

**GAS TRANSMISSION CAPACITY FROM ROMANIA TO HUNGARY  
AND FROM HUNGARY TO AUSTRIA**

**BINDING OPEN SEASON PROCEDURE**

**INVITATION TO BID**



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## **1. Introduction**

GAS CONNECT AUSTRIA GmbH, (hereinafter referred to as “GCA”) is a gas transmission system operator on the territory of Austria (Market Area East).

FGSZ Natural Gas Transmission Private Company Limited by Shares (hereinafter referred to as “FGSZ”) is a gas transmission system operator on the territory of Hungary

S.N.T.G.N TRANSGAZ S.A., (hereinafter referred to as “TRANSGAZ”) is a gas transmission system operator on the territory of Romania.

GCA, FGSZ and TRANSGAZ (hereinafter referred to as “TSOs”) are conducting a joint procedure known as binding Open Season regarding firm natural gas transmission services on the following interconnection points:

- IP1: Csanádpalota (EIC 21Z00000000236Q):  
from Romania to Hungary and from Hungary to Romania at the interconnection point
- IP2: Mosonmagyaróvár (EIC 21Z00000000003C):  
from Hungary to Austria at the interconnection point

Capacity will be allocated as yearly capacity products via bundled allocation procedure at each IP in the offered directions (1 October-1 October) at Csanádpalota (RO>HU) / (HU>RO) and at Mosonmagyaróvár (HU>AT) starting with 1 October 2022 until 1 October 2037<sup>1</sup>. The method applied for capacity allocation was determined based on the results of the market survey on capacity allocation concepts.

All interested Applicants shall be aware and agree that all winning Bids in the present binding Open Season shall be considered as legally binding upon the expiry of the exit right.

The TSOs do not offer 10% of the incremental capacity within the binding Open Season Procedure, which would be eventually reserved for short-term capacity booking and would allocate this capacity on a non-discriminatory basis according to the regulation eventually replacing Regulation 984/2013/EU.

Based on these considerations, the TSOs hereby officially announce the invitation to bid for the Binding Open Season procedure.

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<sup>1</sup> The allocation of 1.75 bcm/y at IP1 (RO>HU) will take place according to the applicable auction calendar from 2019 onwards. Interruptible capacity at IP2 (HU>AT) is offered already.

## **2. Definitions**

Unless the context requires otherwise, words and expressions used in this document shall have the meanings stated below:

**"Applicant"** shall mean a network user who submits an application to the TSOs to participate in the binding Open Season Procedure.

**"Bid"** shall mean the Participant's binding commitment to book capacities.

**"Bid Revision"** shall mean the Applicant's voluntary acceptance of the Bid updated with a mandatory minimum premium by the relevant TSOs in case the economic test would not be met after Economic Test I and Economic Test II within 60 (sixty) calendar days after the receipt of the updated Bid, respectively.

**"Indicative Reserve Price P<sub>o</sub> (in EUR )"** shall mean the sum of the related entry and exit fees at IP 1 and/or IP2 applicable at the capacity allocation procedure. The fees payable to the TSOs shall be settled in the national currencies under to relevant capacity booking contracts between the Shipper and the TSO.

**"Interconnection Point 1"** shall mean the physical connection of the Romanian national gas transmission system and the Hungarian national transmission system near Csanádpalota at the Romanian-Hungarian state border. The EIC of IP1 is 21Z00000000236Q.

**"Interconnection Point 2"** shall mean the physical connection of the Hungarian national gas transmission system and the Austrian national transmission system near Mosonmagyaróvár at the Hungarian-Austrian state border. The EIC of IP2 is 21Z00000000003C.

**"Gas Day"** shall mean the period from 5:00 to 5:00 UTC the following day for winter time and from 4:00 to 4:00 UTC the following day when daylight saving is applied.

**"Binding Open Season Procedure"** shall mean the procedure, including possible congestion management procedures through which GCA, FGSZ and TRANSGAZ allocate the Offered Capacity of IP1 and IP2 to Applicants on a binding basis.

