

**The Energy Regulatory Office's Price Decision No. 4/2010
of 30 November 2010**

Laying down the prices of regulated services related to electricity supply
amended by The Energy Regulatory Office's Price Decision No. 6/2010

Under Section 2c of Act No. 265/1991 on the Competences of the Czech Republic's Authorities in the Area of Prices, as amended, and under Section 17(4)(d) and (9) and (10) 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, the Energy Regulatory Office ['ERO'] hereby issues its Price Decision on the prices of electricity and related services.

General Provisions:

The prices specified in points (1) to (11) do not include tax on electricity under a separate legal regulation¹ and value added tax under the law on value added tax².

The prices specified in points (1) to (11), applicable to customers, shall also apply to electricity suppliers in the case that a supplier and customer execute an agreement on bundled electricity supply services.

(1) Fixed prices and specified conditions for decentralised [distributed] generation:

(1.1.) An electricity generator whose equipment is connected to the extra high voltage (VVN) level of the distribution system shall bill, under a contract, the distribution system operator serving the respective area **CZK 20/MWh** for each MWh of electricity actually supplied to the distribution system as metered at the electricity generator's delivery point.

(1.2.) An electricity generator whose equipment is connected to the high voltage (VN) level of the distribution system shall bill, under a contract, the distribution system operator serving the respective area **CZK 27/MWh** for each MWh of electricity actually supplied to the distribution system as metered at the electricity generator's delivery point.

(1.3.) An electricity generator whose equipment is connected to the low voltage (NN) level of the distribution system shall bill, under a contract, the distribution system operator serving the respective area **CZK 64/MWh** for each MWh of electricity actually supplied to the distribution system as metered at the electricity generator's delivery point.

(1.4.) In the event of electricity overflow from a local distribution system into a regional or another local distribution system the local distribution system operator shall bill, under a contract, the regional distribution system operator or the operator of the other local distribution system a price for distributed generation under points (1.1) to (1.3) for each MWh of electricity actually supplied to the distribution system as metered at the delivery point between the two distribution systems at the respective voltage level.

(2) The following fixed prices and specified conditions shall apply to the provision of system services by the transmission system operator:

¹⁾ Part 47 of Act No. 261/2007 on the Stabilisation of Public Budgets, as amended
²⁾ Act No. 235/2004 on Value Added Tax, as amended

(2.1.) Fixed prices for the system services provided by the transmission system operator to the electricity market participants whose equipment is connected to the Czech electricity grid shall be as follows:

a)

CZK 155.40/MWh;

This price shall be charged:

- 1 By a distribution system operator to customers connected to the distribution system for each MWh of the total quantity of electricity, in MWh, under the public notice laying down the Electricity Market Rules³, transported by the distribution system operator to customers whose equipment is connected to its distribution system;
- 2 By the operator of a higher-level local distribution system to the operator of the connected local distribution system for customers' electricity consumption and for the distribution system operator's 'other consumption', with the exception of local consumption of generators operating an electricity generating plant;
- 3 By a distribution system operator to generators connected to its distribution system for their final consumption connected to the compound of the generating plant for each MWh of the total quantity of electricity, in MWh, under the public notice laying down the Electricity Market Rules³, consumed by generators in the compound of the electricity generating plant;
- 4 By the transmission system operator to customers connected to the transmission system for each MWh of the total quantity of electricity, in MWh, under the public notice laying down the Electricity Market Rules³, transported by the transmission system operator to customers whose equipment is connected to the transmission system;
- 5 By the transmission system operator to generators connected to the transmission system for their final consumption connected to the compound of the generating plant for each MWh of the total quantity of electricity, in MWh, under the public notice laying down the Electricity Market Rules³, consumed by the generator in the compound of the generating plant;
- 6 By the transmission system operator to regional distribution system operators for each MWh determined on the basis of data under Section 27(3)(a) of the public notice laying down the Electricity Market Rules³, or by a regional distribution system operator to a local distribution system operator for each MWh transported by the regional distribution system operator to the local distribution system operator, including the local distribution system operator's 'other consumption';

³) Public notice no. 541/2005 on the Electricity Market Rules and principles of pricing the electricity market operator's activities and on the execution of certain other provisions of the Energy Act, as amended

- 7 The transmission system operator or a distribution system operator to customers to whose electricity consumption equipment a generator's equipment is connected, for the connected generator's local consumption under Section 27(1) of the public notice laying down the Electricity Market Rules³.

b)

CZK 58.87/MWh;

This price shall be billed by the transmission system operator to a regional distribution system operator or by a regional distribution system operator to a local distribution system operator or by the operator of a higher-level local distribution system to the operator of a connected local distribution system under the public notice laying down the Electricity Market Rules³ for each MWh of the total quantity of the local consumption of a generator operating an electricity generating plant;

c)

CZK 96.53/MWh;

This price shall be billed:

- 1 By a generator operating an electricity generating plant with an installed capacity of more than 30 kW to the operator of the transmission system or the distribution system to which its generating plant is connected, for the generator's local consumption, with the exception of generators producing electricity using the energy of solar radiation or the energy of wind, under the public notice laying down the Electricity Market Rules³, for the reduced need for system services, for each MWh of the total quantity of the generator's local consumption;
- 2 By customers to whose consumption equipment an electricity generating plant with an installed capacity of over 30 kW is connected, with the exception of generators producing electricity using the energy of solar radiation or the energy of wind, to the operator of the transmission system or the distribution system to which its consumption equipment is connected, for the generator's local consumption under the public notice laying down the Electricity Market Rules³, for the reduced need for system services, for each MWh of the total quantity of the generator's local consumption;

d)

CZK 777/MWh;

This price shall be billed by the transmission system operator to distribution system operators, however, for no more than 24 hours from the moment of full or partial connection to the Czech electricity grid; thereafter, the price under a) shall be billed for each MWh of the total quantity of electricity, in MWh, transported by the distribution system operator to customers taking electricity from the originally isolated island operation in the case of its full or partial connection to the Czech electricity grid in excess of the profile approved in daily operation scheduling.

(2.2.) The fixed price for system services under (2.1) shall not be charged for process house load, for electricity consumed for pumping at pumped-storage hydroelectric power stations and for losses in the transmission and distribution systems.

(3) The following fixed prices and specified conditions shall apply to the provision of transmission by the transmission system operator to distribution system operators, customers and generators whose equipment is connected to the transmission system:

(3.1.) Price for booking the capacity of the transmission system operator's transmission facilities:

DSO	Price for booking the transmission system operator's transmission facilities, in CZK '000/month
E.ON Distribuce, a.s.	107,572
PREdistribuce, a.s.	31,432
ČEZ Distribuce, a. s.	223,336

(3.2.) The price for booking capacity in the transmission system operator's transmission facilities shall be

CZK 59,916.39/MW/month;

This price shall be billed by the transmission system operator to customers, distribution system operators and second category generators whose equipment is connected directly to the transmission system, with the exception of the entities specified in (3.1).

(3.3.) The price for booked capacity specified in (3.2) shall be billed for the maximum value of 15-minute electrical power that the electricity market participant may take at one supply point from the transmission system in the respective calendar month. If no booked capacity has been agreed, the price for the maximum metered value of 15-minute electrical power taken by the electricity market participant shall be billed.

(3.4.) If during a calendar month electricity transmission to an electricity market participant's new supply point is made possible, the price for booked capacity shall be billed proportionally to the ratio of the number of the days on which the capacity is used in that month and the number of days of that calendar month.

(3.5.) The fixed price for exceeding booked input power under a different legal regulation⁴ in respect of the customer's or the distribution system operator's point of connection specified in the connection agreement shall equal four times the fixed price for booked capacity under (3.2). The transmission system operator shall carry out the evaluation on a monthly basis in relation to the highest value of the overstepping of the agreed booked input power. This provision shall not apply to the entities specified in (3.1).

(3.6) The price for using the transmission system networks, for each MWh supplied over the transmission system operator's facilities to distribution system operators, customers and electricity generators whose equipment is connected to the transmission system, including the generator's process house load and the load taken by pumped-storage hydroelectric stations in the pumping operating mode, shall be

CZK 33.18/MWh.

'Each MWh' supplied over the transmission system operator's facilities to distribution system operators shall be understood to be the balance at the interface between the transmission system and regional distribution systems.

⁴⁾ Public notice no. 51/2006 on the conditions of connection to the electricity grid, as amended

(4) The following fixed prices and specified conditions shall apply to the provision of distribution services by distribution system operators:

(4.1.) The prices for booked capacity and for using the networks, and the specified conditions, have been laid down in accordance with the public notice laying down the Electricity Market Rules³.

(4.2.) The prices for booked capacity specified in (4.13) are prices for the maximum value of 15-minute electrical power the customer may take at one supply point from the distribution system operator's facilities.

(4.3.) The basic ways of connection for the purpose of determining the prices under this point (4) shall be understood to be the following:

- a) For new supply points, connection by one line from one voltage node in the distribution system;
- b) For the existing supply points, as-is connection as at 30 June 2003.

(4.4.) If the equipment of a local distribution system operator that has accepted the regional distribution system operator's prices under the public notice on price control in energy industries and procedures for price control is connected to the distribution system operator's equipment at the high voltage (VN) level and distributes electricity to customers after transformation at a different high voltage (VN) level, the local distribution operator shall bill the supplied electricity quantity augmented by 2%. The electricity quantity so adjusted shall be the basis for calculating the payments for system services and network use, those to cover the extra costs incurred in support of electricity, and those for the market operator's clearing activity.

