



**DECISION  
NO. 17, of date 13.03.2014**

**ON**

**REVIEWING AND APPROVING “THE BOOKING PHASE NOTICE”  
SUBMITTED BY TAP AG FOR THE CAPACITY ALLOCATION  
PROCEDURE OF TAP PIPELINE IN CONFORMITY WITH THE  
GUIDELINE DECISION NO. 16, APPROVED ON 13.03.2014.**

**ERE’s Board of Commissioners on its meeting of date 13.03.2014,**

**Implementing**

- Directive 2009/73/EC of European Parliament and the Council of date July 13 2009 (in the following content Directive 73/09);
- Regulation 713/2009/ EC of the European Parliament and the Council of date July 13 2009
- Regulation 715/2009/ EC of European Parliament and the Council of date July 13 2009.
- Law no. 9946, of date 30.06.2008 “For natural gas sector”, as amended;
- Decision no.39, of date 23.04.2012 “On approving the Guideline for Managing the Allocation Capacities in the Trans Adriatic Pipeline (TAP) project according to paragraph 6 of article 36 of 2009/73/EC” Directive;
- Decision no.79, of date 15.06.2012 “On approving the document “Expression of Interest Invitation” announced by TAP AG in conformity with the Guideline for Managing the Allocation Capacities of the Trans Adriatic Pipeline (TAP) project according to paragraph 6 of article 36 Directive 2009/73/EC
- Decision No 27, of date 01.03.2013, of ERE’s Board of Commissioners, “On approving the binding exemption of TAP – AG company from the requirements of articles 9, 32 and 41 (6), (8) and (10) Directive 2009/73/EC for the Trans Adriatic Pipeline” project;

- European Commission decision C (2013) 2949 of date May 16 2013, “*Exemption of Trans Adriatic Pipeline from the requirements on third party access, tariff regulation and ownership unbundling laid down in Articles 9, 32, 41(6), 41(8) and 41(10) of Directive 2009/73/EC*” ;
- Energy Community Secretariat Opinion (no 1/2013) of date May 14 2013;
- Decision no.64, of date 13.06.2013, of ERE’s Board of Commissioners “On amending ERE’s Board of Commissioner Decision, no. 27 of date 1.03.2013 “On approving the binding exemption of TAP-AG company from the requirements of articles 9, 32 and 41(6), (8) and (10) of Directive 2009/73/EC for Trans Adriatic Pipeline” project, to take in consideration the Energy Community Secretariat Opinion (no 1/2013) and European Commission Decision (C(2013)2949” by approving the document “Final Joint Opinion of the Energy Regulators on TAP AG’s Exemption Application Autorita per l’Energia Elettrica e il Gas (Italy), Enti Rregullator i Energjisë (Albania) and Regulatory Authority of Greece (Greece)” as follows *Final Joint Opinion*;
- Decision No. 127 of date 07.11.2013 “On approving the Tariff Methodology” (TAP Tariff Code), proposed from TAP AG, according to the obligations defined in the “Final Joint Opinion” within the exemption procedure of TAP pipeline;
- Decision No. 12, of date 14.02.2014 “On Reviewing and Approving the Regulatory Compliance Program” submitted from TAP AG based on the “Final Joint Opinion” within the exemption procedure of TAP pipeline exemption.
- Decision no. 16, of date 13.03.2014, On Approving “The Guideline for Managing and Allocating the Capacities in the Trans Adriatic Pipeline (TAP) project for the First Booking Phase according to Final Joint Opinion within the Exemption Procedure of TAP Pipeline”;
- The request delivered from TAP AG, No. 272/1 of date 12.03.2014 on approving “Booking Phase Notice” that contains the regulations and procedures for participating in the First Booking Phase.

**Considering that:**

- TAP AG company has submitted to ERE in conformity with Law no.9946, of date 30.06.2008, “For natural gas Sector ”, as amended, the exemption request in relation to the interconnection project that passes from Greece and Albania to continue in Italy (as follows TAP Pipeline) and as such for the exemption request it is necessary

The inclusion of regulatory authorities (as follows the Authorities) for Greece Energy Regulator Entity (as follows RAE) and for Italy the Authority of Energy, Gas and Water Systems (as follows AEEGSI);

- Article 36, paragraph 6 of Directive 73/09 foresees that the Regulator authority before allowing the exemption should approve the regulations and mechanisms:
  - i. For capacity allocation, which require to invite all the possible users of infrastructure to express their interest for using the capacity to be performed before allocation of this capacity in new infrastructure, including for own use (here the following: testing market).
  - ii. For the capacity management, that includes the right of the owner to sell the unused capacities in the secondary market and the obligation to offer the unused capacity in the market in case of "contractual limit";
- The above provision also requires the criteria assessment on giving the required exemption, the regulator authorities should take in consideration the results of capacity allocation procedure;
- In conformity with the above mentioned provisions, it is developed a non-binding first phase of market Testing (*Expression of Interest Phase*), in which all the possible users of TAP pipeline were invited to express their interest in using the capacities of this infrastructure, and in relation to the capacity offered by TAP as well as for the proposals for different types of offered products.
- By the end of the first market testing phase (*Expression of Interest Phase*), after ERE qualified as fulfilled the conditions of article 36 point 6 of Directive 73/09, with Decision no. 64, of date 13.06.2013 of *Final Joint Opinion*, has expressed a positive opinion for the formal decision issue for the exemption in favor of TAP AG company;
- The above mentioned *Final Joint Opinion* foresees even a second phase of market testing, in which all the participants of the first phase are invited to present the requirements for booking the pipeline capacity (TAP "Booking Phase");
- In implementation of executing the *First Booking Phase*, planned for March 17 2014, ERE has prepared together with RAE and AEEGSI "*Guidelines for management and allocation of capacity of the Trans Adriatic Pipeline (TAP) project according to paragraph 6 of Article 36 of the Directive 2009/73/EC –Phase II: invitation to interested Parties to submit binding booking request for capacity products*" ( here the following: *the Guidelines*) approved with decision No. 16, of date 13.03 2014, that from his part aims to determine the general principles that TAP AG should observe on drafting the procedure for participation in the *Booking Phase* also for managing and allocating the pipeline capacities that are available;

- Regarding the above point, this Guideline in particular foresees, that TAP AG draft the above mentioned procedures in the *Booking Phase Notice* that is subject to the joint approval of the Regulators.
- The above mentioned regulations of the procedures have been the subject of a useful collaboration between TAP AG and the Albanian, Greek and Italian regulatory authorities aiming their drafting in conformity with the Guideline drawn up by these authorities.
- By the end on March 12 2014, TAP AG has presented a proposal the “Booking Phase Notice”, to ERE-s and authorities like RAE and AEEGSI to get their approval.

