

**Public Consultation
of the draft Project Proposal
for the 2021 Incremental Capacity Process
for the IP in Komotini**

January 2022

This document is published at the websites of DESFA and ICGB in accordance with Article 27 of Regulation (EU) No 2017/459 of 16 March 2017.

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Disclaimer

ICGB informed DESFA that ICGB cannot participate at this stage to the incremental capacity allocation process before it is licensed and fully certified as a TSO but will be ready to participate once the Certification process is completed.

Nonetheless, ICGB declared that ICGB supports this process for allocation of the Incremental capacity according to Commission Regulation 2017/459 (CAM Regulation). In this regard, this draft Project Proposal was prepared by DESFA on the basis of information, as far as ICGB and/or IGB pipeline are concerned, disclosed and collected by ICGB. ICGB agreed to the information concerning ICGB and/or IGB pipeline contained herein.

Furthermore, ICGB also declared that a capacity at the volume for which DESFA received a non-binding demand indication will be available at the IGB pipeline in the non-exempted quota, therefore it does not appear to be incremental and, when ICGB's Certification Decision shall be issued, will be offered as a bundled capacity in accordance to the schedule of the binding phase envisaged here forth.

Without prejudice to issuance of ICGB's Certification Decision, any reference to "TSOs" made in this draft Project Proposal shall mean DESFA and ICGB.

DESFA has acted in good faith to ensure that the information in this draft Project Proposal is correct as at the date of this Proposal, however no representation or warranty is made by DESFA as to the accuracy or completeness of such information and DESFA will not accept any liability, of any kind, for any inaccuracies or incompleteness in such information or for any consequence resulting from the reliance and/or the use of information hereby provided concerning ICGB and/or IGB pipeline.

Furthermore, DESFA shall have no obligation to update the draft Project Proposal for any changes arising after the date of issue of this proposal. Nonetheless, if new or revised information is provided in the draft Project Proposal, DESFA shall have no liability to any third party.

Introduction

Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on Capacity Allocation mechanisms in gas Transmission Systems (Regulation, also referred to as CAM NC) establishes a harmonized European Union wide process for the offer of incremental capacity between Member States.

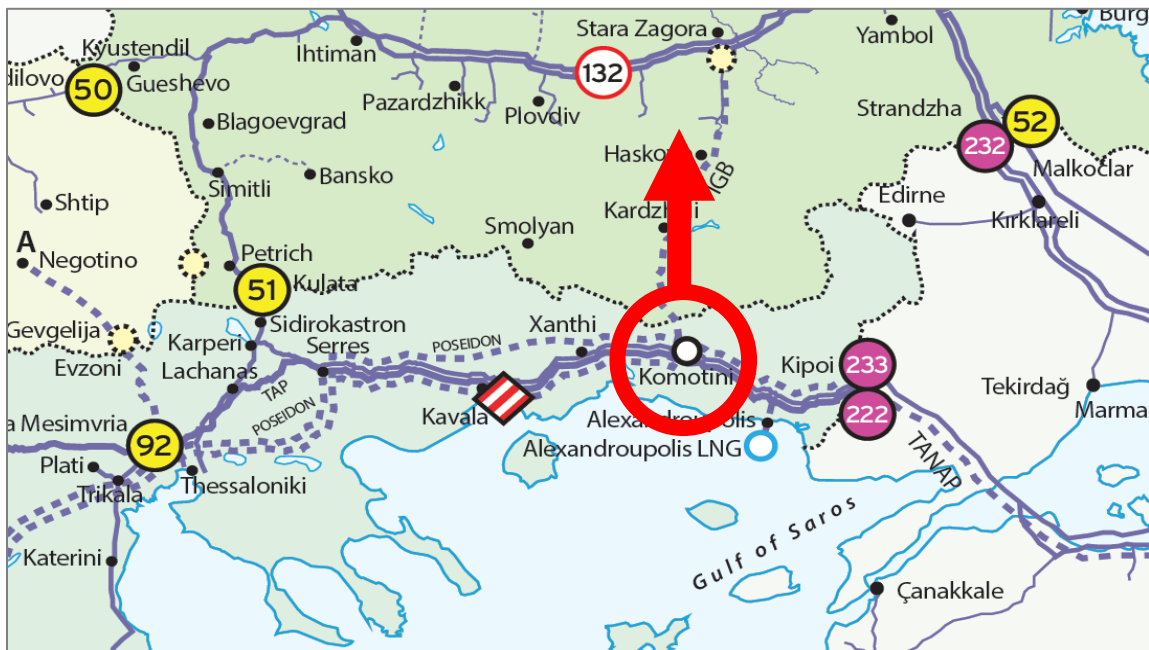
The Incremental Capacity Project described herein concerns one Interconnection Point (IP), at Komotini area, where DESFA and IGB gas Transmission Systems will be interconnected. DESFA and IGB will offer bundled capacity, in the direction from DESFA's gas transmission system towards IGB, as presented in the map below.

