

Joint Decision of the Energy Regulators on the
approval of the amendment to the Gas
Transportation Agreement for Non-Exempted
Network Users, Annex C of the Network Code of
the IGB Pipeline

Whereas:

1. On July 17th 2017, the company ICGB AD submitted to the Energy and Water Regulatory Commission of Bulgaria (EWRC) and to the Regulatory Authority for Energy of Greece (RAE) an “*Application in Accordance with Art. 36 of the Directive 2009/73/EC of the European parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (Directive 2009/73/EC) for the Interconnector Greece-Bulgaria*”, as foreseen by Article 36 of the Gas Directive 2009/73/EC. Consequently, two supplementary documents have been submitted to the Authorities: “*Integration of the assessment of the criteria for grant of exemption after performance of the Market Test (art. 36.6)*” in October 2017, following request for additional information by the National Regulatory Authorities, and “*2nd Integration of the assessment of the criteria for grant of exemption after performance of the Market Test (art. 36.6)*” in April 2018.
2. On May 29th 2018, EWRC and RAE (hereinafter, the “**Authorities**”) decided on the exemption of the IGB pipeline from the requirements regarding third party access, tariff regulation and ownership unbundling for a period of 25 years, adopting the common document “Joint Opinion of the Energy Regulators on the Exemption Application of ICGB AD”, with their decisions No.º P-BO-1 of 29.05.2018 and No. 483/2018, respectively. Both decisions were notified to the European Commission.
3. On July 25th 2018, the Commission adopted its decision [C(2018) 5058 (final)] on the exemption (hereinafter the “**Commission Decision**”).
4. On August 8th 2018, the Authorities took the final decision on the exemption, adopting the «*Final Joint Decision of the Energy Regulators on the Exemption Application of ICGB AD - Energy and Water Regulatory Commission (Bulgaria) and Regulatory Authority for Energy (Greece)*» (hereinafter, the “**Final Joint Decision**”), a document jointly drafted by the Authorities, which amended the Joint Opinion to comply with the Commission Decision (Decisions Noº P-BO-2 of 08.08.2018 r. of EWRC and No. 768/2018 of RAE).
5. The Final Joint Decision has been amended three times:
 - i. Decision No. P-BO-1 of 20.03.2020 of EWRC and Decision No. 568 of 12.03.2020 of RAE, which extended the Commercial Operation Date (COD) from 1 July 2020 to 31 December 2020 (target COD) and no later than 1 July 2021.
 - ii. Decision No. P-BO-1 of 20.05.2021 of EWRC and Decision No. 424 of 13.05.2021 of RAE, which extended the COD to 1 July 2022.
 - iii. Decision No. P-BO-3 of 30.09.2022 of EWRC and Decision No. 742 of 29.09.2022 of RAE, which extended the COD to 1 October 2022.
6. With the Final Joint Decision, an exemption from the provisions of Articles: (i) 9 (Unbundling), (ii) 32 (Third-Party Access) for the part of the Minimum Capacity that has been booked through the Market Test and for which Advanced Reservation Capacity Agreements have been signed, and (iii) 41.6, 41.8, 41.10 (Regulated Tariffs) of Directive 2009/73/EC has been granted to ICGB AD for a period of 25 years starting from the Commercial Operation Date (COD), under the conditions imposed in Part 4 of the Final Joint Decision.

7. Pursuant to article 4.4 point 1 of the Final Joint Decision, ICGB AD is obliged, not later than 12 months before the Commercial Operation Date, to submit for approval to the Authorities an IGB Network Code which shall comply with all the provisions of Regulation (EC) No. 715/2009 of the European parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No. 1775/2005 (Regulation (EC) No. 715/2009) and the European Network Codes pursuant to its Article 8 (6) that are not in conflict with the Final Joint Decision and which shall include, at least, the following:
 - Detailed procedures of normal operation, including nomination of capacity at IGB entry and exit points for forward and reverse flow;
 - All necessary procedures for the secondary trading, which will be available to all shippers;
 - Congestion management procedures and the use-it-or-lose-it arrangements;
 - Data publication procedures on the functionality and availability of capacity for all pipeline users.

Also, pursuant to article 4.3 point 1 of the Final Joint Decision, ICGB AD is obliged, not later than 3 months from the adoption of the decision, to submit for approval to the Authorities the final methodology (IGB Tariff Code) for the implementation of the IGB Tariff.
8. By Decision No. K-1 of 08.10.2019 by EWRC and No. 918 of 09.10.2019 of RAE, the Authorities approved the IGB Network Code (INC). INC contained the IGB Tariff Code and the Gas Transportation Agreement as annexes. In their common Decision, the Authorities urged ICGB to “review and simplify the procedure for capacity booking, avoiding unnecessary paperwork by adopting a framework contract in which distinct capacity bookings may be incorporated”.
9. The IGB Pipeline started commercial operation on October 1st, 2022.
10. By Decision No. K-1 of 30.09.2022 of EWRC and No. 743 of 29.9.2022 of RAE, the Authorities approved an amendment to the IGB Network Code, which contained also as annexes:
 - a. IGB Tariff Code
 - b. Gas Transportation Agreement for Exempted Network Users
 - c. Amendment to the Gas Transportation Agreement for Exempted Network Users
 - d. Gas Transportation Agreement for Non-Exempted Network Users
 - e. Virtual Trading Point (VTP) Agreement.
11. The Gas Transportation Agreement for Non-Exempted Network Users is applicable for the reservation of all types of capacity products, i.e. Firm Forward Flow (FFF), Interruptible Forward Flow (IFF) and Interruptible Reverse Flow (IRF). Each of these types of products is offered at a different tariff by ICGB AD, according to the IGB Tariff Code, as approved as Annex A of the IGB Network Code.
12. In particular, in articles 4, 5 and 7 of the IGB Tariff Code, the following tariffs per product type are defined:
 - i. ENT_{FFF} : Entry Point Transmission Tariff for Firm Forward Flow (section 4.1)
 - ii. ENT_{IFF} : Entry Point Transmission Tariff for Interruptible Forward Flow (section 4.2)
 - iii. ENT_{IRF} : Entry Point Transmission Tariff for Interruptible Reverse Flow (section 4.3)

- iv. EXT_{FFF} : Exit Point Transmission Tariff for Firm Forward Flow (section 5.1)
- v. EXT_{IFF} : Exit Point Transmission Tariff for Interruptible Forward Flow (section 5.2)
- vi. EXT_{IRF} : Exit Point Transmission Tariff for Interruptible Reverse Flow (section 5.3)

Moreover, according to section 6.1 of the IGB Tariff Code, the Monthly Fee that the Network Users that have executed a GTA with ICGB shall be charged is as follows:

$$MF_n = MNC_n * (ENT_{xxx} + EXT_{xxx}) * (\alpha * I_i + \beta)$$

Where

MF_n : means the Monthly Fee in € for the Month “nth” occurring in Year “ith”

i: means the Year “ith” numbered progressively from 1 (COD) to 25

MNC_n : means the total Monthly Reserved Capacity **and/or** the total Monthly Booked Capacity in the “nth” Month (expressed in kWh/D/T) according to Final Allocation set pursuant to Article 16.8 of the INC;

ENT_{xxx} and EXT_{xxx} : means the Transmission Tariffs according to articles 4.1 and 5.1 or articles 4.4 and 5.4-, respectively, set here above, as the case may be-, expressed in €/kWh/D/T.

α : means the ratio $(OPEX) / (OPEX + Depreciation \text{ (as defined below) } + \text{Capital Remuneration})$, calculated as average during the whole lifetime of the IGB Interconnector, for the Net Reference Transmission Tariff calculation purposes,

β : means is equal to $1 - \alpha$;

I_i : means the ratio between the actual OPEX ($OPEX_A$) and the predicted OPEX ($OPEX_i$) in the same Year (“ith”). For the Net Reference Transmission Tariff calculation purposes, $OPEX_A$ will be subject to approval by the NRAs and declared by the ICGB at the beginning of each Year (“ith”)

Year (Y): means a calendar period of 12 consecutive months starting on 1st January and ending on 31st December of each calendar year;

Capital Remuneration: means the capital remuneration pursuant to definition set in article 2 here above;

Depreciation: means the depreciation pursuant to definition set in article 2 here

13. However, in section 6.1.2 of the Gas Transportation Agreement (GTA) for the Non-Exempted Users, the same equation regarding the Monthly Fee reads:

$$MF_n = MNC_n * (ENT_{FFF} + EXT_{FFF}) * (\alpha * I_i + \beta)$$

That is, for any product type that the Network User books through the GTA, the Entry and Exit Transmission Tariffs for Firm Forward Flow (ENT_{FFF} and EXT_{FFF}) are applied, instead of the generic reference to ENT_{xxx} and EXT_{xxx}

14. The Authorities conclude that the above-mentioned reference in section 6.1.2 of the GTA for non-Exempted Users has been mistakenly inserted.
15. Whereas, in this case, the amendment of the Gas Transportation Agreement, does not require public consultation, as it is an obvious correction.
16. Whereas this connection is in favor of all Network Users, since the Firm Forward Tariff is the highest

one.

Based on the above, the Authorities jointly

Approve an amendment to the Gas Transportation Agreement for Non-Exempted Network Users, which comprises Annex C of the IGB Network Code, so that Section 6.1.2 shall read:

“6.1.2 In particular, for the purpose of this GTA:

$$MF_n = MNC_n * (ENT_{xxx} + EXT_{xxx}) * (\alpha * I_i + \beta)$$

Where:

MF_n: means the Monthly Fee in € for the Month "nth" occurring in Year "ith";

i: means the Year "ith" numbered progressively from one (1) (i.e. COD) to twenty-five (25);

MNC_n: means the total Monthly Booked Capacity in the "nth" Month expressed in kWh/D/T according to Final Allocation determined pursuant to Article 16.8 of the INC;

ENT_{xxx} and **EXT_{xxx}**: mean the Transmission Tariffs according to articles 4, 5 and 7 of Annex A of the INC, expressed in €/kWh/D/T;

α: means the ratio (OPEX) / (OPEX + Depreciation + Capital Remuneration), calculated as average along the whole life time long for Net Reference Transmission Tariff calculation purposes as per Annex A of the INC;

β: means is equal to 1 – α;

I_i: means the ratio between the actual OPEX (OPEX_A) and the predicted OPEX_i in the same Year "ith" for Net Reference Transmission Tariff calculation purposes. OPEX_A will be subject to approval by the NRAs and declared by ICGB at the beginning of each Year "ith";

Year (Y): means a calendar period of 12 consecutive months starting on 1st January and ending on 31st December of each calendar year;

Capital Remuneration: means the Capital Remuneration pursuant to definition set in article 2 of Annex A of the INC;

Depreciation: means the depreciation pursuant to definition set in article 2 of Annex A of the INC.”