**Considering that:**

- “Booking Phase Notice” is in conformity with the Guidelines approved with decision no. 16, of date 13.03.2014.
- The same opinion is shared by RAE and AEEGSI.
- It is necessary to be approved the proposed scheme by “*Booking Phase Notice*”, attached to this provision, in order to continue the execution of First Booking Phase.

**Decided:**

1. To approve “*Booking Phase Notice*” proposed by TAP AG on date 12.03.2014, attached to this decision.
2. The notification of the Italian (AEEGSI) and Greek (RAE) and TAP AG, for taking this Decision.
3. This decision enters immediately into force and is published in the Official Gazette.



## **TRANS ADRIATIC PIPELINE AG**

### **BOOKING PHASE NOTICE**

**In accordance with the "Guidelines for management and allocation of capacity to the Trans Adriatic Pipeline (TAP) Project according to paragraph 6 of article 36 of the Directive 2009/73/EC"**

**PHASE II: INVITATION TO INTERESTED PARTIES TO SUBMIT BINDING BOOKING REQUESTS FOR CAPACITY PRODUCTS**

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## Definitions

1. **Authorities** means the National Regulatory Authorities of Albania (Enti Rregullator i Energjise - ERE), Greece (Regulatory Authority for Energy - RAE), and Italy (Autorità per l'energia elettrica il gas ed i sistemi idrici - AEEGSI);
2. **Available Long-Term Capacity (ALTC)** means capacity that is available for booking long-term capacity in each entry and exit point of the TAP Transportation System in the first Booking Phase, taking into consideration that the Initial Capacity has been allocated in accordance with section 4.1.1, 4.1.2, 4.1.3 and 4.1.4. of the FJO, and the obligations of TAP to provide short-term products under section 4.1.10 of the FJO;
3. **Booking Period** means the period during which Participants can submit Booking Requests;
4. **Booking Phase** means the second phase of the Market Test during which interested parties can submit binding Booking Requests to reserve capacity in the TAP Transportation System; the subsequent market tests provided for by paragraph 4.1.7 of the FJO are not included in this definition;
5. **Booking Phase Guidelines** means Guidelines for management and allocation of capacity in the Trans Adriatic Pipeline (TAP) Project, according to paragraph 6 of Article 36 of the Directive 2009/73/EC - PHASE II: Invitation of Participants to submit binding Booking Requests for Capacity Products, as approved by the Authorities [date];
6. **Booking Phase Notice** means the rules of procedures for participation in the Booking Phase and the submission of Booking Requests, as set out by TAP AG;
7. **Booking Phase Helpdesk** means the helpdesk for technical questions related to the Data Room;
8. **Booking Request** means a binding booking request to reserve Capacity Products in the TAP Transportation System;
9. **Capacity** means the Expansion Capacity and the Residual Initial Capacity;
10. **Capacity Caps:** the pro-competitive measures for the Italian, Greek and Albanian market as set out in points 3, 6 and 9 of section 4.7 of the FJO.
11. **Capacity Product** means each of the natural gas transportation services offered in the TAP Transportation System as specified in this Booking Phase Notice;
12. **Commercial Operations Date** means the date on which the TAP Transportation System will be completed and able to receive, transport and re-deliver natural gas, as referred to in the FJO;
13. **Commercial Reverse Capacity** means transportation capacity in the TAP Transportation System for the virtual reverse flow transportation of natural gas, consisting of capacity that must be booked as a combination of an Entry Point and an Exit Point as specified in the Operations Code and that the Transporter is permitted to interrupt in accordance with the relevant provisions contained in the Operations Code, with such provisions reflecting the need for a sufficient forward flow between the desired Locations to enable virtual reverse flow;
14. **Credit Support Criteria** means the requirements for credit support defined in the relevant GTA;
15. **Cumulative Capacity** means the sum of the capacity requested by means of valid Booking Requests for FFLTC at in each entry and exit point of the TAP Transportation System and the capacity to be made available for short term products in compliance with section 4.1.10 of the FJO.





16. **Day(s)** means calendar day(s);
17. **Data Room** means the electronic data room that contains information and documents related to the TAP Project, accessible by Participants for the purpose of the Booking Phase;
18. **Entry Point** means, in respect of a Gas Transportation Agreement, any Location specified as such in that Gas Transportation Agreement being the Location at which natural gas will be provided for transportation by the Shipper to TAP;
19. **Exit Point** means, in respect of a Gas Transportation Agreement, any Location specified as such in that Gas Transportation Agreement being the Location at which natural gas will be re-delivered to the Shipper;
20. **Expansion Capacity** means the total technical capacity of up to 10 bcm/year that can be built above the Initial Capacity;
21. **Expression of Interest (Eoi) Phase** means the first phase of the Market Test that took place from 15 June 2012 until 15 August 2012 on the basis of the Expression of Interest Phase Notice;
22. **Expression of Interest (Eoi) Phase Guidelines** means the Guidelines for management and allocation of capacity in the Trans Adriatic Pipeline (TAP) Project, according to paragraph 6 of Article 36 of the Directive 2009/73/EC - PHASE I: invitation of interested Parties to express their interest in reserving capacity, jointly approved by the Authorities in April 2012;
23. **Final Investment Decision** means the Resolution to Construct, which is the Final Investment Decision within the meaning of section 4.1.5 of the FJO;
24. **Final Joint Opinion (FJO)** means the Final Joint Opinion of the Energy Regulators on TAP AG's Exemption Application dated 6 June 2013 granted by the Italian, Albanian and Greek national regulatory authorities pursuant to Directive 2009/73/EC;
25. **Forward Firm Long-Term Capacity (FFLTC)** means Capacity Products for transportation capacity in the TAP Transportation System booked by reference to a separate Entry Point and Exit Point for the forward transportation of natural gas that is made available to Shippers for a period of more than one year and which the Transporter is not permitted to interrupt except for planned maintenance, capacity restrictions or a force majeure;
26. **Information Period** means the time frame in which Participants are provided with all relevant information for submitting Booking Requests;
27. **Gas Directive** means Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC;
28. **Gas Regulation** means 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;
29. **Gas Transportation Agreement (GTA)** means an agreement for the transportation of natural gas between the Transporter and a Shipper for the use of one or more Capacity Products offered by the Transporter, consisting of a transportation confirmation and including the General Terms and Conditions and the Operations Code incorporated by reference into such agreement;
30. **Initial Capacity** means the total initially planned capacity of 10 bcm/year which has been exempted from regulated third party access, ownership unbundling and regulated tariff;



