RATIONALE

FOR THE METHODOLOGY FOR SETTING NATURAL GAS TRANSMISSION TARIFFS

The Energy Agency of the Republic of Serbia (hereinafter: the Agency) adopted the Draft Methodology for Setting Natural Gas Transmission Tariff (hereinafter: Methodology), in which a method of setting reference natural gas transmission tariffs is established. The draft is harmonized with the Decree on Network Code on Harmonized Natural Gas Transmission Tariffs ("Official Gazette of the RS", No. 112/22) (hereinafter: Decree), which transposed Permanent High-Level Group of the Energy Community Decision 2018/07 on the Adaptation of the Regulation EU 2017/460 (Commission Regulation (EU) 2017/460 establishing a network code on harmonized transmission tariff structures for gas) in the Republic of Serbia.

The Energy Agency of the Republic of Serbia conducted a public consultation on the draft of this Methodology, as well as consultations with the competent body from Article 76, Paragraph 2 of the Treaty establishing the Energy Community. The Energy Community Secretariat had no remarks on the content of this methodology, nor did the neighbouring regulatory bodies of the Contracting Parties to the Energy Community Treaty, including the regulatory bodies of Hungary and the Republic of Bulgaria.

It has been determined that this Methodology will be jointly applied by the transmission system operators engaged in transmission and transmission system operation at regulated prices and that the Agency will determine the transmission tariffs before the start of the annual capacity auctions for the gas year 2025/2026. This Methodology should be jointly applied by the current transmission system operators that apply regulated prices, by considering their paired systems as a whole, i.e., as a unified entry - exit system. In accordance with Article 55, Paragraph 2, Item 2) of the Law, the Agency determines the common transmission tariffs considering those transportation systems as a whole.

The Methodology was published in the "Official Gazette of the Republic of Serbia," No. 12/25 on February 7, 2025 and shall enter into force on the eighth day after the date of publication.

[1] Information on the parameters used in the proposed Methodology

[A] Description of the proposed Methodology

The Methodology envisages the regulation method for the natural gas transmission tariff which is based on justified operational costs and the adequate return on investments into efficient performance of an energy activity, the following is defined: tariff elements for which tariff are set, the method of calculation of regulated prices, i.e. tariffs, method of calculation of natural gas transmission service, duration of tariff and regulatory period method of assessment of cost justifiability, method, procedure and deadlines for the submission of documentation. The obligation of a joint implementation of the Methodology when several operators perform transmission activity on the territory of the Republic of Serbia is set as well as the principles of an efficient mechanism for the compensation of revenues and costs, levels of multipliers and seasonal factors and discounts, use of auction premise and other elements prescribed by the Decree and Art. 90-91 of the Energy Law.

The Methodology is based on capacity weighted distance.

A homogenous sum of points is when two or several entry or exit points are replaced by one point when calculating tariff elements.

A homogenous sum of points can include one of the following types of points: interconnection entry point, interconnection exit point, entry point in the Republic of Serbia from another transmission system, exit point in the Republic of Serbia, entry point from the natural gas storage, exit point from the natural gas storage and entry point from production facilities.

Homogenous sums of entry points in this Methodology are: interconnection entry points and exit points in the Republic of Serbia from another transmission system as well as entry points from production facilities. Homogenous sum of exit points are exit points in the Republic of Serbia.

Segments of allowed revenue arising from transmission service allocated to entries into the transmission system are set on the basis of weighted average distance for each of points of entry into the transmission system while segments of approved revenue arising from the transmission service allocated to exits from the transmission system are set on the basis of weighted average distance for each of points of exit from the transmission system.

- Calculation of segments of approved revenue arising from transmission service allocated to entries into the transmission system

Weighted average distance for each point of entry into the transmission system is calculated in line with the following formula:

$$PPU_{ul} = \sum_{iz} (KAP_{iz} * U_{ul, iz}) / \sum_{iz} KAP_{iz}$$

Where:

PPU_{ul} – weighted average distance for the point of entry into the transmission system (in km);

KAP_{iz} – planned contracted capacity for each point of exit from the transmission system (in kWh/day);

$U_{ul, iz}$ – distance between the entry point for which the weighted average distance is calculated and every point of exit from the transmission system (in km).

For a homogenous group of entry points a unique weighted share and unique tariff element is calculated.

Weighted average distance for homogenous group of 'k' entry points is established in line with the following formula:

$$PPUH_{ul} = \sum_k (KAP_{ul,k} * PPU_{ul,k}) / \sum_k KAP_{ul,k}$$

Where:

$PPUH_{ul}$ – weighted average distance for homogenous group of entry points (in km);

$KAP_{ul,k}$ – planned contracted capacity for each of 'k' entry points from the homogenous group (in kWh/day);

$PPU_{ul,k}$ – weighted average distance for each of 'k' entry points from the homogenous group (in km).

The weighting factor in the allowed revenue from transmission service for each of entries into the transmission system 'u' in a segment of allowed revenue from the transmission service allocated to tariff elements for capacity for entries into the transmission system is calculated in line with the following formula:

$$PTU_u = KAP_u * PPU_u / \sum_u (KAP_u * PPU_u)$$

Where:

PTU_u – weighting factor for entry 'u' into the transmission system in the segment of allowed revenue from the transmission service allocated to tariff elements for capacity for entries into the transmission system;

KAP_u – planned contracted capacity for entry 'u' into the transmission system (in kWh/day);

PPU_u – weighted average distance for entry 'u' into the transmission system (in km) and

u – entry into the transmission system from storage, production or another transmission system.

A discount is established for the 'STORAGE entry' and, thereby, the final weighting factors of cost of entry in a segment of allowed revenue from transmission services allocated to tariff elements for capacity for entries into the transmission system are calculated in line with the following formulae:

$$PTUK_{sk} = (1-KPU_{sk}) * PTU_{sk}$$

$$PTUK_{ts} = PTU_{ts} + (KPU_{sk} * PTU_{sk}) * (PTU_{ts} /(PTU_{ts} + PTU_{pg}))$$

$$PTUK_{pg} = PTU_{pg} + (KPU_{sk} * PTU_{sk}) * (PTU_{pg} /(PTU_{ts} + PTU_{pg}))$$

Where:

$PTUK_{sk}$ – final weighting factor of cost of 'STORAGE entry in a segment of allowed revenue from transmission service allocated to tariff elements for capacity for entries into the transmission system;

KPU_{sk} – 0.9 – discount coefficients for 'STORAGE entry';

PTU_{sk} – weighting factor of cost for 'STORAGE entry in a segment of allowed revenue from transmission service allocated to tariff elements for capacity for entries into the transmission system;

$PTUK_{ts}$ – final weighting factor of cost for 'TRANSMISSION SYSTEM entry' in a segment of allowed revenue from transmission service allocated to tariff elements for capacity for entries into the transmission system;

PTU_{ts} – weighting factor for 'TRANSMISSION SYSTEM entry' in the segment of allowed revenue from transmission service allocated to tariff elements for capacity for entries into the transmission system;

$PTUK_{pg}$ – final weighting factor of cost for 'PRODUCTION entry' within the allowed revenue from transmission service allocated to tariff elements for capacity for entries into the transmission system;

PTU_{pg} – weighting factor of cost for 'PRODUCTION entry' in a segment of allowed revenue from transmission service allocated to tariff elements for capacity for entries into the transmission system.

