

## SETTLEMENT OF COMMENTS

### Draft price assessment on regulated prices related to gas supply effective from 1 January 2026

Pursuant to Act No 458/2000 on business conditions and the performance of state administration in the energy sectors and amending certain acts (the Energy Act), as amended, the ERO published on its website a draft price assessment on regulated prices related to gas supply effective from 1 January 2026 and the rules of the public consultation process.

The public consultation process ran from 7 May 2025 to 22 May 2025.

Comments number	Entity	Comments (comments are published without linguistic corrections)	Settlement of comments
1	NET4GAS, s.r.o.	<p><b>General comment: Proposal to adjust gas transport prices for the Lanžhot exit border point from 1. 7. 2025</b></p> <p><u>Justification for the comment</u></p> <p>NET4GAS has long monitored the setting of tariffs for reservation of transport capacity on routes that have the potential to influence the use of Czech transmission systems. The location and capabilities of the transport infrastructure create rational conditions for it to be used to enhance the integration of energy markets and contribute to the energy security of the region. Gas transit is therefore perceived as an opportunity for the Czech Republic to remain a key intersection of trans-European networks in Central Europe.</p> <p>Despite tariff adjustments for gas transmission services for 2025, the use of the gas transit transmission network has not reached its expected level, with more significant transit on the route to Slovakia being recorded in a few days of February between 1 January and today.</p> <p>As can be identified from the data available on the Transparency platform, there are parallel regular bookings of transmission capacities for the purpose of gas transit to Slovakia via Austria. NET4GAS is of the opinion that this situation may be an indicator of too high a price setting for 2025. NET4GAS considers that the main reason for this development is the adjustment of prices on the Austrian side, which were lower than the values initially consulted. To maximise the use of this infrastructure, prices need to be adjusted at the Lanžhot exit point. NET4GAS therefore proposes to respond to the actions of the Austrian regulator by reducing the prices for booking transport capacity at the Lanžhot exit point to a more competitive value with effect from 1 July 2025 at the latest.</p> <p>NET4GAS is of the opinion that this proposed exceptional intervention in 2025 prices over the current period will not distort competition on the market and will have a detrimental effect</p>	<p><b>Not accepted</b></p> <p>The comment is not related to the consultant proposal the price assessment for 2026.</p>

