



Trans Adriatic  
Pipeline

# PROCEDURE FOR THE EXECUTION OF COMPETING AUCTIONS AT TAP INTERCONNECTION POINTS PURSUANT TO REGULATION NO. 459/2017

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## 1. Definitions

**CAM Network Code** means European Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013.

**Competition Constraint Amount** means the aggregate amount of capacity available to be allocated at the Interconnection Points affected by Competing Capacities.

**TAP Network Code** means Trans Adriatic Pipeline AG's Network Code.

**Clearing Price** means the sum of the Reserve Price of the auction and the Auction Premium if the total demand for capacity exceeds the Available Capacity. In all other cases, the Clearing Price shall be equal to the Reserve Price;

**Competing Capacities** means capacities for which the Available Capacity at one point of the network cannot be allocated without fully or partly reducing the Available Capacity at another Interconnection Point of the network.

**Large Price Step** means a fixed or variable amount that is defined per Interconnection Point and standard capacity product.

**Small Price Step** means a fixed or variable amount that is defined per Interconnection Point and standard capacity product which is smaller than the Large Price Step.

Capitalised terms used but not defined in this document have the meaning given to them in the TAP Network Code.

## 2. Introduction

This is the procedure for conducting competing auctions referred to in sections 6.3(d) and 6.4(c) of the TAP Network Code. This Procedure has been developed in accordance with the operational rules of the Capacity Booking Platform and in accordance with the CAM Network Code.

The Transporter will perform competing auctions in relation to the following Capacity Products:

- Forward Firm Yearly Capacity, Forward Firm Quarterly Capacity, Forward Firm Monthly Capacity and Forward Firm Daily Capacity, for the Interconnection Points included in Appendix 1 to this procedure; and

- Commercial Reverse Yearly Capacity, Commercial Reverse Quarterly Capacity, Commercial Reverse Monthly Capacity, Commercial Reverse Daily Capacity, for the Commercial Reverse Routes included in Appendix 1 to this procedure.

If competing auctions are required, the capacity constraints will be agreed with the Adjacent TSOs and the following information shall be exchanged:

- the Capacity Product;
- the amount of capacity offered at the relevant Interconnection Point which is subject to competition;
- the respective Reserve Prices, the Large Price Step and Small Price Step defined according to the CAM Network Code which are to be applied in the auction(s).

Furthermore, the Transporter will notify the competition constraints to the Capacity Booking Platform, which will take into account these constraints as part of the competing auctions for Forward Firm Capacity and Commercial Reverse Capacity at the affected Interconnection Points.

### 3. Competing Capacities and Notification

Competing Capacities, in accordance with section 6.3(d) and 6.4(c) of TAP Network Code, may exist at the Interconnection Points listed in Table A and Commercial Reverse Capacity Routes included in Table B in Appendix 1.

Registered Parties will be informed by the Transporter through the Capacity Booking Platform of the Interconnection Points where Competing Capacities are to be assigned. Such auctions will be marked by the Capacity Booking Platform.

### 4. Uniform Price Auction

Competing auctions for Forward Firm Daily Capacity and Commercial Reverse Daily Capacity will be based on a uniform price auction algorithm as adjusted below.

The allocation of available Competing Capacities shall take place on the Capacity Booking Platform according to a two steps procedure.

In the first step, auctions shall be held independently for each competing Interconnection Point in accordance with Section 6.6(b) of the TAP Network Code. The bids are independently evaluated and ranked (giving priority to the bid with highest Auction Premium), until the amount of Available Capacity is reached for each competing Interconnection Point.

In the second step, the bids selected in the independently evaluated auctions for the individual competing Interconnection Points are simultaneously evaluated within a single ranking giving priority to the bid with highest Auction Premium. Capacity shall be allocated to the bids in function of their price ranking. All bids for which capacity is allocated – taking

into account the Competition Constraint Amount as the amount of Available Capacity – shall be considered as successful.

The Clearing Price shall be defined as the sum of the Reserve Price and the Auction Premium of the last successful bid ranked within that auction, if the total demand for capacity exceeds the Available Capacity

All the successful bids of a competing auction shall pay the same Clearing Price determined in the ranking of the second step.

## 5. Ascending Clock Auction

Competing auctions for Forward Firm Capacity and Commercial Reverse Capacity, other than Forward Firm Daily Capacity and Commercial Reverse Daily Capacity, will apply an ascending clock auction algorithm as adjusted below. The allocation of such capacity shall take place by means of a combined ascending clock auction which consists of a number of interdependent auctions equal to the number of Interconnection Points with Competing Capacities.

The auctions are interdependent if the aggregate demand of all competing auctions is higher than the Competition Constraint Amount. As long the aggregated demand of all competing auctions is higher than the Competition Constraint Amount, a Large Price Step will be applied to all the competing auctions in order to solve the capacity constraint.

The capacity constraint is solved only when the aggregate demand of all competing auctions is lower than or equal to the Competition Constraint Amount.

When the capacity constraint is solved, the auction process at each Interconnection Point with capacities will continue independently and shall take place according to section 6.6(a) of the TAP Network Code. Each independent auction terminates upon reaching the bidding round in which the following conditions occur simultaneously:

- at the relevant Interconnection Point for that auction the aggregate demand across all the applicants in that auction is less than or equal to the Available Capacity at that Interconnection Point; and
- the aggregate demand across all applicants at all Interconnection Points with Competing Capacities is less than or equal to the Competition Constraint Amount.

For each Interconnection Point, the Registered Parties who have placed bids in the bidding round in which the auction closed for that Interconnection Point shall be allocated an amount of capacity according to the amount of capacity included in their bids, at a Clearing Price defined as the Reserve Price plus an Auction Premium equal to the aggregate of the Large Price Steps and Small Price Steps at which the auction closed.



## 6. Legal

This Procedure and any non-contractual obligations arising out of or in connection with it shall be governed by and shall be interpreted and construed in accordance with English law, excluding the 1980 Convention on Contracts for the International Sale of Goods (the Vienna Convention).

The provisions of sections 23.2 to 23.5 of the TAP Network Code apply to this Procedure as though this Procedure was an integral part of the TAP Network Code.

### Appendix 1

Table A: Competing Capacity Points in relation to Forward Capacity

| <b>Interconnection Point</b> | <b>Type (Forward Capacity)</b> | <b>EIC Code</b>  |
|------------------------------|--------------------------------|------------------|
| Melendugno                   | Exit Point                     | 21Z000000000474A |
| Nea Mesimvria                | Exit Point                     | 21Z000000000473C |

Table B: Competing Capacity Routes in relation to Commercial Reverse Capacity

| <b>Route</b> | <b>Entry Point</b> | <b>Exit Point</b> |
|--------------|--------------------|-------------------|
| 2            | Melendugno         | Komotini          |
| 3            | Nea Mesimvria      | Komotini          |