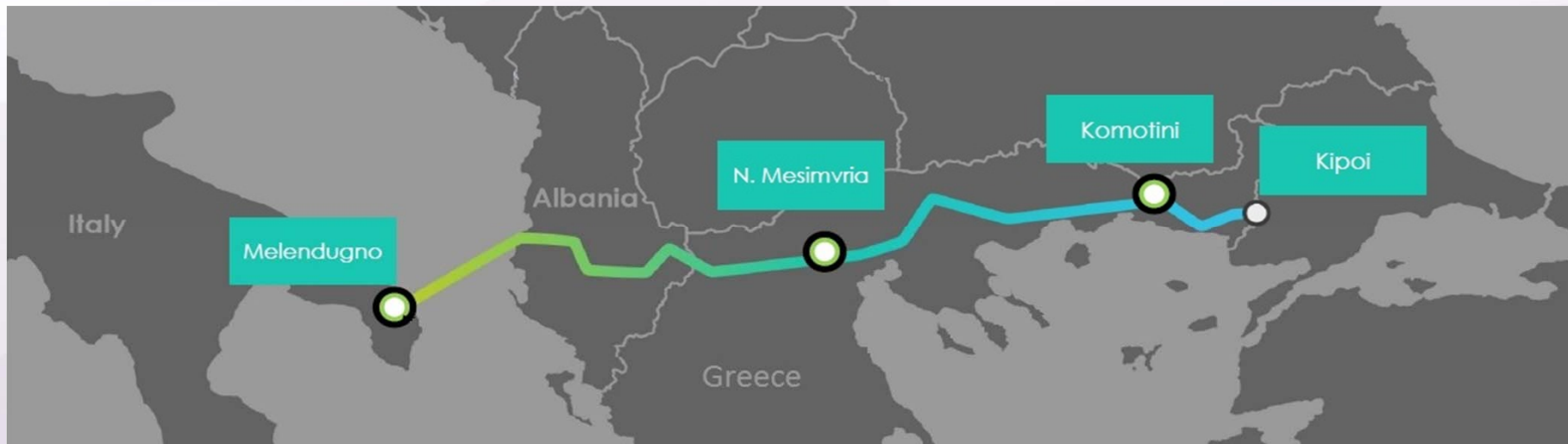


Trans Adriatic Pipeline Current status and future incremental capacity allocation

Regulatory Authority for Energy

**Gas Regional Initiatives –SSE
6 & 7 May 2019**

Trans Adriatic Pipeline



Forward Capacity

Entry Point: Kipoi (connection with TANAP)

Exit Points: Komotini, N. Mesimvria, Melendugno

1 more Exit Point in Greece: near Kastoria

2 more Exit Points in Albania: Kuçovë & Fier

Initial Capacity 10bcm/year

Expansion Capacity 10bcm/year

FJO provisions – *forward flow*

Initial Capacity

exemption from TPA and Regulated Tariffs
for 25 years from the COD

Expansion Capacity

Allocated to the market through
Market Tests (1st and subsequent)

subject to:

- Allocation of Initial Capacity to Shah Deniz II gas buyers and release any residual Initial Capacity to market test
- Obligation to perform the Booking phase of the first market test
- Tariff Code Submission for approval by the NRA's
- Obligation to perform subsequent market tests
- Obligation to build expansion capacity, above initial 10 bcm/year
- Possibility to further expand capacity , beyond 20 bcm/year
- Obligation to offer short – term products (up to a year) at least 5% of IC and 10% of actual build EC

