



CONSULTATION DOCUMENT FOR THE TRANSIT GAS PIPELINE SYSTEM

IN FULFILMENT OF ARTICLE 26 OF
COMMISSION REGULATION (EU) 2017/460 OF 16 MARCH 2017 ESTABLISHING A
NETWORK CODE ON HARMONISED TRANSMISSION TARIFF STRUCTURES FOR GAS

WARSAW, AUGUST 2021

[A] ART. 26(1)(A): THE PROPOSED METHOD FOR DETERMINING THE REFERENCE PRICE.

[1] Information on the parameters used in the proposed RPM related to technical characteristics of the transmission system [Art. 26(1)(a)(i), Art. 30. (1)(a)].

[A] Description of the proposed reference price methodology.

There are two separate entry-exit systems in Poland, each of which is managed, pursuant to decisions of the President of the ERO, by an independent Transmission System Operator:

- National Transmission System (hereinafter: NTS), on which, in accordance with the decision of the President of the Energy Regulatory Office (hereinafter referred to as the President of the ERO) of 6 December 2018 no. DRG.DRG-1.4720.1.2018.KL GAZ-SYSTEM S.A. (hereinafter : "GAZ-SYSTEM" or "Company") being at the same time the owner of the network performs the function of the operator and

- the Transit Gas Pipeline System (hereinafter: TGPS) which is the Polish section of the Yamal-Western Europe gas pipeline owned by EuRoPol GAZ s.a., on which, pursuant to the decision of the President of the Energy Regulatory Office of 17 November 2010 no. DPE-4720-4(8)/2010/6154/BT GAZ-SYSTEM performs the function of operator in accordance with the guidelines of Directive 2009/73/EC in the ISO (Independent System Operator) model. On 19 May 2015, by virtue of the decision of the President of the ERO No. DRG-4720-2(28)/2014/2015/6154/KF, GAZ-SYSTEM S.A. was granted a certificate of independence in relation to the performance of the function of a transmission system operator on the Polish section of the Yamal - Western Europe gas pipeline owned by the company Transit Gas Pipeline System EuRoPol GAZ s.a. (hereinafter also referred to as: EPG).

Article
26(1)(a)

The aforementioned transmission systems are connected only by the PWP Exit point - interconnection point at the border of the TGPS (owned by EuRoPol GAZ s.a.) and the National Transmission System (owned by GAZ-SYSTEM).

Therefore, having regard to Article 6(3) of Commission Regulation (EU) 2017/460 of 16 March 2017 establishing a network code on harmonised transmission tariff structures for gas (Official Journal of the European Union L 72/29 of 17 March 2017) (hereinafter: TAR NC), GAZ-SYSTEM publishes separate consultation documents containing separate reference price methodologies (hereinafter: RPM) separately for the NTS and TGPS.

At the same time, the Company notes that in connection with the decision of the President of the ERO designating GAZ-SYSTEM as the entity responsible for carrying out the consultations resulting from Article 26 of the TAR NC (decision of 16 July 2018 no: DRG.DRG-2.7129.5.2018.JDo1), on the Transit Gas Pipeline Network, ERO will not conduct separate consultations regarding the reference price methodology for TGPS. Nevertheless, parallel to the final consultations conducted by GAZ-SYSTEM regarding the RPM separately for the National Transmission System and separately for the Transit Gas Pipeline System, the President of the ERO is consulting the national regulatory authorities of all directly

connected Member States and relevant stakeholders regarding Article 28 of the TAR NC. Consultations conducted by the President of the ERO include:

- multiplier levels for the short-term capacity products offered,
- the levels of seasonal factors for the short-term capacity products offered, if applicable, and calculation method of them,
- the discount levels specified in Articles 9(2) and 16 of the TAR NC.

During the consultation process starting at the end of August 2021 with the publication of this document and lasting until 31 October 2021, it is possible for stakeholders to send their comments to the following e-mail address: nctar_sgt@gaz-system.pl. In order to ensure transparency and efficiency of the consultation process, the Company kindly requests to send comments also in English.

Pursuant to Article 26(2) of the TAR NC Code, the deadline for comments on the RPM for capacity products proposed herein by GAZ- SYSTEM expires at the end of the final consultation, i.e. 31 October 2021.

According to the rules of TAR NC, these comments should be public so that the operator can publish them with a summary as part of the next consultation stage. In order to ensure the confidentiality of the submitted comments an appropriate comment should be included in their content.

In order to make the consultation more effective, the consultation document available at <https://en.gaz-system.pl/strefa-klienta/sgt-gazociag-jamalski/taryfa-sgt/konsultacje-nc-tar/> has been published in both Polish and English language versions.

In case of discrepancies between the Polish and English versions of the consultation document, the consultation document drawn up in Polish shall be binding.

Within one month following the end of the final consultation GAZ-SYSTEM shall publish the responses received in the consultation procedure and their summary. In accordance with TAR NC guidelines, the summary of comments will also be provided in English to ensure transparency and efficiency of the process.

