

Market-based investment incentives for gas infrastructure

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Network development plans - Transmission

- The provisions of article 22 directive 2009/73/EC are implemented in Energy act no 458/2000 Col.
- TSO **annually** submits a TYNDP to ERÚ:
 1. Non binding section → main transmission infrastructure for construction or upgrade,
 2. Binding section → Pre-decided and new investments in the next **3 years**,
 3. timeframe for all investment projects.
- **Two** consultation processes:
 - TSO commences mid-year public consultation process with relevant stakeholders.
 - ERÚ initiates second consultation process at year-end.
- ERÚ **authorized** to mandate TYNDP **amendments**, adhering to overall legal framework.
- ERÚ empowered to enforce project implementation based on TYNDP.
- ERÚ to deliver a decision within a **2-month** timeframe.
- Required yet non-binding opinion of the Ministry.
- DSO and SSO **excluded** from TYNDP.



Desetiletý plán rozvoje
přepavní soustavy v České republice
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Verze dokumentu pro veřejnou konzultaci provozovatele přepravní soustavy
1. 7. 2022
NET4GAS, s.r.o.

Network development plans – DSO, SSO, LNG

- DSO obligation: annual preparation & publication of distribution system development per Section 59(8)(t) of Energy Act No. 458/2000 Coll.
- ERÚ **approval not required**; DSO must include investments in regulatory reports per Section 20(1) Energy Act No. 458/2000 Coll.
- SSO - negotiated access, no revenue compensation, development of SSO is **private decision** based on market factors
- SSO and DSO **not featured** in TYNDP

Network investments incentives

- Continuity and economy of investments
 - The net book value of all investments made by TSO and DSOs is involved into the RAB value.
 - All investments remunerated by WACC (6.43 %; (nominal, pre-tax).
- Cost-efficiency in network investments
 - TSO and DSOs are legally responsible for their investments.
 - TSO and DSOs fill out annual regulatory reports, that contain the investment plans for the next two years and NRA is allowed to request an explanation of any part of report.
- No other incentive mechanisms.



**THANK YOU
FOR YOUR ATTENTION!**