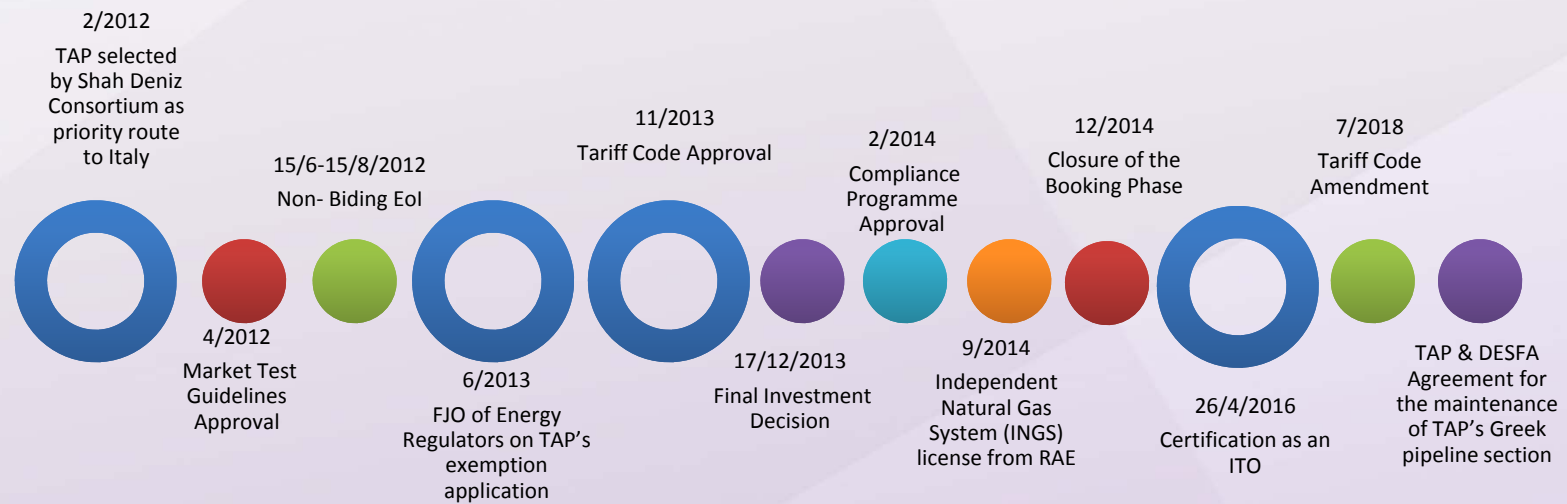
Exemption from Regulated Tariffs
for 25 years from the COD

FJO provisions – *reverse flow*

shall be regulated with the following restrictions:

- Reverse flow capacity products will be offered through auctions in market tests
- Tariff for a reverse flow product cannot be higher than 5% of the tariff for the equivalent forward flow product
- Reserve auction price will be the applicable tariff of that product
- Auction revenues, beyond reserve price will be transferred to a special fund and after NRAs decision shall be redistributed to final customers
- At least 5 bcm/year capacity is provided for physical reverse flows for emergency operations
- At least 5 bcm/year capacity is provided for reverse flows for commercial operations

Project Milestones



TAP's regulatory regime

In principle there are two market tests that should be run in parallel:

- 1st concerns the expansion of the pipeline, under FJO and Tariff Code
- 2nd concerns the expansion at the IPs or the construction of new IPs connecting TAP pipeline to the national transportation systems, under CAM NC

