

**Joint Binding Phase Notice
of LLC "Gas Transmission System Operator of Ukraine" and TRANSGAZ
for the offer of Incremental Capacity
at IP Isaccea 1/Orlovka 1**

01 May 2024

This document is jointly published at the websites GTSOU and TRANSGAZ in accordance with Article 28 (3) of Regulation (EU) No 2017/459 of 16 March 2017 (CAM NC) concerning the Incremental Capacity Process 2023.

This notice is jointly elaborated and published by:


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Disclaimer

Each TSO has acted in good faith to ensure that the information in this Joint Notice is correct as of the date of this Joint Notice, however, no representation or warranty is made by any TSO as to the accuracy or completeness of such information and the TSOs will not accept any liability, of any kind, to each other or to any third party, for any inaccuracies or incompleteness in such information.

Furthermore, whilst each of the TSOs will endeavor to co-ordinate the processes and steps anticipated under the Project Proposal for the Incremental Capacity Process 2023, no TSO will have any liability to any third party for any acts, omissions, breaches or decisions of the other TSOs or any other third party.

Each TSO will be responsible for its own infrastructure upgrades and the other TSO shall not have any liability to any party for the undertaking, or failing to undertake, such infrastructure upgrades.

Introduction

This Joint Notice, prepared by GTSOU and TRANSGAZ in accordance with Article 28 (3) of Regulation (EU) No 2017/459 of 16 March 2017 (CAM NC), marks the start of the Binding Phase for the Incremental Capacity Process 2023 at the Interconnection Point (IP) “Isaccea 1/Orlovka 1” (EIC Code: 21Z00000000304Z).

This Incremental Capacity Project is primarily driven by the potential increase of the technical capacity at IP Isaccea 1/Orlovka 1 in the direction Romania → Ukraine and is conducted in close coordination by GTSOU and TRANSGAZ.

The purpose of this Joint Notice is to provide information about the procedure for registration and participation in the Binding Phase of the Incremental Capacity Process 2023 and to inform on the Binding Phase process.

The Incremental Capacity Process 2023 is structured as follows: (i) a Non-Binding Phase (which started in July 2023 and lasting until the opening of the Binding Phase), and (ii) the Binding Phase initiated by the publication of this Joint Notice by the TSOs and publication of further details and supporting documentation on the websites of each of the TSOs¹.

During the non-binding phase, interested parties submitted non-binding demand indications for incremental capacity to GTSOU and TRANSGAZ. All non-binding demand indications received have been published in an aggregated manner jointly by GTSOU and TRANSGAZ in their Demand Assessment Report (DAR).

¹ For GTSOU – <https://tsoua.com/en/business-services/order-and-payment/capacity-allocation-at-interconnection-points/auction-platforms-and-interconnection-points/incremental-capacity-process-binding-phase/>

¹ For TRANSGAZ – <https://www.transgaz.ro/en/incremental-capacity-process-ro-ua>

This Binding Phase process is subject to the terms and conditions of the Project Proposal for the Incremental Capacity Process 2023 developed jointly by GTSOU and TRANSGAZ and approved by the National Regulatory Authorities (NRAs) of Ukraine (NEURC) and Romania (ANRE) with Resolution no. 831 dated 30 April 2024 of the Ukrainian regulator (NEURC) and Decision no. 797/22.04.2024 of the Romanian ANRE for the approval of the incremental capacity project proposal between the natural gas transmission systems of Romania and Ukraine at the joint interconnection point Isaccea 1/Orlovka 1 respectively (**the Project Proposal**).

During the binding capacity allocation phase, GTSOU and TRANSGAZ will offer incremental capacity in the annual yearly auction on the Regional Booking Platform (RBP) as approved in the Project Proposal.

The Binding Phase of the Incremental Capacity Process 2023 is open to all interested parties, irrespective of their participation in the Non-Binding Phase.

Terms and Conditions for the incremental capacity auction to be accepted by the network user

The parties wishing to participate in the Binding Phase shall do so under and in accordance with the terms and conditions of the Project Proposal, as approved by the NRAs, the General Terms & Conditions of each TSO (see annexes), and the rules for auction conduction on RBP, and are also required to follow the procedural rules as laid out in respective documentation.

GTSOU and TRANSGAZ have developed terms and conditions for the incremental capacity auction that need to be accepted by the network users before the auction starts.

