

Autorità di regolazione per Energia, Reti e Ambiente (ARERA, Italy)
Enti Rregullator i Energjise (ERE, Albania)
Ρυθμιστική Αρχή Ενέργειας (RAE, Greece)

Approval of an amendment to

“TAP Network Code”

Proposed by TAP AG on 24 December 2021

7 March 2022

Whereas¹:

On August 29th 2011, TAP AG submitted to the Italian Ministry of Economic Development and on August 31st 2011 to the Regulatory Authority for Energy of Greece (RAE) an “Exemption Application for Trans Adriatic Pipeline”, as foreseen by Article 36 of the Gas Directive 2009/73/EC. On September 1st 2011, TAP AG submitted to the Energy Regulatory Entity (ERE) of Albania an “Exemption Application for Trans Adriatic Pipeline”, in accordance with Article 22 of the Gas Directive 2003/55/EC.

In June 2013 the Italian Ministry, RAE and ERE took the decision on the exemption, adopting the *Final Joint Opinion* (hereafter: “the FJO”), a document jointly written by ARERA, ERE and RAE (hereafter: “the Authorities”) and amended to comply with the Commission Decision [C(2013)2949 final] dated 16th of May 2013 and to take note of the Opinion 1/2013 of the Energy Community Secretariat dated 14th of May 2013.

In the aforementioned document an exemption from the provisions of Articles 9 (Unbundling), 32 (TPA) for the Initial Capacity of 10bcm/y, and 41.6, 41.8, 41.10 (Regulated Tariffs) of the Gas Directive has been granted to TAP AG for a period of 25 years starting from the beginning of the Commercial Operation Date, under several conditions. Among others, according to Article 4.7.1 of the FJO, TAP AG is obliged to submit for approval to the Authorities the *TAP Network Code* no later than 12 months prior to its Commercial Operation Date.

Following Article 4.7.1, the Network Code shall be compatible with all provisions of Regulation 715/2009 and of the European Network Codes that are not in conflict with the terms of the FJO.

The TAP Network Code (TNC) shall be published on the TAP AG website.

Following FJO obligations, after the public consultation, the Network Code was approved by the Authorities in 2020 (ARERA Deliberation 218/2020/R/gas, ERE Decision N. 97 dated 15.06.2020) RAE (Decision 1036/2020 - Government Gazette B' 2928/17.07.2020).

TAP Network Code applies to all Shippers on a non-discriminatory basis, both Shippers who hold Initial Capacity and possible future Shippers of the Expansion Capacity.

TAP started its operations on November 15th 2020 while first gas was transported on December 31st 2020.

After a yearly operational experience and also after some feedbacks from the TAP stakeholder forum, TAP initiated a revision process of the TNC according to Article 22.1 (f) of the TNC to incorporate some amendments aimed at improving the processes of registration and credit management.

¹ Hereafter the definitions of the *Final Joint Opinion* and of EU Regulation 2017/459 apply.

Further, and as an outcome of separate considerations based on market demand, TAP proposed to introduce the possibility for shippers to book virtual entry capacity to TAP in Greece, for potential use in combination with Virtual Trading Point (VTP) trade or exit capacities.

An overview of intended revisions is summarised hereafter:

- a. *Correction of Unaccounted For Gas (UFG) sign convention*: one error that requires correction has been identified in the sign convention for UFG;
- b. *Update of the registration process*: a further step of filling in an online “Initial Onboarding Form” is introduced to facilitate the semi-automated “Integrity Due Diligence (IDD)” process and the payment of the registration fee;
- c. *Update of the registration form*: several updates regarding prospect shippers’ requirements and clarity improvements;
- d. *Update of the obligation for Registered Parties to supply updated information on themselves periodically*: it has been clarified that the obligation includes information needed for the IDD process;
- e. *Credit support*: limited amounts of cash collateral (500’000 EUR) can be deposited through a simple process;
- f. *Safeguard measures*: allow TAP, to set the Net Worth of a rated entity to zero in case of a non-payment event and reduce the credit limit correspondingly. This will prevent new booking of capacity by the defaulting Registered Party without collateral and incentivise collateral to be provided for the existing bookings. The provision complements the (already in place) suspension of Transportation Services to a Shipper in case of non-payment;
- g. *Cap on the total credit limit attributable to a rated entity*: the level of 50 MEUR has been introduced, corresponding approximately to the maximum amount of firm capacity currently on offer for the four quarters of a gas year (which could be lower than the outcome of the straightforward application of the formula for a rated entity);
- h. *Provisions for Rated Entity Guarantees with an expiry date*: it transposes current rules set out in a separate agreement with the registered party into the TNC;
- i. *Virtual entry capacity Nea Mesimvria/Komotini*: the definition of a new virtual entry point aims at making DESFA interruptible day ahead exit capacity at Nea Mesimvria usable by the market. Currently this capacity cannot be used, as the only possibility to enter TAP at Nea Mesimvria is using Commercial Reverse capacity product from Nea Mesimvria to Komotini, subject to the readiness of TAP adjacent TSO in Komotini. The new product will allow the transportation of gas from Nea Mesimvria to other exit points in forward flow direction (Albania and Italy). Several amendments are needed accordingly to allow competing auctions between new and other entry points, the interruption of the new reverse entry product where there is insufficient forward exit flow and the adjustment of fuel gas calculation.

Whereas:

With letter dated 24th December 2021, received the 29th December 2021 (TAP's reference: LT-TAP-NRA-00040) TAP AG requested to the Authorities the approval of amendments to the TAP Network Code (TNC) as set out in the attached Transporter's Final Decision and its annexes. The outcomes of the public consultation were also provided, including a TAP assessment of Public Consultation responses.

A new version of the TAP Network Code, with minor updates, was eventually sent the 7th of March 2022.

The proposed TAP Network Code is compliant with the FJO and with EU Regulation concerning access and shared usage of gas networks and it is aligned with common best practices within EU markets;

the Authorities jointly

approve, to the extent applicable, the "*TAP Network Code*" submitted document proposed by TAP AG with letter 7th March 2022 and attached as *Annex B*.