Rules on the conduct of commercial operations at the Negru Vodă 1/Kardam IP according to the provisions of the INTERCONNECTION AGREEMENT (IA) concluded between BULGARTRANSGAZ EAD and TRANSGAZ

1. General backgound

- The Negru Vodă 1/Kardam interconnection point represents the DN 1000 interconnection between the Isaccea 1 - Negru Vodă 1 pipeline and the transmission system operated by BULGARTRANSGAZ, and is located at the Romanian-Bulgarian border near Negru Vodă (on the territory of Romania) and near Kardam (on the territory of Bulgaria).

- These **Rules** agreed between the two neigbouring transmission system operators are applied during the implementation of capacity booking contracts concluded between the transmission system operators and the NU, **both in the Romania-Bulgaria (RO > BG) physical flow direction and in the Bulgaria-Romania (BG > RO) physical flow direction.**

- The Interconnection Agreement concluded between TRANSGAZ and BULGARTRANSGAZ includes the provisions of Regulation (EU) No. 312/2014 and Regulation (EU) No. 703/2015, on the operation of the interconnection points located at the border between two EU Member States.

- The **data exchange** necessary for conducting the daily processes **between the NU and TRANSGAZ** and **between TRANSGAZ and BULGARTRANSGAZ will be only in kWh(n),** based on the GCV and the reference conditions (25°C/0°C).

- **Gas day** means the period from 5:00 UTC to 5:00 UTC the following day for winter time and from 4:00 UTC to 4:00 UTC the following day when daylight saving is applied.

- The deadlines provided in the Interconnection Agreement concluded between TRANSGAZ and BULGARTRANSGAZ comply with the UTC (coordinated universal time). For a better understanding and and application of the processes, we would like to mention that the Romanian time was also included in this document, mening UTC + 2 hours in winter time and UTC + 3 hours in summer time.

2. Capacity booking

- Transmission capacity at the **Negru Vodă 1/Kardam IP** on the Isaccea 1-Negru Vodă 1 pipeline will be booked by auctions held on the Regional Booking Platform operated by FGSZ Ltd., according to the Operational Rules of the Regional Booking Platform and to ANRE Order 34/19 July 2016, as further amended and supplemented (ANRE Order 158/2019, ANRE Order 215/2019, ANRE Order 13/2021 and ANRE Order 80/2022), and will be expressed in kWh/day(n), based on the GCV and the reference conditions (25°C/0°C).

Starting with the daily capacity offer for 07.07.2022 (firm day-ahead products auction, from 06.07.2022), following the approval and publication of ANRE Order 80/2022, to fulfil the commitments made to the European Commission, Transgaz offers two types of capacity to the market, at the Negru Vodă 1 IP, in the RO→BG direction.

Thus, Transgaz's capacity offer is divided on the RBP platform into two simultaneous auctions with two **different types of capacity**:

- **firm capacity with access to the VTP in Romania**, identified on the RBP platform with the acronym **FZK**, and

- **firm capacity without access to the VTP, subject to capacity booking at the Isaccea 1 IP, entry,** identified on the RBP platform with the acronym **DZK**.

- The separation of the capacity offer on Transgaz side does not affect the aggregation of the capacities with the firm capacity offer of Bulgartransgaz. The RBP platform offers the possibility to apply a special offer aggregation algorithm, so that Transgaz offers (FZK and DZK) will be aggregated simultaneously with Bulgartransgaz's firm capacity offer of the FIRM type. Capacity booking at the **Negru Vodă 1/Kardam IP in the RO→BG direction** must meet the following condition established in ANRE Order 13/2021:

  `At the Negru Vodă 1 interconnection point, in the exit direction, the available firm/interruptible capacity will be booked without access to VTP, and only if, at the interconnection point Isaccea 1, in the entry direction, the same NU books a capacity at least equal to that requested at the interconnection point Negru Vodă 1.`

3. Gross calorific value (GCV)

- **TRANSGAZ publishes on its website the value of the GCV related to each gas day**, which is determined under the reference conditions (25°C/0°C);

- **The gross calorific value related to gas day D-1 is displayed daily, until 12:00 hrs, Romanian time** (10:00 UTC in winter time and 09:00 UTC in summer time) **of gas day D**, on TRANSGAZ's webpage at:

http://www.transgaz.ro/ro/clienti/informatii-operationale/pcs

4. (Re-)Nomination

- The (Re-)Nomination must not exceed the booked capacity.

