

**Public Consultation
of the Draft Project Proposal
for Incremental Capacity on the
Bulgarian-Romanian border
between BULGARTRANGAZ and TRANSGAZ**

January 2024

This document is published on the websites of BULGARTRANGAZ and TRANSGAZ in accordance with Article 27 of Regulation (EU) 2017/459 of 16 March 2017 (CAM NC).

This document is jointly elaborated and published by:

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Disclaimer

Each TSO has acted in good faith to ensure that the information in this Draft Project Proposal is correct as at the date of this Project Proposal, however, no representation or warranty is made by any TSO as to the accuracy or completeness of such information and the TSOs will not accept any liability, of any kind, for any inaccuracies or incompleteness in such information. Furthermore, the TSOs shall have no obligation to update the Project Proposal for any changes arising after the date of issue of the Project Proposal. Nonetheless, if new or revised information is provided in the Project Proposal, the TSOs shall have no liability to any third party. TSOs will have no liability to any third party for any acts, omissions, breaches, or decisions of the other TSOs or any other third party.

This draft Project Proposal will be available for public consultation for a period of 1 month of its publication. The Proposal, along with any Annexes and other supplementary documents presented, may be subject to change and will be submitted to the NRAs for final approval.

Introduction

Currently, the Bulgarian gas transmission system, operated by Bulgartransgaz EAD (“BULGARTRANGAZ”) and the Romanian natural gas transmission system, operated by Transgaz S.A. (“TRANSGAZ”) are interconnected in the area of the Bulgarian-Romanian border and offer capacity on two interconnection points – IP Negru Voda 1/Kardam (EIC Code: 21Z000000000159I) and IP Ruse/Giurgiu (EIC Code: 21Z0000000002798).

Commission Regulation (EU) 2017/459 of 16 March 2017 (“CAM NC”)¹ establishes a harmonized European Union-wide process for the offer of incremental capacity between Member States.

The TSOs launched the first phase of the Incremental Capacity Process on the 3rd of July 2023 according to CAM NC. Both TSOs received non-binding demand indication(s) and produced a joint [Demand Assessment Report \(DAR\)](#), which was published on the 23rd of October 2023, to assess market demand for incremental capacity with the conclusion that there was sufficient indicative demand to initiate technical studies for potential incremental capacity project(s) at the Bulgarian-Romanian border (IP Negru Voda 1/Kardam and IP Ruse/Giurgiu).

Based on the technical feasibility, capacity request(s) received in the non-binding demand indication phase and the DAR, the TSOs have analysed potential infrastructure developments in their respective transmission systems to fulfil interested parties’ requests for incremental capacity in the Bulgaria → Romania direction.

The Incremental Capacity Project described herein aims to increase the technical capacity between the entry-exit systems of BULGARTRANGAZ and TRANSGAZ at IP Negru Voda/Kardam, where both TSOs intend to offer bundled capacity in the Bulgaria → Romania direction.

All interested parties are invited to participate in the public consultation by sending their comments and proposals to this document, in writing, to the list of contacts on the last page, by 29 February 2024.

Following the end of the public consultation and further refinements on the draft Project Proposal, the TSOs will submit the final Project Proposal to the respective NRAs for their coordinated approval. In case of a positive decision of the NRAs, the Binding phase will be launched, and a Notice will be published on the TSOs’ websites at least 2 months before any binding auctions.

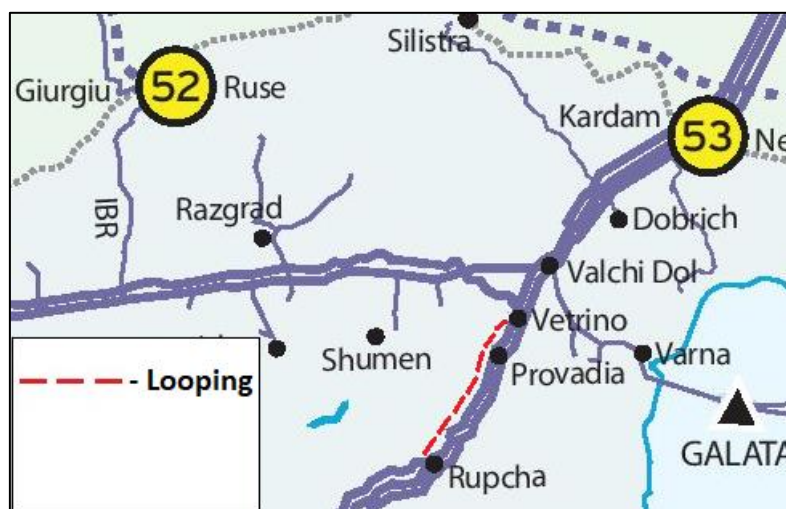
¹ Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013
<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32017R0459>