Allocation of a segment of allowed revenue from transmission service allocated to tariff elements capacity for each entries into the transmission system is calculated in line with the following formulae:

$$OPTU_{ts,t} = PTUK_{ts} * OPTU_t$$

$$OPTU_{pg,t} = PTUK_{pg} * OPTU_t$$

$$OPTU_{sk,t} = PTUK_{sk} * OPTU_t$$

OPTUts,t - a segment of allowed revenue from transmission service allocated to tariff element 'TRANSMISSION entry capacity' in tariff period t (in RSD);

OPTUpg,t = a segment of allowed revenue from transmission service allocated to tariff element 'PRODUCTION entry capacity' in tariff period t (in RSD);

OPTUsk,t = a segment of allowed revenue from transmission service allocated to tariff element 'STORAGE entry capacity' in tariff period t (in RSD).

- Calculation of segments of approved revenue arising from transmission service allocated to exits from the transmission system

Weighted average distance for each point of exit from the transmission system is calculated in line with the following formula:

$$PPU_{iz} = \Sigma_{ul} (KAP_{ul} * U_{iz,u}) / \Sigma_u KAP_{ul}$$

Where:

PPU_{iz} – weighted average distance for the point of exit from the transmission system (in km);

KAP_{ul} – planned contracted capacity for each point of exit from the transmission system (in kWh/day);

$U_{iz,u}$ – distance between exit point for which weighted average distance is calculated and each point of entry into the transmission system (in km).

A unique weighted share and unique tariff element are calculated for a homogenous group of exit points.

Weighted average distance for a homogenous group of 'm' exit points is established in line with the following formula:

$$PPUH_{iz} = \Sigma_m (KAP_{iz,m} * PPU_{iz,m}) / \Sigma_m KAP_{iz,m}$$

Where:

$PPUH_{iz}$ – weighted average distance for a homogenous group of exit points (in km);

$KAP_{iz,m}$ – planned contracted capacity for each of 'm' exit points from the homogenous group (in kWh/day);

$PPU_{iz,m}$ – weighted average distance for each of „m' exit points from the homogenous group (in km).

Weighting factor within the allowed revenue from transmission service for each of exits from the transmission system 'i' within a segment of allowed revenue from transmission service allocated to tariff elements for capacity for exits from the transmission systems is calculated in line with the following formula:

$$PTI_i = KAP_i * PPU_i / \Sigma_i (KAP_i * PPU_i)$$

Where:

PTI_i – weighting factor for exit 'i' from the transmission system within a segment of allowed revenue allocated to tariff elements for capacity for exits from the transmission system;

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KAP_i – planned contracted capacity for exit 'i' from the transmission system (in kWh/day);

PPU_i – weighted average distance for exit 'i' from the transmission system (in km) and

i – exit from the transmission system into: storage, interconnector or local consumption.

A discount is established for the exit into the storage in a manner that a final weighting factor of the cost of exit within a segment of an allowed revenue from transmission service allocated to tariff elements for capacity for exits from the transmission system is calculated in line with the following formulae:

$$PTIK_{sk} = (1 – KPI_{sk}) * PTI_{sk}$$

$$PTIK_{dp} = TUI_{dp} + (KPI_{sk} * PTI_{sk}) * (PTI_{dp} /(PTI_{dp} + PTI_{in}))$$

$$PTIK_{in} = PTI_{in} + (KPI_{sk} * PTI_{sk}) * (PTI_{in} /(PTI_{dp} + PTI_{in}))$$

$PTIK_{sk}$ - final weighting factor of cost for the 'STORAGE exit' within a segment of allowed revenue from transmisison service allocated to tariff elements for capacity for exits from the transmission system;

KPI_{sk} – 0.9 – discount coefficient for the 'STORAGE exit';

PTI_{sk} – weighting factor of cost for the 'STORAGE exit' within a segment of allowed revenue from transmission service allocated to tariff elements for capacity for exits from the transmission system;

$PTIK_{dp}$ - final weighting factor of cost for the 'LOCAL CONSUMPTION exit' within a segment of allowed revenue from transmission service allocated to tariff elements for capacity for exits from the transmission system;

PTI_{dp} - weighting factor of cost for 'LOCAL CONSUMPTION exit' within a segment of allowed revenue from transmission service allocated to tariff elements for capacity for exits from the transmission system;

$PTIK_{in}$ - final weighting factor of cost for 'INTERCONNECTOR exit' within a segment of allowed revenue from transmission service allocated to tariff elements for capacity for exits from the transmission system;

PTI_{in} - weighting factor of cost for 'INTERCONNECTOR exit' within a segment of allowed revenue from transmission service allocated to tariff elements for capacity for exits from the transmission system.

The allocation of a segment of allowed revenue from transmission service allocated to tariff elements for each exit into the transmission system is calculated in line with the following formula:

$$OPTI_{dp,t} = PTIK_{ts} * OPTI_t$$

$$OPTI_{in,t} = PTIK_{pg} * OPTI_t$$

$$OPTI_{sk, t} = PTIK_{sk} * OPTI_t$$

$OPTI_{dp,t}$ – segment of allowed revenue from transmission service allocated to tariff element 'LOCAL CONSUMPTION EXIT CAPACITY' in tariff period t (in RSD);

$OPTI_{in,t}$ - segment of allowed revenue from transmission service allocated to tariff element 'INTERCONNECTOR EXIT CAPACITY' in tariff period t (in RSD) and

$OPTI_{sk, t}$ - segment of allowed revenue from transmission service allocated to tariff element 'STORAGE EXIT CAPACITY' in tariff period t (in RSD).

- Reference tariffs for entries into and exits from the transmission system are set based on the plan on contracted capacity (annual, quarterly, monthly, daily and hourly capacity) during the tariff period and the distance between each entry into and exit from the transmission system

Planned contracted capacity for tariff period for each of entry and each of exit points and each of exit points from the transmission system is calculated in line with the following formula:

$$PUK = PUKG + PUKK + PUKM + PUKD + PUK\check{C}$$

Where:

PUK – plan of contracted capacity for tariff period (in kWh/day);

PUKG – plan of contracted annual capacity (in kWh/day);

PUKK – plan of contracted quarterly capacity boiled down to annual capacity (in kWh/day);

PUKM – plan of contracted monthly capacity boiled down to annual capacity (in kWh/day);

PUKD - plan of contracted daily capacity boiled down to annual capacity (in kWh/day);

PUKČ - plan of contracted hourly capacity boiled down to annual capacity (in kWh/day).

Plan of contracted quarterly, monthly, daily and hourly capacity rounded to annual capacity for the tariff period is calculated in line with the following formulae:

$$PUKK = 1.1 * \Sigma_k (SF_k * PUK_k * (BDK_k / BDTP))$$
$$PUKM = 1.2 * \Sigma_m (SF_m * PUK_m * (BDM_m / BDTP))$$
$$PUKD = 2 * \Sigma_m (SF_m * PUK_d * (1 / BDTP))$$
$$PUK\check{C} = 2.2 * \Sigma_m (SF_m * PUK_č * (1 / B\check{C}TP))$$

Where:

SF_k – seasonal factor for the relevant 'k' quarter;

FS_m – seasonal factor for the relevant 'm' month;

PUK_k - plan of contracted quarterly capacity within the relevant 'k' quarter;

PUK_m – plan of contracted monthly capacity within the relevant 'm' month;

PUK_d - plan of contracted daily capacity within the relevant 'm' month;
$PUK_č$ - plan of contracted hourly capacity within the relevant 'm' month;

BDK_k – number of gas days within the relevant 'k' quarter;

BDM_m - number of gas days within the relevant 'm' month;

$B\check{C}M_m$ - number of hours within the relevant 'm' month;

BDTP - number of gas days within the tariff period;

BČTP - number of hours within the tariff period.

- Reference tariffs are set for three entries into the transmission system and three exits from the transmission system:

Reference tariffs, i.e. annual tariffs for firm capacity are calculated as the quotient of approved revenue arising from the transmission service allocated to adequate tariff element for capacity and the relevant tariff element, i.e. planned contracted capacity for tariff period.

