

Energy Regulatory Office Price Decision No. 11/2007
of 26 November 2007,
on gas prices

Under Section 2c of Act No. 265/1991 on the Competencies of the Czech Republic's Authorities in the Area of Prices, as amended, under Section 17(6)(e) of Act No. 458/2000 on the Conditions for Business and State Administration in the Energy Industries and on Amendments to Certain Laws (hereinafter "the Energy Act"), as amended, under Section 1(6) of Act No. 526/1990 on Prices, as amended, and under Section 10(5)(b) of public notice no. 438/2001 which lays down the contents of financial reports and procedures for price regulation in the energy sector, as amended, the Energy Regulatory Office ('ERO') hereby issues its Price Decision as follows.

Regional Distribution System Operators:

JČP Distribuce, s.r.o., Company No. [IČ]: 26105624, having its registered office at Vrbenská 2, České Budějovice (hereinafter "JČPD")

JMP Net, s.r.o., Company No. [IČ]: 27689841, having its registered office at Plynárenská 499/1, Brno (hereinafter "JMP Net")

Pražská plynárenská Distribuce, a.s., člen koncernu Pražská plynárenská, a.s., Company No. [IČ]: 27403505, having its registered office at U Plynárny 500, Praha 4 (hereinafter "PPD")

SČP Net, s.r.o., Company No. [IČ]: 27295567, having its registered office at Klíšská 940, Ústí nad Labem (hereinafter "SČP Net")

SMP Net, s.r.o., Company No. [IČ]: 27768961, having its registered office at Plynární 420/3, Ostrava (hereinafter "SMP Net")

STP Net, s.r.o., Company No. [IČ]: 27455611, having its registered office at Novodvorská 803/82 Praha 4, (hereinafter "STP Net")

VČP Net, s.r.o., Company No. [IČ]: 27495949, having its registered office at Pražská třída 485, Hradec Králové (hereinafter "VČP Net")

ZČP Net, s.r.o., Company No. [IČ]: 26412527, having its registered office at Ed. Beneše 2439/70-2438/72, Plzeň (hereinafter "ZČP Net")

I. Charges for natural gas transmission and distribution

1 Charges for natural gas transmission

The following fixed prices and specified conditions shall apply to natural gas transported by the transmission system operator for users:

1.1 The fixed charge for daily booked firm capacity for the term of annual gas transmission agreements, C_r in CZK/1,000 m³, shall be as follows for each of the:

1.1.1 Points of entry to the transmissions system:

Fixed charge for daily booked firm capacity at a border entry point	C_{heni}	CZK 20,838.56/1,000 m ³
Fixed charge for daily booked firm capacity at a point of entry to the virtual gas storage facility	C_{zeni}	CZK 664.92/1,000 m ³
Fixed charge for daily booked firm capacity at a domestic entry point	C_{deni}	CZK 10.00/1,000 m ³

To users with booked capacity in excess of 1,000 m³ it applies that

the monthly charge for booked firm capacity for an entry point of the transmission system shall be calculated as 1/12 of the product of the daily booked firm capacity in 1,000 m³ specified in the agreement for the respective year and the fixed charge for daily booked firm capacity at the entry point of the transmission system for the term of the annual gas transmission agreement, in CZK/1,000 m³.

1.1.2 Points of exit from the transmission system:

Fixed charge for daily booked firm capacity at a border exit point	C_{hexi}	CZK 85,233.75/1,000 m ³
Fixed charge for daily booked firm capacity at a point of exit from the virtual gas storage facility	C_{zexi}	CZK 0.00/1,000 m ³
Fixed charge for daily booked firm capacity at a domestic exit point	C_{dexi}	CZK 21,660.29/1,000 m ³

To users with booked capacity in excess of 1,000 m³ it applies that

the monthly charge for booked firm capacity for an exit point of the transmission system shall be calculated as 1/12 of the product of the daily booked firm capacity in 1,000 m³ specified in the agreement for the respective year and the fixed charge for daily booked firm capacity at the exit point of the transmission system for the term of the annual gas transmission agreement, in CZK/1,000 m³.

1.2 The fixed charge for daily booked firm capacity for the term of monthly gas transmission agreements, C_k in CZK/1,000 m³, shall be calculated using the following formula:

$$C_k = C_r \times F_c$$

where

C_r is the fixed charge for daily booked firm capacity for the term of the annual gas transmission agreement under 1.1 above,

F_c is the simple sum of factors F of all calendar months over the term of the monthly agreement,

F is the calendar month factor as per the following table:

Calendar month	January, February, December	March, April, October, November	May, June, July, August, September
F	0.4	0.2	0.083

To users with booked capacity in excess of 1,000 m³ it applies that

the monthly charge for transmission shall be calculated as $1/n$ of the product of the daily booked firm capacity for the entry/exit point of the transmission system in 1,000 m³ specified in the agreement for the term of the monthly agreement and the fixed charge for daily booked firm capacity for the entry/exit point of the transmission system for the term of the monthly agreement, in CZK/1,000 m³, where n is the number of months over the term of the monthly agreement.

- 1.3 The fixed charge for daily booked firm capacity for one gas day, C_d in CZK/1,000 m³, specified under a daily agreement, shall be calculated using the following formula:

$$C_d = \frac{C_r \times F}{5} ,$$

where

C_r is the fixed charge for daily booked firm capacity for the term of an annual gas transmission agreement under 1.1 above,

F is the calendar month factor as per the table in 1.2 above.

- 1.4 The fixed charge for daily booked interruptible capacity for the term of an annual transmission agreement, C_{rp} in CZK/1,000 m³, shall be calculated using the following formula:

$$C_{rp} = kp_r \times C_r ,$$

where

C_r is the fixed charge for daily booked firm capacity for the term of an annual gas transmission agreement under 1.1 above,

kp_r is the factor of the agreed probability of gas transmission reduction or interruption, calculated using the following formula:

$$kp_r = 1 - \frac{2 \times RP}{365} ,$$

where

RP is the agreed probable number of gas days on which gas transmission will be reduced or interrupted.

At the same time the following applies:

$$0.25 \leq kp_r \leq 1 .$$

To users with booked capacity in excess of 1,000 m³ it applies that

the monthly charge for booked interruptible transmission capacity for an entry/exit point of the transmission system shall be calculated as $1/12$ of the product of the daily booked interruptible capacity in 1,000 m³ specified in the agreement for the respective year and the fixed charge for daily booked interruptible capacity at the entry/exit point of the transmission system for the term of the annual gas transmission agreement, in CZK/1,000 m³.

1.5 The fixed charge for exceeding the agreed probable number of the gas days on which gas transmission is reduced or interrupted for the term of an annual transmission agreement, C_{srp} in CZK/1,000 m³, shall be calculated using the following formula:

$$C_{srp} = kp_{srp} \times C_r \quad ,$$

where

C_r is the fixed charge for daily booked firm capacity for the term of an annual gas transmission agreement under 1.1 above,

kp_{srp} is the factor of exceeding the agreed probability of gas transmission reduction or interruption, calculated using the following formula:

$$kp_{srp} = \frac{4 \times S_{RP}}{365} \quad ,$$

where

S_{RP} is the number of gas days on which gas transmission was reduced or interrupted in excess of the agreed probable number of gas days on which gas transmission could be reduced or interrupted.

C_{srp} is lower than or equal to C_{rp} .

1.5.1 The payment for exceeding the agreed probable number of the gas days on which gas transmission will be reduced or interrupted for the term of the annual transmission agreement shall be calculated as the product of the daily booked interruptible capacity in 1,000 m³ agreed in the agreement for the respective year and the fixed charge for exceeding the agreed probable number of the gas days on which gas transmission will be reduced or interrupted for the term of the annual transmission agreement, C_{srp} in CZK/1,000 m³. The payment for exceeding the agreed probable number of gas days on which gas transmission will be reduced or interrupted for the term of the annual transmission agreement shall be paid by the transmission system operator to the user.

1.6 The fixed charge for daily booked interruptible capacity for the term of a monthly transmission agreement, C_{kp} in CZK/1,000 m³, shall be calculated using the following formula:

$$C_{kp} = kp_k \times C_k \quad ,$$

where

C_k is the fixed charge for daily booked firm capacity for the term of the monthly gas transmission agreement under 1.2 above,

kp_k is the factor of the agreed probability of gas transmission reduction or interruption, calculated using the following formula:

$$kp_k = 1 - \frac{2 \times RP}{nd} \quad ,$$

where

RP is the agreed probable number of gas days on which gas transmission will be reduced or interrupted,

nd is the number of days of the term of the monthly gas transmission agreement.