1. Description of the Incremental Capacity Project and relative cost estimates

1.1. BULGARTRANGAZ

The following Incremental Capacity Project on the Bulgartransgaz side is needed in order to make incremental capacity available on the Bulgarian-Romanian border in the BULGARTRANGAZ → TRANSGAZ direction at IP Negru Voda 1/Kardam:

- construction of a 63 km looping DN1200 (Rupcha - Vetrino);
- reversal of CS Kardam (without the need for new compressors).



Incremental capacity of 137.2 (kWh/d), (gas direction BULGARTRANGAZ → TRANSGAZ)

The project will ensure a total of 137.2 GWh/d incremental capacity at IP Negru Voda 1/Kardam in the direction from Bulgaria to Romania.

The project implementation will also allow to keep the pressure at IP Negru Voda 1/Kardam at 48,5 bar in case of sustainably long-term constant flow of at least 10,0 mcm/d in the same direction.

The estimated indicative total cost for the realization of BULGARTRANGAZ's project amounts to 198,93 mil. €.

The project is envisaged to be completed by the end of Q3 2027.

1.2. TRANSGAZ

No investments are needed on the Romanian side to ensure the capacity increase at IP Negru Voda 1/ Kardam (BG-RO) with 137,2 GWh/d of incremental capacity.

2. Offer Level

According to the Incremental Capacity Project configuration described above it will be possible to

propose one offer level as bundled firm incremental capacity at IP Negru Voda 1/Kardam in the direction from Bulgaria to Romania.

Incremental capacity will be offered as a bundled product to Participants with the earliest possible start date being the relevant planned Commercial Operation Day (COD). In line with the provisions of article 8.8 of the CAM NC, BULGARTRANGAZ and TRANSGAZ will set aside an amount of minimum 10% of the capacity of the actually built incremental capacity to be offered as short-term capacity.

The Offer Level in the table below represents the long-term incremental capacity that could be allocated in the Binding Bidding Phase of this Incremental Capacity Project.

IP Negru Voda 1/Kardam	Offered Incremental Capacity (GWh/d)
Firm incremental capacity	137,2
Offered capacity	123,5
Starting date	Q4 2027

We outline in the table below the detailed level of the harmonised offer that the two TSOs will make available to the market in the annual/multi-annual auctions scheduled for 1 July 2024, where the structure of the offer can be distinguished. Please note that when determining the available capacity from existing capacity, the booked capacity and the capacity required to be set aside for short-term products have been taken into account, i.e. 10% of the existing technical capacity in the first 5 gas years (during gas years 2024/2025 and 2028/2029 included) and 20% in the following years in accordance with Art. 8 (8) of NC CAM as well as 10% of the incremental capacity starting with 2027/2028.

No. of years	Gas year	Available existing capacity offer at IP Negru Voda/Kardam (kWh/h/year)	Incremental capacity offer (kWh/h/year)	Harmonised offer level in the BG→RO direction for existing and incremental capacity (kWh/h/year)
1	2024/2025	140.993.764		140.993.764
2	2025/2026	140.993.764		140.993.764
3	2026/2027	141.993.764		141.993.764
4	2027/2028	141.993.764	123.480.000	265.473.764
5	2028/2029	141.993.764	123.480.000	265.473.764
6	2029/2030	126.216.679	123.480.000	249.696.679