As per introductory disclaimer, ICGB will offer bundled capacity in accordance with the schedule of the binding phase of the incremental capacity process upon obtainment of ICGB's TSO license and the ITO Certification.

DESFA launched an Incremental Capacity Process on the 5th of July 2021 according CAM NC. DESFA has received non-binding demand indication(s) and TSOs produced a joint Demand Assessment Report (DAR), which was published on the 25th of October 2021 with the conclusion that there was sufficient indicative demand to initiate an Incremental Capacity Project by DESFA.

Based on the capacity request(s) received in the non-binding demand indication phase, ICGB and DESFA have started analyzing potential infrastructure developments in their respective Transmission Systems to fulfill interested parties' requests.

This document has been prepared by DESFA in accordance with the provisions set in article 27 (3) of CAM NC to conduct a consultation on the identified draft project proposals to meet the received indicative demand requests. ICGB is already constructing the IP and there is no need of additional investment for transporting the envisaged capacity.



For the avoidance of any doubt, DESFA and ICGB clarify to the interested parties that with this incremental capacity process, only firm bundled capacity at both sides of the IP Komotini will be offered.

This Incremental Capacity Project is primarily driven by potential increases of the technical capacity at Komotini IP. If infrastructure upgrades necessary for the Incremental Capacity Project are realized, then additional natural gas flows from the Greek territory will reach the gas market of Bulgaria and perhaps even other connected gas markets. Hence, this Incremental Capacity Project is conducted in close coordination between DESFA and ICGB, to enable the offering of bundled capacity at Komotini IP.

The next paragraphs provide further information on the alternatives and associated costs for each of the TSOs. We note that investment costs provided in the descriptions below are established in line with established regulatory practices, as individually applicable to each TSO.

All interested parties are invited to send their comments and proposals to this document, in writing, to the list of contacts on the last page, by 19 March 2022.

Following the end of the public consultation and further refinements on the draft Project Proposal, the TSOs will submit, subject to ICGB's prior obtainment of the TSO license and the ITO Certification, the final Project Proposal to the NRA(s) for its approval. In case of a positive decision, the Binding phase will start and a Notice will be published on the TSOs' website at least 2 months before any binding auctions. The process for the Binding phase will be detailed in the Project Proposal.

A. Description of the incremental capacity project and cost estimates

A.1. Market demand for incremental capacity

The following non-binding demand indications for firm, long term capacity have been received at Komotini IP, and consequently considered in the design phase of the Incremental Capacity Project. The demand indication shown below as aggregated value.

Non-Binding Incremental Capacity Demand Survey 2021, according to Regulatory (EU) 2017/459	
Interconnection Point	Komotini (DESFA-IGB)
EIC Code	N/A
Flow Direction	GR→BG
Request is submitted to other TSOs? [yes, TSO name] or [no]	No (The request submitted only to DESFA)
Additional Information (if any)	-
Conditions	-
Current technical capacity, kWh/d	N/A
Non-binding demand request [(kWh/d)/y]	
2022/2023	12.000.000
2023/2024	12.000.000
2024/2025	12.000.000
2025/2026	12.000.000
2026/2027	12.000.000
2027/2028	12.000.000
2028/2029	12.000.000
2029/2030	12.000.000
2030/2031	12.000.000
2031/2032	12.000.000

The DAR concluded that the demand indications received were sufficient to initiate the design phase of an Incremental Capacity Project in accordance with paragraph 2 of Article 26 of NC CAM.

A.2. Description of the Incremental Capacity Project

On the basis of the capacity requests received in the non-binding demand indication phase, ICGB and DESFA have started analyzing potential infrastructure developments in their respective Transmission Systems to fulfil interested parties' requests.

DESFA

The level of incremental capacity offered by DESFA in the framework of this incremental process, is calculated taking into account the existing technical capacities of DESFA's Gas System Entry points and the future investments of the Greek Gas System that are already included in DESFA's most recent TYNDP.