31. **Operations Code** means the operations code to be issued by TAP AG pursuant to the obligations set out in section 4.7.1 of the FJO and which contains the rules and procedures for the operation of the TAP Transportation System; such code may be amended or updated from time to time in accordance with the procedures set out in such code;
32. **Market Test** means the process defined in Article 36.6 of the Gas Directive consisting of a first EoI Phase that took place in 2012 and a second binding Booking Phase, as referred to in section 4.1.5 of the FJO;
33. **Participants** means all parties that have participated in the EoI Phase or are otherwise eligible to participate in the Booking Phase, and have registered to do so;
34. **Password** means the unique password given to Participants upon confirmed registration-granting access to the Data Room;
35. **Planned Commercial Operations Date** means, at any time, the date that is then planned to be the Commercial Operations Date, adjusted as described in Clause 1.5 of the TAP Tariff Code;
36. **Registration** means the procedure through which TAP AG verifies and confirms to interested parties that they are eligible to participate in the Booking Phase;
37. **Regulatory Compliance Programme (RCP)** means the programme established by TAP AG to comply with the requirements set out in section 4.5.1 of the FJO, as approved by the Authorities;
38. **Residual Initial Capacity** means the part of the Initial Capacity that has not been allocated through the Initial Capacity Allocation Mechanism as per section 4.1.4 of the FJO;
39. **Sanctioned Gas** means natural gas whose import prohibition is defined by Article 9 of the COUNCIL REGULATION (EU) No 1263/2012 of 21 December 2012 amending Regulation (EU) No 267/2012 concerning restrictive measures against Iran;
40. **Shipper** means, in respect of a Gas Transportation Agreement, the person identified as the Shipper under that Gas Transportation Agreement;
41. **TAP AG** means Trans Adriatic Pipeline AG, a company incorporated under the laws of Switzerland whose head office is at Lindenstrasse 2, 6340, Baar, Switzerland;
42. **TAP Project** means the Trans Adriatic Pipeline project;
43. **TAP Tariff Code** means the code containing the final methodology for the implementation of the TAP Tariff referred to in section 4.2.1 of the FJO, as approved by the Authorities;
44. **Tariff** means the tariff for a particular Capacity Product and Entry Point or Exit Point, as published by the Transporter and determined in accordance with this TAP Tariff Code;
45. **TAP Transportation System** means, in respect of a Gas Transportation Agreement, the natural gas pipeline system, including pipes above and below ground and all other related equipment owned, or used and operated, by the Transporter in order to provide natural gas transportation services in accordance with any Gas Transportation Agreement;
46. **Technical Description** means the description of project scope, system design and, route description and other description of the TAP Transportation System included in the document "Technical Description of The Gas Transportation System" (TAP-TEC-RP-0015);
47. **Tied Participant**: a Participant that submitted a Booking Request that cannot be accommodated because there is insufficient Expansion Capacity available and is ranked equally with another Booking Request in accordance with the procedure set out in Clause 3.3.1(e) of the TAP Tariff Code;



Trans Adriatic Pipeline

48. **Total Capacity** means the sum of the Initial Capacity and Expansion Capacity, up to a total of 20 bcm/a, as referred to in the FJO;
49. **Transporter** means, in respect of a Gas Transportation Agreement, the Trans Adriatic Pipeline AG, a company existing under the Laws of Switzerland having its registered office at Lindenstrasse 2, 6340 Baar, Switzerland.



**1 Introduction**

The purpose of this Booking Phase Notice is to provide current information on the TAP Project and the Capacity Products for which Participants can submit Booking Requests. It also sets out the terms and conditions for participation in the Booking Phase.

**1.1 Booking Phase Milestones Indicative Time Schedule**

Booking Phase	Information Period	Start of Booking Phase/Password activated	17 March 2014 09.00 CET
		Information Meeting	10 April 2014 10.30 - 14.00 CET
	Booking Period	Start of Booking Period	5 May 2014 09.00 CET
		Close of Booking Period/Password deactivated Booking Request must have been submitted	19 May 2014 17.00 CET
	TAP AG to Communicate	<u>To all Participants and to the Authorities:</u> Confirmation of the validity of the Booking Request by TAP AG Preliminary Cumulative Capacity at each Entry and Exit Point Preliminary ranking	2 June 2014 17.00 CET
		<u>To all Participants and to the Authorities:</u> Cumulative Capacity at each Entry and Exit Point Indicative tariff at all relevant Entry and Exit Points The ranking of the Booking Requests <u>To the Authorities:</u> Expansion Capacity allocation per Participant and	Not later than 5 September 2014

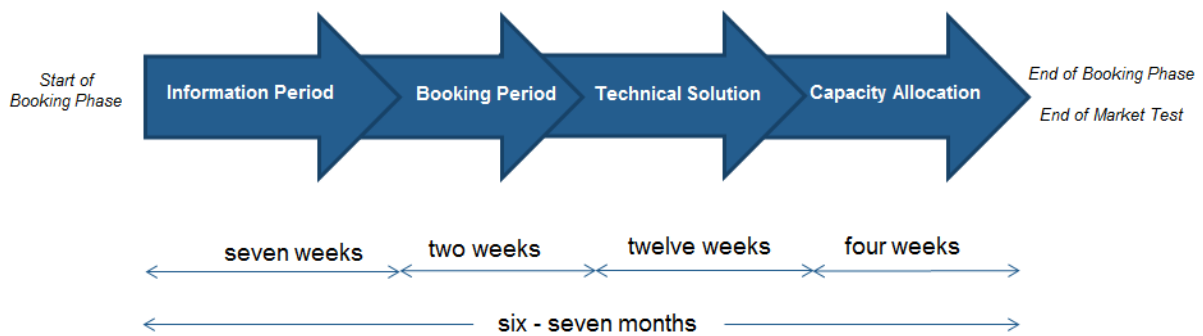
		Entry and Exit point	
	Signing of a GTA	Transportation Confirmations signed by TAP AG Close of Booking Phase	Not later than 1 October 2014
Close of Market Test	Communication to the Authorities	Announce completion of the Market Test	

## 2 Procedures under the Booking Phase

The Booking Phase is divided in four periods as illustrated in Figure 1 Overview of periods and their duration within the Booking Phase. The procedures taking place during each period are explained in the following sections.

The approximate duration of the Booking Phase is six to seven months.