(4.5.) If a local distribution system operator that has accepted the regional distribution system operator's prices under the public notice on price control in energy industries and procedures for price control distributes electricity to customers at the same voltage level at which their equipment is connected to the distribution system operator's equipment, it shall bill the customers for the technical losses in the local distribution system in addition to the electricity quantity consumed. The amount of the technical losses shall be calculated as the difference between the actual values metered at inputs to the local distribution system and those metered at outputs from the local distribution system. Losses per supply point shall be calculated at the ratio of the particular supply point's consumption and the local distribution system's overall consumption. The electricity quantity so adjusted shall be the basis for calculating the payments for system services and network use, those to cover the extra costs incurred in support of electricity, and those for the market operator's clearing activity.

(4.6.) In the respective calendar month the procedures under (4.4) and (4.5) may not be applied simultaneously.

(4.7.) If electricity distribution is metered on the secondary side of the transformer the metered values of electricity shall be augmented by the transformation losses of active energy in the transformer as follows:

- a) by an amount calculated under Appendix 1 hereto if the customer requests the distribution system operator to calculate the transformer losses and provides it with the information required for such calculation, or
- b) by no more than by 2% for take from extra high voltage (VVN) networks, and by no more than by 4% for take from high voltage (VN) networks.

The electricity quantity so adjusted shall be the basis for calculating the payments for system services and distribution system network use, those to cover the extra costs incurred in support of electricity, and those for the market operator's clearing activity. It shall also serve for assessing compliance with the contractual values of the power factor and booked capacity of

distribution networks. The provisions under a) shall be used from the first day of the calendar month following the month in which the customer provides the distribution system operator with the parameters of the transformers and the values of loads under Appendix 1 hereto, provided the customer does so by the fifteenth day of that month.

(4.8.) If electricity generation is metered on the transformer on the electricity generation side the overall metered values of electricity shall be reduced by the transformation losses of active energy in the transformer as follows:

a) by an amount calculated under Appendix 1 hereto if the generator requests the distribution system operator to calculate the transformer losses and provides it with the information required for such calculation, or

b) by no more than by 2% for take from extra high voltage (VVN) networks, and by no more than by 4% for take from high voltage (VN) networks.

The provisions under a) shall be used from the first day of the calendar month following the month in which the generator provides the distribution system operator with the parameters of the transformers and the values of loads under Appendix 1 hereto, provided the generator does so by the fifteenth day of that month.

(4.9.) If at the respective supply point losses were determined under (4.7)(a) or (4.8)(a), the procedure under (4.7)(b) or (4.8)(b) cannot be followed at that supply point.

(4.10.) If a customer's supply point is connected from more than one voltage level the prices for booked capacity shall be applied to each voltage level separately for the basic way of connection under point (4.3).

(4.11.) The booked capacity for electricity to be taken from a distribution system, for delivery points between a local distribution system and a regional distribution system or delivery points between local distribution systems, shall be contracted and evaluated for the aggregate of the delivery points within a single continuous delineated area of the local distribution system at each voltage level separately.

(4.12.) The price for booked capacity has been set for the basic way of connection at the main supply / delivery point. In the event of reinforcing the distribution service by, for example, connecting another line from a different node in the distribution system, the prices for monthly capacity booking under (4.13) at such delivery point shall be paid for the metered value of input power, unless the contracting parties agree otherwise.

(4.13.) The price of booked capacity for electricity to be taken from a distribution system shall be applied to a calendar year with a fixed monthly price for annual booked capacity, or to a calendar month with a fixed monthly price for monthly booked capacity, provided that the monthly price for annual booked capacity may be combined with the monthly price for monthly booked capacity in the respective calendar year. If the annual booked capacity has been increased at a supply point in the course of the calendar year, the price for increased capacity shall be billed as from the calendar month for which the increase in annual booked capacity was applied. The annual booked capacity may be decreased at a supply point no earlier than after 12 months from the last change thereof, unless the contracting parties agree otherwise. The price for booked capacity of a distribution system operator shall be as follows:

DSO	Voltage level	Monthly charge for annual booked capacity, in CZK/MW/month	Monthly charge for monthly booked capacity, in CZK/MW/month
E.ON Distribuce, a.s.	VVN	52,774	64,457
	VN	120,991	147,776
PREdistribuce, a.s.	VVN	62,965	70,674

	VN	150,998	169,484
ČEZ Distribuce, a. s.	VVN	64,325	72,199
	VN	153,572	172,371
SV servisní, s.r.o.	VN	168,930	183,478

(4.14.) Capacity may only be booked by the last working day of the calendar month preceding the month from which the new value of booked capacity is to be used.

(4.15.) The price for exceeding booked capacity in a calendar month shall amount to four times the fixed monthly price for annual booked capacity under (4.13), related to each kW of the highest overstepping of the agreed maximum monthly value of 15-minute electrical power. Where no annual booked capacity has been agreed for the respective month, the basis for pricing the overstepping of booked capacity shall be the price for monthly booked capacity under (4.13).

