

Guidelines
for the Market Test for the expansion of
the Greek National Natural Gas System

April 2024

This document is elaborated and published by:

DESFA S.A.

357-359 Messogion Ave., Halandri, 15231,
Greece

Switchboard +30 2130884000

market-test@desfa.gr

www.desfa.gr



Table of Contents

Introduction	6
1. Description of the Incremental Capacity Project and relative cost estimates.....	9
1.1 Market demand for incremental capacity	9
1.2 Description of the Incremental Capacity Project.....	10
2. Offer Levels	14
3. Alternative allocation mechanism	17
4. Provisional Timeline	17
4.1 Incremental capacity cycle timeline	17
4.2 Milestone Timeline	19
4.3 Duration of project realization	19
5. General rules and conditions for the Binding Phase	20
5.1 Participation criteria and registration.....	20
5.2 Binding Bid process.....	22
5.3 Bid evaluation	24
5.4 Preliminary Capacity Allocation Procedure (Bid Ranking)	24
5.5 Allocation of Equal Marginal Bids (EMB)	26
5.6 Economic Viability Test	26
5.7 Gas Transportation Agreement	27
5.8 Progress of the project, lack of permits, delays in making available the capacity	30
5.9 Force Majeure.....	30
5.10 Element IND and RP for fixed price approach	30
5.11 Level of user commitments (f-factor)	31
6. Economic Viability Test Parameters.....	31
6.1 Reference price	31
6.2 Mandatory minimum premium	31
6.3 Present value of estimated increase in allowed revenue.....	32
7. Contact information	33
8. Annex I – Definitions.....	34

Disclaimer

DESFA has acted in good faith to ensure that the information in the Guidelines is correct as at the date of publication of the Guidelines, 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. Furthermore, DESFA shall have no obligation to update the Guidelines for any changes arising after the date of issue of the Guidelines. Nonetheless, if new or revised information is provided in the Guidelines, DESFA shall have no liability to any third party. DESFA will have no liability to any third party for any acts, omissions, breaches or decisions of the other TSOs Concerned or any other third party.

Introduction

On 29.03.2023, DESFA launched a Market Test for the expansion of the capacity of the Greek National Natural Gas System. In particular and, as a first step, DESFA launched a Call of Interest¹ in which interested parties were invited to submit their Non-binding demand indications for the booking of future capacity in the Greek National Natural Gas System (NNGS). The aim was to identify the necessary technical upgrades of the NNGS, which would be able to cover the needs of one or more interested parties, thus reducing the cost per interested party and increasing the chances of implementation of these projects. The Non-binding demand indications deadline was set for the 01.06.2023. DESFA received Non-binding demand indications from twenty-seven (27) companies, of which 85% were based in the EU (37% in Greece) and the rest in third countries.

Regarding the points of the NNGS, entry capacity was requested at all interconnection points between the NNGS and neighboring gas transmission systems. In addition, there was also significant interest in capacity at new entry/exit points. In particular, firm capacity was requested at eight (8) entry points of the NNGS, of which four (4) are already operational while the remaining four (4) refer to the connection of the NNGS with FSRUs (either existing or planned). Additionally, firm exit capacity was also requested at thirty (30) exit points of the NNGS, most of which are currently in operation. Four (4) of the exit points are interconnection points with adjacent gas transmission systems and the rest are either connections with distribution networks or direct connections to gas consumers. DESFA also allowed interested parties to submit linked Non-binding demand indications that include one entry and one exit point. Linked capacity was requested only for entry and exit points for which firm capacity has also been requested. It should be noted that for all linked bids the entry point refers to an LNG entry point (either Revithoussa LNG Terminal or one of the aforementioned FSRUs), thus highlighting the importance of the LNG in the region.

All submitted Non-binding demand indications refer to annual capacity products. As a first step, DESFA compared the maximum annual capacity requested per point with the technical capacity of that point and excluded from the next phase of the assessment requests for capacity lower than the existing available capacity at the respective points since, in these cases, there is already available capacity that can be booked by the interested parties, without the need for any expansion of DESFA System. The results of the non-binding phase of the Market Test were summarized in the Demand Assessment Report published on 20.12.2023 on DESFA's website². Based on the assessment performed, DESFA proceeded to the next phase of the Market Test and launched a design phase, to offer incremental capacity to domestic points of the NNGTS and to interconnection points with adjacent TSOs.

On 03.07.2023, DESFA initiated Incremental Capacity Processes in accordance with **CAM NC**³, inviting all interested parties to submit Non-binding demand indications for incremental capacity at existing or new interconnection points. As a result, on 23.10.2023, DESFA published two joint demand assessment reports for Kulata/Sidirokastro and Komotini IPs, with

¹ <https://www.desfa.gr/en/announcements/...natural-gas-system>

² <https://www.desfa.gr/userfiles...DAR-%20vf.pdf>

³ 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>

BULGARTRANGAZ and ICGB respectively, concluding that there was sufficient indicative demand to initiate incremental capacity projects.

Following the joint demand assessment reports with ICGB and BULGARTRANGAZ, DESFA published for public consultation the joint draft Project Proposals with the TSOs Concerned, offering bundled capacity, in the direction from DESFA System towards IGB and BULGARTRANGAZ Systems.

These Guidelines contain all necessary information about the binding phase of the Market Test, taking into account that the incremental capacity that will be allocated at the IP's Kipi and Nea Mesimvria as well as the entry or exit points of the DESFA System may affect the amount of capacity allocated at the IP Kulata/ Sidirokastro and the IP Komotini in the context of the Incremental Capacity Processes opened with BULGARTRANGAZ and ICGB respectively. The investment upgrades, the offer levels, the binding bid submission rules as well as the Economic Viability Test related to DESFA are provided for in these Guidelines and should be considered in the context of the aforementioned incremental capacity processes. For DESFA, the incremental capacity projects described in the Project Proposals with BULGARTRANGAZ and ICGB are identical to those in the context of the Incremental Capacity Project and if implemented will increase the technical capacity at the interconnection points of the relevant Project Proposals and other entry points of DESFA System, as described herein. For this reason, DESFA's binding phase of the Market Test will take place simultaneously with the binding phase of the Incremental Capacity Processes after the CAM NC Yearly Capacity Auctions, in line with the timeline of Section 4.

Based on the Non-binding demand indications received in the context of all the above processes, DESFA has analyzed potential infrastructure upgrades of DESFA System in order to fulfill interested parties' requests and propose the Incremental Capacity Project described herein.

In particular, the Incremental Capacity Project comprises the following:

- Incremental capacity offered jointly by DESFA and ICGB at Komotini IP as a bundled capacity product, exit DESFA and entry ICGB⁴.
- Incremental capacity offered jointly by DESFA and BULGARTRANGAZ at the Kulata/Sidirokastro IP as a bundled capacity product, exit DESFA and entry BULGARTRANGAZ⁵.
- Incremental capacity offered by DESFA at Kipi IP as unbundled entry capacity.
- Incremental capacity offered by DESFA at Nea Messimvria IP as unbundled entry

⁴ Interested parties must submit binding requests for both sides of the interconnection point (exit DESFA -> entry ICGB submitted to DESFA and exit DESFA -> entry ICGB submitted to ICGB). Binding requests to DESFA shall be submitted in the context of the present document. Identical requests must be submitted to ICGB in the context of the relevant Incremental Capacity Process according to Section 5.2.

⁵ Interested parties must submit binding requests for both sides of the interconnection point (exit DESFA -> entry BULGARTRANGAZ submitted to DESFA and exit DESFA -> entry BULGARTRANGAZ submitted to BULGARTRANGAZ). Binding requests to DESFA shall be submitted in the context of the present document. Identical requests must be submitted to BULGARTRANGAZ in the context of the relevant Incremental Capacity Process according to Section 5.2.

capacity⁶.

- Incremental capacity offered by DESFA at Nea Messimvria IP as unbundled exit capacity⁷.
- Incremental capacity offered by DESFA at Amfitriti (Gastrade FSRU) entry point, as unbundled entry capacity.
- Incremental capacity offered by DESFA at prospective entry point Argo FSRU, as unbundled entry capacity⁸.
- Incremental capacity offered by DESFA at prospective entry point Elpedison FSRU as unbundled entry capacity⁹.
- Incremental capacity offered by DESFA at prospective entry point Dioriga Gas FSRU as unbundled entry capacity¹⁰.

⁶ It is the responsibility of the Participant to initiate any procedures that may be necessary for capacity to be made available upstream of DESFA's System. DESFA makes no representation as to the availability of such capacity or to the existence of required facilities outside of DESFA's System.

⁷ It is the responsibility of the Participant to initiate any procedures that may be necessary for capacity to be made available downstream of DESFA's System. DESFA makes no representation as to the availability of such capacity or to the existence of required facilities outside of DESFA's System.

⁸ It is the responsibility of the Participant to initiate any procedures that may be necessary for capacity to be made available upstream of DESFA's System. DESFA makes no representation as to the availability of such capacity or to the existence of required facilities outside of DESFA's System.

⁹ It is the responsibility of the Participant to initiate any procedures that may be necessary for capacity to be made available upstream of DESFA's System. DESFA makes no representation as to the availability of such capacity or to the existence of required facilities outside of DESFA's System.

