

Question 1: (general relevance)

Is it possible to use the step-back right partially?

Answer:

No, the step-back right may be exercised only related to the entire contract.

Question 2: (FGSZ relevance)

The financial guarantee is intended to cover the termination fee (penalty fee) as set out in Article 4.2.1 of the Rulebook, in the event the Successful Bidder steps back from a Capacity Booking Contract concluded with FGSZ (Annex 4 to the Rulebook) before 23:59 CET on 14 December 2018, and subsequently fails to pay the termination fee.

Article 4 of the Capacity Booking Contract stipulates that “The financial security shall be valid until the expiry of the Contract + 90 days” and furthermore, “The financial security shall amount to: 100% of the amount of the contractual penalty specified in section 4.1.a) concerning the period until 14 December 2018”

Accordingly, we understand that the financial guarantee to be submitted until Article 5.2.1 of the Rulebook should have a validity until 23:59 CET on 14 March 2019 (which is 14 December 2018 + 90 days).

Answer:

The financial guarantee related to 4.1 a) of the Capacity Booking Contract shall be valid until 14 March 2019. If the step-back right is not exercised, and then from 14 December 2018 the financial guarantee related to 4.1. b) of the Capacity Booking Contract shall be applied.

FGSZ would like to note that related to the “everyday use” of capacities, further financial guarantees may apply (e.g. minimum contractual security, contractual security related to the capacity usage, security related to balancing services etc.) from 1 October 2022 according to the then-prevailing GTCs of FGSZ.

Question 3: (general relevance)

How can we apply the ‘fill or kill’ conditionality in Annex 2 - Bid Form?

Answer:

You have to enter the same bid quantity and minimum quantity for the respective gas year. For the sake of clarity, if the ‘fill or kill’ conditionality will be applied to a certain gas year due to overbooking, it will not affect the gas years where the bidder’s required quantity could be fulfilled.

If the bidder would not like to accept the allocated capacity of disjunctive (series of) gas years due to the application of the ‘fill or kill’ principle, the bidder should indicate another conditionality, i.e. ‘Bids linked across years’ in the Bid Form.

Question 4: (general relevance)

Is it mandatory to book capacities with a flat profile for the offered 15 gas years?

Answer:

No, the bidding profile may be customised both in terms of quantities and gas years in which capacity is required.

Question 5: (general relevance)

There is no possibility to insert a price into the actual bidding form. In your conditions you mention that it's at the moment of the second bidding window that the TSOs and the bidders have a price-quantity relationship.

Answer:

In the first bidding round the only variable is the quantity (including the number of gas years). The price is not a variable in the first bidding round.

Question 6: (general relevance)

Will the bidding form change at the second bidding round?

Answer:

In case there is a need for the second bidding round, yes, in order to indicate prices as well.

Question 7: (general relevance)

In case of the second bidding round, a bidder having bid in the first round remains with the same quantity for the second, but he can increase its bid. Can he also lower its bid quantity?

Answer:

In section 4.3. of the OS Rulebook it is stated that *"In Bid submission window II, all Bidders will have the possibility to indicate a higher willingness-to-pay upon the proposal of the TSOs"*. This means that in case a new bid is submitted for Bid submission window II, its value has to be higher than the value of the bid in Bid submission window I. Since it is the product of the volumes and prices that matters, the volume can be decreased but the price has to be increased in order to obtain a higher bid value.

Question 8: (general relevance)

Concerning the step back right, what is the exact procedure to apply? Is it a letter that has to be delivered until the 14th December 2018?

Answer:

Yes. The TSOs are developing a template for this and will share it on the OS website in due course.

Question 9: (general relevance)

As for the allocation conditions, any kind of option (minimum quantity, linked flows or linked years) is penalizing for the bidder?

Answer:

No. We would like to strongly underline that the allocation conditions are not penalizing any bidder. In contrary, they offer the possibility to indicate ex ante conditions under which the bidder is not willing to accept the eventually allocated capacity, i.e. if the conditions of the bidder are not fulfilled in case of oversubscription.