(4.16.) In the case of trial operation under the public notice laying down the Electricity Market Rules³, the price for exceeding booked capacity under (4.15) shall not be charged. The difference between the agreed booked capacity and the maximum metered value of 15-minute electric power taken by the electricity market participant shall be subject to the monthly price for monthly capacity booking under (4.13).

(4.17.) The price for exceeding booked capacity under (4.15) shall not apply to second category generators in the case of increased demand taken from the distribution system over a continuous period of up to four weeks in a year if the respective generator notifies the respective distribution system operator thereof at least five weeks in advance, or if it agrees otherwise with the respective distribution system operator. In this case, the distribution system operator shall bill the second category generator the difference between the metered and agreed booked capacity at a price corresponding to that for monthly booked capacity under (4.13).

(4.18.) The price for exceeding booked capacity under (4.15) shall not apply to second category generators in the case of a short increase in demand taken from the distribution system, caused by a failure of supply from the electricity generating plant, for up to 48 trading hours in a month in aggregate, unless the respective generator agrees otherwise with the respective distribution system operator. The second category generator shall conclusively document the failure of supply from the electricity generating plant to the distribution system operator no later than on the second working day of the following calendar month. In this case, the distribution system operator shall bill the second category generator for exceeding booked capacity the difference between the metered and agreed booked capacity at a price corresponding to that for monthly booked capacity under (4.13).

(4.19.) If an electricity generating plant is connected to a local distribution system the provisions of points (4.17) or (4.18) shall also be used for the delivery points between this local distribution system and the regional distribution system, or [case two] the higher-level local distribution system that is connected to the regional distribution system, in the event of a failure of the electricity generating plant or increased demand taken by the generator, provided that in case two the provisions of points (4.17) or (4.18) shall also be used in respect of delivery points between the higher-level local distribution system and the regional distribution system.

(4.20.) The price for exceeding booked capacity under (4.15) shall not apply to the local distribution system operator when the overstepping of the agreed booked capacity in the respective month is lower than or equal to 10%. For exceeding booked capacity within this allowance, the regional distribution system operator or the local distribution system operator shall apply the fixed monthly price for monthly booked capacity under (4.13). In the event of

exceeding the agreed booked capacity by more than 10% the price under (4.15) shall be charged for the total overstepping of the agreed booked capacity.

(4.21.) The price for exceeding booked capacity under (4.15) shall not apply to providers of ancillary services if the exceeding of the agreed booked capacity is directly related to the provision of ancillary services under the public notice laying down the Electricity Market Rules³.

(4.22.) The fixed price for exceeding booked input power under the public notice on the conditions of connection to the electricity grid⁴ for a customer's or distribution system operator's connection point agreed in the connection agreement, shall be four times the fixed monthly price for monthly booked capacity under (4.13). The fixed price for exceeding booked power output under the public notice on the conditions of connection to the electricity grid⁴ for the generator's connection point agreed in the connection agreement shall be five times the fixed monthly price for monthly booked capacity under (4.13). The distribution system operator shall carry out the evaluation on a monthly basis in relation to the highest value of the overstepping of the input/output power agreed. Customers for whom booked input power at a supply point has been reduced under the public notice on the conditions for connection to the electricity grid⁴ shall not pay the charge for exceeding booked input power under this provision if the distribution system operator has not informed the customer about the reduction in booked input power.

(4.23.) The prices for network use under (4.25) and (4.26) shall apply to all electricity actually delivered to the customer's supply point or to the electricity generator's delivery point or to the delivery points between the regional and local distribution systems agreed in the connection agreement.

(4.24.) If a customer's supply point or a local distribution system's delivery point is connected from more than one voltage level the price for network use shall be applied to each voltage level separately.

(4.25.) Prices for using a distribution system operator's networks over 1 kV:

DSO	Voltage level	Prices for using VVN and VN networks, in CZK/MWh
E.ON Distribuce, a.s.	VVN	59.64
	VN	95.79
PREdistribuce, a.s.	VVN	40.71
	VN	64.26
ČEZ Distribuce, a.s.	VVN	45.44
	VN	78.90
SV servisní, s.r.o.	VN	102.98

(4.26.) Single-component price for using the services of a regional distribution system operator's networks over 1 kV at the high voltage (VN) level:

DSO	Single-component price for using VN network services, in CZK/MWh
E.ON Distribuce, a.s.	4,935.43
PREdistribuce, a.s.	6,104.18
ČEZ Distribuce, a.s.	6,221.78

If a customer elects a price under this point such price shall apply for at least 12 months. If a customer elects a price under this point the prices under (4.13) and (4.25) shall not be charged.

(4.27.) The price for booked capacity shall be billed between regional distribution system operators at voltage levels over 52 kV as follows:

	Monthly price for annual booked capacity between regional distribution system operators at voltage levels over 52 kV, in CZK/month
<i>Payer</i>	<i>Recipient: ČEZ Distribuce, a.s.</i>
E.ON Distribuce, a.s.	10,466,375
PREdistribuce, a.s.	34,734,282

(4.28.) The price for network use between regional distribution system operators at voltage levels over 52 kV shall be

CZK 33.18/MWh.