It applies that

$$0.25 \leq kp_k \leq 1$$

To users with booked capacity in excess of 1,000 m³ it applies that

the monthly charge for transmission shall be calculated as $1/n$ of the product of the daily booked interruptible capacity for the entry/exit point of the transmission system in 1,000 m³ specified in the agreement for the term of the monthly agreement and the fixed charge for daily booked interruptible capacity for the entry/exit point of the transmission system for the term of the monthly agreement, in CZK/1,000 m³, where n is the number of months over the term of the monthly agreement.

1.7 The fixed charge for exceeding the agreed probable number of the gas days on which gas transmission is reduced or interrupted for the term of a monthly transmission agreement, C_{skp} in CZK/1,000 m³, shall be calculated using the following formula:

$$C_{skp} = kp_{skp} \times C_k$$

where

C_k is the fixed charge for daily booked firm capacity for the term of the monthly gas transmission agreement under 1.2 above,

kp_{skp} is the factor of exceeding the agreed probability of gas transmission reduction or interruption, calculated using the following formula:

$$kp_{skp} = \frac{4 \times S_{KP}}{nd}$$

where

S_{KP} is the number of the gas days on which gas transmission was reduced or interrupted in excess of the agreed probable number of the gas days on which gas transmission could be reduced or interrupted.

C_{skp} is lower than or equal to C_{kp} .

1.7.1 The payment for exceeding the agreed probable number of the gas days on which gas transmission will be reduced or interrupted for the term of the monthly transmission agreement shall be calculated as the product of the daily booked interruptible capacity in 1,000 m³ agreed in the agreement for the term of the monthly agreement and the fixed charge for exceeding the agreed probable number of the gas days on which gas transmission will be reduced or interrupted for the term of the monthly transmission agreement, C_{skp} in CZK/1,000 m³. The payment for exceeding the agreed probable number of the gas days on which gas transmission will be reduced or interrupted for the term of the monthly transmission agreement shall be paid by the transmission system operator to the user.

- 1.8 The fixed charge for daily booked interruptible capacity for one gas day, agreed under a daily agreement, shall equal the fixed charge for daily booked firm capacity for one gas day agreed under a daily agreement under 1.3 above.
- 1.8.1 In the event of gas transmission reduction or interruption, the transmission system operator shall pay the user a charge for daily booked firm capacity per gas day, calculated as the product of daily booked interruptible capacity in 1,000 m³ agreed in the agreement for one gas day and the fixed charge for daily booked interruptible capacity per gas day under 1.8 above, in CZK/1,000 m³.
- 1.9 In the event of exceeding the daily booked capacity at an individual entry/exit domestic point, which is agreed in the agreement(s), by more than 3.8%, the charge **P_p** for exceeding the daily booked firm or interruptible capacity agreed in the agreement(s) shall be calculated using the following formula

$$P_p = F_o \times C_r \times D \quad ,$$

where

F_o is the factor of the calendar month, as per the following table, in which the exceeding took place:

Calendar month	January, February, December	March, April, October, November	May, June, July, August, September
F _o	2.5	1	0.2

C_r is fixed charge for daily booked firm capacity for the term of an annual gas transmission agreement under point 1.1 above,
D shall be calculated using the following formula

$$D = (K_r - K_s) \quad ,$$

where

K_r is the actually achieved daily capacity of the respective user at the individual entry/exit domestic point in 1,000 m³ calculated under point 1.9.1 below,
K_s is the sum of all daily booked firm and/or interruptible capacities of the respective user at the individual entry/exit point agreed in the agreement(s) in 1,000 m³;

At the same time it applies that

if the respective user exceeds the daily booked firm or interruptible capacity at the respective entry/exit domestic point agreed in the agreement(s) repeatedly in the respective month, the charge for exceeding the daily booked firm or interruptible capacity shall be billed for the respective month only once and in an amount determined by the maximum value of **D** of the respective user at the individual entry/exit point in the respective gas month.

- 1.9.1 The actually achieved daily capacity **K_r** of the respective user at the entry/exit domestic point includes the aggregate imbalance of the cleared entity arising in each of the domestic zones. The aggregate imbalance of the cleared entity in the domestic zone is calculated as the sum of the imbalance at the entry into the gas system in the respective

domestic zone and at the exit from the gas system in the respective domestic zone, subject to the following conditions:

1.9.1.1 If the aggregate imbalance is positive, its absolute value is deducted from the latest registered nomination or renomination at the respective domestic exit point; if the difference is greater or equal to zero the user has not exceeded the daily booked capacity. If the difference is lower than zero the absolute value of this difference is included in the achieved daily booked capacity of the respective user at the respective domestic entry point.

1.9.1.2 If the aggregate imbalance is negative, its absolute values is deducted from the latest registered nomination or renomination at the respective domestic entry point; if the difference is greater or equal to zero the user has not exceeded the daily booked capacity. If the difference is lower than zero the absolute value of this difference is included in the achieved daily booked capacity of the respective user at the respective domestic exit point.

1.10 Exceeding the daily booked capacity at an individual border point and at the virtual gas storage point agreed in the agreement(s) shall not be subject to charge.

1.11 The fixed charge for an imbalance over the allowed tolerance of a cleared entity, C_o in CZK/MWh, for the respective gas day shall be, if the absolute value of the system imbalance on the respective gas day is

1.11.1 lower or equal to 42,970 MWh, calculated using the formula

$$C_o = 0.0032 \times SO + 10 \quad ,$$

where

SO is the system imbalance on the respective gas day, in MWh,

1.11.2 greater than 42,970 MWh and lower or equal to 110,695 MWh, calculated using the formula

$$C_o = 1.3726 \times 10^{-6} \times SO^2 - 0.115 \times |SO| + 2554.7 \quad ,$$

where

SO is the system imbalance on the respective gas day, in MWh,

1.11.3 greater than 110,695 MWh, equal to CZK 6,644/MWh.

1.12 The charge for an imbalance over the allowed tolerance of the cleared entity, P_b shall be calculated using the formula

$$P_b = C_o \times \left(|O_c - T_{nt} + T_{pt}| - T_{mc} \right) \quad ,$$

where

O_c is the overall imbalance of the cleared entity on the respective gas day, in MWh,

T_{nt} is the unused tolerance bought by the cleared entity on the unused tolerance market on the respective gas day, in MWh,

T_{pt} is the unused tolerance sold by the cleared entity on the unused tolerance market on the respective gas day, in MWh,

T_{mc} is the overall tolerance of the cleared entity on the respective gas day, in MWh.

1.12.1 The coefficients of the equation for calculating the tolerance provided by the transmission system operator to cleared entities at each of the entry and exit points of the transmission system, K_{1m} and K_{2m} , are as follows:

1.12.1.1 For the entry points of the transmission system, m

	K_1	K_2
Border entry point	0.017	0.023
Entry point of the virtual gas storage facility	0	0
Domestic entry point	0	0

1.12.1.2 For the exit points of the transmission system, m

	K_1	K_2
Border exit point	0.017	0.023
Exit point of the virtual gas storage facility	0	0
Domestic exit point	0.038	0.023

1.12.2 The transmission system operator shall bill the charge for an imbalance over the allowed tolerance to a cleared entity in the event that the overall imbalance of the cleared entity is in the same direction as the system imbalance.

1.13 The fixed monthly charge for missing balancing gas is **1.6** times the fixed monthly charge for balancing gas, C_{pv} in CZK/MWh. The fixed monthly charge for excess balancing gas is **0.4** times the fixed monthly charge for balancing gas, C_{pv} in CZK/MWh. The transmission system operator shall pay the charge for excess balancing gas. The fixed monthly charge for balancing gas, C_{pv} in CZK/MWh, shall be calculated using the formula

$$C_{pv} = (2.5 + 0.36 \times R_{brent}) \times ER_p \quad ,$$

where

R_{brent} is ICE Brent Index quotation in USD/bbl, calculated as an unweighted average of the monthly values for the last nine calendar months, provided that the last reference calendar month is the calendar month preceding the month in which the imbalance occurred. IntercontinentalExchange values shall be regarded as the relevant monthly values. ICE Brent Index values are publicly available on the website of IntercontinentalExchange, Inc. (ICE) in the ICE DATA/TODAY'S INDICES section, the Brent Markers link, the HISTORY tab. The monthly average of ICE Brent Index values shall be used for the calculation,

ER_p is the arithmetic average of the exchange rates fixed by the CNB and listed under USD/CZK as at all workdays of a calendar month before the month on which the imbalance occurred, published by the CNB.

