

Tariff Report

Analysis of the Consultation Document
on the Gas Transmission Tariff

Structure for Czech Republic

NRA: Energetický regulační úřad

TSO: NET4GAS

15 April 2025

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1. ACER conclusion

- 1 The national regulatory agency (NRA), Energetický regulační úřad (ERU), has consulted the tariff structure to be applied in the Czech transmission network. The proposed reference price methodology ('RPM') follows the termination of the transit contract through Ukraine, proposing a transitory tariff structure from 2026 to 2030 to transition from the previous regime, based on large transit volumes, to a regime where the costs of the network are mostly borne by domestic users.
- 2 The NRA proposes to apply a capacity weighted distance (CWD) methodology to the Czech transmission network. ERU further proposes an entry-exit split of 15-85%, which allocates a higher share of the revenue to entries, compared to the previous 9-91% split. In addition, ERU proposes to reduce the discount to entry points to, and exit points from, storage facilities from 100% to 80%.
- 3 The consultation document refers to the possibility of applying a benchmarking adjustment, however, it does not propose this adjustment. The NRA explained to the Agency that the consultation was launched on 17 December prior to the termination of the Ukrainian transit agreement and that the resulting market dynamics supporting a benchmarking adjustment were not clear at that point. The termination of this contract has an impact on the flows crossing the Czech network. The NRA proposes to consult on a benchmarking adjustment before setting the final tariffs.
- 4 Article 27 of the Network Code on Harmonised Transmission Tariff Structures for Gas (NC TAR) establishes the consultation process for the final consultation, which should include all the elements laid out in Article 26 of the NC TAR, including any benchmarking adjustments. The consultation on benchmarking proposed by ERU would not follow the NC TAR consultation requirements. Nevertheless, the Agency points out that the overall consultation process is in line with the requirements of the NC TAR and that the events around the Ukrainian gas transit made it difficult to consult on any benchmarking adjustment within the requirements established in the NC TAR. This is because the final tariffs should be published by 7 June 2025, while the final tariff consultation is expected to last a minimum of 2 months. In this context, the Agency acknowledges the difficulty for publishing a benchmark proposal on the basis of an informed opinion on the new market dynamics within the NC TAR timeline requirements.
- 5 The consultation document further refers to the allowed revenue regime setting the costs that are allocated using the proposed tariff structure. This decision includes measures to limit the costs borne by users of the network. First, the NRA applies a reduction coefficient applied to the regulatory asset base (RAB) which starts at a value of 82% in 2026 and increases to 100% in 2030. This coefficient determines the share of the RAB that is recovered using transmission tariffs. At the same time, the NRA increases the WACC from 6,52% in 2025 to 6,9% in 2026. The NRA also foresees the possibility to increase the WACC by 1.5% to a final value of 8.4% if the TSO meets specific efficiency objectives. Finally, during the period 2026-30 a two-phase infrastructure project connecting the Czech network with Poland might be commissioned supporting bidirectional flow at the Český Těšín IP. The commissioning of the project could lead to an increase in the level of network tariffs.
- 6 The NC TAR foresees a cost allocation assessment (CAA) to assess the impact of the RPM on cross-subsidisation. The result of the CAA ranges between 9.5% and 11% in the period 2026-30, as summarised in Table 7. These results are, in some cases, above the 10% threshold that requires a justification according to Article 6(5) of the NC TAR. While the information in the consultation document is limited, the NRA explained to the Agency that small variations in the assumptions used in the calculation have a significant impact on the CAA result. The Agency agrees with this interpretation of the results but points out that the analysis provided in the consultation document is limited. This analysis is particularly relevant in the event of an additional benchmarking adjustment.
- 7 The NC TAR also foresees a comparison of the proposed RPM with the capacity weighted distance ('CWD') methodology. As the proposed methodology is already a CWD, the differences from this comparison are minimal and result from the different entry-exit splits used in the comparison (15-85% and 50-50%) and the different levels in storage discounts (80% and 50%).
- 8 Finally, the NRA proposes a commodity-based tariff to recover the compression costs. The flow-based charge is set at all points of the network. As in the consultation carried out in 2024, ERU

foresees an alternative indexation for IPs, which allows to prevent the spread of the volatility associated with these points to the flow-based charge set to domestic exit points.

9 The Agency, after having completed the analysis of the consultation document pursuant to Article 27(2) of the NC TAR concludes that:

- The information required by Article 26(1) of the NC TAR has been published, with the exception of the calculation and the components of the CAA calculation.
- The RPM is compliant with all requirements under Article 7 of the NC TAR.
- The proposed commodity-based charge is compliant with Article 4(3) of the NC TAR although it does not meet all the requirements in Article 4(3) of the NC TAR.

