



# ΕΦΗΜΕΡΙΔΑ ΤΗΣ ΚΥΒΕΡΝΗΣΕΩΣ ΤΗΣ ΕΛΛΗΝΙΚΗΣ ΔΗΜΟΚΡΑΤΙΑΣ

31 Δεκεμβρίου 2020

ΤΕΥΧΟΣ ΔΕΥΤΕΡΟ

Αρ. Φύλλου 5941

## ΑΠΟΦΑΣΕΙΣ

Αριθμ. απόφ. 1580

**Τελική απόφαση εξαίρεσης - Τροποποίηση της υπ' αρ. 1333/2020 απόφασης για τη συμμόρφωση της κατά την παρ. 9 του άρθρου 36 της Οδηγίας 2009/73/ΕΚ με την υπό στοιχεία [C(2020) 8377 final] απόφαση της Ευρωπαϊκής Επιτροπής για την εξαίρεση του έργου «Ανεξάρτητο Σύστημα Φυσικού Αερίου (ΑΣΦΑ) Αλεξανδρούπολης» της εταιρείας GASTRADE A.E. από τις διατάξεις των άρθρων 32 και 41 (6), (8) και (10) της Οδηγίας 2009/73/ΕΚ.**

Η ΡΥΘΜΙΣΤΙΚΗ ΑΡΧΗ ΕΝΕΡΓΕΙΑΣ

Λαμβάνοντας υπόψη:

1. Τις διατάξεις του ν. 4001/2011 «Για τη λειτουργία Ενεργειακών Αγορών Ηλεκτρισμού και Φυσικού Αερίου, για Έρευνα, Παραγωγή και δίκτυα μεταφοράς Υδρογονανθράκων και άλλες ρυθμίσεις» (Α' 179, εφεξής ο «νόμος»), όπως ισχύει, και ιδίως των άρθρων 16, και 76 αυτού.

2. Τις διατάξεις της Οδηγίας 2009/73/ΕΚ του Ευρωπαϊκού Κοινοβουλίου και του Συμβουλίου της 13ης Ιουλίου 2009 σχετικά με τους κοινούς κανόνες για την εσωτερική αγορά φυσικού αερίου και την κατάργηση της Οδηγίας 2003/55/ΕΚ (εφεξής, η «Οδηγία»), όπως τροποποιήθηκε με την Οδηγία (ΕΕ) 2019/692, και ιδίως των άρθρων 12, 32, 36 και 41 αυτής.

3. Τις διατάξεις του Κανονισμού (ΕΚ) υπ' αρ. 715/2009 του Ευρωπαϊκού Κοινοβουλίου και του Συμβουλίου της 13ης Ιουλίου 2009 σχετικά με τους όρους πρόσβασης στα δίκτυα μεταφοράς φυσικού αερίου και για την κατάργηση του Κανονισμού (ΕΚ) υπ' αρ. 1775/2005.

4. Το Commission Staff Working Paper με τίτλο «Commission staff working document on Article 22 of Directive 2003/55/EC concerning common rules for the internal market in natural gas and Article 7 of Regulation (EC) No 1228/2003 on conditions for access to the network for cross-border exchanges in electricity - New Infrastructure Exemptions», SEC(2009)642 final, 6.5.2009.

5. Την Άδεια Ανεξάρτητου Συστήματος Φυσικού Αερίου (ΑΣΦΑ) που έχει χορηγηθεί στην εταιρεία Gastrade Ανώνυμη Εμπορική, Κατασκευαστική και Τεχνική Εται-

ρεία Φυσικού Αερίου, με δ.τ. «Gastrade A.E.» για το έργο "Ανεξάρτητο Σύστημα Φυσικού Αερίου (ΑΣΦΑ) Αλεξανδρούπολης" με την υπό στοιχεία Δ1/Α/19466-19.08.2011 απόφαση του Υφυπουργού Περιβάλλοντος, Ενέργειας και Κλιματικής Αλλαγής, όπως αυτή τροποποιήθηκε με τις υπ' αρ. 60/26.01.2017 και 406/09.05.2018 αποφάσεις της ΡΑΕ και ισχύει.

6. Το υπό στοιχεία 160/3/ΚΣ/28.6.2018 έγγραφο της εταιρείας Gastrade A.E. με θέμα «Αίτηση τροποποίησης της υπό στοιχεία Δ1/Α/19466-19.08.2011 Άδειας Ανεξάρτητου Συστήματος Φυσικού Αερίου (ΑΣΦΑ) που έχει χορηγηθεί στην εταιρεία Gastrade A.E. για το έργο "Ανεξάρτητο Σύστημα Φυσικού Αερίου (ΑΣΦΑ) Αλεξανδρούπολης" σύμφωνα με την παρ. (ε) του άρθρου 15 του Κανονισμού Αδειών Φυσικού Αερίου (ΦΕΚ 464/2010)» (υπ' αρ. ΡΑΕ Ι-241771/28.06.2018), με το οποίο υπέβαλε αίτημα εξαίρεσης κατά το άρθρο 36 της Οδηγίας και το άρθρο 76 του νόμου.

7. Το υπό στοιχεία Ο-72642/12.07.2018 με το οποίο η ΡΑΕ κοινοποίησε στην Ευρωπαϊκή Επιτροπή - Γενική Διεύθυνση Ενέργειας το αίτημα εξαίρεσης της εταιρείας Gastrade A.E.

8. Την υπ' αρ. 1333/2020 απόφαση της ΡΑΕ με θέμα «Εξαίρεση της εταιρείας GASTRADE A.E. από τις διατάξεις των άρθρων 9, 32 και 41(6), (8) και (10) της Οδηγίας 2009/73/ΕΚ για το έργο "Ανεξάρτητο Σύστημα Φυσικού Αερίου (ΑΣΦΑ) Αλεξανδρούπολης", η οποία κοινοποιήθηκε στην Ευρωπαϊκή Επιτροπή - Γενική Διεύθυνση Ενέργειας με το υπό στοιχεία Ο-84161/25.09.2020 έγγραφο.

9. Την από 25 Νοεμβρίου 2020 υπό στοιχεία [C(2020) 8377 final] απόφαση της Ευρωπαϊκής Επιτροπής σχετικά με την εξαίρεση του τερματικού σταθμού ΥΦΑ του Ανεξάρτητου Συστήματος Φυσικού Αερίου Αλεξανδρούπολης από τις απαιτήσεις που αφορούν την πρόσβαση τρίτων και την τιμολογιακή ρύθμιση, η οποία κοινοποιήθηκε στη ΡΑΕ με την υπό στοιχεία ΡΑΕ Ι-292210/26.11.2020 ηλεκτρονική επιστολή της Ευρωπαϊκής Επιτροπής.

Σκέφτηκε ως εξής:

Επειδή, με την υπό στοιχεία Δ1/Α/19466/19.08.2011 απόφαση του Υφυπουργού Περιβάλλοντος, Ενέργειας και Κλιματικής Αλλαγής χορηγήθηκε Άδεια Ανεξάρτητου Συστήματος Φυσικού Αερίου (εφεξής «ΑΣΦΑ») στην εταιρεία Gastrade A.E. για το έργο "Ανεξάρτητο Σύστημα Φυσικού Αερίου (ΑΣΦΑ) Αλεξανδρούπολης",

η οποία τροποποιήθηκε με τις υπ' αρ. 60/26.01.2017 και 406/09.05.2018 αποφάσεις της ΡΑΕ.

Επειδή, το εν λόγω ΑΣΦΑ αφορά στην ανάπτυξη νέου υπεράκτιου σταθμού υποδοχής, προσωρινής αποθήκευσης και αεριοποίησης ΥΦΑ στο Θρακικό Πέλαγος (Floating Storage Regasification Unit, FSRU), περίπου 17,5 χιλιόμετρα νοτιοδυτικά του λιμένα Αλεξανδρούπολης και σε απόσταση 10 χιλιομέτρων από την ακτή, καθώς και αγωγού σύνδεσης αυτού με το Εθνικό Σύστημα Φυσικού Αερίου (εφεξής «ΕΣΦΑ»).

Επειδή, με το υπ' αρ. (6) σχετικό, η εταιρεία Gastrade A.E., η οποία έχει συσταθεί και λειτουργεί σύμφωνα με το ελληνικό δίκαιο, υπέβαλε στη Ρυθμιστική Αρχή Ενέργειας αίτηση για την εξαίρεση (απαλλαγή) της προτεινόμενης νέας υποδομής φυσικού αερίου με την ονομασία «Ανεξάρτητο Σύστημα Φυσικού Αερίου (ΑΣΦΑ) Αλεξανδρούπολης» από την εφαρμογή συγκεκριμένων διατάξεων της Οδηγίας (εφεξής η «Αίτηση Εξαίρεσης»).

Επειδή, σύμφωνα με το άρθρο 16 του ν. 4001/2011: «Η ΡΑΕ αποφασίζει σχετικά με τη χορήγηση απαλλαγής τμήματος ή του συνόλου της δυναμικότητας Συστήματος Φυσικού Αερίου και Διασυνδέσεων με Συστήματα Μεταφοράς ηλεκτρικής ενέργειας άλλων χωρών από την υποχρέωση παροχής πρόσβασης σε τρίτους ή την υποχρέωση ιδιοκτησιακού διαχωρισμού, σύμφωνα με τη διαδικασία και τις προϋποθέσεις που προβλέπονται στο άρθρο 76 για το φυσικό αέριο και στο άρθρο 115 για τον ηλεκτρισμό και προς το σκοπό αυτόν συνεργάζεται με τις ρυθμιστικές αρχές άλλων κρατών - μελών, τυχόν τρίτου εμπλεκόμενου κράτους, τον Οργανισμό Συνεργασίας Ρυθμιστικών Αρχών Ενέργειας, τα όργανα της Ενεργειακής Κοινότητας και την Ευρωπαϊκή Επιτροπή».

Επειδή, η αίτηση εξαίρεσης εξετάζεται σύμφωνα με τις διατάξεις της παρ. 2 του άρθρου 76 του ν. 4001/2011, όπως ισχύει. Ειδικότερα, σύμφωνα με το άρθρο 76: «1. Αίτημα για την απαλλαγή τμήματος ή του συνόλου του ΑΣΦΑ από την υποχρέωση ιδιοκτησιακού διαχωρισμού, σύμφωνα με τις διατάξεις των άρθρων 61 και 62 ή από την υποχρέωση παροχής πρόσβασης σε τρίτους, υποβάλλεται με την αίτηση χορήγησης Άδειας ΑΣΦΑ ή με την αίτηση τροποποίησης της Άδειας αυτής. 2. Η απαλλαγή χορηγείται με απόφαση της ΡΑΕ, για ορισμένο χρόνο, σύμφωνα με τη διαδικασία και τις προϋποθέσεις που προβλέπονται στις διατάξεις του άρθρου 36 της Οδηγίας 2009/1973».

Επειδή, στο άρθρο 36 της Οδηγίας 2009/73/EK καθορίζονται οι όροι, οι προϋποθέσεις και η διαδικασία για την χορήγηση εξαίρεσης, μεταξύ άλλων, από το δικαίωμα πρόσβασης τρίτων και την έγκριση τιμολογίων σε νέες υποδομές φυσικού αερίου (διασυνδέσεις, εγκαταστάσεις ΥΦΑ και εγκαταστάσεις αποθήκευσης φυσικού αερίου). Ειδικότερα, σύμφωνα με το άρθρο 36 της Οδηγίας: «Άρθρο 36 Νέες υποδομές -

1. Η κύρια νέα υποδομή φυσικού αερίου, δηλαδή οι διασυνδέσεις, το ΥΦΑ και οι εγκαταστάσεις αποθήκευσης, μπορεί, κατόπιν αιτήσεως, να εξαιρείται, για καθορισμένο χρονικό διάστημα, από τις διατάξεις των άρθρων 9, 32, 33 και 34 και του άρθρου 41 παρ. 6, 8 και 10, υπό τους εξής όρους: α) η επένδυση πρέπει να ενισχύει, αφε-

νό, τον ανταγωνισμό για την προμήθεια αερίου και, αφετέρου, την ασφάλεια του εφοδιασμού· β) το ύψος του επενδυτικού κινδύνου πρέπει να είναι τέτοιο ώστε η επένδυση δεν θα πραγματοποιηθεί εάν δεν χορηγηθεί απαλλαγή· γ) η υποδομή πρέπει να ανήκει σε φυσικό ή νομικό πρόσωπο διακριτό, τουλάχιστον από την άποψη της νομικής του προσωπικότητας, από τους διαχειριστές συστημάτων στα δίκτυα των οποίων θα κατασκευασθεί η εν λόγω υποδομή· δ) πρέπει να επιβάλλονται τέλη στους χρήστες της εν λόγω υποδομής και ε) η εξαίρεση δεν πρέπει να αποβαίνει σε βάρος του ανταγωνισμού στις σχετικές αγορές, οι οποίες είναι πιθανόν να επηρεαστούν από την επένδυση, της αποτελεσματικής λειτουργίας της εσωτερικής αγοράς φυσικού αερίου, της αποδοτικής λειτουργίας των διεπόμενων από ρυθμιστικές διατάξεις οικείων συστημάτων ή της ασφάλειας εφοδιασμού με φυσικό αέριο εντός της Ένωσης.

2. Η παρ. 1 ισχύει επίσης και σε περίπτωση σημαντικής αύξησης του δυναμικού ήδη υπάρχουσας υποδομής ή σε περίπτωση τροποποίησης ήδη υπάρχουσας υποδομής που έχουν ως αποτέλεσμα την ανάπτυξη νέων πηγών προμήθειας φυσικού αερίου.

3. Η ρυθμιστική αρχή που αναφέρεται στο κεφάλαιο VIII μπορεί να αποφασίζει, κατά περίπτωση, σχετικά με την εξαίρεση που αναφέρεται στις παρ. 1 και 2. Πριν από την έκδοση της απόφασης επί της εξαίρεσης, η εθνική ρυθμιστική αρχή, ή κατά περίπτωση άλλη αρμόδια αρχή του εν λόγω κράτους μέλους, διαβουλεύεται: α) με τις εθνικές ρυθμιστικές αρχές των κρατών μελών των οποίων οι αγορές είναι πιθανόν να επηρεαστούν από τη νέα υποδομή· και β) με τις οικείες αρχές των τρίτων χωρών όπου η εν λόγω υποδομή είναι συνδεδεμένη με το δίκτυο της Ένωσης υπό τη δικαιοδοσία κράτους μέλους και προέρχεται από ή καταλήγει σε μία ή περισσότερες τρίτες χώρες. Όταν οι αρχές τρίτων χωρών από τις οποίες ζητήθηκε διαβούλευση δεν απαντούν στο αίτημα διαβούλευσης εντός εύλογου χρονικού διαστήματος ή εντός καθορισμένης προθεσμίας που δεν υπερβαίνει τους τρεις μήνες, η οικεία εθνική ρυθμιστική αρχή δύναται να λάβει την αναγκαία απόφαση.

[...]