**Economic Test I** shall mean the economic analysis after the bid submission from 01.06.2017 – 27.06.2017.

**Economic Test II** shall mean the economic analysis after the bid confirmation by 01.04.2018.

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**“Offered Capacity”** shall mean the highest offer level, expressed in energy unit allocable per hour on IP1 in direction from Romania to Hungary as well as in direction from Hungary to Romania, and IP2 in direction from Hungary to Austria within the scope of the Binding Open Season Procedure, starting from the Target Commercial Operation Date minus 10% of the highest offer level, expressed in energy unit per hour, which is reserved for potential short term capacity booking.

**“Participant”** shall mean an Applicant whose application has been accepted by GCA, FGSZ and TRANSGAZ under the Rules of this binding Open Season Procedure and submits a binding bid with the necessary annexes to the TSOs under the Rules of this binding Open Season Procedure.

**“Participation Fee”** shall mean a fee of EUR 2,000 per each IP (EUR 1,000 per TSO at the IP).

**“Project”** shall mean the necessary evaluation, design development, construction, installation, financing, insuring, ownership, operation, repair, replacement, refurbishment, maintenance, expansion, and extension (including laterals) on the transmission network of GCA, FGSZ and TRANSGAZ.

**“Received results”** shall mean the bids confirmed by the TSOs after Economic Test I.

**“Successful Participants”** shall mean those participants that receive a confirmation on their bids.

**“Target Commercial Operation Date”** shall be 1st of October 2022.

**“Yearly Standard Capacity Product”** shall mean a capacity product, which may be applied for, in a given amount, by a network user for all Gas Days in a particular gas year starting on the 1<sup>st</sup> of October of a calendar year and ending on the 1<sup>st</sup> of October the following calendar year.

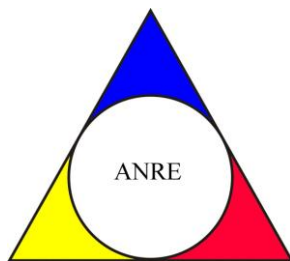
### **3. Binding Open Season Procedure**

A Binding Open Season Procedure is conducted by the involved TSOs in order to determine the binding market interest for natural gas transmission capacities established by the projects at IP1 and IP2.

#### **3.1. Purpose of the binding Open Season Procedure**

The main objective of the binding Open Season Procedure is to assess the market interest in natural gas transmission capacity on the basis of the received binding bids of the Participants.

#### **3.2. Regulatory involvement**



The content of this document has been agreed upon by the Romanian National Authority for Energy Regulation (ANRE), the Hungarian Energy and Public Utility Regulatory Authority (MEKH) and Energie-Control Austria für die Regulierung der Elektrizitäts- und Erdgaswirtschaft (E-Control).

#### **3.3. Information Provision**

The TSOs have taken all reasonable steps to ensure that the information regarding the Binding Open Season was correct at the time of publication. The TSOs cannot be held responsible for any misinterpretation or usage of the data contained in this document and they accept no liability of any kind for acts, consequences, losses, et cetera, arising from the information or from inaccuracy, incompleteness, or omissions in the contents of this publication.

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### **3.4. Binding Open Season Procedure Overview**

<b>Milestone</b>	<b>Date</b>
Consultation Phase	29.11.2016 – 09.01.2017
Announcement of the Binding Open Season Procedure	31.03.2017
Customer Registration	31.03.2017 – 17.04.2017
Confirmation Customer Registration (TSOs)	by 24.04.2017
Submission of bids	28.04.2017 – 31.05.2017
Economic Test I	01.06.2017 – 27.06.2017
Bid revision I	30.06.2017 – 01.09.2017
Publication of first results (TSOs)	02.09.2017
Confirmation of final results (Participants)	02.04.2018
Economic Test II	02.04.2018 – 13.04.2018
Bid revision II	16.04.2018 – 18.06.2018
Publication of the final results (TSOs)	18.06.2018
Return countersigned contract to Participants	27.07.2018

### **3.5. Registration**

#### **Registration process**

Applicants that are interested in participating in the binding Open Season Procedure should proceed as follows, taking into account the detailed timetable provided in Chapter 3.3.