This document published as part of the final consultation is the document submitted to ACER, for analysis and assessment of its compliance with the provisions of Article 27(1) and (2) of the TAR NC. This document will constitute the basis for the President of ERO in taking a justified decision approving the RPM proposed by GAZ-SYSTEM in accordance with Article 27.4 of the TAR NC.

Due to high unpredictability of the use of capacity offered on the Transit Gas Pipeline System in the context of construction of new gas transmission routes in Europe and lack of final decisions regarding the agreement on entrusting the operator's duties between GAZ-SYSTEM and EuRoPol GAZ s.a. at the moment of publication of the consultation document, **the Company proposes that the reference price methodology described in this document should be valid for a period of 2 years, i.e. from 1 January 2023, 6 a.m. to 1 January 2025, 6 a.m.**

Currently transmission services provided on the TGPS, both by EuRoPol GAZ and GAZ-SYSTEM, are settled according to the tariff approved for 2021 by the President of ERO upon the request of EuRoPol GAZ. The entire costs of the functioning of the TGPS shall be borne by EuRoPol GAZ.

On 2 June 2021 the President of ERO approved by virtue of the decision no. DRG.DRG-2.4212.17.2021.AG at the request of EuRoPol GAZ s.a. Tariff for the transmission of high-methane natural gas of the Transit Gas Pipeline System for the period from 1 January 2022 to 31 December 2022.

Only from January 2023, following the expiry of historical contracts on the TGPS at the end of 2022, transmission services provided by GAZ-SYSTEM on the Transit Gas Pipeline System will be settled according to the tariff approved by the President of ERO upon the request of GAZ-SYSTEM, prepared on the basis of the references price methodology approved by the President of ERO for the years 2023-2024.

The allowed revenue approved by the President of the Energy Regulatory Office will be determined using the cost-plus method and will constitute the sum of the forecast operating costs of the Transit Gas Pipeline System in a given tariff year and the return on capital employed determined as a percentage of the regulated asset base allocated to the TGPS.

All data and assumptions adopted by GAZ-SYSTEM for the calculation of reference prices will be, subject to final assessment and acceptance by the President of ERO in the tariff process by means of a decision on approval of tariffs for 2023 and 2024 calculated in accordance with this RPM.

Under the methodology proposed and described herein, it is assumed that all revenues will be recovered through capacity-based transmission tariffs. The reference price methodology proposed by GAZ-SYSTEM is the Capacity Weighted Distance (CWD) methodology developed under the assumptions detailed in Article 8 of Commission Regulation (EU) 2017/416 of 16 March 2017. This methodology is based on the two cost drivers referred to in Article 5 of the TAR NC:

- a) the forecasted contracted capacity at a given entry or exit point,
- b) the distance between the corresponding points. To determine these distances the points are combined in pairs (in accordance with Article 8(1)(c) of the TAR NC).

The methodology described, in this consultation document, considers interconnection points:

- Entry Kondratki ¹,
- Entry Mallnow,
- Exit PWP,
- Exit Mallnow.

In order to determine the weighted average distance of Exit PWP point to Entry Kondratki and Entry Mallnow points, the actual distances (km) of physical points Lwówek and Włocławek (included in the PWP) to the Entry Kondratki point and to the Entry Mallnow point, taking into account the proportion of technical capacities for these physical points. The calculation was made on the basis of the formula set out in Article 8(2)(a)(ii).

¹ Entry point from third country where all rules regarding the interconnection point apply

The following table shows the calculation of the weighted average distance of the Exit PWP point to the Entry Kondratki and Entry Mallnow point.

Entry / Exit points	Proportion of technical capacities	Kondratki Entry [km]	Mallnow Entry [km]
Włocławek	0.79	367.4	316.5
Lwówek	0.21	581.6	102.3
PWP Exit - weighted average distance [km]	1.00	412.9	271.0

The calculation of the weighted average distances between points was carried out on the basis of the forecasted contracted capacities and the distances between entry and exit points, expressed in km, for which a connection is possible in the selected flow scenario, whereby if entry and exit points cannot be connected in the selected flow scenario, such a connection of entry and exit points is not taken into account.

Calculation of the weighted average distance for entry and exit points - article 8 point 2 (a) (i) and (ii)		Entry points		Kondratki Entry	Mallnow Entry
		Forecasted contracted capacity [kWh/h]		13 517 000	5 782 862
Exit points	Forecasted contracted capacity [kWh/h]	Weighted average distance (WAD)		602.71	270.96
				[km]	[km]
PWP Exit	5 782 862	370.40	[km]	412.94	270.96
Mallnow Exit	13 517 000	683.90	[km]	683.90	-

In accordance with the CWD method described in Article 8 of the TAR NC, the Entry Exit split is 50/50 and this split of costs GAZ-SYSTEM proposes for the entire duration of this methodology.

The calculation of the reference prices under the proposed RPM has been made in accordance with the guidelines contained in Article 8 of the TAR NC, without altering or modifying the calculation method contained therein.