DESFA has executed preliminary technical studies in order to identify the investments needed to make incremental capacity available at the IP Komotini in the direction from DESFA System towards IGB. These technical studies take into account the request(s) submitted during the non-binding phase. The Offer Level(s), as well as the respective investments described in this document may be subject to changes during the subsequent stages of the design phase and especially after the public consultation phase. DESFA will finalize the project proposal until the deadline for the submission to the Authorities. The different investment levels are described below:

Level 1: incremental capacity of 12.000.000(kWh/d)/y, (gas direction DESFA→IGB)

DESFA performed hydraulic simulations of the Greek gas Transmission System in order to identify the required upgrade of the System. DESFA's analysis takes into account the requirement, as notified by ICGB to DESFA, for at least 60 bars pressure level at Komotini IP. For Offer Level 1, a new Compression Station in the area of Kavala in Greece is needed. The new CS will have a total compression power of 6MW plus a 50% redundancy in a (2+1) x 3MW configuration. The preliminary cost estimation of the relevant project is €30 million. The final cost of the necessary infrastructure, will be included in the final Project Proposal submitted to the NRA(s) according to the timeline of Chapter D.

The above-mentioned Offer Level has as a prerequisite the relocation of the planned CS from Kipi IP to Komotini IP. CS Kipi is already included in the latest DESFA's approved TYNDP 2021-2030. DESFA will propose the relocation of the CS at Komotini IP in the next TYNDP 2022-2031.

ICGB

The IP in Komotini in entry direction from IGB perspective is already under construction and it is able to receive and transport the envisaged capacity (i.e. 12.000.000 (kWh/d)/y).

B. Offer Levels

According to the project configurations described above, it will be possible to propose one Offer Level at IP Komotini. Incremental capacity will be offered as bundled product to Participants with the earliest possible start date being the planned COD. Offer level will be offered in yearly capacity auctions for a maximum of 15 years after the start of operational use according to Article 11 para.3 of CAM NC. In line with the provisions of Articles 8(8) and 30(5) of the CAM NC, DESFA and ICGB will set aside an amount of 10% of the capacity of the actually built incremental capacity to be offered as short-term capacity. The Offer Level in the table below, represent the long-term capacity that could be allocated in the Binding Bidding Phase of this Incremental Capacity Project.

	Offered Capacity (kWh/d) - Level 1	Entry / Exit TSO offering capacity
Starting date	Q1 2028	Exit DESFA/Entry ICGB
Capacity	12.000.000	

For the avoidance of any doubt, DESFA and ICGB clarify to the interested parties that with this incremental capacity process, only firm bundled capacity at both sides of the IP Komotini will be offered.

C. Alternative allocation mechanism

The Project Proposal does not involve more than two entry-exit Systems, so it does not cover criterion (a) of Art.30 par.2 of CAM NC. Therefore, DESFA and ICGB will not use an alternative allocation mechanism for the allocation of capacity.

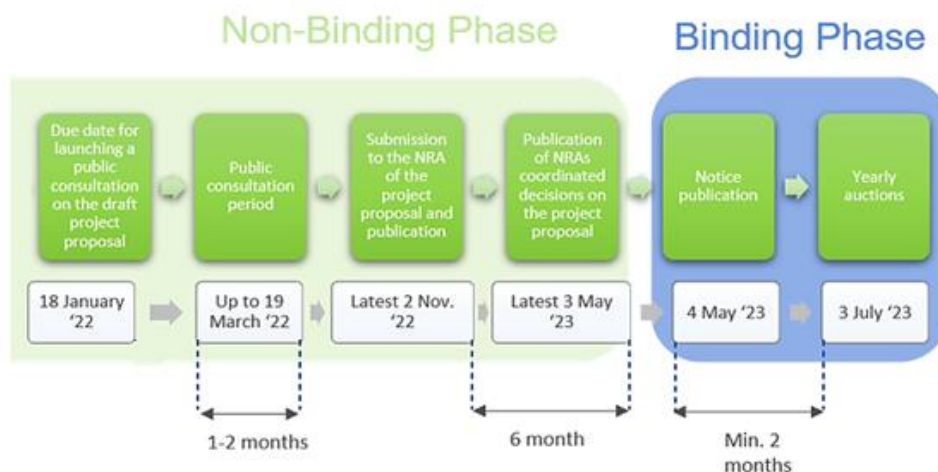
D. Provisional Timeline of the incremental capacity project

This chapter describes the proposed timeline for the conclusion of the Incremental Capacity Project (section D.1) and provides estimates of the possible time needed for the realization of the new incremental capacity (section D.2).

