

OPEN SEASON

Phase 3

BINDING RULES

Project for development and expansion
of Bulgartransgaz EAD gas
transmission system (GTS)

03 December 2018

These binding Rules have been approved by the Energy and Water Regulatory Commission of the
Republic of Bulgaria by Decision No

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I. General information about Phase 3 of the Open Season Procedure

Within the period July 21, 2017 - August 21, 2017, Bulgartransgaz EAD conducted a market survey on the demand for incremental (new) gas transmission capacity, Open Season, Phase 1 (non-binding forecasts on the demand for incremental capacity to/from the neighboring market areas), to assess the need for development and expansion of the Bulgarian gas transmission infrastructure to the neighboring market areas. On the basis of the received requests, the potential new projects were set at pre-investment level, as well as the new and existing cross-border points for which there is demand of incremental capacity and their estimated incremental capacities in the main flow direction.

In the period March 27, 2018 - April 27, 2018, Bulgartransgaz EAD carried out Phase 2 of the Open Season Procedure (non-binding requests for incremental capacity).

On the basis of requests received from five potential network users within Phase 1 and Phase 2, as well as the pre-investment and technical surveys executed in coordination with the neighboring TSOs/project companies, the potential projects for incremental capacity were identified, which require expansion of the existing Bulgartransgaz EAD infrastructure, respectively the necessity of conducting binding capacity allocation procedure including an economic test and taking a final investment decision.

Within this Open Season Procedure the binding allocation of incremental capacity from the border with Turkey (physical entry) to the border with Serbia (physical exit), where for realization of the physical flow the following new and existing Bulgartransgaz EAD infrastructure will be used:

- ✓ From the Bulgarian - Turkish border to CS Strandzha - a new gas pipeline of 11 km length and 7,5 MPa operating pressure, where next to the existing CS Strandzha GMS Strandzha for commercial metering shall be constructed;
- ✓ From CS Strandzha to CS Nova Provadia - existing infrastructure of 155 km length and 5.4 MPa operating pressure functioning in reverse mode. In the region of CS Lozenets, connection with GMS Lozenets is foreseen;
- ✓ From CS Nova Provadia to the border with the Republic of Serbia, a new gas pipeline of 484 km length and 7,5 MPa operating pressure (to be constructed);
- ✓ Two new compressor stations - CS Nova Provadia close to the existing CS Provadia and CS Rasovo located at about 400 km from CS Provadia (to be constructed).

The estimated investment costs of the project amount to BGN 2 767 115 441 (two billion seven hundred and sixty seven million one hundred and fifteen thousand four hundred and forty-one BGN), excluding VAT.

Based on the requests of the potential users in the non-binding phases of the Open Season Procedure, the estimated gas calorific value and the technical parameters at pre-investment level, specified by the neighboring TSOs/project companies, the following technical capacities are expected to be available in the physical flow direction:

Point, physical flow direction	Technical capacity, (GWh/d)/y	Technical capacity, (mcm/d)/y
IP Strandzha 2/Malkoclar, TR>BG	567,43	54,6
IP Kirevo/Zaychar, BG>SR	395,20	38,0

To increase the efficiency of the Project realization in case the actual demand for incremental capacities on the basis of long-term binding bookings will be lower than the Offered Capacity, Bulgartransgaz EAD shall reconsider the technical design of the Project with account for possible costs' optimization.

On August 10, 2018, Bulgartransgaz EAD announced the aggregated data from the requests in Phase 2 of the procedure.

90% of the technical capacities shall be allocated on the long-term basis.

II. Rules for binding capacity allocation within Phase 3 of the Open Season Procedure

II.1. Definitions

The words and expressions, used herein shall have the meaning as indicated below:

"Bidder or Participant" shall mean a network user in line with the definition of Regulation (C) 715/2009, who submitted registration form to Bulgartransgaz EAD according to Article II.2 to take part in Phase 3 of the Open Season Procedure;

"Bid" shall mean the Bidder's proposal for a binding commitment to book capacity;

"Capacity Booking Contract or Contract" – a legally binding agreement to be concluded by Bulgartransgaz EAD with the Successful Bidder for provision of the firm capacities as a result of the Phase 3 of the Open Season Procedure. Harmonized Transport Contract as defined under the GTC shall not be applicable to the relationship between the Parties;