In accordance with the formula provided in Article 8 Section 2 (b) and (d) of TAR NC, in order to allocate the revenue planned to be recovered at individual entry and exit points of the Transit Gas Pipeline System, cost weights were established, assuming a 50/50 split of costs between the entry and exit points, as proposed by GAZ-SYSTEM.

Having established the aforementioned parameters, the level of the transmission rates were set as the quotient of revenues allocated in the manner described above and the forecasted contracted capacity for individual points (Article 8 Section 2 (e) of TAR NC).

Indicative tariff rates calculation					
Entry points	Forecasted contracted capacity [kWh/h]	Weighted average distance (WAD) [km]	Weight of cost allocated to each point	Revenue allocated [thous. PLN]	Indicative tariff rates [gr/kWh/h per h]
Kondratki Entry	13 517 000	602.71	0.84	317 522	0.26816
Mallnow Entry	5 782 862	270.96	0.16	61 071	0.12056
Exit points	Forecasted contracted capacity [kWh/h]	Weighted average distance (WAD) [km]	Weight of cost allocated to each point	Revenue allocated [thous. PLN]	Indicative tariff rates [gr/kWh/h per h]
PWP Exit	5 782 862	370.40	0.19	71 220	0.14059
Mallnow Exit	13 517 000	683.90	0.81	307 373	0.25959

<p>Articles 26(1)(a)(i) 30(1)(a)(i-v)</p>	<p>[B] Justification of the parameters used that are related to the technical characteristics of the system.</p> <p>The technical characteristics of the Transit Gas Pipeline System - the transit nature and linearity of the pipeline (the network structure has been described in detail in Section [1F] of this document) justifies the use of the CWD as the method for determining the reference price.</p> <p>In the case of such a simple network structure (2 physical entry points and 2 physical exit points), the adoption of the cost driver used for cost allocation, in the form of the distance between the relevant entry/exit points, is fully justified as customers bear costs not only in proportion of the booked capacity but also to the distance over which gas is transported.</p> <p>The proposed method for determining the reference price uses actual distances measured along the pipeline route, as detailed in Section [1A] of this document.</p> <p>The contracted capacities which constitute the basis for the calculation of the reference rates presented herein were estimated on the basis of a forecast prepared by GAZ-SYSTEM and are based on the assumption that in the TGPS gaseous fuel will be transported from the east to the west and that the National Transmission System will be supplied from the west through the PWP interconnection point. Such assumptions justify adopting the distance and forecasted contracted capacity in Entry Mallnow set out in paragraph [1A] of the Consultation Document as the parameters used in the proposed reference pricing method.</p>
<p>Articles 26(1)(a)(i) 30(1)(a)(i)</p>	<p>[C] Technical capacity at entry and exit points and assumptions made.</p> <p>Not applicable.</p> <p>The technical capacity of the points of the TGPS system at which fees will be collected is not a parameter used in the proposed RPM.</p> <p>In order to determine the weighted average distance of the Exit PWP point from the entry points of the TGPS, GAZ-SYSTEM used only the proportion of the technical capacities of the physical exit points Lwówek and Włocławek (included in the PWP) and the actual distances of these physical exit points (expressed in kilometres) from the Entry Kondratki and Entry Mallnow points.</p> <p>The forecasted contracted capacities at the TGPS interconnection points were used to calculate the indicative rates pursuant to Article 8 of the TAR NC.</p>
<p>Articles 26(1)(a)(i) 30(1)(a)(ii)</p>	<p>[D] Forecasted contracted capacity at entry and exit points and assumptions made.</p> <p>The table below shows the forecasted contracted capacities at each entry and exit point included in the calculation of the indicative reference prices (transmission tariffs) subject to this consultation.</p>

Entry/ Exit points	Forecasted contracted capacity [kWh/h]
Kondratki Entry	13 517 000
Mallnow Entry	5 782 862
PWP Exit	5 782 862
Mallnow Exit	13 517 000

The contracted capacities which constitute the basis for the calculation of the reference rates presented herein were estimated on the basis of a forecast prepared by GAZ-SYSTEM and are based on the assumption that in the TGPS gaseous fuel will be transported from the east to the west and that the National Transmission System will be supplied from the west through the PWP interconnection point. Such assumptions justify adopting the distance and forecasted contracted capacity in Entry Mallnow set out in paragraph [1A] of the Consultation Document as the parameters used in the proposed reference pricing method.

[E] The quantity and direction of gas flows at entry and exit points and the assumptions made, such as gas flows under peak demand conditions for the assumed demand and supply scenario.

Articles
26(1)(a)(i)
30(1)(a)(iii)

The tariff for TGPS calculated on the basis of this methodology will be only a capacity-based tariff. The volume of gaseous fuel transported at the entry and exit points is not a parameter used in the proposed RPM. In contrast, in order to combine the relevant entry and exit points (in accordance with Article 8 (1)(c) of the TAR NC) and to determine the average distances between these points as a cost driver, the following possible gas flow directions are assumed:

- from east to west
- from west to east (supplying the Exit PWP point from the Entry Mallnow point).