¹⁰ It is the responsibility of the Participant to initiate any procedures that may be necessary for capacity to be made available upstream of DESFA's System. DESFA makes no representation as to the availability of such capacity or to the existence of required facilities outside of DESFA's System.

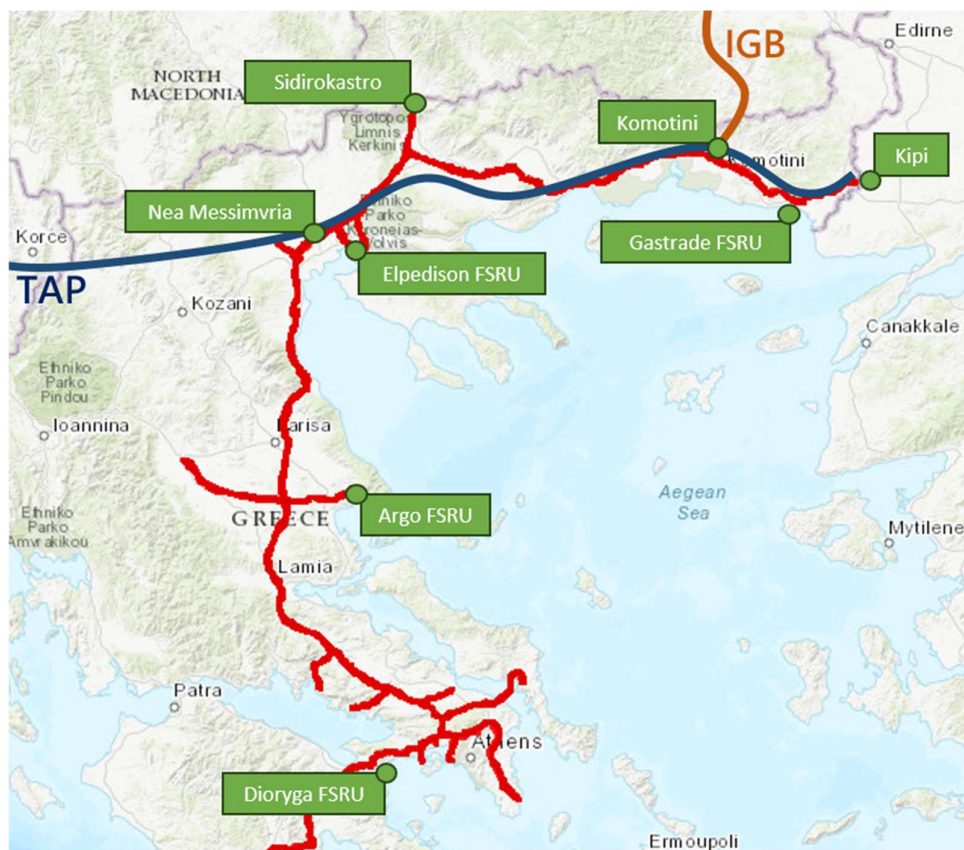


Figure 1: Points of DESFA System where incremental capacity will be offered through the Market Test process.

The Binding Phase will be launched, and a Notice will be published on DESFA's website before the Binding Bidding Phase in accordance with Section 4.2.

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

1.1 Market demand for incremental capacity

The demand for incremental capacity in NNGS is described in detail in the Demand Assessment Report published by DESFA on 20th December 2023 on DESFA's website. According to the outcome of the DAR: *"Based on the evaluation of the received non-binding requests, DESFA will proceed to the next phase of the Market Test process and launch the Design Phase, the day after the publication of this Demand Assessment Report, in order to offer unbundled incremental capacity to the domestic points of the NNGTS and bundled incremental capacity products in the IPs with adjacent TSOs."*

During the Design Phase, DESFA deems it necessary to conduct further technical studies to investigate, document and evaluate the preliminary technical solutions, costs, and schedules for development options to meet a range of demand cases.

The output of the technical studies and of the coordinated actions taken by DESFA and the adjacent TSOs during the Design Phase, including specific expansion thresholds, provisional

costs, timelines, and applicable specific regulatory provisions will be included in the draft Guidelines.”

To this end DESFA concluded that the Non-binding demand indications received were sufficient to initiate the Design Phase of the Incremental Capacity Project.

1.2 Description of the Incremental Capacity Project

Based on the Non-binding demand indications received in the context of the Call of Interest for the Market Test and non-binding demand indications for incremental capacity received in the context of the Incremental Capacity Processes with the TSOs Concerned, DESFA analyzed potential infrastructure developments in DESFA System, which fulfil interested parties’ requests, also in cooperation with adjacent TSOs where applicable. DESFA has performed preliminary technical studies to identify the projects needed to make incremental capacity available at DESFA’s System entry and exit points.

The level of incremental capacity offered by DESFA in the framework of this Market Test, is calculated considering the existing technical capacities of DESFA’s System entry and exit points as well as the future investments of DESFA System, which are unconditionally included in the already approved DESFA’s TYNDP 2023-2032¹¹. DESFA’s analysis takes also into account the requirement, as notified by ICGB to DESFA, for at least 70 barg pressure level at Komotini DESFA/ICGB IP, to increase the capacity of ICGB at 5 bcma, which will be feasible after the completion of the second phase of Komotini CS, a project included in DESFA’s current TYNDP 2023-2032.

DESFA assessed expansion projects that create incremental capacity at various points of DESFA System. This evaluation is a broader assessment that aims to determine the projects which will more efficiently satisfy incremental capacity requests at every entry and exit point of the DESFA System, including IPs, for which the participants expressed their interest through the relevant processes and is included herein. So, regarding DESFA System expansion levels, three different Expansion Projects have been assessed and are presented below. These Expansion Projects include duplication of the main branch of DESFA System with 30” pipeline, as well as Compression Stations’ (CS) upgrades.

¹¹ DESFA has included in the TYNDP 2023-2032, *inter alia*, a duplication project in the North-Eastern branch of the System (Karperi-Komotini branch). In June 2023, with Decision E-68/2023 RAEWW approved the said project, which is expected to have been completed in Q2 2027.

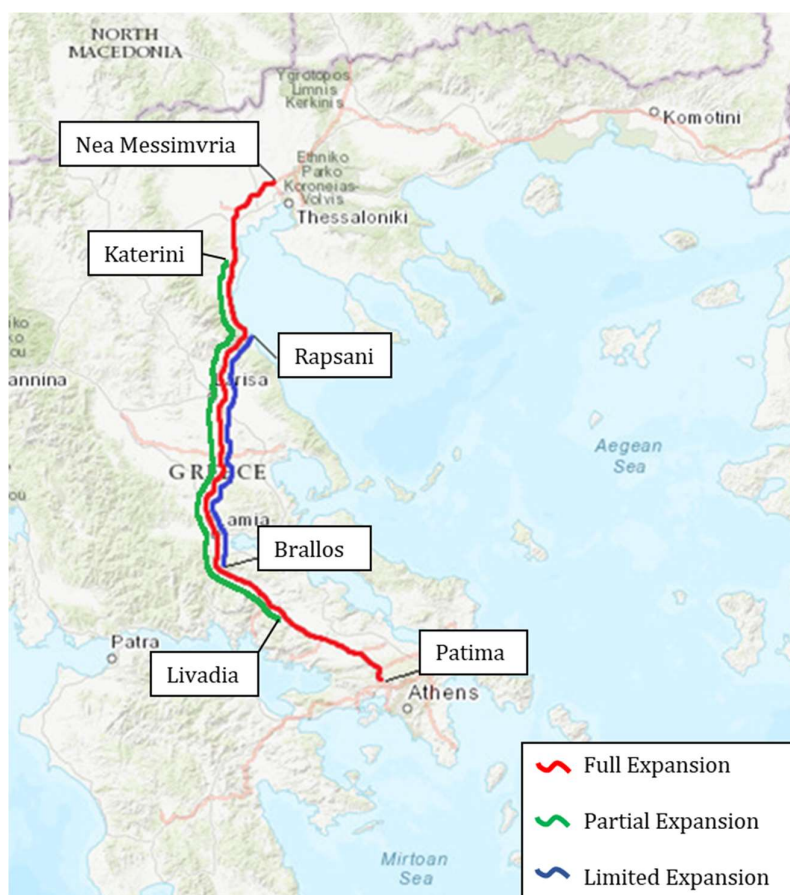


Figure 2: Simplified scheme of the proposed Expansion Projects

The assessments described above resulted to the projects presented next. Thus, the capacity created by the said projects includes the creation of incremental capacity at multiple points of DESFA System. It should also be noted that in the final assessment for the determination of the appropriate Expansion Project (if any) and the Economic Viability Test (EVT), domestic points of the NNGTS will be assessed together with the IPs.

The Expansion Projects and the Offer Level(s) described in this document may be subject to changes during the subsequent stages but will not affect the parameters included in Section 6.1 and Section 6.2.

The different Expansion Projects are described below.