"Cross-Border Interconnection Points or IPs" shall mean the points of physical connection (after construction) of the gas transmission system owned and operated by Bulgartransgaz EAD and the gas transmission systems of the neighboring TSOs, located on the Bulgarian-Turkish border, and on the Bulgarian-Serbian border, subject of the long term capacity allocation in this Procedure. These are IP Strandzha2/Malkoclar on the Bulgarian-Turkish border and IP Kirevo/Zaychar on the Bulgarian-Serbian border. For avoidance of doubt, these points are qualified as entry points from and exit points to third countries, and, therefore, Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems (Commission Regulation (EU) 2017/459 of 16 March 2017; NC CAM) is not applicable according to Article 2 thereof;

"IP Kirevo/Zaychar" shall mean the point at the border between Bulgaria and the Republic of Serbia where the Bulgarian gas transmission system will be connected to the Serbian gas transmission system and where the physical delivery of gas will be executed. The measurement of the delivered quantities shall be done at the gas metering station Zaychar;

"IP Strandzha2/Malkoclar" shall mean the point at the border between Turkey and Bulgaria where the Turkish onshore extension of the Turk Stream pipeline will be connected with the Bulgarian gas transmission system and where the physical delivery of gas to Bulgartransgas EAD will be executed. The measurement of the delivered quantities shall be done at the gas metering station Standzha;

"Offered Capacity" shall mean the level of firm capacity offered in the Procedure, expressed in energy units per day at IPs in direction from Turkey to Bulgaria and from Bulgaria to Serbia;

"Operator" shall mean Bulgartransgaz EAD;

"Phase 3 of the Open Season Procedure or Procedure" shall mean the procedure by which Bulgartransgaz EAD allocates on a binding basis the offered incremental capacity at the cross-border IPs - IP Strandzha 2/Malkoclar and IP Kirevo/Zaychar;

"Project" shall mean the project for development and expansion of Bulgartransgaz EAD gas transmission system (GTS) directly related to the creation of the incremental capacities at the borders with Turkey and the Republic of Serbia and excluding any other projects;

"Reference price" shall mean the indicative initial price for booking of the capacities at the respective entry and/or exit point applicable in the Procedure during each respective phase of the Economic Test;

"Successful Bidder" shall mean the Bidder whose Bid (s) was (were) partially or fully accepted;

"Yearly Standard Capacity Product" shall mean capacity product for which Bidders can apply for through the gas year, starting on 1 October of the calendar year and ending on 1 October in the next calendar year, taking into account the allowed days for Scheduled maintenance in line with the Contract;

"ENTSO-G" shall mean the European network of transmission system operators for gas in line with Regulation (C) 715/2009, in which Bulgartransgaz EAD is a full member.

"F-Factor" shall mean the share (0,9) of the current value of Bulgartransgaz EAD required revenues, related to the incremental capacity, covered by the total current amount of the binding commitments to contract capacity undertaken by network users within the Procedure.

"Required Credit Rating" shall mean external credit rating minimum of "investment grade" from Standard & Poors, Moody's, Fitch or Creditreform.

11.2. Registration of Bidders

Bidders willing to participate in the Phase 3 of the Open Season Procedure shall register in line with the schedule laid down in Annex 1.

In order to register for participation in this Procedure, Bidders shall complete the registration form (Annex 2) duly signed by a person(s) authorized to sign legally binding documents for their company and submit it to Bulgartransgaz EAD.

The following documents shall be submitted together with the registration form:

- a document proving the current legal status of the Bidder - a commercial register excerpt. The document shall be issued no earlier than one month before the date of submission of the registration form and shall clearly indicate the person(s) entitled to sign legally binding documents on behalf of the Bidder;
- original documents, certifying that the Bidder is not in insolvency procedure, in liquidation procedure and has not been declared bankrupt. In case national legislation of the state of incorporation of the Bidder does not provide for such documents being issued by the state authorities, the Bidder shall submit a written statement signed by a duly authorized person confirming that such a document is not subject of issuing according to the relevant national legislation and the Bidder is not in insolvency procedure, in liquidation procedure and has not been declared bankrupt;
- a special power of attorney certified by a notary, in case the registration form was signed by a person not entered in the commercial register as entitled to represent the company and sign legally binding documents on behalf of the company;

All documents listed above shall be submitted in original in the language of their issuance and shall be accompanied by a translation into Bulgarian or English language. The documents shall be certified by an apostille in line with the Hague Convention of 1961 and the translation shall be notarized.

Bulgartransgaz EAD shall confirm the successful registration.

Please note that registration forms with supplementing documents not received before December 10, 2018, 5:00 p.m. (Bulgarian time) will not be considered.