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		<p>on gas traders, as there are no longer-term (annual or quarterly) bookings at this border point that could be affected by the proposed change. On the contrary, it believes that lowering the price of gas transport services at the Lanžhot exit point at the level of the updated benchmark is a relevant measure to enhance the competitiveness of this transit route and a legitimate tool to promote efficient natural gas trading and reduce the impact of materialising the risks associated with lower-than-expected use of the gas transmission system for customers outside the domestic entry-exit system.</p> <p><u>Draft projection of comments</u></p> <p>The annual price for the reserved fixed transport capacity at the Lanžhot exit border point is set at CZK 3,900/MWh/day with effect from 1 July 2025.</p>																																																
2	ČEZ, a.s. CEZ Group	<p><b>General comment on the increase in regulated prices</b></p> <p>We object that the proposed increase in regulated prices contained in the draft price assessment on regulated prices related to the supply of gas effective from 1 January 2026 is disproportionate and will have a negative impact not only on prices for the supply of gas to customers in the Czech Republic (including ensuring a security standard of gas supply for protected customers), but also on prices of other products or services.</p> <table border="1"> <thead> <tr> <th rowspan="3">Border point name</th> <th colspan="6">Annual price for reserved fixed transport capacity Cr [CZK/MWh/day]</th> </tr> <tr> <th colspan="3">for the entry border point</th> <th colspan="3">for the exit border point</th> </tr> <tr> <th>2025</th> <th>Proposal for 2026</th> <th>% increase</th> <th>2025</th> <th>Proposal for 2026</th> <th>% increase</th> </tr> </thead> <tbody> <tr> <td>Brandov VIP</td> <td>1,158.94</td> <td>2,317.88</td> <td>100 %</td> <td>6,500</td> <td>7,000</td> <td>7.69 %</td> </tr> <tr> <td>Český Těšín</td> <td>225.53</td> <td>498.57</td> <td>121.06 %</td> <td>6,500</td> <td>5,500</td> <td>-18.18 %</td> </tr> <tr> <td>Lanžhot</td> <td>744.21</td> <td>1,722.94</td> <td>131.51 %</td> <td>6,500</td> <td>3,600</td> <td>-52.77 %</td> </tr> <tr> <td>Waidhaus VIP</td> <td>1,327.27</td> <td>2,792.56</td> <td>110.39 %</td> <td>6,500</td> <td>7,000</td> <td>7.69 %</td> </tr> </tbody> </table> <p>We consider that the proposed increase in regulated prices is neither appropriate nor proportionate from the point of view of individual network users. The proposed changes will lead in particular to higher gas prices in the Czech Republic (higher spread between Trading Hub Europe and the Czech Republic, higher security standard of gas supply (BSD) for customers in the Czech Republic). It must also be taken into account that prices for transport capacity at exit points from the German transmission system remain high. The effect of the increase in administered prices will therefore be borne, in fact, mainly by customers in the Czech Republic (households and industry).</p>	Border point name	Annual price for reserved fixed transport capacity Cr [CZK/MWh/day]						for the entry border point			for the exit border point			2025	Proposal for 2026	% increase	2025	Proposal for 2026	% increase	Brandov VIP	1,158.94	2,317.88	100 %	6,500	7,000	7.69 %	Český Těšín	225.53	498.57	121.06 %	6,500	5,500	-18.18 %	Lanžhot	744.21	1,722.94	131.51 %	6,500	3,600	-52.77 %	Waidhaus VIP	1,327.27	2,792.56	110.39 %	6,500	7,000	7.69 %	<p><b>Not accepted</b></p> <p>The principles of pricing on individual entry and exit points are described in detail in the Decision pursuant to Article 27(4) of the NC TAR, published by ERO on 30 April 2025. The price level at the entry border points is mainly influenced by the established ratio of revenues distribution between entry and exit points, which increases from a ratio of 10 %/90 % in 2025 to 15 %/85 % in 2026 and which is justified by ERO in Chapter 8.4. of that Decision. In that part of the Decision, the ERO also addresses a similar comment on the price increases at entry border points.</p> <p>The increase in the proportion of revenues allocated to entry points logically reduces the proportion of revenues allocated to exit points, which will be reflected positively in the regulated price of the gas transmission service paid by the domestic customer. The overall impact of the change in the revenue distribution ratio on entry and exit points on the domestic customer is thus neutral.</p> <p>The ERÚ proceeds in setting prices at individual points of the transmission system in accordance with</p>
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		<p>The proposed increase in administered prices is very significant. At the entry border points, the increase in all prices is well above 100% compared to the regulated prices contained in Price Decision No 1/2024. At the exit border points, the price increases for VIP Brandov and VIP Waidhaus are around 7.69%.</p> <p>We consider the above-mentioned price hike at the entry border points to be disproportionate. If there is to be an increase in gas transmission prices, it is appropriate that such an increase should take place gradually. At the same time, if there is to be an increase in regulated prices related to gas supply, it would be primarily at cross-border exit points from the Czech Republic. Such a procedure will not pass on these increased regulated prices to customers in the Czech Republic. However, it is clear to us that such a procedure is not easy in view of the decrease in natural gas flows from the Russian Federation.</p> <p><u>Draft projection of comments</u></p> <p>In the price decision on regulated prices related to gas supply effective from 1 January 2026, we propose to increase regulated prices mainly at cross-border exit points from the Czech Republic. Due to the nature of the comments, we do not propose a specific adjustment of regulated prices - it will be possible to deliver after consultation with the ERÚ.</p>	<p>the NC TAR Regulation, which does not allow arbitrarily to shift costs (and thus determine prices) to specific points (e.g. exit border point) of the transmission system. Such a procedure could be considered for discriminatory a lead to disproportionate cross-subsidies between individual customer groups (domestic vs. foreign).</p> <p>The Agency for the Cooperation of Energy Regulators (ACER) analyses the ratio of revenue allocation to entry and exit points, assessing the methodology for setting reference prices and noting that, despite the increase, the share of revenue allocated to entry points in the Czech Republic remains low.</p>
3	Teplárenské sdružení České republiky	<p><b>Comments on PART TWO: Prices of gas transmission service for transmission system border points - General</b></p> <p>The proposal significantly increases tariffs by up to 100% or more at each entry border point (116 % arithmetic average) compared to 2025, thereby increasing tariffs mainly to points serving domestic customers (Brandov IP by 100% and Lanžhot by 132 %). This will increase costs for domestic consumers and, as already argued in the previous consultation on the consultation document under Article 26 of Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code of harmonised transmission tariff structures for natural gas, which proposed a reference price methodology, does not take into account the allocation of RABs that have historically been designated for international and domestic transport. The price rises again, also due to the increase in the WACC under the incentive scheme (which was even higher compared to the consultation), so we cannot agree with the proposed methodology, which transfers the business risk of the transmission system operator to customers in the Czech Republic.</p> <p>As the methodology for setting reference prices for gas transport services is set, most revenues are collected at the domestic point, plus at the entry points that serve to supply domestic consumption, and therefore tariffs for domestic customers are again increased. If</p>	<p><b>Not accepted</b></p> <p>The basic rules for setting the prices consulted were already defined in the Price Regulation Methodology for the VI regulatory period and in the Decision pursuant to Article 27(4) of the NC TAR. Already in these documents, the ERO set the direction of price regulation for the upcoming regulatory period for all regulated companies, including the transmission system operator.</p> <p>These documents were consulted in accordance with the rules laid down in the Energy Act and the NC TAR Regulation.</p> <p>In the context of significant changes in the gas market that negatively impacted the gas market across Europe, ERO modified the way the transmission system operator is regulated in order to ensure the necessary stabilisation of the</p>

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		<p>there is no assumption of sufficient flows for transmission, the transmission system operator should optimise the RAB only for the necessary amount of assets that are necessary to ensure transmission to the domestic point. Revenue from the home point thus cross-subsidizes the entire transport system. The need to operate the system, and thus assets and costs, is envisaged, so it was built for much larger transit flows than currently assumed, which should be financed mainly by final customers in the Czech Republic. These customers cannot be fairly required to cover the costs of a system whose transport options far exceed their needs. We understand that the transport of natural gas on the territory of the Czech Republic, especially in its transit part, has undergone fundamental changes and the transmission system operator has found itself in a difficult economic situation due to this, but we consider it unacceptable that these problems are passed on to end-customers in the Czech Republic.</p> <p><u>Justification for the comment:</u></p> <p>The proposed changes to the proposed substantial increase in tariffs cannot be accepted, in particular because of the risk of a significant financial burden on domestic customers. The price increase will have negative social impacts and worsen the economic situation not only of households but also of other consumers. This proposal may cause serious problems in practice, as the domestic market would be burdened by the introduction of this increase in regulated prices precisely at a time when the economic situation is extremely sensitive and the need for stable, fair energy prices is crucial. The burden on the market in this way casts doubt on the fairness of the proposed price regulation system for gas transmission and underlines the need for a reassessment and consequent adjustment of the proposed prices in order to avoid disproportionate cross-financing.</p> <p><u>Draft projection of comments:</u></p> <p>We propose maintaining the distribution of revenues between the entry and exit bodies as in 2025 (i.e. 9.1% vs. 90.9%), possibly adjusting it to a ratio of 10 vs. 90% and carrying out a corresponding recalculation of the annual price for the reserved fixed transport capacity for entry border points in point 2.1 of the price assessment.</p>	<p>transmission system operator and to ensure reliable and secure transmission gas a supplies gas customers. In neighbouring countries, where changes in the gas market also had a significant impact, a similar approach was followed.</p> <p>As regards the assets required by the Czech transmission system for the domestic customer, the ERO has set a general percentage coefficient (revenue reduction coefficient) for the recognition of the remaining values of assets and depreciation into the revenue cap regime, which mitigates the negative impacts on the gas market for the customer. The application of this coefficient means that 82% of the value of assets and depreciation will be taken into account in the transmission price for 2026.</p> <p>In connection with the comment pointing out the overcapacity of the system, it should be noted that some overcapacity is present in large, and not only gas, systems, especially if there are changes in output demand over the life of fixed assets, whereas in the case of the Czech transmission system it is certainly currently affected by a disruption of transit traffic. It is precisely because of the nature of investments in long-lasting assets that it is not expedient to decide on the exclusion or preservation of specific assets in a short period of time, in addition to the ongoing war in Ukraine, and that a more general way of reducing total permitted returns is chosen. When assessing transport infrastructure in terms of its sufficiency and adequacy, it is necessary not to adapt transport capacities to potentially short-term (in terms of the lifetime of the investment) circumstances. This approach makes particular sense given the expected investments and the intentions of transforming the transmission system to</p>

