

Energy and Water Regulatory Commission (Bulgaria)  
Regulatory Authority for Waste, Energy and Water (Greece)

Energy regulators' joint decision on the capacity auctions  
for short-term capacity products to be held by ICGB  
according to ENTSOG's auction calendar

August 2023

## **I. Whereas:**

- 1.** Interconnector Greece-Bulgaria 'IGB' covers more than one member state of the European Union, Republic of Bulgaria and Republic of Greece.
- 2.** On 17.07.2017, ICGB AD submitted to the Bulgarian Energy and Water Regulatory Commission (EWRC) and the Greek Regulatory Authority on Energy (RAE) an "Application pursuant to Art. 36 of European Parliament and Council Directive 2009/73/EC dated 13<sup>th</sup> of July 2009, concerning the general rules applicable to the domestic market of natural gas and the cancellation of Directive 2003/55/EC (Directive 2009/73/EC) on the Greece - Bulgaria Interconnection".
- 3.** On 29<sup>th</sup> of May 2018, EWRC and RAE (hereinafter referred to as the "Authorities") took a decision on the exemption of the Greece-Bulgaria Interconnection (IGB) from third party access, on regulated tariffs and on the separation of ownership for a period of 25 years, by adopting the common document titled "EWRC and RAE joint standpoint on an application for the exemption of ICGB AD", which document was stated in the Authorities' respective decisions № P-BO-1 dd. 29.05.2018 and 483/2018. Both decisions were notified to the European Commission.
- 4.** On 25<sup>th</sup> of July 2018, the European Commission took a decision [C(2018) 5058 (final)] on the said exemption (hereinafter referred to as the "Commission's Decision").
- 5.** On 8<sup>th</sup> of August 2018, the Authorities took a final decision on the exemption by adopting "A final joint decision of the Bulgarian Energy and Water Regulatory Commission and the Greek Regulatory Authority on Energy on an application for exemption sent by ICGB AD" (hereinafter referred to as the "Final Joint Decision") - a document jointly drafted by the Authorities, which amends the joint standpoint so as to reflect the Commission's Decision (EWRC Decision № P-BO-2 dd. 08.08.2018 and RAE Decision № 768/2018).
- 6.** The Final Joint Decision has been amended three times:
  - i. Decision No. P-BO-1 of 20.03.2020 of EWRC and Decision No. 568 of 12.03.2020 of RAE, which extended the Commercial Operation Date (COD) from 1 July 2020 to 31 December 2020 (target COD) and no later than 1 July 2021.
  - ii. Decision No. P-BO-1 of 20.05.2021 of EWRC and Decision No. 424 of 13.05.2021 of RAE, which extended the COD to 1 July 2022.
  - iii. Decision No. P-BO-3 of 30.09.2022 of EWRC and Decision No. 742 of 29.09.2022 of RAE, which extended the COD to 1 October 2022.
- 7.** According to the Final Joint Decision, ICGB AD was granted an exemption for a period of 25 years, as from the Commercial Operation Date and at the terms and conditions set out in Section 4 of the Final Joint Decision from the provisions of: (i)

Article 9 (ownership unbundling); (ii) Article 32 (third party access) for the part of the capacity reserved through the Market Test and stated in the signed Advanced Reservation of Capacity Agreements; and (iii) Articles 41.6, 41.8, 41.10 (regulated tariff) of Directive 2009/73/EC.

**8.** By EWRC Decision № CH-1 dd. 01.07.2022 and RAE Decision № 593 dd. 30.06.2022, the National Energy Regulatory Authorities of the Republic of Bulgaria and the Hellenic Republic approved the certification of ICGB AD as an Independent Transmission Operator.

**9.** The decisions 918/2019 of RAE and K-1/2019 of EWRC approving the IGB Network Code, as amended by decisions 743/2022 and K-1/2022 respectively.

**10.** In accordance with Regulation (EU) 2017/459 and the Exemption Decision, ICGB is obliged to offer all available non-exempted capacity on IGB, i.e. the capacity that was not sold at the yearly capacity auction, together with the set-aside capacity for short-term bookings, at the auctions for short-term capacity according to the ENTSG calendar (hereinafter, "available capacity").