Expansion Project	Duplicated section	Length (km)	Maximum upgrade of Nea Messimvria CS	Maximum upgrade of Ampelia CS
Full	Patima – Nea Messimvria	410	Considerable	Moderate/ Considerable
Partial	Katerini - Livadia	250	Moderate	Small
Limited	Rapsani - Brallos	160	Small	None

The estimated cost of each of the above-mentioned duplication projects is given in the table below:

Expansion Project	Duplicated section	Length (km)	Cost Estimation (mill. €)
Full	Patima – Nea Messimvria	410	574
Partial	Katerini - Livadia	250	350
Limited	Rapsani - Brallos	160	224

The estimated cost of each of the above-mentioned Compressor Station (CS) upgrades is given in the table below:

Upgrade of Nea Messimvria CS	Cost Estimation (mill. €)	Upgrade of Ampelia CS	Cost Estimation (mill. €)
Considerable	67.5	Considerable	60
Moderate	45	Moderate	30
Small	22.5	None	-

In order to estimate the final cost of the expansion projects, the cost of the CSs upgrades proposed in the Table above must be added to the duplication cost per expansion project (Full, Partial or Limited). However, this cost can be accurately estimated only after the submission of the binding requests since the upgrade of the CSs is strongly dependent on the actual capacity requested per entry/exit point. At this phase DESFA has estimated the maximum CS upgrade needed per expansion project (Full, Partial or Limited). These maximum CS upgrades correspond to respective maximum investment costs. After the submission of the binding requests, DESFA will evaluate the level of the CS upgrades and the relevant costs, the currently estimated maximum values of which are presented in the tables above.

New entry points

In addition to the abovementioned costs, the commercial operation of all non-existing entry points requires the realization of other necessary connection projects to DESFA's System, such as M/R Stations and connection pipelines. These connection costs will be borne by the Project Promoters of the respective projects (FSRUs), through a Connection Fee and/or an Additional Connection Fee, as provided for in article 24 of the Tariff Regulation.

Project Promoters that have not received an Evaluation Study relevant to their Application by the launch of the Binding Phase of the Market Test and by way of derogation from the provisions of article 95^B of the NNGS Network Code, shall receive the Evaluation Study no later

than thirty (30) days after the date of “Execution of GTAs” of Section 4.2. Said Evaluation Studies shall take also into account the results of the Binding Phase of the Market Test (for example whether the EVT is positive or whether capacity has been allocated to the relevant new entry point etc.). The Project Promoters shall have to accept, in writing and without reservations, the aforementioned Evaluation Study and the conditions set therein, no later than thirty (30) days from the date of their submission by DESFA, otherwise their Application shall be rejected. In case of acceptance of the Evaluation Study, DESFA shall invite, within fifteen (15) days as of said acceptance, the respective Project Promoters to proceed with an FID for their projects and sign a Connection Agreement with DESFA at the latest by the Step-out Deadline, with regard to the construction of the respective Connection Project.

Project Promoters that have received an Evaluation Study relevant to their Application by the launch of the Binding Phase of the Market Test but have not signed an Advance Reservation of Capacity Agreement by the launch of the Binding Bidding Phase of Section 4.2, in case the EVT is positive and capacity is allocated to the respective entry point through the Market Test, shall be invited to accept in writing and without reservations a technical study that will take into account the results of the Binding Phase of the Market Test no later than thirty (30) days after the date of “Execution of GTAs” of Section 4.2 and, by the Step-out Deadline, to proceed with an FID for their projects and to sign a Connection Agreement with regard to the construction of the respective Connection Project. For the avoidance of doubt, the procedure under these Guidelines does not prejudice any application for future transmission capacity already submitted to DESFA under the provisions of the NNGS Network Code.

Project Promoters that have signed an Advance Reservation of Capacity Agreement, according to article 95D of the NNGS Network Code, but have not signed a Connection Agreement by the launch of the Binding Bidding Phase of Section 4.2, in case the EVT is positive and capacity is allocated to the respective entry point through the Market Test, shall be invited to accept in writing and without reservations a technical study that will take into account the results of the Binding Phase of the Market Test no later than thirty (30) days after the date of “Execution of GTAs” of Section 4.2 and, by the Step-out Deadline, to proceed with an FID for their projects and to sign a Connection Agreement with regard to the construction of the respective Connection Project. For the avoidance of doubt, the procedure under these Guidelines does not prejudice any application for future transmission capacity already submitted to DESFA under the provisions of the NNGS Network Code.

The Connection Agreements executed in the context of this Market Test shall be drafted in accordance with the content of article 95E of the NNGS Network Code and sent to the Project Promoters, taking into account the provisions of and in alignment with the Guidelines, including the technical description of the Connection Project, the timeline, the estimated Connection Fee and Additional Connection Fee as well as the required guarantees that the Project Promoters will have to provide for the fulfillment of said agreement. It is clarified that, the capacity finally allocated to the abovementioned new entry point(s) cannot exceed the capacity initially requested by the Project Promoter(s) through the relevant Application submitted to DESFA, in accordance with Article 95A of the Network Code.

It is clarified that DESFA will perform the EVT (in line with the timeline of Section 4.2 and simultaneously with the Incremental Capacity Process, according to the corresponding timeline sections of the Project Proposals) considering the estimated cost of the selected Expansion Project (including the CSs upgrades) based on the outcome of the Market Test performed by DESFA according to the present Guidelines.

2. Offer Levels

Through each of the DESFA System Expansion Projects described in Section 1.2.1, each of which has a different cost and completion date, the Offer Levels described below are developed. The final upgrade scenario will be decided on the basis of the outcome of the Binding Phase of the Market Test.

For Kulata/Sidirokastro and Komotini IPs, incremental capacity will be offered as a bundled product to the Participants with the earliest possible starting date being the relevant planned COD. In line with the provisions of articles 8.8 and 30.5 of the CAM NC, the TSOs Concerned, will set aside an amount of 10% of the capacity of the actually built incremental capacity to be offered as short-term capacity.

Incremental capacity refers to increase in technical capacity or possible new capacity created where none currently exists, subject to positive EVT, on top of existing technical capacity or new capacity that it is planned to be created based on the projects that have been unconditionally included in the approved TYNDP 2023-32.

The Offer Level(s) of Table 1 refer to the maximum levels of incremental capacity which can be offered per Expansion Project and per Entry / Exit Point of DESFA System, individually. However, if during the Binding Bidding Phase, capacity is requested to more than one of the displayed Entry/Exit points, the constraints shown in Table 2 must be fulfilled simultaneously with the maximum levels of capacity of Table 1.

In particular, the sum of the Binding Bids at a specific Entry / Exit point cannot exceed the respective Offer Level of Table 1 and, simultaneously, the sum of the Binding Bids of all Entry/Exit points belonging to the same Cluster with this specific point, cannot exceed the respective limit of Table 2.

For the avoidance of any doubt, DESFA clarifies to the interested parties that at Kulata/Sidirokastro IP and at Komotini IP, only firm bundled capacity at both sides of the IPs will be offered. At all other points, only firm unbundled capacity at DESFA side of those points will be offered.

Table 1 Offer Levels, referring to incremental capacity per individual Entry / Exit point of DESFA System.

Entry / Exit Point of DESFA System	Offered Level (GWh/d/y)			Entry / Exit TSOs
	Limited Expansion	Partial Expansion	Full Expansion	

Kulata/ Sidirokastro	31,9	94	94	Exit DESFA / Entry BULGARTRNSGAZ
Komotini	47,9	47,9	47,9	Exit DESFA / Entry ICGB
Nea Messimvria	55	94	94	Exit DESFA / Entry TAP
Nea Messimvria	46	77	165	Exit TAP / Entry DESFA
Amfitriti ¹²	51	86	103	Entry DESFA
Kipi ¹³	51	86	103	Entry DESFA
New Entry Point – ELPEDISON FSRU	51	86	174,4	Entry DESFA
New Entry Point – ARGO FSRU	51	86	140,6	Entry DESFA
New Entry Point – DIORYGA GAS FSRU	6,8	31	121	Entry DESFA
Starting Date	Q4 2028	Q2 2029 ¹⁴	Q4 2029	

In addition, especially for Komotini IP, **Participants will be able to submit Binding Bids for capacity as of Q4 2026**. On ICGB's side of the IP (Entry ICGB) firm incremental capacity will be bundled with the Coupled Capacity (with Entry Amfitriti or Kipi) on DESFA's side of the IP (Exit DESFA). Participants shall submit Linked Bids to DESFA linking Amfitriti or Kipi entry point to Komotini IP (Exit DESFA). Binding Bids submitted to DESFA as Linked Bids will be considered as bids for Coupled Capacity until the starting date of the selected Expansion Project. Binding Bids submitted to DESFA as non-Linked Bids having a Start Gas Year prior to the starting date of the selected Expansion Project will be curtailed for every Gas Year before the Gas Year including the starting date of the selected Expansion Project. It should be noted that for the Gas Year including the starting date of the selected Expansion Project, Binding Bids will be curtailed up to said starting date. On DESFA's side of the IP the offer of the Coupled Capacity has as a prerequisite the completion of the fourth unit of the projected CS at Komotini, currently estimated to be completed within 2025.

¹² The Offer Levels for this entry point may be reduced according to the bookings of the annual yearly capacity auctions (planned for 1st July 2024), since these are preceding the start of the Binding Bidding Phase

¹³ The Offer Levels for this entry point may be reduced according to the bookings of the annual yearly capacity auctions (planned for 1st July 2024), since these are preceding the start of the Binding Bidding Phase

¹⁴ Especially for the Kulata/Sidirokastro IP, the mutually agreed, between DESFA and BULGARTRNSGAZ, starting date is within Q3 2029

For Kulata/Sidirokastro IP, Komotini IP and Nea Messimvria IP, the capacity presented in Table 1 above is calculated by reducing the incremental capacity to be built by 10%, which will be offered as short-term capacity.