D.1. Incremental capacity cycle timeline

DESFA and ICGB will follow the timescale described in CAM NC for the incremental capacity process. The public consultation on the draft Project Proposal will be open until the 19th of March 2022. DESFA and ICGB intend to finalize and submit the final Project Proposal to the NRA(s) by end of October 2022.

2021 INC Process Timeline



NRA(s) decision on the Project Proposal is expected within a six months period as explicitly mentioned in Art.28 para 2 of CAM NC. The Binding Phase will commence with the publication of the Binding Phase Notice. The Binding Phase Notice is expected to be published at latest on 4th of May 2023.

Towards the end of an initial 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 participate in the Binding Bidding Phase.

At the beginning of the Information Phase, together with the Binding Phase Notice, ICGB and DESFA 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.

Incremental capacity will be offered in the annual yearly capacity auctions on July 3rd 2023 according to ENTSOG calendar. TSOs shall offer the incremental capacity together with the respective available capacity, if any, in the annual yearly capacity auction as standard bundled products in ascending clock auctions according to CAM NC. Only coordinated offer levels shall be auctioned. In case of more than one offer levels, the auctions for the respective offer levels shall be conducted in parallel and independently from each other. It is clearly mentioned that incremental capacity will be offered together with any available capacity, if any, in the same auctioning process. The Offer level will be sum of the available capacity, if any, and the respective level of incremental capacity offered for each one of the yearly standard capacity products at the IP.

Following the end of the auctioning process, DESFA and ICGB will proceed with the Economic Viability Test (EVT). In case of a positive EVT Participants to whom capacity has been allocated will have to sign a Gas Transportation Agreements with the TSOs. The Binding Phase ends either in case no Offer Level passes the EVT or with GTAs, as applicable for each TSO, becoming effective

(see section E.5 on Conditions Precedent to the GTAs).

D.2. Duration of project realization

Regarding Offer Level 1, DESFA estimates that the duration of the activities from the design, until the commissioning of the projects needed will be approximately 54 months after the signing of the GTAs with the respective Participants. In any case, it must be noted that the above-mentioned timeframes, which includes major investments, are indicative and will be clarified during the technical studies phase.

The IP at Komotini in entry direction from IGB perspective is already under construction and it is able to receive and transport the envisaged capacity (i.e. 12.000.000 (kWh/d)/y).

E. General rules and conditions for the Binding Phase

E.1. Participation criteria and Registration

This chapter describes the general rules and conditions which the involved TSOs will apply for the participation of interested parties in the Binding Phase. The Binding Phase will be open to all interested parties, including those that have not submitted a non-binding demand indication during the non-binding phase. Access to the transportation service on the respective TSOs systems is permitted impartially and on an equal basis to all interested parties that possess the specific requirements as presented below in this document.

Together with the Binding Phase Notice, IGB and DESFA will make available a list of the relevant documentation that needs to be submitted by the Participants for their eligibility to participate in the auctioning process and the respective deadline for submission of such documentation.

DESFA

Applicants will be required to state the possession of relevant requirements defined in DESFA's Network Code, Annex I of the NNGS Standard Transmission Agreement and the relevant Application. Only Transmission Users, as defined in DESFA's Network Code, can submit binding bids for capacity in DESFA's gas system, in the Binding Bidding Phase. The specific requirements that must be fulfilled by the interested parties will be defined in detail in the Binding Phase Notice.

Any statement of possession of requirements (requests, commitments, declarations or acceptances), as well as any request/communication or expression of will, made by the Applicant, including via the relevant functionality of DESFA's website or a potentially jointly identified capacity booking platform, constitutes a formal obligation and commitment on the part of the Participant, which accepts – even in respect of third parties – any and all liability arising from any

breaches/errors or omissions.

Participants must be able to participate as users in auctions performed by PRISMA Capacity Booking Platform. The offer of incremental Transmission Capacity at Komotini IP will be made pursuant to the provisions of Regulation (EU) No 459/2017, exclusively through auctions conducted in PRISMA Capacity Booking Platform. Compliance with the relevant provisions of the Network Code and in particular with Articles 21G and 21I, fulfillment of the conditions for participation in the Capacity Booking Platform and observance of the operating rules of the electronic platform operator (PRISMA) are a condition for participating in the auctions.

A condition for the User's participation in capacity booking auctions is the provision of guarantee under the Framework Transmission Agreement. The procedure for the provision of guarantee by the Participant to DESFA, the minimum requirements regarding the reliability of the provider of the above guarantee on behalf of the Participant, the procedure for checking the validity by DESFA, the content of the relevant template documents, the procedure for the return of part or all of the guarantee by DESFA to the Participant and any relevant detail are specified in Article 8 of NNGS Standard Transmission Agreement as well as in Chapter 3A of DESFA's Network Code.