Figure 1 Overview of periods and their duration within the Booking Phase

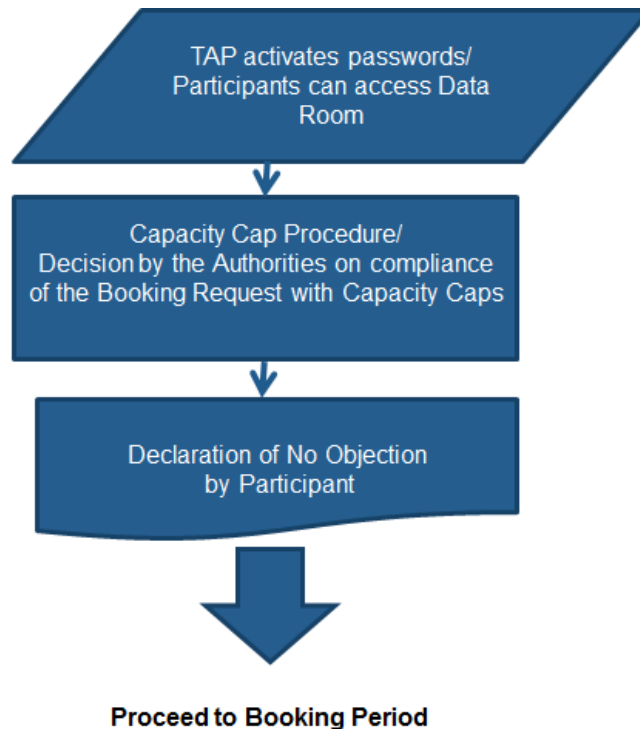


### 2.1 Information Period

The Booking Phase starts with the Information Period, which serves to provide Participants with all relevant current information for submitting Booking Requests, provided in this Booking Phase Notice, and supplemented with additional information and relevant documents accessible through the Data Room. For an overview of documents provided in the Data Room, please see **Error! Reference source not found.** In order to provide Participants with an opportunity for clarifications related to the provided documentation or to make requests for further information, TAP AG has scheduled an Information Meeting.

All Participants are eligible to participate in the Information Meeting. Please see section 6.1.4 for information on how to participate in the Information Meeting.

Figure 2 Information Period



The Information Period also includes the Capacity Cap Procedure, a procedure during which Participants need to verify with the Authorities that the Booking Requests that they intend to submit to TAP AG during the Booking Period are in compliance with the Capacity Caps set out by the Authorities in the Final Joint Opinion. For details on how to complete the Capacity Cap Procedure, please see section 6.1.5

**2.2 Booking Period**

The Booking Period during which Participants can submit Booking Requests will last for two weeks, following which the password that gives Participants access to the Data Room will be deactivated. Please see section 6.2 on the procedures for the submission of Booking Requests. The completed Booking Request Form shall be sent to TAP AG together with the mandatory supporting documentation as specified in section 6.2, including an indication regarding how the Participant expects to fulfil the Credit Support Criteria in accordance with the relevant GTA.

TAP AG shall confirm receipt of a valid Booking Request to each Participant by 2 June 2014 and provide each Participant and the Authorities with preliminary information about the Cumulative Capacity at each Entry and Exit Point.



### 2.3 Technical Solution

As soon as the preliminary Cumulative Capacity in each Entry and Exit Point is known (please see the Booking Phase Milestones Indicative Time Schedule in section 1.1), TAP AG proceeds to identify the technical solution in order to provide capacity that will accommodate the Booking Requests, as well as to comply with TAP AG's obligations under Article 4.1.10 of the FJO. The technical solution and the related cost estimates shall be defined within approximately three months after the end of the Booking Period.

More details on the technical features and the possible technical solutions for expanding the capacity in the TAP Transportation System from 10 bcm/year to 20 bcm/year can be found in Section 3.1.

### 2.4 Capacity Allocation

#### 2.4.1 Forward Firm Long-Term Capacity (FFLTC)

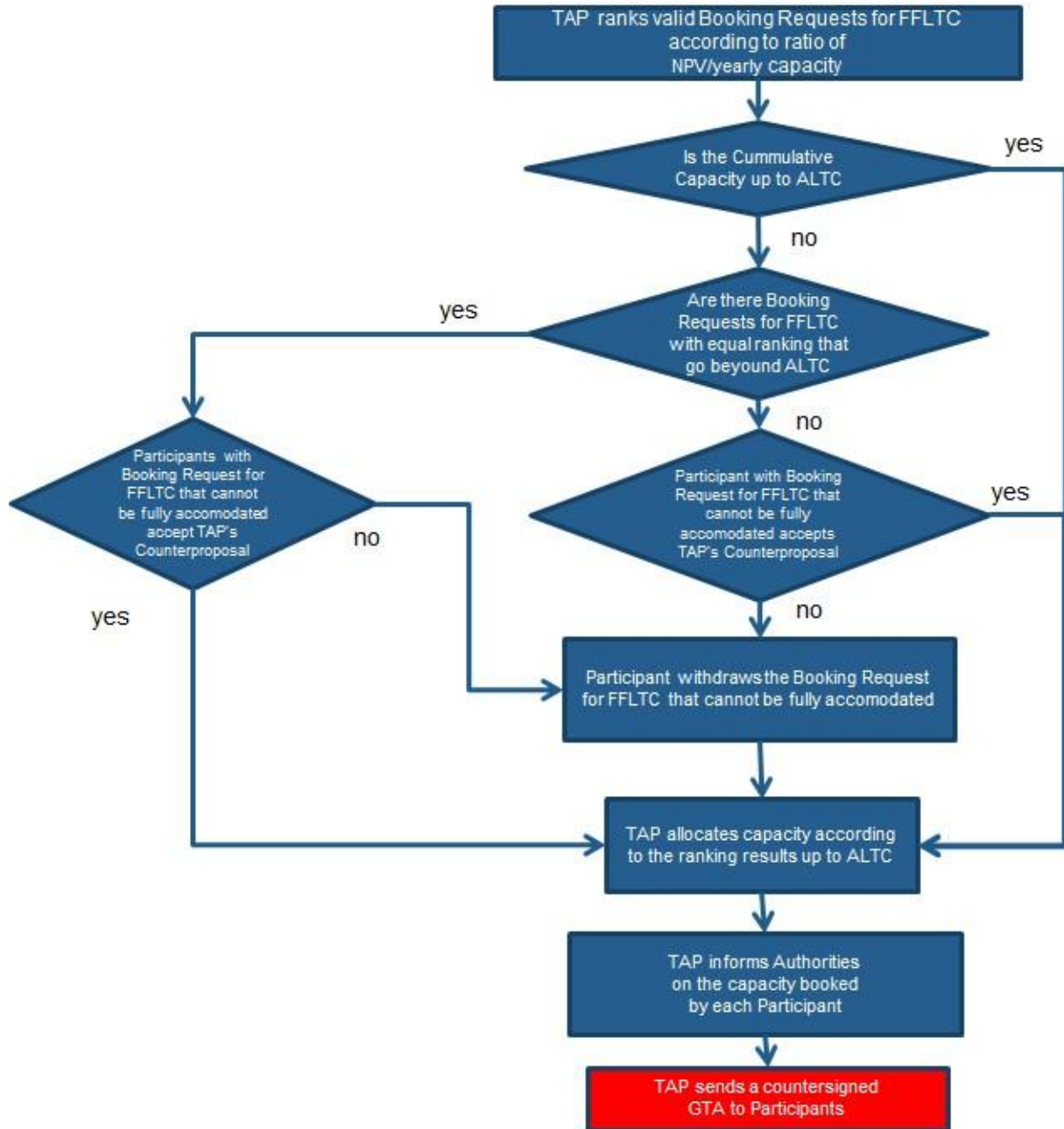
This section provides the framework for allocation of FFLTC in the TAP Transportation System amounting up to the Available Long-Term Capacity (ALTC). In case the sum of all valid Booking Requests for FFLTC is beyond the ALTC, TAP AG shall allocate the ALTC to Participants as of the procedure specified below.