Tariff elements are:

Transmission system entry, which is a homogenous sum of all entry points which are connected to exit points from another transmission system (point of connection of two transmission system);

Entry production which is a cluster of all entry points from natural gas production;

Entry storage which is a point of entry from natural gas storage;

Exit local consumption which is a sum of all exit points local consumption;

Exit interconnector which is an exit point interconnector and

Exit storage which is a point of exit into the natural gas storage.

The Methodology does not apply location signals, i.e. the only discounts to tariffs which are applied are for the storage entry and for storage exit.

Approved revenue arising from the transmission service is allocated 50% to entries into the transmission system and 50% to exits from the transmission system.

100% of the approved revenue arising from the transmission service is allocated to the tariff element – capacity. Tariff element – commodity was not introduced since the total costs of the procurement of natural gas for the individual demand of transmission system operators (recovery of losses within the transmission system, compressor operation, natural gas preheating on exits from the transmission system towards final customers and distribution systems and costs of gas stations' heating) amounted to less than 5% of the total costs of the operator for the last several years.

Approved revenue arising from the transmission service is allocated 89.3% to transmission for users' demand in Serbia and 10.7% for cross-border transmission based on the plan of contracted capacity on all entries into and exits from the transmission system and based on the distance between entry and exit points.

Tariff levelling, regardless of the capacity weighted distance of entry and exit point was done for the homogenous sum of points "exits from other transmission system" and for homogenous sum of "exits local consumption" and for "entry production" which is the cluster of all entry points from "production" with location with the highest production (74% of total production capacity) around which there is the greatest number of other entries from "production" while contracted capacity entry "production" amounts to 4% of total contracted entry capacity.

Multiplying with the same coefficient for entries, tariffs "entry transmission system" and "entry production" were increased so as the transmission system operator could yield revenues which amount to 50% of allowed revenue on entries into the transmission system since the discount of 90% is applied to the tariff "entry storage". Multiplying with the same coefficient for exits, tariffs "exit local consumption" and "exit interconnector" were increased so as the transmission system operator could yield revenues which amount to 50% of allowed revenue on exits since the discount of 90% was applied to the tariff "exit storage".

Natural gas transmission system operators on the territory of the Republic of Serbia jointly apply this Methodology by considering the transmission systems they operate as a whole (as one entry-exit system).

The transmission system operator(s) applying regulated prices are required to submit the data and documentation prescribed by this Methodology by April 30 of each year for the purpose of determining the tariffs for the upcoming tariff period.

In case only one transmission system operator carries out the activity of natural gas transmission and transmission system operation in the Republic of Serbia, that operator, along with the data and documentation determined by this chapter of the Methodology, must also submit to the Agency a request for the approval of the act on tariffs, as per Article 92 of the Law.

If more than one transmission system operator carries out the activity of natural gas transmission and transmission system operation in the Republic of Serbia, these operators must submit only the data and documentation within the prescribed deadline, based on which the Agency will issue the act on the common transmission tariffs for systems considered as a whole, in accordance with the authorization granted to the Agency by Article 55, Paragraph 3, Item 2) of the Law.

The act on tariffs or the Agency's act on common tariffs is issued for the upcoming and all subsequent tariff periods within one regulatory period (a regulatory period lasts five years, except for the first regulatory period, which lasts three years). It is also established that, in exceptional cases, the tariffs can be modified in accordance with the Law and this Methodology, upon the request of the Agency and upon the initiative of the transmission system operator for the amendment of the act on common tariffs.

[B] Justification of the parameters used that are related to the technical characteristics of the system

Technical capacity on entries into the transmission system from other transmission systems and on exits into other transmission systems were established based on maximum values defined in the agreement on operational regime with neighbouring transmission system operators. Technical capacity on entry into and exit from the underground storage were defined in the agreement on the operational regime between *Transportgas Srbija d.o.o. Novi Sad* and *PSG* (Underground Gas Storage) *Banatski Dvor d.o.o. Novi Sad*. Technical capacity on entries from local consumption and on exits from the transmission system *Transportgas Srbija d.o.o. Novi Sad* were given based on data on technical capacity for the gas year 2023-2024 from the website of *Transportgas Srbija d.o.o. Novi Sad*. Technical capacity on exits from the transmission system *Yugorosgaz Transport d.o.o. Niš* were given based on data from development plans of *Yugorosgaz Transport d.o.o. Niš*.

Contracted capacity on entries into and exits from the transmission system which is operated by the *Transportgas Srbija d.o.o. Novi Sad* represent average values of contracted capacity in the past three years while the transformation of realized monthly and daily capacity into annual capacity was in line with the Methodology. Contracted capacity on exits from the transmission system which is operated by *Yugorosgaz Transport d.o.o. Niš* towards final customers and distribution systems represent realised amounts in the past. Since natural gas transmission from Bulgaria via IP Kalotina/Dimitrovgrad was initiated on January 1, 2024, the assessment of contracted capacity of *Yugorosgaz Transport d.o.o. Niš* on the interconnection points with the transmission system of *Transportgas Srbija d.o.o. Novi Sad* which can be both entries into and exits from the transmission system was made on the basis of nominated volumes for transmission and technical capacity of the gas pipeline in the function of pressures on entries into the transmission system.

Natural gas volumes for gas year 2024/2025 were assumed so as to be on the level of actual volumes in years that preceded (2021-2023). Natural gas volumes for gas year 2025/2026 were increased by 1% while the volumes for 2026/2027 were increased for additional 1%. Natural gas import was assumed as the difference between consumption and local production. As it was the case in the past three years, it was assumed that the greatest share of natural gas import will be realized from the gas pipeline *Gastrans d.o.o. Novi Sad*. The import from the transmission system of FGSZ in Hungary which was realized so far will be allocated between import from Hungary and from Bulgaria via a new interconnection point Kalotina/Dimitrovgrad.

The allocation of revenue between individual entry and exit points of the transmission system was based in the Methodology on the distance between entry and exit points which was weighted with capacity of entry and exit points. The shortest transmission route between entry and exit points and planned contracted capacity for entry and exit points were used so as to calculate the weighted average distance for each of entry and exit points.

[C] Technical capacity at entry and exit points

Transportgas Srbija d.o.o. Novi Sad

Entry capacity "from the transmission system" – 316,187,328 kWh/day;

Entry capacity "production"   -   8,342,280 kWh/day;

Entry capacity "storage"   -   52,824,584 kWh/ day;

Exit capacity "local consumption"   - 264,733,321 kWh/ day;

Exit capacity "interconnector"   -   25,431,200 kWh/ day;

Exit capacity "storage"   -   29,581,767 kWh/ day.

Technical capacity for entry points from the transmission system was calculated as a sum of entry capacity from paired transmission systems (141,977,184 kWh/day FGSZ, 120,966,144 kWh/day *Gastrans d.o.o. Novi Sad* and 53,244,000 kWh/day *Булгартрансгаз*) towards entries into the transmission system of *Transportgas Srbija d.o.o. Novi Sad*. Technical capacity of other entry and exit points were given based on the data on technical capacity for gas year 2023-2024 from the website of *Transportgas Srbija d.o.o. Novi Sad*.

Yugorosgaz Transport d.o.o. Niš

Entry capacity "from the transmission system" – 47,093,000 kWh/day;

Exit capacity "local consumption"   -   54,624,000 kWh/day.

Technical capacity "entry capacity from the transmission system" of *Yugorosgaz Transport d.o.o. Niš* was established on the data on maximum capacity of IP Kalotina/Dimitrovgrad from the agreement on operational regime between Булгатрансгаз and *Transportgas Srbija d.o.o. Novi Sad* since there was no natural gas consumption so far on the gas pipeline MG – 10 Dimitrovgrad – Nis. The exit capacity "local consumption" is a sum of exit capacity of distribution companies and final customers connected to the transmission system of *Yugorosgaz Transport d.o.o. Niš* and of capacity on the exchange point Pojate between the transmission systems of *Yugorosgaz Transport d.o.o. Niš* and *Transportgas Srbija d.o.o. Novi Sad*.