No. of years	Gas year	Available existing capacity offer at IP Negru Voda/Kardam (kWh/h/year)	Incremental capacity offer (kWh/h/year)	Harmonised offer level in the BG→RO direction for existing and incremental capacity (kWh/h/year)
7	2030/2031	126.216.679	123. 480.000	249. 696.679
8	2031/2032	126.216.679	123. 480.000	249. 696.679
9	2032/2033	126.216.679	123. 480.000	249. 696.679
10	2033/2034	126.216.679	123. 480.000	249. 696.679
11	2034/2035	126.216.679	123. 480.000	249. 696.679
12	2035/2036	126.216.679	123. 480.000	249. 696.679
13	2036/2037	126.216.679	123. 480.000	249. 696.679
14	2037/2038	126.216.679	123. 480.000	249. 696.679
15	2038/2039	126.216.679	123. 480.000	249. 696.679
16	2039/2040	126.216.679	123. 480.000	249. 696.679
17	2040/2041	126.216.679	123. 480.000	249. 696.679
18	2041/2042	126.216.679	123. 480.000	249.696.679

For the avoidance of any doubt, BULGARTRANGAZ and TRANSGAZ clarify to the interested parties that with this Incremental Capacity Process, only firm bundled capacity at both sides of the IP will be offered.

In case any of the TSOs completes the planned project for infrastructure development earlier than the initially proposed starting date, each TSO reserves the right to offer the incremental capacity as firm unbundled capacity available as standard capacity products in the direction BG→RO.

3. Alternative allocation mechanism for incremental capacity

BULGARTRANGAZ and TRANSGAZ have agreed to use the standard auction allocation process for the allocation of the incremental capacity.

BULGARTRANGAZ and TRANSGAZ will offer the incremental capacity together with the respective available capacity in the annual yearly capacity auction as standard bundled products in ascending

clock auctions according to Article 17 as a default and in accordance with Article 8(8) and (9) and Article 19 of CAM NC.

Auctions will be conducted on the Regional Booking Platform (RBP).

4. Provisional timeline

This chapter describes the proposed timeline for the conclusion of the Incremental Capacity Project and provides estimates of the possible time needed for the realization of the new incremental capacity.

The public consultation on the draft Project Proposal will be open until the 29th of February 2024. BULGARTRANGAZ and TRANSGAZ intend to finalize and submit the final Project Proposal to the NRA(s) not later than 31 March 2024. NRA(s) decision on the Project Proposal is expected at the end of April 2024. The Binding Phase will commence with the publication of the Binding Phase Notice. Subject to NRA approval, the Binding Phase Notice is expected to be published at the latest on the 1st of May 2024.

Phase/Activity	Date
Non-Binding Phase	
Publication of the Draft Project Proposal for Public Consultation	31 January 2024
Public Consultation Period	1 February – 29 February 2024
Submission of Project Proposal to the NRA(s) for Approval	Not later than 31 March 2024
Publication of coordinated decision by the NRAs on the Project Proposal	Not later than 26 April 2024
Binding Phase	
Publication of the Notice	1 May 2024
Information Phase	1 May – 1 July 2024
Auction for Incremental Capacity	1 July 2024

Towards the end of the two-month information phase commencing upon the issue of the Binding Phase Notice (the “Information Phase”), the parties interested in participating in the Binding Bidding Phase will be requested to register with the concerned TSOs (as applicable per TSO) in order to become eligible to participate.

At the beginning of the Information Phase, together with the Binding Phase Notice, BULGARTRANGAZ and TRANSGAZ will make available a list of the relevant documentation that needs to be submitted by the Participants for their registration and the respective deadline for

submission of such documentation.

The auction for incremental capacity will be held on 1 July 2024. TSOs will offer the incremental capacity together with the respective available capacity, if any. Only coordinated offer levels will be offered.

5. General rules and conditions for participating in the Binding Phase

During the binding capacity allocation phase, BULGARTRANGAZ and TRANSGAZ intend to offer incremental capacity in the annual yearly auction on the Regional Booking Platform (RBP).

For each TSO, general rules and conditions have been developed for their participation in the capacity auctions for incremental capacity in 2024.

5.1. Bulgartransgaz

The general rules and conditions of BULGARTRANGAZ that a network user shall accept to participate and access capacity in the binding capacity allocation phase of the incremental capacity process are set out in **Annex 1** of this document.

5.2. Transgaz

The general rules and conditions that a network user has to accept in order to participate and have access to capacity in the binding capacity allocation phase within the incremental capacity process are provided for in ANRE Order 130/2020, as amended, which can be accessed [here](#).