Without delay, following the closing of the Market Test, TAP AG shall investigate the possibility to expand further i.e. above Total Capacity as foreseen in section 4.1.9 of the FJO. To this end, TAP AG and the Authorities shall enter into a discussion on the economic and technical feasibility of future expansion possibilities beyond the Total Capacity, and the related procedures. Such discussion is unrelated to the capacity allocation under the first Booking Phase.

The procedure for allocating the ALTC is illustrated in Figure 3 and further explained in this section. The Capacity Allocation results in long-term, ship-or-pay GTAs for FFLTC in the TAP Transportation System signed by the Participant and TAP AG.

Without prejudice to TAP AG's obligation under section 4.1.5 of the FJO, the capacity allocation process starts with TAP AG ranking all valid Booking Requests for Forward Firm Long-Term Capacity based on a prioritization defined in Clause 3.3.1 of the TAP Tariff Code.

Figure 3 Capacity Allocation up to Available Long-Term Capacity



The valid Booking Requests for FFLTC are ranked according to their ratio of NPV/yearly capacity, with the Booking Request with highest NPV/yearly capacity ratio having the highest priority.

Information on preliminary ranking will be given to Participants, not later than 2 June 2014 (please see the Booking Phase Milestones Indicative Time Schedule in section 1.1).





2.4.2 *Cumulative Capacity up to ALTC*

In the event that the Cumulative Capacity is up to the ALTC, all valid Booking Requests up to the ALTC will be accommodated. Not later than 5 September 2014 (please see the Booking Phase Milestones Indicative Time Schedule in section 1.1) TAP AG shall inform the Authorities and the Participants of:

- The Cumulative Capacity at each Entry and Exit Points
- The ranking of the Booking Requests
- The technical solution for expansion i.e. the total Expansion Capacity to be built as a result of this Booking Phase in all relevant Entry and Exit Points.
- An indicative tariff based on the Booking Requests that can be accommodated and cost estimates for the defined technical solution. For information on tariffs and the tariff methodology, please see section 5.

By the same date, TAP AG shall inform only the Authorities of:

- The Expansion Capacity allocation per Participant and Entry/Exit point in accordance with the signed GTAs.

TAP AG will thereafter close the Capacity Allocation process with sending to the Participants, countersigned GTAs for their valid Booking Requests.

Not later than 1 October 2014 (please see the Booking Phase Milestones Indicative Time Schedule in section 1.1), TAP AG shall inform the Authorities of:

- The completion of the Market Test.

2.4.3 *Cumulative Capacity above ALTC*

In the event that the Cumulative Capacity is above ALTC, all valid Booking Requests that can be accommodated fully up to the ALTC will be accommodated. In case that the valid Booking Request that has the last priority as of the ranking procedure cannot be fully accommodated, TAP AG informs the Participant and proposes to the Participant to amend the Booking Request to a specified lower amount of FFTLC that can be accommodated within the ALTC by sending a Counterproposal.

If the Participant accepts the Counterproposal, their Booking Request for FFTLC will be deemed to be amended, so that it can be fully accommodated up to ALTC, TAP AG informs the Authorities and proceeds towards countersigning a GTA.

2.4.4 *Cumulative Capacity above ALTC and Tied Participants*

In the event that there are two or more Booking Requests for FFTLC with the same ranking i.e. Tied Participants and their requests cannot be fully satisfied, as the Cumulative Capacity exceeds the ALTC, as per Clause 3.3.1.e of the TAP Tariff Code and Article 4.5 and 4.6 of the Booking Phase Guidelines, TAP AG informs the Tied Participants and proposes to them to amend their Booking Requests correspondingly to a specified lower amount of FFTLC that can be accommo-



dated within the ALTC by sending a Counterproposal. TAP AG shall base its counterproposal on the Tied Participants sharing the non- allocated capacity up to ALTC pro rata<sup>1</sup>.

#### 2.4.5 Commercial Reverse Capacity (CRC)

The process for ranking Booking Requests for CRC will be started only after TAP AG has allocated FFLTC according to the ranking results up to ALTC as indicated in Figure 3. Booking Requests for CRC are ranked by the Transporter according to the same procedure applicable to Booking Requests for FFLTC described in sections 2.4.1 to 2.4.4. TAP AG will apply the NPV/yearly capacity principle in order to rank the Booking Requests for CRC. TAP AG will accept Booking Requests for CRC up to the sum of the Initial Capacity plus the ALTC for any given combination of Entry and Exit Points available for CRC following the allocation of FFLTC. In case Participants have requested more CRC than there is available, TAP AG shall use similar mechanisms as those used for Booking Requests for FFLTC that cannot be fully satisfied, as described in section 2.4.3 and 2.4.4.

### 3 Project Information

#### 3.1 Technical Description

Technical Description of the TAP Transportation System, including expansion possibilities, is provided in the document “Technical Description of The Gas Transportation System” (TAP-TEC-RP-0015) available in the Data Room.

TAP AG reserves the right to update the Technical Description at all times prior the Start of the Booking Period and after the Close of the Booking Period and to notify in a timely manner all Participants that submitted a valid Booking Request of all future updates to the Technical Description prior to COD.

TAP AG shall notify in a timely manner all Shippers upon any such update of the Technical Description.