6. Η εξαίρεση επιτρέπεται να καλύπτει το σύνολο ή μέρος του δυναμικού της νέας υποδομής ή της υφιστάμενης υποδομής με σημαντικά αυξημένο δυναμικό. Κατά τη λήψη απόφασης για τη χορήγηση εξαίρεσης, λαμβάνεται υπόψη, για κάθε περίπτωση χωριστά, η ανάγκη να επιβληθούν όροι όσον αφορά τη διάρκεια της εξαίρεσης και τη χωρίς διακρίσεις πρόσβαση στην υποδομή. Κατά τη λήψη της απόφασης σχετικά με τους εν λόγω όρους λαμβάνονται υπόψη κυρίως το πρόσθετο δυναμικό που πρόκειται να κατασκευασθεί ή η τροποποίηση του υπάρχοντος δυναμικού, ο χρονικός ορίζοντας του έργου και οι εθνικές περιστάσεις. Πριν από τη χορήγηση εξαίρεσης, η ρυθμιστική αρχή αποφασίζει τους κανόνες και τους μηχανισμούς για τη διαχείριση και την κατανομή δυναμικού. Σύμφωνα με τους κανόνες αυτούς πρέπει να απαιτείται να καλούνται όλοι οι δυνητικοί χρήστες της υποδομής να εκδηλώσουν ενδιαφέρον για μίσθωση δυναμικού, προτού γίνει η κατανομή δυναμικού στη

νέα υποδομή, ακόμη και για ίδια χρήση. Η ρυθμιστική αρχή απαιτεί οι κανόνες διαχείρισης της συμφόρησης να περιλαμβάνουν την υποχρέωση προσφοράς του αχρησιμοποίητου δυναμικού στην αγορά και οι χρήστες της υποδομής να έχουν το δικαίωμα να διαπραγματεύονται το δυναμικό που διαθέτουν βάσει συμβάσεων στη δευτερογενή αγορά. Κατά την αξιολόγηση των κριτηρίων που αναφέρονται στην παρ. 1 στοιχεία α), β) και ε), η ρυθμιστική αρχή λαμβάνει υπόψη τα αποτελέσματα της εν λόγω διαδικασίας κατανομής δυναμικού. Η απόφαση εξαιρέσης, συμπεριλαμβανομένων των όρων που αναφέρονται στο δεύτερο εδάφιο της παρούσας παραγράφου, αιτιολογείται δεόντως και δημοσιεύεται.

7. Κατά παρέκκλιση από την παρ. 3, τα κράτη μέλη μπορούν να προβλέπουν ότι η ρυθμιστική αρχή ή ο οργανισμός, ανάλογα με την περίπτωση, υποβάλλουν στον αρμόδιο φορέα του κράτους μέλους, για τη λήψη τυπικής απόφασης, τη γνώμη τους σχετικά με το αίτημα εξαιρέσης. Η γνώμη αυτή δημοσιεύεται μαζί με τη σχετική απόφαση.

8. Η ρυθμιστική αρχή διαβιβάζει αμελλητί στην Επιτροπή αντίγραφο κάθε αίτησης εξαιρέσης μόλις τη λάβει. Η απόφαση κοινοποιείται αμελλητί από την αρμόδια αρχή στην Επιτροπή, μαζί με όλες τις σχετικές με την εν λόγω απόφαση πληροφορίες. Οι πληροφορίες αυτές μπορούν να υποβάλλονται στην Επιτροπή συνολικά, ώστε να της επιτρέπουν να λάβει τεκμηριωμένη απόφαση. Ειδικότερα, οι πληροφορίες περιλαμβάνουν: α) τους λεπτομερείς λόγους βάσει των οποίων η ρυθμιστική αρχή ή το κράτος μέλος χορήγησε ή απέρριψε την απαλλαγή, μαζί με παραπομπή στην παρ. 1, συμπεριλαμβανομένου και του σχετικού σημείου ή σημείων της προαναφερθείσας παραγράφου επί των οποίων βασίστηκε η απόφαση αυτή, συμπεριλαμβανομένων των οικονομικών πληροφοριών που αιτιολογούν την ανάγκη απαλλαγής· β) την ανάλυση η οποία διεξήχθη για τις επιπτώσεις της απαλλαγής στον ανταγωνισμό και στην αποτελεσματική λειτουργία της εσωτερικής αγοράς φυσικού αερίου· γ) τους λόγους για τη χρονική περίοδο και το μερίδιο του συνολικού δυναμικού της υποδομής φυσικού αερίου για το οποίο χορηγείται η απαλλαγή· δ) σε περίπτωση που η εξαίρεση αφορά διασύνδεση, το αποτέλεσμα της διαβούλευσης με τις ενδιαφερόμενες ρυθμιστικές αρχές και ε) τη συμβολή της υποδομής στη διαφοροποίηση της προμήθειας φυσικού αερίου.

9. Εντός δύο μηνών από την ημέρα παραλαβής της σχετικής κοινοποίησης, η Επιτροπή μπορεί να εκδώσει απόφαση, με την οποία θα υποχρεώνεται η ρυθμιστική αρχή να τροποποιήσει ή να ανακαλέσει την απόφαση χορήγησης εξαιρέσης. Η δίμηνη προθεσμία είναι δυνατόν να παραταθεί κατά δύο μήνες, όταν ζητούνται συμπληρωματικές πληροφορίες από την Επιτροπή. Η εν λόγω συμπληρωματική προθεσμία αρχίζει από την επομένη της λήψης του συνόλου των πληροφοριών. Η αρχική δίμηνη προθεσμία μπορεί επίσης να παραταθεί με τη συγκατάθεση τόσο της Επιτροπής όσο και της ρυθμιστικής αρχής. Εάν οι ζητούμενες πληροφορίες δεν παρασχεθούν εντός της οριζόμενης στην αίτηση προ-

θεσμίας, η κοινοποίηση θεωρείται ότι έχει αποσυρθεί, εκτός εάν, πριν την παρέλευση της εν λόγω προθεσμίας, η προθεσμία παραταθεί με συγκατάθεση τόσο της Επιτροπής όσο και της ρυθμιστικής αρχής ή η ρυθμιστική αρχή ενημερώσει την Επιτροπή, με δεόντως αιτιολογημένη δήλωση, ότι θεωρεί την κοινοποίηση πλήρη. Η ρυθμιστική αρχή συμμορφώνεται εντός μηνός με την απόφαση της Επιτροπής να τροποποιήσει ή να ανακαλέσει την απόφαση εξαιρέσης και ενημερώνει σχετικά την Επιτροπή. Η Επιτροπή διαφυλάσσει τον εμπιστευτικό χαρακτήρα των εμπορικά ευαίσθητων πληροφοριών. Η έγκριση μιας απόφασης εξαιρέσης από την Επιτροπή παύει να ισχύει δύο έτη μετά την έκδοση της απόφασης, εάν έως τότε δεν έχει αρχίσει ακόμη η κατασκευή της υποδομής, και πέντε έτη μετά την έκδοση της απόφασης, εάν η υποδομή δεν έχει τεθεί σε λειτουργία, εκτός εάν η Επιτροπή αποφασίσει ότι η καθυστέρηση οφείλεται σε μείζονα εμπόδια που βρίσκονται πέρα από τον έλεγχο του προσώπου στο οποίο χορηγήθηκε η εξαίρεση. [...].

Επειδή, σύμφωνα με την αιτιολογική σκέψη (35) της Οδηγίας 2009/73/ΕΚ: «Οι επενδύσεις σε κύριες νέες υποδομές θα πρέπει να προωθηθούν δυναμικά, με παράλληλη διασφάλιση της ορθής λειτουργίας της εσωτερικής αγοράς φυσικού αερίου. Για να τονωθεί η θετική επίδραση των εξαιρουμένων έργων υποδομής στον ανταγωνισμό και την ασφάλεια του εφοδιασμού, θα πρέπει να αξιολογείται το ενδιαφέρον της αγοράς κατά τη φάση σχεδιασμού του έργου και να εφαρμόζονται κανόνες για τη διαχείριση της συμφόρησης. [...] Επιπλέον, λόγω των ασυνήθιστων χαρακτηριστικών κινδύνου της κατασκευής αυτών των εξαιρουμένων κύριων έργων υποδομής, θα πρέπει να υπάρχει η δυνατότητα να χορηγούνται προσωρινά στις επιχειρήσεις με συμφέροντα προμήθειας και παραγωγής εν μέρει παρεκκλίσεις από τους κανόνες διαχωρισμού για τα σχετικά έργα».

Επειδή, η ΡΑΕ αξιολόγησε την αίτηση της εταιρείας GASTRADE ΑΕ και επεξεργάστηκε κείμενο «Preliminary Decision of the Greek Energy Regulator on the Exemption Application of GASTRADE SA» (εφεξής, η «προκαταρκτική απόφαση εξαιρέσης»), στο οποίο εξέτασε την πλήρωση των κριτηρίων της παρ. 1 του άρθρου 36 της Οδηγίας και όρισε τους κατά την κρίση της απαραίτητους όρους και προϋποθέσεις για τη χορήγηση της εξαιρέσης, το οποίο εγκρίθηκε με την υπ' αρ. 1333/2020 απόφαση (σχετικό 8).

Επειδή, με την ως άνω, υπό στοιχείο (9) απόφασή της, η Γενική Διεύθυνση Ενέργειας της Ευρωπαϊκής Επιτροπής, σύμφωνα με τα οριζόμενα στην παρ. 9 του άρθρου 36 της Οδηγίας ζήτησε από την ΡΑΕ να προβεί στη μεταβολή συγκεκριμένων στοιχείων των όρων των παρ. 4.2 και 4.3 του Μέρους με τίτλο («Part 4: Authority's Opinion») της προκαταρκτικής απόφασης εξαιρέσης.

Επειδή, κατά τα ανωτέρω, η ΡΑΕ τροποποίησε το Τέταρτο Μέρος της προκαταρκτικής απόφασης εξαιρέσης σύμφωνα με την ως άνω υπό στοιχείο (9) απόφαση της Ευρωπαϊκής Επιτροπής και διαπίστωσε ότι απαιτείται η ενσωμάτωση όλων των αιτουμένων μεταβολών της Ευρωπαϊκής Επιτροπής σε ένα ενιαίο κείμενο.

Για τους παραπάνω λόγους, αποφασίζει:

1. Την τροποποίηση της υπ' αρ. 1333/2020 απόφασης σε συμμόρφωση με την υπό στοιχεία [C(2020) 8377 final] απόφαση της Ευρωπαϊκής Επιτροπής κατά τα οριζόμενα στην παρ. 9 του άρθρου 36 της Οδηγίας 2009/73/ΕΚ.

2. Την έκδοση τελικής απόφασης για τη χορήγηση εξαίρεσης στην εταιρεία με την επωνυμία GASTRADE Α.Ε. από τις διατάξεις των άρθρων 32 και 41(6), (8) και (10) της Οδηγίας 2009/73/ΕΚ για το έργο «Ανεξάρτητο Σύστημα Φυσικού Αερίου (ΑΣΦΑ) Αλεξανδρούπολης»

σύμφωνα με τους ειδικότερους όρους και προϋποθέσεις του Τέταρτου Μέρους («Authority's Decision») του προσαρτηθέντος στην παρούσα κειμένου με τίτλο «Final Decision of the Greek Energy Regulator on the Exemption Application of GASTRADE SA», το οποίο αποτελεί αναπόσπαστο τμήμα της παρούσας.

3. Την κοινοποίηση της παρούσας αμελλητί στην Ευρωπαϊκή Επιτροπή, σύμφωνα με τα οριζόμενα στο έκτο εδάφιο της παρ. 9 του άρθρου 36 της Οδηγίας 2009/73/ΕΚ.

4. Την κοινοποίηση της παρούσας στη Ρυθμιστική Αρχή της Βουλγαρίας.

Μη εμπιστευτική έκδοση

## **Final Decision of the Greek Energy Regulator on the Exemption Application of GASTRADE SA**

Regulatory Authority for Energy (RAE)

Greece

December 2020

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## Preface

On 26 June 2018, the company GASTRADE S.A. submitted to the National Regulatory Authority of Greece (Regulatory Authority for Energy, RAE) an application for the exemption for the Alexandroupolis Independent Natural Gas System (LNG Terminal in northern Greece) according to the provisions of paragraph 6 of article 36 of the Directive 2009/73/EC. Subsequently, a supplementary application document has been submitted to RAE on May 5<sup>th</sup> 2020, following the conclusion of the relevant Market Test. Finally, the business model was updated according to instructions provided by the Regulator.

RAE, as the National Regulatory Authority of Greece, reviewed the Gastrade SA Application on the basis of Directive 2009/73/EC and article 76 of Law 4001/2011 (National Gazette A' 179/2011).

On 17 September 2020, RAE adopted decision No 1333/2020 exempting GASTRADE SA from the provisions of Articles 32 and 41(6), (8) and (10) of Directive 2009/73/EC of the European Parliament and of the Council for the Alexandroupolis Independent Natural Gas System. The company's application for exemption from article 9 of the same Directive was not examined as non relevant. The Regulator's assessment and preliminary decision, based on the Article 36.1 criteria of the Gas Directive and supported by the Market Test results and further considerations by the Authority, were included in the "Preliminary Decision of the Greek Energy Regulator on the Exemption Application of GASTRADE SA" (the Exemption Decision). RAE's Decision 1333/2020, accompanied by the Exemption Decision as an annex, was notified to the European Commission (hereinafter, the "Commission") on 25 September 2020.

The Exemption Decision is divided in four Parts:

Part 1 provides a description of the Alexandroupolis LNG Terminal, according to the Exemption Application submitted by Gastrade SA, as enriched by information communicated to RAE in due course of the assessment of this application until the date of issuing of the decision. The description includes the list of the exemptions requested, the summary of the Market Test and an overview of the company's business model.

Part 2 includes further analysis and considerations based on the acquired data, such as an analysis of the Market Test results and an analysis of the impact of the project on the relevant markets and on competition.

Part 3 contains the analysis of RAE on how the criteria of Article 36.1 of the Directive are fulfilled, supported by the data and considerations of Parts 1 and 2.

Part 4 is the decision of the Authority on the Exemption Application and the terms and conditions



under which the exemption should be granted.

On 25 November 2020, the Commission adopted its decision [C(2020) 8377 final] on the exemption of the Alexandroupolis Independent Natural Gas System from the requirements regarding third party access and tariff regulation. By its decision the Commission requests RAE to amend, in accordance with Article 36(9) of Directive 2009/73/EC, its decision issued in accordance with Article 36(8) of the Directive. The amendments requested by the Commission concern Part 4 of the Exemption Decision and in particular conditions under points 4.2 and 4.3.

For the sake of completeness, the requests of GASTRADE S.A. for exemption from the requirements of Directive 2009/73/EC as listed in paragraph 1.4.1 of the Preliminary Decision are repeated below:

*“Having regard to the content of the Guidelines and the results of the Market Test that has been concluded with the signature of the ARCAs, Gastrade requested approval of the following exemptions:*

- (a) Exemption from ownership unbundling (article 9 of Directive 2009/73/EC);*
- (b) Exemption from tariff approval, tariff methodology and tariff review (articles 32 and 41 par. 6, 8 and 10 of Directive 2009/73/EC);*
- (c) Exemption from third party access by a percentage that will be defined following the completion of the market test (articles 32 and 33 of Directive 2009/73/EC).*

*Following subsequent communication with the Company, they have not specified the percentage of TPA access of their request, leaving the decision to the Regulator. GASTRADE does not foresee a risk for the implementation of the Project, in case that the exemption for Third Party Access applies only to the part of the capacity reserved through the Market Test.*

*The above requests are intended and are being made for a period of 25 years from the Commercial Operation Date.”*

- HAVING regard to paragraph 9 of Article 36 of Directive 2009/73/EC,
- HAVING regard to the Commission Decision [C(2020) 8377 final] dated 25 November 2020 on the exemption of the Alexandroupolis Independent Natural Gas System LNG Terminal from the requirements regarding third party access and tariff regulation,

the Regulatory Authority for Energy of Greece hereby proceeds to the modification of Part 4 of the Exemption Decision as follows.

This modified document comprises the Final Decision of the Authority on the Exemption Application of GASTRADE SA.