10 The Agency provides the following recommendations to ERU when publishing its motivated decision pursuant to Article 27(4) of the NC TAR:

- First, consult on the additional benchmarking adjustment, respecting the two-month duration established for the tariff consultation in the NC TAR. Should this objective not be attainable, the Agency recommends that ERU offer the longest consultation period possible. In this case, ERU should anticipate the opening and closing dates to stakeholders and to ACER. The consultation should include all the relevant elements under Article 26 of the NC TAR, complementing the information already provided in the current consultation, including, a comparison with the CWD and the CAA results.
- Second, justify the CAA results for the proposed RPM, including by explaining how the results vary with changes in the assumptions used for the calculation.
- Third, justify the application of the alternative pricing mechanisms for the flow-based charge at IPs. For this purpose, ERU should demonstrate that there is a significant risk of volatility in cross-system flows that can impact the cost reflectivity of the flow-based charge. If the alternative approach for the flow-based charge at IPs is used, the Agency recommends that ERU monitor the differences between the flow-based charge applied to domestic exit points and the alternative pricing mechanism at IP exits.

2. Introduction

- 11 Commission Regulation (EU) 2017/460 of 16 March 2017 establishes a network code on harmonised transmission tariff structures for gas ('NC TAR').
- 12 Article 27 of the NC TAR requires the Agency to analyse the consultation documents on the reference price methodologies for all entry exit systems¹. This Report presents the analysis of the Agency for the transmission system of Czech Republic.
- 13 On 20 December, the NRA, forwarded the consultation documents to the Agency. The consultation was launched on 17 December 2024 and remained open until 18 February 2025. On 13 March 2025, the consultation responses and their English summary were published. The Agency has taken these into consideration for this analysis. Within five months following the end of the final consultation, and pursuant to Article 27(4) of the NC TAR, ERU shall take and publish a motivated decision on all the items set out in Article 26(1).
- 14 A number of bilateral exchanges to collect additional information took place between the Agency and the NRA. The Agency appreciated the openness of the NRA during this process, as it supported the analysis.

Reading guide

- 15 Section 3 of this document presents an analysis on the completeness, namely if all the information in Article 26(1) has been published. Section 4 assesses the proposed reference price methodology RPM for the Czech Republic. Section 5 focusses on the compliance, namely if the RPM complies with the requirements set out in Article 7 of the code, if the criteria for setting commodity-based transmission tariffs as set out in Article 4(3) are met and if the criteria for setting non-transmission tariffs as set out in Article 4(4) are met. This document contains two annexes, respectively the legal framework and a list of abbreviations.

¹ With the exception of Article 10(2)(b), when different RPMs may be applied by the TSOs within an entry-exit zone.

3. Completeness

3.1. Has all the information referred to in Article 26(1) been published?

- 16 Article 27(2)(a) of the NC TAR requires the Agency to analyse whether all the information referred to in Article 26(1) of the NC TAR has been published.
- 17 Article 26(1) of the NC TAR requires that the consultation document should be published in the English language, to the extent possible. The Agency remarks that the consultation document has been published in English.
- 18 Overall, most of the information in Article 26(1) of the NC TAR has been properly published. The Agency recommends that ERU includes in the motivated decision the missing elements that are referred to in Table 1 below.

Table 1: Checklist information Article 26(1)

Article	Information	Published: Y/N/NA
26(1)(a)	the description of the proposed reference price methodology	Yes
26(1)(a)(i) 26(1)(a)(i)(1) 26(1)(a)(i)(2)	the indicative information set out in Article 30(1)(a), including: <ul style="list-style-type: none"> the justification of the parameters used that are related to the technical characteristics of the system, the corresponding information on the respective values of such parameters and the assumptions applied 	Yes
26(1)(a)(ii)	the value of the proposed adjustments for capacity-based transmission tariffs pursuant to Article 9	Yes
26(1)(a)(iii)	the indicative reference prices subject to consultation	Yes
26(1)(a)(iv)	the results, the components and the details of these components for the cost allocation assessments set out in Article 5	Partially. The components and the detail of the components are not included in the consultation document.
26(1)(a)(v)	the assessment of the proposed reference price methodology in accordance with Article 7	Yes
26(1)(a)(vi)	where the proposed reference price methodology is other than the capacity weighted distance reference price methodology detailed in Article 8, its comparison against the latter accompanied by the information set out in point (iii)	Yes
26(1)(b)	the indicative information set out in Article 30(1)(b)(i), (iv), (v)	Yes
26(1)(c)(i) 26(1)(c)(i)(1) 26(1)(c)(i)(2) 26(1)(c)(i)(3)	where commodity-based transmission tariffs referred to in Article 4(3) are proposed <ul style="list-style-type: none"> the manner in which they are set 	Yes

	<ul style="list-style-type: none"> the share of the allowed or target revenue forecasted to be recovered from such tariffs the indicative commodity-based transmission tariffs 	
<p>26(1)(c)(ii) 26(1)(c)(ii)(1) 26(1)(c)(ii)(2) 26(1)(c)(ii)(3) 26(1)(c)(ii)(4)</p>	<p>where non-transmission services provided to network users are proposed:</p> <ul style="list-style-type: none"> the non-transmission service tariff methodology therefor the share of the allowed or target revenue forecasted to be recovered from such tariffs the manner in which the associated non-transmission services revenue is reconciled as referred to in Article 17(3) the indicative non-transmission tariffs for non-transmission services provided to network users 	Not applicable
26(1)(d)	the indicative information set out in Article 30(2);	Yes
<p>26(1)(e) 26(1)(e)(i) 26(1)(e)(ii) 26(1)(e)(iii) 26(1)(e)(iv)</p>	<p>where the fixed payable price approach referred to in Article 24(b) is considered to be offered under a price cap regime for existing capacity:</p> <ul style="list-style-type: none"> the proposed index; the proposed calculation and how the revenue derived from the risk premium is used at which interconnection point(s) and for which tariff period(s) such approach is proposed the process of offering capacity at an interconnection point where both fixed and floating payable price approaches referred to in Article 24 are proposed 	Not applicable

4. Assessment of the proposed reference price methodology

- 19 The following section assesses the proposed RPM taking into account the input parameters of the methodology and the cost allocation assessment.
- 20 The following information is relevant in relation to the proposed tariff structure:
- Regulatory period: January 2026 to December 2030.
 - Tariff period: January 2026 to December 2026.