GTSOU

Network user registration process is specified in the [General terms and conditions to which network users shall agree in order to obtain access to capacity in the binding phase of capacity allocation of the incremental capacity procedure on the border between Ukraine and Romania at IP Isaccea1/Orlovka1 for the flow direction \(RO-UA\)](#).

TRANSGAZ

Network User registration process

There is no separate registration process associated with this incremental capacity booking procedure, only the standard Network User/Capacity Applicant registration process on the RBP (see RBP Operating Rules on the rbp.eu website). As capacities are offered in an unbundled incremental capacity allocation process, Network Users are eligible to book annual capacity products in accordance with the applicable rules and regulations and in line with the provisions of ANRE Order No. 130/2020, as amended. In addition to the registration on the RBP, the prerequisite for participation in the auctions is to have the natural gas transmission framework contract for capacity booking at interconnection points concluded, as stipulated in Annex No. 1 to ANRE Order No. 130/2020, as amended, or, if no such contract was concluded, to have the affidavit, drawn up in accordance with the template provided for in Annex No. 2 to ANRE Order No. 130/2020, submitted and to establish the auction participation guarantee by the

date and time indicated in the timeline presented below (i.e. 25.06.2024, 4:00 p.m.).

Capacity applicants participating in the auctions on the basis of the affidavit drawn up in accordance with the template indicated in Annex No. 2 to ANRE Order No. 130/2020 shall take all the steps provided for in the Network Code for the NTS (approved by ANRE Order No. 16/2013 as amended) in order to be able to use the allocated capacity in the incremental capacity process (obtaining access to the information platform operated by Transgaz, concluding the balancing and VTP access contract).

Capacity Allocation

Additional information for further clarification on the capacity allocation, in full consistency with CAM NC and Operational Rules of the Regional Booking Platform, will be published on GTSOU and TRANSGAZ web sites.

Offer Levels

In the tables below, is a comprehensive breakdown of the harmonized offer that the two TSOs will make available to the market within the annual auctions scheduled for July 1 2024. The Offer Levels take into account the provisions of Article 8 of the NC CAM on the capacity to be set aside for short-term products, i.e. 10% of the existing technical capacity in the first 5 gas years and 20% in the following years and 10% of the incremental capacity starting with 2027/2028.

Level offer 0 (available existing capacity)

No. of years	Gas year	Available existing capacity offer (kWh/day/year)
1	2024/2025	109.279.087
2	2025/2026	109.279.087
3	2026/2027	109.279.087
4	2027/2028	109.279.087
5	2028/2029	109.279.087
6	2029/2030	97.136.966
7	2030/2031	97.136.966
8	2031/2032	97.136.966
9	2032/2033	97.136.966
10	2033/2034	97.136.966
11	2034/2035	97.136.966
12	2035/2036	97.136.966
13	2036/2037	97.136.966
14	2037/2038	97.136.966
15	2038/2039	97.136.966

Offer level 1 (available existing capacity + incremental capacity)

No. of years	Gas year	Available existing capacity offer (kWh/day/year)	Incremental capacity offer (kWh/day/year)	Harmonised offer level in the RO →UA direction for existing and incremental capacity (kWh/day/year)
1	2024/2025	109.279.087		109.279.087
2	2025/2026	109.279.087		109.279.087
3	2026/2027	109.279.087		109.279.087
4	2027/2028	109.279.087	76.589.584	185.868.671
5	2028/2029	109.279.087	76.589.584	185.868.671
6	2029/2030	97.136.966	76.589.584	173.726.551
7	2030/2031	97.136.966	76.589.584	173.726.551
8	2031/2032	97.136.966	76.589.584	173.726.551
9	2032/2033	97.136.966	76.589.584	173.726.551
10	2033/2034	97.136.966	76.589.584	173.726.551
11	2034/2035	97.136.966	76.589.584	173.726.551
12	2035/2036	97.136.966	76.589.584	173.726.551
13	2036/2037	97.136.966	76.589.584	173.726.551
14	2037/2038	97.136.966	76.589.584	173.726.551
15	2038/2039	97.136.966	76.589.584	173.726.551

Milestones

The Binding Phase starts with the publication of the Project Proposal for the Incremental Capacity Process 2023 together with this Joint Notice of GTSOU and TRANSGAZ.