TAP AG shall inform the Authorities on the case that such an update has taken place listing the reasons for the update.

##### 3.1.1 Off-takes along the route

The Technical Description does not include off-takes along the route, as the technical and commercial base case of TAP AG does not envisage Entry and/or Exit Points other than the Entry Point in Kipoi, Greece and the Exit Point in Melendugno in Italy yet.

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<sup>1</sup>: The capacity offered to a Tied Participant in the counterproposal shall be calculated as follows: ‘capacity requested by the Tied Participant divided by the sum of the capacity requested by all Tied Participants multiplied by the non-allocated capacity up to ALTC’.



In the EoI Phase, non-binding interest was expressed for a number of additional exit points along the route of the TAP Transportation System. These exit points have now been included in the list of Entry and Exit Points in **Error! Reference source not found.** and the Participants have a possibility to submit Booking Requests for Capacity Products by combining Entry Point and the Exit Points. As of point 5 and 8 of the section 4.7 of the FJO, TAP AG has an obligation, upon a request of a third party in any market test, to construct additional entry and exit points in Greece and Albania respectively, as long as such construction is technically feasible. In such case, these Entry and Exit Points will be included in TAP's technical design and shall be made available in accordance with section 3.2. All costs related to the construction and operation of such entry and exit points shall be borne by the third party who made the request, according to the national legislation in place at the time of the request. A map showing the location of these Entry Point and the Exit Points is provided in the Data Room.

Further, in compliance with points 4 of section 4.7 of the FJO, TAP AG has an obligation, following cooperation with DESFA, to "implement and put in operation from the commercial operation date of TAP", one or more bidirectional interconnection points with the existing Greek National Transmission System. Furthermore, in compliance with point 7 of section 4.7 of the FJO, TAP AG has an obligation, following cooperation with the Albanian Authorities, "to construct and operate from its Commercial OperationsDate, at least one exit point in the territory of Albania". These points will be included in the technical design of TAP to be available as of the Planned Commencement Date, as defined in section 3.2.

### 3.2 Project time schedule

The TAP Transportation System is being developed for the purpose of transporting natural gas from the second phase of the Shah Deniz field in Azerbaijan to European markets. The time schedule for the development of the TAP Project needs therefore to be strictly linked and coordinated with the time schedule for the development of the Shah Deniz field. In this respect, it needs to be considered that the Field will run through a ramp-up period with volumes initially scheduled to be delivered to Turkey, and later on to Europe. A mismatch between the timing when the TAP pipeline becomes operational and the timing when the field becomes operational would represent a commercial and operational risk both for TAP shippers and for the development of the Shah Deniz field itself. A situation where the TAP Project is not operational by the time when natural gas deliveries from the field to Europe are ready to start would not be feasible for the development of the Field. Likewise, a situation where the TAP project is operational before the time when natural gas deliveries are ready from the field to Europe would not be commercially feasible for TAP's shippers and TAP AG.

[Confidential information concerning a specific mechanism developed by TAP AG aimed at aligning the development of respectively the TAP Project and the Shah Deniz field].

#### 3.2.1 Availability of requested capacity

In accordance with section 4.1.5 of the FJO, TAP AG shall ensure that the additional Expansion Capacity will be built and that the booked Capacity Products are available within six months from the Commercial Operations Date. TAP AG shall inform the Shippers of the actual date when Ca-



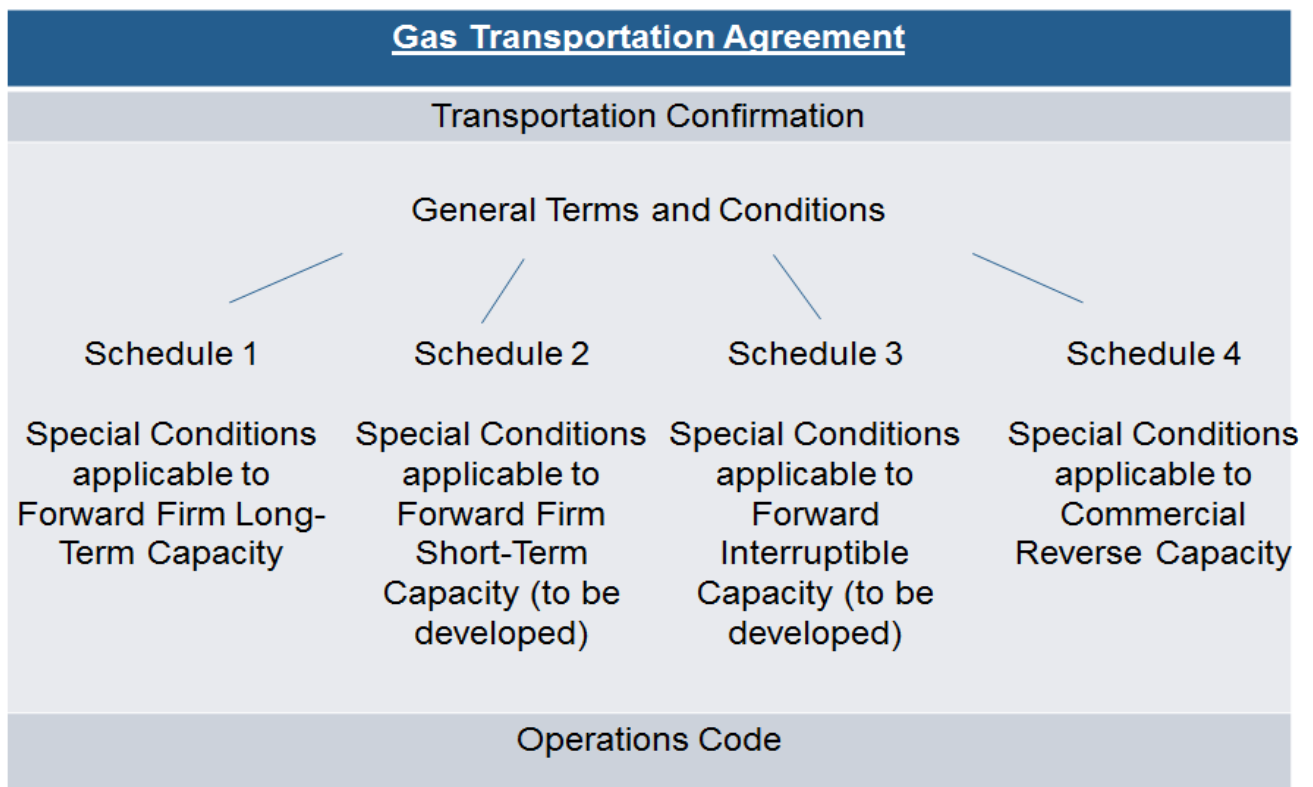
capacity Products shall be made available not later than six months before the Planned Commercial Operations Date.