This price applies to all electricity metered at delivery points between the respective regional distribution systems.

(4.29.) The price for electricity distribution at voltage levels lower than 52 kV and higher than 1 kV between regional distribution system operators shall be charged in accordance with (4.13) and (4.25).

(4.30.) If during a calendar month electricity distribution to an electricity market participant's new supply point is made possible the price for booked capacity shall be billed proportionally to the ratio of the number of days on which the capacity is used in that month and the number of days in that month.

(4.31.) For customers taking electricity from the high voltage (VN) level and having storage or direct electric heaters, or taking electricity for irrigation or for ice rinks, where the proportion of the installed input power for service water heating and for storage / direct electric heating, for irrigation or for cooling is at least 80% of the total installed input power and where cut-out control by the distribution system operator is installed, the booked capacity shall be evaluated at the time when the appliances or apparatus for service water heating, storage / direct electric heating, irrigation and cooling are cut out, unless the customer and the distribution system operator agree otherwise.

(4.32.) If the parameters of electricity supply quality set out in the respective technical standard⁵⁾ are not kept at a supply point the prices under (4.13) and (4.25) or the prices under (4.26) shall be the maximum prices.

(5) The price for meeting the extra costs incurred in support of electricity from renewable sources, combined heat & power and secondary sources, in the price for electricity transmission or the price for electricity distribution

(5.1.) The price for meeting the extra costs related to support of electricity from renewable sources, combined heat & power and secondary sources, in the price for electricity transmission or the price for electricity distribution, shall be

CZK 370/MWh.

The transmission system operator / distribution system operator shall charge this price for the electricity quantity consumed by customers, generators operating an electricity generating plant and the transmission system operator / distribution system operator, including the

⁵⁾ ČSN EN 50160

customers' consumption in island operation in the Czech Republic, which is conclusively separated from the electricity grid, with the exception of electricity for pumping at pumped-storage hydroelectric power stations, process house load and losses in the transmission and distribution systems.

(5.2.) The monthly charges to cover the extra costs of support for electricity from renewable sources, combined heat & power and secondary sources between the transmission system operator and distribution system operators shall be billed as follows:

	Covering the extra costs of the purchase of electricity from renewable sources, combined heat & power and secondary sources, in CZK/month		
	<i>Recipient</i>		
<i>Payer</i>	E.ON Distribuce, a.s.	ČEZ Distribuce, a. s.	ACTHERM, spol. s r.o.
ČEPS, a. s.	0	0	7,861,522
PREdistribuce, a.s.	114,749,957	4,089,083	29,585,128

(6) The following fixed prices and specified conditions shall apply to the activities of the market operator:

(6.1.) The prices for the market operator's activities have been determined in accordance with the public notice laying down the Electricity Market Rules³.

(6.2.) The fixed prices for the clearing activity are as follows:

- a) **CZK 10,000** for the registration of the entity subject to clearing ('cleared entity'); this charge is billed on a one-off basis to the cleared entity for registration;
- b) **CZK 1,000/month** is the annual charge for the clearing activity; the charge is billed to every registered cleared entity;
- c) **CZK 4.75/MWh** is the charge for clearing; the charge is billed for all electricity consumed by customers, generators operating an electricity generating plant and the transmission system operator / distribution system operators, with the exception of electricity for pumping at pumped-storage hydroelectric power stations, process house load and losses in the transmission and distribution systems, and further for electricity consumed by customers in island operation in the Czech Republic, which is conclusively separated from the Czech electricity grid, and in a delineated island operation abroad, which is connected to the Czech electricity grid.

(6.3.) The fixed price for providing actual values to electricity market participants is **CZK 1,000/month**. This price is paid by the registered market participants who are not cleared entities and who use, under a contract with the market operator, the actual values for invoicing purposes.

(6.4.) The price under (6.3) is billed by the market operator to a registered electricity market participant in the months in which the participant was registered with the market operator for at least one day and at the same time was not a cleared entity. Should a registered electricity market participant become a cleared entity for a part of a month only the price under (6.2)(b) shall be billed to it for that month.

(6.5.) The fixed price for the sum of electricity quantities bought and sold in all trading hours of a calendar month via the organised block market and the organised day-ahead market is **CZK 1/MWh**.

(7) Prices of electricity supplied by a supplier of last resort, and specified conditions:

(7.1.) Economically justifiable costs, reasonable profit and value added tax can only be reflected in the price of supply from a supplier of last resort. Costs under Appendix 2 hereto are not regarded as economically justifiable costs of a supplier of last resort.

(7.2.) Together with the price of energy, the supplier of last resort shall bill the price for electricity distribution or, as applicable, electricity transmission, including the component of the price for covering the extra costs incurred in support of electricity from renewable sources, combined heat & power and secondary sources under (5), the price for system services under (2) and the price for the market operator's clearing activity under (6.2)(c).

