

1) *Does TRU fall under the regulations defined in the “CMP Annex”? (can it be surrendered, will mechanisms such as DA UIOLI, LT UIOLI etc. apply?) (ECONGAS)*

→ No, the current design of the TRU Option does not foresee the application of CMP measures itself, because TRU will be applied together with an standard entry capacity, for which the CMP measures are applied, and TRU can be used in a flexible way together with each standard entry capacity each and every day new as well as traded.

2) *The consultation document lacks institutional positioning of the TRU in the existing model of gas market in the Czech Republic, in particular responsibilities of every specific market participant (traders, TSO, market operator). Please note that pursuant to the Energy Act, it is the market operator who carries out the trading evaluation and settlement of imbalances in the CZ territory. Do the conditions for the TRU user require registration only with the GCA/N4G, or will the TRU user have to register also with OTE for the purpose of imbalance evaluation? (OTE)*

→ In order to purchase the TRU Option a registration with GCA and N4G is necessary.
→ The utilization of the TRU Option will take place via nominations. The utilization of the TRU Option will not affect trading activities or change the rules and procedures for the settlement of imbalances neither in the Czech nor in the Austrian gas market.

3) *Will there be a PRISMA auction also for storage connection points (SCPs)? (UNIPER)
How will TRU be allocated at entry points other than interconnection points (IPs)? (ČPS)*

→ No auctions for SCPs are foreseen.
→ In general, the TRU Option is allocated separately and independently of entry capacity and is not point related (see also the answer to question1).

4) *Does TRU also cover SCPs in the distribution system and who should book the TRU option in regard to physical storage capacity at the Entry points in the distribution system? (UNIPER)*

→ The TRU Option design includes that options to be attached to Austrian entry capacities will be booked at GCA and options for Czech entry capacities at N4G.
The TRU Option can be attached to any respective entry capacity of the transmission systems, e.g. in Austria also at entry points from the distribution system into the transmission system. It is not foreseen to limit the parties willing to book the TRU Option, i.e. anyone is invited to book.

5) *What will be the contract duration (daily,..) of TRU at the SCPs? (UNIPER). Product runtimes of TRU are missing. (Econgas)*

→ It is planned to start selling the TRU Option with a contractual validity of up to one year (pilot phase). Depending on the market demand shorter durations (e.g. quarters,) are imaginable. Discussions on the shorter durations are ongoing.
→ Regardless of the validity duration, the TRU Option can be used together with daily, monthly, quarterly and yearly entry capacity rights.

6) *How are “virtual storage points” defined in context of the TRU model. Uniper Storage (UST) Balancing Group delivers physical storage capacities at the VTP (AT). Does this service have*

access to the CZ VTP with a TRU option? What does a shift to any other entry point in the same transmission system mean? (UNIPER)

- ➔ The TRU Option does not distinguish between physical and virtual interconnection points
- ➔ Yes, with any entry capacity the TRU Option gives access to the VTPs of CZ and AT
- ➔ If a customer has capacity at entry point A and B, the TRU Option can be attached to the capacity at both IPs up to the maximum extend of the TRU Option acquired.

7) All "storage pools" [in Austria] are located in the distribution system. Storage capacity is delivered at the VTP from UGS Balancing Group to the Balancing Group of the customer. Is this necessary in using an access to the other market area? (UNIPER)

- ➔ The TRU Option booked in Austria/Czech Republic can be attached to any Austrian/Czech entry capacity to the transmission system.

8) The second bullet point on page 4 indicates a congestion free access to storage. This is currently not the case in Austria. Is it correct that TRU will not upgrade the quality of the available transportation capacity? (UNIPER)

- ➔ The TRU Option will neither up- nor downgrade the quality of entry capacities.

9) It is unclear who exactly will offer TRU? (We assume it will be individual TSOs, but is not mentioned in the document) (Econgas)

- ➔ GCA and N4G will offer the TRU Option individually.

10) Can TRU also be used in combination with TAG capacity (since TAG is not mentioned in the document)? (Econgas)

- ➔ Yes. TAG is not mentioned as TAG is not selling TRU.

