of Eustream

Art. 30(1)(b)(i)

Total amount of target revenues is calculated on the following level:

[mEUR]	2025	2026	2027	AVG
Target revenue	545.1	543.3	541.8	543.4

Note: It does not include the benchmarking effect.

This total amount of target revenues contains (i) revenue from capacity-based transmission tariffs and (ii) revenue from commodity-based transmission tariffs from both, flow-based charge as well as complementary revenue recovery charge and iii) the levels of discounts for the use of the additional service Shorthaul - Domestic.

4.2. Transmission service revenue

Art. 30(1)(b)(iv)

Eustream does not offer any non-transmision services. Thus amount of target revenue is equal to the transmission service revenue.

4.3. Ratios of the transmission service revenue

Art. 30(1)(b)(v)

4.3.1. Capacity-commodity split

Capacity-commodity split is as follows:

[mEUR]	AVG(%)
Capacity-based	84.7%
Commodity-based (flow-based)	14.4%
Commodity-based (CRRC)	1.9%

Note: The ratio does not include revenues from the long-term transmission contract. It does not include the benchmarking effect.

4.3.2. Entry-exit split

As an input parameter to the RPM a default entry/exit split of 37.5/62.5 has been applied. Reference prices calculated according to proposed RPM respect this split.

4.3.3. Intra-system/Cross-system split

Cross-border-domestic split is as follows:

[mEUR]	AVG(%)
Intra-system	51.2%
Cross-system	48.8%

Note: The ratio does not include revenues from the long-term transmission contract.

5. Information of transmission and non-transmission tariffs

Art. 26(1)(c)

5.1. Commodity-based transmission tariffs

Art. 26(1)(c)(i)

5.1.1. Manner of setting commodity-based transmission tariffs

Art. 26(1)(c)(i)(1)

Flow-based charge

The main purpose of flow-based charge is to cover all variable costs connected to transmission of natural gas, consisting, inter-alia, of consumption of natural gas, used as a power for compressor stations, gas losses, costs of production of emissions and other cost elements.

Using the historical data of variable costs, as well as the ranges of specific consumption of all possible settings of compressor units, the flow-based charge is proposed to be set to the level of 1.7% of transmitted volume (expressed in kind).

Complementary revenue recovery charge

Complementary revenue recovery charge has been set, based on the decision of ÚRSO No. 0001/2016/P-ST from 7th November 2016, on a provision of regulatory incentives for the project of the Polish-Slovak Interconnection.

5.1.2. Share of target revenue to be recovered from the commodity-based transmission tariffs

Art. 26(1)(c)(i)(2)

Please see Article 4.3.1 of this Consultation document.

5.1.3. Indicative commodity-based transmission tariffs

Art. 26(1)(c)(i)(3)

Flow-based charge

According to Article 5.1.1 of this Consultation document, the flow-based charge is proposed to be set on the level of 1.7% of transmitted volume (expressed in kind). Based on historically proved experiences, the default entry/exit split for a flow-based charge is 50/50, and thus the indicative flow-based charge is as follows:

Entries: 0.85%

Exits: 0.85%.

According to TAR NC (Article 4 (3) (a) (ii)), flow-based charge must be: *"set in such a way that it is the same at all entry points and the same at all exit points"*. In this respect, flow-based charge is proposed to be set also for entry/exit point Domestic point. However, Eustream has introduced an additional service called Shorthaul - Domestic, which offers a discount on fees based on the flow for the entry and exit Domestic point.

Complementary revenue recovery charge

According to the approved methodology and relevant decision of ÚRSO, the complementary revenue recovery charge is applied at the entry/exit point Domestic point as the fee for increasing the level of security of supply, on the level of 0.08 EUR/MWh. The fee is set in the price of the year 2016 and is escalated, using the HICP inflation index of EU countries, published by Eurostat.

Indicative complementary revenue recovery charge for the current tariff period (including the period relevant for this consultation), is proposed on the same level, however, according to the approved methodology, it can be adjusted, based on the level of contracted capacity at the IP Výrava.

5.2. Non-transmission tariffs

Art. 26(1)(c)(ii)

Not applicable – no non-transmission tariffs are proposed.

6. Information set out in Article 30(2)

Art. 26(1)(d)

6.1. Difference between transmission tariffs for the prevailing tariff period and the tariff period for which the information is published

Art. 30(2)(a)(i)

Reserved prices valid for the prevailing tariff period and their comparison to the proposed indicative reference prices are shown in the following table:

[€/(MWh/d)/y] **Entry**	Current tariff level (escalated to 2025)	Final Reference prices	difference
Lanžhot	143.2	365.0	221.8
Baumgarten	143.2	365.0	221.8
Domestic point	19.2	328.5	309.3
Veľké Zlievce	143.2	365.0	221.8
Veľké Kapušany	203.2	365.0	161.8
Budince	203.2	365.0	161.8
Výrava	143.2	365.0	221.8
Exit			
Lanžhot	195.9	365.0	169.1
Baumgarten	195.9	365.0	169.1
Domestic point	103.6	328.5	224.9
Veľké Zlievce	195.9	365.0	169.1
Veľké Kapušany	282.4	365.0	82.6
Budince	282.4	365.0	82.6
Výrava	195.9	365.0	169.1

6.2. Difference between transmission tariffs for each tariff period within the remainder of the prevailing regulatory period and the tariff period for which the information is published

Art. 30(2)(a)(ii)

Duration of the tariff period equals to duration of the regulatory period. Thus, the information is the same as in the Article 6.1 of this Consultation document.

7. Additional information on fixed payable price approach under price cap regime

Art. 26(1)(e)

As mentioned above, for the period from January 1, 2025, Eustream proposes the introduction of a floating price system for all entry and exit points and for all transmission contracts. The reason for this change is the current situation in the natural gas market, which is affected by the military conflict in Ukraine which has resulted in a significant decrease in the volumes of natural gas transported through the territory of the Slovak Republic. Since Eustream does not anticipate a stabilization of the situation by the beginning of the next year, the introduction of a floating price system will help eliminate discrimination, whereby Eustream would be forced to make further adjustments to the level of transmission fees. In light of the aforementioned fact, Eustream does not provide additional information regarding the fixed payable price under the price cap regime.