

**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 REQUESTS FOR CAPACITY
PRODUCTS

Considering that:

- Pursuant to Article 36.6 of the Gas Directive, following TAP AG's application for the exemption of the TAP Project (i) from third party access, (ii) regulated tariffs and (iii) unbundling rules, the Authorities, before granting the exemption from third party access, decide upon rules and mechanisms for management and allocation of capacity. The rules require a Market Test to be implemented;
- In April 2012, the Authorities issued guidelines, according to which TAP AG's first Market Test should be conducted in two phases, namely, a non-binding Expression of Interest (EoI) Phase and a subsequent binding Booking Phase. These first EoI Guidelines stated that further guidelines for the Booking Phase, regarding its implementation, its detailed design and the amount of capacity available for booking will be issued by the Authorities.
- In the EoI phase all potential users, institutions and TSOs were invited to express their interest, in accordance with the EoI Guidelines, in contracting capacity or in connecting to the TAP pipeline and were asked to submit data and information in order for the Authorities to assess the criteria set in Article 36.1 of the Gas Directive. The EoI Phase neither bound participants to subsequently book the capacity for which they have expressed their interest nor bound TAP AG to offer it;
- The EoI Phase of the Market Test took place from 15 June 2012 until 15 August 2012 on the basis of the Expression of Interest Phase Notice, issued by TAP AG and approved by the Authorities in May/June 2012. TAP AG submitted a report on the outcome of the EoI Phase to the Authorities on 30 August 2012;
- Following the conclusion of the EoI Phase, the Authorities assessed whether the criteria set by Article 36.1 of the Gas Directive were fulfilled and issued a Final Joint Opinion (FJO) on TAP AG's exemption application, dated 6 June 2013. The Initial Capacity of the pipeline has been exempted from third party access according to the terms and conditions of section 4.1.2, 4.1.3 and 4.1.4 of the FJO, whereas the Residual and Expansion Capacity are to be offered to the market through the Booking Phase and by means of subsequent market tests, should such capacity not be fully allocated;
- By virtue of the aforementioned exemption, the Initial Capacity has been allocated and no part of such Initial capacity shall be subject to the Booking Phase and the general framework for capacity allocation and management procedures in the TAP transportation system.
- Section 4.1.5 of the FJO further requires that TAP AG launches the Booking Phase not later than three months after the date of the Final Investment Decision;

- The present document provides the Guidelines for the Booking Phase and includes the general framework for capacity allocation and management procedures on the TAP pipeline to be followed in the Booking Phase in order to determine the amount of Expansion Capacity that TAP AG has to make available not later than 6 (six) months after the Commercial Operations Date. These Guidelines are only concerned with the expansion capacity.

The Authorities have jointly decided as follows:

Article 1

Definitions

The following definitions apply:

1. **Available Long-Term Capacity:** capacity that is available for booking long term capacity in each entry and exit point of the TAP Transportation System in the 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 AG to provide short-term products under section 4.1.10 of the FJO;
2. **Authorities:** The National Regulatory Authorities of Albania (EntiRregullator I Energjise - ERE), Greece (Regulatory Authority for Energy - RAE), and Italy (Autorità per l'energiaelettricail gasedilsistemaidrico- AEEGSI);
3. **Booking Phase Guidelines:** the present document containing the guidelines for the management and allocation of capacity of the TAP Project in the framework of the second phase of the Market Test during which interested parties are invited to submit their binding Booking Requests to reserve capacity in the above mentioned project;
4. **Booking Period:** the period during which Participants can submit Booking Requests;
5. **Booking Phase:** the second phase of the Market Test during which interested parties can submit binding Booking Requests to reserve capacity in the TAP pipeline; the subsequent market tests provided for by paragraph 4.1.7 of the FJO are not included in this definition;
6. **Booking Phase Notice:** rules of procedure for participation in the Booking Phase and submission of Booking Requests, as set out by TAP AG;
7. **Booking Requests:** binding booking requests to reserve Capacity Products in the TAP Transportation System;
8. **Capacity:** the Expansion Capacity and the Residual Initial Capacity;
9. **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;
10. **Capacity Product:** each of the gas transportation capacity services offered in the TAP Transportation System as specified in these guidelines;