[F] Structural representation of the transmission network with an appropriate level of detail.

Articles
26(1)(a)(i)
30(1)(a)(iv)

The Transit Gas Pipeline System [TGPS] in Poland represents a part of the gas pipeline system measuring an estimated 4000 km, running from Russia through Belarus and Poland to Western Europe. The system features a linear nature with one pipeline and the following points:

- Kondratki (Entry) - interconnection point on the border between the Belarusian and the TGPS systems,
- Mallnow (Entry) - interconnection point at the border between the German transmission system and the TGPS,
- PWP (Exit) - interconnection point on the border between the TGPS and the National Transmission System owned by GAZ-SYSTEM,
- Mallnow (Exit) - interconnection point at the border of the TGPS and the German transmission system.

The operating range of Gas Transmission Operator GAZ-SYSTEM S.A. is available on the website <https://en.gaz-system.pl/> under the link:

<https://swi.gaz-system.pl/swi/public/#!/gis/map/preview?id=10072&lang=en>

Articles 26(1)(a)(i) 30(1)(a)(v)	<p>[G] Additional technical information about the transmission network, such as: the length and the diameter of pipelines and the power of compressor stations.</p> <p>The table below provides information on the length and diameter of the TGPS pipeline.</p> <table border="1" data-bbox="518 376 1206 593"> <thead> <tr> <th colspan="3">Technical information about the transmission network - length and diameter of pipelines</th> </tr> <tr> <th></th> <th>Diameter DN</th> <th>Length [km]</th> </tr> </thead> <tbody> <tr> <td></td> <td>DN 1400</td> <td>683.9</td> </tr> </tbody> </table> <p>The table below provides information on the number and capacity of system compressor stations.</p> <table border="1" data-bbox="528 685 1197 862"> <thead> <tr> <th colspan="3">Technical information about the transmission network - compressor stations</th> </tr> <tr> <th></th> <th>Quantity</th> <th>Power [MW]</th> </tr> </thead> <tbody> <tr> <td></td> <td>5</td> <td>400</td> </tr> </tbody> </table>	Technical information about the transmission network - length and diameter of pipelines				Diameter DN	Length [km]		DN 1400	683.9	Technical information about the transmission network - compressor stations				Quantity	Power [MW]		5	400
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	Quantity	Power [MW]																	
	5	400																	
[2] Value of proposed adjustments for capacity-based transmission tariffs pursuant to Article 9.																			
Articles 26(1)(a)(ii) 9(1)	<p>[A] Proposed discount(s) at entry points from and exit points to storage facilities.</p> <p>Not applicable. There are no entry from / exit to underground storage facilities points on the Transit Gas Pipeline System.</p>																		
Articles 26(1)(a)(ii) 9(2)	<p>[B] Proposed discount(s) at entry points from LNG facilities.</p> <p>Not applicable. There are no entry points from LNG facilities on the Transit Gas Pipeline System.</p>																		
Articles 26(1)(a)(ii) 9(2)	<p>[C] Proposed discount(s) at entry points from and exit points to infrastructure developed with the purpose of ending the gas transmission systems isolation of the Member States.</p> <p>Not applicable. The TGPS has no entry points from and exit points to infrastructure developed with the purpose of ending the gas transmission systems isolation of the Member States.</p>																		
[3] Indicative reference prices subject to consultation [Article 26(1)(a)(iii)].																			
Article 26(1)(a)(iii)	<p>[A] Indicative reference prices at each entry point and at each exit point.</p> <p>The table below shows the indicative reference prices calculated on the basis of the forecasted contracted capacities based on the RPM described in this document.</p>																		

	Entry points/ exit points	Indicative tariff rates [gr/kWh/h per h]
	Kondratki Entry	0.26816
	Mallnow Entry	0.12056
	PWP Exit	0.14059
	Mallnow Exit	0.25959

[4] Cost allocation assessment [Art.26(1)(a)(iv), Art.5].

[A] Results of the cost allocation assessment.

All entry and exit points on the Transit Gas Pipeline System are interconnection points. No end users are connected to the TGPS network, so the TGPS network has no intra-system connection points. Thus, the $Comp_{cap}$ cost allocation index referred to in Article 5 of the TAR NC for comparing the cross-system $Ratio_{cross\ cap}$ capacity index and the intra-system $Ratio_{intra\ cap}$ capacity index, is not calculated. For this reason, the Company does not provide a cost allocation assessment as all costs are recovered from cross-system network use on the TGPS.

[B] Components of the cost allocation assessment referred to in Article 5.

Due to the specific nature of the Transit Gas Pipeline System, i.e. the lack of intra-system connections, GAZ-SYSTEM presents the parameters for the assessment of cost allocation for interconnection points. The details of the components of the cost allocation evaluation are summarized in [4][C].

[C] Details of components of the cost allocation assessment.