For information purposes, it is mentioned that in order to meet the obligations regarding the provision of guarantees, the Participant may choose one of the following forms of guarantee or any combination thereof:

- A. Bank Letter of Guarantee (Letter of Guarantee),
- B. Deposit or transfer of cash to a bank account (Cash Collateral) owned by the Operator

The amount of the guarantee which the User makes available in order to participate in capacity booking auctions is at its discretion and depends on the size of the offers that it intends to submit in the auctions. The economic value of the User's offers in capacity booking auctions is matched to the financial limit for participation in accordance with the provisions of Article 21H of DESFA's Network Code.

In order to submit a binding bid, a Participant shall be required to provide to DESFA a guarantee equal in value to 4% of the annual capacity charge (based on the indicative tariff made available by DESFA) of the incremental capacity he intends to request, for each year of capacity request. Binding Bids by Participants will be accepted only within the limits of the guarantees which will have been presented to DESFA according to the provisions above.

By submitting a binding bid, the Participant accepts that said request constitutes an irrevocable commitment to enter a GTA with DESFA, subject to the successful outcome of the EVT. Each Participant accepts that:

- the capacity allocation referred to in the Incremental Capacity Process is subject to the positive outcome of the economic test of the concerned TSOs;
- in case of a negative outcome of the EVT, DESFA will give back the guarantee and no transmission capacity will be contractually allocated;

- in case of a zero or positive outcome of the EVT the successful Participant shall enter into a GTA and transmit to DESFA a guarantee as described below in Section E.5;
- if the Participant does not sign the GTA, DESFA will request the forfeiture of the guarantee, without any obligation to determine or justify the reasons of such request

The allocation results of the auction based on the EVT undertaken by DESFA, shall be made available, as soon as reasonably possible, and no later than the next Business Day after the closing of the bidding round, simultaneously to individual network users participating in the respective auction.

E.2. Bid content

During the annual capacity auction in July 2023, Participants will have to submit their Binding Bids for incremental capacity products to the TSOs, through an auctioning process.

Bids will have to be submitted in accordance with the instructions that will be provided in the Binding Phase Notice according to PRISMA Capacity Booking Platform operational rules. Binding bids will be submitted explicitly through PRISMA. Participants must comply with the operational rules of PRISMA Capacity Booking Platform and the requirements of E.1 above. Auction process will use an ascending clock auction algorithm according to Articles 11 and 17 of CAM NC.

The respective annual capacity charge by DESFA, according to the provisions of the relevant Tariff Regulations, as approved by RAE (to be also used as a Reference Price), will be published on DESFA's web site during the Information Phase. If required, DESFA may specify a Mandatory Minimum Premium charged on top of Reference Price to meet its EVT in accordance with Article 33 of EU NC TAR NC, subject to approval of the NRA(s). If the incremental capacity becomes available, then the shipper will also have to pay the relevant ICGB entry tariff, according to the ICGB Tariff Code

Prior to the submission of the Binding Bids, Participants will be required to agree to the process outlined in the Binding Phase Notice, including the process regarding the overall Project Proposal and the potential liability of the Participant for a pro rata share of the costs incurred by the respective TSOs for the Incremental Capacity Process up to that point.

E.3. Auctioning process

For the auctioning process and the evaluation of Bids during the auctioning process, TSOs will follow the provisions of Articles 11, 17 and 29 of CAM NC. TSOs shall 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. The auctions for the respective offer levels shall be conducted in parallel and independently from each other in accordance with Article 17

and subject to Article 8(2) of CAM NC. Only coordinated offer levels offered by the TSOs shall be auctioned.

E.4. Economic Viability Test

The Economic Viability Test (EVT) is carried out separately by each TSO at their side of the relevant IP, for each offer level of the incremental capacity project. For the EVT, TSOs will use the parameters described in Article 22 para.1 of CAM NC. The outcome of the EVT will be either positive or negative according to the provisions of Article 22 para.2 of CAM NC. The incremental capacity project shall be initiated if the economic test has a positive outcome on both sides of an interconnection point for at least one offer level that includes incremental capacity. In case no offer level results in a positive outcome, the specific incremental capacity process shall be terminated. For DESFA, the EVT will take into account the present value of the estimated increase in its allowed revenue multiplied by the f-factor (see Section G) as approved by RAE and the present value of binding commitments of Participants for contracting capacity, using as a discount rate the latest approved WACC by RAE. Taking into account that there are no upgrade investments by ICGB, it is assumed that a positive EVT for DESFA will also lead to a positive EVT for the incremental Project.