The registration form, together with the required documents, shall be filed in a sealed, opaque envelope by registered mail, by courier or personally in Bulgartransgaz EAD Registry office. The envelope shall bear the Bidder's name and indication "Registration form for participation in the binding phase of Open Season Procedure". The Bidder shall also provide a copy of the registration form with the required documents by e-mail capacity@bulgartransgaz.bg in order for Bulgartransgaz EAD to proceed with the registration before receiving originals of the documents. If the originals of the registration documents are not received by Bulgartransgaz EAD by the end of the day (5:00 p.m. (Bulgarian time)) before the date of publishing of the aggregated results of phase 1 of the Economic test of the Procedure (according to Annex I), the documents shall be considered unreceived and respective Bids shall be discounted.

11.3. Bids submission time window

The Bid form (Annex 3) together with the two copies of the signed Capacity Booking Contract (with the capacity volumes, term and other conditions specified according to the Bid form) shall be submitted by registered post, by courier or personally in Bulgartransgaz EAD Registry office during the submission tender window indicated in Annex 1. The Bid form shall be filed in a sealed, opaque envelope. The envelope shall bear the Bidder's name and indication "Bid form in the binding phase of the Open Season Procedure". The Bidder shall also provide a copy of the Bid form by e-mail capacity@bulgartransgaz.bg in order for Bulgartransgaz EAD to proceed with the binding phase before receiving originals of the documents. If the originals of the documents are not received by Bulgartransgaz EAD by the end of the day (5:00 p.m. (Bulgarian time)) before the date of publishing of the aggregated results of the respective phase of the Economic test of this Open Season Procedure (according to Annex I), the documents shall be considered unreceived and respective Bids shall be discounted.

By submitting the Registration form and the Bid form, the Bidder agrees, accepts and fully acknowledges the current Rules, as well as the contractual terms and conditions, as specified in the attached Capacity Booking Contract.

In case of a successful Economic test, Bulgartransgaz EAD shall inform Successful Bidders accordingly, counter-sign and send the Capacity Booking Contract to each Successful Bidder within the term laid down in Annex 1 hereto.

These Open Season Rules and the attached Capacity Booking Contract are binding for both, the Bidder and Bulgartransgaz EAD.

11.4. Confidentiality

Bulgartransgaz EAD (receiving party) acknowledges that all data, information or notices, which Bidders shall submit in the binding phase of the Open Season Procedure, shall be considered confidential. Bulgartransgaz EAD declares that such confidential information shall be used only in connection with the assessment of the this Procedure results and the needs of realising the respective projects and cannot be disclosed to any third parties, except for the neighbouring TSOs/project companies in Turkey and Serbia on the interconnected capacities, without the written agreement of the respective Bidder.

The obligation for non-disclosure shall not relate to information which:

- is in the public domain or – for any reason other than the act or omission to act of the receiving party – becomes publicly available on a later stage, or
- has been proven to be property of the receiving party prior to it becoming publicly known by the respective Bidder, or
- the receiving party has acquired such information by a third party which is beyond the confidentiality obligation concerning the interested party (The Bidder); or
- is published or is disclosed by virtue of law, provision dealing with stock exchanges or order of a body inasmuch as such disclosure is required by law or
- is notified to the respective regulatory authorities for the purposes of Project assessment.

The possible termination of this Procedure or of the Project (hereinafter – the Termination) for any reason whatsoever shall not prejudice the confidentiality obligation, which expires three years after the date of Termination.

II.5. Capacity allocation and applicable tariffs

Within this Procedure, only long-term firm capacity in the expected direction of the physical flow will be offered at the specified points. Firm capacities on a short-term basis, long-term and short-term interruptible capacities and long-term and short-term capacities for reverse commercial transport (backhaul) for these points shall be allocated by Bulgartransgaz EAD at regular auctions on the Capacity Booking Platform, according to NC CAM in line with the auction calendar as prepared by ENTSOG.

The amount of the Offered Capacity, the start date of its availability and the applicable reference prices are the following:

II.5.1. IP Strandzha 2/Malkoclar:

Bulgartransgaz EAD parameters	
Number of the offered gas years	15
Amount of the Offered Capacity in Phase 3 of the Open Season Procedure	510 688 800 (kWh/d)/y
First availability	1 January 2020
Flow direction	From Turkey to Bulgaria
Minimum capacity for booking - Unit	10 000 (kWh/d)/year
Reference price	322.44 BGN/MWh/d/year ¹ (VAT excluded)

II.5.2. IP Kirevo/Zaychar:

Bulgartransgaz EAD parameters	
Number of the offered gas years	15
Amount of the Offered Capacity in Phase 3 of the Open Season Procedure	113 970 000 (kWh/d)y as of 01.01.2020 until 01.10.2021 355 680 000 (kWh/d)/y – as of 01.10.2021
First availability	1 January 2020

¹ Tariff as of January 1, 2020, subject to annual indexation, according to the approved by the EWRC

Bulgartransgaz EAD parameters	
Flow direction	From Bulgaria to Serbia
Minimum capacity for booking - Unit	10 000 (kWh/d)/year
Reference price	542.97 BGN/MWh/d/year ² (VAT excluded)

The Reference price is determined by Bulgartransgaz EAD in accordance with the methodology of pricing approved by EWRC (hereinafter – the Methodology). The Methodology shall be published before the start of the Phase 3 of the Open Season Procedure and shall not be subject to any changes during the Procedure and the whole duration of the Contract.