[D] Contracted capacity at entry and exit points

Plan of contracted capacity of *Transportgas Srbija d.o.o. Novi Sad* for three gas years of the regulatory period was indicated in the table below:

Tariff elements per gas years	2024/2025 (kWh/day)	2025/2026 (kWh/day)	2026/2027 (kWh/day)
Entry capacity "from the transmission system"	128,000,000	130,560,000	133,171,200
Entry capacity "production"	6,788,937	6,788,937	6,788,937
Entry capacity "storage"	28,833,146	28,833,146	28,833,146
Exit capacity "local consumption"	143,503,671	146,373,745	149,301,220
Exit capacity "interconnector"	14,292,816	14,292,816	14,292,816
Exit capacity "storage"	8,923,190	8,923,190	8,923,190

Plan of contracted capacity of *Yugorosgaz Transport d.o.o. Niš* for three gas years of the regulatory period is indicated in the table below:

Tariff elements per gas years	2024/2025 (kWh/day)	2025/2026 (kWh/day)	2026/2027 (kWh/day)
Entry capacity "from the transmission system"	10,000,000	10,000,000	10,000,000
Entry capacity "production"			
Entry capacity "storage"			
Exit capacity "local consumption"	10,000,000	10,000,000	10,000,000
Exit capacity "interconnector"			
Exit capacity "storage"			

Plan of contracted capacity of paired transmission systems of *Transportgas Srbija d.o.o. Novi Sad* and *Yugorosgaz Transport d.o.o. Niš* for three gas years of the regulatory period is indicated in the table below:

Tariff elements per gas years	2024/2025 (kWh/day)	2025/2026 (kWh/day)	2026/2027 (kWh/day)
Entry capacity "from the transmission system"	128,000,000	130,560,000	133,171,200
Entry capacity "production"	6,788,937	6,788,937	6,788,937
Entry capacity "storage"	28,833,146	28,833,146	28,833,146
Exit capacity "local consumption"	143,512,387	146,382,461	149,309,936
Exit capacity "interconnector"	14,292,816	14,292,816	14,292,816
Exit capacity "storage"	8,923,190	8,923,190	8,923,190

For all tariff elements, except for the tariff element "exit capacity local consumption", the plan of contracted capacity of paired transmission systems of *Transportgas Srbija d.o.o. Novi Sad* and *Yugorosgaz Transport d.o.o. Niš* is equal to the plan of contracted capacity of the transmission system *Transportgas Srbija d.o.o. Novi Sad*. The reason for this is the fact that *Yugorosgaz Transport d.o.o. Niš* has not tariff elements "entry capacity production", "entry capacity storage", "exit capacity interconnector" and "exit capacity storage". "Entry capacity from the transmission system" of *Yugorosgaz Transport d.o.o. Niš* equals to the "exit capacity local consumption" of *Transportgas Srbija d.o.o. Novi Sad* for the exit point Trupale from the gas pipeline MG – 10 towards the transmission system of *Yugorosgaz Transport d.o.o. Niš*. The only difference if for the "exit capacity local consumption" which is in *Yugorosgaz Transport d.o.o. Niš* higher by 8,716 kWh/day for all three gas years than the planned exit *Transportgas Srbija d.o.o. Novi Sad* towards *Yugorosgaz Transport d.o.o. Niš*. Based on this, "exit capacity local consumption" is higher with paired transmission systems *Transportgas Srbija d.o.o. Novi Sad* and *Yugorosgaz Transport d.o.o. Niš*.

[E] The quantity and the direction of the gas flow for entry and exit points

It is assumed that the greatest share of natural gas import will be realized from the gas pipeline *Gastrans d.o.o. Novi Sad* via three entry points: Paraćin, Pančevo and Gospođinci with usual natural gas consumption scenarios. The import from the transmission system FGSZ in Hungary will be realised during winter season as a combination of monthly and daily capacity. The increase in import from Hungary is probably due to cases of maximum natural gas consumption in Serbia during the coldest days of the year. The import from the transmission system of *Булгатрансгаза* in Bulgaria will be realized during the whole year by contracting annual capacity and natural gas quantities will, among other things, depend on the pressure on the interconnection point Kalotina/Dimitrovgrad.

Natural gas flow from the entry point "production" will be even during the whole gas year.

Underground storage will operate seasonally i.e. entry capacity from storage on the transmission system will be used in wintertime while the exit capacity into storage will be used during summertime.

Exit capacity "local consumption" and exit capacity "interconnector" will be used as well as it was during years in the past, i.e. considerably more in the wintertime than in the summertime. Total transmitted natural gas quantities will be on the past three years average level.

Natural gas quantities planned for transmission on exits from the transmission system amount to:

for gas year 2024/2025: 35,814 GWh, out of which exit "local consumption" accounts for 30,872 GWh, exit „storage" accounts for 2.257 GWh, exit „interconnector" accounts for 2,652 TWh and the individual consumption of the transmission system operator amounts to 33 GWh;

for gas year 2025/2026: 36,150 GWh, out of which exit "local consumption" accounts for 31,180 GWh, exit „storage" accounts for 2.257 GWh, exit „interconnector" accounts for 2,679 TWh and the individual consumption of the transmission system operator amounts to 34 GWh;

for gas year 2026/2027: 36,489 GWh, out of which exit "local consumption" accounts for 31,492 GWh, exit „storage" accounts for 2.257 GWh, exit „interconnector" accounts for 2,706 TWh and the individual consumption of the transmission system operator amounts to 34 GWh;

[F] Structural representation of the transmission network with an appropriate level of detail
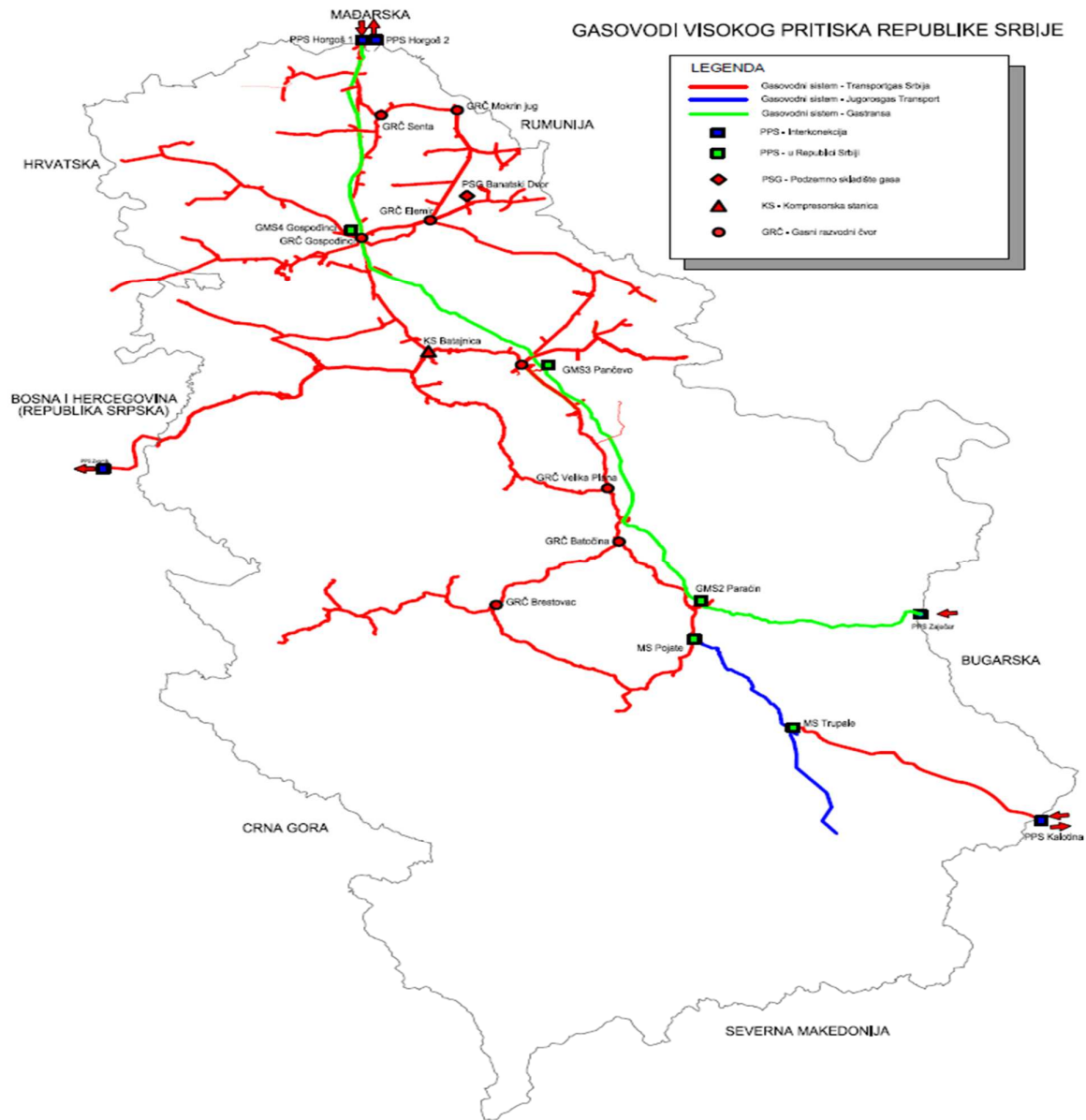
GASOVODI VISOKOG PRITISKA REPUBLIKE SRBIJE