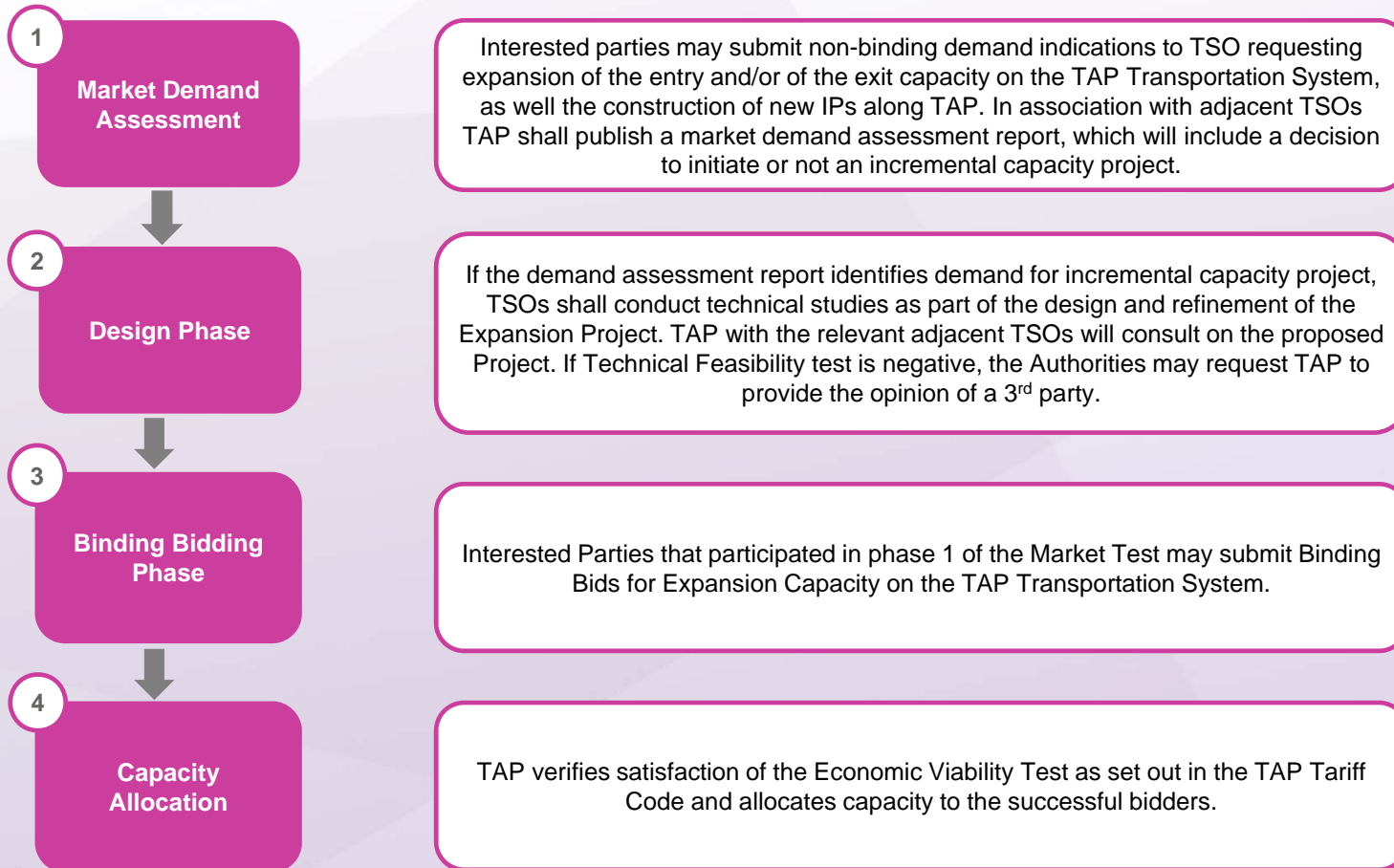
TAP expansion should be designed in a strict coordination with IP expansion

Under FJO, TAP will have to comply with the provisions of EU Regulations as long as they are not in conflict with the provisions of the FJO

Market Test

- According to FJO, *“TAP is obliged to perform Market Tests on a regular basis starting no later than COD and subsequently at least every two years. TAP will perform market tests under guidelines approved by the Authorities with the view to offer to all interested parties additional available capacity up to the Total Capacity”*
- According to CAM (art. 26), *“Immediately after the start of the annual yearly capacity auction TSOs shall cooperate in the processes of assessing market demand for incremental capacity and of conducting technical studies for incremental capacity projects for their joint interconnection points”*

Overview of the Market Test



Way Forward

- **Market Test Guidelines**

Finalization of the document after discussion with NRAs and TAP

Pending issues: Standard or Alternative mechanism, Market Test Timeline

Submission for approval from the NRAs by the end of May 2019

- **Network Code**

Already submitted for approval from the NRAs 21/12/2018

Pending issues: Commercial Reverse Product, LTUOLI, Bundled products