Bulgartransgaz EAD shall have a right to adjust the Reference price solely because of new data for the Project's investment costs and/or corresponding cost of debt financing in comparison to previous estimations of Bulgartransgaz EAD used for calculation of the Reference price. Such right may be exercised once and until 1 March 2019. Such changes, if any, shall be notified in the written form to the Successful Bidders by 1 March 2019. The Reference price adjusted in accordance with this provision or the Reference price which was not adjusted shall be the final price (hereinafter – the Final price).

The Final price shall be fixed for the whole duration of the Contract and shall be indexed for each gas year after the first one by an inflation rate, declared by the National Statistical Institute of the Republic of Bulgaria in accordance with the Contract (Annex 6).

If at any time Bulgartransgaz EAD sells as short-term or long-term Firm entry capacity at the IP Strandzha-2/Malkoclar and/or short-term or long-term Firm exit capacity at the IP Kirevo/Zaychar, which capacities were not initially sold during the Procedure, then such revenues shall be distributed equally among all Successful Bidders proportionally to the amount of the booked capacities during applicable calendar year in a form of separate payment during the first month of the following gas year.

In the event of actual natural gas transportation, the Successful Bidders additionally to payment of the Final price for capacity booking shall compensate the Operator variable costs for technological gas actually incurred by the Operator directly related to the technological process of natural gas transmission within the Project and consisting of: fuel gas required for the operation of compressor stations and gas for technological losses (hereinafter - the Variable Technological Costs). Compensation of the Variable Technological Costs can be done by monetary payment (hereinafter – the Transportation price) or by provision of gas in kind at discretion of the Successful Bidders.

The Transportation price shall be paid for the actually transported quantities and shall be charged at each IPs. The Transportation price shall be calculated by the Operator not later than September 20 by division of the estimated value of the Variable Technological Costs corrected with positive or negative sign for reimbursement to the sum of estimated transported quantities at each IP of the Project in the following gas year.

The estimated transported quantities shall be defined on the basis of quantities expected to be transported within the Project in the following gas year and taking into account quantities actually transported (if any) within the Project during the previous gas year.

² Tariff as of January 1, 2020, subject to annual indexation, according to the approved by the EWRC

The Operator shall develop and publish a Variable technological costs methodology before the start of commercial operation of the Project subject to consultations with the Successful Bidders and taking into account best industry practice.

For the purpose of the above mentioned provisions the technological losses shall consist of the imbalance caused solely by the inaccuracy of measurement equipment at gas metering stations of the Project and reasonable quantities of natural gas for the following technological needs: gas heating, amount of gas evacuation in the atmosphere during repair works, preventive works and failures along the gas transmission network, technological costs when operating launch and receive traps of pigging tools, technological costs when activating safety relief valves of the equipment involved in the transmission.

The fuel gas shall be compensated to the Operator by each Successful Bidder in line with the actual consumption but not higher than rate of [x%] of actually transported quantities of such Successful Bidder or price thereof.

The technological losses shall be compensated to the Operator by each Successful Bidder in line with the actual consumption but not higher than rate of 0,1 % of actually transported quantities of such Successful Bidder or price thereof.

These upper limits of technological losses and fuel gas quantities may only be changed subject to the agreement of all Successful Bidders.

The overall upper limit of the technological losses and fuel gas as determined above shall jointly mean the Variable technological costs cap.

By 20 September of each year the Operator shall calculate the difference between the overall amount of the Variable Technological Costs compensated by each Successful Bidder during the period from 1 September of the preceding year to 31 August of the current year and actual amount of the Variable Technological Costs related to the provision of transportations services (monetary or in-kind) to each Successful Bidder incurred by the Operator during such period.

In case of positive difference, the Operator shall reimburse the Successful Bidders the corresponding difference.

In case of negative difference, the Successful Bidders shall reimburse the Operator the corresponding difference subject to the Variable technological costs cap defined above in this article.

II.6. Economic Test

This section describes the process of the Economic Test and the time windows for Bids submission, as well as the conditions for positive result from the Economic Test for determining the economic viability of the Project.

