

Energy and Water Regulatory Commission (Bulgaria)
Regulatory Authority for Energy (Greece)

Joint Decision of Energy Regulators

regarding derogation from Art. 14 paragraphs 1-6 of Council Regulation (EU) 2022/2576 of 19 December 2022 on enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and exchanges gas across borders and implementation of the mechanism according to Art. 14, paragraph 7, "a" of the same regulation on the interconnection points of the IGB gas pipeline

March 2023

I. Having regard to the fact that:

1. Interconnector Greece-Bulgaria „IGB“ covers more than one member state of the European Union - Republic of Bulgaria - Republic of Greece, in which more than one transmission system operator operates.

2. On August 8, 2018, Energy and Water Regulatory Commission of the Republic of Bulgaria (EWRC) and Regulatory Authority for Energy of the Republic of Greece (RAE), with their respective decisions Decisions № P-BO-2 of 08.08.2018 and № 768 /2018, have adopted a Final Joint Decision of Energy and Water Regulatory Commission of Bulgaria and Regulatory Authority for Energy of Greece on an application for exemption by ICGB AD (Final Joint Decision).

3. By virtue of the Final Joint Decision, ICGB AD is exempted from the provisions of articles: 9 (ownership unbundling), 32 (third party access) for that part of the minimum capacity that is reserved through the Market Test and for which Advanced Reservation Capacity Agreements were signed for the preliminary allocation of capacity, and 41.6, 41.8, 41.10 (regulated tariff) of Directive 2009/73/EC of the European Parliament and of the Council of July 13, 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC for a period of 25 years, starting from the date of commercial operation - 01.10.2022, under the conditions specified in point 4 of the Final Joint Decision.

4. The provision of Art. 14, paragraph (7) of Council Regulation (EU) 2022/2576 of 19 December 2022 on enhancing solidarity through better coordination of gas purchases, reliable price benchmarks and exchanges gas across borders (Regulation (EU) 2022 /2576) provides the option for the national Regulatory Authorities of the Republic of Bulgaria and the Republic of Greece to adopt a joint decision and implement one of the mechanisms, specified in the regulation by way of derogation from Art. 14, paragraphs 1-6 of Regulation (EU) 2022/2576.

5. Given the scope of the Final Joint Decision, Regulation (EU) 2022/2576 is applicable to the interconnection points of IGB - Komotini-TAP-IGB, Komotini-GR and Stara Zagora.

6. ICGB AD, in its capacity as a gas transmission operator, based on an analysis under Art. 14, paragraph 7 of Regulation (EU) 2022/2576, by letter with № E-15-45-9 of 29.03.2023 of EWRC respectively № I-348312 of 29.03.2023 of RAE, proposed application of the mechanism under Art. 14, paragraph 7, "a" of the same regulation by way of derogation from Art. 14, paragraphs 1-6.

7. ICGB AD has presented reasons for applying mechanism „a“ under Art. 14, paragraph 7, of Regulation (EU) 2022/2576, as follows: the data for the period from October 2022 to March 2023 shows that of the offered capacity products - quarterly, monthly and daily, more than 99% of the allocated capacity is daily; at the interconnection points - Komotini-TAP-IGB and Stara Zagora, an annual product is reserved within the exempted capacity of the IGB gas pipeline, and the reserved exempted capacity is used to a maximum extend by all but one of the users; at the interconnection points - Komotini-TAP-IGB and Stara Zagora, there was no contractual or physical congestion, as the reserved exempted capacity has always been less than the available technical capacity; The Network Code of the IGB - in Art. 14.5, regulates a mechanism for allocation of firm capacity for a day ahead on the "use it or lose it" principle.

II. EWRC and RAE consider that the implementation of the mechanism under Art. 14, paragraph 7, „a,, of Regulation (EU) 2022/2576 on the interconnection points of the IGB gas pipeline will lead to the fulfillment of the purpose of the said regulation, taking into account both the specifics of the

regulatory framework in which the gas pipeline operates, as well as the Bulgarian and Greek natural gas market.

III. Having regard to the arguments above, EWRC and RAE adopt:

At the interconnection points of Interconnector Greece-Bulgaria IGB implementation of the mechanism under Art. 14, paragraph 7, „a,, of Regulation (EU) 2022/2576 - a firm day ahead use-it-or lose-it mechanism in accordance with Commission Regulation (EU) 2017/459 of March 16, 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) № 984/2013 and taking into consideration point 2.2.3 of Annex I of Regulation (EC) № 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) № 1775/2005 by means of derogation of Art. 14, paragraphs 1-6 of Regulation (EU) 2022/2576.