The length of the transmission system which is operated by the *Transportgas Srbija d.o.o. Novi Sad* amounted to 2,604.0 km on January 1, 2024. Out of the number, main gas pipelines account for 600.9 km, supply pipelines from local gas fields account for 176.8 km and distribution gas pipelines account for 1,826.3 km.

The length of the transmission system which is operated by the *Yugorosgaz Transport d.o.o. Niš* amounted to 124.9 km on January 1, 2024. Out of the number, main gas pipelines account for 85.1 km and distribution gas pipelines account for 39.8 km.

On January 1, 2024, there were 15 entry points on the transmission system operated by *Transportgas Srbija d.o.o. Novi Sad.* Out of the number, one entry point is from the transmission system of FGSZ, one entry point from the transmission system of *Булгатрансгаз*, one entry point from the underground gas storage Banatski Dvor and nine entry points from natural gas production fields.

On January 1, 2024, there were 249 exit points on the transmission system operated by *Transportgas Srbija d.o.o. Novi Sad.* Out of the number, three exit points are into the transmission system in another country in the

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exit point Zvornik, one exit point into PSG Banatski Dvor and 245 exit points in Serbia, out of which two entry points could also be entry points into the transmission system operated by *Yugorosgaz Transport d.o.o. Niš*. Other exit points of*Transportgas Srbija d.o.o. Novi Sad* are for distribution systems and final customers.

On January 1, 2024, the transmission system which is operated by *Yugorosgaz Transport d.o.o. Niš* had 2 entries into the transmission system which is operated by *Transportgas Srbija d.o.o. Novi Sad* which can also serve as exits from the transmission system. The number of remaining exits amounts to 7. Out of the number, 2 exits are for final customers and 5 exits into distribution systems.

In order to simplify the calculation of average capacity weighted distance between entry and exit points, nine entry points from the natural gas production fields were transformed into one homogenous entry point since their total contracted capacity accounts for only 4% of contracted capacity on entries into the transmission system of *Transportgas Srbija d.o.o. Novi Sad*. The location of the most important entry point from the natural gas production field was used for the calculation of the length of transmission up to exit points which provides for 74% of all capacity from natural gas production fields.

Although calculated average capacity weighted distances for all points of entry from another transmission system and all exit points, due to competition development among different entry points from another transmission system and simplification of tariffs, and in line with international experience, a unique tariff was established for a homogenous sum of points for all entry points from another transmission system.

Although average capacity weighted distances were calculated for all exit points in Serbia from all entry points, due to the equal status of all exit points in Serbia and tariff simplification and in line with international experience, a unique tariff was established for a homogenous sum of points which sum up to all exit points in Serbia except for the exit into the PSG Banatski Dvor. The exit point "interconnector" has a separate tariff since the average capacity weighted transmission distance for the interconnector amounts to much more, it amounts to 248 km in comparison to the average capacity weighted transmission distance for the exit point "local consumption" of 160 km.

[G] Additional technical information about the transmission system

Maximum operational pressure of all gas pipelines of *Transportgas Srbija d.o.o. Novi Sad* amounts to 50 bar except for the gas pipeline Gospodjinci – PSG Banatski Dvor where maximum operational pressure amounts to 75 bar. Transmission system includes gas pipelines with different diameters with the widest one amounting to 762 mm. There is one compressor station within the transmission system in Batajnica. There are five compressor units in the compressor station, each one of them with the power amounting to 870 kW. Compressor station Batajnica increases natural gas pressure in the gas pipeline Batajnica Zvornik for the purpose of cross-border transmission.

Maximum operational pressure of all gas pipelines of *Yugorosgas Transport d.o.o. Niš* amounts to 50 bar. Transmission system includes gas pipelines with different diameters with the widest one amounting to 530 mm.

[2] The value of the proposed adjustments for capacity-based transmission tariffs

[A] Proposed discount(s) at entry points from and exit points to natural gas underground storage facilities

A discount of 90% is applied for the entry point "storage" for the initial tariff established by the Methodology.

A discount of 90% is applied for the exit point "storage" for the initial tariff established by the Methodology.

[B] Proposed discounts at entry point from LNG facilities

It is not applicable since there is no LNG terminal connected to the transmission system.

[C] Proposed discounts at entry points from and exit points to infrastructure developed with the purpose of ending the isolation

It is not applicable since the transmission system is not isolated.

[3] Indicative reference tariffs

[A] Indicative reference tariffs at each entry and at each exit point

Indicative reference tariffs for *Transportgas Srbija d.o.o. Novi Sad*:

Tariff title	2024/2025 (RSD/kWh/day)	2025/2026 (RSD/kWh/day)	2026/2027 (RSD/kWh/day)
Annual tariff for firm capacity for tariff element "entry capacity from the transmission system"	15.5569	16.1639	16.7946
Annual tariff for firm capacity for tariff element "entry capacity production"	11.1267	11.7921	12.7433
Annual tariff for firm capacity for tariff element "entry capacity storage"	1.0916	1.1569	1.2261
Annual tariff for firm capacity for tariff element "exit capacity local consumption"	12.8672	13.3693	13.8910
Annual tariff for firm capacity for tariff element "exit capacity interconnector"	16.1488	17.1145	18.1380
Annual tariff for firm capacity for tariff element "exit capacity storage"	2.3515	2.4921	2.6412

Indicative reference tariffs for *Yugorosgaz Transport d.o.o. Niš*:

Tariff title	2024/2025 (RSD/kWh/day)	2025/2026 (RSD/kWh/day)	2026/2027 (RSD/kWh/day)
Annual tariff for firm capacity for tariff element "entry capacity from the transmission system"	3.9120	4.2589	4.6364
Annual tariff for firm capacity for tariff element "entry capacity production"			
Annual tariff for firm capacity for tariff element "entry capacity storage"			
Annual tariff for firm capacity for tariff element "exit capacity local consumption"	3.9120	4.2589	4.6364
Annual tariff for firm capacity for tariff element "exit capacity interconnector"			
Annual tariff for firm capacity for tariff element "exit capacity storage"			