Table 2 Constraints of Clusters of Points

Entry / Exit Point of DESFA System	Cluster	Cluster Constraint (GWh/d/y)			Entry / Exit TSOs
		Limited Expansion	Partial Expansion	Full Expansion	
Kulata/Sidirokastro IP	1	55	94	151	Exit DESFA / Entry BULGARTRANS GAS
Komotini IP					Exit DESFA / Entry ICGB
Nea Messimvria IP					Exit DESFA / Entry TAP
New Entry Point – ELPEDISON FSRU	2	51	86	174,4	Entry DESFA
New Entry Point – ARGO FSRU					Entry DESFA
Nea Messimvria IP					Exit TAP / Entry DESFA
Amfitriti					Entry DESFA
Kipi IP					Entry DESFA
New Entry Point – ARGO FSRU	3	51	86	165	Entry DESFA
New Entry Point – DIORYGA GAS FSRU					Entry DESFA
Amfitriti ¹⁵	4 ¹⁵	51	86	103	Entry DESFA
Kipi IP ¹⁵					Entry DESFA

¹⁵ The capacity levels of this Cluster may be reduced according to the bookings of the annual yearly capacity auctions (planned for 1st July 2024), since these are preceding the start of the Binding Bidding Phase.

Starting Date		Q4 2028	Q2 ¹⁶ 2029	Q4 2029	
----------------------	--	---------	-----------------------	---------	--

3. Alternative allocation mechanism

Further to the offer of unbundled capacity, to the IPs and Entry Points described above, and in order to maximize the offer of bundled firm capacity at Komotini IP and Kulata/Sidirokastro IP, DESFA, in cooperation with the other TSOs Concerned according to the Project Proposals, will apply an Alternative Allocation Mechanism (**AAM**) with an extended capacity booking horizon of 20 years after the start of the operational use.

The implementation of the AAM for the allocation of capacity at the IPs is in line with the provisions of article 30.2 of CAM NC which requires the fulfilment of certain conditions. The criteria envisaged under article 30.2 of CAM NC for the potential application of an AAM are fulfilled, since:

- The Incremental Capacity Project involves at least three entry-exit systems, indicatively, DESFA System, IGB pipeline and BULGARTRANGAZ System.
- The Non-binding demand indications received by DESFA, and the non-binding demand indications received by the TSOs Concerned in the non-binding phase of the Incremental Capacity Process, were linking more than one interconnection point.
- The non-binding demand indications above concern capacity reservations of more than one (1) year.

DESFA intends to allow interested parties to submit Binding Bids on the following basis:

- Requests at the IPs linking commitments at other IPs or Entry Points.
- Requests, conditional on the allocation of a minimum amount of capacity.

Binding Bids will be processed subject to the Participants meeting the requirements set out in Section 5.1. In the event of congestion Section 5.4 applies.

4. Provisional Timeline

This Section presents the timeline for the next phases of the Market Test and provides estimates of the possible time needed for the realization of the incremental capacity.

4.1 Incremental capacity cycle timeline

The Binding Phase will commence with the publication of the Binding Phase Notice. The Binding Phase Notice will be published immediately after RAEWW' approval of the Guidelines.

¹⁶ Especially for the Kulata/Sidirokastro IP, the mutually agreed, between DESFA and BULGARTRANGAZ, starting date is within Q3 2029



Within the 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 should complete their registration to participate in the Binding Bidding Phase.

Together with the Binding Phase Notice, 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 after the annual yearly capacity auctions in July 2024. DESFA shall offer the incremental capacity together with the respective available capacity, if any, in the same process. Regarding the IPs where bundled capacity is offered, only coordinated offer levels with the TSOs Concerned shall be offered.

Following the end of the abovementioned process, DESFA will proceed with the Economic Viability Test (EVT). In case of a positive EVT according to the provisions of Section 5.6 Participants to whom capacity has been allocated shall sign a Gas Transportation Agreement (GTA) in respect to their Capacity Allocation.

The Binding Phase ends either in case the EVT is finally confirmed as negative or in the cases foreseen in Section 5.7.

4.2 Milestone Timeline

	Milestones	Dates
	Launch of Binding Phase / Publication of the Notice	2 May 2024
1	Information Phase	2 May 2024 - 1 July 2024
	DESFA makes available a list of documentation to be submitted	2 May 2024
	Registration Period	2 May - 24 June 2024
	DESFA evaluates the applicants' eligibility	25 June – 01 July 2024
2	Binding Bidding Phase	2 July – 30 September 2024
	Bid Submission Window	2 July - 12 July 2024
	Bid Evaluation Period	12 July – 31 July 2024
	Preliminary Capacity Allocation	1 August - 30 August 2024
	Economic Viability Test Results published	31 August 2024
3	Capacity Allocation	31 August 2024
4	Execution of GTAs	30 September 2024

After the finalization of the above-mentioned steps, DESFA will inform RAEWW about the result of the EVT. **In any case, DESFA may postpone, extend, or alter the above timeline, if needed, in coordination with the other TSOs Concerned and upon approval by the NRA(s).**

4.3 Duration of project realization

The investment upgrades related to DESFA, as mentioned above, are part of the Market Test and subject to positive EVT in accordance with these Guidelines.

Regarding Full Expansion Project, DESFA estimates that the duration of the activities from the design until the commissioning of the projects needed will be approximately 60 months after the date of “Execution of GTAs” of Section 4.2.

Regarding Partial Expansion Project, DESFA estimates that the duration of the activities from the design until the commissioning of the projects needed will be approximately 55 months after the date of “Execution of GTAs” of Section 4.2.

Regarding Limited Expansion Project, DESFA estimates that the duration of the activities from the design until the commissioning of the projects needed will be approximately 50 months after the date of “Execution of GTAs” of Section 4.2.

In parallel, DESFA has included in the recent TYNDP 2023-2032 a duplication project in the North-Eastern branch of DESFA System (Karperi-Komotini branch). For DESFA, this project is considered as a prerequisite for the offer of capacity at Komotini IP and for the Offer Levels of

incremental capacity in Kipi IP and Amfitriti entry point, as described herein. In June 2023, with Decision E-68/2023 RAEWW approved the said project, which is expected to have been completed in Q2 2027. Thus, irrespective of the expansion project that will be finally adopted by DESFA, firm capacity at Komotini IP can be offered only after the finalization of the Karperi-Komotini project. Similarly, for Kipi IP and Amfitriti entry point, incremental capacity through this process can be offered only after the implementation of the same project.

All other necessary investment upgrades described in Section 1.2 (M/R Stations and connection pipelines) do not affect the maximum time scales described hereabove. And will not alter the COD times as described in Tables 1 and 2 of the Guidelines.

In any case, it must be noted that the above-mentioned timeframes, which include major investments, are indicative and will be clarified during the technical studies phase, which will start after the positive Economic Viability Test.

5. General rules and conditions for the Binding Phase

This Section describes the general rules and conditions that DESFA requires 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 of the Incremental Capacity Process or the Market Test. Access to the transportation service 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, 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 Binding Bidding Phase and the respective deadline for submission of such documentation.

5.1 Participation criteria and registration

The requirements referred to in this Section will apply to the Market Test Binding Phase carried out by DESFA.

5.1.1 Applicants will have to submit filled-in Binding Phase Registration Forms to DESFA, which will be provided together with the Binding Phase Notice. The information to be submitted by Applicants shall include (but not be limited to) the following information:

- Company Name and Address.
- Name and contact details of Company Representative.

Applicants must submit (within the required deadlines) all the documents needed, as described in this Section, and the Binding Phase Notice.

At the end of the Registration Period, DESFA will communicate to Applicants their eligibility to participate in the Binding Bidding Phase.

5.1.2 By participating in a Binding Bidding Phase, each Participant will be required to accept that:

- the Capacity Allocation is subject to the positive outcome of the EVT;
- in case of a negative outcome of the EVT, DESFA shall return the Binding Bid Guarantee submitted with the Binding Bid and no transmission capacity will be contractually or otherwise allocated;
- in case of a positive outcome of the EVT DESFA will proceed with the Capacity Allocation, and the successful Participant shall enter into a GTA for the capacity allocated to him and present to DESFA the GTA Guarantee described in Section 5.7;
- in case a Participant is not allocated incremental capacity after a positive EVT, the Binding Bid Guarantee shall be returned; and
- if the Participant is allocated capacity but the GTA between the TSO and the Participant is not executed between the relevant Parties or does not, for any reason, become fully effective, sub-section 5.1.6 applies.

5.1.3 Applicants will be required to state the possession of or submit to DESFA relevant requirements defined in the NNGS Network Code, Annex I of the NNGS Standard Transmission Agreement and the relevant Application. Only Transmission Users, as defined in the NNGS Network Code, can submit binding bids for capacity in DESFA 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. DESFA shall not allow any interested party to submit Binding Bids if these requirements are not met and even if submitted shall be rejected for this reason.

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, 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.