E.5. Gas Transportation Agreement

TSOs have aligned a number of key timings and principles in the GTA process – these concerns:

- Countersignature or signature of the relevant GTAs within 30 days from Capacity Allocation;
- The GTA(s) becoming effective upon a set of specific Conditions Precedent, if any, being met to the satisfaction of each TSO;
- Closing of the Incremental Capacity Project and declaring the GTAs void, if the Conditions Precedent are not met or waived by respective TSOs by a longstop date falling 15 months after entry into of the GTA.

Each successful Participant will be required to enter into a GTA with the TSOs according to the respective applicable regulatory framework in relation to the allocated capacity. Further details, reflecting applicable law and commercial specifics, in relation to each TSO, are provided below.

DESFA

In case of a positive EVT, each Participant is bound to the commitments expressed in relation to the successful Offer Level.

DESFA will send to the Participant(s) that have been allocated capacity the GTA, which must be

returned to DESFA, signed by the Participant within 30 days from Capacity Allocation.

It is intended that the final positive outcome of the EVT leading to the realization of the Incremental Capacity Project is subject to the execution of the GTA(s) by all the Participants with successful binding commitments.

The signed by both parties (DESFA and the Participant) GTA(s) will each become effective upon a set of Conditions Precedent being met to the satisfaction of DESFA, including:

- a. the project, as described in A.2 (DESFA part), has been unconditionally included in DESFA's approved Ten Year Network Development Plan and the Final Investment Decision has been taken and
- b. the relevant GTAs between the Participant and all concerned TSOs (ICGB and DESFA, in case of Komotini IP) have become effective.

If the Conditions Precedent are not met or waived by DESFA by a longstop date falling 15 months after entry into of the GTA, DESFA may close the Incremental Capacity Project and void the GTAs.

The Participant shall present to DESFA 5 days before GTA execution the required Bank Guarantee (GTA Bank Guarantee), cashable at first request issued by any Greek financial institute supervised by the ECB (systemic Banks, namely any of Alpha Bank, Eurobank, National Bank of Greece and Piraeus Bank), or any Greek branch of an internationally reputable bank - or any internationally reputable bank - with a minimum credit rating of A- at Standard and Poor's or A3 at Moody's, which has been approved in advance by DESFA. The Bank Guarantee shall be equal to the maximum annual capacity charge for the capacity allocated to that Participant. Once the Bank Guarantee described here above is presented to DESFA, the Bank Guarantee indicated in Section E.1, will be returned.

The GTA Bank Guarantee shall have a duration and shall remain valid until the end of the sixth month succeeding the end of the first year of the transportation services provided to that Participant in relation to the capacity allocated to the said Participant within the framework of the incremental capacity process. One (1) month before the COD, the Participant shall present to DESFA the guarantee required according to the relevant provisions of the NNGS Standard Transmission Agreement (Government Gazette B 4802/30.10.2020) and Chapter 3A of the DESFA Network Code (Government Gazette B'37/10.01.2022) for the capacity allocated to that Participant within the framework of the Incremental Capacity Process. For the capacity allocated to that Participant within the framework of the Incremental Capacity Process the guarantee under the NNGS Transmission Agreement is calculated as per article 21H of the DESFA Network Code. For the avoidance of any doubt, all other Participant's obligations should be fulfilled pursuant to the relevant provisions of the aforementioned NNGS Network Code and the NNGS Transmission Agreement.

The Participant has the right to request the reduction of its GTA Bank Guarantee up to the amount corresponding to the part of the guarantee provided for the capacity booked under the NNGS Transmission Agreement. No later than six (6) months after the end of the first year of the transportation services provided to that Participant, and only if said Participant has duly and

timely paid the charges invoiced by DESFA for that year, the GTA Bank Guarantee shall be returned to the Participant.

In the event of a positive EVT, if the successful Participant does not issue the GTA Bank Guarantee or does not execute the GTA it shall pay a penalty to DESFA equal to the value of the Guarantee described in Section E.1. (DESFA part).

If the GTAs do not become effective, as provided for in this Section, DESFA will allocate the actual costs incurred by DESFA for the Incremental Capacity Process up to that point to each Participant with a GTA, pro rata to the amount of their GTA Bank Guarantees described in Section E.1. The GTA Bank Guarantee will be returned after such actual costs have been settled.