Question 10: (general relevance)

What about the case when a bidder has a higher willingness to pay as others but has expressed a condition to his bid – is he the last one to be allocated?

Answer:

A bidder with a higher willingness to pay will always be ranked better than other bidders with a lower willingness to pay, irrespective of the indicated conditions. It is important to stress again that the conditions will be applied only in case of overbooking. In case of no overbooking, the indicated conditions are not applicable.

Question 11: (general relevance)

Article 4d iv) stipulates that the willingness to pay prevails but the conditionality will be taken into account. If a shipper wants to pay more than the basic tariff but expresses the condition to have linked capacity over X years? Will he be allocated the capacity or rather another shipper wanting to pay just the regulated tariff but with no condition?

Answer:

The referred 4.d iv) point is a kind of summary. In case of the bidder with the highest willingness to pay, conditionality is not a question, but it may be relevant to those who follow in the willingness to pay ranking and indicated conditions. E.g. the bidder with the second highest capacity indicated the condition that he would like to book 100 and does not accept any amount less than 100, but there is only 90 capacity left after the allocation to the bidder with the highest willingness to pay, the bid of the bidder with the second highest willingness to pay will not be taken into account any more (allocated 0 due to the indicated conditionality). Then other bidders in the ranking will come next and the same examination has to be done with their respective (various) conditionalities.

Question 12: (general relevance)

If two shippers have equal willingness to pay, and one expresses a wish to have linked capacity over 5 years, who gets the capacity? According to the willingness to pay criterion, it should be distributed on pro rata basis. But if a shipper expresses a wish to link the capacity for 5 years and this condition cannot be satisfied, then his bid cannot be taken into account.

Answer:

If the condition of the 5 years can be satisfied, then it will be allocated pro rata. If the condition of the 5 linked years cannot be satisfied, then this shipper's bid will not be taken into account.

Question 13: (FGSZ relevance)

Is the amount of VAT (27%) to be taken into account when calculating the necessary financial guarantees under section 4.1 a) and 4.1 b) of the Capacity Contract?

Answer:

No, the amount of the VAT shall not be taken into account under these provisions.

Question 14: (general relevance)

Which conditions apply to the modification of the Bid in Bid submission window II compared to Bid submission window I?

15.1. Can we increase the capacity for a single gas year?

15.2. Can we decrease the capacity for a single gas year?

15.3. Is it possible to indicate capacity demand to a gas year where my amount was 0 in Bid submission window I?

15.4. Is it possible not to submit a Bid for Bid submission window II? Are there penalties applied in this case?

15.5. Can I participate in Bid submission window II if I submitted a Bid in Bid submission window I with 0 capacities only?

Answers:

15.1. Yes, up to the amount of the offered capacity.

15.2. Yes, but the willingness-to-pay of the Bid has to be higher than in Bid submission window I.

15.3. Yes, if there was a Bid submitted in Bid submission window I.

15.4. If there is no new Bid for Bid submission window II, the original Bid submitted for Bid submission window I will remain in place. There is no penalty for not submitting a new Bid for Bid submission window II. We underline that the Bidders may participate in the Bid submission window II on a voluntary basis.

15.5. A Bid with 0 capacity cannot be submitted, as the minimum bookable capacity is 1 kWh/h/year according to Article 4.1. of the OS Rulebook, i.e. at least 1 kWh/h/year has to be indicated at one gas year. The financial guarantee has to be submitted for this amount as well, which can be either bank guarantee or cash deposit.

Question 15: (general relevance)

What possible outcomes does Bid submission window I have?

16.1. Is the economic test negative if the capacity booking does not reach 70% in each of the offered gas years? Or is it enough if, for instance, 13 years already make the project economic?

