<u>Request for clarification 2</u>

Questions for Transgaz

We are in a final stage of checking our calculations for the bidding under RoHu. We came across some questions regarding the cancellation fee and the bank guarantee required:

1) For the calculation of the **cancellation fee**, we assume that
  -- no escalation of the supplement (column P), no escalation of the floating reference price (column M)
  -- the cancellation fee will not take a volumetric fee (fuel gas) into account, since no gas is flown until then

The cancellation fee is a fixed rate of the value of the Bid. The value of the Bid shall be calculated by multiplying the Reserve Price and the supplement as stipulated in this Binding Open Season Procedure plus a premium/surcharge, as applicable, as a result of a binding Open Season Procedure, with the capacity that was allocated to the Bidder.
The cancellation fee will not take into account a volumetric fee.

2) For the calculation of the **economic test**, we understand that the capacities under BRUA1 will be taken into account:
  -- capacity under BRUA1 is 2.120.142 kW/a, starting GY2019/2020 and running all the time, in particular also at least including the last RoHu year GY2036/2037 (column H)
  -- in other words, the BRUA1 capacity has to be taken into account for all years that capacities are offered under RoHu   (column H)

In case of booked capacity is more than 2.120.142 kWh/h/year the BRUA1 capacity will be taken into account.
In case of booked capacity is less than 2.120.142 kWh/h/year the booked capacity will be taken into account.

  -- the "incremental capacity" is the capacity booked by shippers exceeding the BRUA1 capacity (see column AF for the calculation)

In the context of the economic test the "incremental capacity" is the capacity booked by shippers exceeding the BRUA1 capacity.

  -- the amount of money (PV_{UC}) for the hurdle rate of the economic test adds the payments of shippers x price(supplement + float) and BRUA1 capacities x price(supplement only) (see column AG)

In the context of the Economic Test the present value of binding commitments of network users related to the incremental capacity is calculated as the sum of (i) the amount of the incremental capacity allocated to the successful Bidders multiplied by the sum of the reserve price and the supplement plus (ii) the amount of the capacity ensured by BRUA Phase I Project multiplied by the supplement

  -- accordingly, a significant amount of money is already collected by the BRUA1 capacity x supplement price (720.950.000 RON, see column AG on the sheet "BRUA1 ONLY calculation")
  -- is it correct then to assume that we can always deduct 720.950.000 RON from the hurdle rate calculation due to BRUA1?

-- just as an example, in case shippers would only book for the first 5 years 70% of the offered capacity (see column D in sheet "LOW USAGE calculation"), the amount of money (PV_{UC}) for the hurdle rate of the economic test will consist of BRUA1 related money in the years 6 to 15 only (see column AG in sheet "LOW USAGE calculation"). In this case, PV_{UC} would be 976.700.000 RON only

The amount of the capacity ensured by BRUA Phase I Project multiplied by the supplement is part of the present value of binding commitments of network users related to the incremental capacity, in the context of the economic test.
In the case mentioned by you in the excel file, in the years 6 to 15 the bids are 0. For years were the bids are 0, the present value of binding commitments of network users would be 0.

3) Regarding the **reference price**, we understand that the current price level of 15,87 RON/kW/a (as of 2016/2017) is not assumed in the calculation, but rather a price level of 22,45 RON/kW/a:
   -- Reason is that the current share of revenues coming from volumetric charges of currently 40% (i.e. 60% comes from capacity charges) is expected to drop to 15% (i.e. 85% will come from capacity charges). Is this correct?

It is correct.

   -- Is it correct to assume that the current price level of 3.46 RON/MWh as volumetric fee (figure for 2016/2017, excluding monopoly tax) will have to be lower in 2022 in case the share of the overall capacity charges should rise to 85%? (See cell V11 and N10 in Sheet "Economic test calculation")?

According with Order no 10/2017 of ANRE President, starting with gas year 2021-2022, the percent of revenue that will be recovered from volumetric charges will be 15%.

   -- Just to crosscheck and for the avoidance of doubt: the monopoly tax on the volumetric fee has to be paid in any case, i.e. there is no mechanism like "reverse charge with VAT", or only end consumers pay the monopoly tax ?

The monopoly tax on the volumetric fee has to be paid in any case according with "Ordonanta Guvernului nr.5/2013" cu modificările şi completările ulterioare".

Questions for FGSZ

We are in a final stage of checking our calculations for the bidding under RoHu. We came across some questions regarding the cancellation fee and the bank guarantee required:

- For the calculation of the cancellation fee, I assume we take the escalation of the supplement as described in the calculation of the hurdle rate (column P). Does this escalation apply as well to the floating reference price (column M)?

Yes, the calculation is right. No escalation applies for the floating tariff.

- I assume that for the calculation of the cancellation fee as well as the bank guarantee, no discounting schemes are used. Correct?

Yes, no discounting is applied.

- For the bank guarantee, I calculated the amount to be covered as in column X (maximum of the total yearly payments, 5x)

- It is correct, but if the booking is less than 5 years, it has to cover the whole period.

- Just to crosscheck and for the avoidance of doubt: there will be no volumetric fee for Entry Hungary

Volumetric fee is to be applied upon the transmission of gas and charged on the exit points (domestic and cross-border).