1.13.1 All arithmetic operations shall be rounded to 5 decimal places. The fixed monthly charge for balancing gas, C_{pv} in CZK/MWh, shall be rounded to 2 decimal places.

1.14 The fixed monthly clearing price of gas shall be calculated using the formula set out in point 1.13 above.

2 Natural gas distribution prices

The following fixed prices and specified conditions shall apply to the natural gas distributed by each of the regional distribution system operators:

2.1 Prices applicable to annual agreements with firm distribution capacity

2.1.1 The following fixed prices shall apply to natural gas distribution for the final customer's respective supply point:

JČPD		Double-component price		
Final customer category	Annual take at the supply point in the band over – up to MWh/year	Fixed price for gas taken, CZK/MWh	Fixed annual charge for allocated daily firm capacity, in CZK/1,000 m ³	Standing monthly charge for available capacity, in CZK
Long-distance pipeline				
Large offtake customer	over 52,500 up to 157,500	72.95	41,160.00	x
	over 4,200 up to 52,500	132.49	45,320.00	x
Medium offtake customers	over 630 up to 4,200	142.81	48,410.00	x
Local network				
Large offtake customers	over 52,500 up to 157,500	72.95	61,140.00	x
	over 4,200 up to 52,500	132.49	65,300.00	x
Medium offtake customers	over 630 up to 4,200	142.81	68,390.00	x
Low offtake and household customers	over 63 up to 630*	173.21	87,650.00	x
	over 55 up to 63	216.95	x	259.10
	over 50 up to 55	216.95	x	228.30
	over 45 up to 50	216.95	x	214.60
	over 40 up to 45	216.95	x	196.90
	over 35 up to 40	216.95	x	183.40
	over 30 up to 35	216.95	x	166.50
	over 25 up to 30	216.95	x	150.00
	over 20 up to 25	216.95	x	128.20
	over 15 up to 20	216.95	x	110.80
	over 9,45 up to 15	216.95	x	89.10
over 1,89 up to 9,45	278.95	x	60.50	
up to 1,89	487.57	x	39.90	

*) For the household final customers, the band is defined as: over 63

JMP Net		Double-component price		
Final customer category	Annual take at the supply point in the band over – up to MWh/year	Fixed price for gas taken, in CZK/MWh	Fixed annual charge for allocated daily firm capacity, in CZK/1,000 m ³	Standing monthly charge for available capacity, in CZK
Long-distance pipeline				

Large offtake customers	over 157,500	25.99	19,480.00	x
	over 52,500 up to 157,500	38.57	30,960.00	x
	over 4,200 up to 52,500	63.84	39,410.00	x
Medium offtake customers	over 630 up to 4,200	86.93	44,600.00	x
Local network				
Large offtake customers	over 157,500	25.99	39,460.00	x
	over 52,500 up to 157,500	38.57	50,940.00	x
	over 4,200 up to 52,500	63.84	59,390.00	x
Medium offtake customers	over 630 up to 4,200	86.93	64,580.00	x
Low offtake and household customers	over 63 up to 630*	101.35	67,730.00	x
	over 55 up to 63	123.32	x	195.40
	over 50 up to 55	123.32	x	186.40
	over 45 up to 50	123.32	x	170.10
	over 40 up to 45	123.32	x	156.40
	over 35 up to 40	123.32	x	141.30
	over 30 up to 35	123.32	x	127.80
	over 25 up to 30	123.32	x	112.90
	over 20 up to 25	123.32	x	98.60
	over 15 up to 20	123.32	x	83.60
	over 9.45 up to 15	123.32	x	69.50
	over 1.89 up to 9.45	153.07	x	50.60
up to 1.89	314.41	x	32.50	

*) For the household final customers, the band is defined as: over 63

PPD		Double-component price		
Final customer category	Annual take at the supply point in the band over – up to MWh/year	Fixed price for gas taken, in CZK/MWh	Fixed annual charge for allocated daily firm capacity, in CZK/1,000 m ³	Standing monthly charge for available capacity, in CZK
Long-distance pipeline				
Large offtake customers	over 157,500	44.89	29,390.00	x
	over 52,500 up to 157,500	46.80	31,620.00	x
	over 4,200 up to 52,500	62.84	33,530.00	x
Medium offtake customers	over 630 up to 4,200	81.74	37,490.00	x
Local network				
Large offtake customers	over 157,500	44.89	49,370.00	x
	over 52,500 up to 157,500	46.80	51,600.00	x
	over 4,200 up to 52,500	62.84	53,510.00	x
Medium offtake customers	over 630 up to 4,200	81.74	57,470.00	x
Low offtake and household customers	over 63 up to 630*	88.31	64,940.00	x
	over 55 up to 63	111.03	x	183.80
	over 50 up to 55	111.03	x	165.10
	over 45 up to 50	111.03	x	152.50
	over 40 up to 45	111.03	x	141.10
	over 35 up to 40	111.03	x	130.50
	over 30 up to 35	111.03	x	114.30
	over 25 up to 30	111.03	x	105.40
over 20 up to 25	111.03	x	91.50	

	over 15 up to 20	111.03	x	75.60
	over 9.45 up to 15	111.03	x	62.00
	over 1.89 up to 9.45	127.78	x	48.70
	up to 1.89	253.31	x	32.00

*) For the household final customers, the band is defined as: over 63

SČP Net		Double-component price		
Final customer category	Annual take at the supply point in the band over – up to MWh/year	Fixed price for gas taken, in CZK/MWh	Fixed annual charge for allocated daily firm capacity, in CZK/1,000 m ³	Standing monthly charge for available capacity, in CZK
Long-distance pipeline				
Large offtake customers	over 157,500	27.60	23,955.00	x
	over 52,500 up to 157,500	35.66	29,590.00	x
	over 4,200 up to 52,500	66.40	33,005.00	x
Medium offtake customers	over 630 up to 4,200	109.88	42,585.00	x
Local network				
Large offtake customers	over 157,500	27.60	43,935.00	x
	over 52,500 up to 157,500	35.66	49,570.00	x
	over 4,200 up to 52,500	66.40	52,985.00	x
Medium offtake customers	over 630 up to 4,200	109.88	62,565.00	x
Low offtake and household customers	over 63 up to 630*	126.58	75,235.00	x
	over 55 up to 63	162.88	x	213.35
	over 50 up to 55	162.88	x	194.20
	over 45 up to 50	162.88	x	178.20
	over 40 up to 45	162.88	x	165.00
	over 35 up to 40	162.88	x	149.45
	over 30 up to 35	162.88	x	134.80
	over 25 up to 30	162.88	x	119.60
	over 20 up to 25	162.88	x	103.55
	over 15 up to 20	162.88	x	88.35
	over 9.45 up to 15	162.88	x	73.55
	over 1.89 up to 9.45	193.65	x	53.20
up to 1.89	359.11	x	34.65	

*) For the household final customers, the band is defined as: over 63

SMP Net		Double-component price		
Final customer category	Annual take at the supply point in the band over – up to MWh/year	Fixed price for gas taken, in CZK/MWh	Fixed annual charge for allocated daily firm capacity, in CZK/1,000 m ³	Standing monthly charge for available capacity, in CZK
Long-distance pipeline				
Large offtake customers	over 157,500	26.37	21,470.00	x
	over 52,500 up to 157,500	36.70	24,250.00	x
	over 4,200 up to 52,500	69.13	33,550.00	x
Medium offtake customers	over 630 up to 4,200	107.29	41,640.00	x
Local network				

Large offtake customers	over 157,500	26.37	41,450.00	x
	over 52,500 up to 157,500	36.70	44,230.00	x
	over 4,200 up to 52,500	69.13	53,530.00	x
Medium offtake customers	over 630 up to 4,200	107.29	61,620.00	x
Low offtake and household customers	over 63 up to 630*	116.16	75,830.00	x
	over 55 up to 63	143.82	x	242.90
	over 50 up to 55	143.82	x	216.30
	over 45 up to 50	143.82	x	197.30
	over 40 up to 45	143.82	x	177.50
	over 35 up to 40	143.82	x	158.60
	over 30 up to 35	143.82	x	140.60
	over 25 up to 30	143.82	x	122.70
	over 20 up to 25	143.82	x	104.90
	over 15 up to 20	143.82	x	87.90
	over 9.45 up to 15	143.82	x	70.40
	over 1.89 up to 9.45	169.20	x	49.60
up to 1.89	302.71	x	32.50	