GTSOU and TRANSGAZ will offer the incremental capacity together with the respective available capacity

in the annual yearly capacity auction as standard unbundled products in ascending clock auctions according to the provisions of Article 8. paragraphs (8) and (9), Article 17 and Article 19 of Commission Regulation (EU) No 2017/459.

The yearly capacity auction will be conducted on 1 July 2024, according to the Auction calendar 2024.

Following the closure of the auction, GTSOU will proceed with the publication of the final result of the Economic Test (ET), and if ET is positive (only applicable to GTSOU), entering into Gas Transportation Agreements (GTAs) with the successful parties.

Milestones Timeline

Milestone	Deadline* (dd/mm/yyyy)
Announcement of the Binding incremental capacity procedure	1.05.2024
Network User registration for GTSOU on RBP Platform	24.06.2024
Network User registration for TRANSGAZ on RBP platform	24.06.2024
Submission of the auction participation security to GTSOU	By 24.06.2024
Submission of the auction participation security to TRANSGAZ and, where applicable, the submission of the affidavit, drawn up in accordance with the template set out in Annex No 2 to ANRE Order No 130/2020, as subsequently amended and supplemented	25.06.2024 (16.00 EET)
Bid submission starting date: Submission of Bids in RBP according to the Auction calendar 2024	01.07.2024 (10:00 EET)
Publication of the final results of the economic test	within 2 working days from the closure of the auction
In case of a <i>positive</i> economic test GTSOU and TRANSGAZ accept successful bids and send confirmation of the allocation result(s) to the successful Network User(s)	within 1 working day from the publication of the results of the Economic Test
The Gas Transportation Agreement(s) to be concluded within the Incremental Capacity Procedure shall be concluded in written form.	Within 10 working days from the closure of the auction
In case of a <i>negative</i> economic test GTSOU and TRANSGAZ to inform Network Users about terminated Incremental Capacity Procedure	Within 1 working day from the publication of the results of the Economic Test
Return of the auction security that did not result in an incremental capacity contract.	within 10 working days from the closure of the auction

Duration of project realization

GTSOU*

Timeline	Stage
01/07/2024	Annual capacity auction in July 2024 followed by an economic test
3Q/2024	Final Investment decision
4Q/2028	Commissioning of the project
1/10/2028	Expected start of commercial operation

* In case of a positive economic test of GTSOU;

* GTSOU will use its best efforts to prevent delays and minimize delay impacts as necessary.

TRANSGAZ

No investment is needed on the Romanian side.

Economic Test Parameters

GTSOU

The economic test will be carried out by GTSOU after binding bids of network users for contracting capacity have been submitted in RBP and evaluated by GTSOU and shall consist of the following parameters:

GTSOU will use the tariff, which is determined for the period from 1 January 2020 to 31 December 2024, and approved by the NEURC resolution No. 3013 of 24 December 2019 as an estimated reference price for the Economic Test.

The reference price will be utilized for the purpose of the ET only.

For the avoidance of doubts, the reference price effectively applied will be finally determined according to the provisions of the regulatory framework in place at the time of the transmission service.

GTSOU will not apply a mandatory minimum premium.

TRANSGAZ

Given that no investment is planned on TRANSGAZ's side regarding this project Proposal's capacity increase, the ET is not applicable to the Romanian TSO.

The reference price for TRANSGAZ is the capacity booking tariff for exit points out of the NTS, approved by ANRE for the gas year 1 October 2024 - 30 September 2025.

The capacity applicant shall pay to Transgaz the value of the booked transmission capacity established based on the capacity booking tariff applicable at the time when the booked capacity can be used plus the potential auction premium resulted from the conducted auction.

Annexes

1. Project Proposal for Incremental Capacity on the Ukrainian-Romanian border between GTSOU and TRANSGAZ.
2. General terms and conditions to which network users shall agree in order to obtain access to capacity in the binding phase of capacity allocation of the incremental capacity procedure on the border between Ukraine and Romania at IP Isaccea1/Orlovka1 for the flow direction (RO-UA) (GTSOU).
3. General Terms and Conditions for TRANSGAZ are provided for in ANRE Order no. 130/2020 as amended.
4. Gas Transportation Agreement for incremental capacity at IP Isaccea1/Orlovka 1 (TRANSGAZ) is the framework transmission contract attached as an annex to ANRE Order no. 130/2020 as amended.

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