



**SOCIETATEA NAȚIONALĂ DE TRANSPORT  
GAZE NATURALE "TRANSGAZ" SA MEDIAȘ**

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**REPORT**  
**on the approval of the financing of the 2018 – 2027 TYNDP**

**SUMMARY**

Considering the provisions of Art.22 of European Directive EC/73/2009 on the obligations of all EU gas transmission system operators regarding the annual preparation of the TYNDPs, SNTGN Transgaz SA Mediaș, as the technical operator of Romanian National Gas Transmission System prepared the 2018-2027 TYNDP enclosed.

According to Art. 125 (8) of Electricity and Gas Law 123/2012, the Plan was approved by ANRE through Decision 1954/14.12.2018.

**PROPOSAL**

Based on Art. 2 of ANRE Decision 1954/14.12.2018 corroborated with Art. 15 (3) (I) of the updated Articles of Incorporation, we submit for approval the financing of the 2018 – 2027 TYNDP, financing endorsed by Board of Administration Resolution No.3/31 January 2019.

**DETAILED CONTENT**

According to Art. 2 of **ANRE Decision 1954/14.12.2018** for the approval of 2018 – 2027 TYNDP, *`SNTGN Transgaz SA shall send to the National Regulatory Authority for Energy the resolution of the General Meeting of the Shareholders on the approval of the Development Plan financing within 90 days from the date of communication of this Decision`.*

**The 2018 – 2027 TYNDP** prepared based on **Art. 125 (6) of Electricity and Gas Law 123/2012** is compliant with the European energy policy for:

- ensuring safety of gas supply;
- increasing interconnectivity between the national gas transmission network and the European network;
- increasing the flexibility of the national gas transmission network;
- the liberalization of the gas market;
- creating the integrated gas market in the European Union.

This document presents the development directions of the Romanian gas transmission network and the major projects that the company envisages over the next 10 years. Our goal is to achieve a maximum level of transparency with respect to the development of the National Gas Transmission System (NTS) in order for the market players to be informed in a timely manner about the existing and planned transmission capacities, in order for the investment decisions regarding the gas transmission network to respond to the market demands, following public consultations.

**The proposed projects** are as follows:

No.	Project	Estimated value mil Euro	Completion date	Project importance	Project status
7.1.1	Development on the territory of Romania of the National Gas Transmission System on the <b>Bulgaria - Romania - Hungary - Austria Corridor (Phase 1)</b>	478.6	2019	Ensuring gas transmission capacity to Hungary of 1.75 bcm/year and 1.5 bcm/year to Bulgaria. The importance of the project at the level of the European Union is reflected the including of the project <i>Gas pipeline from Bulgaria to Austria via Romania and Hungary</i> in the first, second and third list of PCIs.	FID
7.1.2	Development on the territory of Romania of the National Gas Transmission System on the <b>Bulgaria - Romania - Hungary</b>	68.8	2022	Ensuring gas transmission capacity to Hungary of 1.75 bcm/year and 1.5 bcm/year to Bulgaria. The importance of the project at the level of the	A non FID

No.	Project	Estimated value mil Euro	Completion date	Project importance	Project status
	- <b>Austria Corridor (Phase 2)</b>			European Union is reflected by the including of <i>Gas pipeline from Bulgaria to Austria via Romania and Hungary</i> in the first, second and third list of PCIs.	
7.2	Development of the <b>Southern Transmission Corridor</b> on the territory of Romania for taking over natural gas from the Black Sea shore	360.36	2020	The taking over in the NTS of the Black Sea gas for transmission to Romania or in the European markets is of strategic importance for Transgaz. The importance of the project at the level of the European Union is reflected by the including of the project in the second and third list of PCIs.	A non FID
7.3	<b>Interconnection of the national gas transmission system with the international gas transmission pipeline T1</b> and reverse flow at Isaccea.	101 Phase I: 8.8 Phase II: 92.2	Phase I: 2018 Phase II: 2019	Transgaz has a special interest in implementing this project: <ul style="list-style-type: none"> <li>▪ <i>to eliminate the possibility of imposing extremely costly financial penalties from the European Commission;</i></li> <li>▪ <i>to ensure revenues as substantially as possible by capitalizing these capacities, after the expiry of the take or pay contracts.</i></li> </ul>	FID