II.6.1 Description of the process

Bids submission time window:

Bids related to the conduct of phase 1 of the Economic Test shall be submitted by December 11, 2018, 5:00 p.m., Bulgarian time in accordance with the rules specified in Article II.3 hereof.

In the case of conduct of phase 2 of the Economic Test, the Bids regarding the conduct of the phase shall be submitted by December 19, 2018, 5:00 p.m., Bulgarian time in accordance with the rules specified in Article II.3 hereof.

In the case of conduct of phase 3 of the Economic Test, bids related to the phase, shall be submitted by December 28, 2018, 5:00 p.m., Bulgarian time according to the rules set out in item II.3. of these Rules.

Principles of conduction of Economic Test within Phase 3 of the Open Season Procedure

General principles:

Following completion of each phase of the Economic Test, Bulgartransgaz EAD shall notify the Bidders of the individual and aggregated results from capacity allocation, as well as whether after completion of the phase, the Economic Test has been positive, within the deadlines specified in Annex 1.

In case of a positive result of the Economic Test, Bulgartransgaz EAD shall send Bids approval in the form of a Capacity Booking Contract, duly counter-signed by Bulgartransgaz EAD, by registered mail or by courier to the Successful Bidders within the term laid down in Annex 1.

In case phase 1 of the Economic Test has a negative result, Bulgartransgaz EAD shall notify the Bidders of the negative test result and the conditions for phase 2 of the Economic Test by December 17, 2018 and start the phase 2 of the Economic Test.

In case phase 2 of the Economic Test has a negative result, Bulgartransgaz EAD shall notify Bidders of the negative test result and the conditions for Phase 3 of the Economic Test by December 27, 2018 and start the phase 3 of the Economic Test. If phase 3 of the Economic Test has a negative result, then the Economic Test will be negative.

Bulgartransgaz EAD shall inform the Bidders about the termination of Phase 3 of the Open Season Procedure by January 5, 2019, retaining the right to launch a new one after carrying out additional studies.

In such a case, Bulgartransgaz EAD shall release the financial guarantees provided for contract execution of all Bidders according to Article II.6.4.

Bulgartransgaz EAD shall make a publication on the successful completion of the Open Season Procedure and launch a procedure on taking the final investment decision for the Project.

The financial security for contract execution provided under Article II.6.4, shall be reimbursed to the Bidders who have not become Successful Bidders.

Phase 1 of the Economic Test

The conduct of phase 1 of the Economic Test shall be based on the Bids submitted by the registered Bidders, according to the term of Annex 1.

Phase 2 of the Economic Test

In case of a negative result from the conduct of phase 1 of the Economic Test, phase 2 of the Economic Test shall be conducted on the basis of the Bids submitted by the registered Bidders within the term of Annex 1. Bulgartransgaz EAD has the right to change the following parameters in order to increase the probability of a successful Economic Test:

- ✓ Booking price and/or;
- ✓ Amount of the Offered Capacity and/or;
- ✓ Term for capacity booking.

The term for capacity booking can be extended up to 20 years.

Phase 3 of the Economic Test

In case of a negative result from the conduct of phase 2 of the Economic Test, phase 3 of the Economic Test shall be conducted on the basis of the Bids submitted by the registered Bidders within the term of Annex 1. Bulgartransgaz EAD has the right to change the following parameters in order to increase the probability of a successful Economic Test:

- ✓ Booking price and/or;
- ✓ Amount of the Offered Capacity and/or;
- ✓ Term for capacity booking.

11.6.2 Condition for a successful Economic Test

Bulgartransgaz EAD Economic Test will be positive if the current value of the binding commitments of the Bidders is equal to or higher than the present value of the approved required revenues of Bulgartransgaz EAD related to the incremental capacity, considered in this Procedure, in their part designated to be covered by long-term capacity bookings, according to the following formula:

$PV_{bc} > = F\text{-Factor} * PVRR$, where:

PV_{bc} is the total present value of Bidders' binding commitments;

$PVRR$ is the present value of Bulgartransgaz EAD required revenues related to the incremental capacity, approved by EWRC;

F-factor is in line with the definition in these Rules.

In calculating the current values, for a discount factor shall be assumed the determined rate of return on capital of Bulgartransgaz EAD, equal to rate of return of capital before taxation, approved by EWRC.

The Economic Test is based on the results from the capacity allocation, subject to and limited to predetermined conditions, expressed by Bidders in the Bid Form (Annex 3).

Economic Test for 15 years for incremental capacity as a result of potential realization of the project shall be based on the following condition:

$PV_{bc} > = 2\,676\,718$ thousand BGN

That means that the Economic Test for the Projects will be positive only if the total current value of Bidders' binding commitments is equal to or higher than 2 676 718 thousand BGN. The total current value of the binding commitments in this procedure is defined as the sum of the discounted annual revenues for the Projects period, obtained by summing up the results from the multiplication of the sum of the booking prices of the relevant points and the booked capacity for each Successful Bidder.