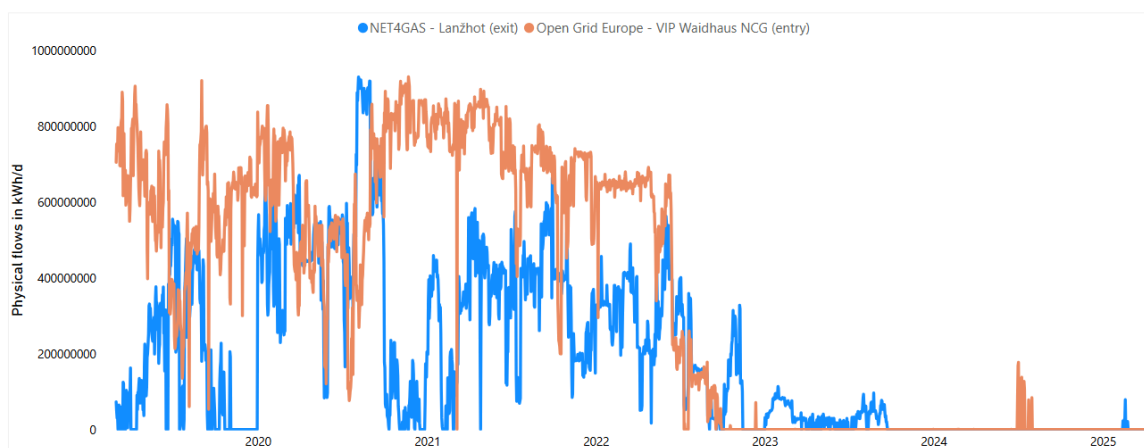
4.1. Description of the network

- 21 This section discusses the changes in cross-system bookings, the expected infrastructure additions for the next regulatory period and the changes in the allowed revenue methodology.

4.1.1. Cross-system flows

- 22 The Czech transmission network has historically had an important role transporting gas across its territory. As of 2022, following the start of the war in Ukraine, there is no longer transit across the country. Figure 1 below represents the evolution of cross-system flows in the Czech Republic.

Figure 1: Flows from Czech Republic to Germany and Slovakia. Source: ENTSOG Transparency Platform²



4.1.2. Planned network development between 2026 and 2030

- 23 During the period 2026-30 an infrastructure project will be commissioned supporting bidirectional flow at the Český Těšín IP. The first stage of the reverse flow via Český Těšín IP project is the construction of an interconnector between the STORK I pipeline and the Třanovice delivery station. The second stage involves the construction of a compressor station. The first stage will create the

² ENTSOG Transparency Platform.

option to flow gas from Poland to the Czech Republic in case of extraordinary emergencies while the second stage will yield cross-border firm technical capacity. The first stage is expected to be commissioned in 2025/2026 (the final investment decision has been made) and the second stage is planned to be commissioned in 2028 (while there is no final investment decision foreseen). The costs of the second stage could be included in the RAB.

4.1.3. Allowed revenue

- 24 The allowed revenue that is an input to the RPM is established as a single revenue cap applicable between 2026-30. Prior to this, there was a dual price cap regime in place based on an asset split for intra-system and cross-system use³. ERU has brought forward a number of methodology changes to create a single revenue cap.
- 25 First, ERU has established a revenue reduction coefficient, applicable to the RAB and to the depreciation factor, to ensure that the allowed revenue does not result in too high tariffs for the use of the network. The values applicable for 2026-30 are provided in Table 1 below. Overall, the value of the RAB decreases as a result of the reduction coefficient. In the absence of this factor, the allowed revenue for 2026 would be approximately CZK 6.550 million instead of CZK 5.586 million. The resulting allowed revenue values for the period 2026-30 are summarised in Table 2.

Table 1: Revenue reduction coefficient 2026-30, as a percentage

	2026	2027	2028	2029	2030
Revenue reduction factor	82 %	87 %	91 %	96 %	100 %

Table 2: Allowed revenue 2026-30, CZK million

	2026	2027	2028	2029	2030
Allowed revenue (CZK million)	5.586	5.901	6.210	6.373	6.319

- 26 Second, the NRA increases the WACC from 6.52% in 2025 to 6.9% in 2026. At the same time, the NRA foresees the possibility to increase the WACC by 1.5% to a final value of 8.4% if the TSO meets specific efficiency objectives⁴.

4.2. Proposed RPM

- 27 ERU proposes to apply a CWD methodology and an entry-exit split of 15-85% that is applied to all points of the network. In addition, ERU proposes to apply discounts to entry points from and exit points to storage of 80%.

