

SUMMARY OF EVENTS FROM THE LAST QUARTERS OF THE 2019/2020 GAS YEAR

GAZ-SYSTEM FORUM

23 April 2020



AGENDA

- The update of the TGPS TNC
- Interconnection points at Polish-Ukrainian border
- Interconnection points at Polish-German border
- Incremental projects under Incremental Procedure 2019 – 2021



THE UPDATE OF THE TRANSIT GAS PIPELINE SYSTEM TRANSMISSION NETWORK CODE (TGPS TNC)



RATIONALE

- President of the Energy Regulatory Office decision* specifying the content of the entrustment contract concluded by GAZ-SYSTEM and TGPS EuRoPol GAZ, relating to operator's duties applied to the Yamal Gas Pipeline.

- Changes resulting from the execution of the provisions of the currently applicable TGPS TNC version.

SCOPE OF CHANGES 1/2

1. Adaptation of the President of the Energy Regulatory Office Decision's provisions

- Inclusion of Transport orders into Nomination procedures.
- Transfer of majority connection-related tasks from the TGPS Owner to the Transit Gas Pipeline System Operator. A party to the Connection Agreement will be TGPS Operator.

2. Unification of provisions with TNC for national transmission system

- Regarding REMIT requirements:
 - the obligation to use EIC code by shippers,
 - the unification of place for Urgent Market Messages publication – GIIP*.
- Requirements and procedure for conclusion of new transport contracts.
- Unbundled to bundled capacity conversion only for the same capacity type (firm-to-firm or interruptible-to-interruptible).
- Change of application time for interruptible within-day capacity via overnomination.
- Simplification of secondary market trade – transactions will be allowed only via booking platform.

SCOPE OF CHANGES 2/2

3. Unambiguous establishment of reduction rules for capacity constrains

- Reduction starting from the shortest capacity products.
- Historical contract reduced as the last.

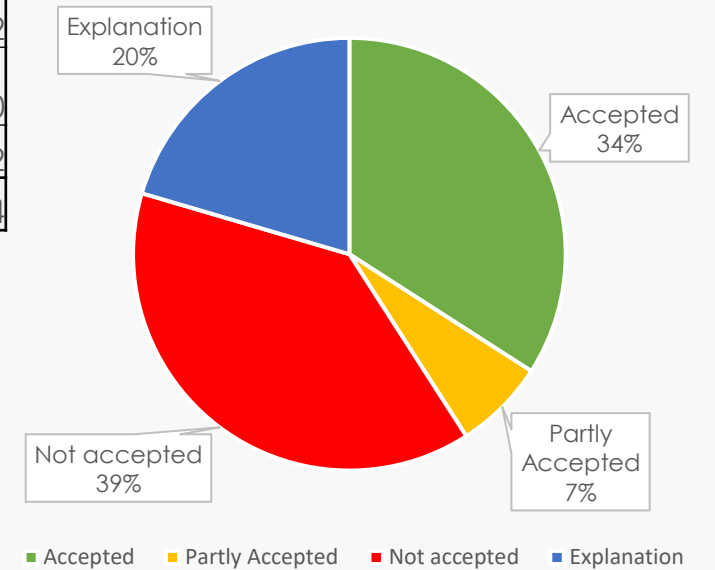
4. Extension of the provisions concerning gas quality parameters and pressure at entry and exit points

MARKET CONSULTATIONS



Draft of TGPS TNC updates was consulted* between 14 and 19 March 2020.

	Accepted	Partly accepted	Non accepted	Explanation	Total
EuRoPol GAZ s.a.	10	2	6	4	22
Gazprom export LLC	5		10	5	20
PGNiG S.A.	0	1	1	0	2
Razem	15	3	17	9	44