11.6.3 Capacity allocation principles within Phase 3 of the Open Season Procedure

Main capacity allocation principles

- Capacities at each IP are allocated separately for each proposed gas year;

- Bidders are allowed to submit no more than 1 (one) Bid within the bid submission time window for the gas year, i. . no alternative Bids by one Bidder for the same gas year can be submitted.

Capacity allocation methodology

- The Bid submission time window is the time period, laid down in Annex 1, whereas:
 - Bids beyond the set term shall not be reviewed or assessed;
 - Bids shall meet the formal requirements, as laid down below.
- In their Bid and in line with the Bid Form, the Bidder shall indicate the following data (Annex 3):
 - The respective capacity quantity that he intends to book, expressed in kWh/d/y, whereas Bids, containing quantities of capacity, larger than the Offered Capacity, shall be reduced to the level of the Offered Capacity;
 - The respective gas year/s;
 - The minimum quantity the Bidder would accept if the entire request cannot be fulfilled;
 - Way of compensation of Variable Technological Costs.
- Conditionality set in advance, if any, i. . whether the Bidder accepts possible partial fulfilment of their bid in case the whole nominated capacity cannot be allocated to them, for a certain year and/or for the whole period of the request;
- In every time window for Bids submission, only one Bid can be submitted for one gas year at a certain IP. Bids, containing more than one 1 (one) nominations for quantity of capacity for the same gas year, shall be rejected.
- Bids shall be assessed as follows:
 - The requested capacity by each Bidder shall be ranked in descending order, i. . starting with the largest requested capacity. The largest requested capacity shall take precedence before the smaller ones;
- In case of overbooking in some or in all gas years, the following capacity allocation methodology for each gas year shall apply:
 - The largest capacity request shall be allocated first;
 - The remaining unallocated capacity shall be allocated by considering the second, third, fourth, etc. largest requested capacity, depending on the available capacity after each step of allocation and provided that the conditions indicated by the Bidder are met;
 - In case of equal amounts of requested capacities by different Bidders for the same gas year, such Bids shall be allocated firstly to the Bidder indicating a longer booking period, and if Bids are equal under this criterion as well, requests shall be reduced proportionally, taking into account also the minimum allowed quantity, if set as condition.

II.6.4 Security for Contract' s performance

Bidder is bound by the offer made within this Open Season Procedure and is obliged to provide a signed Capacity Booking Contract together with the Bid as specified in Article II.3 hereof.

Bulgartransgaz EAD undertakes to counter-sign the Capacity Booking Contract with a Successful Bidder in accordance with Annex 1 hereto.

Together with the completed Bid form and a signed Capacity Booking Contract the Bidder subject to the Rating exemption defined below shall provide Bulgartransgaz EAD a financial security in order to secure performance of the Contract in accordance with the Capacity Booking Contract (Annex 6).

Subject to the Rating exemption defined below Bulgartransgaz EAD will not allow Bids submitted without signed Contract and / or financial security under this section.

The financial security for the capacities booked for the period from one year or longer to three years should cover the annual payment for the Booked capacities for the upcoming gas year in accordance with Table 1 of the Contract and applicable Booking price.

The financial security for the capacities booked for the period of more than three years should cover the three times the highest annual payment for the Booked capacities for the upcoming gas years in accordance with Table 1 of the Contract and applicable Booking price.

Financial security must be provided in one of the following forms:

1. Cash deposit in BGN to bank account:

Unicredit Bulbank AD

Address: 7 Sveta Nedelya square, 1000 Sofia

IBAN: BG52UNCR76301078435701

SWIFT: UNCRBGSF

Reason for payment: Financial security for Contract' s performance

2. Bank guarantee:

Bank guarantee according to the template in Annex 4 hereto.

3. Corporate guarantee:

Corporate guarantee according to the template in Annex 5 hereto or in a form agreed with the Operator.

The Corporate guarantee shall be issued by a legal entity with minimum credit rating "investment grade" issued from one of the follow agencies: Standard & Poor's, Moody's, Fitch or Creditreform. The guarantee shall be accompanied by a certificate for a credit rating of the legal entity guarantor and a special decision of the guarantor Management board for issuing the guarantee.

