

**Joint Binding Phase Notice
of BULGARTRANGAZ and TRANSGAZ
for the offer of Incremental Capacity
at IP Negru Voda 1/Kardam**

01 May 2024

This document is jointly published at the websites BULGARTRANGAZ 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

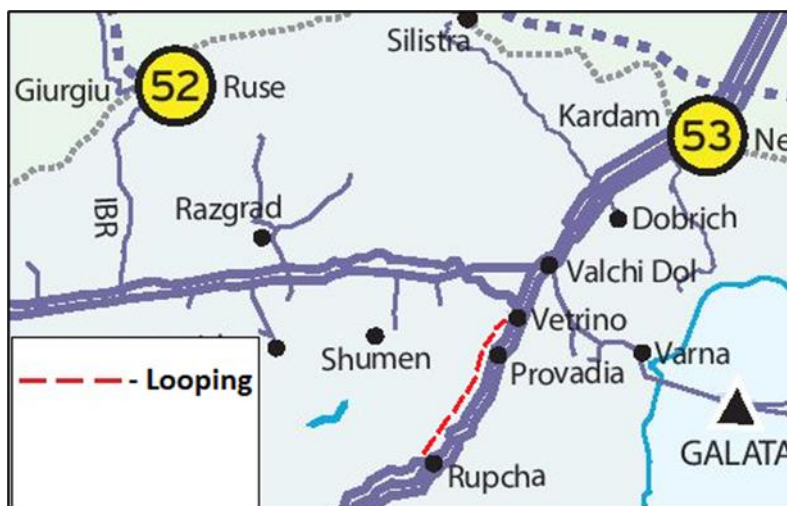
Each TSO has acted in good faith to ensure that the information in this Joint Notice is correct as of the date of this Joint Notice, however, no representation or warranty is made by any TSO as to the accuracy or completeness of such information and the TSOs will not accept any liability, of any kind, 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 BULGARTRANGAZ 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) “Negru Voda 1/Kardam” (EIC Code: 21Z000000000159I).



This Incremental Capacity Project is primarily driven by the potential increase of the technical capacity at IP Negru Voda 1/Kardam in the direction Bulgaria → Romania and is conducted in close coordination by BULGARTRANGAZ 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 BULGARTRANGAZ and TRANSGAZ. All non-binding demand indications received have been published in an aggregated manner jointly by BULGARTRANGAZ and TRANSGAZ in their Demand Assessment Report (DAR).

¹ For BULGARTRANGAZ – <https://bulgartransgaz.bg/pages/2023-236.html>

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

This Binding Phase process is subject to the terms and conditions of the Project Proposal for the Incremental Capacity Process 2023 developed jointly by BULGARTRANGAZ and TRANSGAZ and approved by the National Regulatory Authorities (NRAs) of Bulgaria (EWRC) and Romania (ANRE) with decisions ПДК-3/26.04.2024 of the Bulgarian regulator EWRC and Decision no. 798/22.04.2024 of the Romanian ANRE for the approval of the incremental capacity project proposal between the natural gas transmission systems of Romania and Bulgaria at the joint interconnection point Negru Voda 1/Kardam respectively (**the Project Proposal**).

During the binding capacity allocation phase, BULGARTRANGAZ 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 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.

BULGARTRANGAZ 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.

BULGARTRANGAZ

In order to be able to participate in the annual yearly auction capacity auction on RBP, every interested party must be registered as on RBP by signing a Membership agreement.

After successful registration on RBP, all parties interested in participating in the Binding Phase should be registered as Network Users of BULGARTRANGAZ gas transmission.

The Participants who do not have registration as BULGARTRANGAZ Users should fill out a registration form, duly signed by a person/persons authorized to sign legally binding documents for the company, and submit it to BULGARTRANGAZ.

Along with the registration form, the following documents are to be submitted:

- *a document attesting the current legal status of the Applicant* - an extract from the commercial register. The document shall be issued no earlier than one month prior to the date of registration form submission and it should make clear the persons authorized to sign legally binding documents on behalf of the Applicant;
- *original documents certifying that the Applicant is not in bankruptcy, liquidation proceedings and has not been declared bankrupt.*

In the event that the national legislation of the country in which the Applicant is established does not provide for issuance of such documents by state authorities, the Applicant shall submit a written declaration, signed by a duly authorized person, confirming that such a document cannot be issued under the relevant national legislation and that the Applicant is not in bankruptcy, liquidation proceedings and has not been declared bankrupt;

- *an explicit notarized power of attorney* if the registration form shall be signed by a person not entered in the Commercial Register as having the right to represent the company and to sign legally binding documents on behalf of the company;

All above-mentioned documents shall be submitted in original in the language in which they were issued and, if necessary, accompanied by a translation in Bulgarian or English. The documents shall be certified by an apostille in accordance with the 1961 Hague Convention and the translation must be notarized (made by a sworn translator).

BULGARTRANGAZ must confirm the successful registration and give access to the Auction at RBP Platform.

