



**RULES OF A NON-BINDING MARKET SCREENING PROCEDURE  
FOR NEW HYDROGEN, AMMONIA AND BIOMETHANE PROJECTS**

March 2023

Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A (hereinafter "GAZ GAZ-SYSTEM S.A. or a "Company") as the gas transmission system operator in Poland and a strategic enterprise for the Polish economy, is actively participating in the process of dynamic changes associated with energy transition and decarbonisation of the European economy. The process of moving away from fossil fuels is also evident in Poland. In this regard, GAZ-SYSTEM is taking measures to prepare the Company to operate in view of the accelerating decarbonisation of the Polish economy and the transformation to renewable and low-carbon energy sources and carriers, such as hydrogen, biomethane and ammonia. GAZ-SYSTEM's competence in the area of natural gas transmission, as well as its infrastructure and resources, naturally enable the company to transmit biomethane to the greatest extent possible using the existing gas transmission grid, as well as to assume the role of transmission system operator of the future hydrogen infrastructure, if entrusted with this role by the regulator.

In the context of the aforementioned process, GAZ-SYSTEM is planning to develop the infrastructure in a manner appropriate to the challenges arising from decarbonisation of the economy. To this end, the Company is actively collaborating with potential domestic and foreign stakeholders on initiatives associated with the possible implementation of hydrogen economy in Poland, including the development of assumptions for a hydrogen grid including but not limited to:

- the main domestic transmission corridors,
- interconnectors with other countries,
- entry points from systems producing hydrogen or providing energy conversion service (e.g. electrolyzers),
- hydrogen storage facility entry-exit points,
- exit points to end-customers and local distribution grids.

Ammonia, due to its physical and chemical properties, is a chemical compound facilitating storage and transport of hydrogen. Therefore, the company is also investigating possible options for the transmission of ammonia, in particular ammonia produced from hydrogen generated using renewable energy sources.

In addition, the Company is taking steps to transport renewable gases, especially biomethane, through the natural gas transmission system.

As part of its efforts to decarbonise the transmission infrastructure, GAZ-SYSTEM plans to hold a dialogue with Market Participants to identify the demand and possible need for expansion of the transmission system. To this end, the company is launching a market screening procedure concerning new hydrogen, biomethane and ammonia projects.

It is assumed that the newly developed transmission grid will be open to all entities concerned, and will provide access to production, consumption and storage opportunities. By means of a non-binding market screening procedure conducted in accordance with these Rules, GAZ-SYSTEM intends to:

- estimate the level of interest in the development of new projects dedicated to the transmission of hydrogen, biomethane and ammonia, on the part of both producers and consumers,
- explore the potential in the area of biomethane production and identify areas where biomethane plants could be connected to the domestic natural gas transmission grid.

The results of the Procedure will be taken into account by GAZ-SYSTEM in its ongoing work on plans and analyses to provide proper infrastructure enabling the transport of hydrogen, biomethane and ammonia, both in terms of collection from production facilities and its delivery to the locations indicated by the respondents. The demand reported in the questionnaire shall not oblige GAZ-SYSTEM to make any commitments regarding investment decisions in that respect.

GAZ-SYSTEM is open to direct dialogue with Market Participants in the course of market screening and intends to organise bilateral meetings to discuss the subject matter of this Procedure. If any confidential information is communicated at such meetings, GAZ-SYSTEM declares its readiness to sign a Non-Disclosure Agreement (NDA), the template of which is attached as Appendix 2 to these Rules.