The Bidders with either of the following credit ratings:

- a Standard & Poor's long-term rating of BBB- or better, or
- a Fitch rating of BBB- or better, or
- a Moody's long-term rating of Baa3 or better, or
- 235 points or less according to Creditreform (credit index score 2.0)

or the Bidders who are 100% owned by companies which satisfy the above listed condition, are not obliged to provide any of the abovementioned financial securities (hereinafter – the Rating exemption).

The certificate for credit rating must be issued by the stated agencies above. Certificates issued by other organizations will not be accepted.

The Bids of the Bidders that does not comply with the Rating exemption and does not provide required financial security will not be considered.

Bulgartransgaz EAD at any time after conclusion of the Contracts with the Successful Bidders falling under the Rating exemption shall have a right at its sole discretion to request such Successful Bidders to provide financial security and such Successful Bidders are obliged to provide the financial security in 30 business days (form of the financial security can be selected by the Successful Bidders at their discretion).

II.6.5. Principles of capacity allocation

1. The capacities at the IPs in this Procedure are determined and provided by the Operator independently of one another and according to the deadlines and levels set out in the tables included in Article II.5.1. and Article II.5.2.
2. Each Bidder has the right to apply for and book only entry or only exit capacity, or a combination of entry and exit capacity for the indicated period.

III. Miscellaneous

1. Bulgartransgaz EAD at any time before December 31, 2018 shall have the right to suspend and/or terminate the Procedure, by sending official notice to the Bidders and EWRC, as the case may be.
2. Neither Bulgartransgaz EAD, nor the Bidder shall be liable to each other for any damage arising out of or in connection with the Procedure unless such damage is the result of a wilful act or omission, or arises from the gross negligence of the party concerned.
3. This document shall be binding on the Operator and the Bidders, their respective successors and any permitted assignee or transferee of all of some of a their rights and obligations under this document. The Bidder may assign to third parties any of its rights or obligations under this document, whether in whole or in part, only with the explicit written consent of Bulgartransgaz EAD.
4. This document and its annexes shall be governed by, construed and take effect in accordance with the Bulgarian law. The Bulgarian judicial authorities have exclusive jurisdiction to hear and settle any action, claims, proceeding or dispute in connection with this document and its annexes, and the Operator and the Bidders shall irrevocably comply with the jurisdiction of those judicial authorities.

IV. Annexes

The below annexes are integral parts of Phase 3 of the Open Season Procedure and are published on Bulgartransgaz EAD website:

- Annex 1 – Schedule for conduct of Phase 3 of the Open Season Procedure for Project for development and expansion of Bulgartransgaz EAD gas transmission system;
- Annex 2 – Registration Form;
- Annex 3 – Bid Form;
- Annex 4 – Bank Guarantee Form;
- Annex 5 – Corporate Guarantee Form;
- Annex 6 – Template of the Contract.

SCHEDULE FOR CONDUCT OF PHASE 3 OF THE OPEN SEASON PROCEDURE OF PROJECTS FOR DEVELOPMENT AND EXPANSION OF BULGARTRANGAZ EAD GAS TRANSMISSION INFRASTRUCTURE

Step	Date*
Publishing of the binding rules for the Phase 3 of the Open Season Procedure	03.12.2018
Bidders' registration	05.12.2018-10.12.2018
Bids' submission by the Bidders	11.12.2018
Conduct of phase 1 of the Economic Test	until 13.12.2018
Bulgartransgaz EAD publishing of the aggregated results from the submitted Bids and the result from the Economic Test	17.12.2018
In case of a positive result of the Economic Test in phase 1	
Bulgartransgaz EAD shall send to the Successful Bidders a signed Capacity Booking Contract and takes final investment decision	19.12.2018
In case of a negative result – phase 2 of the Economic Test shall be conducted	
Bulgartransgaz EAD publishes the conditions for phase 2 of the Economic Test	17.12.2018
Bids' submission by the Bidders	19.12.2018
Conduct of phase 2 of the Economic Test	until 21.12.2018
Bulgartransgaz EAD publishing of the aggregated results from the submitted Bids and the result from the Economic Test	25.12.2018
In case of a positive result of phase 2 of the Economic Test	
Bulgartransgaz EAD shall send to Successful Bidders a signed Capacity Booking Contract and takes the final investment decision	27.12.2018
In case of a negative result of phase 3 of the Economic Test, phase 3 of the Economic Test shall be conducted	
Bulgartransgaz EAD publishes the conditions for phase 3 of the Economic Test	27.12.2018
Bids' submission by the Bidders	28.12.2018
Conduct of phase 3 of the Economic Test	until 31.12.2018
Bulgartransgaz EAD publishing of the aggregated results from the submitted Bids and the result from the Economic Test	31.12.2018
In case of a positive result of phase 3 of the Economic Test	
Bulgartransgaz EAD shall send to Successful Bidders a signed Capacity Booking Contract and take the final investment decision	31.12.2018
In case of a negative result of phase 3 of the Economic Test, the Procedure will be terminated	

* If the procedure is launched later than 03.12.2018, the indicated dates in the schedule will automatically be extended by the period of such delay.