INTERCONNECTION POINTS AT POLISH-UKRAINIAN BORDER



VIRTUAL REVERSE FLOW AT PL-UA INTERCONNECTION POINTS

- In November 2019 GAZ-SYSTEM and UKRTRANSGAZ signed an annex to the interconnection agreement regarding the modifications to the interconnection points between Poland and Ukraine.
- From 1 December 2019 **at Hermanowice interconnection point** contractual virtual reverse towards Poland and the Operational Balancing Account (OBA) were launched.
- From 1 January 2020 **at Drozdowicze interconnection point** contractual virtual reverse towards Ukraine and offering of the capacity on the fully compliant with the EU network codes basis, including the launch of the Operational Balancing Account (OBA) were introduced.
- Contractual reverse flow at both IPs is offered as a service on interruptible basis.
- Following the unbundling of an independent transmission system operator on the Ukrainian side, **as of 1 January 2020 parties to the interconnection agreement are GAZ-SYSTEM i LLC “Gas TSO of Ukraine” (TSOUA).**



The operators of the transmission system of Poland and Ukraine were the first to adapt the functioning of interconnection points at the border between EU and Energy Community to the rules resulting from EU regulations.

YEARLY AUCTIONS AT PL-UA INTERCONNECTION POINTS AT THE GSA PLATFORM

 GSA Platform



In March 2020 the GSA Platform Operator and Ukrainian transmission system operator TSOUA concluded an agreement to allocate the capacities of the PL-UA interconnection points via the GSA Platform.

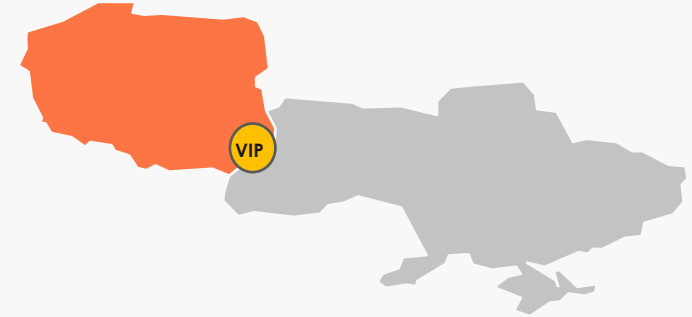


- **Market participants will be able to book the capacity of the PL-UA interconnection points for the gas year 2020/2021 by participating in the auction of a yearly product scheduled for July 6, 2020.**
- In following auction procedures in line with ENTSOG calendar quarterly, monthly and short-term products will be offered.

Network users who are interested in booking the capacity of the PL-UA interconnection points from the gas year 2020/2021 and **are not yet users of the GSA Platform, are kindly encouraged to register on the GSA Platform.**

MARKET CONSULTATION OF THE NEW INTERCONNECTION AGREEMENT

GAZ-SYSTEM and TSOUA intend to launch a new VIP
„**Grid Connection Point GAZ-SYSTEM/TSOUA**”
functioning based on the Drozdowicze and Hermanowice interconnection points.



- TSOs intend to conclude a new interconnection agreement regarding the VIP „**Grid Connection Point GAZ-SYSTEM/TSOUA**”.
- According to the Commission Regulation (EU) 2015/703 of 30 April 2015 establishing a network code on interoperability and data exchange rules (INT NC) GAZ-SYSTEM and TSOUA are currently consulting the provisions of the new interconnection agreement with regard to the proposed text on the*:
 - 1) rules for the matching process,
 - 2) rules for the allocation of gas quantities,
 - 3) communication procedures in case of exceptional events.