GAZ-SYSTEM has prepared a set of parameters for the assessment of cost allocation for interconnection points. At the same time the Company informs that there are no intra-system connection points in the TGPS network, so it is not possible to present cost allocation assessment parameters for these points. Details are shown in the table:

Cross-system points	Forecasted contracted capacity [kWh/h]	Indicative tariff rates [gr/kWh/h per h]	Cross-system revenue [thous. PLN]
Kondratki Entry	13 517 000	0.26816	317 522
Mallnow Entry	5 782 862	0.12056	61 071
PWP Exit	5 782 862	0.14059	71 220
Mallnow Exit	13 517 000	0.25959	307 373

[5] Assessment of the proposed reference price methodology in accordance to Articles 7 and 13 of the Regulation (EC) No. 715/2009 [Article 26(1)(a)(v)].

Articles 26(1)(a)(v) **[A] Reference Price Determination (RPM) method should: enable network users to reproduce the calculation of reference prices and their accurate forecast [Art. 7(a)].**

The indicative reference prices presented in this consultation document have been calculated in accordance with the CWD methodology, the principles of which are set in Article 8 of the TAR NC. A description of the proposed RPM, indicative input data, and reference price calculation rules are presented above in [1A]. All described input parameters enable network users to reproduce the calculation of reference prices and their accurate forecast.

[B] The RPM should take into account the actual costs incurred for the provision of transmission services, considering the level of complexity of the transmission network [Art. 7(b)].

The proposed RPM is based on the actual costs of providing transmission services during the tariff periods covered by this consultation and takes into account the level of complexity of the transmission network (see description of the method in [1A]). The indicative rates presented in this document have been calculated on the basis of the best knowledge of GAZ-SYSTEM regarding the forecasted of operating costs associated with the transmission of gaseous fuel through the TGPS for the year 2023.

[C] The RPM shall ensure non-discrimination and shall prevent undue cross-subsidisation including by taking into account the cost allocation assessments set out in Article 5 of the TAR NC.

The RPM method proposed by GAZ-SYSTEM is the reference method described in Article 8 of the TAR NC - i.e. the CWD methodology (determination of reference prices based on capacity-weighted distances) - used by the TAR NC as a comparative method for other reference price methodologies. GAZ-SYSTEM does not apply any deviation from or modification of the method indicated in Article 8 of the TAR NC and adopts a 50/50 split of costs between entry/exit points. This method reflects costs in a non-discriminatory way and prevents any excessive cross-subsidisation. System users shall bear the costs of its operation in proportion to its use based on booked capacity and the distance over which they transport gaseous fuel.

[D] The RPM shall ensure that significant volume risk related particularly to transports across an entry-exit system is not assigned to final customers within that entry-exit system.

All entry and exit points on the Transit Gas Pipeline System are interconnection points. No end-users are connected to the TGPS.

[E] The RPM shall ensure that the resulting reference prices do not distort cross-border trade.

The indicative rates calculated according to the methodology proposed by GAZ-SYSTEM, consistent with the CWD methodology described in Article 8 of the TAR NC do not distort cross-border trade, and the differences in price levels result primarily from a change in the method applied so far by EuRoPol GAZ s.a., which ensured that for each customer for a given kind of service (product), the sum of charges for entry and exit for a unit of contracted capacity, converted into a unit of distance between the pair of points specified in the gas flow scenario used in the RPM, was the same. Proposed by GAZ-SYSTEM and preferred by TAR NC the RPM including the calculation of separate transmission fee rates for the Entry Mallnow point and the Exit Mallnow point will positively affect the actual reflection of the costs of system operation.

It should be noted that according to the tariff prepared by EuRoPol GAZ s.a. for 2021 and the reference price methodology approved by the President of ERO for 2020-2022, the forecasted allowed revenue based only on the revenue from physical direction flow services (i.e. does not include revenue from reverse flow). This means that no separate transmission rate was calculated at the Entry Mallnow point.

[6] Comparison with the CWD methodology (Art. 8) accompanied by the indicative reference prices subject to consultation set out in Art.26(1)(a)(iii).

Articles 26(1)(a)(vi) 8	[A] Where the proposed reference price methodology is other than the capacity weighted distance reference price methodology detailed in Article 8, a comparison between both methodologies should be performed.
	Not applicable. The RPM proposed by GAZ-SYSTEM is directly based on the CWD method described in the TAR NC and does not introduce any modifications in relation to the methodology described in Article 8 of the TAR NC.

Articles 26(1)(a)(vi) 8	[B] Comparison of indicative reference prices at each entry point and at each exit point of the proposed RPM and the CWD detailed in Article 8.
	Not applicable. The indicative rates have been calculated based on the RPM proposed by GAZ-SYSTEM, which is directly based on the CWD method described in the TAR NC and does not introduce any modifications in relation to the methodology described in Article 8 of the TAR NC.

[B] ALLOWED OR TARGET REVENUE OF THE TSO [ART. 26(1)(B)]

[7] Indicative information set out in Article 30(1)(b)(i), (iv), (v).

Articles 26(1)(b) 30(1)(b)(i)	[A] Allowed or target revenue, or both, of the transmission system operator.
	The indicative revenue for the 2023 tariff year for which this methodology is consulted amounts to PLN 757.19 million and is equal to the transmission services revenue.

