

**Energy Regulatory Office Price Decision No. 1/2017 of 2 March 2017
amending Energy Regulatory Office Price Decision No. 6/2016
of 25 November 2016 on regulated prices related to gas supply**

Under Section 2c of Act No 265/1991 on the Competences of the Czech Republic's Authorities in the Area of Prices, as amended, under Section 17(6)(d) and Section 17(11) and (12) of Act No 458/2000 on the Conditions for Business and State Administration in the Energy Industries and Amending Certain Laws ("the Energy Act"), as amended, and under public notice no. 195/2015 on methods of price regulation and procedures for price control in the gas industry, and under public notice 196/2015 on methods of price regulation and procedures for regulating the prices for the market operator's activities in the electricity and gas industries, the Energy Regulatory Office ['ERO'] hereby issues its Price Decision on regulated prices related to gas supply.

Article I

Energy Regulatory Office Price Decision No. 6/2016 of 25 November 2016 on regulated prices related to gas supply is amended as follows:

1. The table in point 1.1.1.1 reads as follows:

Entry point name	Fixed annual charge for booked firm transmission capacity C_r in CZK/MWh/d	Fixed charge for transported gas, C_{rkom} in CZK/MWh
Lanžhot border point	753.46	0
Lanžhot - Mokřý Háj border point	753.46	0
Waidhaus border point	753.46	0
Hora Sváté Kateřiny – Olbernhau border point	753.46	0
Hora Sváté Kateřiny border point	753.46	0
Brandov – OPAL border point	753.46	0
Brandov – EUGAL*) border point	753.46	0
Český Těšín border point	753.46	0

*) The Brandov – EUGAL border point is the planned new border point in the transmission system, which is expected to be put into operation in 2019. The prices set out for this point are only applicable if the border point actually materialises.

2. In part I, point 1.1.2 reads as follows:

1.1.2. Fixed charge for booked standard firm transmission capacity

- 1.1.2.1. The fixed short-term [= 'variable' under Section 18(5) of public notice 349/2015, Gas Market Rules, as amended] charge for booked standard firm transmission capacity C_s applies at the time when the transmission capacity can be used. If standard firm transmission capacity at the relevant border point is allocated to a gas market participant in an auction for a period shorter than 10 consecutive

years, the reserve price for standard firm capacity for these consecutive years is the fixed short-term charge for booked standard firm transmission capacity. For yearly standard firm capacity, quarterly standard firm capacity and monthly standard firm capacity, the fixed short-term charge for booked standard firm transmission capacity C_S in CZK/MWh/d is calculated as

$$C_S = C_r \times F_c + AP ,$$

where

F_c is the factor of the duration of booked standard firm transmission capacity, calculated using the following formula for yearly standard firm capacity:

$$F_c = 1 ,$$

and for quarterly standard firm capacity it is calculated using the formula

$$F_c = \frac{3}{12} \times 1.1 ,$$

and for monthly standard firm capacity it is calculated using the formula

$$F_c = \frac{1}{12} \times 1.25 ,$$

AP is, for auctions of standard bundled transmission capacity, the proportion of the auction premium in CZK/MWh/d attributable to the transmission system operator, achieved in auctions on an auction booking platform; for auctions of standard unbundled transmission capacity, it is the auction premium determined in an auction on an auction booking platform.

1.1.2.2. The fixed long-term [= ‘fixed’ under Section 18(5) of public notice 349/2015, Gas Market Rules, as amended] charge for booked standard firm transmission capacity C_F is the charge set in the price decision at the time of the auction. If standard firm transmission capacity at the relevant border point is allocated to a gas market participant in an auction for a period of at least 10 consecutive years, the reserve price for yearly standard firm capacity for these consecutive years is the fixed long-term price for booked standard firm transmission capacity. Fixed long-term charge for booked standard firm capacity C_{Fi} in CZK/MWh/d is calculated, for yearly standard firm capacity for calendar year i , using the formula

$$C_{Fi} = \left(C_{r0} \times \prod_{i=j}^i \frac{I_{i-1}}{100} \right) + AP ,$$

where

C_{r0} is the fixed charge for booked standard firm transmission capacity applicable at the time of the auction;

i is the calendar year for which the long-term charge for booked standard firm transmission capacity is being determined;

j is the calendar year in which the agreement on the provision of the gas transmission service was concluded;

I_{i-1} is the value of the price escalation factor of year $i-1$, in percent, calculated as

$$I_{i-1} = 0.7 \times IPS_{i-1} + 0.3 \times (CPI_{i-1} + 1) ,$$

where

IPS_{i-1} [%] is the index of business service prices calculated as a weighted average of the following price indices

- 62 – Computer programming, consultancy,
- 63 – Information services,
- 68 – Real estate services,
- 69 – Legal and accounting services,
- 71 – Architectural and engineering services,
- 73 – Advertising and market research services,
- 74 – Other professional, scientific and technical activities,
- 77 – Rental and operating lease services,
- 78 – Employment services,
- 80 – Security and investigation services,
- 81 – Services related to buildings and landscape,
- 82 – Office administration and other support services,

as reported by the Czech Statistical Office in the table “Price indices of market services” (code 011046) for April of year *i* on the basis of the ratio of rolling basic indices, where the weights are annual sales for services provided in 2011,

CPI_{i-1} [%] is the consumer price index calculated on the basis of the ratio of rolling averages of basic indices of consumer prices over the last 12 months and over the preceding 12 months reported by the Czech Statistical Office in the table “Consumer price index” (code 012018) for April of year *i*.

For calendar year $i = j$, $I_{i-1} = 100$.

- 1.1.2.3. In the case of applying fixed long-term and fixed short-term charges for booked yearly standard firm transmission capacity, the fixed charge for transmitted gas **C_{rkom}** is calculated on the basis of the actual gas quantity transported in the transmission system and the sum of the actual quantity of gas and electricity for driving compression stations operated on the principle of efficient and economical operation of the transmission system. In the event of unusual changes in the use of the transmission system, the planned value can be used for calculating the fixed charge for transported gas **C_{rkom}** subject to proper substantiation. This differently calculated value of **C_{rkom}** must be corrected for the nearest possible subsequent year on the basis of the actually achieved values.

Article II

This price decision shall come into force on the day of publication in the gazette.

Chairwoman of the Energy Regulatory Office

Alena Vitásková *m. p.*