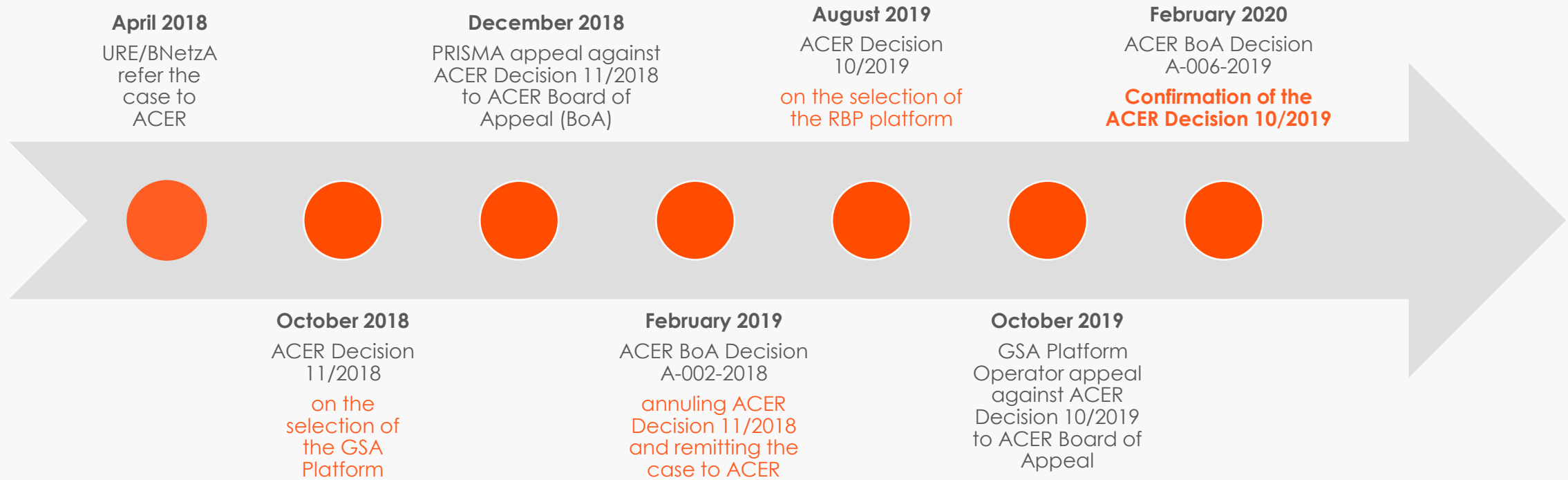


- **Market consultation are open until 4 May 2020.**

INTERCONNECTION POINTS AT POLISH-GERMAN BORDER



ACER PROCEEDING ON THE SELECTION OF THE BOOKING PLATFORM AT PL-DE BORDER



CAPACITY ALLOCATION AT PL-DE BORDER FROM 2020

- According to the ACER Decision 10/2019 upheld in force, from 2020 for the next three years, allocation of capacity on the Polish-German border at the GCP GAZ-SYSTEM/ONTRAS and Mallnow interconnection points will take place via the **RBP platform**.
- GAZ-SYSTEM is currently in course of implementing ACER Decision 10/2019.
- First auctions of **bundled** capacities at GCP GAZ-SYSTEM/ONTRAS and Mallnow interconnection points will be held during the auction of a yearly product scheduled for 6 July 2020.
- **In order to start allocating capacities via the RBP platform, network users are obliged to prior:**
 - registration at the RBP platform,
 - purchase of electronic certificates allowing to use the RBP platform,
 - signature of an agreement with the RBP platform (Network User Membership Agreement).



In next information package GAZ-SYSTEM will provide detailed information on the requirements for registration on the RBP platform and capacity auctions at Mallnow and GCP GAZ-SYSTEM/ONTRAS IPs in July 2020.