**11.** By decisions E-36/1.6.2023 of RAE and TK-1/19.06.2023 of EWRC regarding the offer of annual capacity products, ICGB AD is to:

- i. offer non-exempted transmission capacity as "competing capacities" (envisaged in NC CAM) among the IP with TAP and the IP with DESFA,
- ii. offer non-exempted transmission capacity at IP with DESFA as quasi-Annual transmission capacity, the booking and the use of which to be deferred in time, and which will be effective from the start of commercial operation of IP with DESFA (and FSRU-Alexandroupolis).
- iii. offer during the annual auctions in July 2023 annual interruptible reverse capacity only at the IP with BULGARTRANGAZ EAD (58Z-IP-00034-STZ-Bulgatransgaz EAD) and the IP with TAP (21Z000000000472E Komotini KOMOTINI-TAP-IGB) for 1 gas year,
- iv. offer the non-exempted firm forward capacity at IP with TAP as unbundled,
- v. set aside 10% of the existing technical capacity in each IP for the first 5 gas years, as well as to set aside 20% of the existing technical capacity in each IP from the 6th to the 10th gas year (including), if ICGB decides to offer capacity for more than 5 gas years.

**12.** In its letter of VII-04/11.07.2023 (EWRC incoming E-15-59-18/11.07.2023 and RAE incoming I-353906/11.07.2023), ICGB submitted for the Authorities' approval an *"Approach for participation in auctions for short-term capacity products according to the auction calendar published by ENTSG"*, with the following proposal:

- a. For the first quarter of the gas year 2023/2024 all available capacity will be offered at the IP with TAP,
- b. For the second, third and fourth quarters of the gas year 2023/2024, the ICGB AD to offer the available capacity at the auctions for short-term capacity products as “competing capacities” among the IP with TAP (21Z000000000472E Komotini KOMOTINI-TAP-IGB) and the IP with DESFA (21Z0000000005398 KOMOTINI KOMOTINI-GR), as quasi-quarterly transmission capacity, the booking and the use of which will be deferred in time and will become effective from the start of the commercial operation of the IP with DESFA

**II. The Authorities have made a thorough assessment of ICGB AD’s proposal on the auctions for short-term capacity products and have reached the conclusion that:**

1. ICGB’s proposal is in line with the decisions E-36/1.6.2023 of RAE and TK-1/19.06.2023 of EWRC regarding the offer of annual capacity.
2. ICGB’s proposal is in line with the decision E-35/1.6.2023 of RAE regarding the offer of annual and short-term capacity products at the Hellenic Natural Gas System operated by DESFA SA.
3. ICGB’s Interconnection Points (IPs) with TAP and DESFA are equally treated since competing capacities shall be offered between them.
4. Since the commercial operation of the IP with DESFA is planned not earlier than the 1<sup>st</sup> of January 2024, the capacity products for the first semester of the gas year may only be offered at the IGB-TAP Interconnection Point.
5. Since the exact operation date of the IGB-DESFA IP is still unknown, the offer of quasi-quarterly products for the second, third and fourth quarters is the preferred arrangement, as users have the opportunity to book products of the longest possible duration, while they are not charged for the usage until the commercial operation.

**III. Based on the aforementioned arguments, the Regulatory Authorities of the Republic of Bulgaria and the Republic of Greece approve, within their powers, ICGB’s proposal regarding the offer of short-term capacity products for the gas year 2023/2024 as follows:**

1. For the first quarter of gas year 2023/2024, all available capacity to be offered at the IP with TAP.
2. For the second, third and fourth quarters of gas year 2023/2024, the available capacity to be offered at the auctions for short-term capacity products as

“competing capacities” among the IP with TAP (21Z000000000472E Komotini KOMOTINI-TAP-IGB) and the IP with DESFA (21Z0000000005398 KOMOTINI KOMOTINI-GR).

3. For the second, third and fourth quarters of gas year 2023/2024, the available capacity to be offered as quasi-quarterly transmission capacity, the booking and the use of which to be deferred in time, and which will be effective from the start of commercial operation of IP with DESFA, as announced by DESFA SA. The usage of such capacity will begin further in time during the relevant quarter for which it is booked by the user, and not from the beginning of the relevant quarter. In case the commercial operation does not start at all within the relevant quarter, then the capacity product will be considered as not booked and will not be transferred to the following quarter. The available capacity will be offered on a monthly and/or daily basis only at the IP with TAP.
4. ICGB AD will specify the above on the capacity booking platforms in the form of a condition as follows: “The use of the capacity product, respectively the provision of the transmission services at this IP starts from the later date between the two dates – the start date of the capacity product or the start date of commercial operation of IP 21Z0000000005398 KOMOTINI DESFA\_IGB. The relevant date is notified by ICGB AD not later than 1 month before its occurrence. In case the relevant date is not notified by ICGB AD by the beginning of the last month of the capacity product, the capacity product is considered as not booked.”
5. Otherwise, Regulation (EU) 2017/459 applies for the non-exempted available capacities.