No.	Project	Estimated value mil Euro	Completion date	Project importance	Project status
				The project is included in the first, second and third list of European PCIs and will be achieved in two phases.	
7.4	<b>NTS developments in North-Eastern Romania</b> for improving gas supply to the region and ensuring transmission capacities to Moldova	174.25	2019	Ensuring transmission capacity of 1.5 bcm/year at the interconnection point between the Romanian and the Moldavian gas transmission systems.	A non FID
7.5	<b>Extension of the</b> bidirectional gas transmission <b>Bulgaria – Romania – Hungary – Austria (BRUA Phase 3)*</b>	530	2023	Depending on the Black Sea off-shore production increase an additional development of the network is taken into consideration: an addition route through the middle of Romania and a new interconnection with Hungary.	LA non FID
7.6	<b>New NTS developments for taking over Black Sea shore gas</b>	9.14	2019	Establishing an additional point for taking over Black Sea off-shore gas.	A non FID
7.7	<b>Romania - Serbia Interconnection</b>	42,4	2020	Construction of a new pipeline for the interconnection with Serbia for the diversification of the supply sources and increasing energy security in the region.	A non FID

No.	Project	Estimated value mil Euro	Completion date	Project importance	Project status
7.8	<b>Upgrading GMS Isaccea 1 and GMS Negru Vodă 1</b>	13,9	2019	Modernization of gas metering stations at the interconnection points for increasing security of supply in the region.	FID
7.9	<b>Interconnection of the gas transmission systems in Romania and in Ukraine in the Gherăiești – Siret direction</b>	125	2025	The interconnection with Ukraine in the Gherăiești-Siret direction, as a completion of the project NTS developments in North-Eastern Romania for improving gas supply to the region.	LA non FID
	<b>TOTAL (2018-2027), of which:</b>	<b>~ 1.9 billion Euro</b>			
	<b>TOTAL FID and A non FID PROJECTS</b>	<b>~ 1.25 billion Euro</b>			

Transgaz management is continuing one of the largest and most important plans for the development of the Romanian gas transmission infrastructure over the last 20 years, with investment projects estimated at EUR 1.9 billion and meant to create new gas transmission routes, essential to efficient transmitting of the discovered Black Sea gas on the internal and regional markets, but also in order to have Romania integrated into the major cross-border routes of the European South-Eastern/North-Western Corridor.

## PROJECT BENEFITS

By ensuring the link between different sources of gas supply and the European market, these investment projects contribute to the meeting of the European goals, the main benefits of which being as follows:

- Integration of the gas market and interoperability of the gas transmission systems in the region;
- Gas price convergence in the region;

- Increasing the flexibility of the European gas transmission system by making bidirectional gas flow interconnections;
- Ensuring access for Romania and the European Union to a new gas supply source by the interconnection of the BULGARIA - ROMANIA - HUNGARY – AUSTRIA corridor with the Black Sea;
- Increasing competition on the European gas market by diversifying sources, transmission routes and the companies active in the region;
- Increasing the security of gas supply;
- Reducing dependence on Russian gas imports;
- Stimulating the production development of renewable energy in the region (especially wind and solar energy) considering the possibility of using natural gas as a renewable option for renewable energies, which leads to a significant increase in the sustainability of the proposed projects.

By achieving the objectives set in **the 2018-2027 TYNDP Transgaz** wishes to become an important gas transmission operator on the international gas market, with a national gas transmission system that is modern, intelligent, integrated at the European level and with a modern management system, in line with the international performance standards and regulations.