11. **Commercial Operations Date:** 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;
12. **Commercial Reverse Capacity :** 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 TAP Operations Code and that TAP AG is permitted to interrupt in accordance with the relevant provisions contained in the TAP Operations Code, with such provisions reflecting the need for a sufficient forward flow between the desired locations to enable virtual reverse flow;
13. **Day(s):** calendar day(s);
14. **EoI Guidelines:** *the “Guidelines for the 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, jointly approved by the Authorities during the month of April 2012.*
15. **Expansion Capacity:** the total technical capacity of up to 10 bcm/year that can be built above the Initial Capacity;
16. **Expression of Interest (EoI) Phase:** 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;
17. **Final Investment Decision:** the Resolution to Construct, which is the Final Investment Decision within the meaning of Section 4.1.5 of the Final Joint Opinion;
18. **Final Joint Opinion (FJO):** Final Joint Opinion of the Energy Regulators on TAP AG’s Exemption Application dated 6 June 2013 issued by the Italian, Albanian and Greek national regulatory authorities pursuant to Directive 2009/73/EC;
19. **Forward Firm Long-Term Capacity:** 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;
20. **Information Period:** the period which serves to provide Participants with all relevant information for submitting Booking Requests;
21. **Gas Directive:** 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;
22. **Gas Regulation:** 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;
23. **Gas Transportation Agreement:** an agreement for the transportation of natural gas between TAP AG 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;
24. **Host Countries:** Albania, Greece and Italy;

25. **Information Period:** the time frame during which Participants are provided with all relevant information for submitting Booking Requests;
26. **Initial Capacity:** the total initially planned capacity of 10 bcm/year which has been exempted from regulated third party access, ownership unbundling and regulated tariff;
27. **Market Test:** 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;
28. **Participants:** 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;
29. **Regulatory Compliance Programme:** 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;
30. **Residual Initial Capacity:** 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;
31. **TAP AG:** Trans Adriatic Pipeline AG, a company incorporated under the laws of Switzerland whose head office is at Lindenstrasse 2, 6340, Baar, Switzerland;
32. **TAP Operations Code:** 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;
33. **TAP Transportation System:** the natural gas pipeline system including pipes above and below ground and all other related equipment owned, or used and operated, by TAP AG to provide natural gas transportation services in accordance with any Gas Transportation Agreement.
34. **TAP Project:** the Trans Adriatic Pipeline project;
35. **TAP Tariff Code:** 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;
36. **Total Capacity:** the sum of the Initial Capacity and Expansion Capacity, up to a total of 20 bcm/year.

Article 2

Subject matter and scope

- 2.1 The Booking Phase Guidelines provide the general framework for capacity allocation and management procedures on the TAP Transportation System which TAP AG shall follow in the Booking Phase in order to determine the amount of Expansion Capacity to be made available by TAP AG. For the avoidance of doubt, the Booking Phase Guidelines apply only to the allocation of the Available Long-Term Capacity. Expansion of the TAP Transportation System beyond the Total Capacity is subject to further investigation as provided for in Article 5.4b.

The present Guidelines shall apply throughout the Booking Phase.

- 2.2 Participation in the EoI Phase is a prerequisite to access the Booking Phase unless otherwise specified in Article 3.2 and 3.3.
- 2.3 During the booking period TAP AG shall offer Forward Firm Long-Term Capacity and Commercial Reverse Flow Capacity of duration equivalent to respectively 5, 10, 15, 20 or 25 years, to be allocated under ship-or-pay contracts.
- 2.6 TAP AG shall ensure that capacity reserved as a result of the Booking Phase shall be built and be made available to the corresponding Participants not later than 6 months from the Commercial Operation Date.

Article 3

Participation in the Booking Phase

- 3.1 TAP AG shall treat all Participants in a non-discriminatory manner. In accordance with section 4.5.1 of the FJO, the rules set out in the TAP AG Regulatory Compliance Programme jointly approved by the Authorities in February 2014, shall apply.
- 3.2. All participants to the EoI Phase are allowed to participate in the Booking Phase. A party is considered to have participated in the EoI Phase also if another party has expressed interest for the benefit of the party that wishes to participate in the Booking Phase, in accordance with the procedures set out in the Expression of Interest Notice.
- 3.3 TSOs from Albania, Greece and Italy can participate to the Booking Phase, irrespective of their participation to the EoI Phase, on the same conditions applying to all other participants in the Booking Phase. TSOs participating must be certified in accordance with each participating country's obligations under Directive 2009/73/EC and are forbidden to use the Capacity booked for gas supply.