- The (Re-)Nomination at the Negru Vodă1/Kardam IP is made separately for:
  - bundled firm capacity - unilateral (re-)nomination,
  - unbundled firm capacity – bilateral (re-)nomination,
  - interruptible capacity - bilateral (re-)nomination.

- At the Negru Vodă1/Kardam IP in the NTS exit direction, SNTGN Transgaz SA accepts the (re-nomination of the NU related to the booked capacity without access to the VTP only within the limit of the quantities nominated at the Isaccea1/Orlovka1 IP, in the NTS entry direction

- The NU must send to infogaz@transgaz.ro two e-mail addresses for communications regarding the (re-)nomination process.

- The NU may submit nominations for gas day D until 13:00 UTC (winter time) and 12:00 UTC (summer time) of gas day D-1. The nominations are delivered to Transgaz broken down by each type of booked capacity.

- The NU may submit re-nominations for gas day D between 15:00 UTC in winter time and 14:00 UTC in summer time of gas day D-1, and between 02.00 UTC in winter time and 01:00 UTC in summer time of gas day D. A re-nomination cycle starts at each sharp time of the hourly interval mentioned above. The re-nominations are made for the entire interval left until the end of the gas day and are taken into account two hours after the hourly re-nomination cycle.

- If a re-nomination was not sent by a NU or was rejected by TRANSGAZ, the last quantity confirmed by the NU will be used, if it exists.

- The submitted (re-)nomination are introduced in the GMOIS platform by the NU. If the GMOIS platform is not operational, the (re-)nominations will be sent as an excel document at infogaz@transgaz.ro and will include:

    a. the gas day for which the (re-)nomination is made
    b. the code of the network point,
    c. the flow direction,
    d. the required amount in kWh/day, (25,0°C)
    e. the NU code (EIC),
    f. the NU pair code (EIC).

- The NU may view the confirmed (re-)nominations in the GMOIS platform. If the GMOIS platform is not operational, the NU will be notified regarding the confirmed nominations by excel files.

5. Metering

- For the physical flow in the Romania - Bulgaria (RO > BG) direction or in the Bulgaria – Romania (BG>RO) direction, the quantity and quality of the transmitted gas is metered and determined at the Negru Vodă 1 Gas Metering Station by the equipment owned, controlled and operated by TRANSGAZ.

6. Allocation

- **Transgaz establishes the allocation of the confirmed quantities** for each Pair of Network Users, daily, **until 10:30 Romanian time** (8:30 UTC winter time and 07:30 UTC summer time) **for each previous gas day**.

- **The allocation** of the quantities delivered to and/or received by the NU **is performed at the level of the confirmed quantities** for delivery/taking over and is expressed in kWh under reference conditions (25°C/0°C).This allocation procedure **is based on the Operational Balancing Account (OBA)**;

- The allocation procedure based on the OBA is not applied in the following situations:

    – The actual deliveries are interrupted because of the inappropriate quality of the natural gas;

- The actual deliveries are limited or interrupted because of the non compliance with the pressure conditions required at the Negru-Vodă 1/Kardam GMS;
- The limitation range accepted for the total balance position value cannot be restored.

- For each day D when any of the situations mentioned above occurs, **the quantity measured daily is allocated** to the NU pairs **proportionally to their confirmed gas quantities** in both directions of the IP, as applicable.