## Definitions and acronyms

The following definitions and acronyms are used in the present paper:

ARCA	Advance Reservation Capacity Agreement
Authority	the Greek Regulatory Authority for Energy, RAE
bcm/mcm	billion cubic meters / million cubic meters
bcma	billion cubic meters annually
bNcm	billion Normal cubic meters
COD	Commercial Operation Date: the date on which the Alexandroupolis INGS will be completed and able to receive, transport and re-deliver natural gas
EC	European Commission
EEPR	European Energy Programme for Recovery
EA	Energy Act of the Republic of Bulgaria
Eoi	Expression of Interest
ESIF	European Structural and Investment Funds
EU	European Union
EWRC	the Bulgarian energy authority (Комисията за енергийно и водно регулиране)
FID	Final Investment Decision
FSRU	Floating Storage Regasification Unit
Gas Directive	the Gas Directive 2009/73/EC
Gastrade	the company Gastrade SA
Greek Energy Law	Law 4001/2011 (ΦΕΚ Β' 179/ 22.08.2011) of the Hellenic Republic
GTNTT	Gas Transmission Network for Transit Transmission in Bulgaria
IA	Interconnection Agreement
IGB	the pipeline Interconnector Greece-Bulgaria
INGS	Independent Natural Gas System
IP	Interconnection Point
IRR	Internal Rate of Return
LSO	LNG System Operator
Market Test	the process defined in Article 36.6 of the Gas Directive, to assess the interest of all potential users in contracting capacity before capacity allocation in the new infrastructure takes place

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MoU	Memorandum of Understanding
Ncm	normal cubic meters of natural gas at 0°C and 1.01325 bar absolute pressure
NGTN	National Gas Transmission Network of Bulgaria
NNGS	National Natural Gas System of Greece
NRA	National Regulatory Authority
NSRF	National Strategic Reference Framework
Project	the Alexandroupolis INGS project as a whole
RAE	the Greek energy Regulatory Authority (Ρυθμιστική Αρχή Ενέργειας)
ROCE	Return on Capital Employed
SEE	South-East Europe
TAP	Trans-Adriatic Pipeline
TPA	Third-Party Access
TUA	Terminal Use Agreement
TYNDP	Ten Year Network Development Plan
WACC	Weighted-Average Cost of Capital

# Part 1

## Description of the Project

### 1.1 The Alexandroupolis LNG Terminal

In the following section, an overview of the Project is provided, based on the information received by GASTRADE S.A. in its Exemption Application, as amended after the conclusion of the Market Test performed, and on the information included in the documents pertaining to the Market Test.

#### 1.1.1 Description and location of the infrastructure

The infrastructure under review is a floating LNG Terminal in Northern Greece, in the area of Alexandroupolis. It has been included since 2013 in all the lists of the Projects of Common Interest under the code 6.9.1 “LNG Alexandroupolis Independent Natural Gas System (INGS)” or, hereinafter, the “Project”.

The Project comprises an offshore floating unit for the reception, storage and re-gasification of LNG (the FSRU), permanent offshore installations, and a system of a subsea and an onshore gas transmission pipeline (the Pipeline).

The FSRU will be stationed approximately 17.6 km south-west of the town of Alexandroupolis in NE Greece at an offshore distance of approximately 5.4 n.m. (10 km) from the nearest shore. The FSRU will have an LNG storage capacity of 150,000 to 170,000 cubic meters, a nominal regasification and send-out capacity of 530 million standard cubic feet per day (mmscfd), equivalent to 630,000 cubic meters per hour (5.5 bcm/year) and a peak technical regasification and send-out capacity of 800 million standard cubic feet per day (mmscfd), equivalent to 950,000 cubic meters per hour (8.3 bcm/year). The incoming LNG transfer rate will be 10,000 m<sup>3</sup>/h.

The floating unit will consist of the following main parts:

- Systems for the Side to Side (STS) mooring of the incoming LNG carriers and for LNG offloading
- Four LNG storage tanks with a total capacity of up to 170,000 cubic meters

- Four regasification units, each with a regasification capacity of 400 cubic meters of LNG/hour
- Electricity generators for the power supply of the floating unit
- Metering unit for the measurement of the regasified volumes
- Crew accommodation facilities

The permanent offshore Installations will include:

- i. the floating unit mooring system at a fixed location, 17.6 km SW from the town of Alexandroupolis and 10 km from the nearest opposite shore of the Makri village, at a sea area with approximate seawater depth of 40 m. The mooring system consists of the Submerged Turret and the Anchorage System (mooring lines and suction anchors).
- ii. the two flexible risers, each of 14" diameter, through which the natural gas is transmitted from the loading turret to the Pipeline End Manifold (PLEM), and
- iii. the Pipeline End Manifold (PLEM) which is founded on the seabed and from which the subsea pipeline begins.

The subsea and onshore sections of the gas transmission Pipeline will transmit the gas from the floating unit to the NNGS. The subsea section of the pipeline will be 24 km long whilst the onshore section, heading north towards the connection point with the NNGS will have a length of 4 km. The pipeline connects with the "Kipi-Komotini" branch of the NNGS, at a new entry point near the Amphitriti village and transmits the natural gas from the floating unit to the NNGS.

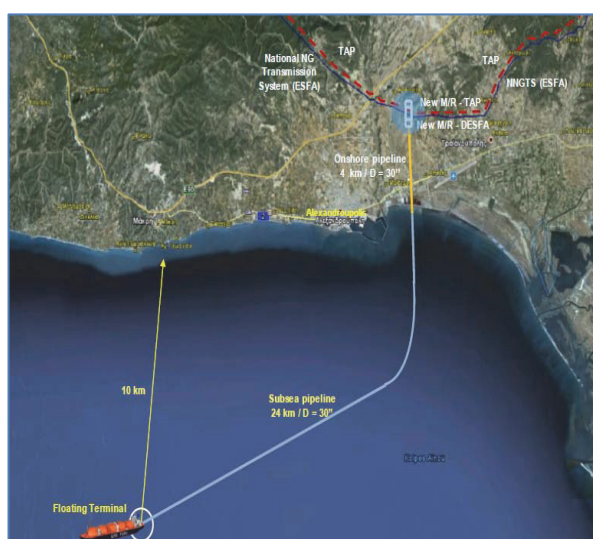


Figure 1. The Alexandroupolis INGS Project

### 1.1.2 Interconnections

The Project will connect via its pipeline to the Greek National Natural Gas System (NNGS), and more specifically to its northeastern "Kipi-Komotini" branch, at a new entry point near the village of Amphitriti. The new (M/R) Entry Station, will be constructed by DESFA near the existing NNGS Alexandroupolis Exit Station (U-3630).

In 2018 Gastrade SA submitted to DESFA an Application for Advanced Reservation of Transmission Capacity, according to article 95A of the NNGS Network Code, requesting the creation of the new entry point with a capacity of 21.6 mNm<sup>3</sup>/d, of which 10.7 mNm<sup>3</sup>/d will be transmitted to Bulgaria via the IGB pipeline, 1.9 mNm<sup>3</sup>/d to be consumed in the NNGS part east of the Komotini node, while the remaining 9.0 mNm<sup>3</sup>/d will be directed to the Greek market, as allocated by the applicant (please refer to Figure 3).

DESFA assessed the application according to article 95B of the NNGS Network Code, performing hydraulic simulations of the system, under a) the current configuration, and b) the configuration after the addition of compressor stations at Kipi and Ambelia and the upgrade of the existing compressor station at Nea Messimvria, expected to be operational by the end of 2023, as foreseen in the NNGS 2020-2029 Ten Year Network Development Plan (TYNDP). According to the results:

- A. with the current system configuration, only the flows which are allocated to the north-east zone (up to 1.9 mNm<sup>3</sup>/d) can be transported by the NNGS
- B. after the system upgrade, the flows towards IGB and to the northeast zone can be transported, as well as 0.7 mNm<sup>3</sup>/d (out of the 9 mNm<sup>3</sup>/d requested) may be transported west of Komotini towards the rest of the Greek market.

In order to fully accommodate Gastrade's request, several additional upgrades of the NNGS need to be implemented, not currently foreseen in the TYNDP (duplication of pipelines at three different sections of the system as well as three compressor upgrades). Alternatively, conditional or competing capacity products may be introduced in order to maximize the technical capacity offered in the north-northeast section of the NNGS (see section 2.2.1.3).

It is also noted that the Alexandroupolis INGS may also connect with and transmit gas into other gas transmission systems which are planned in the same geographical region such as TAP (the Trans Adriatic Pipeline); however, no such request has been submitted yet.

### 1.1.3 Expected timeline

At the time of writing of this opinion, according to the Exemption Application and as far as it is predictable, commencement of the construction is foreseen for Q1 2021 and commercial operation as of Q1 2023.

It is noted that relevant licensing is already in place for the construction of the Project, including:

- Independent Natural Gas System
- Environmental terms
- Right to access to shore
- Right to access to seabed and sea area
- Safety study SEVECO II
- Installation Act of the onshore pipeline
- Installation license

The FID is expected at the beginning of 2021.

## 1.2 The Company

The Project is managed by the company under the trade name GASTRADE SOCIETE ANONYME CONSTRUCTION AND TECHNICAL COMPANY OF NATURAL GAS (distinctive title «GASTRADE S.A.») established in June 2010 and incorporated under Greek law.

According to the Articles of Association, the Company has the following activities:

- (a) the reception, storage and regasification of liquefied natural gas as well as the transport and liquefaction of natural gas;
- (b) the development, construction, operation, maintenance, management and operation of independent natural gas systems;
- (c) the study, design, supply, construction, operation, expansion and maintenance of all the necessary infrastructure for the implementation of the above;
- (d) any industrial or construction activity in the gas sector.

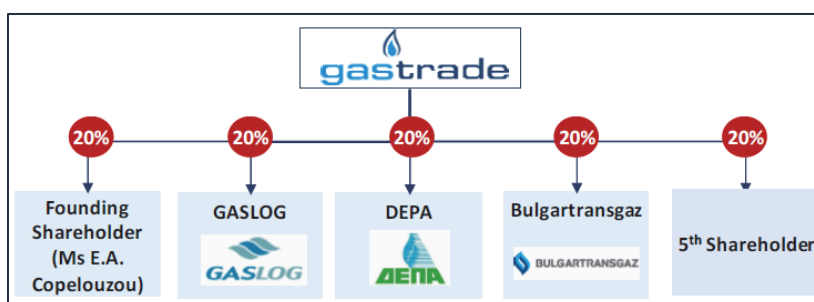
The **current shareholders** of the Company are:

- o Ms. Asimina-Eleni Copelouzou (60%). Ms Asimina-Eleni Copelouzou is the Founding Shareholder of GASTRADE. Ms Copelouzou has no other activities in the gas sector.

- o Gaslog Cyprus Development Limited (20%). GasLog Cyprus Investments Ltd. is a 100% subsidiary of GasLog Ltd (GASLOG) a leading global provider of LNG shipping services listed in the New York Stock Exchange.
- o Public Gas Corporation S.A. (DEPA S.A.) (20%). Public Gas Corporation S.A. (DEPA) is a group of companies undertaking gas activities in Greece. Following the partial demerger and the spin-off of DEPA S.A., DEPA S.A. is renamed to DEPA Commercial S.A. which maintains the wholesale and retail gas activities of DEPA S.A. as well as the rights and obligations associated with DEPA's participation in the share capital of GASTRADE S.A.

Furthermore, according to the information provided by the Company, on 08/01/2020, the Council of Ministers of the Republic of Bulgaria approved the participation of BULGARTRANSغاز EAD in the share capital of GASTRADE with a percentage of 20%.<sup>1</sup> Additionally, the founding shareholder Ms. Asimina-Eleni Copelouzou is in discussions with other regional players/international traders for the sale of 20% of the share capital of GASTRADE.

The **envisaged shareholding structure** of GASTRADE is presented in the following graph.



**Figure 2.** Expected shareholding structure of GASTRADE

### 1.3 The Market Test Performed

According to the provisions of Article 36.6 of the Gas Directive, prior to granting an exemption, the authorities concerned have to decide on the rules for the management and allocation of the capacity to the Project. To this end, a Market Test should be implemented, inviting all potential users of the infrastructure, including its shareholders, to indicate their interest in contracting capacity.

<sup>1</sup> The completion of the transaction is anticipated in the coming few weeks.



### 1.3.1 The designed process

In accordance with European best practice, the Market Test was designed to take place in two phases:

- (a) Expression of Interest (EoI) phase;
- (b) Bidding phase.

For each of the two phases, RAE approved the Guidelines according to which Gastrade would draft the Notice to potential users for the relevant phase, subject also to the Authorities' approval.

Through this procedure, an open invitation is initially extended to all parties, but only those who express their interest and fulfil some minimum requirements (provision of supporting documentation and participation fee) can continue to the binding phase, where confidential information about the project and its sponsor company is released. A fee is required for the participation in the EoI phase, in order to further discourage non-serious candidates that could distort, willingly or not, the outcome of the Market Test. The fee is refundable only in case the Market Test is cancelled.

More specifically, according to the designed procedure, the NRA approved the following documents:

- i. The Expression of Interest Phase Guidelines: specify general framework rules and mechanisms for the capacity allocation and management of capacity and determine the minimum information that the EoI Notice should include, as well as general guidelines about the EoI procedure.
- ii. The Expression of Interest Notice: provides the potential users with a short description of the technical aspects of the project and its current status, as well as the products offered through the Market Test (forward and/or reverse, firm and/or interruptible flow and possible standard duration). It also specifies the mandatory supporting documentation to be submitted by the interested parties, including a participation fee. The Authorities approve the Notice, verifying that it was put together in accordance with the EoI Guidelines. The EoI Forms, through which interested parties should submit their interest, are also approved by RAE.
- iii. The Bidding Phase Guidelines: they specify the bidding phase procedure, the allocation rules, the tariff structure and the offered products with the relevant timeframes, as well as the general terms and conditions of the Advance Reservation Capacity Agreements (hereinafter ARCA, a document through which Gastrade and the Shipper commit to sign the Terminal Use Agreements upon the exemption being granted) and the Terminal Use Agreements.
- iv. The Bidding Phase Notice: this is a confidential document providing commercially sensitive information about the project and more precise rules about the tariff structure. It is provided

only to the eligible participants upon signature of a non-disclosure agreement. The Notice is accompanied with several documents, including a Bid Bond form, an ARCA form, and an ARCA bond form.

It should be noted that, according to the EoI Guidelines, the EoI phase neither binds participants to book the capacity for which they have expressed their interest nor binds Gastrade to offer it. However, participation to the EoI phase is a prerequisite to access to the binding phase, except for TSOs, that can directly participate in the Bidding Phase of the Market Test. An exception is foreseen in article 14 of the EoI Notice: *“The EoI Participant shall have the right to assign to third parties any of its rights or obligations in connection with the Market Test, whether in whole or in part. EoI Participants acknowledge and agree that the staff of the Sponsors shall conduct the Market Test on behalf of GASTRADE.”*. Also, in paragraph 2.4 of the Binding Phase Guidelines: *“A party is considered to have participated in the EoI Phase either if it has participated directly in the EOI Phase; or if it is the assignee of an EoI Phase Participant pursuant to article 14 of the Expression of Interest Phase Notice. An assignee of an EoI Phase Participant can book capacity according to the provisions of Article 7 provided that the mandatory supporting documents mentioned in par. 8 of the Expression of Interest Phase Notice are included in the Binding Offer documentation of the Participant and are valid and complete.”*. Therefore, it was foreseen that an entity could still participate in the bidding phase even if it had not participated in the EoI, if it was assigned to do so by an entity that had participated in the EoI phase.

### 1.3.2 The Market Test

The Expression of Interest Phase of the Market Test was launched on October 30<sup>th</sup>, 2018 and concluded on December 31<sup>st</sup> 2018. **Σφάλμα! Το αρχείο προέλευσης της αναφοράς δεν βρέθηκε.** below summarizes the non-binding offers received.

*[omitted as confidential]*

After the completion of the EoI Phase, Gastrade delivered to RAE a report summarizing the results of the EoI Phase, including evaluation on the EoI Phase results. It was concluded that there was enough interest for the construction of the Project, coming from shippers and traders of a variety of countries. Based on this fact and according to article 3.5 of the EoI Guidelines, RAE requested Gastrade to perform the Bidding Phase of the Market Test prior to any assessment of the Exemption Application and/or any request for its refinement.

The Bidding Phase was launched on January 10, 2020. In February 2020, GASTRADE reported to RAE a wide interest from companies that did not participate in the EoI Phase of the Market Test, due to

the evolving nature of the natural gas market, especially since the EoI had taken place more than a year earlier (a choice of the promoter). Given this expressed interest, the assignment procedure was not deemed adequate to satisfy the newcomers' requests. Given the objective of the Market Test to assess the full interest of the market to reserve capacity in the Project, GASTRADE requested the Regulator's approval to extend the participation to the Binding Phase to all interested parties, irrespectively to their participation in the EoI Phase.

RAE approved the company's request, setting the following rules:

- a. All the requirements that were met by the entities that participated in the EoI phase had to be presented and undergo the same scrutiny by the company.
- b. The binding offers submitted by any new entities will be taken into consideration and ranked only if there is excess capacity after the ranking of the offers of those Bidding Phase Participants that were either EoI Phase Participants or their assignees. That is, in case more than the terminal's capacity be booked resulting in rejection of some of the offers (after the ranking that is described in the Binding Phase Guidelines), an EoI Participant shall have priority. In other words, the newcomers' participation cannot be detrimental for the originally participating entities. As long as this principle is ensured, higher participation is to the interest of all participants as it will ultimately reduce the terminal's access tariffs.
- c. The deadline for the submission of binding offers is extended sufficiently to allow enough time for any new entity to consider its participation.

The binding phase of the Market Test was concluded on March 24, 2020, and its results are summarized in **Σφάλμα! Το αρχείο προέλευσης της αναφοράς δεν βρέθηκε.** below.

*[omitted as confidential]*

On March 30<sup>th</sup> 2020, GASTRADE delivered to RAE the report on the results of the Alexandroupolis INGS Project Market Test Bidding Phase, as foreseen by the Guidelines. In the same document, the allocation of booked capacity and the amount of bond to be paid by each bidder was presented. RAE did not rise any concerns about the allocation, as it was in accordance with the approved Guidelines. In any case, since the total booked capacity was less than the technical capacity of the pipeline, all bidders were allocated the capacity they had bid for, without any curtailment. No bidder was excluded from the allocation for any reason, either by the Company or by RAE.

Also, in accordance with article 2.2 of the Bidding Phase Guidelines, on May 5<sup>th</sup> 2020 GASTRADE notified the conclusion of the Market Test upon signature of all the ARCAs and, in accordance with

article 2.5, updated its exemption application taking into account the Market Test results and notified its wish to proceed with its assessment.

## **1.4 The Exemption Application**

### **1.4.1 The requested exemptions**

Having regard to the content of the Guidelines and the results of the Market Test that has been concluded with the signature of the ARCA, Gastrade requested approval of the following exemptions:

- (a) Exemption from ownership unbundling (article 9 of Directive 2009/73/EC);
- (b) Exemption from tariff approval, tariff methodology and tariff review (articles 32 and 41 par. 6, 8 and 10 of Directive 2009/73/EC);
- (c) Exemption from third party access by a percentage that will be defined following the completion of the market test (articles 32 and 33 of Directive 2009/73/EC).

Following subsequent communication with the Company, they have not specified the percentage of TPA access of their request, leaving the decision to the Regulator. GASTRADE does not foresee a risk for the implementation of the Project, in case that the exemption for Third Party Access applies only to the part of the capacity reserved through the Market Test.

The above requests are intended and are being made for a period of 25 years from the Commercial Operation Date.

### **1.4.2 The operational model of the Alexandroupolis INGS**

*[omitted as confidential]*

### **1.4.3 The financial model of GASTRADE**

*[omitted as confidential]*

## Part 2

# Regulator's analysis

### **2.1 Evaluation of the Market Test results**

As pointed out in §1.3, the Project Market test has been conducted in two phases. Phase I: Invitation to market participants to express their interest in booking capacity on the Alexandroupolis INGS (Phase I, Expression of Interest phase) and Phase II: Invitation to the participants in Phase I to present binding offers for booking capacity on the Alexandroupolis INGS (Phase II, Bidding phase).

The Market Test aimed at enabling all interested market participants to book capacity on the LNG Terminal in a region where natural gas has been used for a long time but markets are still under development. The participation of market participants allowed for the NRA to gather the necessary data and information on market demand related to the project and, on the other hand, to obtain specific data on the basis of which to assess the specifics of the application submitted. In terms of capacity allocation, the result of Phase I, Expression of Interest phase, was a request from potential buyers for capacity over the capacity they would be willing to reserve in the binding phase. Therefore, the capacity was subject to adjustment by the binding Bidding phase. Bidding phase results were needed before Gastrade could proceed with the exemption procedure under art.36, par.6 of the Directive 2009/73/EC and to ensure financially the construction and operation of the LNG terminal.

*[omitted as confidential]*

## 2.2 Overview of the gas markets in the relevant geographic areas

### 2.2.1 Greece

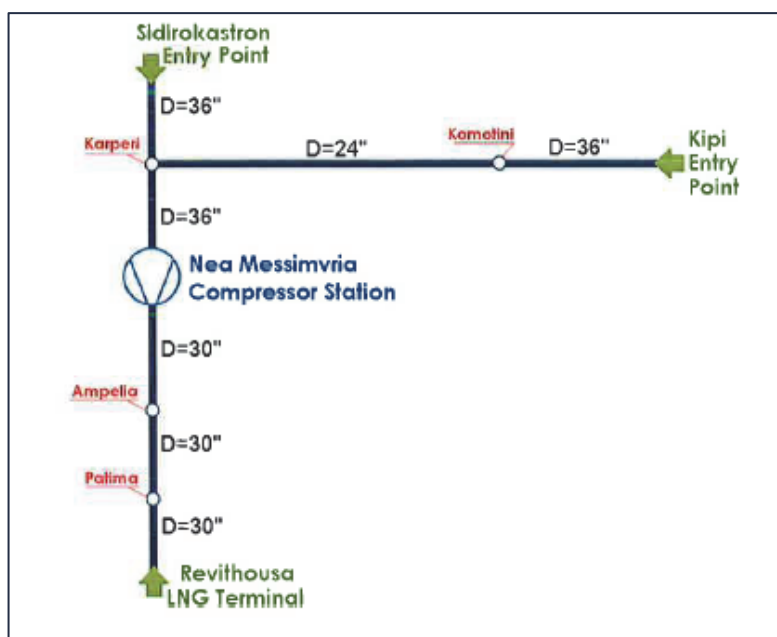
#### 2.2.1.1 Natural gas infrastructure

Currently the Greek gas market is supplied by three routes: a pipeline importing gas from Russia, through Bulgaria<sup>2</sup>, a pipeline importing gas mainly from Azerbaijan, through Georgia and Turkey, and the regasification LNG Terminal of Revithoussa.

The National Natural Gas transmission System (NNGS) transports gas from the Greek-Bulgarian border at the north (part of the Trans-balkan pipeline), the Greek-Turkish border at the north-east, and the Liquefied Natural Gas Receiving Terminal on the Revithoussa Island at the vicinity of Athens at the south, to consumers in continental Greece. The main transmission pipeline (MTP) of 512 km total length extends from the Greek-Bulgarian border to the prefecture of Attica. A 303 km, 24" branch beginning south of the Greek-Bulgarian entry point, near the city of Thessaloniki to the East, which, for the last 80 km is transformed into a 36" pipeline, connects the MTP to the Greek-Turkish border (see Figure 3). Additional branches of circa 650 km connect the MTP to demand centers. A new entry point at the Nea Messimvria node, the interconnection point with the Trans Adriatic Pipeline is expected to be operational at the end of 2020 or the beginning of 2021. The interconnection with the Alexandroupolis INGS will also be to the east of the Komotini node (see Section 1.1.2).

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<sup>2</sup> Since 1.1.2020, the traditional Trans-Balkan route for Russian gas through Ukraine and Romania has been partially or totally replaced by the TurkishStream.



**Figure 3.** Current configuration of the NNGS

Firm entry technical capacity to the Greek gas system has reached about 11.5 bcm/year (Table 3), after the completion of a scheduled upgrade of the LNG terminal (3<sup>rd</sup> tank, berthing and regasification system upgrade). The total technical capacity will reach about 12bcm/y when three compressor stations are put in operation in 2023.

Entry Point	Technical Capacity		mcm/d
	kWh/d	bcm/y	
Sidirokastro (BG)	122 580 000	3.5	10.8
Kipi (TK)	48 592 292	1.4	4.3
Agia Triada (LNG Terminal)	204 481 800	6.6	19.9

**Table 1.** Technical capacity of NNGS entry points

Exit capacity is currently limited towards Bulgaria, solely as reverse flow at the GR/BG Interconnection Point (Sidirokastro), achieved in 2017 through the conclusion of an Interconnection Agreement between DESFA and Bulgartransgaz. After the commissioning of the aforementioned Revithoussa upgrade, the exit capacity at Sidirokastro has reached 1.8 bcm/y, after the installation of the aforementioned compressors.

In Table 4, the utilisation of the three interconnection points is presented, both in terms of booked capacity and actual gas deliveries.

Interconnection Point	Technical Capacity (kWh/d)	Maximum Booked Transmission Capacity of Point (kWh/d)	Annual average of gas deliveries (kWh/d)	Daily peak (kWh/d)	Annual average deliveries as percentage of Technical Capacity (%)	Daily peak as percentage of Technical Capacity (%)
<b>Entry Point</b>						
Sidirokastro	122 580 000	172 180 000	49 710 049	112 052 676	40.6	91.4
Kipi	48 592 292	74 133 250	22 216 280	49 366 516	45.7	101.6
Agia Triada	204 481 800	204 481 800	86 099 797	195 443 571	42.1	95.6
<b>Reverse Flow Exit Point</b>						
Sidirokastro	64 695 000	52 838000	482 130	19 169 237	0.7	29.6

**Table 2.** Utilisation of the IPs in Greece

As already mentioned, the commercial operation of the Trans-Adriatic Pipeline (TAP) is planned to start in late 2020. Connecting with the Trans Anatolian Pipeline (TANAP) at the Greek-Turkish border, TAP will cross Northern Greece, Albania and the Adriatic Sea before coming ashore in southern Italy to connect to the Italian natural gas network. Once built, TAP will offer a direct transportation route opening up the Southern Gas Corridor, a 3500-kilometre long gas value chain stretching from the Caspian Sea to Europe. Its construction has started in 2016. Despite the fact that the TAP project is mainly dedicated to the transportation of gas to Italy, at least at its initial phase, it is expected to contribute to the change of the conditions of the Greek gas market, as it will i. diversify the supply sources of the country, ii. upgrade the import capacity of Greece, iii. connect the Greek market to the mature and well diversified market of Italy, and iv. provide access to the Italian storage facilities, especially taking into account the possibility of both virtual and physical reverse flow from Italy. Furthermore, its interconnection point with the NNGS is designed to ensure bidirectional flow, at the second phase of the project when a compressor station is installed. The technical capacity of the IP at Nea Messimvria is 10mcm/d.

Furthermore, the Interconnector Greece-Bulgaria (IGB) is under construction and is expected to be operational by the end of 2021. It will have interconnections both with the NNGS and with TAP and, according to IGB's Market Test results, a major source of gas is expected to be the Alexandroupolis INGS. The Alexandroupolis INGS and IGB have, since their inception, planned to be complementary, with the first being the source of the gas that will be transported via the latter from the south to the north to the whole SEE region, as a competitive route to the TransBalkan route that is almost monopolized by Gazprom Export.

As already explained, all the pipelines entries to the country are to the north, while the main



consumption center lies in at the southern part of the country, mainly around the Athens (Attica) area. This, together with the fact that parts of the main system are of smaller diameter (24'' and 30''), results in two main bottlenecks of the system, one at the north-east branch and one at the branch south of Nea Messimvria. New compressor installation at Kipi and Ampelia, and compressor upgrade at Nea Messimvria are expected to be operational by the end of 2023, according to DESFA's TYNDP.

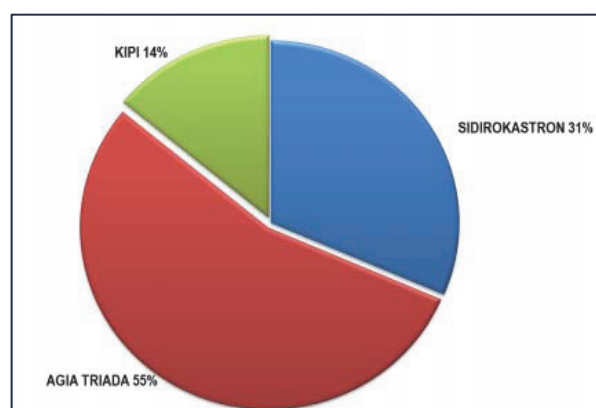
More specifically, today only 15.1mcm/d of gas can be transported through the Nea Messimvria compressor station, which will increase to 19.9mcm/d after the upgrades. It becomes apparent that the technical capacity of each individual entry point in the north and north-east part of the country (i.e., Kipi, Sidirokastro, TAP in Nea Messimvria and Alexandroupolis INGS) is restricted by the maximum allowable flow of 19.9mcm/d.

#### *2.2.1.2 Gas demand*

Gas consumption in Greece from 2009 to 2011 increased at a startling rate of 16%, mainly due to a corresponding increase in natural gas fired power plants, reaching 51.2TWh (4.5bcm). Subsequently, however, the economic crisis that affected the country had an unforeseeably strong impact on the gas consumption that dropped to a minimum of 31.7TWh in 2014. A significant increase of 33.2% in 2016, as compared to 2015, brought the consumption again up to 43.8TWh, which then climbed further to 53.6TWh in 2017, 52.4TWh in 2018 and 55.6TWh (4.9 bcm) in 2019, of which 37.5TWh (67.4%) were directed to electricity producers.

For several years, the Revithoussa LNG terminal was underutilized, with an average contribution of LNG to the country's gas mix being up to 20%. In 2017, about 58% of total deliveries came in 2017 from the interconnection point Sidirokastro, 12.5% from the interconnection point Kipi, and almost 30% percent from Agia Triada (including LNG for balancing purposes), which was unusually high due to a shortage of pipeline gas during the end of 2016 and the beginning of 2017 that led to increased orders of LNG cargoes.

Due to the expansion of the Revithoussa Terminal that allowed the unloading of larger ships, but mainly to the unusually low international LNG prices compared to pipeline gas, these number were overturned in 2019, as can be seen in Figure 4 below.



**Figure 4.** Natural gas physical delivery shares for year 2019

DEPA SA is the incumbent supplier of natural gas in Greece, which imported gas primarily through existing long-term contracts with Gazprom Export (from Russia), with BOTAS (from Turkey) and with Sonatrach (LNG from Algeria). Until recently, there was no considerable competition in imports of natural gas, as the share of DEPA gas imports corresponded to more than ninety percent (90%) of total annual imports. More specifically, the share of DEPA gas imports in 2014 reached ninety-five percent (95%) of total annual imports, and ninety-two percent (92%) in 2015. The only possible source of competition was through imports of LNG cargoes, as the northern pipeline routes were fully booked upstream. Only one other company (big industrial consumer), beyond DEPA, imported natural gas in the country in 2014 and in 2015, representing the remaining five percent (5%) in 2014 and eight percent (8%) in 2015 of total imports.

Since 2016, DEPA has reduced its annual contracted quantity in the contract with Gazprom Export and a new importer has become active in the Greek gas market. As a result, the share of DEPA's imports in 2017 have dropped to 75.9%. The second largest importer reached a share of 18.6%, while two more importers amounted in total to the remaining 5.4% of gas imports.

Finally, in 2019, also due to the large increase of LNG deliveries by several suppliers, DEPA's market share is estimated around 40%, with the second larger shipper (Mytilineos SA) reaching around 34% of the Greek wholesale market.

However, as presented in the next section, in order to increase competition in the country, DEPA has consented in a gas release program, by which a certain percentage of the pipeline gas that it imports is auctioned at cost to other suppliers and/or eligible customers.

Gas demand in Greece is expected to increase significantly over the next years. Apart from the anticipated growth of the economy in general, following the long-lasting economic crisis, an increase is expected due to the significant incentives given both for the expansion of distribution networks,

currently confined to only 3 municipal areas of the country, and the penetration of gas. New projects such as bunkering (for ship fueling) and small-scale LNG for the supply of islands and coastal areas are already underway, both from technical and regulatory point of view. According to DESFA's base case scenario estimations, consumption in Greece will reach 5.82bcm/y (6.2bcm for the high-demand scenario).

### *2.2.1.3 Regulatory framework*

Access rules to both the transmission system and the LNG Revithoussa terminal were concluded in 2010 and are included within a comprehensive package of secondary legislation comprising:

- the Network Code setting the rules for third party access to the transmission system and to the LNG terminal;
- the NNGS Users Registry Regulation setting the requirements and procedures for the registration of any legal or natural person as a gas shipper;
- the Authorisation (License) Regulation setting the rules for granting, amending and revoking gas supply and gas distribution licenses and the licenses for owning and operating an Independent Natural Gas System (INGS) in the country as would be the case of TAP (INGS License and INGS Operation License);
- the Measurements Regulation setting the technical rules and procedures for measuring natural gas volumes at the entry and exit points;
- the Standard Transportation Agreement and the Standard LNG Agreement, which the TSO concludes with system users wishing to access respectively the transmission system or the LNG terminal;
- the Tariff Regulation.

Directive 2009/73/EC was transposed to the Greek legislation in 2011 in Law 4001/22.08.2011 (Greek Energy Law); as a consequence, most of the above regulatory documents underwent major revision.

The Network Code has since undergone five major revisions. The second revision introduced an entry-exit system, accompanied by the relevant modification of the Tariff Regulation. The third revision, put into effect in June 2017, introduced the necessary changes for the implementation of the European Regulations (EC) 984/2013 and 703/2015. Regarding the Balancing Network Code (EC) 312/2014, DESFA proposed and RAE approved in 2015 the adoption of Interim Measures until April of 2019, because of the very low liquidity of the Greek Market.

The adoption of the third revision of the Network Code coincided with the signature of the second version of the Interconnection Agreement between DESFA and Bulgartransgaz at the Interconnection Point Kulata-Sidirokastro. These two revisions allowed for physical reverse flow at the IP for the first time. It also gave the opportunity to shippers other than the incumbents to book capacity at this IP, although mainly interruptible, at the auctions performed on the RBP platform according to the CAM Network Code. This increased competition in the Greek gas market and allowed for some liquidity, as presented in the previous section.

With the fourth amendment of the Network Code, adopted in February of 2018 and effective July 1<sup>st</sup> 2018, a balancing platform is being realized (as foreseen in the adopted Interim Measures). The operation of the balancing platform will allow all shippers active in the market to trade their imbalance positions and is expected to further increase the liquidity in the Greek natural gas market. It will also reveal for the first time an indicative price for gas in Greece. Then, a trading platform is planned to be operational by mid 2021.

The most recent (June 2020) 5<sup>th</sup> Network Code revision mainly aimed at introducing regulatory tools for maximizing the capacity offered by the TSO in case of congestion due to the system's bottlenecks, as explained above. The main points of the revision were:

- Offer of competing capacity in a cluster of entry points
- Introduction of transmission service, with full access to the VTP, conditioned by the transport of natural gas quantity from a specific entry point to a specific exit point (conditional capacity) Conditional\_bfZk Transmission Capacity (as offered e.g. in Germany).
- Introduction of transmission service conditioned under the satisfaction of specific physical and technical conditions during the operation of the NNGTS, through the Daily Nominations of the Transmission Users, equivalent to the Conditional\_bfZk Transmission Capacity (as offered e.g. in Germany).

The TSO (DESFA) has to propose and thoroughly justify the exact products that shall be offered, to be approved by RAE.

It is also worth mentioning the gas release program that DEPA has agreed to conform to, following a decision by the Hellenic Competition Commission in 2012 after referral by RAE for dominant position abuse. According to the gas release program, until DEPA's market share drops under 60%:

- DEPA has to supply 10% of its annual long-term contract quantities through electronic auctions – gradually increased to 16% in 2017, 17% in 2018, 18% in 2019 and 20% in 2020. The auction reserve price is monitored by RAE to be at cost.
- DEPA cannot reserve more capacity than a set limit at the 3 entry points: 67% at the Greek-

Bulgarian border, 55% at the Greek-Turkish border, 40% at the LNG Terminal (except in case of emergency). More capacity may be reserved no more than 10 days in advance, only in case there is no third-party interest.

- With regard to any new contract concluded or in case of renewal of existing contracts, DEPA must: (a) provide its prospective customers with the possibility to opt for a one-year duration contract, and (b) not enter into contracts of a duration longer than two years with customers that purchase more than 75% of their actual annual gas supply needs from DEPA.

DEPA has recently applied for the termination of the gas release program, as its market share has dropped significantly, and it can no longer be considered as the dominant player in the greek gas market.

Finally, DESFA, initially a daughter company of DEPA SA, has been certified by RAE under the Ownership Unbundling model. In 2018, 66% of the shares of DESFA were sold to the joint venture SENFLUGA, of SNAM Rete Gas (60%), Enagas (20%) and Fluxys (20%). It is worth mentioning that at the end of 2019, the company DAMCO SA bought 10% of the shares of SENFLUGA. DAMCO SA belongs in the Copelouzos Group of companies, *[omitted as confidential]*.

#### 2.2.1.4 *The regulatory framework for LNG terminals*

There is no general regulatory framework for LNG terminals in Greece. The operating rules for the Revithoussa LNG terminal are included in the Network Code of the NNGS and are applicable very specifically to this terminal.

In Revithoussa, before the beginning of each year, prospective users may commit to LNG cargo unloading slots, with the corresponding in-tank capacity and regasification capacity. Each cargo must be regasified in a maximum of 18 days (unless extra in-tank capacity is reserved through the secondary market). The LSO, DESFA SA, compiles an annual LNG cargo delivery schedule and users, usually those that have long-term supply contracts, may reserve slots and capacity. During the year, users may also reserve slots in the monthly schedules and/or unscheduled spot cargo unloadings.

Due to the recent low international LNG prices, the usage of Revithoussa has increased dramatically since 2019, reaching its capacity limits. As a result, the annual scheduling procedure was seriously questioned in 2019, when 4 out of 14 interested users succeeded to be included in the annual schedule. The Network Code is currently under revision so that the annual scheduling be determined by auctions.

According to the Tariff Regulation for the NNGS, including the Revithoussa terminal, the tariffs are revised every four years (regulatory period). The tariffs are determined according to the principle of recovery of the Required Revenue for each Basic Activity of the System Operator. The Required Revenue for each year is calculated for each Basic Activity on a yearly basis and in nominal values as the sum of: a) The Return on the Regulated Asset Base of the relevant Basic Activity at the end of year, b) The Regulated Depreciation of assets of the relevant Basic Activity for that year, and c) The Regulated Operating Expenses of the relevant Basic Activity for that year. The nominal pre-tax Weighted Average Cost of Capital (WACC) used in the calculation of capital expenses for the current regulatory period has been set as follows: 8.23% for 2019, 7.84% for 2020, 7.52% for 2021, and 7.44% for 2022.

Therefore, a regulated Third-Party Access (rTPA) scheme is endorsed.

The tariff for each Basic Activity is calculated based on: a) The forecast for the evolution of the Required Revenue and the natural gas demand for the relevant Basic Activity for every year of the regulatory period, b) The actual data concerning the actual Required Revenue and the actual Revenue of the System Operator for a reference year, in order to secure that no under- or over-recovery of Required Revenue occurs.

Because of its contribution to security of supply, pursuant to the provision of paragraph 3 of Article 88 of Law 4001/2011, a percentage of the Required Revenue of the Basic Activity of LNG Facility may be added to the Required Revenue of the Basic Activity of Transmission and recovered through the Transmission Tariff. The percentage is decided by the NRA and is currently set equal to 50% (down from 75% before 2019).

Based on the above, the access tariff for the Revithoussa LNG terminal is 4.46 €/kWh/hour/year. However, a B-multiplier of 1.4298 for the 18-day regasification period usually has to be applied.

## **2.2.2 Bulgaria**

### *2.2.2.1 Natural gas infrastructure*

In terms of geographical location, Bulgaria is strategically located in the Balkans. The natural gas industry in the country is mature and has quite a long history. The natural gas infrastructure, operated by Bulgartransgaz EAD, which is the Bulgarian independent transmission system operator, consists of the national gas transmission network, the gas transit transmission network and the underground gas storage in Chiren (UGS Chiren).

The construction of the national gas transmission network (NGTN) started in the 1970s. It has a ring

topology and length of 1 835 km - main gas pipelines and high pressure gas pipeline branches, as well as three compressor stations with total installed capacity of 49 MW. Its technical transmission capacity amounts to 7.4 bNcm/y and the maximum working pressure is 54 bar. The main purpose of NGTN is natural gas supply to consumers in Bulgaria connected thereto.

Bulgaria is also a gas transit country that currently provides Russian gas transmission services to Turkey, Greece and North Macedonia. The gas transmission network, with main purpose the transit transmission (GTNTT), is also used for gas transmission to customers in Bulgaria connected thereto. GTNTT consists of high pressure gas pipelines with total length of 930 km and six compressor stations with total installed capacity of 270 MW. Its technical capacity for natural gas transit transmission amounts to 17.8 bNcm/y and the maximum working pressure is 54 bar. Considering the fact that the national and the transit networks are connected, the Bulgarian TSO can transport natural gas quantities between NGTN and GTNTT.

Chiren underground gas storage has 23 operating wells, is directly connected to the national gas transmission network and can provide storage for the needs of the consumers in the country up to 550 mcm of natural gas per year.

Almost all gas distribution networks are connected to the gas transmission networks but are still under development. Despite the continuous increase in consumption, the share of gas supply for domestic use in the country is still low.

The main entry and exit points of the gas transmission network of Bulgartransgaz EAD, the Bulgarian TSO, are the following:

- Interconnection entry-exit point (IP) Negru Voda 1/Kardam – a connection between the NGTN of Bulgartransgaz EAD and the gas transmission system operated by Transgaz S.A. (Romania), located on the Bulgarian-Romanian border;
- Interconnection entry-exit point (IP) Negru Voda 2,3/Kardam – a connection between the GTNTT of Bulgartransgaz EAD and the gas transmission system operated by Transgaz S.A. (Romania), located on the Bulgarian-Romanian border;
- Interconnection entry-exit point (IP) Ruse/Giurgiu – a connection between NGTN of Bulgartransgaz EAD the gas transmission system operated by Transgaz S.A. (Romania) on the Bulgarian-Romanian border;
- Interconnection entry-exit point (IP) Kulata/Sidirokastro – a connection between GTNTT of Bulgartransgaz EAD and the gas transmission system operated by DESFA S.A. (Greece), located on the Bulgarian-Greek border;

- Interconnection point (IP) Strandja/Malkoclar – a connection between GTNTT of Bulgartransgaz EAD and the gas transmission system operated by Botas (Turkey), located on the Bulgarian-Turkish border;
- Interconnection point (IP) Gueshevo/Jidilovo – a connection between GTNTT of Bulgartransgaz EAD and the gas transmission system operated by GA-MA (FYR of Macedonia), located on the Bulgarian-FYROM border;
- Connection between NGTN and GTNTT.

It is notable that the operation of Turkish Stream started in 1.1.2020 and most of the flows of russian gas to the GTNTT come into Bulgaria through the Strandja/Malkoclar IP, thus replacing the traditional route through Ukraine and Romania. This constitutes a diversification of routes but not a diversification of sources for the Bulgarian and the SEE markets.

#### 2.2.2.2 Gas demand

In 2019 Bulgaria's consumption of natural gas was 33.8 TWh, with a small increase from previous years. The growth in consumption is a result of the increased exports by the industry and the decreasing natural gas prices due to the low prices of oil and petroleum products that are a cost factor in the long-term contracts with Russia. The main natural gas consumers are companies from the energy sector (district heating companies) and chemical industry, as well as the gas distribution companies. Predictions by Bulgartransgaz foresee a significant demand increase in the coming years, as depicted in Figure 5 below.

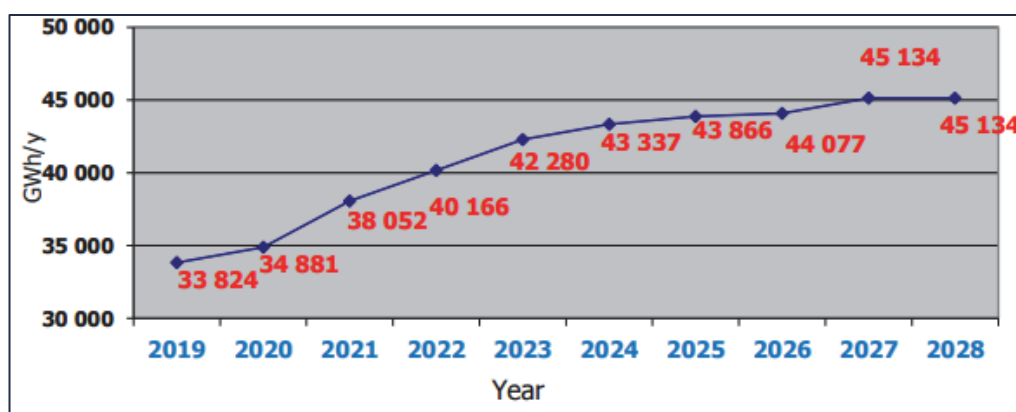


Figure 5. Forecast of Bulgartransgaz EAD of natural gas demand in Bulgaria for the period 2019-2028

There is very small domestic gas production from the gas fields of Galata and GMS Dolni Dabnik. It used to be of the order of 2% of the gross domestic consumption, but in 2019 it has decreased to 0.1% and expected to decrease further.



The natural gas storage capacity in Chiren UGS and the local production are the main alternatives regarding the security of supply if import of Russian gas from entry point Negru Voda 1/Kardam (or now alternatively Strandja/Malkoclar) is suspended, but the storage capacity is insufficient to fully ensure the security of supply if the import (main gas flow) is suspended for consecutive days.

The immaturity of the Bulgarian market and the upstream circumstances are such that natural gas imports are currently fully controlled by a dominant traditional supplier for Europe from the north (Gazprom Export), with which the Bulgarian public provider Bulgargaz EAD has concluded a long-term contract until 2022. The natural gas import to Bulgaria is realized through gas pipelines from Russia through Ukraine and Romania by the end of 2019, then through Turkey. As of 1 July 2016 an alternative of a virtual import has been provided, following the conclusion of an Interconnection Agreement with DESFA S.A. for the IP Kulata/Sidirokastro and very small quantities of natural gas were imported in the country.

From January 1<sup>st</sup> 2020, following the modernization and rehabilitation of the networks and a revision of the IA between Bulgartransgaz EAD and DESFA S.A., the transmission capacity in IPKulata/Sidirokastro in Greece-Bulgaria direction has been increased to 64.7 GWh/d firm capacity and 6.3 GWh/d interruptible capacity. IGB pipeline, with a physical flow from Greece to Bulgaria, is expected to operate in mid 2020, adding a new route into the country.

The natural gas import is carried out by the natural gas public provider Bulgargaz EAD, which is the dominant supplier in the Bulgarian natural gas market. The public provider sells natural gas at prices regulated by the Bulgarian Energy and Water Regulatory Commission, and its share in sales in 2018 was 98.90%, to wholesale customers (end suppliers) and end customers connected to the gas transmission network. The remaining 1.10% was realized by traders at freely negotiated prices. Bulgargaz EAD does not own shares or interests in other companies that are involved in the natural gas market.

The expectations are that, in the forthcoming years, the number of entry points from where gas enters the gas transmission network will increase significantly as a result of the interconnection projects with Greece, Turkey and Serbia that are underway. These will enable natural gas supply from various sources, which will in turn boost competition and will positively affect natural gas consumers. The new gas interconnections would increase to some degree the entry capacity towards Bulgaria from Greece and Turkey, and on the other hand would provide a possibility for gas supply from LNG terminals from these neighbouring countries. They would significantly contribute to the development of the natural gas market in Bulgaria and the demand for storage capacity. The realization of the Balkan gas hub is a priority at both national and corporate level, as it has the potential to connect all main gas transmission projects of South East Europe and ensure transparent

and non-discriminatory access of the European users to a wide range of supply sources. The basic design is supported by the European Commission.

The realization of the Expansion of Bulgartransgaz EAD gas transmission network from the Bulgarian-Turkish to the Bulgarian-Serbian border will achieve: security of supply for Bulgaria; security of supply for the neighbouring Balkan countries and the region; creation of additional highly qualified work places. The project "Expansion of the gas transmission network of Bulgartransgaz EAD in the section from the Bulgarian-Turkish to the Bulgarian-Serbian border" is part of the Balkan Gas Hub concept and is a priority of the Bulgarian Government and of Bulgartransgaz EAD. With the realization of the project for expansion of the gas transmission network - "Balkan stream" the following goals will be achieved: improving of the security of natural gas supply from different sources and enhancing competition and transparency of the natural gas market, which will in turn have a positive effect on natural gas users. As a key project for market integration, "Balkan stream" will contribute to guaranteeing natural gas supply to the country and the region and in the same time to creating actual conditions for diversification of the sources and routes and possibility for transmission of additional natural gas quantities to and through Bulgaria.

Moreover, in implementation of the decisions approved by the Council of Ministers and the National Assembly to amend and supplement 2020 Energy Strategy of the Republic of Bulgaria and having regard to realization of the concept for the construction of a gas distribution centre on the territory of Bulgaria, Bulgartransgaz EAD registered the subsidiary Balkan Gas Hub EAD. Currently, 100% of the shares are owned by Bulgartransgaz EAD, where no more than 49% of the shares could at a later stage be provided to other physical and legal entities. This would contribute to the realization of the concept for the Balkan gas distribution centre and for increase in liquidity of the natural gas market in Bulgaria and the region of South Eastern Europe. The company operates trading platforms servicing the needs of the natural gas markets within the Balkan gas hub. In synergy with the physical infrastructure of the gas distribution centre, the prerequisites for establishment of the first liquid physical and trading gas hub in the South East Europe region, based in Bulgaria, will be provided.

In line with its objectives, Balkan Gas Hub EAD established a liquid gas exchange on the territory of Bulgaria with a bilateral trade segment as well, offering state-of-the-art products and financial services. As a first stage of implementation of the gas exchange, Balkan Gas Hub EAD will provide the participants in the natural gas market in Bulgaria and the region with the opportunity to use a trading platform with all the necessary functionalities, according to the requirements of Art. 10 of Regulation (EU) No 312/2014 establishing a Network Code on Balancing of Gas Transmission Networks. The following other conceptual gas projects are considered in the region which would affect market development, enhance diversification and security of gas supply: Eastring - a project for construction of gas transmission infrastructure from Bulgaria through Romania and Hungary to

Slovakia, BRUA - Bulgaria-Romania-Hungary-Austria gas transport corridor, projects from the Southern Gas Corridor, etc.

### *2.2.2.3 Regulatory framework*

In Bulgaria the natural gas transmission activity is regulated in the Energy Act (EA), which transposes the provisions of Directive 2009/73/EC of 13 July 2009 of the European Parliament and the Council concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (OJ L 211/94, of 14 August 2009). The EA regulates the basic public relations in connection with the activities of transmission, distribution, storage, public supply and supply of natural gas by end supplier. The law contains also provisions on the exemption regime of the whole or part of the capacity of a large new gas infrastructure from the obligations for: operator's independence under Article 81c, Article 81g, paragraph 2 and Article 81k, paragraph 2, item 1; providing access; price regulation of services provided. When making decisions regarding exemption, EWRC takes into consideration the results of the capacity allocation procedure and approves the rules and mechanisms for capacity management and allocation.

A licensing regime is provided for in the Energy Act for carrying out the following activities: transmission of natural gas; natural gas distribution; natural gas storage in a natural gas storage and/or liquefaction facility, or importing, unloading and regasification of LNG into a liquefied natural gas facility; natural gas public supply and natural gas supply by end supplier. In the new amendments in EA the activities of natural gas trading and operate trading platform by operator are subject to licensing too. The terms and procedure for issuance, amendment, termination and withdrawal of licenses are determined by Ordinance № 3 of 21.03.2013 on licensing the activities in the energy sector, adopted by EWRC.

EWRC has also adopted rules for access to the gas transmission and/or gas distribution networks and storage facilities, in order to provide access on a level playing field to the gas transmission and gas distribution networks and to the storage facilities of persons eligible for that. At each interconnection point, the gas transmission network operator shall operate a joint Capacity Booking Platform together with the neighbouring gas transmission network operators to which it allocates transmission capacity through bidding procedures, in accordance with the Capacity Auction Calendar published by ENTSO-G.

Natural gas transactions shall be conducted under the provisions of the EA and the rules for trading in natural gas, adopted by EWRC.

The terms and procedure for connection to the gas transmission and distribution networks are included in Ordinance No. 4 of 5.11.2013 on the connection to gas transmission and gas distribution

networks, adopted by EWRC. The operation of the gas transmission and distribution networks shall be carried out in accordance with gas transmission networks management rules (Management rules and technical rules of the gas transmission networks) and gas distribution networks management rules adopted by EWRC, at the proposal of the transmission system operators or distribution system operators, respectively.

One of the key areas, subject to regulation by EWRC with regard to the gas sector, is the regulation of prices for access and transmission of natural gas in transmission and/or distribution networks. With respect to the transmission system in Bulgaria, the entry-exit tariff system has been introduced and EWRC has approved a Methodology on pricing of natural gas access and transmission in gas transmission networks owned by Bulgartransgaz EAD (prom., SG. 72 from 29.08.2014, in force as of 1 Oct 2014, amend. and suppl., SG. 76 of 30.09.2016, in force since 19.09.2016).

EWRC approves the necessary revenues of Bulgartransgaz EAD in connection with determines the prices for access and transmission through the gas transmission networks, proposed annex entry-exit tariff model. The way of forming the prices is regulated by regulation the "revenue cap" method. The regulatory period lasts from 2 to 5 years, and before the start of each regulatory period, upon a proposal from the TSO, EWRC approves the Operator's annual revenue requirements and base revenue requirements for the transmission activity for the first year of the regulatory period for each gas transmission network or total annual revenue requirements for the transmission system for the first year of the regulatory period.

In connection with the expiring of the balancing regime for interim measures under Regulation (EU) № 312/2014, in 2019 the EWRC adopted amendments to the Trading Rules in Natural Gas and the Rules for Balancing the Natural Gas Market, as well as adopted a new Methodology for determining the daily imbalance fee and the balancing neutrality fee. As a result, the requirements of Regulation (EU) № 312/2014 have been applied in its entirety and conditions have been created for the transmission system operator and for all market participants to conclude transactions for short-term standardized products through a platform for natural gas trade.

### **2.2.3 South East Europe (SEE) region**

Gas market development stages in SEE vary significantly. EU countries in SEE are mostly well on their way and mature (Romania, Austria, Hungary, Italy) and Slovenia, Bulgaria and Greece lagging behind. There are also countries on average much less developed, their markets range from non-existent (Montenegro) via only starting (Albania, FYROM, Bosnia and Herzegovina) to intermediate (Serbia).

The Terminal's potential contribution to European security of energy supply exceeds the physical volumes of energy that can pass through this region. The project will contribute to the diversity of the European energy market not only in terms of access to distant energy resources, but also in terms of the energy supply nature, transformation and use.

It is expected that the markets of Romania, Serbia and FYROM will be directly affected by their interconnection with Bulgaria, while Hungary and Bosnia and Herzegovina will be indirectly, mainly economically, affected by the transit flows through Bulgaria. Even Ukraine and the CEE markets up to Baumgarten Hub can be considered as indirectly interconnected and economically affected.

The Central-Eastern region faces the dependence on Russian gas in the long run, highlighting the need for additional investments to improve diversification of supply sources.

South-Eastern countries are highly dependent on Russian supply, in particular Bulgaria and Romania, showing infrastructure limitations with their neighbours. There is an infrastructure limitation in sharing LNG with neighbouring countries of Greece, also. Based on the current supply and demand structure, SEE region will have an increased energy security risk due to its exposure to a disruption of Russian gas.

In the following years, the SEE region, as a whole, is expected to suffer a progressive depletion of domestic production with a need to reinforce future imports. In this respect, the LNG Terminal will help to counteract this situation, as its capacity can satisfy more than 100% of the import requirements of Bulgaria and between 15% and 27% of the import requirement of the SEE markets. The analysis shows that the IGB will have a volume that can satisfy up to 12% of SEE markets for the coming years and will contribute to covering approximately 20% of SEE import requirements, taking account of the forecasted depletion of indigenous natural gas production.

The Alexandroupolis INGS will bring additional capacity to further strengthen the ability to meet the N-1 standard in the region. The Terminal will contribute to the ability of some countries to cope with supply disruptions, such as Romania in the case of supply disruptions from the north. In the future it can provide a contribution to the ability of the whole SEE region to meet the N-1 standard, once the interconnection with the transmission system operator of Serbia is in place.

## **2.3 Tariffs**

*[omitted as confidential]*

Allocation of the non-exempted part of the capacity shall be done through market-based arrangements (e.g. auctions or open season procedures), with the Reserve Price that results from the above model. The Alexandroupolis FSRU Terminal will offer products of different durations. Tariffs for different durations will be quoted separately but will be based on the Reserve Tariff. A multiplier may be applied for the calculation of the tariff of short-term capacity products (duration less than 365 days).

## **2.4 Unbundling**

Directive 2009/73/EC, as amended by Directive (EU) 2019/692, does not require ownership unbundling for LNG system operators, which means that the LNG function can remain part of a vertically integrated undertaking alongside production or supply of natural gas and only keeping separate accounts of each activity is required (accounting unbundling, article 31).

According to article 12 of Directive 2009/73/EC, Member States shall designate, or shall require natural gas undertakings which own LNG facilities to designate for a period of time to be determined by the Member State, having regard to considerations of efficiency and economic balance, one or more LNG system operators.

It is emphasized that the Project is considered as a whole as an LNG Terminal. Although it includes a pipeline section, this pipeline cannot be regarded as a separate transmission system, as it cannot be used in any other way than for the transmission of the regasified gas to the Greek National Natural Gas System. No separate product can be offered on the capacity of the pipeline; instead, a bundled product of ship unloading, temporary storage, regasification, transmission and exit to the entry point of the NNGS is offered. In this sense, the provisions of the Directive pertaining to LNG facilities are only considered as applicable.

## Part 3

### Article 36.1 criteria assessment

The present Part of the paper is focused on the analysis of how the criteria of Article 36.1 of the Gas Directive are fulfilled supported by data and considerations in Part 1 and Part 2. Whenever necessary, references to Part 4 (i.e. to the decisive part of the document) will be made, with the view to better explain how the conditions imposed by the Authorities have safeguarded the fulfillment of the criteria of Article 36.1 of the Gas Directive.

#### 3.1 Eligibility of the request

Under Article 36, para.1 of Directive 2009/73/EC, major new gas infrastructure, i.e. interconnectors, LNG and storage facilities, may, upon request, be exempted, for a defined period of time, from the provision of Articles 9, 32, 33 and 34 and Article 41 (6), (8) and (10), under conditions defined in the same paragraph.

The proposed project is an LNG facility withing the meaning of Article 2 of the above Directive, i.e. a terminal which is used for the liquification of natural gas or the importation, offloading, and re-gasification of LNG. Considering that the LNG terminal aims to provide an alternative source of gas supply to the markets of Greece, Bulgaria, Romania, Serbia, North Macedonia and onward to Hungary and Ukraine, thus enhancing the security of supply not only of the Greek but also of the SEE markets, it is indeed considered as a **major new infrastructure**.

Furthermore, the Project has been included since 2013 in all the lists of the Projects of Common Interest under the code 6.9.1 “LNG Terminal in northern Greece”, by virtue of the European Regulation 347/2013 and its amendment acts, i.e. Commission Delegated Regulations (EU) No 1391/2013, 2016/89, 2018/540 and 2020/389.

The Project has been included since 2015 as “a priority project” in the Initiative “Central and South Eastern Europe energy connectivity (CESEC) works” aiming to the acceleration and integration of central eastern and south eastern European gas and electricity markets (Plenary decisions dated 10.07.2015 and 28.09.2017).

The LNG facility may, therefore, be considered that it is eligible for exemption under the provisions of Article 36, as far as the exemption decision meets the criteria defined in the same article of the Directive.

## **3.2 Enhancement of Competition and Security of Supply**

*“The investment must enhance competition in gas supply and enhance security of supply”*

### **3.2.1 Competition**

In order to analyze the effect of the infrastructure on competition, the relevant gas markets, and in particular the question whether the investment leads to the creation or strengthening of dominant market positions, have been considered in §2.2. As a general rule, an exemption is not granted to a new piece of infrastructure that is likely to have a significant amount of its capacity allocated to dominant players in one of the markets affected or which would not safeguard non-discriminatory access to all market participants who express their interest in reserving capacity in the infrastructure.

RAE believes the construction of the LNG Terminal at Alexandroupolis by GASTRADE, under the specific terms and conditions imposed through the present Decision, will enhance competition in the Greek, Bulgarian and regional market of the SEE, for the following reasons:

**1.** The Market Test has been conducted in a non-discriminatory and transparent way, according to the NRA-approved rules in the Guidelines for the two phases and in accordance with the procedures and requirements of Directive 2009/73/EC and the national legislation of Greece. All potential users of the infrastructure were invited to express an interest in the capacity negotiation before the new infrastructure capacity allocation, including for its own needs, i.e. dominant share market participants, non-dominant market participants and new entrants.

**2.** As the Market Test results have revealed, the majority of the entities interested to use the Alexandroupolis LNG Terminal for the transportation of their gas volumes to their corresponding places of consumption are aiming at gas sources which are different from the traditional sources of gas currently imported in the SSE region. Therefore, such entities will have the opportunity to import these gas volumes to the EU and the Balkans, thus strongly enhancing gas-to-gas competition. The results of the bids submitted and the signed ARCAs from the completed Market Test show that the Terminal will lead to enhanced competition among existing suppliers/importers in the gas sector, allowing an effective opportunity to import LNG from a variety of origins (e.g., the US and in the



future import opportunities from the Eastern Mediterranean, Middle East or Turkey) to the Greek, the Bulgarian market and SEE.

**3.** With regard to Greece, four entities have booked capacity at the Market Test. Two of them are power producers (one being the largest, incumbent power company), one is a major wholesale supplier and the fourth is an end-consumer supplier, traditionally serving the distribution network of the Athens area (following the end of a concession that gave its mother company monopoly supply rights). Since Revithoussa is highly utilized in the recent years, these companies apparently consider important for their portfolio to have constant access to LNG, especially having recently failed to reserve unloading slots in the 2020 annual scheduling plan of Revithoussa. The level of utilization of the existing three entry points to Greece, as depicted in Table 2, indicates the potential contribution of the new terminal.

The capacity booked through the Market Test ensures the strengthening of competition, with no player acquiring a dominant position because of the capacity at the new LNG Terminal. *[omitted as confidential]*. It has already become obvious that the LNG (from Revithoussa)-to-pipeline gas competition has pushed Gazprom Export to a significant price cut of its long-term contracts over the past year.

**3.** With regard to Bulgaria, the investment is expected to increase competition in the wholesale market in Bulgaria, mainly gas-to-gas competition. *[omitted as confidential]* At the completion of the contract with Gazprom Export and the non-negotiation of Russian natural gas import, the public provider may face competition from Russian natural gas imported and sold on the Bulgarian market through new wholesalers. As the Bulgarian market become more liquid, it is expected that the newcomers will take advantage of the LNG from the Terminal via IGB and/or the Trans-Balkan reverse flow. Already for 2020, it is characteristic to mention that three smaller Bulgarian suppliers, namely SD PROJECT EAD, ENERGIKO EOOD and MET ENERGY TRADING BULGARIA EAD, applied for LNG cargo slots in Revithoussa and all three were rejected because of the over-demand.

*[omitted as confidential]* This will contribute to increase competition between different gas sources, as well as to enhance security of gas supply, which will have beneficial effects on consumers in Bulgaria and the SEE region by providing access to alternative routes and sources of gas supply.

**4.** As regards to the rest of the Balkan region, *[omitted as confidential]* the Terminal is expected to boost the gas-to-gas competition in an area that still depends strongly on Russian gas. This is the main reason why the Alexandroupolis INGS has been an integral part of the infrastructure enforcement efforts in the region, along with IGB, IBS and the reverse flow of the Trans-Balkan (see PCIs, CESEC initiative, GRIs).

### 3.2.2 Security of Supply

In any case, the greater supply flexibility an infrastructure project can provide to the market in the event of an emergency, the more enhanced the security of supply is. The flexibility element that can increase (or in its absence to reduce) security of supply, is the level of effectiveness of the mechanism to prevent overbooking or reserving part of the capacity for short-term contracts. The larger the planned infrastructure project is compared to the existing market size, the greater the contribution to security of supply is (with other conditions being equal).

RAE considers that, in principle, any new gas infrastructure enhances security of gas supply. This general principle is further strengthened when this new infrastructure contributes to gas supplies from new gas sources and from new gas suppliers. It is evident that the Alexandroupolis INGS fulfils all these requirements. The assessment of the security of supply criterion can be described as follows.

#### 3.2.2.1. Greece

According to RAE's most recent Risk Assessment Report, the N-1 index for Greece for year 2023 is estimated at 65%, with an estimated amount of 10.6mcm/d of peak demand not covered in case of supply disruption from Revithoussa (the largest infrastructure). This calculation has taken into account the existing bottlenecks of the Greek system (see Section 2.2.1.1), thus not including in the N-1 formula the sum of the full technical capacities of all the entry points to the country. More specifically, the parameter  $EP_m$  of the N-1 formula ( $EP_m$  = "The sum of the technical capacity of all border entry points, other than production, LNG and storage facilities, capable of supplying gas to the calculated area") has been assumed equal to 19.9mcm/d which will be the maximum allowable flow from all the northern gas entries to the country after the completion of the compressor stations upgrades.

If the same rule is followed, no significant contribution to the N-1 rule should be expected by the new infrastructure, as it is also located in the north. If, however, the N-1 formula is applied rigorously as defined, the addition of the Alexandroupolis INGS will increase the LNG parameter from 19.2 to 34.2mcm/d and the N-1 index to 114%. RAE believes that the actual contribution of the Alexandroupolis Terminal will be between the aforementioned values and in any case non-negligible.

Moreover, the contribution of the new Terminal is expected to be very significant in a potential Russian gas disruption. More specifically, in such event, no natural gas supply will be available via the Sidirokastro entry point, either directly of Russian gas or from other sources, as the neighbouring countries will most likely also be in shortage. Even assuming that all remaining infrastructure (Kipi, TAP, Revithoussa) will supply at full capacity, the disruption analysis for a peak demand day leaves a

2.25mcm/d gap for 2023, which can be covered by the Alexandroupolis Terminal. This argument is further strengthened if we take into account the fact that, again due to the greek system's bottlenecks, the flow of gas from the south (Revithoussa) towards the north of the country, as in this case the system flow should be assumed to be reversed, is restricted.

In summary, the contribution of the LNG terminal to the security of supply of Greece may prove significant.

### 3.2.2.2. *Bulgaria*

Bulgartransgaz reports in the latest TYNDP a N-1 index of 80.7% in 2020 which is predicted to rise sharply in the following years, after the completion of all the planned infrastructure projects, among which the synergy of IGB with the Alexandroupolis INGS is mentioned. It must be noted that, although in the coming years the number and capacity of entry points to Bulgaria will increase, however, most of the gas supplies will continue to depend on Russian gas, irrespectively of the entry route. The main exception to this is the flow from Greece via IGB, which is expected to bring Azeri gas through TAP (about 1 bcm/year or 2.9mcm/d) and LNG from the Alexandroupolis Terminal (up to 2bcm/year). Thus, during a russian gas disruption, the remaining gas supply infrastructure in the country is estimated to be able to provide, at full capacity, 17.3mcm/d of gas (3.4mcm/d from UGS Chiren, 1.9 from local production, 9.1 from ITB and 2.9 from IGB via TAP), short of the peak demand that has been estimated by Bulgartransgaz to 19.7mcm/d. This gap (conservatively estimated as local production and ITB flow have been set to an absolute maximum) can be covered by the Alexandroupolis INGS through IGB and up to the full capacity of IGB. It is stated as above that, in such scenario, the flow that can reach the Greek-Bulgarian border from Revithoussa, even if available, is limited by the system bottlenecks.

### 3.2.2.3. *SEE Region*

Construction of the Alexandroupolis INGS will significantly contribute to the gas flows verticalisation to the Southern corridor through new interconnections and by using existing facilities. The Terminal will represent a gateway to SEE, providing access to diversified gas sources and will create synergy with the local cross-border infrastructures in the region, such as IGB, the Bulgaria-Romania interconnector (IBR) and the planned Bulgaria-Serbia interconnector (IBS).

This will improve security of supply in SEE, create a new natural gas import bridge in Europe and reduce the risk in transit transmission. Furthermore, with the new natural gas volumes, the Terminal will contribute to promoting liquidity and competition in the wholesale markets and diversifying gas supplies to the most vulnerable countries.

Based on the above considerations, it is assumed that the LNG Terminal pipeline increases the security of gas supply of Greece, Bulgaria and the SEE region, and will enhance gas competition in these markets. It is therefore concluded that the Alexandroupolis INGS fulfils the first criterion of the Directive.

### 3.3 Level of risk

*“The level of risk attached to the investment must be such that the investment would not take place unless an exemption was granted”*

The basic criterion regarding risk is that the investment would not take place unless an exemption is granted. If the investment in infrastructure is a sunk cost, two main risks determine the assessment: the risk of non-use of the investment and the risk of a change in costs and/or revenues in the future.

Under a typical regulated access regime, revenues and tariffs are decided by the regulatory authority and reviewed periodically. Investments are approved and revenues are guaranteed through regulated tariffs to be paid by the users of the infrastructure. Allowed revenues and return on investment can be volatile over the lifetime of the project. Regulated tariff mechanism ensures that revenues not derived in one regulatory period due to, for example, lower volumes will be derived in the next regulatory period. The revenue guarantee methodology, on the one hand guarantees regulated revenues for the project and protects it from volume risk, but on the other hand, makes tariff volatile. A volatile tariff can be considered as barrier for shippers to book long-term capacity because they consider it as a tariff risk. A tariff risk for the shippers can be translated as a return on investment risk for the project investors.

The LNG Alexandroupolis Terminal is a commercial initiative and not a project imposed or required by the regulator. Shareholders and lenders investing in a project of such a scale, would prefer to be assured that the regulator will not intervene in the cash flow of the project by imposing a varying return on investment. They would invest on the project only once they have been assured that the potential financial risks have been covered to a satisfactory degree and that future revenues enjoy a good degree of predictability, which can only be guaranteed by setting a stable tariff for the whole period. The bankability of the project strongly depends on efficient management of volume and revenue risk, but also on

cheap financing and on a stable tax regime.

In the absence of an exemption, long-term capacity allocation would be difficult, since the users would not have the visibility of the long-term tariffs. This would most likely result in lower capacity reservation and for shorter periods, which would in turn result in higher tariffs and therefore lower infrastructure competitiveness. *[omitted as confidential]*

Regarding the duration of the exemption, according to the European Commission Guidance, exemptions have to be limited to what is strictly necessary to realise the investment.

GASTRADE, after the relevant market test, managed to conclude capacity bookings for a period up to 15 years. However, GASTRADE applied for a tariff exemption over a 25-year period, as they plan to organize future rounds of open season or market test processes. *[omitted as confidential]*

*[omitted as confidential]* GASTRADE argues that a fixed tariff over a longer period may establish the cash flow security required by the future users of the FSRU and allow the project to be economically viable.

*[omitted as confidential]* Therefore, the Project cannot be viable unless an exemption on Tariffs for 25 years is granted.

Moreover, if an exemption is not granted at all, the default approach would be to apply the regulatory regime that is applied to the Revithoussa terminal, which is based on the “own-molecule” model (see section 2.2.1.4). This scheme implies the booking of specific time-slots for vessel unloadings, i.e. implies a strict commitment with the upstream suppliers, which is not compatible with long-term capacity bookings.

It can therefore be concluded that the Alexandroupolis INGS will not be constructed unless an exemption is granted, thus fulfilling the second criterion of the Directive.

### **3.4 Separation from existing TSOs**

*“The infrastructure must be owned by a natural or legal person which is separate at least in terms of its legal form from the system operators in whose systems that infrastructure will be built”*

Article 36 (1) (c) of Directive 2009/73/EC requires the infrastructure to be owned by a natural or legal person which is separate, at least in terms of its legal form, from the system operators in whose systems that infrastructure will be built. This requirement is also in view of the fact that the part of the interconnected gas pipeline which is exempted from price regulation is not covered by regulated transmission prices.

The current shareholders of the GASTRADE are:

- o Ms. Asimina-Eleni Copelouzou (60%).
- o Gaslog Cyprus Development Limited (20%).
- o Public Gas Corporation S.A. (DEPA S.A.) (20%).

Ms Asimina-Eleni Copelouzou is the daughter of Mr. Dimitrios Copelouzos, who, in turn, is the chairman of the Copelouzos Group. DAMCO ENERGY S.A., which is presented as a Copelouzos Group company, is active in natural gas transmission business, by participating with a 10% stake (with no voting rights) in SENFLUGA ENERGY INFRASTRUCTURE HOLDINGS S.A., the consortium that acquired 66% of the Hellenic Gas Transmission System Operator SA (DESFA).

However, taking into account that GASTRADE SA is in terms of legal form a separate legal entity from DAMCO SA, and DAMCO S.A. participates in the consortium-shareholder of DESFA S.A. as a passive shareholder with no decision making powers regarding the operation of the NNGS, it can therefore be concluded that the Alexandroupolis INGS fulfils the third criterion of Directive 2009/73/EC.

### 3.5 Charges

*“Charges must be levied on users of that infrastructure”*

In the business model of GASTRADE, as presented in the documentation accompanying the Exemption Application, the Company's revenues arise only from the tariffication of the capacity booked. *[omitted as confidential]*

The main principles of the Tariff Methodology are the following:

- (i) The Alexandroupolis INGS Tariff is calculated as described in section 1.4.3.2, taking into account the parameters of section 2.3.
- (ii) Initial Shareholders' equity IRR is calculated from revenues according to the results of the Market Test plus a conservative projection of capacity bookings for the years 10-25.

- (iii) Any additional revenues earned by bookings in addition to the initially allocated capacity can increase the project nominal IRR up to a cap of *[omitted as confidential]*.
- (iv) Additional revenues that increase the project nominal IRR above the cap level of *[omitted as confidential]* will be returned to initial and new shippers, following the Tariff Code which will be submitted by GASTRADE to the Regulator for approval. The Tariff Code will be accompanied by a reproducible and parameterized model which will also include an analytical revenue-sharing methodology featuring a revenue return method to both initial and additional shippers.
- (v) All terminal users will pay the same tariff.

The principle of non-discrimination between existing and future users is the most important one to be followed in the Tariff Methodology, as analysed in §2.3.

Concluding, all charges relating to the Alexandroupolis INGS Project shall be imposed equally on the users of the infrastructure and no charges relating to the Project will be imposed on consumers in Greece. This is currently reflected in the executed ARCAs and it will be finalized by the signature of the Terminal Use Agreements.

Therefore, the Alexandroupolis INGS meets the fourth criterion of Article 36.1 of the Gas Directive.

### **3.6 The exemption must not be detrimental to competition or the effective functioning of the internal market**

*“the exemption must not be detrimental to competition in the relevant markets which are likely to be affected by the investment, to the effective functioning of the internal market in natural gas, the efficient functioning of the regulated systems concerned, or to security of supply of natural gas in the Union”*

This criterion also addresses the effect on competition. However, this assessment requires a different approach, as it is not focused on the competitive effect of the investment but on the possible negative effects of the exemption itself. This requires consideration to be given to the impact that exemption may have on other projects, whether regulated or exempted, and the effect on possible difficulties for the free transfer of natural gas. The effective market operation may present problems when the exemption hinders the overall optimization of the energy network. This situation can be prevented by imposing project conditions related to transparency and capacity management of the exempted infrastructure.

The impact on competition, as well as the conditions imposed by the NRAs in order to safeguard that

completion is enhanced, and to prevent the creation of conditions that could hinder competition throughout the LNG Terminal operation, are analyzed in detail in § 3.2 above. Regarding this criterion, the following are noted:

**1.** As analyzed in Section 1.1.2, GASTRADE has signed with DESFA an Advanced Reservation of Transmission Capacity Agreement, according to the provisions of the NNGS Network Code. GASTRADE's request for the transmission of gas towards the greek system to the west of the Komotini node (see Figure 3) cannot be fully accommodated unless serious upgrades of the NNGS take place.

According to the 5<sup>th</sup> revision of the NNGS Network Code, the interconnection point between NNGS and the Alexandroupolis INGS could also participate in competing capacity auctions with the other NNGS entries, namely Kipi, Sidirokastro and/or Nea Messimvria (TAP). This will require a documented proposal by DESFA and a decision of RAE, as this cannot be detrimental to the effective functioning of the NNGS and cannot result in substantially increased network tariffs.

In any case, issuing the exemption does not negatively affect these implications. On the contrary, the exemption may serve to protect the regulated system and thus consumers against having to overwrite the costs of a high cost and high risk new infrastructure. In case new investment in the NNGS is necessary for the delivery of the requested volumes, DESFA will be under no obligation to build it unless it is considered beneficiary for the users of the NNGS (through a cost-benefit analysis) and approved by RAE.

**2.** The new Terminal will be a new source of natural gas, potentially replacing flows from the other entries, as demand in the Greek market will not increase as much in the coming years. Beneficial to the NNGS are expected to be the transit flows towards Bulgaria, as these will increase the volumes of gas in the system thus lowering the network tariffs of the NNGS.

**3.** The new Alexandroupolis INGS will be competitive to the regulated Terminal of Revithoussa. Revithoussa is part of the NNGS and is the largest gas infrastructure in Greece in terms of technical capacity and for many years the only source of competition for the greek gas market, as the two pipeline entries, namely Sidirokastro and Kipi, were almost contractually congested due to traditional long-term contracts of Gazprom Export and Botas, respectively. For these reasons, part of its cost is, by law, socialized to the transmission system tariffs, by a percentage adjusted by RAE every regulatory period based on a cost-benefit analysis (currently at 50%).

The new Alexandroupolis INGS will be competitive to Revithoussa. This, in principle, can only have a positive effect on the market. The fact that Revithoussa is partly socialized and partly depreciated implies that the tariffs for access to Revithoussa are considerably lower than those of the INGS. Therefore, it is not expected that the new Terminal will lead to an under-utilization and cost under-



recovery for Revithoussa. As has become apparent in the recent years, the capacity of Revithoussa is not enough to accommodate the demand for LNG cargoes, which is one of the main reasons why shippers decided to book capacity in the Alexandroupolis Market Test, in order to secure long-term LNG capacity. *[omitted as confidential]*

**4.** Regarding the effect of the new infrastructure on competition and overall functioning of the markets in Greece and Bulgaria, as analyzed in section 3.2, this is expected to be positive and will not be affected by the exemption. Conditions on transparency and capacity management will be imposed by the present decision.

Taking the above points into consideration, RAE believes that the effective functioning of the adjacent regulated system, NNGS, is not affected if an exemption on TPA is granted to the Terminal. Since a core principle of the Directive is that an exemption shall be granted only to the extent necessary for the realization of the project, RAE considers appropriate to grant a partial exemption on TPA, for the part of the capacity that has been booked through the Market Test *[omitted as confidential]*. The exemption for the part that is booked is necessary, otherwise the signed ARCAs will immediately lose effect and the risk of no use will increase dramatically.

RAE strongly supports that, as long as a 100% exemption on tariffs is granted, no issue of equal treatment between the LSOs of the Alexandroupolis Terminal and Revithoussa may be raised in the future due to the partial exemption on TPA; i.e., the costs of the new infrastructure shall under no circumstances burden the users of the adjacent regulated system or, by any means (e.g. through socialization or other levy) and at any point in time the gas consumers in Greece.

In any case, in order to prevent any negative effects and in the absence of more specific national regulatory rules for regulated LNG terminals, specific conditions will be imposed to the Terminal (see Part 4) to ensure that the provisions of Regulation (EC) 715/2009 regarding LNG terminals are fulfilled to the extent that they do not contradict the present exemption, and more specifically conditions on: i. transparency and disclosure of information, ii. anti-hoarding measures (LT-UIOLI and secondary capacity trading), iii. offer of short-term capacity products. There is no restriction by the European or national regulation that prevents GASTRADE from offering the non-exempted part of the capacity in long-term contracts for as many years as desired, as long as it is offered in a transparent, non-discriminatory way, in accordance with the provisions of (EC) 715/2009.

Based on the above analysis, it is concluded that the Alexandroupolis INGS fulfils the fifth criterion of the Directive.

## Part 4

### Authority's decision

This Part contains the decision of RAE on the exemption request and the terms and conditions under which the exemption is granted.

With reference to each requested exemption by Gastrade SA as described in section 1.4.1 and analysed in the previous sections, RAE adopts its decision as follows.

#### 4.1 Exemption from Article 9 of the Gas Directive (Unbundling)

The present decision is made with reference to the request under point (a) of §1.4.1.

The Company has requested the exemption from ownership unbundling provisionally to address the possibility for future legislation changes. However, a hypothetical request cannot be examined as the case shall be assessed according to the rules currently in force, and as stated above under section 2.3. according to the applicable legislation the ownership unbundling requirements are not applied to LNG systems operators.

Therefore, this request will not be assessed as non-relevant.

#### 4.2 Exemption from Article 32 of the Gas Directive (TPA)

The present decision is made with reference to the request under point (c) of §1.4.1.

GASTRADE SA shall be exempted from the provisions of Article 32 of the Gas Directive only for the part of its regasification capacity that has been booked through the Market Test *[omitted as confidential]*, as specified in **Σφάλμα! Το αρχείο προέλευσης της αναφοράς δεν βρέθηκε.** below in kWh/day/year, under the following conditions:

1. Obligation to abide to the provisions of Regulation (EC) 715/2009, and specifically articles 15, 17, 19, 20 and 22 thereof, that are not in conflict with the present Exemption Decision. GASTRADE shall submit to RAE for approval its justified proposal regarding possible provisions of the Regulation that cannot be applied.

2. Obligation to issue a Terminal Access Code. Not later than twelve months before the Commercial Operation Date, GASTRADE shall submit for approval to RAE a Terminal Access Code (TAC). The TAC shall be posted on the GASTRADE website and shall at least include the following:

- Detailed procedures of normal operation, including maximum days of storage and nomination procedures at the Project's exit point;
- Anti-hoarding arrangements, including Long-Term Use-It-Or-Lose-It (LT-UIOLI) arrangements and secondary capacity trading;
- Provisions on allocation mechanisms that do not hamper the entry of new market participants or create undue barriers to market entry;
- Offer of 10% of the capacity in short-term products, i.e. of duration of less than one year, through a market-based procedure (e.g., auctions);
- Data publication procedures on the functionality and availability of regasification capacity;
- Gas quality minimum requirements, in accordance with the specifications of the NNGS, and the necessary actions;
- Maximum losses and LNG for Terminal own use allowed;
- Scheduled maintenance arrangements.

3. GASTRADE shall:

(a) make public detailed technical information associated with its Terminal that is necessary to allow users to gain effective access to the facility (e.g., size of LNG tankers accepted, size of LNG temporary storage tanks etc), that do not consist the company's business secrets;

(b) inform market participants on contracted and available capacities at the Terminal on a numerical, rolling and regular basis;

(c) ensure that services offered shall have non-discriminatory terms and conditions and be compatible with the use of the interconnected gas transportation system.

4. GASTRADE shall offer on a regular basis the remaining available capacity through market-based arrangements, indicatively auctions or open seasons.

5. The operation of the LNG Terminal shall not be detrimental to the proper functioning of the interconnected system operated by DESFA SA. Any costs incurred by DESFA because of the

operation of the Terminal shall be borne by GASTRADE according to European Regulations as well as article 24 of the Greek Natural Gas Licensing Regulation (National Gazette Β' 3430/17.08.2018) and the NNGS Network Code.

*[omitted as confidential]*

### **4.3 Exemption from Article 41 par. 6, 8 and 10 (Tariffs)**

The present decision is made with reference to the request under point (b) of §1.4.1.

In order to ensure the competitiveness of the tariff, as well as ensure transparency and predictability of the tariff for all users of the Alexandroupolis INGS, an exemption from the provisions of Article 41.6, 41.8, 41.10 should be granted to GASTRADE SA for a period of 25 years starting from the beginning of the Commercial Operation Date for 100% of the Project's regasification capacity, under the following conditions:

1. At the latest 12 (twelve) months before the Commercial Operation Date, GASTRADE shall submit for the approval of RAE the final tariff methodology (Tariff Code) for the implementation of the Alexandroupolis Tariff.
2. The Tariff shall be stable over the whole duration of the exemption, shall reflect efficient costs, shall be transparent and non-discriminatory and shall follow the principles described in the present Joint Opinion. The same Tariff shall apply for the exempted and the non-exempted part of the capacity.
3. The Tariff Code shall define the pricing mechanism for all capacity products offered by GASTRADE, namely capacity products of different durations of firm and interruptible nature.
4. *[omitted as confidential]* Any revenues from capacity bookings that increase IRR above *[omitted as confidential]* will be returned to the Terminal Users either through tariff reductions of following periods or by a profit-sharing mechanism in a non-discriminatory manner. The mandatory return of any profit beyond the set IRR cap to initial and future users of the Alexandroupolis INGS will be subject to the terms of the forthcoming state aid decision.
5. The Tariff Code that shall be submitted for approval to RAE shall be accompanied by a reproducible and parameterized tariff model that analyses the tariff methodology as well as the profit-sharing mechanism.

6. GASTRADE shall clearly define a bundled price that will reflect all services offered to the Users of the Terminal up to the delivery of natural gas at the entry point of the downstream transmission system.
7. Multipliers may be applied for the calculation of the tariff of short-term capacity products that shall not result in arbitrarily higher tariffs for these products.
8. GASTRADE shall submit to RAE yearly information on its revenues in order for the Authority to monitor that the conditions are kept.
9. The Tariff Code shall be published on the Company's website before the date of any offer of capacity takes place.

#### **4.4 Additional Terms to safeguard full compliance to the criteria of Article 36.1**

Based on the analysis presented in Part 3 of the present decision, RAE imposes the following obligations on GASTRADE SA:

##### *1. Capacity cap for dominant players in Greece*

In order to prevent the establishment of a dominant position or to strengthen an existing dominant position in the Greek gas market, the following conditions shall apply:

- (a) Any undertaking with a share of 40% or larger in any relevant product market for the supply of gas in Greece, or on the upstream market of supplying gas into Greece, shall not be allowed to reserve more than 25% of the regasification capacity of the Project.
- (b) In the event that two or more undertakings together hold a combined market share of at least 80% and each of these undertakings has a market share of more than 20% on any relevant product market for the supply of gas in Greece, or on the upstream market of supplying gas to Greece, RAE has the right to impose a capacity cap on these undertakings on the regasification capacity of the Project;
- (c) For the purpose of calculation of the market share and the capacity cap percentage, undertakings belonging to one group shall be considered as one undertaking. The market share will be calculated as the average of the last two consecutive years;
- (d) Any direct or indirect long-term gas supply contracts for Greece entered into with an undertaking with a share of 40% or a group of undertakings with a combined market share of

at least 80% shall fall under the capacity cap as established in point 2 (a) and 2 (b).

- (e) Where, due to lack of interest by other parties, the capacity cap as imposed in 2 (a) and 2 (b) results in the Terminal to be underutilised, RAE at the request of an interested undertaking, may allow to book capacity beyond the capacity cap as defined in 2 (a) and 2 (b) on a short-term basis. RAE decision to that effect shall be published on its web site. The Terminal is considered to be underutilised if on average 20% of the regasification capacity is not booked for a period of at least 6 months.

## *2. Capacity cap for dominant players in Bulgaria*

In order to prevent the establishment of a dominant position or to strengthen an existing dominant position in the Bulgarian gas market, the following conditions shall apply:

- (a) Any undertaking with a share of 40% or larger in any relevant product market for the supply of gas in Bulgaria, or on the upstream market of supplying gas into Bulgaria, shall not be allowed to reserve more than 25% of the regasification capacity of the Project.
- (b) In the event that two or more undertakings together hold a combined market share of at least 80% and each of these undertakings has a market share of more than 20% on any relevant product market for the supply of gas in Bulgaria, or on the upstream market of supplying gas to Bulgaria, RAE has the right to impose a capacity cap on these undertakings on the regasification capacity of the Project;
- (c) For the purpose of calculation of the market share and the capacity cap percentage, undertakings belonging to one group shall be considered as one undertaking. The market share will be calculated as the average of the last two consecutive years;
- (d) Any direct or indirect long-term gas supply contracts for Bulgaria entered into with an undertaking with a share of 40% or a group of undertakings with a combined market share of at least 80% shall fall under the capacity cap as established in point 3 (a) and 3 (b);
- (e) Where, due to lack of interest by other parties, the capacity cap as imposed in 3 (a) and 3 (b) results in the Terminal to be underutilised, RAE at the request of an interested undertaking, may allow to book capacity beyond the capacity cap as defined in 3 (a) and 3 (b) on a short-term basis. RAE decision to that effect shall be published on its web site. The Terminal is considered to be underutilised if on average 20% of the regasification capacity is not booked for a period of at least 6 months.
- (f) RAE shall consult with EWRC for the enforcement of the provisions of this sub-section.

### *3. Changing in GASTRADE SA shareholding*

If an enterprise, directly or indirectly, acquires shares or merges with GASTRADE SA, or with one of its shareholders, GASTRADE SA must promptly notify that change to RAE, which change may subsequently be assessed (if necessary, in cooperation with the National Competition Authority), in order to verify whether the conditions under which the exemption has been granted continue to be respected.

This provision will be applied in accordance with Article 3 of Council Regulation (EC) No 139/2004 of 20 January 2004 on the control of concentrations between undertakings (the EC Merger Regulation) and the Commission Consolidated Jurisdictional Notice under the Council Regulation (EC) No 139/2004 on the control of concentrations between undertakings (2008/C 95/01).

## **4.5 Commercial Operation Date and Effect of the exemption decision**

1. Commercial Operation Date – The Alexandroupolis FSRU is expected to be operational on 1.1.2023.

2. Effect of the present exemption - In line with the provisions of Article 36(9) of Directive 2009/73/EC, the present decision and the Commission's approval shall lose its effect 2 years from its adoption in the event that construction of the Alexandroupolis FSRU has not yet started, and 5 years from its adoption in the event that the infrastructure has not become operational, unless the Commission decides that any further delay is due to major obstacles beyond control of the person to whom the exemption has been granted.

## **4.6 Sanctions in case of infringement of the exemption decision**

Any infringement by Gastrade of the conditions set out in the exemption decision may result in a sanction imposed by RAE on Gastrade that must be proportionate to the seriousness of the infringement, in accordance to national rules and legislation.

## **4.7 Amendment and revocation of the exemption decision**

1. In case of material change of circumstances which form the basis on which it has been determined that the conditions listed in paragraph 1 of article 36 of the Directive 2009/73/EC have been met, RAE may amend or revoke this Exemption Decision.

2. Pursuant to paragraph 9 of 36 of the Directive 2009/73/EC, RAE will amend or revoke this Exemption Decision when the European Commission has requested it.

3. RAE may also revoke this Exemption Decision where:

- a. GASTRADE is found to be in serious breach of one or more conditions laid down in this Exemption Decision.
- b. GASTRADE is subject to initiated bankruptcy proceeding or has been adjudicated/declared bankrupt.

Η απόφαση αυτή, συνοδευόμενη από μη εμπιστευτική έκδοση του Προσαρτήματος, να δημοσιευθεί στην Εφημερίδα της Κυβερνήσεως.

Αθήνα, 10 Δεκεμβρίου 2020

Ο Πρόεδρος

ΑΘΑΝΑΣΙΟΣ ΔΑΓΟΥΜΑΣ