5.1.4 Each Participant shall present to DESFA one guarantee (Binding Bid Guarantee), within the Bid Submission Window, equal in value to the sum of 20% of the maximum annual capacity charge (based on the relevant Reference Price including any mandatory premium) of each request for each IP and direction (be it entry DESFA or exit DESFA) and for each Entry Point for which the Participant requests capacity. For the calculation of the maximum annual capacity charge the maximum sum of the Reference Price and the respective Mandatory Minimum Premium per Offer Level and direction (be it entry DESFA or exit DESFA), according to Section 6, shall be used, i.e.:

- for entry DESFA: 4,8047941 €/ (kWh/h)/y;
- for exit DESFA: 5,9688396 €/ (kWh/h)/y.

The Binding Bid Guarantee shall have a duration and shall be valid until two (2) months from the execution of the GTAs according to Section 4.2. The Binding Bid Guarantee shall be cashable at first request of DESFA and 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) including their subsidiaries or any Greek branch of an internationally reputable bank with a minimum investment grade credit rating from the following Agencies: BBB at Standard and Poor's, BBB at Fitch or Baa3 at Moody's, or any internationally reputable bank with a minimum investment grade credit rating (as described above), or any subsidiary of an internationally reputable bank with a minimum investment grade credit rating (as described above), or any subsidiary of an internationally reputable bank without a minimum investment grade credit rating (or without any rating at all), provided that it is counter-guaranteed by any internationally reputable bank with a minimum investment grade credit rating (as described above); which has been approved in advance by DESFA, at its sole discretion.

5.1.5 The Reference Prices, according to the provisions of the Tariff Regulation, and the Mandatory Minimum Premium as approved by RAEWW, will be published on DESFA's website during the Information Phase. Binding Bids by Participants will be accepted only within the limits of the Binding Bid Guarantee, and, if not, capacity requested for each IP and direction (be it entry DESFA or exit DESFA) and Entry Point for which the Participant has requested capacity shall be curtailed on a pro-rata basis. By submitting a binding request to DESFA, the Participant accepts that said request will constitute an irrevocable commitment to enter into a GTA with DESFA, subject to positive EVT.

5.1.6 The Binding Bid Guarantee provided to DESFA by each Participant will be returned to such Participant as follows:

- Once the EVT is finally determined to be negative (in accordance with the provisions of Section 5.6), all Binding Bid Guarantees will be returned to Participants, or
- Once DESFA confirms that the Participant will not be allocated capacity, the Binding Bid Guarantee will be returned to such Participant, or
- Once the Participant is allocated incremental capacity at and upon the presentation to DESFA of the GTA Guarantee described in Section 5.7, the Binding Bid Guarantee will be returned to such Participant.

5.2 Binding Bid process

During the Binding Bidding Phase, Participants will have to submit their Binding Bids for incremental capacity products to DESFA. In case of submission of a Binding Bid that includes Komotini IP and/or Kulata/Sidirokastro IP, Participants will also have to submit binding bids for incremental capacity products to the TSO Concerned in the Incremental Capacity Process of the relevant IP. Binding Bids submitted to DESFA and the TSO Concerned for each relevant IP should match, having identical start and end dates, and identical capacity requested per gas year. For Binding Bids that do not meet these requirements DESFA and the other TSO Concerned shall apply the 'lesser-of' rule, for every year of mismatch.

Participants shall specify in each Binding Bid:

- If a Binding Bid is a **Linked Bid** as per the indications from the Binding Bid Form.
- **The capacity requested (in kWh/day)**. Capacity requested cannot exceed the maximum incremental capacity on offer at the IPs or Entry Points, as defined in Section 2.
- **The requested start date** (Gas Year).

- **The requested end date** (Gas Year).
- **Indication whether capacity reduction is acceptable or not.** Participants must also indicate whether they will accept a reduction in their Capacity Allocation (and up to which amount) if there is congestion and their bid happens to be marginal. For Linked Bids, any reduction in capacity at an IP or Entry Point where the Linked Bid is assessed as being marginal will result in an equal reduction in incremental capacity at the linked IP/Entry Point (it should be noted that bundled capacity is reduced by the same amount at both sides of an IP).

Incremental capacity in IPs will be offered jointly with the TSOs Concerned as bundled products to Participants for a minimum duration of 3 (three) consecutive years, with the earliest possible Gas Year being the Gas Year that includes the earliest starting date of the Offer Levels provided (according to Section 2) and the latest possible Gas Year for capacity being Gas Year 2048/49. Especially for Komotini IP the latest possible Gas Year is 2045/46.

Participants may submit only one Binding Bid for each IP and Entry point, with the exception of Linked Bids in which case an entry point may be linked with multiple exit points. As a basic rule, in a single Binding Bid, Participants may specify only one value of incremental capacity for all gas years requested. A Binding Bid may however indicate a ramp-up over the first two years of the period to which the Binding Bid relates, with a minimum value for the first year of 40% of capacity and 70% for the second year and/or a ramp-down over the last two years of the period to which the Binding Bid relates, with a minimum value for the second last year of 70% of capacity and 40% for the last year.

A Binding Bid does not have to specify a bid price, as the price applicable to the incremental capacity for the purposes of the evaluation process shall be equal to the relevant Reference Price plus the Mandatory Minimum Premium where applicable.

By submitting a Binding Bid Form, a Participant will be deemed to have agreed to the terms and process set out in the Guidelines and the Binding Phase Notice of DESFA, including the process regarding the overall Guidelines and the potential liability of the Participant in connection with a GTA not being executed between the relevant parties or not becoming fully effective in accordance with its terms and/or the termination or modification of the Market Test process (see further detail in Section 5.1 and 5.7).

With regard to the Komotini IP and Kulata/Sidirokastro IP, registration documentation and Binding Bids for incremental capacity products submitted to DESFA during the Binding Bidding Phase shall be considered as if they were also submitted to DESFA within the context of the Incremental Capacity Process. Registration documentation and Binding Bids submitted to DESFA within the context of the Incremental Capacity Process concerning the Komotini IP and Kulata/Sidirokastro IP shall be considered as if they were also submitted to DESFA within the context of the Market Test. No other Binding Bid shall be required to be submitted by the Participants to DESFA and, if submitted, shall be rejected.

In a Linked Bid the entry capacity requested at an IP or Entry Point must equal the exit capacity requested at the linked IP, otherwise DESFA shall apply the 'lesser-of' rule between the linked points for every year of mismatch. For DESFA System, Linked Bids are considered as bids for firm entry and firm exit capacity. DESFA shall have the right to convert a Linked Bid to a Coupled Capacity product in case this turns a negative EVT to positive, unless the Participant has explicitly declared, in its Binding Bid, its non-acceptance for such conversion.

In relation to the allocation of bundled capacity, in the event of a delay or misalignment in the COD for an adjacent TSO, DESFA has no responsibility whatsoever due to such delay towards the Participant. However, DESFA has the right (but not obligation) to agree and implement ways of mitigating the consequences of such delay or misalignment, including by making adjustments to any bundled Capacity Allocation as may be agreed with the relevant Participant. Any such mitigation should be finally neutral to DESFA.

The respective annual capacity charge by DESFA (according to the provisions of the Tariff Regulation, as approved by RAEWW) to be used as Reference Price for the duration of the initial incremental capacity requests and the Mandatory Minimum Premium (charged on top of the relevant Reference Price in accordance with article 33 of Commission Regulation (EU) 2017/460), will be published on DESFA's website during the Information Phase, subject to the approval of RAEWW. There will be no other additional auction premia charged. Bids will have to be submitted within the Bid Submission Window in accordance with the instructions that will be provided in the Binding Phase Notice.

5.3 Bid evaluation

At the end of the Bid Submission Window, DESFA will assess the received Binding Bids by DESFA for completeness and compliance with the requirements set out under the Guidelines and the Binding Phase Notice (including, where capacity is being made available as bundled capacity, that equal Binding Bids have been submitted to the TSOs Concerned in the Incremental Capacity Process). Binding Bids accepted at this stage will be considered for the preliminary Capacity Allocation procedure of Section 5.4. In case of rejection of a Binding Bid, DESFA shall (without prejudice to the procedure applicable to Equal Marginal Bids) notify the relevant Participant of such rejection and the other TSOs Concerned, when applicable, within 5 Business Days from the end of the Bid Submission Window. For the avoidance of doubt, DESFA shall have no liability whatsoever to the other TSOs Concerned, the relevant Participant or any other party in connection with such rejection.

5.4 Preliminary Capacity Allocation Procedure (Bid Ranking)

In case at the time of the Binding Bidding Phase there is capacity already available at a point, DESFA will first allocate to the Participants at that point the already available capacity and, subsequently, the incremental capacity. If, according to the aforementioned procedure, no incremental capacity is allocated at that point and no incremental capacity is allocated at other points of the DESFA System that are linked to that point by at least one Linked Bid:

- a) The available capacity at that point shall not be allocated to the Participants, and
- b) DESFA shall exclude from the EVT calculations the revenues from the Binding Bids at that point.

The rules for preliminary capacity allocation of incremental capacity are described below:

- 5.4.1 For each year, the sum of Binding Bid capacity requests is calculated for each IP and Entry Point. The minimum Expansion Project satisfying all Binding Bids is

selected, taking into account the available capacity at each point. In case it is not possible to satisfy all Binding Bids even with the Full Expansion Project, the Full Expansion Project is selected.