³ See the 2019 ACER report on the Czech tariff consultation ([link](#)).

⁴The efficiency objectives are described in in ERU's decision ([link](#)). They include bonus for securing the reliable transmission system and for reaching specific goals when maintaining and repairing the grid, bonus for the investments in emission reduction and lost reduction, bonus for investments ensuring the transmission of natural gas and hydrogen blended gas, and bonus for investments into increasing the security of supply.

4.2.1. Cost drivers

- 28 The NRA proposes to use capacity and distance as cost drivers. Regarding the former, ERU provides the methodology for the capacity forecast separately at IPs, domestic exit point and storage points. Table 3 provides the resulting the average values for the period 2026-30. Regarding distance, ERU provides a matrix with the distance between network points.

Table 3: Forecasted contracted capacity 2026-30 period.

		MWh/d/y
Entries	VIP Brandov (DE>CZ)	166,247
	VIP Lanžhot (SK>CZ)	109,120
	VIP Waidhaus (DE>CZ)	0
	Český Těšín (PL>CZ)	0
	Storage	153,033
	IPs	10,800
Exits	VIP Brandov (CZ>DE)	0
	VIP Lanžhot (CZ>SK)	6,000
	VIP Waidhaus (CZ>DE)	0
	Český Těšín (CZ>PL)	4,800
	DSO + DCC	815,603
	Storage	130,771

4.2.2. Entry-exit split

- 29 ERU proposes to increase the share of revenue allocated to entries from 9% to 15%. While this share remains low, it results in an increase of the tariffs applicable at entries ranging between 100% and 132%, as shown in Table 4 below.
- 30 A number of stakeholders have referred to the impact of the proposed entry-exit split (Pražská Plynárenská and the Heating Association of the Czech Republic). The Agency notes that the share of revenue allocated to entries remains low in the proposed tariff structure

4.3. Discounts to entry points from and exit points to storage

- 31 ERU proposes to reduce the discount applicable to entry points from and exit points to storage currently applicable of 100% to 80%.
- 32 A number of stakeholders⁵ have referred to the negative impact they expect from this measure, and they propose to maintain the currently applicable discount of 100%. Markets participants argue that the importance of storage in the context of ensuring the security of supply has increased as the country has ceased to be a transit country. In their view a 100% discount should be kept until bottlenecks with Germany are removed.
- 33 ERU communicated to the Agency the possibility of returning to a 100% discount.

4.4. Benchmarking

⁵ MND Energy Storage, SPP Storage, Gas Storage CZ, Czech Gas Association, Pražská plynárenská, Heating Association of the Czech Republic, Ocelářská unie.

- 34 The consultation document⁶ refers to the possibility of applying a benchmarking adjustment with the objective of ensuring the competitiveness of the network for cross-border flows after the termination of transit agreement across Ukraine. ERU explained to the Agency that this discount could not have been proposed in the consultation document as the consultation was launched on 17 December 2024 and the transit contract in Ukraine only terminated at the end of 2024. For this reason, ERU did not have visibility on the market dynamics and the benchmarking level to be set.
- 35 ERU has communicated to the Agency the intention to consult on the application of a benchmark before the publication of the applicable tariffs.
- 36 The Agency acknowledges the difficulty faced by ERU when setting the benchmark given the uncertainty about the continuation of the Ukrainian gas transit. At the same time, the Agency notes that Article 26(1) of the NC TAR establishes all elements to be included in the final consultation, including any benchmarking adjustments. The Agency recommends that ERU consult on the additional benchmarking adjustment respecting the two month duration established for the tariff consultation in the NC TAR. Should this objective not be attainable, the Agency recommends that ERU offer the longest consultation period possible. In this case, ERU should anticipate the opening and closing dates to stakeholders and to ACER. The consultation should include all the relevant elements under Article 26 of the NC TAR, complementing the information already provided in the current consultation, including, a comparison with the CWD and the CAA results.

4.5. Resulting tariffs

- 37 The tariffs and revenue resulting from the proposed approach are summarised in Table 4 and Table 5 below.

Table 4: Indicative reference prices and revenue resulting from the proposed RPM, 2026-30

Reference prices [CZK/MWh/day/year]		2026	2027	2028	2029	2030
Entry	VIP Brandov (DE>CZ)	2,317.88	2,448.54	2,576.82	2,644.42	2,622.04
	VIP Lanžhot (SK>CZ)	1,722.94	1,820.06	1,915.41	1,965.66	1,949.03
	VIP Waidhaus (DE>CZ)	2,792.56	2,949.97	3,104.53	3,185.97	3,159.01
	Český Těšín (PL>CZ)	498.57	526.67	554.26	568.80	563.99
	Storage	361.45	381.82	401.83	412.37	408.88
Exits	VIP Brandov (CZ>DE)	9,536.43	10,073.99	10,601.78	10,879.91	10,787.83
	VIP Lanžhot (CZ>SK)	5,764.32	6,089.24	6,408.27	6,576.39	6,520.73
	VIP Waidhaus (CZ>DE)	7,495.60	7,918.11	8,332.95	8,551.57	8,479.19
	Český Těšín (CZ>PL)	9,609.38	10,151.05	10,682.87	10,963.14	10,870.35
	DSO + DCC	5,763.51	6,088.39	6,407.37	6,575.47	6,519.81
	Storage	1,347.71	1,423.68	1,498.27	1,537.57	1,524.56