The completed and signed copies of this
Registration Form should be submitted to:

Bulgartransgaz EAD
Lyulin 2 Residential district
66 Pancho Vladigerov Blvd.
1336 Sofia, POB 3
Bulgaria

Registration form

for participation in Phase 3 of Open Season Procedure for Project for development
and expansion of the gas transmission infrastructure

Dear Sir and Madam,

Hereby, we, /fill in the name of the Bidder according to the legal
registration/, with seat and management address at:,
UIC, VAT No, represented by /fill in the full
name and job position of the signatory/, with Power of attorney No of 2018 /fill in
if the signatory is an authorized representative/, would like to register to participate in the
binding Phase 3 of Open Season Procedure for Project for development and expansion of the gas
transmission infrastructure, conducted by Bulgartransgaz EAD.

By submitting the completed and duly signed Registration Form, we confirm that we agree with
and accept the Open Season Phase 3 Binding Rules, approved by EWRC, as well as the terms of
the Capacity Booking Contract in line with Annex 6 of Open Season Phase 3 Binding Rules.

We present the following documents:

1. Excerpt from the commercial register proving the current legal status of the company;
2. Power of Attorney;
3. Others

.....

/name, surname and signature/

Stamp

Date:

Form

for submission of binding Bids for incremental transmission capacity within Phase 3 of Open Season Procedure for Project for development and expansion of Bulgartransgaz EAD gas transmission infrastructure

From, /fill in the name of the bidder according to the legal registration/, with seat and management address at:, UIC, VAT No, represented by /fill in the full name and job position of the signatory/, with Power of attorney No of 2018 /fill in if the signatory is an authorized representative/, No of the Registration form provided by Bulgartransgaz EAD

I. Completing the information

In order to submit binding Bids for incremental transmission capacity at the cross-border interconnection points, indicated in the Open Season Procedure Phase 3 Binding Rules, you should complete the following Form:

- (1) The points for which your company submits a binding Bid for incremental capacity;
- (2) The demand for incremental capacity by your company by gas year/s for each point (one row = one unit of nominated capacity);

Please fill out the entire information required below.

Bids (to be offered in kWh/d/y)			
Gas year	IP Strandzha 2 /Malkoclar (Turkey>Bulgaria)		
	Requested Firm capacity	Minimum capacity	Requested Firm capacity
2019/2020(from 1.01.2020 to 1.10.2020)			
2020/2021			
2021/2022			
2022/2023			
2023/2024			
2024/2025			
2025/2026			
2026/2027			
2027/2028			
2028/2029			
2029/2030			
2030/2031			
2031/2032			

2032/2033			
2033/2034			
2034/2035			
2035/2036			
2036/2037			
2037/2038			
2038/2039			
Bids (to be offered in kWh/d/y)			
Gas year	IP Kirevo/Zaychar (Bulgaria>Serbia)		
	Requested Firm capacity	Minimum capacity	Requested Firm capacity
2019/2020 (from 1.01.2020 to 1.10.2020)			
2020/2021			
2021/2022			
2022/2023			
2023/2024			
2024/2025			
2025/2026			
2026/2027			
2027/2028			
2028/2029			
2029/2030			
2030/2031			
2031/2032			
2032/2033			
2033/2034			
2034/2035			
2035/2036			
2036/2037			
2037/2038			
2038/2039			

Please indicate the conditionalities related to the submitted Bids:

II. Minimum capacity

I do not accept allocated capacity in case it is less than the minimum capacity specified in the table above;

I accept unconditionally the result of the capacity allocation regardless the possibility that capacity can be allocated in the amount smaller than the minimum capacity specified in the table above;

I do not accept allocated capacity in case it is less than the minimum capacity specified in the table above for any of the specified years;

(Please tick with x the selected option. Please note that if the second option is selected, the filled in the table minimum capacity, if any, shall not be taken into account)

III. I will compensate the Variable Technological Costs:

In kind;

By paying the Transportation price.

(Please tick with x the selected option.)

By submitting the completed and duly signed Registration Form (Annex 2 of Open Season Phase 3 Binding Rules) and this Bid Form we confirm that we agree with the enclosed Capacity Booking Contract in line with Annex 6 of Open Season Phase 3 Binding Rules in accordance with our request herein and we submit two copies of duly signed Capacity Booking Contract.

.....

/name, surname and signature/

Stamp

Date: