

THIS IS AN UNOFFICIAL TRANSLATION

ÚRAD PRE REGULÁCIU SIEŤOVÝCH ODVETVÍ

Bajkalská 27, P.O.Box 12, 820 07 Bratislava

DECISION

Number: 0004/2010/P

Bratislava, 8 October 2009

File Number: 3281-2009-BA

The Regulatory Office for Network Industries (hereinafter "the Regulatory Office"), as a competent authority according to the Article 5 para 1 letter d) of the second point and letter f) of the Act on Regulation in Network Industries 276/2001 Coll. as amended, regarding the price proposal for access to storage facility and gas storage services for the period from 1 May 2010 until 30 April 2011 for NAFTA a.s, Votrubova 1, 821 09 Bratislava, Company Identification No.: 36 286 192 (hereinafter "the Regulated Subject"),

decided:

The Regulatory Office, based on to the Article 14 para 5 in connection with the Article 12 para 1 letter e) and r) of the Act on Regulation in Network Industries 276/2001 Coll. as amended and according to the Article 3 para j) and the Article 4 para j) of the Decree No. 1/2009 of Regulatory Office from 10 June 2009 regarding the range of price regulation in the network industries and the method of application of the price regulation, the Article 4 para 7) and Article 21b of the Decree No. 4/2008 of Regulatory Office from 23 July 2008 that establishes the price regulation in gas industry and amends the Decree No. 4/2007 of the Regulatory Office from 31 July 2007 that establishes the range and the structure of vested costs, the process of price determination of adequate profit and bases for price proposal in gas industry as amended by the Decree No. 7/2008 from 1 October 2008 and the Decree No. 4/2009 from 10 June 2009, approves, for the Regulated Subject, these prices for the access to the gas storage facility and for the gas storage services for the period from 1 May 2010 until 30 April 2011:

1. Maximum prices for the access to the gas storage facility and the gas storage services:

a) Storage capacity in the form of the Standard Bundled Unit for sale of the bundled storage services on the firm basis in the season of 2010/2011 consists of the working gas volume in the amount of 5,000,000 cubic meters, the maximum injection rate of 45,333 cm/day and the maximum withdrawal rate of 61,000 cm/day.

The maximum unit price for one cubic meter of Storage capacity in the form of the Standard Bundled Unit with deliverability of 110 days and a seasonal injection contracted for 1 year term (May 2010 – April 2011)

0.0642 EUR/cm

THIS IS AN UNOFFICIAL TRANSLATION

- b) The maximum unit price for the individual firm service of the Effective Withdrawal Rate contracted for 1 year term (May 2010 – April 2011) 2.76 EUR/cm/day
- c) The maximum unit price for the individual firm service of the Effective Injection Rate contracted for 1 year term (May 2010 – April 2011) 2.39 EUR/cm/day

and these conditions of application of maximum prices for the access to the gas storage facility and the gas storage services:

2. Conditions of price application:

Conditions of price application for the service of the Standard Bundled Unit

1. NAFTA a.s. can offer to the gas market participants the available Interruptible Storage Capacity. A price for the available Interruptible Storage Capacity shall be set as the price of the firm Standard Bundled Unit multiplied by a coefficient lower than one. Such coefficient should reflect mainly situation in the market and/or the probability of interruption determined after assessing the technical and geological parameters of the storage facility. In the event of an interruption of service provision, a pro rata part of the price of Standard Bundled Unit, depending on the duration of the interruption, will be refunded to the Customer in the form of a credit note.
2. A Gas Storage Agreement is concluded, after the allocation of the Storage Capacity took place, as from the first day of a calendar month for a term of one Gas Year, i.e., from 1 May of year t until 30 April of year t + 1. This shall not be to the prejudice of the Storage System Operator's and the Applicant's right also to conclude a Gas Storage Agreement with a different starting date of service provision and a different term of the agreement.
3. According to the Gas Storage Agreement with Firm/Interruptible Storage Capacity, the Storage System Operator shall provide the gas storage services throughout the full term of the agreement and up to the level of the agreed Storage Capacity.
4. The price for the Storage Capacity in the respective period shall be calculated as a multiple of the Working Gas Volume specified in the agreement and the respective unit price for the storage in that period. The Storage System Operator shall provide and bill storage services from 1 May 2010 on a monthly basis.

Conditions of price application for the Individual Services

1. NAFTA a.s. can offer to the gas market participants the available Interruptible Individual Services (Injection/Withdrawal Rates). A price for the available Interruptible Individual Service (Injection/Withdrawal Rates) shall be set as the price of the Firm Individual Service (Injection/Withdrawal Rate) multiplied by a coefficient lower than one. Such coefficient should reflect mainly situation in the market and/or the probability of interruption determined after assessing the technical and geological parameters of the storage facility. In the event of an interruption in service provision, a pro rata part of the price of Individual Service

THIS IS AN UNOFFICIAL TRANSLATION

THIS IS AN UNOFFICIAL TRANSLATION

(Injection/Withdrawal Rate), depending on the duration of the interruption, will be refunded to the Customer in the form of a credit note.