To initiate the Registration Process Applicants have to fill in the Registration form (Annex 1) duly signed by authorized person(s) and submit it to each TSO and pay the Participation Fee in the time period 01.04.2017 – 17.04.2017. The payment of the Participation Fee by 17.04.2017 is a precondition for the Applicant to participate in the Binding Open Season Procedure. The Participation Fee applies for the participation for incremental capacity at each IP. The Applicant shall pay half of the Participation Fee to each TSOs of on the IP (i.e. EUR 1,000 per TSO). The Participation Fee shall be paid to the following bank accounts including the reference "Participation Fee Open Season":

#### **Gas Connect Austria GmbH:**

Account keeping financial institution: UniCredit Bank Austria AG

IBAN: AT03 1200 0506 6003 2300

Bank Identifier Code (BIC): BKAUATWW

#### **For FGSZ Zrt.:**

Account keeping financial institution: OTP Bank Plc.

Bank account number: HU21 1176 3945 0141 8888 0000 0000

SWIFT code: OTPVHUBH

#### **For SNTGN TRANSGAZ S.A.:**

Account keeping financial institution: BRD – Groupe Societe Generale, MEDIAS Branch, 1 Mihai Eminescu street, Medias, Romania

Bank account number: RO19 BRDE 330S V829 1259 3300

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SWIFT code: BRDEROBUXXX

By 24.04.2017 the TSOs will confirm the successful registration and provide the Participant with the Bid Form (Annex 2) only if the Applicant registers with both TSOs at the relevant IP and the Participation Fee is duly paid to both TSOs. Please note that applications and payments received after 17.04.2017 COB cannot be considered.

**Submission of bids**

Return the Bid form by registered post or courier (original) duly signed by authorized person(s) within your organization to all of the relevant Parties at IP1 (Transgaz and FGSZ) or IP2 (FGSZ and GCA), as relevant, until 31 May 2017, 16.00 CET. Parties' addresses are listed in Chapter 6. (Notices). An advance copy by e-mail to sales.transmission@gasconnect.at, openseason@fgsz.hu and openseason@transgaz.ro is recommended.

**3.6. Data Protection and Privacy**

The TSOs acknowledge that any data, information or notification to be prepared by Applicants and Participants to the binding Open Season Procedure that will be handed over shall be considered as confidential. The TSOs declare that such confidential information shall only be used in connection with the evaluation of the binding Open Season Procedure and shall not be disclosed to any third Party without written consent of the other Party and/or the relevant Applicant / Participant.

The obligation of non-disclosure shall not apply to information which:

- a) is in the public domain, or – due to a reason other than the act or omission of the receiving party – subsequently becomes publicly known, or
- b) was provably in the possession of the receiving party prior to the effective date of the contract, or
- c) the receiving party acquired from a third party who is not under a confidentiality obligation vis-à-vis the party concerned by such information, or
- d) is to be made public or disclosed pursuant to the law, stock exchange regulation or authority order, to the extent such disclosure is legally required or
- e) is communicated to the relevant regulatory authorities for the purpose of evaluating the Project.

The eventual termination of the binding Open Season Procedure or the project, for whatever reason, shall not affect the confidentiality obligation, which shall expire 3 years from the date of termination.



## 4. Allocation of Capacities

The TSOs offer to sell the following transmission capacities:

### 4.1. Offered Capacity Products and Tariffs

Flow Direction Romania → Hungary and Hungary → Austria				
TSO	Transgaz	FGSZ		GCA
Yearly Standard Capacity Product	Yes	Yes	Yes	Yes
Number of Offered Gas Years	15	15	15	15
First Availability	1 October 2022	1 October 2022	1 October 2022	1 October 2022
Network Point Name	Csanádpalota	Csanádpalota	Mosonmagyaróvár	Mosonmagyaróvár
Entry/Exit	Exit	Entry	Exit	Entry
EIC	21Z000000000236Q	21Z000000000236Q	21Z000000000003C	21Z000000000003C
Flow Direction	Romania→Hungary	Romania→Hungary	Hungary→Austria	Hungary→Austria
Minimum Bookable Capacity Unit	1 kWh/h/year	1 kWh/h/year	1 kWh/h/year	1 kWh/h/year
Reserve Price	a. 15.873120 RON/kWh/h/year <sup>2*</sup>	b. 2 539.15 HUF/kWh/h/year <sup>3</sup>	c. 631.25 HUF/kWh/h/year	d. 0.77 + 3.31 [Floating reserve price + fixed supplement] <sup>4</sup> EUR/kWh/h/year
Applied exchange rate	4.49 EUR/RON**	313.04 EUR/HUF	313.04 EUR/HUF	N/A
Indicative Reserve Price P <sub>0</sub> (in EUR)	11.64647977 EUR/kWh/h/year (IP1, a+b)		6.096515 EUR/kWh/h/year (IP2, c+d)	
Price Evolution After Capacity Allocation	<ul style="list-style-type: none"> <li>Reserve price: Floating</li> <li>Potential auction premium: fixed</li> <li>Volume-based tariff upon the usage of the capacity: yes</li> </ul>	<ul style="list-style-type: none"> <li>Reserve price: Fixed with escalation</li> <li>Potential auction premium: fixed</li> <li>Volume-based tariff upon the usage of the capacity: no</li> </ul>	<ul style="list-style-type: none"> <li>Reserve price: Floating</li> <li>Potential auction premium: fixed</li> <li>Volume-based tariff upon the usage of the capacity: yes</li> </ul>	<ul style="list-style-type: none"> <li>Reserve price: Floating with fixed reserve price supplement</li> <li>Potential auction premium: fixed</li> <li>Volume-based tariff upon the usage of the capacity: no</li> </ul>
Offered incremental Capacity (kWh/h/year)	IP Csanádpalota (RO→HU)		IP Mosonmagyaróvár (HU→AT)	
Gas year 2022/2023	4 648 063		5 740 470	
Gas year 2023/2024	4 648 063		5 740 470	
Gas year 2024/2025	4 648 063		5 740 470	
Gas year 2025/2026	4 648 063		5 740 470	
Gas year 2026/2027	4 648 063		5 740 470	
Gas year 2027/2028	4 648 063		5 740 470	
Gas year 2028/2029	4 648 063		5 740 470	
Gas year 2029/2030	4 648 063		5 740 470	
Gas year 2030/2031	4 648 063		5 740 470	
Gas year 2031/2032	4 648 063		5 740 470	
Gas year 2032/2033	4 648 063		5 740 470	
Gas year 2033/2034	4 648 063		5 740 470	
Gas year 2034/2035	4 648 063		5 740 470	
Gas year 2035/2036	4 648 063		5 740 470	
Gas year 2036/2037	4 648 063		5 740 470	

Note ANRE:

\* Tariff Lei/MWh/h (15°C/15°C) approved by ANRE for 2016-2017 is 1.81 Lei/MWh/h for one year contracts.

Tariff [Lei/kWh/h] (0°C/25°C) = Tariff Lei/MWh/h (15°C/15°C) \* 0,9486 / 0,9476 / 1000 = 0.001812 Lei/kWh/h for one year contracts.

based on the following formula and according to SR ISO 13443/2000:  $V(0^{\circ}\text{C}) = V(15^{\circ}\text{C}) * 0,9476$  and  $\text{PCS}(25^{\circ}\text{C}/0^{\circ}\text{C}) = \text{PCS}(15^{\circ}\text{C}/15^{\circ}\text{C}) / 0,9486$ .

Tariff Yearly [Lei/kWh/year] (0°C/25°C) = Tariff [Lei/kWh/h] (0°C/25°C) \* 24 h \* no. days of year = 15.873120 Lei/kWh/year for one year contracts. This tariffs are already published on TRANSGAZ web page, for Csanádpalota (interconnection point).

\*\*the estimate exchange rate by National Commission for Prognosis available for 2016.

<sup>2</sup> Indicative tariff subject to amendment by ANRE. The tariff that shall be used in open season allocation will be made available by the end of March 2017.

<sup>3</sup> Indicative tariff as of 1 January 2017, subject to amendment by MEKH.

<sup>4</sup> Based on the indicative tariffs included in the current Consultation Draft of the Gas System Charges Ordinance: <https://www.e-control.at/recht/aktuelle-begutachtungsentwurfe>.