- 5.4.2 DESFA ranks Participants according to the aggregate NPV of the revenues (including the respective Reference Price and Mandatory Minimum Premium) from their Binding Bids for incremental capacity, taking into account all submitted Binding Bids of each Participant. In case of Linked Bids, the NPV includes revenues in DESFA System from both the entry component of the IP or Entry Point, and the exit component of the linked IP of the bid.
- 5.4.3 An IP or Entry Point shall be considered congested when the sum of the Binding Bid capacity requests at that IP or Entry Point exceeds the respective Offer Level according to Section 2.
- 5.4.4 Without prejudice to paragraphs 5.4.6, 5.4.7, 5.4.8 and paragraph 5.4.10, if no IP or Entry Point is congested, capacity is preliminarily allocated to the Participant with the highest ranking, and the Binding Bids of said Participant for all IPs or Entry Points are satisfied.
- 5.4.5 Without prejudice to paragraphs 5.4.6, 5.4.7, 5.4.8 and paragraph 5.4.10, if there is congestion at an IP or Entry Point, capacity at that IP or Entry Point is preliminarily allocated to the Participant with the highest ranking. Subsequently, the Binding Bid of the next Participant (i.e. the one with the immediately lower ranking) is examined. If this is a Marginal Bid, the remaining incremental capacity is allocated to said Participant, unless the Participant has explicitly declared, in its Binding Bid, non-acceptance of such a capacity reduction. If the Participant with the Marginal Bid has declared non-acceptance of capacity reduction, the remaining capacity is allocated to the Participant with the immediately lower ranking, if any, and so on.
- 5.4.6 Further to the ranking and curtailment process described in 5.4.2 to 5.4.5 above, DESFA examines if there is congestion at one or more Clusters. A Cluster shall be considered congested when the sum of the Binding Bid capacity requests at that Cluster exceeds the respective Offer Level, according to Section 2.
- 5.4.7 If no Cluster is congested, the capacity allocated to Participants at all IPs or Entry Points is the one calculated as per the process described in 5.4.2 to 5.4.5 above.
- 5.4.8 If there is congestion at a Cluster, DESFA, maintaining the ranking of Participants according to 5.4.1 above, ranks the Binding Bids (or the residual Binding Bids if curtailed according to 5.4.5 above) of each Participant according to the NPV of each Binding Bid. In case of Linked Bids, the NPV includes revenues in DESFA System from both the entry component of the IP or Entry Point, and the exit component of the linked IP of the bid. At the congested Cluster, the Binding Bid with the highest ranking of the Participant with the highest ranking is satisfied first. In turn, the next Binding Bid (i.e. the one with the immediately lower ranking) of the same Participant will be satisfied. If this is a Marginal Bid, the remaining incremental capacity is allocated to the Participant, unless the Participant has explicitly declared, in its Binding Bid, non-acceptance of such a capacity reduction. If the Participant of such Marginal Bid has declared non-acceptance of capacity reduction, the Binding Bid with the highest ranking of the Participant with the immediately lower ranking, if any, will be satisfied, and so on.

- 5.4.9 In case two or more Marginal Bids have the same ranking (Equal Marginal Bids), Section 5.5 shall apply.
- 5.4.10 For Linked Bids, any reduction in capacity at an IP or Entry Point where the Linked Bid is assessed as being marginal will result in an equal reduction in capacity at the linked IP/Entry Point.
- 5.4.11 If DESFA curtails any Binding Bid at an IP where capacity is made available as bundled capacity, the bundled Binding Bid submitted to the other TSO Concerned in the Incremental Capacity Process will also be curtailed to the same extent, according to the Project Proposals.

The outcome of the process above shall be the selected Expansion Project, the respective Offer Level per IP/Entry Point and the preliminary capacity allocated per Participant and per IP/Entry Point. DESFA shall coordinate these results, along with the Binding Bids received to the TSOs Concerned in line with the timeline of Section 4.2.

5.5 Allocation of Equal Marginal Bids (EMB)

In case two or more Marginal Bids have the same ranking according to Section 5.4 (Equal Marginal Bids), the Equal Marginal Bids shall be curtailed on a pro-rata basis so that there is no Marginal Bid remaining.

5.6 Economic Viability Test

The EVT takes into account (i) the present value of the estimated increase in DESFA's allowed revenue associated with the incremental capacity included in the respective Offer Level multiplied by the f-factor (see Section 5.11) and (ii) the present value of Binding Bids of Participants, subject to the Preliminary Capacity Allocation Process of Section 5.4, which is calculated as the discounted sum of the respective Reference Price (and the Mandatory Minimum Premium) multiplied by the amount of preliminary capacity allocated plus the discounted sum of the Mandatory Minimum Premium multiplied by the amount of available capacity that was contracted in combination with the incremental capacity, following any potential bid ranking, if needed.

The outcome of the EVT shall be positive, where the value of the parameter set out in (i) above is at least equal to the value of the parameter set out in (ii) above. Otherwise, the outcome of the EVT shall be negative.

The EVT concerns the DESFA side of the IPs and includes the DESFA side of any IP and any Entry Point where incremental capacity is offered according to these Guidelines. Costs concern all costs associated with the expansion of DESFA System to meet each Offer Level, estimated according to Section Σφάλμα! Το αρχείο προέλευσης της αναφοράς δεν βρέθηκε..

With regard to Komotini IP and Kulata/Sidirokastro IP, each TSO Concerned will present its economic viability test results pursuant to the respective Project Proposals. Based on these results:

- The other TSO Concerned for each IP will verify its own economic viability test results. If the EVT is positive for all TSOs Concerned, capacity is allocated according to the Bid Ranking of Section 5.4.
- If the EVT is negative for DESFA, DESFA reserves the right to examine the possibility to implement any, or a combination of any, of the following so that the EVT turns to positive:
 - Convert Linked Bids to Coupled Capacity products, unless the Participant has explicitly declared, in its Binding Bid, non-acceptance of conversion.
 - Adjust the f-factor upon approval by RAEWW.
 - Discuss, on a reasonable effort basis, with the Participants from the Binding Phase any potential future changes to their respective bookings.
 - Investigate whether a lower Offer Level or a customized technical solution meets all or part of the demand, potentially curtailing Binding Bids according to Section 5.4, upon approval by RAEWW. Curtailment may impact the Offer Level to be tested at the IP. If DESFA curtails or rejects any Binding Bid at the IP where capacity is made available as bundled capacity, the bundled binding bid made with the other TSOs Concerned in the Incremental Capacity Process will also be curtailed or rejected to the same extent.
- According to article 24.4 of CAM NC if a redistribution of revenues could potentially lead to a decrease in the level of binding commitments for contracting capacity required for a positive single economic test outcome, TSOs Concerned may submit to the NRA(s) for coordinated approvals the mechanisms for a redistribution of revenues from incremental capacity.
- If after the above actions, where possible, the EVT for DESFA is positive while at Komotini IP or Kulata/Sidirokastro IP, after any relevant actions by ICGB or BULGARTRANGAZ respectively as foreseen in the Project Proposals, the capacity demand still lead to a negative economic viability test for ICGB or BULGARTRANGAZ respectively, no capacity allocation will take place at the relevant IP. DESFA shall have the right to exclude the IP having a negative economic viability test result and conduct an EVT for the rest of the IPs and Entry Points where incremental capacity is offered in the Market Test according to these Guidelines.

DESFA shall communicate the EVT results of the Binding Bidding Phase to respective Participants no later than the date set for milestone “3. Capacity Allocation” as per Section 4.2. If the EVT results are negative, DESFA is entitled to apply the provisions of Section 5.6.

5.7 Gas Transportation Agreement

In case of a positive EVT, each successful Participant commits to enter into a GTA with DESFA for the Capacity Allocation in accordance with the key timings and principles milestones described below and the applicable regulatory framework:

- Countersignature or signature of the relevant GTAs by the date set for milestone “4. Execution of GTAs” as per Section 4.2;
- The GTA(s) becoming fully effective upon a set of specific Conditions Precedent being

met to the satisfaction of DESFA by the Long Stop Date;

- Closing of the Incremental Capacity Project and declaring the GTAs void if the Conditions Precedent are not met or waived by DESFA by the Long Stop Date.

The Participants shall have a step-out option according to which they will be able to withdraw from the GTA without any liability, with the exception of the actual costs incurred by DESFA up to that point (such as, indicatively and not restrictively, costs for studies, costs for the licensing processes etc.) allocated as foreseen below. In order to exercise the step-out option, Participants shall duly notify DESFA in this regard no later than three (3) months before the Long Stop Date (Step-out Deadline).

In case of a positive EVT, each Participant is bound to the commitments arising from the successful outcome of the procedure.

DESFA will send to the Participant(s) that have been allocated capacity the GTA, which must be returned to DESFA, signed by the Participant no later than the date set for milestone “4. Execution of GTAs” as per Section 4.2.

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 GTAs by all the Participants with successful binding commitments. DESFA may waive said requirement for execution of the GTAs by all the Participants with successful binding commitments, in case the non-execution of one or more of the GTAs does not alter the result of the EVT to negative and upon consultation with RAEWW. In case one or more Participants exercise the step-out option by the Step-out Deadline, DESFA shall continue the Incremental Capacity Project if this does not alter the result of the EVT to negative and upon consultation with RAEWW. If the EVT results are negative, DESFA is entitled to apply the provisions of Section 5.6.