⁶ The consultation document states that: *The [consultation] does not consider any adjustment of prices based on benchmarking under Article 6(4)(a) NC TAR in the light of the uncertainty associated with the gas market conditions from 1 January 2025 (termination of gas transmission across Ukraine). The use of the procedure in Article 6(4)(a) will be reviewed again before issuing the Decision under the NC TAR for 2026-2030*

Table 5: Revenue splits based on the proposed RPM, 2026-30

Revenue [CZK million]	2026	2027	2028	2029	2030
Revenue at entry points	629	664	699	717	711
Revenue at exit points	4,958	5,237	5,512	5,656	5,608
Total revenue	5,586	5,901	6,210	6,373	6,319
Revenue for intra-system use	5,483	5,792	6,096	6,256	6,203
Revenue for cross-system use	103	109	115	118	117

38 The proposed RPM results in an increase of tariffs at entries between 100% and 132% as a result of the change in the entry-exit split. This is represented in Table 8 below.

Table 6: Difference in tariffs applicable for 2025 and tariffs proposed for 2026

CZK/MWh/day/year		2025	2026	Difference
Entries	VIP Brandov (DE>CZ)	1,158.94	2,317.88	100%
	Lanžhot (SK>CZ)	744.21	1,722.94	132%
	VIP Waidhaus (DE>CZ)	1,327.27	2,792.56	110%
	Český Těšín (PL>CZ)	225.53	498.57	121%
	Storage facilities (CZ)	0.00	361.45	
Exits	VIP Brandov (CZ>DE)	6,500.00	9,536.43	47%
	Lanžhot (CZ>SK)	6,500.00	5,764.32	- 11%
	VIP Waidhaus (CZ>DE)	6,500.00	7,495.60	15%
	Český Těšín (CZ>PL)	6,500.00	9,609.38	48%
	DSO + DCC	8,159.92	5,763.51	- 29%
	Storage facilities (CZ)	0.00	1,347.71	

4.6. Cost allocation assessment

39 The consultation document provides the result of the cost allocation assessment (CAA) for the proposed RPM for all the years of the period 2026-30. The results vary between 9.5% and 11% as summarised in Table 7 below. The NC TAR requires a justification for the results above 10%, as laid out in Article 5(6) of the NC TAR.

40 ERU explained to the Agency that the CAA is particularly sensitive to the entry-exit split, the discount applied to entry points from and exit points to storage facilities and to other assumptions used in the calculation.

41 The Agency recommends that ERU justify the CAA results for the proposed RPM, including by explaining how the results vary with changes in the assumptions used in the calculation.

Table 7: Results of the cost allocation assessment for the proposed RPM for the period 2026-30

	2026	2027	2028	2029	2030
Cost allocation comparison index	11.0%	10.4%	9.8%	9.5%	9.6%

4.7. Comparison with the CWD methodology

42 The consultation document provides a comparison between the proposed RPM and the CWD methodology as laid out in Article 8 of the NC TAR. ERU uses an entry-exit split of 50-50 for the

CWD and discounts of 50% to entry points from and exit points to storage facilities. The resulting tariffs for the CWD are included in Table 8 and Table 9 below.

Table 8: Tariffs calculated based on a CWD methodology with an entry-exit split of 50-50 and discounts of 50% to entry points from and exit points to storage facilities and comparison with the proposed RPM

CZK/MWh/day/year		2026	2027	2028	2029	2030	Comparison with the proposed RPM [2026]	Comparison with the proposed RPM, % [2026]
Entry	VIP Brandov (DE>CZ)	7,617.51	8,046.90	8,468.49	8,690.66	8,617.10	5,299.63	229%
	VIP Lanžhot (SK>CZ)	5,662.29	5,981.46	6,294.84	6,459.98	6,405.31	3,939.35	229%
	VIP Waidhaus (DE>CZ)	9,177.51	9,694.84	10,202.76	10,470.43	10,381.81	6,384.95	229%
	Český Těšín (PL>CZ)	1,638.49	1,730.85	1,821.53	1,869.32	1,853.50	1,139.93	229%
	Storage entry points:	2,969.66	3,137.06	3,301.41	3,388.02	3,359.35	2,608.21	722%
Exits	VIP Brandov (CZ>DE)	5,930.78	6,265.09	6,593.32	6,766.30	6,709.03	-3,605.65	-38%
	VIP Lanžhot (CZ>SK)	3,584.87	3,786.94	3,985.35	4,089.90	4,055.29	-2,179.45	-38%
	VIP Waidhaus (CZ>DE)	4,661.57	4,924.33	5,182.33	5,318.28	5,273.27	-2,834.03	-38%
	Český Těšín (CZ>PL)	5,976.14	6,313.01	6,643.76	6,818.05	6,760.35	-3,633.24	-38%
	DSO + DCC	3,584.37	3,786.42	3,984.79	4,089.33	4,054.72	-2,179.14	-38%
	Storage exit points	2,095.38	2,213.49	2,329.46	2,390.57	2,370.34	747.67	55%