11) The document lacks a clarification as to which capacity rights enable to purchase and use TRU. Is a primary transportation contract needed, or is it sufficient to have capacity allocated at an entry point? (for instance usage rights purchased on the secondary market) (Econgas)

- ➔ Neither for the right to book the TRU Option nor the usage of the TRU Option capacity rights are necessary. For using the TRU Option in Austria an allocation of TRU to a balance group is mandatory. For using the TRU Option in Czech Republic a balancing account at OTE or in specific cases at N4G is mandatory.

12) The document does not at all specify whether TRU is a bi-directional (AT<->CZ) option, or whether two uni-directional options (AT->CZ + CZ->AT) can be purchased. In other words: Is it intended to sell two products, one to access the Austrian VTP via Czech Republic ("TRU AT") and one to access the Czech VTP ("TRU CZ") via Austria (consequently two TRU coins are offered), or is it intended to sell only one TRU coin to access the respective other country? (Econgas, UNIPER)

- ➔ It is planned to offer the TRU Option for unidirectional use, in Austria by GCA for the use together with Austrian entry capacities and in the Czech Republic by N4G for Czech entry capacities.

13) *Can TRU be traded on the secondary market? (Econgas)*

- ➔ Yes.

14) *Is the TRU Option a standalone product which can be added to standard capacity products allocated via PRISMA? Or is it a capacity product in its own right which would be allocated via PRISMA in competition with standard capacity products. (EFET)*

TRU is not a capacity product as such but an option for upgrading standard entry capacity products and to be marketed independently from those standard entry capacity products. As a consequence, TRU is not in competition with these capacity products.

In case that the planned TRU pilot phase would be successful it is foreseen to market TRU using the auction format via the PRISMA platform. More details towards this point will be provided in the final TRU implementation concept.

15) *How much capacity will be offered as TRU? What will be the price of TRU (for each direction)?*

- ➔ The intention is to start with a small scale TRU Option oriented to the latest market responses to the planned market integration and enabling also further extensions in connection to the gained experiences.
- ➔ Currently, TSOs are negotiating about the possible amount of TRU to be offered and also the associated costs. Therefore no final price for TRU is currently available.

16) *When will the allocation of TRU take place? The timing of the TRU auctions should be clarified. We assume TRU is sold in the second bidding window. (Econgas)*

- ➔ For enabling an appropriate usage of TRU, as soon as further offer details of TRU are defined information on the TRU allocation process will be communicated in a timely manner (see also the answer to question 14).

17) *The consultation document does not clearly imply how this project will facilitate decrease in the overall level of wholesale gas prices, especially in view of the gas prices correlation in the Czech Republic to the prices in Germany, unlike the prices in Austria. (OTE)*

- ➔ TRU is a market integration tool, offering the market additional possibilities to nominate gas quantities from different entry points in a flexible way into the Austrian and Czech gas markets with a potential to have a positive impact on the gas price.
- ➔ The analysis of spreads between the Czech and the Austrian gas spot markets in 2015 has shown that there is substantial potential for arbitrage trades. However, due to the currently prevailing tariffs, this potential can only be realised on a very few days. The aim of TRU is to increase the possibility of arbitrage trades (in both directions) by offering TRU at a competitive price. This will lead to expected positive effects for both markets.

18) *How does the physical implementation work? How will the TSOs guarantee firm shipments between the two trading hubs? (Econgas). What is the basis for the described TRU option offered and sold to the market as demanded? (WINGAS)*

- ➔ GCA and N4G are planning to cooperate with neighbouring network operators for using existing pipeline infrastructure in order to guarantee the firm shipments among the virtual trading points in question.

19) *Does this project really involve integration, i.e. the market interconnection, or is this a way to make the allocation of transmission capacity more efficient? (OTE)*

- ➔ TRU enables the simultaneous nomination of gas quantities into two gas markets and can be considered as entry capacity upgrade that connects the Austrian and Czech gas markets and therefore has the potential to integrate the markets (see also answer to question 17).