*) For the household final customers, the band is defined as: over 63

STP Net		Double-component price		
Final customer category	Annual take at the supply point in the band over – up to MWh/year	Fixed price for gas taken, in CZK/MWh	Fixed annual charge for allocated daily firm capacity, in CZK/1,000 m ³	Standing monthly charge for available capacity, in CZK
Long-distance pipeline				
Large offtake customers	over 157,500	30.50	22,720.00	x
	over 52,500 up to 157,500	38.26	28,870.00	x
	over 4,200 up to 52,500	66.08	33,905.00	x
Medium offtake customers	over 630 up to 4,200	90.81	39,590.00	x
Local network				
Large offtake customers	over 157,500	30.50	42,700.00	x
	over 52,500 up to 157,500	38.26	48,850.00	x
	over 4,200 up to 52,500	66.08	53,885.00	x
Medium offtake customers	over 630 up to 4,200	90.81	59,570.00	x
Low offtake and household customers	over 63 up to 630*	110.56	66,900.00	x
	over 55 up to 63	140.78	x	185.65
	over 50 up to 55	140.78	x	171.20
	over 45 up to 50	140.78	x	157.90
	over 40 up to 45	140.78	x	145.85
	over 35 up to 40	140.78	x	132.80
	over 30 up to 35	140.78	x	119.90
	over 25 up to 30	140.78	x	106.90
	over 20 up to 25	140.78	x	94.20
	over 15 up to 20	140.78	x	81.40
	over 9.45 up to 15	140.78	x	66.75
	over 1.89 up to 9.45	181.65	x	47.45
up to 1.89	380.11	x	34.20	

*) For the household final customers, the band is defined as: over 63

VČP Net		Double-component price		
Final customer category	Annual take at the supply point in the band over – up to MWh/year	Fixed price for gas taken, in CZK/MWh	Fixed annual charge for allocated daily firm capacity, in CZK/1,000 m ³	Standing monthly charge for available capacity, in CZK
Long-distance pipeline				
Large offtake customers	over 157,500	18.77	23,420.00	x
	over 52,500 up to 157,500	30.99	28,090.00	x
	over 4,200 up to 52,500	61.58	33,890.00	x
Medium offtake customers	over 630 up to 4,200	81.00	38,410.00	x
Local network				
Large offtake customers	over 157,500	18.77	43,400.00	x
	over 52,500 up to 157,500	30.99	48,070.00	x
	over 4,200 up to 52,500	61.58	53,870.00	x
Medium offtake customers	over 630 up to 4,200	81.00	58,390.00	x
Low offtake and household customers	over 63 up to 630*	90.21	63,120.00	x
	over 55 up to 63	111.50	x	214.60
	over 50 up to 55	111.50	x	192.70
	over 45 up to 50	111.50	x	166.70
	over 40 up to 45	111.50	x	152.80
	over 35 up to 40	111.50	x	139.20
	over 30 up to 35	111.50	x	125.20
	over 25 up to 30	111.50	x	111.70
	over 20 up to 25	111.50	x	98.00
	over 15 up to 20	111.50	x	83.70
	over 9.45 up to 15	111.50	x	70.00
	over 1.89 up to 9.45	130.24	x	50.80
up to 1.89	310.58	x	32.80	

*) For the household final customers, the band is defined as: over 63

ZČP Net		Double-component price		
Final customer category	Annual take at the supply point in the band over – up to MWh/year	Fixed price for gas taken, in CZK/MWh	Fixed annual charge for allocated daily firm capacity, in CZK/1,000 m ³	Standing monthly charge for available capacity, in CZK
Long-distance pipeline				
Large offtake customers	over 157,500	30.70	22,755.00	x
	over 52,500 up to 157,500	38.26	29,400.00	x
	over 4,200 up to 52,500	65.08	33,500.00	x
Medium offtake customers	over 630 up to 4,200	100.88	41,060.00	x
Local network				
Large offtake customers	over 157,500	30.70	42,735.00	x
	over 52,500 up to 157,500	38.26	49,380.00	x
	over 4,200 up to 52,500	65.08	53,480.00	x
Medium offtake customers	over 630 up to 4,200	100.88	61,040.00	x
Low offtake and household customers	over 63 up to 630*	115.56	71,565.00	x
	over 55 up to 63	146.78	x	202.35

over 50 up to 55	146.78	x	187.50
over 45 up to 50	146.78	x	171.00
over 40 up to 45	146.78	x	158.35
over 35 up to 40	146.78	x	143.65
over 30 up to 35	146.78	x	129.20
over 25 up to 30	146.78	x	114.85
over 20 up to 25	146.78	x	98.40
over 15 up to 20	146.78	x	84.90
over 9.45 up to 15	146.78	x	70.55
over 1.89 up to 9.45	178.65	x	48.50
up to 1.89	340.11	x	33.05

*) For the household final customers, the band is defined as: over 63

- 2.1.2 The supply point at which the gas consumption equipment is connected to the high pressure part of the distribution system shall be regarded as the supply point at which the gas consumption equipment is connected to a long-distance pipeline.
- 2.1.3 The supply point at which the gas consumption equipment is connected to the intermediate pressure and low pressure part of the distribution system shall be regarded as the supply point at which the gas consumption equipment is connected to the local network.
- 2.1.4 Supply points of final customers with an annual take of over 630 MWh shall be included in the offtake bands by their consumption in 2006, taking into account differences from long-term annual consumption. Final customers connected to the gas system in 2006 shall be included in offtake bands by their consumption in 2007, taking into account differences from the expected annual consumption. If a final customer requests that its supply point be moved to a higher offtake band, the respective distribution system operator shall move the supply point as from the first day of the calendar month following the calendar month in which the required increase in consumption occurred. The procedure shall be similar in the case of a request for moving a supply point to a lower offtake band. The assessment shall be based on the final customer's monthly take and the nature of the take at the respective supply point, and the final customer shall prove, in a way that does not elicit any doubts, the facts due to which his expected annual take is to be changed.
- 2.1.5 Final customers' supply points not included in an offtake band under 2.1.4 above shall be included on an offtake band by the annual take, calculated on the basis of the consumption metered in the last reading period, or the sum of consumption values metered in the latest consecutive reading periods so that the aggregate duration of these reading periods is at least twelve months. After reading, the distribution system operator shall bill the price for gas distribution for the last reading period.
- 2.1.6 Supply points of final customers whose gas consumption equipment was connected to the distribution system in 2007 or 2008 shall be included in offtake bands by the take agreed in the agreement.
- 2.1.7 For supply points
- 2.1.7.1 with type A and B metering in the large offtake and medium offtake customer categories it applies that the monthly charge for daily allocated firm capacity shall be calculated as 1/12 of the product of the daily allocated firm capacity agreed in the agreement, in 1,000 m³ and the fixed annual charge for daily allocated firm capacity, in CZK/1,000 m³ using the relevant table in 2.1.1 above.

2.1.7.2 For other supply points with type A and B metering and with type C metering it applies that the monthly charge for daily allocated firm capacity, **MP_r**, shall be calculated using the formula

$$MP_r = (C_{rd} \times RK) / 12 ,$$

where

C_{rd} is the fixed annual charge for daily allocated firm capacity as per the relevant table in 2.1.1 above,

RK is the daily allocated firm capacity at the respective supply point, in 1,000 m³, calculated for supply points taking annually

a) up to 630 MWh using the formula

$$RK = RS / LF_r ,$$

where

RS is the annual offtake at the respective supply point, in 1,000 m³,

LF_r is the load factor as per the following table:

Annual take in the band over – up to, MWh/year	LF _r
over 63 up to 630	110

b) over 630 MWh under points i) to iii), where

i) for January 2008 to December 2008 the daily allocated firm capacity at the respective supply point, in 1,000 m³, shall be the highest value of the daily capacities **DP_i** calculated at that supply point for January 2006 to December 2006 using the formula

$$DP_i = \frac{SP_i}{21} \times \frac{31}{PD_i} ,$$

where

i is the respective calendar month

SP_i is the actually achieved offtake in the **ith** month, in 1,000 m³

PD_i is the number of calendar days in the **ith** month.

ii) For supply points connected in 2006 the daily allocated firm capacity at the respective supply point, in 1,000 m³, for January 2008 to December 2008 shall be the highest value of the daily capacities **DP_i** calculated at the supply point for January 2007 to December 2007 using the formula

$$DP_i = \frac{SP_i}{21} \times \frac{31}{PD_i}$$

where

i is the respective calendar month

SP_i is the actually achieved offtake in the **ith** month, in 1,000 m³

PD_i is the number of calendar days in the **ith** month.