2. The price for an Individual Service (Injection/Withdrawal Rate) in the respective period shall be calculated as a multiple of the Injection/Withdrawal Rate specified in the Gas Storage Agreement and the respective unit price in that period. The Storage System Operator shall provide and bill Individual Services from 1 May 2010.
3. A Gas Storage Agreement is concluded after the allocation of Individual Service (Injection or Withdrawal Rate) took place as from the first day of a calendar month for a term of one Gas Year, i.e. from 1 May of year t to 30 April of year $t + 1$. This shall not be to the prejudice of the Storage System Operator's and the Applicant's right also to conclude a Gas Storage Agreement with for a different starting date of service provision and a different term of the agreement.

Other conditions for the provision of natural gas storage services

1. The calendar month shall be the billing period under the Gas Storage Agreement between the Storage System Operator and the Customer.
2. Additional terms and conditions for the application of prices for the gas storage can be found in the Rules of Operation of NAFTA a.s. as approved by the Regulatory Office by the Decision No. 0002/2008/04/PP on 26 May 2008.

The regulated prices are VAT excluded.

Reasoning:

The Regulatory Office received on 28 August 2009 the price proposal for the access to the gas storage facility and for the gas storage services for the period from 1 May 2010 until 30 April 2011 (hereinafter „Price proposal“) of the Regulated Subject delivered under the registry number 9818/2009/BA recorded in a file number 3281-2009-BA. The price proceedings started on that day.

According to the Article 14 para 2 of the Regulatory Act No. 276/2001 Coll., the Regulatory Office informed the Ministry of Economy of the Slovak Republic about the commencement of the price proceeding by the letter No. 9936/2009/BA from 3 September 2009.

The Regulatory Office considered the price proposal according to the Article 4 para 7 and the Article 21b of the Decree No. 4/2008 of the Regulatory Office from 23 July 2008 (hereinafter „Decree No. 4/2008“) regarding the price regulation in gas industry amending the Decree No. 4/2007 of Regulatory Office from 31 July 2007 regarding the range and the structure of vested costs, the method of determination of the adequate profit and the data concerning the price proposal in the gas industry (announcement No. 291/2008 Coll.) as amended by the Decree No. 7/2008 from 1 October 2008 (announcement No. 377/2008 Coll.) and by the Decree No. 4/2009 from 10 June 2009 (announcement No. 241/2009 Coll.).

The Regulatory Office assessed the price proposal for the access to the gas storage facility and for the gas storage services in a connection with the price analysis of access to the gas storage facility and for the gas storage services in the selected member states of the European Union in year $t-1$, including the storage system operators with the similar storage facilities as the Regulated Subject.

THIS IS AN UNOFFICIAL TRANSLATION

THIS IS AN UNOFFICIAL TRANSLATION

The Regulatory Office stated that the comparison criteria used in the analysis reflect, besides the geological and technical characteristics of the storage facility, also parameters used for price determination at the existing gas storage operators, mainly the Working Gas Volume, the Withdrawal Rate and the Injection Rate.

The Regulatory Office stated that the analysis compares prices for bundled storage services comprising of the working gas volume, the withdrawal rate and the injection rate, and prices for each individual services the Regulated Subject will offer in year t.

The Regulatory Office stated that the price proposal contains all requirements according to the Article 4 para 7 of the Decree No. 4/2008.

The Regulatory Office, according to the Article 12 para 6 of the Regulation Act, submitted the price proposal by the letter No. 10699/2009/BA from 18 September 2009 to the Ministry of Economy of the Slovak Republic for consideration.

The Ministry of Economy of the Slovak Republic made a statement, within a 10 day period stipulated by law, to the rendered price proposal in the letter of No. 1450/2009-3440 from 28 September 2009 delivered to the Regulatory office under No. 11637/2009/BA on 6 October 2009 and announced that from formal point of view the price proposal is complete and raised no objections.

The Regulatory Office, after having assessed the price proposal, attained to the final conclusion that the price proposal complies with the Regulatory Act, the Article 3 letter j) and the Article 4 letter j) of the Decree No. 1/2009 of the Regulatory office from 10 June 2009 regarding the range of price regulation in Network Industries and the method of application of the price regulation (Announcement No. 238/2009 Coll.) and the Article 4 para 7 and the Article 7 para 21b) of the Decree No. 4/2008 and decided as it is mentioned in the sentenced decision. The prices for the storage access and the gas storage are determined by the Article 21b para 3 of the Decree No. 4/2008 in form of maximum prices.

On 8 October 2009, before issuing the decision, the Regulatory Office, according to the Article 33 para 2 of the Act on Administrative Procedure No. 71/1967 Coll. as amended, informed the authorized person of the Regulated Subject about the key elements of the decision. The authorized person of the Regulated Subject took notice of the key elements of the decision and did not raise any objections. The minutes of this meeting form a part of the file on this price proceeding.

The price decision is signed, pursuant to the Article 47 para 5 of the Act on Administrative Procedure and the Article 19 para 5 of the Regulatory Act, by Jozef Holjenčík, as the authorized person, the Chairman of the Regulation Council and the Chairman of the Regulatory Office.

Instructions:

The Regulated Subject has the right to appeal against this decision. The appeal shall be submitted to Úrad pre reguláciu sieťových odvetví, Bajkalská 27, P.O.Box 12, 820 07 Bratislava 27, within the period of 40 days after the day of the decision announcement. The appeal has no suspending effect. The decision shall be examined by the Court only after all regular remedies have been applied.

THIS IS AN UNOFFICIAL TRANSLATION