(8) Maximum prices of reactive energy for customers, and specified conditions:

(8.1.) The distribution service prices specified herein have been set on the assumption that with a view to providing for the technical safety and operation of the electricity grid, all electricity supplies shall be made with the value of the lagging power factor ranging from 0.95 to 1.00, unless the customer and the respective distribution system operator agree otherwise. The power factor shall be evaluated at each supply point at which electricity is taken from the distribution system at the VVN and VN voltage levels.

(8.2.) For metering reactive energy, and for the purpose of calculating the power factor, $\cos \varphi$, the results of the measurements of active and reactive energy taken over the same intervals of time shall be used. To determine the interval for supply points with type A or B metering under the public notice that lays down the details on electricity metering and technical data transmission⁶ the values of continuous 15-minute readings of active and reactive energy shall be used. The power factor for supply points with type A and B metering shall be evaluated for 24 hours a day. For supply points with type C metering under the public notice that lays down the details on electricity metering and technical data transmission the power factor shall be evaluated in the time determined by the distribution system operator.

(8.3.) The return supply of reactive energy shall be metered for 24 hours a day.

(8.4.) The readings of reactive energy in kVArh and active energy in kWh for the period under review in the respective band of continuous metering under (8.2) shall be used for calculating the respective

$$\text{tg } \varphi = \frac{\text{kVArh}}{\text{kWh}} \quad \text{and the corresponding } \cos \varphi.$$

(8.5.) Added to the metered values of inductive reactive power shall be the transformer's no-load reactive losses in kVArh, as shown in the following table (in the case of no compensation for the transformer's no-load reactive losses) while the transformer's active losses when the meter is installed on the transformer's secondary side shall be added to the active energy.

Rated capacity of the transformer (kVA)	Monthly value of transformer's reactive losses in a one-hour band (kVArh)		
	up to 22 kV	35 kV	110 kV
less than 250	-	-	-
250	145	160	-
400	183	207	-
630	230	249	-

⁶) Public notice no. 218/2001 laying down the details of electricity metering and transmission of technical data, as amended

Rated capacity of the transformer (kVA)	Monthly value of transformer's reactive losses in a one-hour band (kVArh)		
	up to 22 kV	35 kV	110 kV
1,000	289	320	-
1,600	365	404	-
2,500	989	989	-
4,000	1,339	1,339	-
6,300	1,918	1,918	-
10,000	2,739	2,739	2,739
16,000	4,140	4,140	4,140
25,000	6,088	6,088	5,707
40,000	7,914	7,914	7,914
63,000	-	-	11,505

The above values shall be multiplied by the number of the hours for which the taking of reactive energy was metered. If the actual value of the transformer's rated capacity is not included in the above table the value of the reactive losses in a transformer having the nearest lower rated capacity shall be used.

(8.6.) If $\cos \phi$ ranges from 0.95 to 1.00 the customers shall not pay any surcharge. If the power factor calculated from the metered values is lower than 0.95 the customers shall pay a surcharge to the distribution system operator as follows:

Range of tg \square ..	Power factor cos \square	Surcharge %	Range of tg \square ..	Power factor cos \square	Surcharge %
kVArh kWh			kVArh kWh		
0.311 - 0.346	0.95	-	1.008 - 1.034	0.7	37.59
0.347 - 0.379	0.94	1.12	1.035 - 1.063	0.69	39.66
0.380 - 0.410	0.93	2.26	1.064 - 1.092	0.68	41.80
0.411 - 0.440	0.92	3.43	1.093 - 1.123	0.67	43.99
0.441 - 0.470	0.91	4.63	1.124 - 1.153	0.66	46.25
0.471 - 0.498	0.9	5.85	1.154 - 1.185	0.65	48.58
0.499 - 0.526	0.89	7.10	1.186 - 1.216	0.64	50.99
0.527 - 0.553	0.88	8.37	1.217 - 1.249	0.63	53.47
0.554 - 0.580	0.87	9.68	1.250 - 1.281	0.62	56.03
0.581 - 0.606	0.86	11.02	1.282 - 1.316	0.61	58.67
0.607 - 0.632	0.85	12.38	1.317 - 1.350	0.6	61.40
0.633 - 0.659	0.84	13.79	1.351 - 1.386	0.59	64.23
0.660 - 0.685	0.83	15.22	1.387 - 1.423	0.58	67.15
0.686 - 0.710	0.82	16.69	1.424 - 1.460	0.57	70.18
0.711 - 0.736	0.81	18.19	1.461 - 1.494	0.56	73.31
0.737 - 0.763	0.8	19.74	1.495 - 1.532	0.55	76.56
0.764 - 0.789	0.79	21.32	1.533 - 1.579	0.54	79.92
0.790 - 0.815	0.78	22.94	1.580 - 1.620	0.53	83.42
0.816 - 0.841	0.77	24.61	1.621 - 1.663	0.52	87.05
0.842 - 0.868	0.76	26.32	1.664 - 1.709	0.51	90.82
0.869 - 0.895	0.75	28.07	1.710 - 1.755	0.5	94.70
0.896 - 0.922	0.74	29.87	Higher than 1.755	Lower than 0.5	100.00
0.923 - 0.949	0.73	31.72			
0.950 - 0.977	0.72	33.63			
0.978 - 1.007	0.71	35.58			