**4 Products offered**

Participants can submit Booking Requests for Capacity Products offered as Forward Firm Long-Term Capacity and Commercial Reverse Capacity, in standard durations of 5, 10, 15, 20, and 25 years, subject to the conditions indicated in, respectively, section 4.1 and 4.2 below. The Capacity Products correspond to those offered by TAP AG in the EoI Phase, and those additionally requested by participants in the EoI Phase.

For each Capacity Product, the relevant documents that together constitute the Gas Transportation Agreement are presented in Figure 5.

Figure 4 Gas Transportation Agreement structure



The Gas Transportation Agreement for each Capacity Product is composed of a Transportation Confirmation, General Terms and Conditions and the Operations Code. The provisions of the Transportation Confirmation define conditions applicable to each individual shipper. The Transportation Confirmation includes at least the capacity booked per Entry/Exit Point, the duration of the booking, a description of the mechanism defining the start date for the provision of the service and references to the relevant parts of the General Terms and Conditions and applicable laws as re-



quired. The provisions of the General Terms and Conditions define conditions that are applicable to all shippers, as well as provisions that are applicable only to specific shippers depending on the Capacity Product booked according to the applicable schedule for that Capacity Product. The Operations Code will define operational rules and procedures applicable to all shippers and Capacity Products, and may be updated from time to time by the Transporter and is subject to approval by the Authorities according to paragraph 4.7.1 of the FJO. The main principles of the (draft) Operations Code are summarised in **Error! Reference source not found..**

#### **4.1 Forward Firm Long-Term Capacity**

Participants can submit Booking Requests for the Forward Firm Long-term Capacity for transportation of natural gas at the respective Entry and Exit Points specified for Forward Firm Long-Term Capacity in Annex VI.

Further details on the maximum Forward Firm Long-Term Capacity available for booking at each Entry and Exit Points are specified in Annex VI.

The commercial terms and conditions applicable to Forward Firm Long-Term Capacity are specified in Schedule 1 of the General Terms and Conditions, available in the Data Room.

#### **4.2 Commercial Reverse Capacity**

Participants can submit Booking Requests for Commercial Reverse Capacity for transportation of natural gas according to the combination of Entry and Exit Points as specified for Commercial Reverse Capacity in Annex VI.

Further details on the maximum Commercial Reverse Capacity available for booking at each of the Entry and Exit Points, are specified in Annex VI.

The commercial terms and conditions applicable to Commercial Reverse Capacity are specified in Schedule 4 of the General Terms and Conditions, available in the Data Room.

#### **4.3 Priority of Capacity Bookings**

Without prejudice to the ranking procedure for the allocation of capacity described in section 2.4, once the TAP Transportation System becomes operational, Firm Capacity Products will have priority over Interruptible Capacity Products, such as Commercial Reverse Capacity, at any given Entry or Exit Point where capacity has been booked by Shippers.

Commercial Reverse Capacity will be interrupted according to the contractual terms and conditions set out in Schedule 4 of the General Terms and Conditions and in the procedures as set out in the Operations Code.

## **5 Tariff Methodology**

The tariff methodology applicable to Capacity Products is described in the TAP Tariff Code, included in the Data Room.



### 5.1 Indicative Tariffs

Indicative unit tariffs for Forward Firm Long-Term Capacity and Commercial Reverse Capacity are provided in Annex VI, for information purposes only. Further, the Target Revenue assumption is calculated in accordance with the TAP Tariff Code and based on the schedule and cost base as defined in the cost estimates underlying the selection decision by Shah Deniz and the subsequent Final Investment Decision, with a Planned Commercial Operation Date of 1 January 2019.

As described in Clauses 1.4 to 1.6 of the TAP Tariff Code, both cost estimates and schedule are subject to change, which may lead to significant changes to the indicative tariffs. Tariffs remain indicative until the process for determining the Planned Commercial Operations Date is completed, as described in Clause 1.4 (d) of the TAP Tariff Code. As explained in section 3.2 of the present Notice, the Planned COD might be postponed with one year to 1 January 2020. When the start date is postponed according to this mechanism, the Target Revenue will need to reflect any additional costs caused by the postponement. Also, as revenue is delayed, while spending might only be partially delayed, the Target IRR methodology will as a rule result in a higher Target Revenue stream. The process for determining the impact on the tariff of the initial one year delay is not yet finalised and is not expected to be finalised before the end of the Booking Period. When available, the outcome of this initial adjustment to the indicative tariff will be promptly communicated to Participants. As a rough indication of the expected order of magnitude of such a change, a sensitivity calculation made by TAP AG prior to FID indicated an approximate increase of 5% to the unit tariff to Italy from such a postponement.

Please see, for information purposes, **Error! Reference source not found.** for a description of the calculation methodology implemented in the Tariff Calculation Model, including the parameters of the model used to generate the indicative tariffs.

### 5.2 Update of indicative Tariffs as a result of the Booking Phase

Clause 3 of the TAP Tariff Code describes the tariff impact of any new bookings above the Initial Capacity, with Clause 3.1 more specifically describing the consequences of any bookings during the First Booking Phase.

Bookings effectuated during the Booking Phase may lead to a tariff reduction. An illustration of the foreseen tariff impact of a full expansion can be seen in Annex VII, showing the estimated tariffs resulting from 8.5 bcm/a of capacity being booked for exit in Italy for a duration of 25 years from start of operations. The indicative tariffs shown are for information purposes only, based on preliminary cost estimates as shown in the “Technical Description of The Gas Transportation System” (TAP-TEC-RP-0015), as provided in the Data Room, and should not be taken as a binding estimate in any way.

Where investments have been triggered by the Booking Phase, the tariff remains indicative until the actual cost of such investments has been determined. In any event, the unit tariffs to be ap-



plied following a Booking Phase cannot exceed the indicative unit tariffs that would have been in place with no bookings under the Booking Phase.

## **6 How to participate in the Booking Phase**

### **6.1 Information period**

#### *6.1.1 Troubleshooting*

If you have problems related to accessing documents or otherwise problems with the Data Room, please contact the Booking Phase Helpdesk via the following email address:

[ict@tap-ag.com](mailto:ict@tap-ag.com)

#### *6.1.2 Questions related to the Booking phase*

For questions related to the proceedings during the Booking phase, please contact TAP AG via:

[FBP@tap-ag.net](mailto:FBP@tap-ag.net)

#### *6.1.3 Questions related to the project*

Please collect your questions and send them to TAP AG in writing. Your questions will be answered during the Information Meeting and, if requested, sent to you in writing following the Information Meeting. Please note that the answers of all questions raised by any Participant will be shared with all Participants, on an anonymous basis.