Indicative reference tariffs for paired transmission systems:

Tariff title	2024/2025 (RSD/kWh/day)	2025/2026 (RSD/kWh/day)	2026/2027 (RSD/kWh/day)
Annual tariff for firm capacity for tariff element "entry capacity from the transmission system"	15.8302	16.4561	17.1069

Annual tariff for firm capacity for tariff element "entry capacity production"	11.6490	12.3517	13.3549
Annual tariff for firm capacity for tariff element "entry capacity storage"	1.1120	1.1790	1.2502
Annual tariff for firm capacity for tariff element "exit capacity local consumption"	13.1212	13.6400	14.1795
Annual tariff for firm capacity for tariff element "exit capacity interconnector"	16.3003	17.2837	18.3267
Annual tariff for firm capacity for tariff element "exit capacity storage"	2.3953	2.5399	2.6931

[4] Cost allocation assessment

[A] Results of the cost allocation assessment

Capacity cost allocation assessment

Approved revenue from the transmission service for the tariff period is allocated 100% to capacity tariff elements.

Commodity cost allocation assessment

It is not applicable since there are no commodity tariffs in the Methodology.

[B] Components of the cost allocation assessment

Capacity cost allocation assessment

The index of comparison of capacity cost allocation Por_k is calculated on the basis of the following formula:

$$Por_k = \frac{2 * \left| U_k^{tz} - U_k^{tp} \right|}{U_k^{tz} + U_k^{tp}} * 100\%$$

where:

$$U_k^{tz} = \frac{P_k^{tz}}{F_k^{tz}}$$

P_k^{tz} is the revenue yielded from capacity based tariffs which is charged for transmission within the system, in RSD;

F_k^{tz} is the sum of planned contracted capacity on each entry and exit point or cluster of points for transmission within the system, in kWh/day;

$$U_k^{tp} = \frac{P_k^{tp}}{F_k^{tp}}$$

P_k^{tp} is the revenue from capacity-based tariffs which is charged for transmission into another system in RSD;

F_k^{tp} is the sum of planned contracted capacity on each entry and exit point or cluster of point for transmission into another system, in kWh/day;

Commodity cost allocation assessment

It is not applicable since there are no commodity tariffs in the Methodology.

[C] Details of components of the cost allocation assessment

Capacity cost allocation assessment for paired transmission systems

In thousands RSD

Description	2024/2025
Total capacity-based revenue	**4,274,822**
% of capacity-based revenues on entries	50%
% of capacity-based revenues on exits	50%
Capacity-based revenues on entries	2,137,411
Capacity-based revenues on exits	2,137,411
Capacity-based revenues on entries for the transmission within the system	1,911,153
Capacity-based revenues on entries for the transmission into another system	226,258
Capacity-based revenues on exits for the transmission within the system	1,904,433
Capacity-based revenues on exits for the transmission into another system	232,978
Total revenue for the transmission within the system	**3,815,586**
Total revenue for the transmission into another system	**459,236**

in kWh/day

Planned capacity on entries for transmission within the system	149,329,266
Planned capacity on exits for transmission within the system	152,435,578
Total planned capacity for transmission within the system	**301,764,844**
Planned capacity on entries for transmission into another system	14,292,816
Planned capacity on exits for transmission into another system	14,292,816
Total planned capacity for transmission into another system	**28,585,632**

Quotient of revenues and capacity for transmission within the system	**12.6455**
Quotient of revenues and capacity for transmission into another system	**16.0653**

Index of comparison of capacity-based costs allocation	**23.8%**

Index of comparison of capacity-based costs allocation, calculated in line with Article 5 of the Regulation on Network Code on Harmonised Transmission Tariff Structures for Gas for cross-border transmission and transmission in Serbia amounts to: 23.8%.

Index of comparison of capacity-based costs allocation amounts to more than 10% since only planned capacity is taken into account when calculating this index as the criterion for cost allocation. In line with Article 8 of the Regulation, for the allocation of costs between entry and exit points, Methodology based on capacity weighted distance also takes into account the distance between energy and exit points, i.e. the length of transmission. The length of transmission for natural gas transmission into another system, i.e. the distance between energy points and exit point "interconnector" is the following: from the entry point from the transmission system – 252.76 km, from the entry point "storage" - 235.31 km and from the entry point "production - 219.77 km. The length of transmission for natural gas transmission within the system for the system users in Serbia, i.e. between entry points and exit point "local consumption" is the following: from the entry point from the transmission system - 165.29 km, from the entry point "storage" - 146.47 km and from entry point "production" – 122.33 km. The length of natural gas transmission into another system from all entry points is considerably greater than the length of transmission from those same entry points up to the exit for the system users in Serbia. All transmission volumes for the exit point "interconnector" and all natural gas import volumes intended for system users in Serbia are realized via the entry point from the transmission system. The length of transmission from entry point from the transmission system is 53% higher for the exit point "interconnector" than for the exit "local consumption".

Cost allocation assessment for commodity

It is not applicable since there are no commodity tariffs in the Methodology.

[5] Assessment of the proposed reference tariff methodology

[A] Methodology for setting reference tariff that enables network users to reproduce the calculation of reference tariffs and their accurate forecast.

The Methodology is in line with non-discrimination principles since the tariffs for transmission system users are calculated on the basis of capacity and length of transmission between entry and exit points of the transmission system, i.e. in a manner which is in line with the proposed methodology from Article 8 of the Regulation. The Methodology is transparent since there are only six capacity based tariffs which are established as a quotient of a share of allowed revenue of the transmission system operator and planned capacity for three entry and three exit points or points cluster. Therefore, system users can calculate and forecast tariffs, i.e. reference tariffs easily.

System users are enabled to reproduce tariff calculation and to predict reference tariffs precisely since the Methodology is published on the AERS website. The transmission system operator is obliged to publish a decision on tariffs for the upcoming regulatory period on their website.

[B] Methodology for setting reference tariff shall take into account the actual costs incurred for the provision of transmission services considering the level of complexity of the transmission network

Methodology for setting reference capacity weighted distance tariff (CWD methodology) is the selected model of reference tariff methodology since it is adequate for the complexity of the transmission system which has three types of entries (from another transmission system, from the underground gas storage and from production) and three types of exits (into another transmission, local exits and exit into the underground gas storage).

The transmission system to which the Methodology refers is simple in comparison to other transmission systems which is why it is established that it was neither necessary nor simple to implement location signals.

The Methodology provides a high level of connection between tariffs with actual transmission costs since the tariffs are based on factors which affect costs such as contracted capacity and the length of transmission.

[C] Methodology for setting reference tariff 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 Regulation on Network Code on Harmonised Natural Gas Transmission Tariffs

The Methodology takes into account actual justified costs of the transmission system operator. The revenue yielded by transmission services of the transmission system operator is provided 100% from capacity tariffs which are paid by all system users depending on the contracted capacity and distance between entries into and exits from the transmission system.

[D] Methodology for setting reference tariff shall ensure that significant volume risk within the transmission system is not assigned to final customers within the transmission system

The allowed revenue of the transmission system operator is provided 100% from capacity tariffs which is why the change in transmitted natural gas volume will not cause the change in the reference tariffs for final customers.