(8.7.) The surcharge shall be determined as the product of the highest 15-minute power metered for the period under review, the price for booked capacity at the respective voltage level and the relevant surcharge rate (surcharge rate in % as per the table in (8.6) divided by 100) and as the sum of the charge for network use at the respective voltage level and the price of energy as per the following table, multiplied by the relevant surcharge rate (surcharge rate in % as per the table in (8.6) divided by 100) and the quantity of electricity for the period under review.

DSO	Fixed price of energy in CZK/MWh for calculating the surcharge for failure to keep the agreed power factor
ČEZ Distribuce, a.s.	1,501
E.ON Distribuce, a.s.	1,567
PREdistribuce, a. s.	1,570

The price of annual booked capacity under (4.13) shall be deemed to be the price of booked capacity. If no annual booked capacity is agreed for a particular month the price of monthly booked capacity under (4.13) shall be the basis for calculating the surcharge.

(8.8.) The distribution system operator shall charge the customer, the operator of another distribution system, or the generator **CZK 400/MVA_{rh}** for unsolicited supply of reactive energy to its network.

(8.9.) The payment under (8.8) shall not be required in the case of a short unsolicited supply of reactive energy to the distribution system operator's network when the leading power factor ranges from 0.999 to 1, provided that the short unsolicited supply of reactive energy to the distribution system operator's network shall not last for more than 90 seconds.

(8.10.) The maximum prices of reactive energy and the specified conditions under (8) shall also apply to the loads of second category generators.

(9) Fixed balancing price for clearing the differences between the values of the actual consumption obtained from readings, and values determined using typical profiles:

The fixed balancing price for clearing the differences between the values of the actual consumption obtained from readings and the values determined using typical profiles under the public notice laying down the Electricity Market Rules³ shall be

CZK 1,460/MWh.

(10) Fixed unit price of electricity under the special clearing regime in states of emergency:

The fixed unit price of electricity under the special clearing regime in states of emergency under the public notice laying down the Electricity Market Rules³ shall be

CZK 1,517/MWh.

(11) Fixed prices for regulating [balancing] energy supply and fixed price for imbalance clearing

(11.1.) The fixed price for positive balancing energy supplied by units that had only secondary control activated in the respective trading hour shall be, under the public notice laying down the Electricity Market Rules⁷,

CZK 2,350/MWh.

The provider of balancing energy shall bill this price to the market operator.

(11.2.) The fixed price for negative balancing energy supplied by units that had only secondary control activated in the respective trading hour shall be, under the public notice laying down the Electricity Market Rules⁸,

CZK 1/MWh;

The provider of the balancing energy shall bill this price to the market operator.

(11.3.) The fixed clearing prices, in CZK/MWh, charged by the market operator under the public notice laying down the Electricity Market Rules⁸ are as follows:

- a) If in the respective trading hour the system imbalance is negative or equal to zero the fixed clearing price is calculated using the formula

$$C = 2,350 + 5.5 * S$$

- b) If in the respective trading hour the system imbalance is positive the fixed clearing price is calculated using the formula

$$C = 1 + 3.5 * S$$

where S is the absolute value of the system imbalance in MWh.

(12) Repealing provisions

Price Decision of the Energy Regulatory Office No. 7/2009 of 25 November 2009, laying down the prices of electricity and related services, is repealed.

Price Decision of the Energy Regulatory Office No. 9/2009 of 21 December 2009, which amends Price Decision of the Energy Regulatory Office No. 7/2009 of 25 November 2009, laying down the prices of electricity and related services, is repealed.

(13) Effect

This Price Decision shall come into effect on 1 January 2011.

Energy Regulatory Office Chairman

Josef Fírt

⁷⁾ Appendix No. 5, point 3 of public notice no. 541/2005 on the Electricity Market Rules and principles of pricing the electricity market operator's activities and on the execution of certain other provisions of the Energy Act, as amended

⁸⁾ Appendix No. 5, point 4 of public notice no. 541/2005 on the Electricity Market Rules and principles of pricing the electricity market operator's activities and on the execution of certain other provisions of the Energy Act, as amended

Appendix 1 to ERO Price Decision No. 4/2010

Calculation of losses for metering located on the secondary side of transformers

The value of actual transformation losses depends on the following:

- a) Parameters of the transformer, namely:
 - transformer rating, S_{Tn} (kVA, MVA),
 - rated no-load loss, ΔP_0 (kW),
 - rated load loss, ΔP_k (kW); and
- b) transformer load characterised
 - by values $P_z(t)$ and $Q_z(t)$ with continuous type A or B metering,
 - with type C metering, by annual consumption W (kWh, MWh) and metered (agreed) maximum load, S_{max} (kVA, MVA), or P_{max} (kW, MW) and $\cos \varphi_{max}$