16.2. What happens between the total booking levels of 70% to 100%?

16.3. What happens if the total booking level is above 100%?

Answers:

16.1. Yes, the average total booking that makes the project economic would be at 70% but this can be reached with a different (non-flat) total booking profile as well.

16.2. The capacities will be allocated according to the bids. If, following the capacity allocation, the 70% threshold is still reached, the contracts will be concluded.

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Question 16: (general relevance)

What does the f factor mean?

Answer:

The f factor is the proportion of the present value of the estimated increase in the target revenue of the transmission system operator that should be covered by the present value of binding commitments of network users.

Question 17: (general relevance)

How is the willingness-to-pay calculated? For the entire bid or separately per gas year?

Answer:

The willingness-to-pay is calculated for the entire bid.

Question 18: (general relevance)

How is capacity allocated if different bidders' willingness-to-pay is equal and they required the same capacity for the same gas year and flow direction? How is the minimum amount taken into account?

Answer:

The capacities are allocated pro rata. If the minimum amount condition can be fulfilled, then the capacity is still allocated pro rata. If the minimum amount cannot be fulfilled, then such bids will not be taken into account.

Question 19: (general relevance)

Bids can have the condition of linking various gas years. If we indicate which gas years depend on each other and to these there is no capacity allocated, do we still get capacity allocated for the rest of the gas years where such condition was not indicated?

Answer:

Yes, it can be indicated which gas years depend on each other, while the rest of the gas years, where no such indication was made are not subject to this condition.

Question 20: (general relevance)

Can we indicate more than one condition at the same time? E.g. minimum amount and linkage of gas years.

Answer:

Yes, it is possible to indicate multiple conditions at the same time within the bid.

Question 21: (FGSZ relevance)

Is the change of guarantee valid for bookings for more than 5 years only or for any length of the booking?

Answer:

It is valid for any length of the booking, i.e. for less than 5 years as well.

Question 22: (general relevance)

Practical process details:

In case of bid delivery by mail: How can we get a confirmation, that the letter with our bid was received? Is a bid valid, if only the email was received by you in time but the hard copy letter arrives after the deadline?

In case of bid delivery in person: Where does it have to be handed over and by which time? Will a reception confirmation be issued when handing over the bid?

Answer:

In case of bid delivery by mail:

According to the Open Season Rulebook, the Bid form has to be submitted by registered post or courier (original) duly signed by authorized person(s) within your organization to all of the relevant Parties at IP (Transgaz and FGSZ), in the Bid submission windows specified in Article 3.4.

- The courier will be responsible to deliver the confirmation that your bid was received at the relevant parties.
- No, the bid is not valid if only the email was received in time but the hard copy letter arrives after the deadline.

In case of bid delivery in person:

- Open Season Rulebook does not provide this delivery option.

Question 23: (Transgaz relevance)

Calculation of the total values of the bids to meet the PVuc level:

We understand from the Open Season that: In case the economic test is met, the supplements are adjusted in a way that the present value of all binding commitments of all network users according to the Open Season shall equal the PVuc amount. Can you confirm that this principle is applicable?

If we calculate the exemplary booking scenarios you included in the Open Season rulebook using the respective supplement figures you provide for these scenarios, then the total amount exceeds according to our calculation the PVuc. Can you please explain the correct calculation methodology or is it just a rounding issue?

Answer:

According with the Open Season Rulebook, Economic Test will be positive if the present value of binding commitments of network users related to the incremental capacity is equal to or higher than 1,486,567,710 RON (equivalent of 331,084,122 EUR). As the allocation of all incremental capacity at the reference price would not generate sufficient revenues for a positive Economic Test outcome, a supplement is applied. The supplements will be adjusted in a way that the present value of all binding commitments of all network users, related to the incremental capacity, **would be equal with PVuc amount.**

In the OS procedure the economic test and the supplements will be calculated on the principle mentioned.

The scenarios presented in the Open Season Rulebook was presented for understanding of economic test calculation, but the PVuc was calculated based on a rounded level of booked capacity.