- iii) For supply points for which it is not feasible to find the actually achieved offtake at the respective supply point in January 2007 to December 2007 (for example, new final customers), the daily allocated firm capacity at the supply point, in 1,000 m³, shall be the daily allocated firm capacity set out in the agreement.

2.2 Charges applicable to monthly agreements with firm distribution capacity

The charge for firm distribution capacity agreed under a monthly agreement shall only apply to supply points with type A or B metering.

2.2.1 The following fixed prices and conditions shall apply to natural gas distribution for the respective supply point with agreed offtake over 630 MWh/year for the immediately following months throughout the term of the monthly agreement:

The double-component price for gas distribution is composed of the price for the gas taken and the fixed monthly charge for the daily allocated firm capacity. The fixed price for gas taken, in CZK/MWh, is equal to the price for gas taken under annual agreements with firm distribution capacity as per the respective table in point 2.1.1 above. The fixed charge for daily allocated firm capacity for the immediately following months throughout the term of the monthly agreement, C_{kd} in CZK/1,000 m³, shall be calculated using the formula

$$C_{kd} = C_{rd} \times F_c \quad ,$$

where

C_{rd} is the fixed annual charge for daily allocated firm capacity as per the respective table in point 2.1.1 above,

F_c is the simple sum of factors F of all calendar months over the term of the monthly agreement,

F is the calendar month factor as per the table in Part I, point 1.2.

At the same time it applies that

the monthly charge for daily allocated firm capacity shall be calculated as $1/n$ of the product of the daily allocated firm capacity agreed in the agreement, in 1,000 m³, and the fixed charge for daily allocated firm capacity for the immediately following months over the term of the monthly agreement, in CZK/1,000 m³, where n is the number of months over the term of the monthly agreement.

2.3 Prices applicable to annual agreements with interruptible distribution capacity

The charge for interruptible distribution capacity agreed under an annual agreement shall only apply to supply points with type A or B metering.

2.3.1 For natural gas distribution for the respective supply point with an agreed take of more than 630 MWh/year, the double-component price for gas distribution is composed of the fixed price for the gas taken and a fixed annual charge for daily allocated interruptible capacity. The fixed price for gas taken, in CZK/MWh, is equal to the price for taken gas under annual agreements with firm distribution capacity as per the respective table in point 2.1.1 above. The fixed annual charge for daily allocated interruptible capacity, in CZK/1,000 m³, is equal to the fixed annual charge for daily allocated firm capacity as per the respective table in point 2.1.1 above.

2.3.1.1 The fixed charge for reducing or interrupting distribution, C_{drp} , on the gas days on which gas distribution is reduced or interrupted during the term of the annual distribution agreement shall be calculated using the formula

$$C_{drp} = kp_{drp} \times C_{rd} \quad ,$$

where

C_{rd} is the fixed annual charge for daily allocated firm capacity as per the respective table in point 2.1.1 above,

kp_{drp} is the factor of gas distribution reduction or interruption calculated using the formula

$$kp_{drp} = \frac{4 \times S_{RD}}{365} \quad ,$$

where

S_{RD} is the number of the gas days on which gas distribution was reduced or interrupted.

At the same time it applies that C_{drp} is lower than or equal to C_{rd} .

2.3.1.2 The charge for gas distribution reduction or interruption for the term of the annual distribution agreement shall be calculated as the product of the daily allocated interruptible capacity, in 1,000 m³, agreed in the agreement for the respective year, and the fixed charge for gas distribution reduction or interruption for the term of the annual distribution agreement, C_{drp} in CZK/1,000 m³. The charge for gas distribution reduction or interruption for the term of the annual distribution agreement shall be paid by the distribution system operator to the user.

2.4 Prices applicable to monthly agreements with interruptible distribution capacity

The charge for interruptible distribution capacity agreed under a monthly agreement shall only apply to supply points with type A or B metering.

2.4.1 For natural gas distribution for the respective supply point with an agreed take of more than 630 MWh/year for the immediately following months over the term of the monthly agreement, the double-component price for gas distribution is composed of the fixed price for the gas taken and a fixed monthly charge for daily allocated interruptible capacity. The fixed price for gas taken, in CZK/MWh, is equal to the price for taken gas under annual agreements with firm distribution capacity as per the respective table in point 2.1.1 above. The fixed monthly charge for daily allocated interruptible capacity, in CZK/1,000 m³, is equal to the fixed monthly charge for daily allocated firm capacity calculated using the procedure under point 2.2.1 above.

2.4.1.1 The fixed charge for gas distribution reduction or interruption, C_{dkp} , on the gas days on which gas distribution is reduced or interrupted during the term of the monthly distribution agreement shall be calculated using the formula

$$C_{dkp} = kp_{dkp} \times C_{kd} \quad ,$$

where

C_{kd} is the fixed charge for daily allocated firm capacity for the immediately following months over the term of the monthly agreement under point 2.2.1 above,

kp_{dkp} is the factor of gas distribution reduction or interruption calculated using the formula

$$kp_{dkp} = \frac{4 \times S_{KD}}{n_{dd}} ,$$

where

S_{KD} is the number of the gas days on which gas distribution was reduced or interrupted,
 n_{dd} is the number of days of the term of the monthly gas distribution agreement.

At the same time it applies that C_{dkp} is lower than or equal to C_{kd} .

2.4.1.2 The charge for gas distribution reduction or interruption for the term of the monthly distribution agreement shall be calculated as the product of the daily allocated interruptible capacity, in 1,000 m³, agreed in the agreement for the term of the month agreement, and the fixed charge for gas distribution reduction or interruption for the term of the monthly distribution agreement, C_{dkp} in CZK/1,000 m³. The charge for gas distribution reduction or interruption for the term of the monthly distribution agreement shall be paid by the distribution system operator to the user.

2.5 Prices applicable to sliding gas distribution agreements with firm capacity

The charge for distribution capacity agreed under a sliding gas distribution agreement shall only apply to supply points with type A or B metering.

2.5.1 The following fixed prices and conditions shall apply to natural gas distribution for the respective supply point with an agreed take of more than 630 MWh/year over the term of a sliding gas distribution agreement:

The double-component price for gas distribution is composed of the price for the gas taken and a fixed charge for the daily allocated firm capacity. The fixed price for gas taken, in CZK/MWh, is equal to the price for taken gas under annual agreements with firm distribution capacity as per the respective table in point 2.1.1 above. The fixed charge for daily allocated firm capacity over the term of the sliding agreement, C_{sd} in CZK/1,000 m³, shall be calculated using the formula

$$C_{sd} = C_{rd} \times F_a \times F_s ,$$

where

C_{rd} is the fixed annual charge for daily allocated firm capacity as per the respective table in point 2.1.1 above,

F_a is the average of factors F of the calendar months in which the sliding distribution agreement is effective, weighted by the number of gas days over the term of the agreement in the respective calendar month,

F is the calendar month factor as per the table in Part I, point 1.2,

F_s is the sliding agreement factor determined as the highest value of the calendar month falling within the term of the sliding distribution agreement, as per the following table:

Calendar month	January, February, December	March, November	April, May, June, July, August, September, October
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F_s	2.5	1.4	1.2
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2.6 Prices applicable to gas distribution in trial operation

For the respective gas month, the charge for daily capacity in the period of trial operation shall be calculated as 1/12 of the fixed annual charge calculated in accordance with point 2.1.1 above on the basis of the highest actually metered value of gas take in the gas month at the respective supply point. For the purpose of including the supply point in an offtake band, the agreed annual quantity under the distribution agreement shall be used.