Following the execution of the GTA, the Participant shall be required to pay to DESFA all the applicable transmission charges with start date from the date the capacity is made available and for full duration for which capacity has been allocated to that Participant.

ICGB

Upon license and ITO Certification, ICGB will publish in advance with respect to the Binding phase the terms and conditions for GTA terms and conditions.

E.6. Progress of the project, lack of permits, delays in making available transportation capacity

DESFA and ICGB 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 and any other relevant land rights necessary for the construction phase of the project are not obtained or delayed, then the execution times for the implementation of the Incremental Capacity Project will be considered correspondingly extended, and TSOs shall have no liability to any Participant in connection with such delays.

E.7. Force Majeure

Force Majeure conditions of the different TSOs are defined in their respective contractual provisions and the corresponding terms will be included in the relevant GTAs to be made known before the Binding Phase. For DESFA, "Force Majeure" is defined in art. 104 of the Greek Network Code (Government Gazette B'37/ 10-1-2022).

F. Element IND and RP for fixed price approach

DESFA

To be consistent with the tariff regulatory framework in place, DESFA proposes to apply floating applicable payable price derived from its reference price methodology also to incremental capacity. DESFA is therefore not considering the adoption of a fixed price approach and consequently elements IND and RP foreseen by Regulation 2017/460 are not relevant.

ICGB

If the incremental capacity becomes available, then the shipper will also have to pay the relevant ICGB entry tariff, according to the ICGB Tariff Code

G. 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 EVT envisaged in articles 22 and 24 of the Regulation.

DESFA

The preliminary levels of user commitments (f-factor) proposed for the individual EVT on the Greek side is 1.0. A final proposal by the DESFA on the level of f-factor(s) will be submitted to the Greek Regulatory Authority at the end of the design phase in accordance with the provisions of article 28.1 of the Regulation. The f-factor(s) used to perform the economic test will be finally set by the Greek Regulatory Authority according to article 28 of the Regulation.

H. Additional demand Indication(s)

According to the provisions of Reg. (EU) 2017/459 (CAM NC), on July 5th 2021, TSOs invited interested parties to submit non-binding indications for incremental capacity at existing or new Interconnection Points. In accordance with Regulation EC 459/2017, the following periods have been included in this analysis:

- a) non-binding demand indications received within 8 weeks after the start of the annual yearly capacity auction on 5 July 2021.*
- b) non-binding demand indications received later than 8 weeks after the start of the annual yearly capacity auction on 5 July 2021, which would have been considered in the current incremental capacity cycle.*

DESFA S.A. received (a) non-binding demand indication(s) for firm capacity at the new interconnection point (Komotini) between the entry-exit system of ICGB and the entry-exit system

of DESFA, according to point b) above. ICGB has not received any relevant non-binding demand indications from any interested parties for incremental capacity within the periods a) and b) mentioned above, as according to the exempted regime, shall perform market tests later than the commercial operation date. However, the total amount of this non-binding demand indication(s) submitted only to one TSO has been used as a basis for this demand assessment.

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

DESFA's gas Transmission System is one of the youngest natural gas Transmission Systems in Europe. The commercial operations of DESFA started in November 1996. Part of the existing gas infrastructure has been operating for less than 15 years. Furthermore, Revithoussa LNG terminal was commissioned 20 years ago. In October 2007, DESFA completed the 1st Upgrade of the LNG Terminal and in December 2018 the 2nd Upgrade of the LNG facility. From the above, it is clear that the Greek gas infrastructure is not fully depreciated until now. Some major expenses such as those for the 2nd Upgrade of the Revithoussa LNG Terminal are very recent so only a very small part of them have already depreciated. The examined exit flows from DESFA's gas system towards IGB may reduce the relevant exit flows through Sidirokastro exit point towards the Bulgarian national gas Transmission System. Even in this case the decrease is expected to be minimum.

The additional capacity that may result from a successful incremental capacity process will surely increase the use of the IGB pipeline with positive economic contribution. As the IGB Pipeline is a single pipeline there is no decrease in its use and therefore only DESFA's considerations applies on such matter.