Articles 26(1)(b) 30(1)(b) (iv)	[B] Transmission services revenues.
	Indicative revenue from transmission services for the tariff year 2023 amounts to PLN 757.19 million and is equal to the amount of regulated revenue.

Articles 26(1)(b) 30(1)(b)(v) (1)	[C] Capacity-commodity split of the transmission services revenue. Breakdown between the revenue from capacity-based transmission tariffs and the revenue from commodity-based transmission tariff.								
	The following table provides the indicative revenue breakdown into capacity-based transmission tariffs and the revenue from commodity-based transmission tariff.								
	<table border="1"> <thead> <tr> <th>Revenue recovered from capacity and commodity-based tariffs</th> <th>Revenue split [%]</th> <th>Revenue [thous. PLN]</th> </tr> </thead> <tbody> <tr> <td>Capacity-based tariff revenue</td> <td>100%</td> <td>757 187</td> </tr> <tr> <td>Commodity-based tariff revenue</td> <td>0%</td> <td>-</td> </tr> </tbody> </table>	Revenue recovered from capacity and commodity-based tariffs	Revenue split [%]	Revenue [thous. PLN]	Capacity-based tariff revenue	100%	757 187	Commodity-based tariff revenue	0%
Revenue recovered from capacity and commodity-based tariffs	Revenue split [%]	Revenue [thous. PLN]							
Capacity-based tariff revenue	100%	757 187							
Commodity-based tariff revenue	0%	-							

Articles 26(1)(b)	[D] Entry-exit split of the transmission services revenue. Breakdown between the revenue from capacity-based transmission tariffs at all entry points and the revenue from capacity-based transmission tariffs at all exit points.
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30(1)(b)(v) (2)	<p>The table below presents the split of the regulated revenue recovered from capacity-based transmission tariffs at all entry points and the revenue recovered from capacity-based transmission tariffs at all exit points.</p> <table border="1" data-bbox="391 309 1334 517"> <thead> <tr> <th data-bbox="391 309 890 376">Revenue recovered at entry and exit points</th> <th data-bbox="890 309 1070 376">Revenue split [%]</th> <th data-bbox="1070 309 1334 376">Revenue [thous. PLN]</th> </tr> </thead> <tbody> <tr> <td data-bbox="391 376 890 443">Capacity-based tariff revenue recovered at entry points</td> <td data-bbox="890 376 1070 443">50%</td> <td data-bbox="1070 376 1334 443">378 593</td> </tr> <tr> <td data-bbox="391 443 890 517">Capacity-based tariff revenue recovered at exit points</td> <td data-bbox="890 443 1070 517">50%</td> <td data-bbox="1070 443 1334 517">378 593</td> </tr> </tbody> </table>	Revenue recovered at entry and exit points	Revenue split [%]	Revenue [thous. PLN]	Capacity-based tariff revenue recovered at entry points	50%	378 593	Capacity-based tariff revenue recovered at exit points	50%	378 593
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Capacity-based tariff revenue recovered at exit points	50%	378 593								

Articles 26(1)(b) 30(1)(b)(v) (3)	<p>[E] Intra-system/cross-border split of the transmission services revenue. Breakdown between the revenue from domestic network users at both entry points and exit points and the revenue from cross-border network users at both entry points and exit points calculated as set out in Article 5 of the TAR NC.</p>								
	<p>All entry and exit points on the Transit Gas Pipeline System are cross - system points.</p> <table border="1" data-bbox="466 875 1259 1061"> <thead> <tr> <th data-bbox="466 875 890 936">Revenue recovered at intra-system and cross-system points</th> <th data-bbox="890 875 1070 936">Revenue split [%]</th> <th data-bbox="1070 875 1259 936">Revenue [thous. PLN]</th> </tr> </thead> <tbody> <tr> <td data-bbox="466 936 890 996">Revenue recovered at cross-system points</td> <td data-bbox="890 936 1070 996">100%</td> <td data-bbox="1070 936 1259 996">757 187</td> </tr> <tr> <td data-bbox="466 996 890 1061">Revenue recovered at intra-system points</td> <td data-bbox="890 996 1070 1061">0%</td> <td data-bbox="1070 996 1259 1061">-</td> </tr> </tbody> </table>	Revenue recovered at intra-system and cross-system points	Revenue split [%]	Revenue [thous. PLN]	Revenue recovered at cross-system points	100%	757 187	Revenue recovered at intra-system points	0%
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Revenue recovered at intra-system points	0%	-							

[C] INFORMATION ON COMMODITY BASED AND NON-TRANSMISSION TARIFFS [ART. 26(1)(C)]

[8] Flow based charge. Information on commodity-based transmission tariffs referred to in Article 4(3).