Given the important dependence of the European energy market on the Russian and Middle East energy imports, the discovered gas deposits in the Black Sea play a crucial role in terms of the Romanian energy security, the consolidation of Romania's position as an important player in the EU as a producer and exporter of energy, the integration of the country on the major gas transmission European routes and the increase in the country's economic welfare for the future decades.

According to **Art. 3. of ANRE Decision 1954/14.12.2018** *'Within 30 days from the date of communication of this decision, S.N.T.G.N. Transgaz S.A. shall request the agreement of the owner of the transmission system on the financing TYNDP investments under Art. 1, or the owner's consent to be funded by any stakeholder, including by the independent system operator, and shall sent this to ANRE within 5 days from obtaining it'*, SNTGN Transgaz SA requested by Letter 67092/17.12.2018, ANRM registration number 16146/19.12.2018, ANRM's consent, as a concession provider/representative of the National Gas Transmission System owner, on the financing of the **2018 – 2027 TYNDP**.

For compliance with the 90 days deadline for transmission to ANRE of the GMS Resolution on the approval of the TYNDP financing, we submit for analysis and endorsement by the Board of Administration the financing of the **2018-2027 TYNDP, approved by ANRE, for its transmission for the approval of the GMS.**



**Based on Art 2. of ANRE Decision 1954/14.12.2018 corroborated with Art. 15 (3) (I) of the updated Articles of Incorporation, we submit for approval the financing of the 2018 – 2027 TYNDP, financing endorsed by Board of Administration Resolution No.4/31 January 2019.**

**Chairman of the Meeting  
Nicolae Minea**



**DECISION no. 1954/14.12.2018**

**On the approval of the Ten Year National Gas Transmission System D  
Development Plan for the period 2018-2027**

Considering the provisions of article 125 para (6) – (8) of Energy and Gas Law no 123/2012, as subsequently amended and supplemented,

Based on article 5 para (1) point d) and art 10 para (1) point a) of the Government Emergency Ordinance no 33/2007 on the organization and functioning of the National Regulatory Authority for Energy, approved as amended and supplemented by Law no. 160/2012, as amended and supplemented,

The President of the National Energy Regulatory Authority issues the following

**DECISION**

Art. 1. Approves the 2018-2027 TYNDP prepared by S.N.T.G.N. Transgaz and sent by the letter registered at the National Energy Regulatory Authority under no. 94755/10.12.2018 with the obligations set out in the Annex, which is an integral part of this Decision.

Art. 2. Within 90 days from the date of communication of this decision, S.N.T.G.N. Transgaz S.A. shall submit to the National Energy Regulatory Authority the decision of the General Meeting of the Shareholders approving the financing of the TYNDP provided for in Art. 1.

Art. 3. Within 30 days from the date of communication of this decision, S.N.T.G.N. Transgaz S.A. shall request the agreement of the owner of the transmission system on the financing TYNDP investments under Art. 1, or the owner's consent to be funded by any stakeholder, including by the independent system operator, and shall send this to ANRE within 5 days from obtaining it.

Art. 4. S.N.T.G.N. Transgaz S.A. shall publish on its own website within 5 working days from the date of communication of this Decision, the Development Plan provided for in Art. 1, with the exception of Annexes A, A1, B, B1, C, D, E, F and F1, containing confidential data.

Art 5. S.N.T.G.N. Transgaz S.A. shall fulfil the provisions of this decision, and the specialized divisions within the National Energy Regulatory Authority shall observe the provisions of this decision.

Art. 6. On the date of entry into force of this Decision, the Decision of the President of the National Energy Regulatory Authority no. 910/22.06.2017 ceases to be applicable.

Art. 7. This decision is communicated to S.N.T.G.N. Transgaz S.A. and published on the website of the National Energy Regulatory Authority.