2.7 In the event that at a supply point of a final customer in the large offtake or medium offtake category with type A or B metering the daily allocated distribution capacity agreed in the agreement(s) is exceeded by more than 3.8% the distribution system operator shall charge a payment, P_{pd} , for the exceeding of the daily allocated firm or interruptible distribution capacity agreed in the agreement(s), calculated using the formula

$$P_{pd} = F_{od} \times C_{rd} \times D_d ,$$

where

F_{od} is the factor of the calendar month in which the exceeding took place as per the following table:

Calendar month	January, February, December	March, April, October, November	May, June, July, August, September
F_{od}	2.5	1	0.2

C_{rd} is the fixed annual charge for daily allocated firm capacity as per the respective table in point 2.1.1 above,

D_d shall be calculated using the formula:

$$D_d = (K_{rd} - K_{sd}) ,$$

where

K_{rd} is the actually achieved daily capacity at the respective supply point, in 1,000 m³,

K_{sd} is the sum of all daily allocated firm or interruptible capacities at the respective supply point, agreed in the agreement(s), in 1,000 m³.

At the same time it applies that

if at the respective supply point the daily allocated firm or interruptible capacity agreed in the agreement(s) is, in the respective month, exceeded repeatedly the charge for exceeding the daily allocated firm or interruptible distribution capacity shall be billed for that month only once, in the amount determined by the maximum value D_d at the supply point in that month.

2.8 For an exit point of a distribution system at the delivery point of a cross-border gas pipeline and a delivery point between distribution systems, the fixed charges set out in 2.1 to 2.7 shall apply, provided that the conditions set out in these points shall be use *mutatis mutandis*.

2.9 For an entry point of the distribution systems at a delivery point, or the aggregate of delivery points, of a gas production plant or at a delivery point of a cross-border gas

pipeline, the fixed annual charge for daily allocated fixed capacity shall be CZK 10/1,000 m³ and the fixed price for distributed gas shall be CZK 0.01/MWh. The conditions and fixed prices laid down in 2.1.7, and 2.2 to 2.5 shall apply *mutatis mutandis*, provided that references to point 2.1.1 are replaced by references to point 2.7.

II. Local distribution system operators' prices for natural gas distribution

1. Fixed prices for natural gas distribution

- 1.1 Local distribution system operators' prices for natural gas distribution are cumulative; they include the charges for natural gas distribution of the respective local distribution system, charges for distribution provided by the operator of the respective regional distribution system to which the local distribution system is connected, and, if applicable, the charge for distribution provided by the operators of all the local distribution systems between the respective local distribution system and the respective regional distribution system.
- 1.2 Natural gas distribution for the supply point at which the gas consumption equipment is connected to the local distribution system, under a separate legal regulation¹⁾, shall be subject to fixed cumulative distribution charges and specified conditions under Part I, point 2 of the respective operator of the regional distribution system to which the local distribution system is connected directly or via equipment of a different local distribution system.
- 1.3 The following fixed prices and conditions shall apply to natural gas distributed by local distribution system operators under point 1.3.1.1 below for natural gas distributed to the final customers whose equipment is connected to the respective local distribution system:
- 1.3.1 Prices applicable to annual agreements with firm distribution capacity
- 1.3.1.1 The following fixed prices and conditions shall apply to natural gas distribution for the respective supply point with an agreed take within the offtake bands listed in the table:

ECK Generating, s.r.o.		Double-component price		
Final customer category	Annual take at the supply point in the band over – up to MWh/year	Fixed price for gas taken, in CZK/MWh	Fixed annual charge for allocated daily firm capacity, in CZK/1,000 m ³	Standing monthly charge for available capacity, in CZK
Long-distance pipeline				
Large offtake customers	over 4,200 up to 52,500	76.66	45,321.20	x
Local network				
Large offtake customers	over 157,500	33.27	60,238.14	x
	over 4,200 up to 157,500	76.66	65,301.20	x
Medium offtake customers	over 630 up to 4,200	88.92	67,629.39	x
Low offtake and household customers	over 63 up to 630*	113.54	69,181.42	x
	over 50 up to 63	145.93	x	220.75
	over 35 up to 50	145.93	x	180.81

¹⁾ Section 10 (5) (a) of public notice no. 438/2001 that lays down the content of financial information and procedures for price control in the energy sector, as amended

	over 25 up to 35	145.93	x	136.30
	over 20 up to 25	145.93	x	120.65
	over 15 up to 20	145.93	x	99.77
	over 9.45 up to 15	145.93	x	82.16
	over 1.89 up to 9.45	182.30	x	55.34
	up to 1.89	368.87	x	35.04

*) For the household final customers, the band is defined as: over 63

Energetika Vítkovice, a.s.		Double-component price		
Final customer category	Annual take at the supply point in the band over – up to MWh/year	Fixed price for gas taken, in CZK/MWh	Fixed annual charge for allocated daily firm capacity, in CZK/1,000 m ³	Standing monthly charge for available capacity, in CZK
Local network				
Large offtake customers	over 157,500	32.83	54,872.08	x
	over 52,500 up to 157,500	44.71	57,910.71	x
	over 4,200 up to 52,500	79.25	65,666.56	x
Medium offtake customers	over 630 up to 4,200	122.44	72,762.15	x
Low offtake and household customers	over 63 up to 630*	149.44	81,246.67	x
	over 55 up to 63	158.33	x	305.96
	over 45 up to 55	158.33	x	240.46
	over 35 up to 45	158.33	x	196.07
	over 30 up to 35	158.33	x	170.40
	over 9.45 up to 30 up to 9.45	158.33 183.71	x x	82.49 52.93

*) For the household final customers, the band is defined as: over 63

ENERGIE CZ s.r.o.		Double-component price		
Final customer category	Annual take at the supply point in the band over – up to MWh/year	Fixed price for gas taken, in CZK/MWh	Fixed annual charge for allocated daily firm capacity, in CZK/1,000 m ³	Standing monthly charge for available capacity, in CZK
Local network				
Low offtake and household customers	over 63 up to 630*	168.62	97,146.82	x
	over 50 up to 63	197.53	x	292.33
	over 20 up to 50	197.53	x	152.43
	over 15 up to 20	197.53	x	127.99
	over 9.45 up to 15 up to 9.45	197.53 238.40	x x	101.69 68.41

*) For the household final customers, the band is defined as: over 63

Petr Hurta, licence no. 220102855		Double-component price		
Final customer category	Annual take at the supply point in the band over – up to MWh/year	Fixed price for gas taken, in CZK/MWh	Fixed annual charge for allocated daily firm capacity, in CZK/1,000 m ³	Standing monthly charge for available capacity, in CZK
Local network				
Medium offtake customers	over 630 up to 4,200	188.90	114,170.55	x

Low offtake and household customers	up to 630*	244.32	x	269.65
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*) For the household final customers, the band is defined as: over 63

PSP Technické služby a.s.		Double-component price		
Final customer category	Annual take at the supply point in the band over – up to MWh/year	Fixed price for gas taken, in CZK/MWh	Fixed annual charge for allocated daily firm capacity, in CZK/1,000 m ³	Standing monthly charge for available capacity, in CZK
Local network				
Large offtake customers	over 4,200	86.54	74,606.12	x
Medium offtake customers	over 630 up to 4,200	139.84	78,328.94	x
Low offtake and household customers	over 63 up to 630*	146.05	92,900.44	x
	over 30 up to 63	169.05	x	181.84
	up to 30	194.43	x	61.20

*) For the household final customers, the band is defined as: over 63

QUANTUM, a.s.		Double-component price		
Final customer category	Annual take at the supply point in the band over – up to MWh/year	Fixed price for gas taken, in CZK/MWh	Fixed annual charge for allocated daily firm capacity, in CZK/1,000 m ³	Standing monthly charge for available capacity, in CZK
Local network				
Medium offtake customers	over 630 up to 4,200	120.05	77,843.35	x
Low offtake and household customers	over 63 up to 630*	129.69	81,830.43	x
	over 55 up to 63	151.66	x	258.15
	over 50 up to 55	151.66	x	240.80
	over 45 up to 50	151.66	x	219.05
	over 40 up to 45	151.66	x	205.08
	over 35 up to 40	151.66	x	181.03
	over 30 up to 35	151.66	x	163.13
	over 25 up to 30	151.66	x	143.05
	over 20 up to 25	151.66	x	122.94
	over 15 up to 20	151.66	x	102.41
	over 9.45 up to 15	151.66	x	81.33
	over 1.89 up to 9.45	181.41	x	54.94
up to 1.89	342.75	x	33.09	

