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RELEASE

The signing between SNTGN Transgaz SA, OMV-Petrom SA and SNGN Romgaz SA of the Ceremonial declaration on the conclusion of gas transmission contracts, concluded as a result of the procedure for the booking of the capacity related to the NTS entry/exit point – Tuzla – for the Black Sea gas

Today, 16 March 2023, in the premises of the Romanian Government, in the presence of **Mr. Nicolae-Ionel CIUCA, the Prime-Minister of Romania**, the National Gas Transmission Company TRANSGAZ SA, as national gas transmission system operator, OMV PETROM SA and SNGN ROMGAZ SA have signed **the Ceremonial declaration on the conclusion of the gas transmission contracts concluded as a result of the procedure for the booking of the capacity related to the NTS entry/exit point – Tuzla – for the Black Sea gas**.

The Ceremonial declaration has been signed by **Mr. Ion STERIAN – Director General**, on behalf of **SNTGN TRANSGAZ SA**, by **Ms. Christine VERCHERE – Chief Executive Officer** on behalf of **OMV PETROM SA** and by **Mr. Răzvan POPESCU – Chief Executive Officer** on behalf of **SNGN ROMGAZ SA**.

Mr. Marian Neacsu – Secretary General of the Government, Mr. Alfred STERN – Chief Executive Officer of the Austrian OMV Group and other governmental officials also attended this event.

The implementation of a transmission infrastructure allowing for the connection of the gas available at the Black Sea shore to the BRUA corridor is a project of vital importance for Romania in terms of energy security and the conclusion of these gas transmission contracts represents the pre-requisite for the development of this infrastructure.

With a currently estimated value of approximately EUR 478 million (VAT included), the project consists in the construction of a 308.3 km gas transmission pipeline Tuzla-Podisor to connect the Black Sea available gas to the BRUA corridor, thus enabling the transmission of gas through the existing interconnections. This pipeline will be connected to the existing international gas transmission pipeline T1. The pipeline is telescopic and comprises two sections: section I: Black Sea Shore – Amzacea (32.4 km; technical capacity: 12 bcma) and section II: Amzacea – Podisor (275.9 km; technical capacity: 9 bcma)

The project "Gas transmission pipeline Black Sea – Podisor" is included in Transgaz' 10 year development plan and on the EU list of projects of common interest and an application for grants under the Modernization Fund was submitted as far as it is concerned.

Transgaz, the technical system operator, prepared for this project in advance and signed the construction contract, with work to start after the final investment decision has been taken by the titleholders of the Black Sea off-shore blocks announced for mid-year.

Transgaz successfully conducted and completed the incremental capacity process for the NTS entry/exit point to be created in the vicinity of Tuzla, where the Black Sea gas will reach the shore, by allocating a capacity of 1.323.920.520 MWh for the period 01.05.2026-01.10.2042 and the two companies, OMV PETROM SA and ROMGAZ SA offered binding incremental capacity demands. The aggregated value of the commitments of the applicants declared successful amounts to lei 2.82 billion.

OMV Petrom and Romgaz, partners in the Neptune Deep project, expressed their interest in the booking of the Black Sea gas transmission capacity within the binding phase of the NTS entry/exit point incremental capacity process conducted by Transgaz and established a bank guarantee of EUR 88 million (EUR 44 mil. each) to be able to book capacity on the gas transmission pipeline to be constructed by Transgaz in the vicinity of Tuzla.

The Tuzla-Podişor gas pipeline project is a national development project with multiple benefits for Romania, including: enhancing the NTS transmission capacity by the creation of an important part of the future gas transmission system; providing a solution for the NTS transmission of natural gas to be extracted from the Black Sea; increasing the security of natural gas supply to Romania and Europe; diversifying natural gas supply sources.

Mr. Ion STERIAN, Transgaz' Director General stated: *"I would like to stress that we are, for the fourth time in as many years, facing a historic moment for regional and Romanian energy security. After the successful completion of the BRUA gas pipeline – phase 1, after the successful completion of the Ungheni-Chisinau gas pipeline, after the completion of the works allowing for the international transmission of gas in reverse-flow at all interconnection points and after the start of the Black Sea gas exploitation in the shallow blocks, we are now at the start-up of the Tuzla-Podişor pipeline, which will allow for the Black Sea gas exploited by OMV Petrom and Romgaz to reach the National Transmission System and, implicitly, every locality in Romania that has access to the natural gas network. Transgaz is prepared to build this pipeline under the same conditions of safety, efficiency and high performance that it has always met with every investment. We are ready to hand over, as of 27 March 2023, the site to the winner of the tender for the execution of the pipeline construction works, which will last until 20-25 April 2023, depending on weather conditions, to carry out our mission in terms of ensuring Romania's energy independence and we will fulfil our obligations to the Romanian state authorities, as well as our international obligations with professionalism and dedication. Transgaz is planning ambitious investments, precisely in order to be able to achieve the objectives I have listed.*

We are connected and we are alert to all grant funding opportunities in order to prevent any gas transmission tariff increase which is implicitly reflected in the final gas price, so that these investments have the most appropriate mix of funding possible. For this strategic investment, Transgaz submitted an application for funding under the Modernisation Fund. In this way, we are demonstrating that no grant financing instrument remains untapped, by carefully managing the company's equity. We look forward to the announcement of the final investment decision by the titleholders of the Black Sea blocks in order to be able to sign the order for the commencement of the works to the Tuzla-Podişor gas transmission pipeline."

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