Table 9: Revenue splits based on a CWD methodology with an entry-exit split of 50-50 and discounts of 50% to entry points from and exit points to storage facilities and the proposed RPM

CZK million	2026	2027	2028	2029	2030	Comparison with the proposed RPM [2026]	Comparison with the proposed RPM, % [2026]
Revenue at entry points	2,339	2,471	2,600	2,668	2,646	1,710	272%
Revenue at exit points	3,248	3,431	3,610	3,705	3,674	-1,710	-34%
Total revenue	5,586	5,901	6,210	6,373	6,319	-	-
Revenue for intra-system use	5,462	5,770	6,072	6,232	6,179	-21	0%
Revenue for cross-system use	124	131	138	142	140	21	20%

5. Compliance

5.1. Does the RPM comply with the requirements set out in Article 7?

- 43 Article 27(2)(b)(1) of the NC TAR requires the Agency to analyse whether the proposed reference price methodology complies with the requirements set out in Article 7 of the NC TAR. This article refers to Article 17 of Regulation (EC) 2024/1789 and lists a number of requirements to take into account when setting the RPM.

5.1.1. Transparency

- 44 **Article 7(a)** of the NC TAR requires that the RPM aims at ensuring that network users can reproduce the calculation of reference prices and their accurate forecast. The Agency finds the simplified tariff model, as required by Article 30(2)(b) of the NC TAR, useful. The Agency considers that network users would be able to reproduce the calculation of reference prices. The Agency further considers that network users would be able to forecast the reference prices.

5.1.2. Cost-reflectivity

- 45 **Article 7(b)** of the NC TAR requires the RPM to take into account the actual costs incurred for the provision of transmission services, considering the level of complexity of the transmission network. The Agency considers the proposed CWD methodology compliant with the requirement on cost reflectivity.

5.1.3. Cross-subsidisation and non-discrimination

- 46 **Article 7(c)** of the NC TAR requires the RPM to ensure non-discrimination and prevent undue cross-subsidisation. The Agency considers the proposed RPM compliant with both requirements.

5.1.4. Volume risk

- 47 **Article 7(d)** of the NC TAR requires that the RPM ensures that significant volume risk related particularly to transports across an entry-exit system is not assigned to final customers within that entry-exit system. The Agency notes that the Czech transmission network does not transport significant volumes across the system. The Agency considers the proposed RPM compliant with the requirement on volume risk.

5.1.5. Cross-border trade

- 48 **Article 7(e)** of the NC TAR requires that the RPM ensures that the resulting reference prices do not distort cross-border trade. Following the conclusion on the requirement on cost-reflectivity, the Agency concludes that the proposed RPM is compliant with the requirement on non-distorting cross-border trade.

5.2. Are the criteria for setting commodity-based transmission tariffs as set out in Article 4(3) met?

- 49 Article 27(2)(b)(2) of the NC TAR requires the Agency to analyse whether the criteria for setting commodity-based transmission tariffs as set out in Article 4(3) are met.
- 50 The NRA proposes to apply a flow-based charge levied at exit points calculated as total planned costs for compressor operations divided by the planned flows at exit points. The flow-based charge is expressed in CZK/MWh. The value for 2026 is in Table 10 below.
- 51 Alternatively, ERU foresees the possibility of using an alternative mechanism to determine the flow-based charge at exit IPs. The approach is based on a coefficient multiplied by the spot market index for the relevant day the resulting daily tariff is expressed in EUR/MWh and converted to CZK/MWh at the daily rate published by the Czech National Bank on the current gas day. This mechanism was already consulted in 2024.
- 52 The Agency notes that Article 4(3)(a)(ii) of the NC TAR requires that the flow-based charge is “*the same at all entry points and the same at all exit points*” in addition to being levied for the purpose of “*covering the costs mainly driven by the quantity of the gas flow*”. The remaining criteria in the NC TAR are summarised in Table 11 below. ERU explained to the Agency that the uncertainty related to the forecast of cross-system flows does not allow establishing a common forecast for a single flow-based charge that is cost reflective for both domestic exit points and IP exits. For this purpose, the NRA proposes an alternative formula to calculate the flow-based charge at IPs.
- 53 The Agency acknowledges the difficulty in meeting the two objectives laid out under Article 4(3)(a). Should the same flow-based charge be set to all exit points, there is a risk of the charge becoming volatile and not cost-reflective for domestic exit points.
- 54 The Agency recommends that ERU justify the application of the alternative pricing mechanisms for the flow-based charge at IPs. For this purpose. ERU should demonstrate that there is a significant risk of volatility in cross-system flows that can impact the cost reflectivity of the flow-based charge. If the alternative approach for the flow-based charge at IPs is used, the Agency recommends that ERU monitor the differences between the flow-based charge applied to domestic exit points and the alternative pricing mechanism at IP exits.

Table 10: Proposed coefficient for the calculation of the flow-based charge (in CZK/MWh).

	2026
Exit cross-border point	0.86
Exit point to storage facilities	0.86
Exist domestic point	0.86

Table 11: Criteria Article 4(3)(a) of the NC TAR.