*) For the household final customers, the band is defined as: over 63

STAVEBNÍK – stavební bytové družstvo		Double-component price		
Final customer category	Annual take at the supply point in the band over – up to MWh/year	Fixed price for gas taken, CZK/MWh	Fixed annual charge for allocated daily firm capacity, in CZK/1,000 m ³	Standing monthly charge for available capacity, in CZK
Local network				
Low offtake and household customers	over 63 up to 630*	157.25	108,032.00	x
	up to 63	188.19	x	213.26

*) For the household final customers, the band is defined as: over 63

VLČEK Josef – elektro s.r.o.		Double-component price		
Final customer category	Annual take at the supply point in the band over – up to MWh/year	Fixed price for gas taken, in CZK/MWh	Fixed annual charge for allocated daily firm capacity CZK/1,000 m ³	Standing monthly charge for available capacity, in CZK
Local network				
Medium offtake customers	over 630 up to 4,200	111.69	81,058.74	x
Low offtake and household customers	over 63 up to 630*	122.57	85,818.04	x
	over 55 up to 63	146.45	x	230.30
	over 40 up to 55	146.45	x	216.96
	over 35 up to 40	146.45	x	207.21
	up to 35	285.70	x	40.50

*) For the household final customers, the band is defined as: over 63

ŽDB, a.s.		Double-component price		
Final customer category	Annual take at the supply point in the band over – up to MWh/year	Fixed price for gas taken, in CZK/MWh	Fixed annual charge for allocated daily firm capacity, in CZK/1,000 m ³	Standing monthly charge for available capacity, in CZK
Local network				
Large offtake customers	over 157,500	38.48	64,538.17	x
	over 4,200 up to 157,500	86.82	73,715.46	x
Medium offtake customers	over 630 up to 4,200	121.70	83,142.29	x
Low offtake and household customers	over 63 up to 630*	139.60	94,748.77	x
	over 15 up to 63	167.26	x	112.61
	up to 15	192.64	x	52.27

*) For the household final customers, the band is defined as: over 63

At the same time, the conditions and fixed prices set out in Part I, points 2.1.2 to 2.7 shall apply, provided that in Part I references to point 2.1.1 are replaced by references to the tables in point 1.3.1.1 above.

1.4 No later than by 12 p.m. [noon] of the eighth calendar day, however, no later than by 12 p.m. [noon] of the fifth workday of the calendar month, the local distribution system operator shall notify the traders who supply final customers whose gas consumption equipment is connected to the respective local distribution system of the actual values of the gas supplies and takes between the distribution systems, broken down by gas days for the preceding calendar month.

III. Mandatory procedure for pricing supplies of last resort

- 1.1 Prices of supplies of last resort are regulated by way of cost-based prices. The price of supplies of last resort may only include economically justifiable costs, reasonable profit, and value added tax under a separate legal regulation²⁾, provided that profit in accordance with a separate legal regulation⁶⁾ shall be regarded as reasonable profit.
- 1.2 Economically justifiable costs included in the price of supplies of last resort are set within the domestic zone and include the following:
 - a) Economically justifiable costs of purchasing natural gas energy;
 - b) Economically justifiable costs of transport;
 - c) Economically justifiable costs of natural gas storage;
 - d) Economically justifiable costs of the supplier of last resort³⁾, with the exception of a) to c), and e);
 - e) Charges for distribution under Part I(2) or under Part II(1);
 - f) Adjustments to economically justifiable costs of purchasing natural gas energy.
- 1.2.1 Costs of purchasing natural gas energy, without costs of transmission in the Czech Republic and natural gas storage, shall be regarded as economically justifiable costs; the costs are equal to the costs of purchasing natural gas energy without costs of natural gas transmission and storage for eligible customers of a gas trader who is also a supplier of last resort. The costs of purchasing missing balancing gas under Part I(1.13) in the respective period shall only be regarded as economically justifiable costs if the unit costs of purchasing the missing balancing gas in the respective period are, at most, at the level of the average purchase price of a gas trader who provides supply of last resort in the respective period. The costs of purchasing excess balancing gas under Part I(1.13) in the respective period shall only be regarded as economically justifiable costs if the unit costs of the purchase of the excess balancing gas in the respective period is, at most, at the level of the fixed charge for balancing gas under Part I(1.13).
- 1.2.2 Economically justifiable costs of natural gas transmission shall be understood to include the purchase of natural gas transmission for charges set under Part I(1), with the exception of the price for the entry point of the virtual gas storage facility under Part I(1.1.1), the charge for imbalance over the allowed tolerance under Part I(1.12), fixed charge for missing balancing gas under Part I(1.13), and the charge for exceeding the daily booked capacity at an individual domestic point under Part I(1.9), unless the exceeding of the daily booked capacity at the individual domestic point is caused by eligible customers with type A or B metering.

²⁾ Act No. 235/2004 on Value Added Tax

³⁾ Section 12a (3) (b) of Act No. 458/2000 as amended

- 1.2.3 Arrangements for the service of natural gas storage and arrangements for the service of natural gas transmission for an entry point of the virtual gas storage facility under Part I(1.1.1) shall be regarded as economically justifiable costs.
- 1.2.4 Costs listed in Appendix 1 shall not be regarded as gas traders' economically justifiable costs.
- 1.2.5 An adjustment to economically justifiable costs of purchasing natural gas energy is understood to be the difference between economically justifiable costs of purchasing natural gas energy calculated as the product of the actual gas quantity supplied to eligible customers of a gas trader who provides supplies of last resort and the economically justifiable unit costs of purchasing natural gas energy, which were the basis for pricing the supply of last resort, on the one hand, and the actual economically justifiable costs of purchasing natural gas energy reported in the period from the last change of the gas price, calculated as the product of the actual gas quantity supplied to eligible customers and the actual economically justifiable unit costs of purchasing natural gas energy. The adjustment for the respective period shall be a part of the price of supply for the nearest possible period.
- 1.3 The price of supply of last resort is composed of the following:
- a) The commodity and trading charge in the supply;
 - b) Transmission in the supply;
 - c) Storage in the supply; and
 - d) The distribution charge.
- 1.3.1 For the small offtake and household category, the price of supply of last resort shall be set as a single price for the offtake bands of eligible customers.
- 1.3.2 The offtake bands of eligible customers are defined for each of the components of the price of supply of last resort so as to reflect the cost intensity of the respective component of the price in respect of the eligible customers included in the same offtake band and to prevent cross-subsidies between the various eligible customers included in the same offtake band.
- 1.3.3 The structure of the prices of each of the components of the price of supply of last resort, broken down to the variable component (in CZK/MWh) and the fixed component (in CZK/1,000 m³ or CZK/month) is designed so as to reflect the cost intensity of the respective component of the price in respect of the eligible customers included in the same offtake band and to prevent cross-subsidies between the various eligible customers included in the same offtake band.
- 1.3.4 The maximum charge for commodity and trading in supply in the respective offtake band is composed of the unit costs of purchasing natural gas energy, unit costs of the gas trader, and reasonable profit for the respective supply point. Unit costs of a gas trader mean the ration of economically justifiable costs, broken down to the various offtake bands by an allocation key derived from the actual cost intensity of the various offtake bands, and the corresponding technical units of the respective offtake band.

Reasonable profit, broken down by the offtake bands, corresponds to the usual long-term profit in the respective offtake band on the Czech natural gas market.

1.3.5 The fixed charge for transmission in supply of last resort for an offtake band is the unit costs of providing for natural gas transmission. Unit costs of providing for transmission in supply for an offtake band shall be calculated as follows:

- a) by breaking down that part of economically justifiable costs of purchasing transmission, which depends on the maximum daily take of a gas trader's eligible customers, in proportion to the respective offtake band's share of the maximum daily take of this gas trader's eligible customers, determined [i.e., the share] on the basis of the typical daily load profile in that offtake band, and by
- b) including the remaining part of the gas trader's economically justifiable costs of purchasing transmission into the variable component of the charge for natural gas transmission, in a uniform unit amount (in CZK/MWh), for all offtake bands.

1.3.6 The fixed charge for natural gas storage in supply in an offtake band is the unit costs of purchasing the natural gas storage service. Unit costs of purchasing storage in supply in this offtake band shall be calculated by breaking down the economically justifiable costs of purchasing storage in proportion to the respective offtake band's share of the use of the storage capacity⁴⁾ for serving the respective gas trader's eligible customers, determined [i.e., the share] on the basis of the typical daily load profile of the respective offtake band.