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

- The Project Promoter(s) have proceeded with an FID and have signed a Connection Agreement with DESFA, for the construction of the project connecting the respective INGS to the NNGTS, where applicable, as per Section 1.2, by the Step-out Deadline.
- The relevant gas transportation agreements between the Participant and TSOs Concerned have become fully effective by the Long Stop Date, according to the provisions of the Project Proposals and these Guidelines.
- The other TSOs Concerned, in case capacity has been allocated to Participants at the relevant IPs, decided to proceed with their incremental capacity project, due to the fact that their specific conditions precedent, as described in the Project Proposals have been met or waived and have notified DESFA by the Long Stop Date.
- DESFA’s updated estimations, by the Long Stop Date, for the cost of the Incremental Capacity Project, which will be based on the detailed design that will follow the Capacity Allocation, will not alter the result of a positive EVT.

- DESFA's relevant part of the Incremental Capacity Project, as described in Section **Σφάλμα! Το αρχείο προέλευσης της αναφοράς δεν βρέθηκε.**, has been unconditionally included in DESFA's latest approved TYNDP by the Long Stop Date.
- DESFA has proceeded with an FID by the Long Stop Date.

If the Conditions Precedent are not met or waived by DESFA by the Long Stop Date, DESFA may close the Incremental Capacity Project. In such case, the GTAs shall be terminated ipso jure and the GTA Guarantees returned to the Participants.

Each Participant shall present to DESFA one guarantee (GTA Guarantee), five (5) Business Days before GTA execution, equal in value to the sum of the maximum annual capacity charge (based on the relevant Reference Price including the Mandatory Minimum Premium) of each request for each IP and direction (be it entry DESFA or exit DESFA) and for each Entry Point for which the Participant requests capacity.

The GTA Guarantees shall be cashable at first request of DESFA and 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) including their subsidiaries or any Greek branch of an internationally reputable bank with a minimum investment grade credit rating from the following Agencies: BBB at Standard and Poor's, BBB at Fitch or Baa3 at Moody's, or any internationally reputable bank with a minimum investment grade credit rating (as described above), or any subsidiary of an internationally reputable bank with a minimum investment grade credit rating (as described above), or any subsidiary of an internationally reputable bank without a minimum investment grade credit rating (or without any rating at all), provided that it is counter-guaranteed by any internationally reputable bank with a minimum investment grade credit rating (as described above); which has been approved in advance by DESFA, at its sole discretion.

Once the GTA Guarantee described here above is presented to DESFA, the Binding Bid Guarantee will be returned.

The GTA 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 for DESFA, the Participant shall present to DESFA the guarantee required according to the relevant provisions of the NNGS Standard Transmission Agreement and chapter 3A of the NNGS Network Code for the capacity allocated for each IP and direction (be it entry DESFA or exit DESFA) and for each Entry Point to that Participant in the context of the Incremental Capacity Process. For the capacity allocated to that Participant in the context of the Market Test the guarantee for each IP and direction (be it entry DESFA or exit DESFA) and for each Entry Point under the NNGS Transmission Agreement is calculated as per article 21^H of the NNGS Network Code. For the avoidance of any doubt, all other Participant's obligations should be fulfilled pursuant to the relevant provisions of the NNGS Network Code and the NNGS Standard Transmission Agreement, as applicable from time to time.

The Participant has the right to request the reduction of its GTA Guarantee up to the amount corresponding to the part of the guarantee provided for the capacity booked under the NNGS

Standard 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 Guarantee shall be returned to the Participant.

In the event of a positive EVT, if the successful Participant does not issue the GTA Guarantee or does not execute the GTA it shall pay a penalty to DESFA equal to the value of the Binding Bid Guarantee described in Section 5.1.

If the GTAs do not become fully effective, or if one or more Participants withdraw from the GTA by exercising the step-out option by the Step-out Deadline, and as a result DESFA cannot continue the Incremental Capacity Project, as provided for in this Section, DESFA will allocate the actual costs incurred by DESFA for the Market Test up to that point to each Participant with a GTA, pro rata to the amount of their GTA Guarantees. The GTA Guarantee will be returned after such actual costs have been settled.

If the Participant terminates the GTA for reasons not attributable to DESFA after the Step-out Deadline and until the Long Stop Date, it shall pay a penalty to DESFA equal to the value of the GTA Guarantee.

Once the GTA becomes fully effective (i.e. all conditions precedent are met or waived by DESFA and DESFA's FID is taken until the Long Stop Date), 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, in accordance with the terms of the GTA.

5.8 Progress of the project, lack of permits, delays in making available the capacity

DESFA will share with the Participants concerned 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, procurement contracts and any other relevant land rights necessary for the construction phase of DESFA's project are not obtained/signed or delayed, then the execution time of the Incremental Capacity Project will be extended accordingly, and DESFA shall have no liability to any Participant in connection with such delays, other than what may be set out in the relevant terms of the GTA.

5.9 Force Majeure

"Force Majeure" for the Binding Bidding Phase is defined in the NNGS Network

5.10 Element IND and RP for fixed price approach

To be consistent with the Tariff Regulation, DESFA will 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 Commission Regulation (EU) 2017/460 are not relevant.

5.11 Level of user commitments (f-factor)

The level of user commitments (f-factor) proposed for the EVT is 0.7 for all Expansion Projects.

6. Economic Viability Test Parameters

6.1 Reference price

The tariffs for the allocated capacity shall be governed by the principles and methodology detailed in the Tariff Regulation as in force at any given time. Consistently with the current tariff regulatory framework, DESFA considers applying a floating reference price.

For indicative purposes, the 2024 tariff for long term bookings at entry points of the NNGTS, according to the Tariff Regulation, as in force at the time of publication of the Guidelines, is equal to 2,9175706 €/ (kWh/h)/y without taking into account any regulatory adjustment provisioned in the applicable Tariff Regulation. The tariff for the current regulatory period for long term bookings at exit points of the NNGTS, according to the Tariff Regulation, as in force at the time of publication of the Guidelines, is equal to 4,3000262 €/ (kWh/h)/y without taking into account any regulatory adjustment provisioned in the applicable Tariff Regulation.

The inclusion of the Limited Expansion Project in DESFA's Regulated Asset Base (RAB) will lead to an estimated tariff equal to 4,3967941 €/ (kWh/h)/y for the entry points and an estimated tariff equal to 5,1409195 €/ (kWh/h)/y for the exit points being the Reference Prices for DESFA's calculations for the EVT.

The inclusion of the Partial Expansion Project in DESFA's Regulated Asset Base (RAB) will lead to an estimated tariff equal to 4,4263628 €/ (kWh/h)/y for the entry points and an estimated tariff equal to 5,6808396 €/ (kWh/h)/y for the exit points being the Reference Prices for DESFA's calculations for the EVT.

The inclusion of the Full Expansion Project in DESFA's Regulated Asset Base (RAB) will lead to an estimated tariff equal to 4,3506619 €/ (kWh/h)/y for the entry points and an estimated tariff equal to 5,7074633 €/ (kWh/h)/y for the exit points being the Reference Prices for DESFA's calculations for the EVT.

For the avoidance of doubt, in all cases, the reference price effectively applied will be finally determined according to the provisions of the regulatory framework in place at the time of the transmission service and considering the actual costs incurred by the TSO.

6.2 Mandatory minimum premium

For the Limited Expansion Project, both for entry and exit points, the Mandatory Minimum Premium is equal to 0,4080 €/ (kWh/h)/y.

For the Partial Expansion Project, both for entry and exit points, the Mandatory Minimum Premium is equal to 0,2880€/((kWh/h)/y).

For the Full Expansion Project, both for entry and exit points, the Mandatory Minimum Premium is equal to 0 €/((kWh/h)/y).

6.3 Present value of estimated increase in allowed revenue

The present value of the estimated increase of the allowed revenues associated to the investments for the Limited Expansion Project, is estimated to 152.293.723 €.

The present value of the estimated increase of the allowed revenues associated to the investments for Partial Expansion Project is estimated to 255.434.644 €.

The present value of the estimated increase of the allowed revenues associated to the investments for the Full Expansion Project is estimated to 403.293.027 €.

7. Contact information

DESFA SA

Dimitrios Skouras

Head of Contracts & Customer Operations Dept.

Georgios Doumouras

Market & System Development Dept.

Telephone: +30 213 0884079

Email: market-test@desfa.gr

357-359 Messogion Ave., Halandri, 15231,

Greece

www.desfa.gr



8. Annex I – Definitions

This Annex contains definitions and abbreviations used in this document.