Criteria	Y/N
Levied for the purpose of covering the costs mainly driven by the quantity of the gas flow	Yes
Calculated on the basis of forecasted or historical flows, or both.	Yes
Set in such a way that it is the same at all entry points and the same at all exit points.	Partially. The alternative approach at IPs could differ from the approach applied at all exit points depending on the forecasted average gas price and the daily spot prices.
Expressed in monetary terms or in kind	Yes

6. Annex 1: Legal framework

Article 27 of the NC TAR reads:

1. Upon launching the final consultation pursuant to Article 26 prior to the decision referred to in Article 27(4), the national regulatory authority or the transmission system operator(s), as decided by the national regulatory authority, shall forward the consultation documents to the Agency.

2. The Agency shall analyse the following aspects of the consultation document:

(a) whether all the information referred to in Article 26(1) has been published;

(b) whether the elements consulted on in accordance with Article 26 comply with the following requirements:

(1) whether the proposed reference price methodology complies with the requirements set out in Article 7;

(2) whether the criteria for setting commodity-based transmission tariffs as set out in Article 4(3) are met;

(3) whether the criteria for setting non-transmission tariffs as set out in Article 4(4) are met.

3. Within two months following the end of the consultation referred to in paragraph 1, the Agency shall publish and send to the national regulatory authority or transmission system operator, depending on which entity published the consultation document, and the Commission the conclusion of its analysis in accordance with paragraph 2 in English.

The Agency shall preserve the confidentiality of any commercially sensitive information.

4. Within five months following the end of the final consultation, the national regulatory authority, acting in accordance with Article 41(6)(a) of Directive 2009/73/EC, shall take and publish a motivated decision on all items set out in Article 26(1). Upon publication, the national regulatory authority shall send to the Agency and the Commission its decision.

5. The procedure consisting of the final consultation on the reference price methodology in accordance with Article 26, the decision by the national regulatory authority in accordance with paragraph 4, the calculation of tariffs on the basis of this decision, and the publication of the tariffs in accordance with Chapter VIII may be initiated as from the entry into force of this Regulation and shall be concluded no later than 31 May 2019. The requirements set out in Chapters II, III and IV shall be taken into account in this procedure. The tariffs applicable for the prevailing tariff period at 31 May 2019 will be applicable until the end thereof. This procedure shall be repeated at least every five years starting from 31 May 2019.

Article 26(1) of the NC TAR reads:

1. One or more consultations shall be carried out by the national regulatory authority or the transmission system operator(s), as decided by the national regulatory authority. To the extent possible and in order to render more effective the consultation process, the consultation document should be published in the English language. The final consultation prior to the decision referred to in Article 27(4) shall comply with the requirements set out in this Article and Article 27, and shall include the following information:

(a) the description of the proposed reference price methodology as well as the following items:

(i) the indicative information set out in Article 30(1)(a), including:

(1) the justification of the parameters used that are related to the technical characteristics of the system;

(2) the corresponding information on the respective values of such parameters and the assumptions applied.

(ii) the value of the proposed adjustments for capacity-based transmission tariffs pursuant to Article 9;

(iii) the indicative reference prices subject to consultation;

(iv) the results, the components and the details of these components for the cost allocation assessments set out in Article 5;

- (v) the assessment of the proposed reference price methodology in accordance with Article 7;
- (vi) where the proposed reference price methodology is other than the capacity weighted distance reference price methodology detailed in Article 8, its comparison against the latter accompanied by the information set out in point (iii);
- (b) the indicative information set out in Article 30(1)(b)(i), (iv), (v);
- (c) the following information on transmission and non-transmission tariffs:
 - (i) where commodity-based transmission tariffs referred to in Article 4(3) are proposed:
 - (1) the manner in which they are set;
 - (2) the share of the allowed or target revenue forecasted to be recovered from such tariffs;
 - (3) the indicative commodity-based transmission tariffs;
 - (ii) where non-transmission services provided to network users are proposed:
 - (1) the non-transmission service tariff methodology therefor;
 - (2) the share of the allowed or target revenue forecasted to be recovered from such tariffs;
 - (3) the manner in which the associated non-transmission services revenue is reconciled as referred to in Article 17(3);
 - (4) the indicative non-transmission tariffs for non-transmission services provided to network users;
- (d) the indicative information set out in Article 30(2);
- (e) where the fixed payable price approach referred to in Article 24(b) is considered to be offered under a price cap regime for existing capacity:
 - (i) the proposed index;
 - (ii) the proposed calculation and how the revenue derived from the risk premium is used;
 - (iii) at which interconnection point(s) and for which tariff period(s) such approach is proposed;
 - (iv) the process of offering capacity at an interconnection point where both fixed and floating payable price approaches referred to in Article 24 are proposed.

Article 7 of the NC TAR reads:

The reference price methodology shall comply with Article 13 of Regulation (EC) No 715/2009 and with the following requirements. It shall aim at:

- (a) enabling network users to reproduce the calculation of reference prices and their accurate forecast;
- (b) taking into account the actual costs incurred for the provision of transmission services considering the level of complexity of the transmission network;
- (c) ensuring non-discrimination and prevent undue cross-subsidisation including by taking into account the cost allocation assessments set out in Article 5;
- (d) ensuring that significant volume risk related particularly to transports across an entry-exit system is not assigned to final customers within that entry-exit system;
- (e) ensuring that the resulting reference prices do not distort cross-border trade.