[E] Methodology for setting reference tariff shall ensure that the resulting reference tariffs do not distort cross-border trade

Proposed reference tariffs do not distort cross-border transmission. They even stimulate it since all the cost connected to the only compressor station on the transmission system are allocated evenly to all exits from the transmission system in line with contracted capacity and the length of transmission although the compressor station was constructed in order to enable adequate pressure for cross-border transmission. Namely, exit capacity for cross-border transmission account for around 10% of exit capacity from the transmission system, while the cross-border transmission accounts for around 90% of volumes for which the compressor station is used, therefore, the cross-border transmission accounts for 90% of costs of the compressor station.

[6] Comparison with the CWD (Capacity Weighted Distance) methodology

[A] Where the proposed reference tariff methodology is other than the capacity weighted distance reference tariff methodology detailed in Article 8, a comparison between both methodologies should be performed

It is not applicable since this is CWD Methodology.

[B] Comparison of indicative reference tariffs at each entry point and at each exit point of the proposed RPM and the CWD detailed in Article 8.

It is not applicable since this is CWD Methodology.

ALLOWED REVENUE OF THE TRANSMISSION SYSTEM OPERATOR

[7] Indicative information

[A] Allowed revenue

The calculation of the allowed revenue of the natural gas transmission system operator during the tariff period during the regulatory period shall be made by the application of the following formula:

$$DP_t = PT_t + PNT_t$$

where:

DP_t - allowed revenue of the natural gas transmission operator during t period (in RSD);

PT_t - revenue arising from the transmission service of the transmission system operator during t period (in RSD) and

PNT_t - revenue from services which exclude transmission of the transmission system operator during t period (in RSD).

The revenue from transmission services of the transmission system operator is accrued from capacity-based transmission tariffs. The revenue from services which exclude transmission of the transmission system operator include revenues from non-standard services and revenues arising from connection services to the natural gas transmission system.

Allowed revenue in thousands RSD:

Description	2024/2025	2025/2026	2026/2027
Allowed revenue for *Transportgas Srbija d.o.o. Novi Sad*	4,198,482	4,449,438	4,715,401
Allowed revenue for *Yugorosgaz Transport d.o.o. Niš*	78,274	85,212	92,767
Allowed revenue for paired transmission system	4,276,756	4,534,650	4,808,168

[B] Transmission services revenue

Transmission services revenue in thousands RSD:

Description	2024/2025	2025/2026	2026/2027
Revenue from transmission service for *Transportgas Srbija d.o.o. Novi Sad*	4,196,582	4,447,538	4,713,501
Revenue from transmission service for *Yugorosgaz Transport d.o.o. Niš*	78,241	85,177	92,729
Revenue from transmission service for paired transmission system	4,274,823	4,532,715	4,806,230

[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

Revenues from capacity-based tariffs in thousands RSD:

Description	2024/2025	2025/2026	2026/2027
Revenues from capacity-based tariffs for *Transportgas Srbija d.o.o. Novi Sad*	4,196,582	4,447,538	4,713,501
Revenues from capacity-based tariffs for *Yugorosgaz Transport d.o.o. Niš*	78,241	85,177	92,729
Revenues from capacity-based tariffs for paired transmission system	4,274,823	4,532,715	4,806,230

There is not commodity-based tariff, therefore there are no revenues from commodity-based tariffs.

[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

Revenues from capacity-based tariffs on entries in thousands RSD:

Description	2024/2025	2025/2026	2026/2027
Revenues from capacity-based tariffs on entries for *Transportgas Srbija d.o.o. Novi Sad*	2,098,291	2,223,769	2,356,751
Revenues from capacity-based tariffs on entries for *Yugorosgaz Transport d.o.o. Niš*	39,120	42,589	46,364
Revenues from capacity-based tariffs on entries for paired transmission system	2,137,411	2,266,358	2,403,115

Revenues from capacity-based tariffs on exits in thousands RSD:

Description	2024/2025	2025/2026	2026/2027
Revenues from capacity-based tariffs on exits for *Transportgas Srbija d.o.o. Novi Sad*	2,098,291	2,223,769	2,356,751
Revenues from capacity-based tariffs on exits for *Yugorosgaz Transport d.o.o. Niš*	39,120	42,589	46,364
Revenues from capacity-based tariffs on exits for paired transmission system	2,137,411	2,266,358	2,403,115

[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

Revenues from local system users on entries into and on exits from the transmission system into thousands RSD:

Description	2024/2025	2025/2026	2026/2027
Revenues from local system users on entries for *Transportgas Srbija d.o.o. Novi Sad*	1,875,939	1,992,741	2,116,709
Revenues from local system users on entries for *Yugorosgaz Transport d.o.o. Niš*	39,120	42,589	46,364
Revenues from local system users on entries for paired transmission system	1,911,153	2,031,154	2,158,609

	2024/2025	2025/2026	2026/2027
Revenues from local system users on exits for *Transportgas Srbija d.o.o. Novi Sad*	1,864,479	1,979,154	2,097,508
Revenues from local system users on exits for *Yugorosgaz Transport d.o.o. Niš*	39,120	42,589	46,364
Revenues from local system users on exits for paired transmission system	1,904,433	2,019,325	2,141,175

Revenues from cross-border system users on entries into and on exits from the transmission system in thousands RSD:

Description	2024/2025	2025/2026	2026/2027
Revenues from cross-border system users on entries for *Transportgas Srbija d.o.o. Novi Sad*	222,352	231,028	240,042
Revenues from cross-border system users on entries for *Yugorosgaz Transport d.o.o. Niš*			
Revenues from cross-border system users on entries for paired transmission system	226,258	235,204	244,506
Revenues from cross-border system users on exits for *Transportgas Srbija d.o.o. Novi Sad*	230,812	244,615	259,243
Revenues from cross-border system users on exits for *Yugorosgaz Transport d.o.o. Niš*			
Revenues from cross-border system users on exits for paired transmission system	232,978	247,033	261,936

INFORMATION ON COMMODITY BASED AND NON-TRANSMISSION TARIFFS

[8] Commodity-based transmission tariffs referred to in Article 4(3) 1) of Regulation on Harmonised Tariff:

[A] The manner in which they are set.

It is not applicable since there are no commodity tariffs.

[B] The share of revenue from commodity-based in the total allowed revenue

It is not applicable since there are no commodity tariffs.

[C] Indicative commodity-based tariffs

It is not applicable since there are no commodity tariffs.

[9] Complementary revenue recovery charge in line with Article 4(3) of the Regulation on Harmonised Tariffs

[A] The manner in which they are set

It is not applicable since there is no complementary revenue recovery charge.

[B] The share of the allowed revenue forecasted to be recovered from such tariffs

It is not applicable since there is no complementary revenue recovery charge.

[C] The indicative complementary revenue recovery charge

It is not applicable since there is no complementary revenue recovery charge.

10] Information on non-transmission services provided to network users

[A] Non-transmission service tariff methodologies

The revenue from non-transmission service of the transmission system operator includes the revenue from non-standard services and revenues from natural gas transmission system connection services. The revenues from non-transmission services are yielded by the transmission system operator from tariffs charged for non-transmission services and which are established in the act on non-standard services tariffs and in the act on connection costs adopted in line with the Law and which are cost-reflective, non-discriminatory, unbiased and transparent and which are charged to persons using that concrete non-transmission service in order to reduce the mutual subsidising between system users to the smallest extent. The revenues from non-transmission services are revenues yielded by the transmission system operator by providing services upon a customer's request i.e. system user's request or services which serve to remove consequence of actions taken by a customer, i.e. system user which are against regulations, based on an act of the transmission system operator on tariffs of non-standard services such as: revenues yielded from the issuance of an approval with conditions for the execution of works in the pipeline protection area, revenues from natural gas delivery suspension, revenues from the issuance of an opinion on the energy permit and other revenues. The Methodology for Setting Natural Gas Transmission and Distribution System Connection Costs prescribes that the connection for the transmission system represents an individual connection and that the system operator sets the level of connection costs based on those costs, i.e. costs of those elements of connection costs structure which are realistic. The Methodology for Setting Natural Gas Transmission and Distribution System Connection Costs („Official Gazette of RS", No. 42/16 and 140/22) is published on the website of the Agency https://www.aers.rs/Index.asp?l=1&a=93#PR11.