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Flow Direction Hungary → Romania		
TSO	FGSZ	Transgaz
Yearly Standard Capacity Product	Yes	Yes
Number of Offered Gas Years	15	15
First Availability	1 October 2022	1 October 2022
Network Point Name	Csanádpalota	Csanádpalota
Entry/Exit	Exit	Entry
EIC	21Z000000000236Q	21Z000000000236Q
Flow Direction	Hungary → Romania	Hungary → Romania
Minimum Bookable Capacity Unit	1 kWh/h/year	1 kWh/h/year
Reserve Price	e. 747.88 HUF/kWh/h/year (fixed) + 631.25 HUF/kWh/h/year (floating)	f. 16.135920 RON/kWh/h/year <sup>5</sup>
Exchange rate	313.04 EUR/HUF	4.49 EUR/RON*
Indicative Reserve Price P <sub>0</sub> (in EUR )	7.999349 EUR/kWh/h/year	
Price Evolution After Capacity Allocation	<ul style="list-style-type: none"> <li>• Reserve price: Partly fixed, partly floating</li> <li>• Potential auction premium: fixed</li> <li>• Volume-based tariff upon the usage of the capacity: Yes</li> </ul>	<ul style="list-style-type: none"> <li>• Reserve price: Floating</li> <li>• Potential auction premium: fixed</li> <li>• Volume-based tariff upon the usage of the capacity: no</li> </ul>
Offered Capacity (kWh/h/year)	IP Csanádpalota (HU→RO)	
Gas year 2022/2023	3 149 722	
Gas year 2023/2024	3 149 722	
Gas year 2024/2025	3 149 722	
Gas year 2025/2026	3 149 722	
Gas year 2026/2027	3 149 722	
Gas year 2027/2028	3 149 722	
Gas year 2028/2029	3 149 722	
Gas year 2029/2030	3 149 722	
Gas year 2030/2031	4 828 354	
Gas year 2031/2032	4 828 354	
Gas year 2032/2033	4 828 354	
Gas year 2033/2034	4 828 354	
Gas year 2034/2035	4 828 354	
Gas year 2035/2036	4 828 354	
Gas year 2036/2037	4 828 354	

Note ANRE:

\* Tariff Lei/MWh/h (15°C/15°C) approved by ANRE for 2016-2017 is 1.84 Lei/MWh/h for one year contracts.

Tariff [Lei/kWh/h] (0°C/25°C) = Tariff Lei/MWh/h (15°C/15°C) \* 0,9486 / 0,9476 / 1000 = 0.001842 Lei/kWh/h for one year contracts

based on the following formula and according to SR ISO 13443/2000:  $V(0^{\circ}\text{C}) = V(15^{\circ}\text{C}) * 0,9476$  și  $PCS(25^{\circ}\text{C}/0^{\circ}\text{C}) = PCS(15^{\circ}\text{C}/15^{\circ}\text{C}) / 0,9486$ .

Tariff anual [Lei/kWh/year] (0°C/25°C) = Tariff [Lei/kWh/h] (0°C/25°C) \* 24 h \* no. days of year = 16.135920 Lei/kWh/year for one year contracts. This tariffs are already published on TRANSGAZ web page, for CSANÁDPALOTA (interconnection point).

\*\*the estimate exchange rate by National Commission for Prognosis available for 2016.

<sup>5</sup> Indicative tariff subject to amendment by ANRE. The tariff that shall be used in Open Season allocation will be made available by the end of March 2017.

## 4.2. Determination of Economic Viability

Below the economic test to determine the economic viability for each TSO is described. The information provided should give applicants insight into the aggregate booking level that has to be achieved in order to render the projects in each Market Areas successfully.

- Economic test:  $PV_{UC} \geq f * PV_{AR}$ 
  - $PV_{UC}$  ... value of binding commitments of network users (unknown before the capacity allocation)
  - $PV_{AR}$  ... value of the estimated increase in the allowed revenue of the TSO associated with the incremental capacity
  - $f$  ... f-factor

### Economic Viability @ Gas Connect Austria GmbH.<sup>6</sup>

The economic tests (Economic Test I and Economic Test II) for incremental capacity at the entry point Mosonmagyaróvár are based on the following parameters:

$PV_{AR} = 156.325.000$  EUR

$f = 0.75$

$PV_{UC} \geq 117.243.750$  EUR

That means that the economic test will be positive if the value of binding commitments of network users is equal to or higher than 117.243.750 EUR.