1.3.7 Fixed charges for distribution are set in Part I(2) or under Part II(1).

1.4 In the event of a difference between the revenues expected to be actually collected for transmission and storage in a gas trader's supply and the economically justifiable costs of transmission plus the economically justifiable costs of storage expected to be actually spent over a calendar year, this difference shall be a part of the charge for transmission in supply, and storage in supply, in the next calendar year.

1.5 The price of supply of last resort for low-offtake and household customers may not exceed the prices of supply to eligible customers in these categories.

IV. Cost-based prices

Cost-based prices under a separate legal regulation⁵⁾ shall apply to other gases supplied to final customers, with the exception of natural gas, under Act No. 458/2000, the Energy Act, as amended.

The price of such supply may include only economically justifiable costs of procuring, processing and circulating the goods, evidenced in books of account, reasonable profit⁶⁾, tax, and, if applicable, customs duties under separate legal regulations, unless stipulated otherwise in the following. Items listed in Appendix 2 are not usually regarded as economically justifiable costs.

⁴⁾ Public notice no. 524/2006, laying down the rules for the organisation of the gas market and for the development, allocation and use of typical gas supply profiles, as amended

⁵⁾ Act No. 526/1990 on prices, as amended

⁶⁾ Public notice no. 580/1990, which implements Act No. 526/1990 on prices, as amended

V. Final provisions

1. The conversion to MWh of natural gas quantities supplied shall be subject to a separate legal regulation ⁷⁾.
2. Officially set prices specified in the price decision shall be understood to be prices without VAT.
3. Where natural gas is used in cases when the obligation to pay an excises duty arises under Act No. 353/2003 on Excise Duties, the natural gas price may be increased by the respective excise tax.
4. Upon transition from winter time to summer time, the value of contracted capacity shall be 23/24 of the value of the capacity agreed in the contract. Upon transition from summer time to winter time the value of contracted capacity shall be 25/24 of the value of the capacity agreed in the contract.
5. In calculating payments and prices, only the resulting payment and the resulting price shall be rounded to two valid decimal places.

VI. Repealing provisions

The following are repealed:

1. ERO price decision no. 11/2006 of 28 November 2006 on gas prices;
2. ERO price decision no. 1/2007 of 28 February 2007, which amends ERO price decision no. 11/2006 of 28 November 2006 on gas prices;
3. ERO price decision no. 3/2007 of 10 August 2007, which amends ERO price decision no. 11/2006 of 28 November 2006 on gas prices, as amended in ERO price decision no. 1/2007.

VII. Effect

This price decision shall enter into force on 1 January 2008.

Chairman of the Energy Regulatory Office:

Josef Fiřt, *m.p.*

⁷⁾ Public notice no. 251/2001, which lays down the rules for the operation of gas transmission and distribution systems

Appendix 1 to price decision no. 11/2007

1 The following are usually not regarded as gas traders' economically justified costs:

- a) Penalties, delay charges, and monetary damages, related to capital construction;
- b) Deficits caused through one's own fault;
- c) Damage to property and cost of repairing such damage (with the exception of damage caused by natural disasters), including the reduction in value of unusable inventories and physical disposal of inventories, and damages and indemnities;
- d) All emoluments to members of juristic persons' governing and other bodies;
- e) Fines and penalties or other payments for defaulting on obligations under contract and regulations (including environmental regulations);
- f) Unused operating expenditure related to the preparations and arrangements for capital construction (sunk costs);
- i) Write-off of statute-barred and bad debts;
- j) Payments for statute-barred debts;
- k) Repeatedly included costs that have been recouped;
- l) Increase in the prices of inputs that have not yet been processed;
- m) Depreciation higher than corresponding to the actually applied depreciation under a separate legal regulation ¹²⁾);
- n) Employer's contributions to employees' personal pension schemes in excess of the limit set out in a separate legal regulation ⁸⁾);
- p) Entertainment costs;
- r) Travel costs refunded in excess of the amounts under a separate legal regulation ⁹⁾);
- s) Financial settlement (for example, redundancy pay) in excess of the obligations set out in a separate legal regulation ⁹⁾);
- t) Payment of premiums towards insurance policies covering damage caused by juristic persons' governing bodies;
- u) Contributions to company meals provided in third-party facilities over 55% of the price of the meals;
- v) Contributions to company meals provided through third parties over 55% of the price of one main course during one shift, and over 70% of the subsistence allowance when the business trip lasts from 5 to 12 hours;
- w) Cost of disposal of tangible and intangible fixed assets and inventories and the residual value of these assets, with the exception of the costs (net of disposal proceeds) of disposing of assets no longer fit for use;
- x) Provisioning for receivables in excess of a separate legal regulation ¹⁰⁾ and write-off of receivables in excess of a separate legal regulation ⁸⁾);
- y) Creation of reserves, with the exception of reserves for repair of tangible assets under a separate legal regulation ¹⁰⁾);
- z) Asset depreciation higher than straight-line depreciation under a separate legal regulation ⁸⁾).

⁸⁾ Act No. 586/1992 on income tax, as amended

⁹⁾ Act No. 262/2006, the Labour Code

¹⁰⁾ Act No. 593/1992 on reserves for calculating the income tax base, as amended

2. Furthermore, the following are not usually regarded as gas traders' economically justified costs:

- a) Those parts of financial lease payments under lease agreements executed after 1 January 2004, which exceed the amount of payments corresponding to accounting depreciation of the fixed assets in question; this non-deductible part of payments may become a deductible cost item up to the level that corresponds to accounting depreciation after the end of the financial lease in the years that follow;
- b) Financial settlement, for example, redundancy pay, in excess of the obligations set out in a separate legal regulation ⁹⁾, or other forms of financial settlement;
- c) Premiums paid for members of juristic persons' governing and other bodies, including directors of limited liability companies, towards liability insurance [D&O] policies;
- d) Payments of premiums towards employees' insurance in excess of contributions to social security and the government's employment policy and premiums to general health insurance under a separate legal regulation ¹¹⁾);
- e) Costs spent by the employer on accommodation, including rent of residential space, unless accommodation on business trips is concerned;
- f) Costs of employees' recreation;
- g) Costs of private telephone calls;
- h) Fuel consumption for personal purposes;
- i) Contributions to building society schemes paid to employees;
- j) Personal and corporate income tax;
- k) Other costs not recognised as expense (cost) under a separate legal regulation ⁸⁾, with the exception of depreciation.

¹¹⁾ Act No. 589/1992 on contributions to social security and the government's employment policy, as amended
Act No. 592/1992 on premiums to general health insurance, as amended

Appendix 2 to price decision no. 11/2007

The following are usually not regarded as economically justifiable costs:

- a) Penalties, delay charges, and monetary damages, related to capital construction;
- b) Deficits caused through one's own fault;
- c) Damage to property and cost of repairing such damage (with the exception of damage caused by natural disasters), including the reduction in value of unusable inventories and physical disposal of inventories, and damages and indemnities;
- d) All emoluments to members of juristic persons' governing and other bodies;
- e) Fines and penalties or other payments for defaulting on obligations under contract and regulations (including environmental regulations);
- f) Unused operating expenditure related to the preparations and arrangements for capital construction;
- g) Costs of discontinued preparation and running-in of production and discontinued research and development;
- h) Extra charges on top of the charges paid for air pollution, or other payments of a penalising nature (for example, for damage to farmland);
- i) Write-off of statute-barred and bad debts;
- j) Payments for statute-barred debts;
- k) Repeatedly included costs that have been recouped;
- l) Increase in the prices of inputs that have not yet been processed;
- m) Depreciation higher than corresponding to the actually applied depreciation under a separate legal regulation¹²⁾;
- n) Employer's contributions to employees' personal pension schemes in excess of the limit set out in a separate legal regulation¹³⁾;
- o) Depreciation of assets acquired by gratuitous transfer, with the exception of assets transferred under a separate legal regulation¹⁴⁾;
- p) Entertainment costs;
- r) Travel costs refunded in excess of the amounts under a separate legal regulation⁹⁾;
- s) Financial settlement (for example, redundancy pay) in excess of the obligations set out in a separate legal regulation⁹⁾;
- t) Payment of premiums towards Directors and Officers liability insurance for juristic persons' Directors;
- u) Contributions to company meals provided in third-party facilities over 55% of the price of the meals.

¹²⁾ Act No. 563/1991 on accounting, as amended

¹³⁾ Section 6 (9) (w) of Act No. 586/1992 on income tax, as amended

¹⁴⁾ Act No. 92/1991 on the transfer of the State's assets to third parties, as amended