Articles 26(1)(c)(i) (1) 4(3)(a)	<p>[A] The manner in which they are set.</p> <p>Not applicable.</p> <p>As per the proposed RPM, 100% of the regulated revenue will be recovered in capacity-based tariffs.</p> <p>No commodity-based transmission tariff's calculation method is proposed.</p>
Articles 26(1)(c)(i) (2) 4(3)(a)	<p>[B] Share of the allowed or target revenue forecasted to be recovered from such tariffs.</p> <p>Not applicable.</p> <p>As per the proposed RPM, 100% of the regulated revenue will be recovered in capacity-based tariffs.</p> <p>No commodity-based transmission tariff's calculation method is proposed.</p>
Articles 26(1)(c)(i) (3) 4(3)(a)	<p>[C] Indicative flow-based charge.</p> <p>Not applicable.</p> <p>As per the proposed RPM, 100% of the regulated revenue will be recovered in capacity-based tariffs.</p> <p>No commodity-based transmission tariff's calculation method is proposed.</p>

[9] Complementary revenue recovery charge: Information on commodity-based transmission tariffs referred to in Article 4(3).

Articles 26(1)(c)(i) (1) 4(3)(b)	[A] The manner in which they are set. Not applicable. The RPM methodology proposed by the Company does not provide collection of a supplementary fee related to the settlement of revenues.
Articles 26(1)(c)(i) (2) 4(3)(b)	[B] Share of the allowed or target revenue forecasted to be recovered from such tariffs. Not applicable. The RPM methodology proposed by the Company does not provide collection of a supplementary fee related to the settlement of revenues.
Articles 26(1)(c)(i) (3) 4(3)(b)	[C] Indicative flow-based charge. Not applicable. The RPM methodology proposed by the Company does not provide collection of a supplementary fee related to the settlement of revenues.
[10] Information on non-transmission services provided to network users.	
Articles 26(1)(c)(ii) (1) 4(1)	[A] Non-transmission service tariff methodologies. Not applicable. On the TGPS network, the Company does not plan to provide non-transmission services.
Article 26(1)(c)(ii) (2)	[B] Share of the allowed or target revenue forecasted to be recovered from such tariffs. Not applicable. On the TGPS network, the Company does not plan to provide non-transmission services.
Article 26(1)(c)(ii) (3) 17(3)	[C] The manner in which the associated non-transmission services revenue is reconciled as referred to in Article 17(3). Not applicable. On the TGPS network, the Company does not plan to provide non-transmission services.
Article 26(1)(c)(ii) (4)	[D] Indicative non-transmission tariffs for non-transmission services to network users. Not applicable. On the TGPS network, the Company does not plan to provide non-transmission services.
[D] COMPARED TARIFFS AND TARIFF MODEL [ART. 26(1)(D)]	
[11] The indicative information set out in Article 30 (2).	
<p>The transmission tariff comparison is based on reference prices determined in line with the RPM used for tariff year 2021 and the methodology proposed herein for 2023 through 2024 consistent with the CWD method described in Article 8 of the TAR NC.</p> <p>The GAZ-SYSTEM decided to use data for 2021 in the simplified tariff model as a result of information obtained from EuRoPol GAZ s.a., responsible for calculating the tariff for 2022, which indicated that Article 26 of the TAR NC does not require the publication of data on a tariff that has not yet entered into application (i.e. data on the tariff for 2022) and that the data for the current tariff period (i.e. for 2021) will be an adequate comparative year.</p>	