Article 4

Principles and mechanisms for capacity allocation and management

- 4.1 Procedures for performing the Booking Phase shall be further set out by TAP AG in the Booking Phase Notice. The Gas Transportation Agreement, the TAP Tariff Code and mechanisms to deal with delays and cost-overruns, shall be made available by TAP AG in an electronic data room.

Criteria for creditworthiness shall be equivalent to those applicable with respect to the Initial Capacity. In addition, the Gas Transportation Agreement will provide for liquidated damages to be payable by TAP AG in certain circumstances in case of a delay in making available capacity allocated in accordance with the mechanism specified in the Booking

Phase Notice. The relevant conditions for such liquidated damages will correspond to those for liquidated damages in case of delay agreed with shippers of the Initial Capacity already allocated.

- 4.2 The Booking Phase is conducted by TAP AG who is responsible for the proper execution of the measures set out in these Booking Phase Guidelines issued by the Authorities.
- 4.3 TAP AG shall indicate in the Booking Phase Notice, the amount of Available Long-Term Capacity that can be booked via the Booking Phase at each entry/exit point of the TAP Transportation System (as indicated in the EoI Phase and provided for in section 4.7.5 and 4.7.7 of the FJO), having regard to the capacity already allocated according to section 4.1.4 of the FJO and the obligations imposed on TAP AG in relation to short term products according to section 4.1.10 of the FJO.
- 4.4 The capacity allocated according to the First Booking Phase is not subject to a viability test and therefore TAP AG is obliged to expand capacity to accommodate the capacity requests. In the event that the requested capacity exceeds the Available Long-Term Capacity, the allocation should follow the criteria defined hereinafter:
 - a. capacity is allocated up to the Available Long-Term Capacity;
 - b. capacity requests are ranked according to the Net Present Value of the revenue stream originating from the TAP Tariff, divided by the amount of yearly capacity requested;
 - c. if the marginal capacity request in the ranking cannot be accommodated in full, because there is not enough Available Long-Term Capacity, the participant should be offered the possibility to reduce the amount of capacity specified in his request or to withdraw the request;
 - d. provisions as of point c. above apply also in case there are two or more marginal capacity requests at the same level of ranking.
- 4.5 Capacity will be allocated in compliance with the Capacity Caps set out in points 3, 6 and 9 of paragraph 4.7 of the FJO. Participants are responsible to obtain the consent of the Authorities that their Booking Requests are compliant with the Capacity Caps. To this purpose, they must duly fill in a form with information concerning their market share on any relevant product market for the supply of gas, and on the upstream market of supplying gas for Italy, Greece and Albania. This form, prepared by the Authorities and provided by TAP AG in the electronic data room, must be submitted to respectively the Italian, Greek or Albanian Authority prior to submitting the Booking Request and no later than 5 days from the opening of the Booking Phase. In order to carry out their assessment on the compatibility of the Booking Requests with the Capacity Caps, the Authorities have the right to request the Participants any information they deem necessary. As soon as the information received by the participants is considered complete, each Authority will promptly notify it to the participants.

The Authorities' decision on the compatibility of the participants' booking requests with the Capacity Caps is taken within 15 Days at most. That period shall begin on the working day following that of the receipt of the complete information. Where the Authorities have not taken a decision within the time limits provided for in this article, the Booking Request shall be deemed compatible with the Capacity Caps provided for by the FJO.

Article 5

Procedures

- 5.1 The procedure defined by TAP AG for the submission of the Booking Requests shall guarantee the maximum level of access, without any undue cost for the Participants. The Booking Phase commences on the day that TAP AG makes the Booking Phase Notice available. At least 3 (three) weeks prior to this Day, TAP AG shall inform the parties referred to in articles 3.2 and display on its website the registration procedures to participate to the Booking Phase and the day it will open the electronic data room.
- 5.2 The Booking Phase starts with the Information Period, which serves to provide Participants with all the relevant information for submitting Booking Requests. TAP AG shall make the relevant documentation available in an electronic data room and shall hold an information meeting at least 1 (one) week before the start of the Booking Period.
- 5.3 The Booking Period during which Participants can submit Booking Requests shall start no earlier than 7 (seven) weeks after the day of distribution of the Booking Phase Notice to the participants and shall last for at least 1 (one) week.