As the allocation of all incremental capacity at the reference price (i.e. 0.77 €/kWh/h/y) would not generate sufficient revenues for a positive economic test outcome, a mandatory minimum premium (i.e. 3.31 €/kWh/h/y) (supplement) is applied for the allocation of the incremental capacity. The mandatory minimum supplement has been calculated based on the assumption of 1.913.490 kWh/h/y minimum booked incremental capacity for 15 years in a row.

In case Economic Test I is positive GCA shall submit the Contract (Annex 8) by registered mail or courier to the Successful Participants. In case the Economic Test is negative the Participants are informed accordingly by email.

The successful Participants confirm their received results through submitting two signed original copies of the Contract (Annex 8) by registered mail or courier to GCA in the time period 28.06.2017 - 02.04.2018. The received results, which are not confirmed by Successful Participants, are regarded as null and void. The Economic Test II only considers bookings that are confirmed by the successful Participants.

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<sup>6</sup> Preliminary data subject to change.

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In case the Economic Test II is positive GCA will return one countersigned original contract to the successful Participant until 27.07.2018 in order to finally confirm the booked capacity. In case the Economic Test is negative the Participants are informed accordingly by email.

**Economic Viability @ FGSZ Ltd.<sup>7</sup>**

The economic tests (Economic Test I and Economic Test II) for incremental capacity at the entry point Csanádpalota and at the exit point Mosonmagyaróvár are based on the following parameters:

$$PV_{AR} =$$

$$f =$$

$$PV_{UC} \geq$$

That means that the economic test will be positive if the present value of binding commitments of network users is equal to or higher than xxx HUF.

In case Economic Test I is positive FGSZ shall submit the Contract (Annex 4) by registered mail or courier to the Successful Participants. In case the Economic Test is negative the Participants are informed accordingly by email.

The successful Participants confirm their received results through submitting two signed original copies of the Contract (Annex 4) by registered mail or courier to FGSZ in the time period 28.06.2017 - 02.04.2018. The received results, which are not confirmed by Successful Participants, are regarded as null and void. The Economic Test II only considers bookings that are confirmed by the successful Participants.

In case the Economic Test II is positive FGSZ will return one countersigned original contract to the successful Participant until 27.07.2018 in order to finally confirm the booked capacity. In case the Economic Test is negative the Participants are informed accordingly by mail and email.

**Economic Viability @ SNTGN Transgaz SA.<sup>8</sup>**

The economic tests (Economic Test I and Economic Test II) for incremental capacity at the entry/exit point Csanádpalota are based on the following parameters:

$$PV_{AR} =$$

$$f =$$

$$PV_{UC} \geq$$

That means that the economic test will be positive if the present value of binding commitments of network users is equal to or higher than xxx RON.

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<sup>7</sup> Exact data to be published at a later stage.

<sup>8</sup> Exact data to be published at a later stage.

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In case Economic Test I is positive SNTGN Transgaz shall submit the Contract (Annex 3) by registered mail or courier to the Successful Participants. In case the Economic Test is negative the Participants are informed accordingly by email.

The successful Participants confirm their received results through submitting two signed original copies of the Contract (Annex 3) by registered mail or courier to SNTGN Transgaz in the time period 28.06.2017 - 02.04.2018. The received results, which are not confirmed by Successful Participants, are regarded as null and void. The Economic Test II only considers bookings that are confirmed by the successful Participants.

In case the Economic Test II is positive SNTGN Transgaz will return one countersigned original contract to the successful Participant until 27.07.2018 in order to finally confirm the booked capacity. In case the Economic Test is negative the Participants are informed accordingly by email.