## **1. DEFINITIONS**

**Ammonia** - inorganic chemical compound with the molecular formula  $\text{NH}_3$ , produced from renewable or low carbon sources;

**Questionnaire** - a questionnaire in an electronic form, published at the address provided in point 9.1 of the Rules;

Biomethane - gas derived from biogas or agricultural biogas with gross calorific value of not less than 34.0MJ/m<sup>3</sup>;

**GAZ-SYSTEM or Company** - Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A.;

**Procedure** - a non-binding market screening procedure, the rules of which are set out herein, devised to estimate the market demand for development of new hydrogen, ammonia and biomethane projects in the domestic transmission system;

**Rules** - this document describing the rules of conducting the Procedure;

**Participant** - any entity that submitted the Questionnaire during the Procedure;

**Hydrogen** - inorganic chemical element with the molecular formula H<sub>2</sub>, produced from renewable or low carbon sources;

## **2. GENERAL INFORMATION**

### **About GAZ-SYSTEM S.A.**

The core business of GAZ-SYSTEM is the transport of natural gas via the transmission system in Poland, the supply of gas to the distribution grid and to end-customers connected to the transmission system. The domestic transmission system also enables natural gas transmission to and from connected storage facilities and transmission systems in neighbouring countries.

On 6 December 2018, the President of the Energy Regulatory Office (ERO) issued a decision granting GAZ-SYSTEM the status of Transmission System Operator on the territory of Poland until 6 December 2068.

## **3. LEGAL BASIS**

3.1 The legal basis for the market screening procedure are the provisions set out in:

3.1.1 Article 16(5) of Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005 (UE.J.o.L.2009.211.36),

3.1.2 Regulation (EU) 2021/1119 of the European Parliament and of the Council of 30 June 2021 on establishing a framework for achieving climate neutrality,

3.1.3 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions COM(2020) 301 final Hydrogen strategy for a climate-neutral Europe,

3.1.4 Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions COM(2022) 230 final RePowerEU Plan

3.2 The proceedings are conducted by GAZ-SYSTEM in accordance with the provisions of Sections 2.2.1.12 Transmission Network Code (TNC) which oblige the Company to conduct periodic market demand surveys for new transmission infrastructure, the results of which will be taken into account in the preparation of development plans or in the procedures for providing access to newly constructed or extended entry points.

#### **4. SCHEDULE OF THE PROCEDURE**

GAZ-SYSTEM intends to conduct the Procedure in accordance with the schedule set out below.

	<b>DATE</b>	<b>Stage of the Procedure</b>
1.	01.03.2023	Launching the Procedure upon publication of the Rules of Procedure
2.	29.03.2023	Questionnaire submission deadline
3.	12.04.2023	Evaluation of the Questionnaires submitted in the Procedure
4.	28.04.2023	Announcement of the Results of Procedure

Notwithstanding the foregoing, GAZ-SYSTEM extend the duration of any stage of the Procedure may at any time before the deadline of a given stage. Changes to the deadlines will be published by the Company without undue delay.

## **5. MARKET SCREENING PROCEDURE**

- 5.1 The Rules set out the principles and conditions for the Procedure, as well as the rights and obligations of the entities participating in the Procedure, as established by GAZ-SYSTEM.
- 5.2 By submitting the Questionnaire, the Participant accepts the provisions of the Rules.
- 5.3 As a result of the Procedure, GAZ-SYSTEM intends to:
- assess the level of interest in the development of new projects dedicated to the transport of hydrogen, biomethane and ammonia, on the part of both producers and consumers,
  - explore the potential in the area of biomethane production and identify areas where biomethane plants could be connected to the national natural gas transmission grid.
- 5.4 Participants interested in participating in the Procedure are requested to complete and submit the Questionnaire in accordance with section 6 of the Rules.

## **6. QUESTIONNAIRE SUBMISSION**

- 6.1 In the Questionnaire, the Participant should provide:
- 6.1.1 Participant's company details.
  - 6.1.2 responses to the questions concerning:
    - 6.1.2.1 Biomethane;
    - 6.1.2.2 Ammonia;
    - 6.1.2.3 Hydrogen.
- 6.2 The Questionnaire shall be submitted by the scheduled deadline stipulated in clause 4 and in the form provided for in clause 6 of the Rules.
- 6.3 The Questionnaire, completed by an authorised person, should be sent to GAZ-SYSTEM electronically via the website provided in clause 9.1. of the Rules.
- 6.4 A Participant may submit an updated/amended Questionnaire by the date specified in the Schedule as the "Final Date for Questionnaire Submission". The updated/amended Questionnaire shall supersede the previous Questionnaire

and all information contained in the former Questionnaire will be ignored. The new Questionnaire should comply with the requirements referred to in the Rules.