#### *6.1.4 Participation in the Information Meeting*

There is no participation fee for the Information Meeting. However, all costs related to the Participant's participation in the Information Meeting are borne by the Participants.

In order to participate, the participant shall complete the Registration Form to attend the Information Meeting, as provided in the Data Room, and send it to TAP AG not later than 1 April 2014.

TAP AG shall confirm receipt of the form within three Days and send an ID number for each of the representatives that will attend the Information Meeting.

#### *6.1.5 Capacity Cap Procedure*

Prior to submitting a Booking Request, it is the responsibility of Participants to ensure that the Booking Request is in compliance with any relevant Capacity Cap. In order for the Authorities to be able to evaluate the compliance of the Booking request with the Capacity Caps, participants shall provide the information requested by the Authorities in the Capacity Caps Form, as well as any other information the Authorities might request from the Participant for this purpose. The Capacity Cap Form has been prepared by the Authorities and is provided for convenience in the Data Room.





From the moment the Authorities have confirmed in writing the completeness of information to the Participant, the Authorities shall take a decision within 15 Days. Where the Authorities have not taken a decision within this time limit, the Booking Request shall be deemed compatible with the Capacity Caps.

## 6.2 How to submit a Booking Request

All Participants that want to submit a Booking Request shall complete the Booking Request Form attached to this Booking Phase Notice as **Error! Reference source not found.** and return it to TAP AG together with all required documentation at the latest by the closing of the Booking Period as specified in the Booking Phase Milestones Indicative Time Schedule in section 1.1.

The completed Booking Request Form shall be sent to TAP AG together with the following mandatory supporting documentation:

- Satisfactory proof of the signatory's powers to sign the Booking Request and enclosed Transportation Confirmation in the name of and on behalf of the Participant;
- Statement with an indication regarding how the Participant expects to fulfil the Credit Support Criteria in accordance with the relevant GTA;
- Statement that no sanctioned Gas will be transported;
- Declaration that no person employed at senior management level in the Participant's company or representing that company has been convicted for being a member of a criminal organisation or has been convicted for offences of fraud, corruption or money laundering;
- Declaration that the Participant has not been declared bankrupt and is not currently subject to any form of insolvency proceeding;
- Declaration of no objection from Authorities, as provided in the Data Room.

It is the sole responsibility of the participant submitting the Booking Request to satisfy and obtain any necessary regulatory compliance to submit its Booking Request in accordance with the Capacity Cap Procedure set out in section 6.1.5.

All documents are to be in English and duly signed by the authorised representative of the Participant that signed the Registration Form during registration.

The proof of power to sign on behalf of the Participant must contain a certified copy from the relevant company register or a power of attorney signed by legal representative as applicable.

TAP AG shall, within 3 Days of receipt, and in writing, either:

- confirm the completeness of the received documentation;
- or if the documentation is incomplete TAP AG shall inform the Participant that the Booking Request is not valid.

The Participant can resubmit any missing or incomplete documentation up to latest by the closing of the Booking Period as specified in the Booking Phase Milestones Indicative Time Schedule in section 1.1. If it fails to do so it will be excluded from further participation in accordance with section 6.3.





### 6.3 Invalidity of a Booking Request / Exclusion of procedures

A Booking Request shall be deemed invalid when:

- The Participant fails to submit/resubmit the signed Booking Request in the form provided in Annex II;
- The Participant fails to submit/resubmit all mandatory documentation prior to the closing of the Booking Period;
- If documentation is missing or incomplete, or mandatory documents have not been received in their proper form by TAP AG by the required deadline;
- The authorised representative that signed the documents:
  - a) has been convicted for being a member of a criminal organisation or has been convicted for offences of fraud, corruption or money laundering;
  - b) or is a natural or legal person who has been declared bankrupt or who is currently subject to any form of insolvency proceeding.

In case of any objections relevant to the proceedings please see section 7.

#### 6.3.1 Confidentiality

TAP AG will respect the confidentiality of any confidential information which may be received from the Participants in accordance with the Regulatory Compliance Programme (RCP). TAP AG will be entitled, if it has informed the Authorities and has received no written objection from them, to disclose the aggregated data received from the Participants. In addition, TAP AG will disclose to the Authorities all information required to be disclosed under the Guidelines and any applicable law or governmental order, decree, regulation or rule

#### 6.3.2 Non-discrimination of Participants

TAP AG shall treat all Participants in a non-discriminatory manner and adhere to the measures required by section 4.5.1 of the FJO stipulated in the RCP.

### 6.4 Information on the progress of the Booking Phase

All participants will be informed in writing of the results of the Booking Phase in accordance with Article 5.4 of the Guidelines.

At any time during the Booking Phase, Participants may obtain information about the progress of the proceedings of the Booking Requests by contacting TAP AG via [FBP@tap-ag.net](mailto:FBP@tap-ag.net).

## 7 Objection Committee

Participants are allowed to submit a duly reasoned objection at any time during the Booking Phase via [FBP.OC@tap-ag.net](mailto:FBP.OC@tap-ag.net).

TAP AG will appoint a separate three-member Committee (the Objection Committee) to decide on the objections. Any objection and consequent decision will also be notified to the Authorities.



TAP AG staff appointed with the task of evaluating Booking Requests or otherwise involved in the practical proceedings of the Booking Phase cannot be members of the Objection Committee.

The Booking Requests and all related matters are governed by English law.

## **8 Disclaimer**

The information provided in the Data Room, in the subsequent Information Period, and Booking Period as part of this Booking Phase may be updated at any time by TAP AG and TAP AG will use all reasonable endeavours to ensure that such updated information is communicated in a timely manner to participants in this Booking Phase.

No rights may be derived from the contents of this Notice or its Annexes or any documents listed in those Annexes, nor can any rights be derived from the contents of the Data Room.

TAP AG has taken all reasonable endeavours to ensure that the information in this Notice and its Annexes, and documents listed in those Annexes, as well as the project information provided in the Data Room is correct at the time of publication but TAP AG makes no representation or warranties, express or implied, as to the quality, accuracy and completeness of the information, and TAP AG assumes no liability in contract or in tort or breach of statutory duty or otherwise for or in respect of any indirect, incidental, consequential or exemplary loss or damage howsoever arising in respect of or in connection with the information contained in or from the inaccuracy, incompleteness, or omissions in the contents of this publication.