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### 4.3. Capacity Allocation Concept

Prior to the binding Open Season a market consultation on “Capacity Allocation Concepts in the RO - HU-AT Open Season Procedure” was held from 08<sup>th</sup> February 2016 – 24<sup>th</sup> February 2016. Based on the responses received the following method (Method 3) is applied in the Binding Open Season:

#### Basic Capacity Allocation Principles

- IP1 and IP2 are allocated separately in each offered gas year.
- The Applicants are required to submit maximum 1 bid per gas year and per IP, i.e. it is not permitted to submit multiple (alternative) bids by a single Applicant for the same gas year and IP.
- IP1 and IP2 are jointly evaluated from a willingness-to-pay point of view in order to resolve any eventual congestion of the Open Season.
- Capacities are allocated at the reserve price in case of no overbooking as well as in case of overbooking.
- In case the economic test is not met, Applicants will have the possibility to indicate a higher willingness-to-pay upon the proposal of the TSOs (see under “Bid revision”).

#### Capacity allocation methodology

1. The Bid submission window is the time period between 1 May 2017 and 31 May 2017.
  - a. Bids submitted outside of the above specified time period shall not be evaluated.
  - b. Bids must comply with formal requirements as specified below.
2. The Participant shall indicate in its Bid according to the Bid form (Annex 2):
  - a. The relevant capacity quantity it intends to book expressed in kWh/h/year,
    - i. Bids containing capacity quantities higher than the offered capacity shall be refused.
  - b. The relevant interconnection point(s),
  - c. The relevant gas year(s),
  - d. The relevant reserve price level ( $P_0$ ) at each interconnection point expressed in EUR/kWh/h, where EUR values are provided for the convenience of the Bidder; Transgaz and FGSZ capacity contracts shall be paid in national currency.
  - e. Conditionality, i.e. whether the Applicant accepts any partial fulfilment to its Bid in case not the entire amount of capacity applied for could be allocated to the Applicant related to the required quantity (“fill or kill principle”).
  - f. Bids containing price levels below the reserve price shall be refused.
  - g. One and only one bid may be submitted per gas year per IP. Bids containing more than 1 (one) capacity quantity request for the same gas year and IP shall be refused.
3. The willingness to pay is established as the sum of the monetary value of the Participant’s bid for every specified gas year including both interconnection points and flow directions.
4. Bids are evaluated as follows:

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INVITATION TO BID**

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- a. The willingness to pay of all Bidders shall be ranked in descending order, i.e. starting from the highest Bidder's willingness to pay.
- b. Higher willingness to pay shall have precedence over lower willingness-to-pay.
- c. In case of no overbooking at any of the IPs or across any of the gas years occur, all capacities shall be allocated at the reserve price.
- d. In the case of overbooking at any of the IPs and gas years, the following allocation methodology shall apply:
  - i. The capacity request indicating the highest willingness-to-pay shall be allocated first.
  - ii. The remaining unallocated capacity shall be allocated by taking the second, third, fourth, etc. highest willingness to pay, subject to the available capacity after each allocation step, and subject to the indicated conditionality by the Bidder.
  - iii. In case there are equal willingness-to-pay values by different Bidders, and these affect the same IP and the same gas year, such bids shall be allocated pro rata.
  - iv. Capacities shall be booked at the reserve price  $P_0$  for all Bidders to whom capacity could be allocated to, according to their respective willingness-to-pay value, taking into account the conditionalities indicated.

**Confirmation by TSO**

Subject to the allocation of the submitted Bids taking into account the indicated conditionalities, Bids shall be confirmed by the TSOs.

**Bid Revision**

Should either Economic Test I or Economic Test II not be met, the TSOs shall propose an updated price, including the mandatory minimum premium, at which the relevant economic test would be positive in case of all Applicants' acceptance. Applicants are required to accept the revised bid on a voluntary basis within 60 (sixty) calendar days after the receipt of the updated Bid, respectively.

The TSOs proposal for the mandatory minimum premium shall be based on the net present value of the missing financial commitment to reach economic viability distributed among the Bidders' confirmed Bids in the proportion of the confirmed capacity quantity, i.e. resulting in equal mandatory minimum premium values per capacity unit.

**Cancellation by Bidder**

Bidders shall receive first results on 28.06.2017 and shall be entitled to step back from their interest documented until 01.04.2018 (final allocation), without the obligation to give reasons for this decision. In such a case, the Bidder shall pay 0.033% of the value of its Bid towards FGSZ, 0.1% to Transgaz and 0.033% to GCA, as affected by the Bid.