1. **Amfitriti entry point** means the entry point to DESFA System in “Amfitriti”, located in the area of Alexandroupolis, through which natural gas will be injected from the independent natural gas system of Alexandroupolis to the NNGTS.
2. **Alternative Allocation Mechanism (or AAM)** as defined in article 30 CAM NC.
3. **Applicant** means the interested party that registers during the Binding Phase according to Section 5.1.
4. **Application** means an application for Future Capacity Reservation according to article 95A of the NNGS Network Code.
5. **Bid Submission Window** means the period during which Participants may submit a Binding Bid.
6. **Binding Bid** means a bid submitted by a Participant during the Binding Phase.
7. **Bind Bid Guarantee** means the on-demand bank guarantees, in a form acceptable to DESFA which are required to be submitted to DESFA in order to participate in the Binding Bidding Phase, which meet the requirements set out under Section 5.1.
8. **Binding Bidding Phase** means the final phase of the Market Test whereby interested parties can submit Binding Bids to DESFA through a binding process in accordance with Section 5 and during which DESFA will perform the Economic Viability Test and will proceed to Capacity Allocation.
9. **Binding Phase** means the general phase of the Market Test which is composed of the Information Phase and the Binding Bidding Phase.
10. **Binding Phase Registration Form** means the forms attached to Binding Phase Notice, to be used by Applicants for their registration to the Binding Phase by which Participants will declare acceptance of the conditions set by DESFA.
11. **BULGARTRANGAZ System** means the Bulgarian gas Transmission System, operated by BULGARTRANGAZ EAD.
12. **Business Day(s)** shall mean any calendar day, but not a Saturday, Sunday, or a public holiday either in Greece or Bulgaria as applicable.
13. **CAM NC** means the Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on Capacity Allocation mechanisms in gas transmission systems.
14. **Capacity Allocation** means allocated capacity to the successful Participants after the positive outcome of a Binding Bidding Phase and EVT.
15. **Cluster** means the group of IPs and/or Entry Points per Expansion Project for which a constraint on the maximum incremental capacity that can be offered at all points of the Cluster on aggregate is imposed, according to Section 2.

16. **Commercial Operation Date (COD)** means the commercial operation date of the incremental capacity realized following a positive EVT.
17. **Condition(s) Precedent** means the events or actions that must be completed (or otherwise waived) before the GTA(s) become fully effective pursuant to the terms of the relevant GTA(s), as required by DESFA in Section 5.7.
18. **Connection Agreement** means the agreement signed between DESFA and a Project Promoter in the context and as a result of this Market Test for a Connection Project taking into account the results of the Market Test and the content of article 95E of the NNGS Network Code.
19. **Connection Project** means the project(s) defined in the Evaluation Study or the technical study of Article 1.2 for each Project Promoter, as applicable, that are required to be implemented by DESFA in order to connect the respective INGS to the NNGTS and provide the transmission services described therein , taking into account the results of this Market Test and the content of article 95E of the NNGS Network Code.
20. **Coupled Capacity** refers to the provision of natural gas transmission services in coupled points according to the provisions of chapter 2D of NNGS Network Code as in force from time to time.
21. **Demand Assessment Report (or DAR)** means the report published by DESFA on 20.12.2023, summarizing the results of the Non-binding demand indications received by DESFA.
22. **Design Phase** means the design phase of the Market Test, in line with the Incremental Capacity Process for the relevant IPs as defined in article 27 of CAM NC.
23. **DESFA System** means the National Natural Gas Transmission System of Greece, operated by DESFA.
24. **Economic Viability Test (or EVT)** means the test applied to assess the economic viability of the Incremental Capacity Project according to Section 5.6.
25. **Entry Point** means the Amfitriti entry point of the NNGTS and the prospective entry points pertaining to the FSRUs of the Project Promoters.
26. **Evaluation Study** means the New Project Evaluation Study prepared by DESFA and disclosed to a user applying for future capacity in the NNGS pursuant to article 95B of the NNGS Network Code, as amended from time to time.
27. **EWRC** means Energy and Water Regulatory Commission of Bulgaria, the National Energy Regulatory Authority of Bulgaria.
28. **Expansion Project** means a project to expand DESFA's capacity in DESFA's existing entry and/or exit points or to establish new entry and/or exit points on DESFA System, and includes a Limited Expansion Project, Partial Expansion Project and/or Full Expansion Project in accordance with Section **Σφάλμα! Το αρχείο προέλευσης της αναφοράς δεν βρέθηκε..**
29. **F-factor** means the share of the present value of the estimated increase in the allowed or target revenue of DESFA associated with the incremental capacity included in the respective Offer Level to be covered by the present value of binding commitments of Participants for contracting capacity, calculated as the discounted sum of the

respective Reference Prices (and the Mandatory Minimum Premium) multiplied by the amount of contracted incremental capacity.

- 30. **GTA (or Gas Transportation Agreement)** means a gas transportation agreement signed by DESFA and a Participant to whom incremental capacity has been allocated after the allocation of such capacity, pursuant to the Market Test, as approved by RAEWW.
- 31. **GTA Guarantee** means the on-demand bank guarantees, in a form acceptable to DESFA which are required to be submitted to DESFA in order to enter into a GTA, which meet the requirements set out under Section 5.7.
- 32. **Guidelines** means the present incremental capacity project proposal approved by RAEWW, which describes the technical project and the process that will be followed in order for DESFA to offer incremental capacity in the Market Test for the expansion of DESFA System.
- 33. **ICGB System (or IGB)** means the Interconnector Greece-Bulgaria operated by ICGB AD.
- 34. **Incremental Capacity Process** means the process to assess market demand for incremental, firm bundled, capacity at Kulata/Sidirokastro IP and Komotini IP launched by the TSOs Concerned.
- 35. **Incremental Capacity Project** means the project described in this document aiming to increase the amount of technical capacity at the IPs and Entry Points.
- 36. **Information Phase** has the meaning given to it in Section 4.
- 37. **INGS** means the Independent Natural Gas System, as defined in article 2a) of the Energy Law 4001/2011.
- 38. **Interconnection Point (or IP)** means the interconnection points Komotini IP, Kulata/Sidirokastro IP, Kipi IP or Nea Messimvria IP.
- 39. **Kipi IP** means the interconnection point connecting DESFA System and the natural gas transmission system of Turkey.
- 40. **Komotini IP** means the interconnection point connecting DESFA System and ICGB System.
- 41. **Kulata/Sidirokastro IP** means the interconnection point connecting DESFA System and BULGARTRANGAZ System.
- 42. **Linked Bid** means a bid where the Participant has indicated that its binding request at a DESFA's Entry Point or IP is subject to allocation of an equal amount of capacity and duration at an IP.
- 43. **Long Stop Date** is the 31st of May 2025.
- 44. **Mandatory Minimum Premium** means an additional amount added on the Reference Price, where applicable according to Section 6.2, to ensure a positive EVT [according to article 33 of Commission Regulation (EU) 2017/460 (TAR NC)].
- 45. **Market Test** means the market test process for the expansion of DESFA System launched by DESFA in March 2023, the binding phase of which is described in the Guidelines.
- 46. **Marginal Bid** means a bid where capacity cannot be met by DESFA at one Offer Level for an IP or Entry Point and/or for a Cluster.

47. **Nea Messimvria IP** means the interconnection point connecting DESFA System and TAP System.
48. **NNGTS** means the National Natural Gas Transmission System, as defined in article 67 of the Energy Law 4001/2011.
49. **NNGS Standard Transmission Agreement** the standard framework agreement between DESFA and a Transmission User (Government Gazette B 4802/30.10.2020) according to article 6A of NNGS Network Code as in force from time to time.
50. **NNGS Network Code** shall mean the Network Code of the Greek National Natural Gas System (Government Gazette B 5773/04.10.2023) as in force from time to time.
51. **Non-binding demand indications** the non-binding demand indication(s) for incremental capacity at the NNTGS, received by DESFA in the context of the non-binding phase of the Market Test.
52. **NRA(s) or National Regulatory Authority(ies)** means the National Energy Regulatory Authority of Greece (RAEWW) and of Bulgaria (EWRC) if applicable.
53. **Notice (or Binding Phase Notice)** means the notice published by DESFA at the start of the Information Phase.
54. **Offer Level** means the maximum level of capacity which can be offered per Expansion Project at each IP and Entry Point, and at each Cluster according to Section 2.
55. **Participant(s)** means an Applicant that is considered compliant by DESFA (in accordance with Section 5.1) with the requirements for registration process and can further participate in the Binding Bidding Phase.
56. **Project Promoters** means the companies that have submitted an application for Future Capacity Reservation to DESFA in accordance with article 95A of the NNGS Network Code for the connection of an independent natural gas system (INGTS) to the NNGTS, namely Elpedison for Thessaloniki FSRU in the area of Thessaloniki, Mediterranean Gas for Argo FSRU in the area of Volos, and Dioriga Gas for Dioriga FSRU in the area of Corinth.
57. **Project Proposals** the incremental capacity project proposals, which describe the technical project and the process that will be followed in order the TSOs Concerned to offer firm incremental capacity at the Komotini IP and the Kulata/Sidirokastro IP.
58. **RAEWW** means the Regulatory Authority for Energy, Water and Waste, the National Energy Regulatory Authority of Greece.
59. **Reference Price(s)** means the price(s) for a capacity product for firm capacity of duration of one year at the IPs or Entry Points according to Section 6.1
60. **Tariff Regulation** means the Tariff Regulation for the Basic Activities of the National Natural Gas System as defined in article 88 of Law 4001/2011 and in force from time to time.
61. **TAP** means the Trans Adriatic Pipeline AG.
62. **TAP System** means the gas transmission system operated by TAP.
63. **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.

- 64. **TSO** means Transmission System operator, being BULGARTRANGAZ, DESFA, ICGB and TAP (as relevant).
- 65. **TSOs Concerned** means DESFA and ICGB for the Komotini IP, DESFA and BULGARTRANGAZ for the Kulata/Sidirokastro IP, and DESFA only for the other IPs and Entry Points of DESFA System.
- 66. **TYNDP** a TSO's Ten Year Network Development Plan.
- 67. **Transmission User(s)** an entity that has entered into an NNGS Standard Transmission Agreement.