6. Duration of project realization

6.1. BULGARTRANGAZ

The incremental capacity project on Bulgartransgaz side of the IP is expected to be commissioned by the end of Q3 2027. However, the timeframe is provisional and may undergo potential adjustments in the future, depending on the positive outcome of the economic test(s) both on the Bulgarian and Romanian sides, the conclusion of the Incremental Capacity Procedure with approval by the respective NRAs, and the conclusion of the Gas Transportation Agreement with the respective TSOs.

6.2. TRANSGAZ

No investment needed on the Romanian side.

7. Element IND and RP for fixed price approach

7.1. BULGARTRANGAZ

With regard to incremental capacity, BULGARTRANGAZ intends to apply a floating applicable payable price derived from its price methodology (Methodology determining prices for access and transmission of natural gas through the gas transmission networks owned by Bulgartransgaz EAD (Issued by the State Energy and Water Regulatory Commission, promulgated State Gazette No. 72 of

29.08.2014 in force as of 1.10.2014).

BULGARTRANGAZ is therefore not considering the adoption of a fixed price approach and consequently elements IND and RP foreseen by Commission Regulation (EU) 2017/460 are not relevant.

7.2. TRANSGAZ

SNGTN TRANSGAZ S.A. does not choose the application of a fixed price approach for the procurement of incremental capacity in 2024 (Article 28(1)(g) NC CAM).

8. Level of user commitments (f-factor)

This chapter describes the preliminary TSOs proposal for the level of the user commitments (f-factor) to be considered in the execution of the economic test(s) envisaged in articles 22 and 24 of the Regulation.

A final proposal by BULGARTRANGAZ and TRANSGAZ on the level of f-factor(s) will be submitted to EWRC and ANRE at the end of the design phase in accordance with the provisions of article 28.1 of the Regulation.

8.1. BULGARTRANGAZ

The preliminary level of users' commitments (f-factor) proposed on the Bulgarian side is 0.7. A final proposal by Bulgartransgaz on the level of f-factor(s) will be submitted to EWRC at the end of the Design Phase in accordance with the provisions of article 28.1 of CAM NC. The f-factor(s) used to perform the economic test will be finally set by EWRC according to article 28 of CAM NC.

8.2. TRANSGAZ

The level of the users' commitments expressed as an estimate of the f-factor by TRANSGAZ is 1.

9. Additional Demand Indication(s)

According to the provisions of CAM NC, on July 3rd, 2023, the TSOs invited all interested parties to submit non-binding indications for incremental capacity at existing or new Interconnection Points. In accordance with Commission Regulation (EU) 459/2017, the following periods have been included in the DAR:

- a) non-binding demand indications received within 8 weeks after the start of the annual yearly capacity auction on 3 July 2023.
- b) non-binding demand indications received later than 8 weeks after the start of the annual yearly capacity auction on 3 July 2023, which have been considered in the current incremental capacity

cycle.

All non-binding demand indications for incremental capacity were considered in the joint DAR between BULGARTRANGAZ and TRANSGAZ.

No additional demand indications for the interconnection points at the BG-RO border were received after the publication of the DAR.

10. Decrease in the utilization of other non-depreciated gas infrastructure

The realization of the project for incremental capacity is not expected to lead to a decrease in the utilization of other existing gas infrastructures in the two adjacent entry-exit systems.

11. Contact information

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Annex 1 – General Terms and Conditions of BULGARTRANGAZ

GENERAL TERMS AND CONDITIONS OF PARTICIPATION IN AND ACCESS TO CAPACITY IN THE BINDING PHASE OF ALLOCATION OF INCREMENTAL CAPACITY ON THE BORDER BETWEEN BULGARIA AND ROMANIA (Auction GTC)

1. General provisions

1.1. These General Terms and Conditions (hereinafter: "Auction GTC") regulate the general terms and conditions that the Participant must accept in order to participate in the Auction and to gain access to the incremental capacity made available in the Auction.