Participants must submit Booking Requests together with a declaration that the information that they provide is true ("attested affidavit").

The aggregated amount of Capacity requested at each entry and exit point shall be provided to each Participant on an anonymous basis and at the same time to the Authorities on a non-anonymous basis.

- 5.4 Within a maximum of 3 (three) months after the end of the Booking Period, TAP AG shall define a technical solution and prepare related cost estimates.
 - a) TAP AG shall inform each Participant that submitted a Booking Request and the Authorities on:
 - the technical solution for expansion i.e. the Expansion Capacity in all relevant entry and exit points;
 - the aggregated amount of Capacity booked at each entry and exit point;
 - an indicative tariff based on the Booking Requests that can be accommodated and cost estimates for the defined technical solution;
 - b) In case that the total amount of capacity indicated in the Booking Requests exceeds the Available Long-Term Capacity, TAP AG shall investigate the opportunities for expansion of the TAP Pipeline beyond the Total Capacity. To this purpose, 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 in accordance with section 4.1.9 of the FJO.

- 5.6 In case of no objection against the compliance of the Booking Requests with the Capacity Caps, TAP AG and the Participant shall sign a Gas Transportation Agreement for the allocation of the capacity requested.
- 5.7 With the final signing of the Gas Transportation Agreements, TAP AG shall close the Booking Phase and the Market Test.
- 5.8 TAP AG will inform the Authorities upon the completion of the Market Test and the capacity levels per entry/exit point allocated to each Participant.

Article 6

The Booking Phase Notice

- 6.1 The Booking Phase Notice shall be in English.
- 6.2 The Booking Phase Notice shall provide general information on the TAP Project and the Capacity Products for which Participants can submit Booking Requests. Participants should at least be informed about:
 - a) all Capacity Products offered at:
 - the entry and exit points requested during the EoI Phase
 - the options for connection with the Greek system in accordance with section 4.7.4 of the FJO;
 - the options for exit point(s) in accordance with section 4.7.7 of the FJO;
 - b) the proposed technical specifications of the TAP Project, such as operating pressure and gas quality constraints, if any, at each entry and exit point;
 - c) a non-binding and indicative tariff for all Capacity Products offered in the Market Test, calculated on the basis of the TAP Tariff Code as approved by the Authorities;. To this end, before the Booking Phase takes place, Participants must have access to the TAP Tariff Code, be given the opportunity to understand the TAP Tariff Code, receive information on the calculation model and receive the initial value of parameters of the model. For such parameters that are based on estimates, the hypothesis behind the chosen value shall be declared.
 - d) a state of play of authorizations, licences and regulatory approvals and the timetable for obtaining them;
 - e) the starting and ending dates of the Booking Period;
 - f) the timeframe within which a Gas Transportation Agreement is entered with TAP AG.
 - g) the credit worthiness required
 - h) the bid bond required to ensure that the participation is meaningful

- 6.3 The electronic data room shall further contain the following information and documentation:
- a) arrangements in place to ensure the confidentiality of information received from the Participants;
 - b) an invitation to the information meeting, which shall take place no later than 1 (one) week prior to the start of the Booking Period;
 - c) the Gas Transportation Agreement, including relevant schedules with details on:
 - the terms and conditions for gas transport, and in particular:
 - o the general principles of the fuel gas and lost gas allocation procedure to shippers and estimates of their maximum values
 - o the available flexibilities in the nomination process
 - o CMP, short term and long-term UIOLI arrangements
 - o how capacity reductions and maintenances are managed
 - the TAP Tariff Code;
 - d) the details on how to submit Booking Requests. The template for Participants to make Booking Requests, shall indicate at least:
 - the requested Capacity Product, specified as the maximum daily capacity (in energy units) and the duration of the requested services;
 - the reference gas calorific value of the gas to be used for conversion between the volumes and energy units relevant to the Capacity Product requested;
 - e) the details on how participants can receive information on the progress of the Market Test at any time;
 - f) the procedure by which Participants can issue complaints on any aspect of the Market Test.
- 6.4 The Booking Phase Notice is approved by the Authorities.