20) *Example for the allocation and usage of TRU (how does the process to book and to use TRU work in practice)?*

- ➔ The successful registration of customers with the TSOs GCA and/or N4G enables potential customers to purchase the TRU. In general, the selling of TRU shall be carried out in form of a bidding and allocation procedure using prospectively any joint capacity booking platform (e.g. PRISMA, GSA, RBP). For the pilot phase, which is scheduled for the gas year 2017/2018 however the bidding and allocation procedure shall be performed in a simple and cost saving way organized by both TSOs. This means that TSOs will open a bidding window for a certain period and interested customers shall have the chance to bid via a dedicated bidding form. The allocation procedure and the usage will be explained in detail in the TRU service description.
- ➔ The TRU - option shall be used via nomination. Regarding nomination, prevailing nomination procedures set in respective market rules are expected to be used. For the pilot phase, the design of final nomination procedures is ongoing.

21) *How will TRU be reported within REMIT? (ČEZ)*

- ➔ TRU is not meant to be a standard capacity product but an additional upgrade service. It goes without saying that all obligations related to transparency and data publication will be met. In general it is foreseen that the total amount of TRU sold by GCA and N4G as well as all related TRU nominations, re-nominations and final allocations including the affected interconnection points will be reported by respective TSO. More details regarding publication in relation to TRU will be provided in the final TRU implementation concept, which is currently under development.

22) *The auction of yearly capacity this year took place March, 7th 2016. But start of TRU is expected by annual yearly capacity auction in July 2017 for use from 1 October 2017. Is that correct information? (AGGM)*

Yes, a TRU pilot phase is planned currently to start for use from October 1, 2017. With reference to the answer given in question 20 the allocation of TRU is scheduled to take place in due time before October 1, 2017 provided that agreement with eustream is finalised and that the required tariffs are approved.

23) Will GCA and N4G be active on the capacity market in Germany/Slovakia as regular shippers, or will they have a specific status? How will it be able to anticipate expected netting of the nominations? (ENGIE)

→ It is not planned that GCA and N4G will act as regular shippers on the capacity markets but will be supported by neighbouring network operators. Discussions on the operational details of the cooperation for supporting the TRU option are ongoing.

24) Will GCA and N4G be allowed to earn a margin with this service? If not, what will the revenue deriving from the sale of TRU become? (ENGIE)

→ The detailed form and application of the economic model to be applied has not yet been agreed and will be the subject of further discussions in the Joint Working Group.

25) What is your opinion on concerns that offered service does not comply with the Energy Act – particularly with Sections 58 and 72? (PPAS)

→ Please see answer to question 21

26) It is not fully clear whether it complies with the draft regulation TAR NC? (TAR NC requires calculation of tariffs based on the capacity and distance) (PPAS)

→ So far we did not identify any obstacles. The TRU Option complies with the TAR NC.

27) What will be the scope of the option – i.e. what would be the impact on the capacities in the Czech Republic, Austria and Slovakia? Will these capacities be set aside from the standard auctions? What will happen if they are not sold? What will be the impact on the Czech, Austrian and Slovak markets (potentially on the German market)? (PPAS)

→ TRU will not remove existing capacities in the countries, but use these to the extent necessary for the fulfilment of the sold and then practised options. For TRU no capacities will be set aside, therefore always the full free capacity will be available at standard auctions.

→ Through the offer of TRU, additional possibilities for nominating gas quantities in a flexible way into the Austrian and Czech gas markets in general positive effects on liquidity and trading of gas in these markets are expected, maybe also with positive emission on neighbouring markets. As the commercial details price, amount of TRU etc. are not finally known yet, estimations cannot be provided yet.

→ Discussions on the operational details of the TRU are ongoing

28) Will the Title Transfer fee at the VTP be charged double if TRU is used? (UNIPER)

→ TRU itself does not contain a title transfer (transfer of ownership in the gas) or a delivery of gas to end customers in the market areas of Austria and the Czech Republic. The TRU option does not interfere in the pricing policy of the VTP operators.