- 6.5 If the Questionnaire contains omissions or errors, in particular if not all the necessary information is provided, GAZ-SYSTEM reserves the right to contact the Participant in order to clarify and explain the inaccuracies.

## **7. CONFIDENTIALITY**

- 7.1 GAZ-SYSTEM treats all information obtained from Participants in the course of the Procedure as confidential. GAZ-SYSTEM undertakes to use the information obtained in the course of the Procedure exclusively for the purposes of the Procedure.

- 7.2 GAZ-SYSTEM may disclose information obtained from the Participants in the course of the Procedure within its corporate group and furthermore, if so required by law, court decision, administrative decision or if the information has already been made public at the time of disclosure. If it is necessary to disclose the information obtained from Participants in the course of the Procedure on account of the requirements of applicable law, GAZ-SYSTEM will inform the Participant of such disclosure.

- 7.3 In addition, GAZ-SYSTEM may disclose information in aggregated and anonymised form to third parties. Information in this form may be disclosed to market participants, during planned meetings, workshops, etc., as well as to the competent authorities in order to obtain requisite permits or to parties involved in the implementation of a given investment project.

- 7.4 GAZ-SYSTEM may disclose information to any consultant or advisor engaged by GAZ-SYSTEM subject to the consultant's or advisor's commitment to maintain confidentiality of obtained information (NDA).

## **8. FINAL PROVISIONS**

- 8.1 Costs associated with participation in the Procedure shall be borne by the Participant and will not be reimbursed by GAZ-SYSTEM.

- 8.2 These Rules do not constitute an offer to the Participants within the meaning of Article 66 § 1 of the Act of 23 April 1964 Civil Code (consolidated text in Journal of

Laws of 2022, item 1360, as amended), and the Parties acknowledge that the Procedure is preliminary and non-binding only.

- 8.3 Neither the Participant nor GAZ-SYSTEM shall be accountable to each other for any damage, including lost profits suffered in connection with the Procedure, unless a party has incurred damage through the wilful misconduct of the other party.
- 8.4 In matters not regulated by the provisions of these Rules, the provisions of Polish law shall apply.
- 8.5 GAZ-SYSTEM reserves the right to amend or supplement these Rules, including the extension of the deadlines set out herein, in particular in the event of any changes in the applicable legislation the need to obtain administrative permits or decisions of competent authorities that are not provided for herein. Such amendments and additions will be published on GAZ-SYSTEM website.
- 8.6 In the event that any provision of these Rules is found to be prohibited or unenforceable, such provision shall be deemed to be excluded. The remaining provisions of the Rules will remain in full force and effect, while the provision deemed to be prohibited or unenforceable will be replaced by a similar provision reflecting the original intention of GAZ-SYSTEM to the extent that this is consistent with the applicable law.
- 8.7 The Rules of Procedure, the Questionnaire and the Appendices to the Rules of Procedure have been drawn up both in Polish and in English.
- 8.8 The information clause required under Articles 13 and 14 of the GDPR, is attached as Appendix 1 hereto. Participants in the Procedure undertake to acknowledge its content and to share it with those whose personal data will be provided in connection with the pending Procedure.

## **9. NOTICES AND CONTACT DETAILS**

- 9.1 By the date specified in the Schedule, the Participants shall submit the completed Questionnaire to GAZ-SYSTEM in electronic form via the website: <https://forms.office.com/e/gGyTkZYhtZ>;
- 9.2 All questions and electronic correspondence related with the Procedure should be addressed to the following e-mail address: [badanierynku@gaz-system.pl](mailto:badanierynku@gaz-system.pl)



9.3 All official correspondence shall be in Polish. GAZ-SYSTEM also accepts working correspondence in English.

**APPENDICES:**

1. Appendix No. 1 – GDPR clause
2. Appendix No. 2 – Non-Disclosure Agreement template