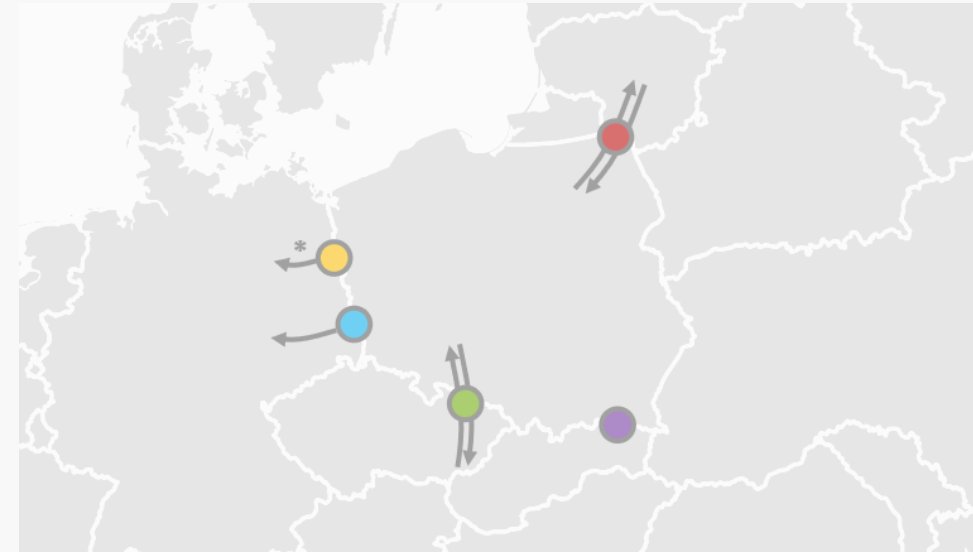
INCREMENTAL PROJECTS UNDER INCREMENTAL PROCEDURE 2019 – 2021



INCREMENTAL PROCEDURE 2019-2021 NON-BINDING MARKET DEMAND ASSESSMENT

1 July – 26 August 2019

GAZ-SYSTEM conducted second non-binding market demand assessment for incremental capacities between Polish and neighbouring gas transmission systems



 **GSA Platform**

- For the first time the procedure was organised via the new functionality of the **GSA Platform**.
- **On 21 October 2019** GAZ-SYSTEM and neighbouring TSOs published* joint **Market Demand Assessment reports** for their respective entry-exit systems.

SUMBITTED DEMAND INDICATIONS AND DECISION ON LAUNCHING INCREMENTAL PROJECT

Poland TGPS – Germany/GASPOOL (IP Mallnow)

GAZ-SYSTEM – no demand indications

GASCADE - PL → DE, 9 629 000 kWh/h/y
(request for modification of offered capacity
product from DZK to FZK)*
Gas years: **2022/2023 - 2036/2037**

GASCADE decision on launching incremental
project and initiate technical analysis only on
German side of the entry-exit

Poland – Germany/GASPOOL (GCP GAZ-SYSTEM/ONTRAS)

PL → GASPOOL

Exit Poland – 2 029 300 kWh/h/y
Entry Gaspool – 2 029 300 kWh/h/y
Gas years: **2021/2022-2035/2036**

GAZ-SYSTEM and ONTRAS decision on
launching incremental project and initiating
design phase

Poland – Lithuania

PL → LT 100 000 kWh/h/y

LT → PL 100 000 kWh/h/y

Gas years: **2020/2021-2034/2035**

Indicated capacity demand will be
covered through the construction of the
GIPL project. No need to initiate an
incremental capacity project