On the basis of the data on a given transformer and load, transformation losses shall be calculated as follows:

$$P_{zT \max} = \Delta P_0 + \Delta P_k \left(\frac{S_{\max}}{S_{Tn}} \right)^2,$$

$$W_{zT} = \Delta P_0 \cdot T_p + \Delta P_k \left(\frac{S_{\max}}{S_{Tn}} \right)^2 \cdot T_{\Delta},$$

where S_{\max} shall be determined as follows:

- with continuous type A or B metering, as the largest value of $S_z(t)$

$$\{ (S_{zT \max} = \max[\sqrt{(P_z(t)^2 + Q_z(t)^2)}]) \},$$
- with type C metering, as the peak apparent power corresponding to the metered or agreed maximum load ($P_{\max}/\cos\varphi_{\max}$).

T_{Δ} shall be determined as follows:

- with continuous type A or B metering, as:

$$T_{\Delta} = \frac{\sum S_z(t)^2}{S_{\max}^2} = \frac{\sum P_z(t)^2}{P_{\max}^2},$$

- with type C metering:

$$T_{\Delta} = T_p \cdot \left[0.2 \cdot \frac{T_{\max}}{T_p} + 0.8 \cdot \left(\frac{T_{\max}}{T_p} \right)^2 \right],$$

where T_{\max} shall be calculated from the total measured energy, W :

$$T_{\max} = \frac{W}{P_{\max}}.$$

Losses w_{zT} shall then be calculated in percentage terms (%):

- for continuous A or B metering:

$$w_{zT}(\%) = \frac{W_{zT}}{\sum P_z(t)} \cdot 100 ,$$

- for type C metering

$$w_{zT}(\%) = \frac{W_{zT}}{P_{\max} \cdot T_{\max}} \cdot 100 .$$

Electricity market participants shall furnish the transformer parameters and load values in their request for the calculation of actual losses.

Appendix 2 to ERO Price Decision No. 4/2010

Cost-plus pricing for suppliers of last resort

In particular, without limitation, the following are not regarded as electricity traders' economically justifiable costs:

- a) Penalties, late 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 (stranded costs);
- g) Write-off of statute-barred and bad debts;
- h) Payments for statute-barred debts;
- i) Repeatedly included costs that have been recouped;
- j) Increase in the prices of inputs that have not yet been processed;
- k) Depreciation higher than corresponding to the actually applied depreciation under the law on accounting⁹;
- l) Employer's contributions to employees' non-state pension schemes in excess of the limit set out in the law on income tax¹⁰;
- m) Entertainment costs;
- n) Travel costs refunded in excess of the amounts under the Labour Code¹¹;
- o) Financial settlement (for example, redundancy/severance pay) in excess of the obligations set out in a separate legal regulation;
- p) Payment of premiums towards Directors & Officers liability insurance for juristic persons;
- q) Contributions to company meals provided in third-party facilities over 55% of the price of the meals;
- r) 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;
- s) 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;

⁹) Act No. 563/1991 on accounting, as amended

¹⁰) Act No. 586/1992 on income tax, as amended

¹¹) Act No. 262/2006, the Labour Code

- t) Provisioning for receivables in excess of the law on reserves for calculating the income tax base¹² and write-off of receivables in excess of the law on income tax¹¹;
- u) Creation of reserve items, with the exception of reserve items for repair of tangible assets under the law on reserves for calculating the income tax base¹³;
- v) Asset depreciation higher than straight-line depreciation under the law on income tax¹³;
- w) 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;
- x) Financial settlement, for example, redundancy/severance pay, in excess of the obligations set out in a separate legal regulation, or other forms of financial settlement;
- y) Premiums paid for members of juristic persons' governing and other bodies, including directors of limited liability companies, towards liability insurance [D&O] policies;
- z) Payments of premiums towards employees' insurance in excess of contributions to social security and the government's employment policy and premiums for general health insurance under the law on contributions to social security and the government's employment policy and the law on premiums for general health insurance¹³.

Furthermore, in particular, without limitation, the following are not regarded as electricity traders' economically justifiable costs:

- a) Costs spent by the employer on accommodation, including rent of residential space, unless accommodation on business trips is concerned;
- b) Costs of employees' recreation;
- c) Costs of private telephone calls;
- d) Fuel consumption for personal purposes;
- e) Contributions to building society schemes paid to employees;
- f) Personal and corporate income tax;
- g) Other costs not recognised as expense (cost) under the law on income tax¹¹, with the exception of depreciation.

¹²⁾ Act No. 593/1992 on reserves for calculating income tax base, as amended

¹³⁾ Act No. 589/1992 on contributions to social security and the government's employment policy, as amended
Act No. 592/1992 on premiums for general health insurance, as amended