### **Cancellation by TSO**

In case that the minimum amount of capacity for the economic viability of the project after the cancellation by the bidders has not been reached, another bid revision is offered to the remaining bidders. In case the bidders do not accept and the Economic Test II is not positive the remaining bookings shall be cancelled by the TSOs.

## **5. Financial Guarantees**

### **5.1. Applicable Financial Guarantees of SNTGN Transgaz SA**

#### **5.1.1. Financial security before the final allocation**

The Bidder shall submit a financial guarantee equal to the amount of 0.1% of the value of the Bid to SNTGN Transgaz upon the submission of the Bid.

In case of cancellation by Bidder before the final allocation, the Bidder shall pay a financial penalty according to the Article 4.3. If the Bidder fails to fulfil this obligation, SNTGN Transgaz shall be entitled to withdraw the financial guarantee of the Bidder.

#### **5.1.2. Financial security after the final allocation**

In this case the provisions of the prevailing Framework gas transmission contract concluded as a result of the auctions for capacity booking at the Csanadpalota interconnection point of SNTGN Transgaz shall be applied.

### **5.2. Applicable Financial Guarantees of FGSZ Zrt.**

#### **5.2.1. Financial security before the final allocation**

The Bidder shall submit a financial guarantee equal to the amount of 0.033% of the value of the Bid to FGSZ upon the submission of the Bid.

In case of cancellation by Bidder before the final allocation, the Bidder shall pay a financial penalty according to the Article 4.2. If the Bidder fails to fulfil this obligation, FGSZ shall be entitled to withdraw the financial guarantee of the Bidder.

#### **5.2.2. Financial security after the final allocation**

In this case the provisions of the prevailing Frame Capacity Contract of FGSZ shall be applied.

### **5.3. Applicable Financial Guarantees of Gas Connect Austria GmbH**

The financial Guarantees outlined in the GTC of GAS CONNECT AUSTRIA GmbH (Annex 10) apply



## **6. Miscellaneous**

The TSOs reserve the right to ask for supplementary documents from any Applicant, if required.

## **7. Notices**

Unless expressly otherwise provided for in this document, all notices or other communications to be given or made hereunder shall be in writing, shall be addressed for the attention of the person indicated below and shall be delivered personally or sent by prepaid post or by fax. All notices given by fax shall be confirmed in writing delivered or sent as aforesaid. The language of all notices shall be the English language. The address for service shall be:

a) For GCA:

Address: Floridsdorfer Hauptstrasse 1, 1210 Vienna, Austria

Attention: Claudia Kafka, Key Account Manager, Sales Transmission

Fax number: +43 1 27500 88127

e-mail: [sales.transmission@gasconnect.at](mailto:sales.transmission@gasconnect.at)

b) For FGSZ:

Address: Tanácsház utca 5, Siófok H-8600, Hungary

Attention: Erika Kajtán, Head of Capacity Sales

Fax number: +36-84-505-592

e-mail: [openseason@fgsz.hu](mailto:openseason@fgsz.hu)

c) For TRANSGAZ:

Address: Piața C. I. Motaș no. 1, 551130 Mediaș, Romania

Attention: Craciun Bucur Neagu, Head of Gas Transmission Contracts Department

Fax number: +40-269-841181

e-mail: [openseason@transgaz.ro](mailto:openseason@transgaz.ro)

All notices shall be effective upon receipt.

## **8. Annexes**

The following Annexes form the integral part of the Open Season Procedure and shall be published on the TSOs' website in due course:

- Annex 1. (Registration form)
- Annex 2. (Bid form)
- Annex 3. (Framework gas transmission contract of SNTGN Transgaz SA)
- Annex 4. (Frame Capacity Contract of FGSZ Zrt., including bank guarantee and the letter of guarantee forms)
- Annex 5. (General Terms and Conditions of Gas Connect Austria GmbH)
- Annex 6. (Bank guarantee form of SNTGN Transgaz SA)
- Annex 7. (Letter of guarantee form of SNTGN Transgaz SA)
- Annex 8. (Frame Capacity Contract of Gas Connect Austria GmbH)
- Annex 9. (Registration Letter Gas Connect Austria GmbH)
- Annex 10. (Model Bank Guarantee Security Deposit of Gas Connect Austria GmbH)