Poland – Slovakia

No demand indications and no need to
initiate an incremental capacity project

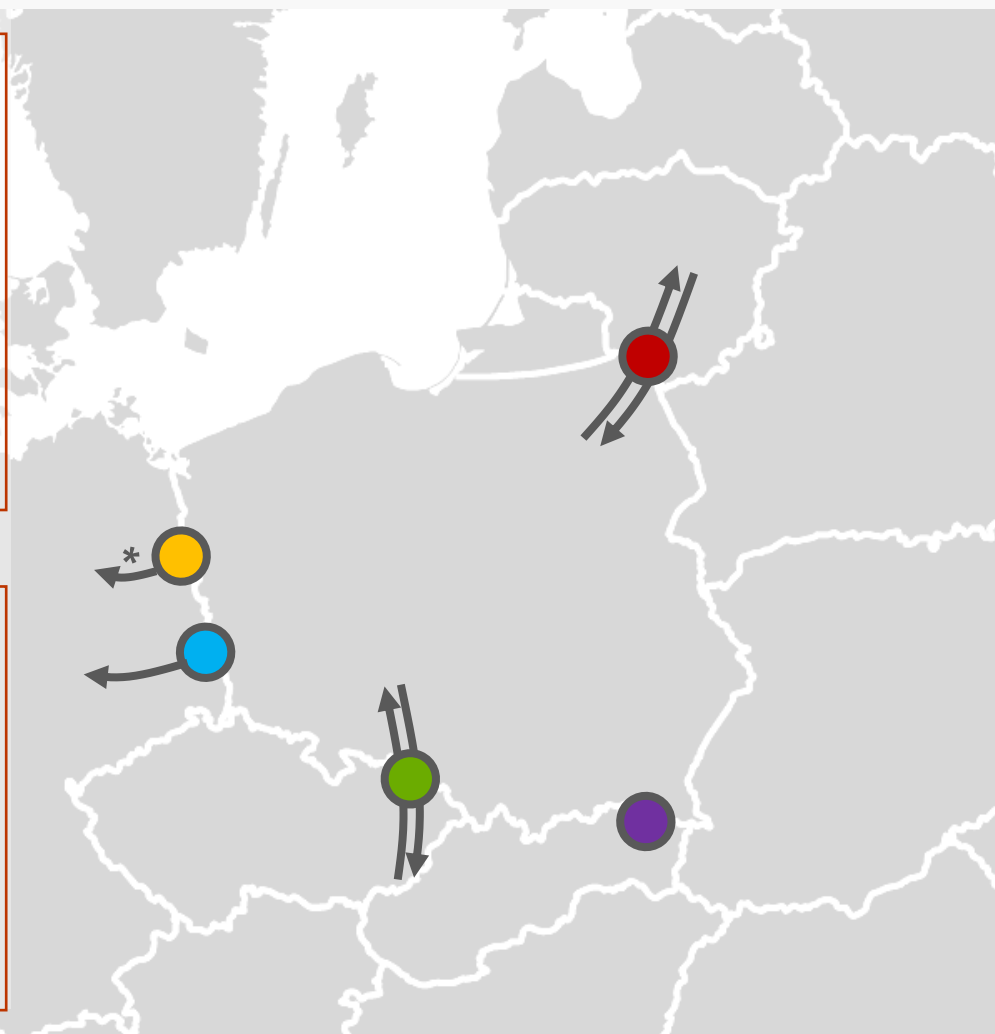
Poland – Czech Republic

PL → CZ 1 267 920 kWh/h/y

CZ → PL 100 000 kWh/h/y

Gas years: **2021/2022-2036/2037**

GAZ-SYSTEM and NET4GAS decision on
launching incremental project and
initiating design phase



INCREMENTAL PROJECTS 2019-2021 TIMELINE

Interconnection point Poland – Czech Republic

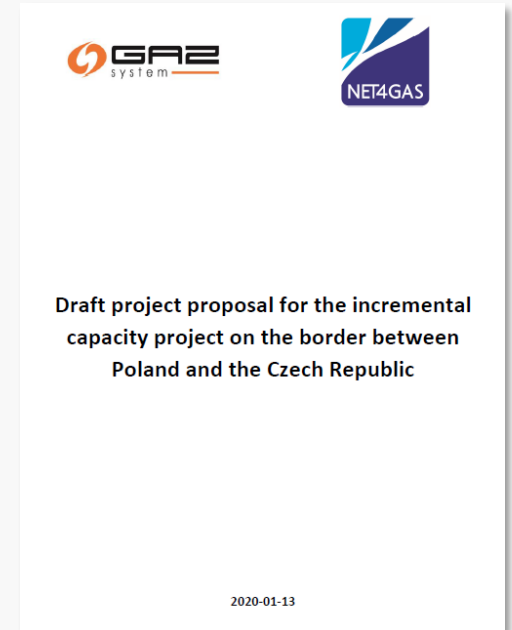
- **13 January – 13 February 2020** – GAZ-SYSTEM and NET4GAS conducted market consultation of incremental capacity project aimed at creating new technical capacity at the existing Cieszyn interconnection point in the direction of flow from Poland to the Czech Republic*

Initial project timeline:

- **14 February – 30 September 2020** – evaluation of consultation findings and further development of the project in close cooperation with the NRAs,
- **1 November 2020 – 30 April 2021** – submission of the project proposal to President of URE and ERU to obtain coordinated decisions approving the project proposal,
- **5 July 2021** – binding allocation of incremental capacity in yearly auctions/positive economic test a condition of project implementation.

Interconnection points Poland – Germany and Poland TGPS – Germany

- **August 2020**** – planned market consultations of incremental project proposals between:
 - GAZ-SYSTEM and ONTRAS entry-exist system at **GCP GAZ-SYSTEM/ONTRAS** interconnection point,
 - GAZ-SYSTEM i GASCADE entry-exist system at **Mallnow** interconnection point.



THANK YOU