The President of the National Energy Regulatory Authority

DUMITRU CHIRIȚĂ

Annex to the Decision no. 1954/14.12.2018

### OBLIGATIONS

of the national gas transmission system operator S.N.T.G.N. Transgaz S.A., for the preparation of the following revision of the gas transmission system development plan

Upon the following revision of the National Gas Transmission System Development Plan (TYNDP)> to be submitted to ANRE by August 1, 2019, S.N.T.G.N. Transgaz S.A. has to take into account the following obligations:

1. To submit documents demonstrating the correlation of the TYNDP with the plans for spatial planning and systematization, in accordance with the provisions of Art. 125 (7) of Electricity and Gas Law no. 123/2012, as subsequently amended and supplemented, such as agreements, commitments, memos, protocols, etc .
2. To present in the TYNDP the scenarios for the evolution of distribution, gas and natural gas production systems and to transmit the documents on the basis of which these scenarios have been established;
3. To complete the TYNDP with a new chapter analysing the technical condition of the national transmission system, including the age of the pipelines / installations / equipment, the number of limitations and/or planned/unplanned interruptions and technological consumption, quantifying the impact of investment projects/modernization works envisaged over the 10-year period;
4. To complete the TYNDP with the 10-year Investment Plan related to the national gas transmission system, detailed by investment objectives, for each year of the 2019-2028 period;
5. To provide the funding sources for each project provided for in the TYNDP as well as detailing them according to equity, loans and grants;
6. To complete the TYNDP with the substantiation of the maintenance plan for the period 2019-2028, detailed by types of works and objectives related to the national transmission system, for each year of the period;
7. To present the resolution of the General meeting of the Shareholders regarding the prior approval of PDSNP.
8. To submit in electronic format the documents for the substantiation of the major projects updated against the approved TYNDP edition, with the submission of the supporting documents regarding their financing decision;

9. To submit to the National Energy Regulatory Authority by March 15, 2019, a report on the implementation of the TYNDP approved by this decision, accompanied by explanations regarding possible changes to the projects planned to be carried out in the year 2019.

The National Agency for Mineral Resources - ANRM

The Secretariat of the President  
No. 1303/31.01.2019

To: Mr. ION STERIAN, DIRECTOR-GENERAL, S.N.T.G.N. TRANSGAZ S.A.

Following Transgaz Letter 2683/16.01.2019, registered at ANRM Bucharest under no. 923 / 22.01.2019, on the financing of the 2018 - 2027 TYNDP prepared by Transgaz SA, Mediaș, ANRM, as the competent authority, empowered to apply Oil Law 238/2004, as further amended and supplemented, and as the signatory of the Agreement on the concession of mains pipelines, installations, equipment and facilities related to the national gas transmission system and of the operation of the national gas transmission system, approved by Government Resolution No. 668/2002, published in the Official Journal of Romania, Part 1, No. 486 of 8 July 2002 (the Concession Agreement), we inform you of the following:

- The Gas Transmission System is the public State property;
- The scope of the Agreement is the concession of main pipelines, equipment and facilities related to the national gas transmission system and of the national gas transmission system operation activity;
- In accordance with Art. 5.16 of the Concession Agreement, which stipulates the obligations undertaken by the agreement holder, S.N.T.G.N. Transgaz S.A. Mediaș, *the financing of the rehabilitation, modernization and development plans of the National Transmission System shall be ensured from own and attracted sources or from the state budget, according to the applicable laws in the domain;*
- According to Art. 7.1 of the Concession Agreement if the value of the works in the rehabilitation, modernization and development plan of the National Transmission System cannot be covered from own and attracted sources, the Agency shall request the including of these works in the investments financed from the state budget according to the applicable laws.

Considering the above, the obligation to finance all the works for the rehabilitation, modernization or development of the National Gas Transmission System are borne by the holder of the Concession Agreement and will therefore to be funded by it, namely by the national Gas Transmission Company Transgaz S.A. Mediaș.

Yours sincerely,

President  
Gigi Dragomir

Signature and stamp