1.2. Transmission services for the capacity allocated under the Auction will be provided in accordance with the transmission contract, this Auction GTC, as well as in accordance with the General Terms and Conditions of the Transmission Contract to Contract for access and natural gas transport through the gas transmission network of Bulgartransgaz EAD applicable at any given time (hereinafter: "GTC"), and the Tariff. This Auction GTC, after allocating capacity resulting from the Auction, will regulate the specific rules for the provision of transmission services by BULGARTRANGAZ to the Participant in terms of capacity allocated to that Participant as part of the Auction. This Auction GTC does not exclude the GTC provisions, in particular regarding financial securities, confirming the financial ability of the Participant to meet its financial obligations towards BULGARTRANGAZ for the performance of the transmission contract, including ways and terms of using them by BULGARTRANGAZ.

1.3. By submitting an offer in the Auction, the Participant accepts without reservation the conditions set out in GTC, the Tariff and in this Auction GTC.

1.4. This Auction GTC was prepared in Bulgarian and English language versions. In the event of a discrepancy between the Bulgarian and English language versions of this Auction GTC, the Bulgarian version shall prevail.

2. Definitions

2.1. Auction - annual yearly capacity auction conducted on the terms set forth in the CAM Network Code, under which the incremental capacity of the Negru Voda 1/Kardam interconnection point shall be made available together with existing available capacity if any.

2.2. Bulgartransgaz – Bulgartransgaz EAD with its seat in Sofia, acting as the transmission-system operator within Bulgaria.

2.3. General Terms and Conditions of the Transmission Contract - General Terms and Conditions to Contract for access and natural gas transport through the gas transmission network of Bulgartransgaz EAD - currently binding General Terms and Conditions published on BULGARTRANGAZ [website](#).

These Auction GTC refer to the General Terms and Conditions of the Transmission Contract approved by the decision of the Bulgartransgaz Management Board no. 733 as of 31 August 2023 or any subsequent GTC version replacing or amending the aforesaid.

- 2.4. Transgaz - company under the name of Transgaz SA, with its seat in Mediaş, no 1 C.I. Motas Square, Sibiu county, postal code 551130, acting as the transmission system operator within the Romania;
- 2.5. RBP - platform used to offer capacity in the relevant transmission systems at IP Negru Voda 1/Kardam by BULGARTRANGAZ and TRANSGAZ;
- 2.6. Project - project to create a new technical capacity at the existing Negru Voda 1/Kardam interconnection point based on capacity allocation in a current incremental capacity procedure;
- 2.7. Tariff - currently applicable list of prices for access and transmission, and their application rules, compiled by BULGARTRANGAZ and introduced as binding in settlements with the Participant, published on the BULGARTRANGAZ [website](#).
- 2.8. User - entity using the transmission system under a transmission contract.
- 2.9. Participant - Applicant that is considered compliant by BULGARTRANGAZ with the requirements for participating in Auction.
- 2.10. Economic Test (or ET) - test applied to assess the economic viability of the Incremental Capacity Project
- 2.11. GTA or Gas Transportation Agreement - gas transportation agreement signed by the TSO and a Participant to whom incremental capacity has been allocated after the allocation of such capacity, pursuant to the Incremental Capacity Process.

3. Binding phase of incremental capacity allocation

- 3.1. In the binding phase of incremental capacity allocation under the Project, BULGARTRANGAZ shall make available incremental capacity for the Negru Voda 1/Kardam interconnection point, in the flow direction from Bulgaria to Romania and in the form of fifteen (15) yearly incremental capacity products, covering fifteen (15) gas years, from 1 October 2027 07:00 a.m. to 1 October 2042, 07:00 a.m.
- 3.2. During the binding phase of incremental capacity allocation, each yearly product shall be made available through one, separate Auction for incremental capacity at the level of 123. 480.000 kWh/d, together with existing available capacity if any.
- 3.5. BULGARTRANGAZ shall take the investment decision to implement the Project provided that BULGARTRANGAZ and TRANSGAZ shall have obtained positive economic test results and entered into an agreement for the implementation of the Project.
- 3.6 By participating in a Bidding Phase, each Participant will be required to accept that:
- the Capacity Allocation referred to in the Incremental Capacity Process is subject to the positive outcome of the ET of the TSOs Concerned;
 - in case of a negative outcome of the Economic test carried out prior to Capacity Allocation, the BULGARTRANGAZ shall, if applicable, return any Financial Securities submitted from Participants and no transport capacity will be contractually allocated;
 - in case of a negative outcome of the ET carried out prior to Capacity Allocation, the BULGARTRANGAZ shall, if applicable, return any Financial Securities submitted from Participants and no transport capacity will be contractually allocated;
 - in case of a positive outcome of the ET carried out prior to Capacity Allocation, the successful Participant shall enter into a GTA;