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 a bundled 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 BULGARTRANGAZ 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 2026/2027.

Level offer 0 (available existing capacity)

No. of years	Gas year	Available existing capacity offer at IP Negru Vodă 1/Kardam (kWh/day/year)
1	2024/2025	140.993.764
2	2025/2026	140.993.764
3	2026/2027	141.993.764
4	2027/2028	141.993.764
5	2028/2029	141.993.764
6	2029/2030	126.216.679
7	2030/2031	126.216.679
8	2031/2032	126.216.679
9	2032/2033	126.216.679
10	2033/2034	126.216.679
11	2034/2035	126.216.679
12	2035/2036	126.216.679
13	2036/2037	126.216.679
14	2037/2038	126.216.679
15	2038/2039	126.216.679
16	2039/2040	126.216.679
17	2040/2041	126.216.679

Offer level 1 (available existing capacity + incremental capacity)

No. of years	Gas year	Available existing capacity offer at IP Negru Voda 1/Kardam (kWh/day/year)	Incremental capacity offer (kWh/day/year)	Harmonised offer level in the BG→RO direction for existing and incremental capacity (kWh/day/year)
1	2024/2025	140.993.764		140.993.764
2	2025/2026	140.993.764		140.993.764

No. of years	Gas year	Available existing capacity offer at IP Negru Voda 1/Kardam (kWh/day/year)	Incremental capacity offer (kWh/day/year)	Harmonised offer level in the BG→RO direction for existing and incremental capacity (kWh/day/year)
3	2026/2027	141.993.764	123.480.000	265.473.764
4	2027/2028	141.993.764	123.480.000	265.473.764
5	2028/2029	141.993.764	123.480.000	265.473.764
6	2029/2030	126.216.679	123. 480.000	249. 696.679
7	2030/2031	126.216.679	123. 480.000	249. 696.679
8	2031/2032	126.216.679	123. 480.000	249. 696.679
9	2032/2033	126.216.679	123. 480.000	249. 696.679
10	2033/2034	126.216.679	123. 480.000	249. 696.679
11	2034/2035	126.216.679	123. 480.000	249. 696.679
12	2035/2036	126.216.679	123. 480.000	249. 696.679
13	2036/2037	126.216.679	123. 480.000	249. 696.679
14	2037/2038	126.216.679	123. 480.000	249. 696.679
15	2038/2039	126.216.679	123. 480.000	249. 696.679
16	2039/2040	126.216.679	123. 480.000	249. 696.679
17	2040/2041	126.216.679	123. 480.000	249. 696.679

Milestones

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

BULGARTRANGAZ and TRANSGAZ will offer the incremental capacity together with the respective available capacity in the annual yearly capacity auction as standard bundled 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, BULGARTRANGAZ and TRANSGAZ will proceed with the publication of the final results of the Economic Test (ET), and if ET is positive (only applicable to BULGARTRANGAZ), 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 BULGARTRANGAZ on RBP Platform	24.06.2024
Network User registration for TRANSGAZ on RBP platform	24.06.2024
Submission of the auction participation security to BULGARTRANGAZ	By 24.06.2024
Provision of the auction security to TRANSGAZ	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 BULGARTRANGAZ 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 BULGARTRANGAZ 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

BULGARTRANGAZ*

Timeline	Stage
01/07/2024	Annual capacity auction in July 2024 followed by an economic test
Q III 2024	Final Investment decision
Q III 2026	Commissioning of the project
Q IV 2026	Expected start of commercial operation

- * In case of a positive economic test of Bulgartransgaz;
- * Bulgartransgaz 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

BULGARTRANGAZ

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

BULGARTRANGAZ will use the tariff for the gas year 1 October 2024 - 30 September 2025, that will be published and valid for the same gas year, 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.

BULGARTRANGAZ will not apply a mandatory minimum premium.

The present value of the estimated increase in BULGARTRANGAZ allowed revenue is 288 671.43 thousand BGN without VAT included, equal to 147 595.36 thousand Euro (as per the current fixed exchange rate of 1.95583 BGN/EUR).

The preliminary level of users' commitments (f-factor) proposed on the Bulgarian side is 0.7.

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 entry points to 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 Bulgarian-Romanian border between BULGARTRANGAZ and TRANSGAZ;
2. General terms and conditions of participation in and access to capacity in the Binding phase of allocation of incremental capacity on the border between Bulgaria and Romania (BULGARTRANGAZ);
3. Gas Transportation Agreement (Capacity Booking Contract / Capacity Booking Agreement) for incremental capacity at IP Negru Voda 1/Kardam (BULGARTRANGAZ);
4. General Terms and Conditions for (TRANSGAZ) are provided for in ANRE Order no. 130/2020 as amended;
5. Gas Transportation Agreement for incremental capacity at IP Negru Voda 1/Kardam (TRANSGAZ) is the framework transmission contract attached as an annex to ANRE Order no. 130/2020 as amended.

Contact information

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