

During the public consultations on the *"Draft Incremental Capacity Project Proposal at the joint Interconnection Point (IP) Isaccea 1 – Orlovka 1"*, the following requests for clarification were received:

1. As mentioned in the document, „the exit capacity from the NTS through the Isaccea 1/Orlovka 1 point is currently offered by SNTGN Transgaz SA as interruptible capacity. The interruptible nature of the capacity offered at the Isaccea 1/Orlovka 1 point, on the Romania → Ukraine transmission direction, is conferred by the fact that the minimum natural gas quality requirements in Romania and Bulgaria are different from the quality requirements in Ukraine.” Furthermore, the document mentions that „the capacity offer (existing plus incremental) made available to the market at the Isaccea 1/Orlovka 1 IP, on the transmission direction Romania → Ukraine, remains interruptible until harmonization of the quality requirements in Romania, Bulgaria and Ukraine.”

As this is the case, would you be able to provide a timeframe for the harmonization of the quality requirements in question, and as a consequence a date from which the capacity made available will have a firm type?

Answer: Regarding the existence of a timetable for the harmonisation of quality requirements, we would like to mention that the issue of harmonisation of quality requirements is currently being addressed at regional level under the coordination of DG ENER. Thus, at the CESEC High Level Group Ministerial Meeting held on 19.01.2024 in Athens, the CESEC Gas Action Plan was endorsed, which foresees in Chapter 2.2. Gas Market Integration Actions and Policy Priorities, and the Gas Quality Harmonisation Action, with a deadline for completion by the end of 2024.

2. As the type of the mentioned capacity is linked to the issue of gas quality requirements, is it fair to understand that should the project be approved (including via commitments from market participants), then there is the possibility that the new (incremental) capacity will only be made available as interruptible?

Answer: As soon as the process of harmonization of quality requirements is complete, both existing physical capacity and capacity resulting from the incremental capacity process will become firm capacity.

3. Section 1.2 of the document mentions that „The provision of the capacity of 206 520 746 kWh/day/year at Isaccea IP, in the exit direction to Ukraine, is conditional on the provision of at least the same capacity at Negru Voda 1/Kardam IP, in the entry direction to Romania.”

Seeing that the project in question involves investments on both the Romanian and Ukrainian side, would it be possible to include and mention the necessary investments such that the necessity of the same capacity at Negru Voda 1/Kardam IP be lifted?

Answer: First of all we would like to point out that, according to the draft Incremental Capacity Project Proposal for Isaccea 1/Orlovka 1 IP, **no** investments are needed on the Romanian side.

The indicative non-binding demands for incremental capacity, received during the application assessment period, showed a high level of capacity needs both in IP Negru Voda 1/Kardam, on the entry direction in Romania from Bulgaria, and in IP Isaccea 1/Orlovka 1, on the exit direction from Romania to Ukraine and further downstream, via interconnection points Kaushany and Grebenyky between GTSOU and VMTG.

In close correlation with the indicative demands received, the Project Proposal considers the provision of capacity of 206 520 746 kWh/d/y at Isaccea 1/Orlovka 1 - Exit IP, subject to the provision of at least the same capacity at Negru Voda 1/Kardam - Entry IP, in the context of natural gas transmission on the Transbalkan corridor, through the former transit pipelines, in the South → North direction.

4. Since this project is a consequence of the Market Demand Assessment Report (MDAR) in 2023, which showed interest in increased capacity made available to the market on the Romania – Ukraine direction, is there also a possibility of putting forward a proposal for capacity on the IP Tekovo/Mediesu Aurit?

This is also following the consultation from January 2022 on the „Draft Project Proposal for the Incremental Capacity Project at IP Tekovo/Mediesu Aurit Located at the Border between Ukrainian and Romanian Gas Transmission Systems”. Would you be able to provide and update on the said project at IP Tekovo/Mediesu Aurit?

Answer: According to the Report on the evaluation of the incremental capacity demands between the Ukrainian gas transmission system and the Romanian gas transmission system, published on the TRANSGAZ website on 23.10.2023, for the IP Mediesu Aurit - Tekovo, regardless of the transmission direction, no indicative non-binding demands for incremental capacity have been submitted.

The project proposal for incremental capacity at Tekovo/Mediesu Aurit IP in 2021 agreed by the two transmission operators has been submitted to ANRE for approval. In the absence of an answer from ANRE within the deadline set by Regulation (EU) 2017/459 - CAM NC, the incremental capacity project was stopped. No communication has been received from the Ukrainian side regarding the approval/rejection of the project by the Ukrainian regulator either. It is possible to request incremental capacity in the next demand assessment process in 2025.

5. As a follow-up on the previous question, could you provide a timeframe for making available to the market the existing capacity at the IP Tekovo/Mediesu Aurit, which would also help in reducing transport costs in the region?

Answer: We are unable to provide a timeline. For the existing capacities at the Tekovo/Mediesu Aurit UA-RO IP, the Romanian TSO and the Ukrainian TSO are in the process of negotiating the signing of a new Interconnection Agreement.

6. Section 1.1 of the document mentions that, in order for the capacities to be made available on the Ukrainian side, „firm capacities must be established further downstream, via interconnection points Kaushany and Grebenyky between GTSOU and VMTG”. This being the case, is this project also coordinated with Vestmoldtransgaz, and if not, wouldn't it be necessary to also include the need for investment on VMTG side in the updated project proposal to be sent to NRAs and market participants?

Answer: GTSOU and Vestmoldtransgaz are implementing the incremental capacity project between Ukraine and Republic of Moldova Gas Transmission Systems with consistent technical parameters for this Project. More details regarding the technical parameters and VMTG are available here: https://tsoua.com/wp-content/uploads/2024/01/Consultation_document_INC-UA_MD_EN_2024.pdf. The combined economic test for both these projects must be positive and agreement with VMTG has to be concluded in order to make an investment decision on GTSOU side.