Contact information

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I. Annex I – Definitions

This Annex contains definitions and abbreviations used in this document

1. **Alternative Allocation Mechanism** or **AAM** as defined in art 30 EU NC CAM.
2. **Authority (ies) (or NRA(s) or National Regulatory Authority(ies))** means the National Energy Regulatory Authority of Greece ('RAE') and of Bulgaria (EWRC) if applicable.
3. **Bank Guarantee** means the on-demand bank guarantee in a form acceptable by a TSO which are required to be submitted to the TSO.
4. **Binding Bid** means a bid submitted by a Participant during the Binding Phase.
5. **Binding Bidding Phase** means the final phase of the Incremental Capacity Process whereby interested parties can submit Binding Bids to ICGB and DESFA through an auctioning process in accordance with Section E and during which ICGB and DESFA will perform the Economic Viability Test and will proceed to Capacity Allocation.
6. **Binding Phase** means the general phase of the Incremental Capacity Process which is composed of the Information Phase and the Binding Bidding Phase.
7. **Applicant** means the interested party that registers during the Binding Phase according to Section E.1.
8. **Business Day(s)** shall mean any calendar day, but not a Saturday, Sunday or a public holiday either in Greece or Bulgaria as applicable.
9. **Capacity Booking Platform** shall mean PRISMA Capacity Booking Platform
10. **Commercial Operation Date (COD)** means the commercial operation date of the incremental capacity realized following a positive EVT.
11. **Condition(s) Precedent** means the events or actions that must be completed (or otherwise waived) before the GTA(s) become effective pursuant to the terms of the relevant GTA(s), as required by each TSO in their respective sub-section of Section E.6.
12. **Design Phase** means the design phase of the incremental capacity process as defined in Article 27 of EU NC CAM.
13. **Demand Assessment Report or DAR** means the report published jointly by ICGB and DESFA on 26 October 2021 *[defined in Article 26 of EU NC CAM]*. The DAR summarizes the results of the non-binding demand indications received by the TSOs.
14. **DESFA's Network Code** the Network Code of the Greek gas Transmission system as in force (Government Gazette B'37/ 10-1-2022)
15. **Economic Viability Test (or EVT)** means a test applied to assess the economic viability of the Incremental Capacity Project according to Art. 22 of CAM NC.
16. **F-factor** as defined in art 3 (24) EU NC CAM

- 17. NNGS Standard Transmission Agreement (or Framework Transmission Agreement)** the standard framework agreement between DESFA and a Transmission User according to Art. 6A of DESFA's Network Code
- 18. GTA or Gas Transportation Agreement** a gas transportation agreement signed by the TSO and a Participant to whom incremental capacity has been allocated after the allocation of such capacity. For DESFA the GTA is approved by RAE with Decision 470/2021.
- 19. Incremental Capacity Process** means the current process to assess market demand for incremental, firm bundled, capacity at IP Komotini, *[established according to EU NC CAM]*.
- 20. Incremental Capacity Project** means the project described in this document aiming to increase the amount of technical capacity at Komotini IP *[defined in art 3 (11) EU NC CAM]*.
- 21. Information Phase** means the first part of the Binding Phase.
- 22. Interconnection Point (IP or Komotini IP)** means the interconnection point at Komotini (Greece) between DESFA and ICGB.
- 23. Non-binding demand indications** the non-binding demand indication(s) for incremental capacity at IP Komotini, received by the TSO(s).
- 24. Notice (or Binding Phase Notice)** means the notice published by the TSOs according to Art. 28.3 CAM NC at the start of the Information Phase.
- 25. Member State** means a member state of the European Union.
- 26. Mandatory Minimum Premium** means an additional amount added on the Reference Price applicable to the TSO(s) to ensure a positive EVT *[according to Article 33 of EU NC TAR]*.
- 27. Offer Level** means the respective level of capacity offered for each of the yearly standard capacity products at IP Komotini.
- 28. Participant(s)** means an Applicant that is considered compliant by TSOs (in accordance with Section E.1) with the requirements for registration process and can further participate in the Binding Bidding Phase.
- 29. Project Proposal** the incremental capacity project proposal set in public consultation (draft Project Proposal) or sent to the NRA(s) for approval (final Project Proposal or Project Proposal), which describes the technical project and the process that will be followed in order the TSO(s) to offer firm incremental capacity at an IP.
- 30. Reference Price** means the price for a capacity product for firm capacity of duration of one year at Komotini IP.
- 31. Transmission System** means any natural gas pipeline system, including pipes above and below ground and all other related equipment owned, or used and operated, by a TSO in order to provide natural gas transportation services.
- 32. TSO** means Transmission System operator, being ICGB and DESFA (as relevant).
- 33. TYNDP** a TSO Ten Year Network Development Plan
- 34. Transmission User(s)** an entity that has entered into a Transmission Agreement with DESFA, pursuant to the provisions of article [6A] of DESFA's Network Code.