- in case a Participant is not allocated incremental capacity after a positive ET, the Financial Securities shall be returned;
- By submitting a binding request to BULGARTRANGAZ, the Participant accepts that said request will constitute an irrevocable commitment to enter a GTA with BULGARTRANGAZ, subject to positive Economic test.

4. Terms of participation in an Auction

4.1. BULGARTRANGAZ shall conduct the binding phase of incremental capacity allocation on the RBP Platform, in accordance with the terms and conditions for using the platform binding on the day of conducting the Auction.

4.2. The following is required in order to participate:

- a) submitting a power of attorney for the persons authorized to participate in the Auction to BULGARTRANGAZ, unless the Participant has already presented such power of attorney;
- b) successful from BULGARTRANGAZ's perspective registration on the RBP Platform;
- c) submission of financial securities in the value and form set out in this Action GTC no later than one week before the Auction starts.

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

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

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

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

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

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

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

4.4. The incremental capacity will be allocated through the Auction as bundled capacity together with existing available capacity if any. In order to participate in the Auction, the Participant must also meet

the participation conditions defined by TRANSGAZ.

4.5. Transmission services in respect of the capacity allocated in the Auction shall be provided in accordance with the concluded transmission contract along with its appendices, as well as in compliance with the Tariff, both as binding at each such time. Following to the capacity allocation as a result of the Auction, this Auction GTC shall constitute an appendix to the transmission contract concluded between BULGARTRNSGAZ and the Participant, regulating the detailed rules for the provision of transmission services by BULGARTRNSGAZ to the relevant Participant in respect of the incremental capacity allocated to that Participant in the Auction.

5. Financial Security for participation in the Auction and incremental capacity allocation

5.1. In order to participate in the Auction, the Participant shall submit a financial security confirming the Participant's financial capability to perform the obligations owed to BULGARTRNSGAZ under the bid, in the form, date and amount specified in this Auction GTC.

5.2. The Participant has to establish the security in one of the following forms:

- a) bank guarantee;
- b) cash deposit.

5.3. The Participant shall establish the security no later than 1 (one) week before the Auction, delivering a document in writing to BULGARTRNSGAZ evidencing the establishment of a financial security (i.e. original bank guarantee or confirmation of bank transfer to BULGARTRNSGAZ's bank account).

5.4. The Participant shall establish a financial security in the minimum amount of 10% of the value of the capacity that participant expect to be allocated (based on the indicative tariff made available by BULGARTRNSGAZ) plus expected from participant level of auction premiums that can arise in the auction calculated on the basis of the amount of capacity covered by the offer of a given Participant under the Auction, and published by BULGARTRNSGAZ indicative transmission fee rate adopted by BULGARTRNSGAZ to carry out an Economic test.

5.5. The financial security shall be established in EURO, calculated at the Bulgarian National Bank fixed exchange rate Euro/BGN.

5.6. If establishing the security in the form of bank guarantee, BULGARTRNSGAZ requires the guarantee document to provide that the guarantee is irrevocable, non-transferable, unconditional, with a possibility to be fully or partially used and payable on BULGARTRNSGAZ's first demand. Guarantee shall be issued by EU bank with current rating from a rating agency (minimum acceptable level is Baa2 for Moody's, BBB for Standard & Poor's, or BBB for Fitch). The content of Guarantee has been accepted by BULGARTRNSGAZ. In case bank company issuing a bank guarantee, as appropriate, during the period referred to in point 5.11, loses the minimum rating referred to in the sentence above, the Participant is obliged to immediately, no later than within 30 (thirty) days from the loss of the rating, to provide financial security that meets the requirements of this Auction GTC. The bank guarantee must contain an obligation of the guarantor-bank to make an unconditional payment at BULGARTRNSGAZ first written demand in case the Participant had failed to perform its obligation to pay the due amounts under a signed GTA.

5.7. Financial security established in the form of cash deposit should be paid to the following bank account indicated by BULGARTRNSGAZ:

UniCredit Bulbank

IBAN: BG88UNCR76301476061042

BIC CODE: UNCRBGSF

The transfer should be entitled:

"Financial security INC NEGRU VODA 1/KARDAM". The time of submission of the security shall be deemed to be when BULGARTRANGAZ's account is credited.

5.8 Binding Bids by Participants will be accepted only within the limits of the Financial security which will have been presented to BULGARTRANGAZ according to the provisions above.

5.9. Ten (10) Business Days after completion of the capacity allocation in the Auction, the Participant shall have the right to Request to have the value of the submitted financial security adjusted to the capacity level allocated to the Participant, i.e. the calculation of the amount of financial security based on the amount of capacity allocated to him as a result of the Auction having in mind reserved existing available capacity on top of incremental if any.

5.10. From the moment of providing the Participants with the capacity created as a result of the Project implementation by BULGARTRANGAZ and TRANSGAZ, the amount of financial security that the Participant is required to maintain will be calculated on the basis of the fees for the provision of transmission services for the annual product allocated to the Participant as a result of the Auction, in accordance with the current Tariff.

5.11. The Participant who obtained the incremental capacity under the Auction is obliged to maintain the financial security submitted to BULGARTRANGAZ in full and in the form provided for in this Auction GTC, from the moment specified in point 5.3 until the last day of the second (2) month after the end of the last gas year of transmission services provided to the Participant as part of the capacity allocated in the binding phase of the incremental capacity.

5.12 After finishing every gas year of service provided, part of the Financial Security corresponding to the reserved capacity in this year can be released after participant request if the participant haven't due payments to BULGARTRANGAZ.

5.12 BULGARTRANGAZ shall not owe to the Participant any interests for the time when the amount of the Financial security established in the form of financial deposit has been kept with him in line herewith, nor any other additional payments of fees, expenses, etc. associated with the Financial security.

5.13. In the event that BULGARTRANGAZ uses Financial security, the Participant will be required to supplement the Financial security to the full required amount determined in accordance with the provisions of this Auction GTC each time within fifteen (15) days from the use of financial security by BULGARTRANGAZ.

6. Delays in the provision of the capacity, and/or disruption in the implementation of the Project

6.1. BULGARTRANGAZ shall notify Participants sufficiently in advance of any delays in making available the incremental capacity allocated in the Auction and/or any disruption in the implementation of the Project.

6.2. BULGARTRANGAZ will share with the relevant Participants the progress of the Incremental Capacity Project. By signing the GTA, the Participant shall be deemed to have accepted that, if the authorizations, permissions, easements, public procurement contracts and any other relevant land

rights necessary for the construction phase of the project are not obtained/signed or delayed, then the execution times for the implementation of the Incremental Capacity Project will be considered correspondingly extended, and BULGARTRANGAZ shall have no liability to any Participant in connection with such delays, other than what may be set out in the relevant GTA.

7. Force Majeure

7.1. "Force Majeure" means circumstances not reasonably foreseen by, unable to be avoided by and beyond the control of the Party, including but not limited to the following:

(a) extraordinary forces of nature: floods, earthquakes, landslides, fires, explosions and other unavoidable accidents;

(b) strikes, boycotts, lockouts, sabotage, military actions and wars.

7.2. For avoidance of doubt the lack of funds cannot be considered as Force Majeure.

A Force Majeure event does not include any act of public authorities of the country where the Party is incorporated or the country where the Party has its registered seat, or lack thereof.

7.3. Following the occurrence of any circumstances of Force Majeure, the affected Party shall notify the other Party of the occurrence and the expected extent and duration of such circumstances and take all economically reasonable measures, which may be useful to ensure the resumption of the normal performance of the Contract within the shortest possible time.

7.4. The termination of the Contract due to Force Majeure circumstances shall take place only by mutual consent of the Parties.

8. Other

8.1. After the commissioning of the Project, the Participant shall have the right to resell the capacity acquired in the Auction, on terms set forth in the GTA, on condition that the buyer shall accede to the Participant's rights and obligations set forth in this Auction GTC.