Article 17 of Regulation (EU) 2024/1789 reads:

1. Tariffs, or the methodologies used to calculate them, applied by the transmission system operators and approved by the regulatory authorities pursuant to Article 78(7) of Directive (EU) 2024/1788, as well as tariffs published pursuant to Article 31(1) of that Directive, shall be transparent, take into account the need for system integrity and its improvement and reflect the actual costs incurred, insofar as such costs correspond to those of an efficient and structurally comparable network operator and are transparent, whilst including an appropriate return on investments. Tariffs, or the methodologies used to calculate them, shall be applied in a non-discriminatory manner.

Tariffs may also be determined through market-based arrangements, such as auctions, provided that such arrangements and the revenue arising therefrom are approved by the regulatory authority.

Tariffs, or the methodologies used to calculate them, shall facilitate efficient natural gas trade and competition, while at the same time avoiding cross-subsidies between network users and providing incentives for investment and maintaining or creating interoperability for transmission networks.

Tariffs for network users shall be non-discriminatory and shall be set separately for every entry point into or exit point out of the transmission system. Cost-allocation mechanisms and rate setting methodology regarding entry points and exit points shall be approved by the regulatory authorities.

Regulatory authorities shall ensure that network tariffs shall not be calculated on the basis of contract paths.

2. Tariffs for network access shall neither restrict market liquidity nor distort trade across borders of different transmission systems. Where, notwithstanding Article 78(7) of Directive (EU) 2024/1788, differences in tariff structures would hamper trade across transmission systems, transmission system operators shall, in close cooperation with the relevant national authorities, actively pursue convergence of tariff structures and charging principles.

3. Until 31 December 2025, the regulatory authority may apply a discount of up to 100 % to capacity-based transmission and distribution tariffs at entry points from, and exit points to, underground natural gas storage facilities and at entry points from LNG facilities, unless and to the extent that such a storage facility which is connected to more than one transmission or distribution network is used to compete with an interconnection point.

From 1 January 2026, the regulatory authority may apply a discount of up to 100 % to capacity-based transmission and distribution tariffs at entry points from, and exit points to, underground natural gas storage facilities and at entry points from LNG facilities for the purpose of increasing security of supply. The regulatory authority shall re-examine that tariff discount and its contribution to the security of supply during every regulatory period, in the framework of the periodic consultation carried out pursuant to the network code adopted pursuant to Article 71(2), first subparagraph, point (d).

4. Regulatory authorities may merge adjacent entry-exit systems with a view to enabling full or partial regional integration where tariffs may be abolished at the interconnection points between the entry-exit systems concerned. Following the public consultations conducted by the regulatory authorities or by the transmission system operators, the regulatory authorities may approve a common tariff and an effective compensation mechanism between transmission system operators for the redistribution of costs arising from the abolition of interconnection points.

5. Member States with more than one interconnected entry-exit system, or more than one network operator within one entry-exit system, may implement a uniform network tariff with the aim of creating a level playing field for network users, provided that a network plan has been approved and a compensation mechanism between the network operators is implemented.

Article 4(3) of the NC TAR reads:

3. The transmission services revenue shall be recovered by capacity-based transmission tariffs. As an exception, subject to the approval of the national regulatory authority, a part of the transmission services revenue may be recovered only by the following commodity-based transmission tariffs which are set separately from each other:

- (a) a flow-based charge, which shall comply with all of the following criteria:
 - (i) levied for the purpose of covering the costs mainly driven by the quantity of the gas flow;*
 - (ii) calculated on the basis of forecasted or historical flows, or both, and set in such a way that it is the same at all entry points and the same at all exit points;*
 - (iii) expressed in monetary terms or in kind.**
- (b) a complementary revenue recovery charge, which shall comply with all of the following criteria:
 - (i) levied for the purpose of managing revenue under- and over-recovery;*
 - (ii) calculated on the basis of forecasted or historical capacity allocations and flows, or both;*
 - (iii) applied at points other than interconnection points;*
 - (iv) applied after the national regulatory authority has made an assessment of its cost-reflectivity and its impact on cross-subsidisation between interconnection points and points other than interconnection points.**

Article 4(4) of the NC TAR reads:

4. The non-transmission services revenue shall be recovered by non-transmission tariffs applicable for a given non transmission service. Such tariffs shall be as follows:

- (a) cost-reflective, non-discriminatory, objective and transparent;*
- (b) charged to the beneficiaries of a given non-transmission service with the aim of minimising cross-subsidisation between network users within or outside a Member State, or both.*

Where according to the national regulatory authority a given non-transmission service benefits all network users, the costs for such service shall be recovered from all network users.

7. Annex 2: List of abbreviations

Acronym	Definition
ACER	Agency for the Cooperation of Energy Regulators
ENTSOG	European Network of Transmission System Operators for Gas
NRA	National Regulatory Authority
TSO	Transmission System Operator
EC	European Commission
EU	European Union
MS	Member State
NC TAR	Network code on harmonised transmission tariff structures for gas
IP	Interconnection Point
VIP	Virtual Interconnection Point
RPM	Reference Price Methodology
CWD	Capacity Weighted Distance
CAA	Cost Allocation Assessment
RAB	Regulated Asset Base
OPEX	Operational Expenditures
CAPEX	Capital Expenditures