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			<p>transport low-emission and zero-emission gases in line with the Czech Hydrogen Strategy and PCI/PMI projects.</p> <p>The methodology for setting reference prices was submitted to ACER in accordance with the NC TAR Regulation, which is obliged under the Regulation to publish an analysis of national methodologies.</p> <p>In its analysis, the EU assesses in particular the consistency of the proposed methodology with the objectives set out in the Regulation, which include:</p> <ul style="list-style-type: none"> <li>• take into account the actual costs incurred for the provision of transmission services, taking into account the level of complexity of the transmission system; or</li> <li>• ensure that there is no discrimination and avoid disproportionate cross-subsidisation.</li> </ul> <p>In all aspects, ACER evaluated the proposed methodology in accordance with the requirements set out in the NC TAR Regulation.</p> <p>Prices at entry and exit border points shall be set in accordance with published and consulted methodologies, which shall, inter alia, set a revenue distribution ratio between entry and exit points of 15 %/85 %. The amount of this ratio was the subject of an analysis by ACER, which, on the contrary, stated that this ratio is in the Czech Republic despite the change made is still low.</p> <p>The distribution ratio between entry and exit points of the transmission system is more closely addressed in the settlement of comment 2.</p>

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4	Teplárenské sdružení České republiky	<p><b>Comment on the reasoning</b></p> <p>In the statement of reasons, the petitioner did not address the legal requirement for the effective performance of the licensed activity and included in the RAB of the transmission system operator assets that are not needed to ensure safe and reliable gas transmission. He did not give any reasons for his action.</p> <p><u>Justification for the comment:</u></p> <p>The Energy Regulatory Office determined the revenues of the transmission system operator in breach of the principle of efficient performance of the licensed activity. The capacity of the transmission system exceeds the needs of domestic customers more than tenfold. It can therefore be legitimately assumed that part of the assets of the transmission system operator is not necessary to ensure the secure and reliable operation of the transmission system. Despite our repeated comments, the transmission system operator is not taking any steps to reduce this excess capacity and the Energy Regulatory Office has included all the operator's assets in the RAB without any individual assessment of the necessity of their operation to ensure the safe and reliable operation of the transmission system. In our view, this undermined the requirement for effective performance of the licensed activity laid down in Section 19a(1) of the Energy Act.</p> <p>The consequence of this error is that gas transmission through the Czech Republic is not competitive with alternative transmission routes, which the petitioner himself states in the Decision pursuant to Article 27(4) of Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for natural gas published on 30 April 2025. The Energy Regulatory Office therefore decided to grant significant discounts at the exit points of the transmission system compared to the reference prices of the target model. Specifically, at the Lanžhot exit point, the output price of the model is CZK 6,244.07/MWh/day/year and the Energy Regulatory Office reduced it to CZK 3,600/MWh/day/year, i.e. by 42%. On the basis of the information available, it can be estimated that the transport of gas from Brandov to the domestic point will be 40% more expensive in 2026 than the transport on the Brandov-Lanzhhhot route. In the end, customers in the Czech Republic will effectively subsidise international gas transport. We understand the efforts of the Energy Regulatory Office to maximize revenues from international gas transportation, however, we reiterate the fact of huge oversizing of the transmission system, which leads to its uncompetitiveness and the consequent need to provide discounts for international gas transportation and shifting costs to domestic customers. Unfortunately, the</p>	<p><b>Not accepted</b></p> <p>The principles of setting the RAB are discussed in detail in the settlement of comment 3.</p> <p>Since the commentator's request seeks to justify the determination of the yield reduction factor contained in the Price Control Methodology for the VI. regulatory period referred to in the justification for the draft price assessment, the justification for the price assessment will not be extended.</p>

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		<p>Energy Regulatory Office does not address the incompetence of gas transportation through domestic customers.</p> <p><u>Draft projection of comments:</u></p> <p>Add justification for the necessity of the individual significant assets of the transmission system operator included in the RAB for the safe and reliable operation of the transmission system and the provision of gas transmission for customers in the Czech Republic.</p>	

In the case of differences between the two language versions the Czech version shall prevail.