<p>Articles 26(1)(d) 30(2)(a)(i)</p>	<p>[A] Comparison between transmission tariffs applicable for:</p> <ul style="list-style-type: none"> • prevailing tariff period, and for • the tariff period to which the indicative reference prices, which are the subject of this consultation, relate <p>Explain the difference between the level of transmission tariffs for the same type of transmission service.</p> <p>The table below presents the differences in reference price levels between the tariff, approved by the ERO President for 2021, and the indicative tariff rates calculated on the basis of the CWD method proposed for 2023 - 2024, described in Article 8 of the TAR NC.</p> <table border="1" data-bbox="403 616 1311 853"> <thead> <tr> <th>Entry points/ exit points</th> <th>Tariff 2021 [gr/kWh/h per h]</th> <th>Indicative tariff rates [gr/kWh/h per h]</th> <th>Change %</th> <th>Change [gr]</th> </tr> </thead> <tbody> <tr> <td>Kondratki Entry</td> <td>0.14292</td> <td>0.26816</td> <td>88%</td> <td>0.12524</td> </tr> <tr> <td>Mallnow Entry</td> <td>0.14292</td> <td>0.12056</td> <td>-16%</td> <td>-0.02236</td> </tr> <tr> <td>PWP Exit</td> <td>0.04732</td> <td>0.14059</td> <td>197%</td> <td>0.09327</td> </tr> <tr> <td>Mallnow Exit</td> <td>0.14292</td> <td>0.25959</td> <td>82%</td> <td>0.11667</td> </tr> </tbody> </table> <p>It should be noted that according to the tariff prepared by EuRoPol GAZ s.a. for 2021 and the reference price methodology approved by the President of ERO for 2020-2022, the forecasted allowed revenue based only on the revenue from physical direction flow services (i.e. does not include revenue from reverse flow). This means that no separate transmission rate was calculated at the Entry Mallnow point. The same rate as at Exit Mallnow shall be used to settle transmission services at this point in 2021.</p> <p>The change in the level of the indicative reference prices compared to the rates under the Tariff effective from 23 April 2021 is due to:</p> <ul style="list-style-type: none"> - usage of a different RPM - the CWD methodology proposed for 2023-2024 consistent with Article 8 of the TAR NC, unlike the RPM used for 2020-2022, includes four interconnection points in the calculation, that is two entry points - Kondratki and Mallnow and two exit points - Point of Interconnection (PWP) and Mallnow, - changes in contracted capacity levels at interconnection points, - change in the level of regulated revenue constituting the basis for calculation of indicative reference prices for 2023 in relation to the revenue constituting the basis for calculation of rates by EuRoPol GAZ s.a. for the tariff year 2021. 	Entry points/ exit points	Tariff 2021 [gr/kWh/h per h]	Indicative tariff rates [gr/kWh/h per h]	Change %	Change [gr]	Kondratki Entry	0.14292	0.26816	88%	0.12524	Mallnow Entry	0.14292	0.12056	-16%	-0.02236	PWP Exit	0.04732	0.14059	197%	0.09327	Mallnow Exit	0.14292	0.25959	82%	0.11667
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<p>Articles 26(1)(d) 30(2)(a)(ii)</p>	<p>[B] Comparison between transmission tariffs applicable for:</p> <ul style="list-style-type: none"> • tariff period for which the information is published, and for • each tariff period within the remainder of the regulatory period. <p>Not applicable.</p> <p>The tariff year shall be equal to the regulatory period.</p>																									
<p>Articles 26(1)(d) 30(2)(b)</p>	<p>[C] At least a simplified tariff model, updated regularly, enabling network users to calculate the transmission tariffs applicable for the prevailing tariff period and to estimate their possible evolution beyond such tariff period.</p>																									

	<p>The Company has developed a simplified tariff model in the form of an Excel file, allowing the calculation of reference prices determined according to the proposed CWD methodology, enabling changes of some model input parameters.</p> <p>A simplified model is available at https://en.gaz-system.pl/ at the link: https://en.gaz-system.pl/customer-zone/transit-yamal-pipeline/tgps-tariff/tar-nc-consultation/</p>
Articles 26(1)(d) 30(2)(b)	<p>[D] Explanation of how to use the simplified tariff model</p> <p>The simplified tariff model is used to simulate reference prices (tariff rates at entry to and exit from the TGPS for firm annual products). The default settings correspond to the input data values underlying the calculation of the indicative reference prices presented in this consultation document. The simplified tariff model enables the changes to the scope:</p> <ul style="list-style-type: none"> • the level of regulated revenue, • forecasted contracted capacities at individual points in the system (the minimum acceptable capacity is 1 kWh/h). <p>The calculation parameters are changed by entering values in the fields marked in orange in appropriate units. In order to return to the default (indicative) data, click on the button "return to indicative data".</p>

[E] FIXED PAYABLE PRICE UNDER PRICE CAP REGIME [ART. 26(1)(E)]	
[12] Where the fixed payable price referred to in Art.24(b) is offered under a price cap regime for existing capacity.	
Article 26(1)(e)(i)	<p>[A] Provide proposed index.</p> <p>Not applicable.</p> <p>The proposed methodology, consistent with Article 8 of the TAR NC, does not assume the fixed payable price approach set out in Article 24(B) of the TAR NC.</p>
Article 26(1)(e)(ii)	<p>[B] Provide proposed calculation for the risk premium</p> <p>Not applicable.</p> <p>The proposed methodology, as described in Article 8 of the TAR NC, does not assume the fixed payable price approach set out in Article 24(B) of the TAR NC.</p>
Article 26(1)(e)(ii)	<p>[C] How is the revenue derived from the risk premium used?</p> <p>Not applicable.</p> <p>The proposed methodology, as described in Article 8 of the TAR NC, does not assume the fixed payable price approach set out in Article 24(B) of the TAR NC.</p>

Article 26(1)(e)(iii)	<p>[D] At which IPs is such approach is proposed?</p> <p>Not applicable.</p> <p>The proposed methodology, as described in Article 8 of the TAR NC, does not assume the fixed payable price approach set out in Article 24(B) of the TAR NC.</p>
Article 26(1)(e)(iii)	<p>[E] For which tariff period(s) is such approach proposed?</p> <p>Not applicable.</p> <p>The proposed methodology, as described in Article 8 of the TAR NC, does not assume the fixed payable price approach set out in Article 24(B) of the TAR NC.</p>
Article 26(1)(e)(iv)	<p>[F] The process of offering capacity at an IPs where both fixed and floating payable price approaches referred to in Article 24 are proposed.</p> <p>Not applicable.</p> <p>The proposed methodology, as described in Article 8 of the TAR NC, does neither assume fixed payable price nor approach floating payable price approach set out in Article 24 of the TAR NC.</p>