[B] Share of the allowed revenue forecasted to be recovered from such tariffs

Only revenues from non-standard services which are not revenues from transmission services are included within the allowed revenue. The share of the revenues from tariffs which are not yielded from transmission service within the total allowed revenues amounts to 0.04% for *Yugorosgaz Transport d.o.o. Niš*, i.e. 0.05% for *Transportgas Srbija d.o.o. Novi Sad* and for the paired transmission system.

[C] The manner in which the associated non-transmission services revenue is reconciled with allowed revenue

The reconciliation of non-transmission services is not envisaged.

[D] Indicative non-transmission tariffs

Decisions on approval of operators' acts on prices of non-standard services are published on the website of the Agency https://www.aers.rs/Index.asp?l=1&a=94.7.

COMPARED TARIFFS AND TARIFF MODEL

[11] Comparison of indicative reference tariffs with the ruling tariffs and indicative reference tariffs in the regulatory period

[A] Comparison of ruling tariffs and of indicative reference tariffs for the new tariff period

Comparison of ruling tariffs and of indicative reference tariffs for the new tariff period for *Transportgas Srbija d.o.o. Novi Sad*:

Tariff title	Ruling tariffs	Indicative reference tariffs for new tariff period
Annual tariff for firm capacity for tariff element "entry capacity from transmission system"	13.303	15.5569
Annual tariff for firm capacity for tariff element "entry capacity production"	17.548	11.1267
Annual tariff for firm capacity for tariff element "entry capacity storage"	10.661	1.0916
Annual tariff for firm capacity for tariff element "exit capacity local consumption"	7.619	12.8672
Annual tariff for firm capacity for tariff element "exit capacity interconnector"	28.853	16.1488
Annual tariff for firm capacity for tariff element "exit capacity storage"	-	2.3515
Tariff "commodity local consumption"	0.044	-
Tariff "commodity interconnector"	0.050	-

Comparison of ruling tariffs and of indicative reference tariffs for the new tariff period for *Yugorosgaz Transport d.o.o. Niš*:

Tariff title	Ruling tariffs	Indicative reference tariffs for new tariff period
Annual tariff for firm capacity for tariff element "entry capacity from transmission system"	3.392	3.9120
Annual tariff for firm capacity for tariff element "entry capacity production"	-	-
Annual tariff for firm capacity for tariff element "entry capacity storage"	-	-
Annual tariff for firm capacity for tariff element "exit capacity local consumption"	2.526	3.9120
Annual tariff for firm capacity for tariff element "exit capacity interconnector"	-	-
Annual tariff for firm capacity for tariff element "exit capacity storage"	-	-
Tariff "commodity local consumption"	0.022	-
Tariff "commodity interconnector"	-	-

Tariffs for paired transmission systems are not a subject matter of the ruling Methodology for Setting Natural Gas Transmission Tariff.

The ruling natural gas transmission tariffs approved by the Council of the Energy Agency of the Republic of Serbia are available on https://www.aers.rs/Index.asp?l=1&a=22.05&tp=TarifeG.

[B] Comparison of indicative reference tariffs for the new tariff period and of indicative reference tariffs for other tariff periods in the same regulatory period

Indicative reference tariffs for *Transportgas Srbija d.o.o. Novi Sad*:

Tariff title	2024/2025 (RSD/kWh/day)	2025/2026 (RSD/kWh/day)	2026/2027 (RSD/kWh/day)
Annual tariff for firm capacity for tariff element "entry capacity from transmission system"	15.5569	16.1639	16.7946
Annual tariff for firm capacity for tariff element "entry capacity production"	11.1267	11.7921	12.7433
Annual tariff for firm capacity for tariff element "entry capacity storage"	1.0916	1.1569	1.2261
Annual tariff for firm capacity for tariff element "exit capacity local consumption"	12.8672	13.3693	13.8910
Annual tariff for firm capacity for tariff element "exit capacity interconnector"	16.1488	17.1145	18.1380
Annual tariff for firm capacity for tariff element "exit capacity storage"	2.3515	2.4921	2.6412

Indicative reference tariffs for *Yugorosgaz Transport d.o.o. Niš*:

Tariff title	2024/2025 (RSD/kWh/day)	2025/2026 (RSD/kWh/day)	2026/2027 (RSD/kWh/day)
Annual tariff for firm capacity for tariff element "entry capacity from transmission system"	3.9120	4.2589	4.6364
Annual tariff for firm capacity for tariff element "entry capacity production"			
Annual tariff for firm capacity for tariff element "entry capacity storage"			
Annual tariff for firm capacity for tariff element "exit capacity local consumption"	3.9120	4.2589	4.6364
Annual tariff for firm capacity for tariff element "exit capacity interconnector"			
Annual tariff for firm capacity for tariff element "exit capacity storage"			

Indicative reference tariffs for paired transmission systems:

Tariff title	2024/2025 (RSD/kWh/day)	2025/2026 (RSD/kWh/day)	2026/2027 (RSD/kWh/day)
Annual tariff for firm capacity for tariff element "entry capacity from transmission system"	15.8302	16.4561	17.1069
Annual tariff for firm capacity for tariff element "entry capacity production"	11.6490	12.3517	13.3549
Annual tariff for firm capacity for tariff element "entry capacity storage"	1.1120	1.1790	1.2502
Annual tariff for firm capacity for tariff element "exit capacity local consumption"	13.1212	13.6400	14.1795
Annual tariff for firm capacity for tariff element "exit capacity interconnector"	16.3003	17.2837	18.3267
Annual tariff for firm capacity for tariff element "exit capacity storage"	2.3953	2.5399	2.6931

[C] Simplified tariff model, updated regularly, enabling network users to calculate transmission costs in line with ruling tariffs and indicative tariffs

On their website https://www.transportgas-srbija.rs/za-korisnike/kalkulator-za-zakup-kapaciteta/, the transmission system operator *Transportgas Srbija d.o.o. Novi Sad* published a calculator which enables the users to calculate the total use-of-system cost depending on contracted capacity of entry and/or exit points in line with the ruling Methodology for Setting Natural Gas Transmission Tariff which will be updated after natural gas transmission tariffs are set for the gas year 2025/2026 by the Agency.

[D] Explanation of how to use the simplified tariff model

The transmission system operator will publish an instruction for the calculator which enables the users to calculate the total use-of-system cost depending on contracted capacity of entry and/or exit points after natural gas transmission tariffs are set for the gas year 2025/2026 by the Agency.

FIXED PRICE UNDER PRICE CAP REGIME

[12] When the fixed price is offered under a price cap regime for existing capacity

[A] Provide proposed index

It is not applicable since fixed price approach is not used for the calculation of the tariff on interconnection points but the floating price approach.

[B] Provide proposed calculation for the risk premium

It is not applicable since fixed price approach is not used for the calculation of the tariff on interconnection points but the floating price approach.

[C] How is the revenue derived from the risk premium used?

It is not applicable since fixed price approach is not used for the calculation of the tariff on interconnection points but the floating price approach.

[D] At which IPs is such approach is proposed?

It is not applicable since fixed price approach is not used for the calculation of the tariff on interconnection points but the floating price approach.

[E] For which tariff period(s) is such approach proposed?

It is not applicable since fixed price approach is not used for the calculation of the tariff on interconnection points but the floating price approach.

[F] The process of offering capacity at an IPs where both fixed and floating payable price approaches are proposed

It is not applicable since fixed price approach is not used for the calculation of the tariff on interconnection points but the floating price approach.