



**Joint Binding Phase Notice
of LLC „Gas Transmission System Operator of Ukraine” and LLC „Vestmoldtransgaz” for
the offer of Incremental Capacity
at the Border between Ukraine and Republic of Moldova Gas Transmission Systems**

01 May 2024

This document is jointly published at the websites GTSOU and VMTG in accordance with Article 28 (3) of Regulation (EU) No 2017/459 of 16 March 2017 (CAM NC) concerning the Incremental Capacity Process 2023.

This notice is jointly elaborated and published by:


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Disclaimer

Each TSO has acted in good faith to ensure that the information in this Joint Notice is correct as of the date of this Joint Notice, however, no representation or warranty is made by any TSO as to the accuracy or completeness of such information and the TSOs will not accept any liability, of any kind, to each other or to any third party, for any inaccuracies or incompleteness in such information.

Moreover, while each of the TSOs will strive to coordinate the processes and stages anticipated in the project proposal for the Incremental Capacity Process 2023, no TSO shall have any liability to a third party for any acts, omissions, violations or decisions of the other TSOs or any other third party.

Each TSO shall be responsible for its own infrastructure upgrades and the other TSO shall have no liability to any party for performing or not performing such upgrades of the infrastructure.

Introduction

This Joint Notice, prepared by GTSOU and VMTG in accordance with Article 28 (3) of Regulation (EU) No 2017/459 of 16 March 2017 (CAM NC), marks the start of the Binding Phase for the Incremental Capacity Process 2023 at the Interconnection Points (IPs) Kaushany (EIC Code: 21Z000000000179C) and Grebenyky (EIC Code: 21Z000000000178E).

This Incremental Capacity Project is primarily driven by the potential increase of the technical capacity at IP Kaushany in the direction Ukraine → Republic of Moldova, IP Grebenyky in the direction Republic of Moldova → Ukraine and is conducted in close coordination by GTSOU and VMTG.

The purpose of this Joint Notice is to provide information about the procedure for registration and participation in the Binding Phase of the Incremental Capacity Process 2023 and to inform on the Binding Phase process.

The Incremental Capacity Process 2023 is structured as follows: (i) a Non-Binding Phase (which started in July 2023 and lasting until the opening of the Binding Phase), and (ii) the Binding Phase initiated by the publication of this Joint Notice by the TSOs and publication of further details and supporting documentation on the websites of each of the TSOs¹.

During the non-binding phase, interested parties submitted non-binding demand indications for incremental capacity to GTSOU and VMTG. All non-binding demand indications received have been published in an aggregated manner jointly by GTSOU and VMTG in their Demand Assessment Report (DAR).

¹ For GTSOU – <https://tsoua.com/en/business-services/order-and-payment/capacity-allocation-at-interconnection-points/auction-platforms-and-interconnection-points/incremental-capacity-process-binding-phase/>

¹ For VMTG – <https://vmtg.md/index.php/interes-public/rapoarte-capacitate-incrementala>

This Binding Phase process is subject to the terms and conditions of the Project Proposal for the Incremental Capacity Process 2023 developed jointly by GTSOU and VMTG and approved by the National Regulatory Authorities (NRAs) of Ukraine (NEURC) and Republic of Moldova (ANRE) with decisions no. 830 dated 30 April 2024 of the Ukrainian regulator (NEURC) and [Decision no. 286 of 30.04.2024](#) of the Republic of Moldova ANRE for the approval of the incremental capacity project proposal between the natural gas transmission systems of Ukraine and Republic of Moldova at the joint interconnection points Kaushany and Grebenyky (**the Project Proposal**).

During the binding capacity allocation phase, GTSOU and VMTG will offer incremental capacity in the annual yearly auction on the Regional Booking Platform (RBP) as approved in the Project Proposal.

The Binding Phase of the Incremental Capacity Process 2023 is open to all interested parties, irrespective of their participation in the Non-Binding Phase.

Terms and Conditions for the incremental capacity auction to be accepted by the network user

The parties wishing to participate in the Binding Phase shall do so under and in accordance with the terms and conditions of the Project Proposal, as approved by the NRAs, the General Terms & Conditions of each TSO (see annexes), and the rules for auction conduction on RBP, and are also required to follow the procedural rules as laid out in respective documentation.

GTSOU and VMTG have developed terms and conditions for the incremental capacity auction that need to be accepted by the network users before the auction starts

GTSOU

Network user registration process, capacity allocation process and offer levels are specified in the [General terms and conditions to which network users shall agree in order to obtain access to capacity in the binding phase of capacity allocation of the incremental capacity procedure for IPs located at the border between Ukraine and Republic of Moldova gas transmission systems](#).

VMTG

Network user registration process: [General terms and conditions for participation and access to capacity in the binding capacity allocation phase at the interconnection points between Ukraine and the Republic of Moldova](#).

Capacity Allocation

Additional information for further clarification on the capacity allocation, in full consistency with CAM NC and Operational Rules of the Regional Booking Platform, will be published on GTSOU and VMTG web sites.

Offer Levels

In the tables below, is a comprehensive breakdown of the harmonized offer that the two TSOs will make available to the market within the annual auctions scheduled for July 1 2024. The Offer Levels take into account the provisions of Article 8 of the NC CAM on the capacity to be set aside 10% of the incremental capacity starting with 2027/2028.

No. of years	Gas year	Level of the harmonized offer for IP Kaushany in the direction UA→MD, (kWh/d/year)
1	2027/2028	172 818 671
2	2028/2029	172 818 671
3	2029/2030	172 818 671
4	2030/2031	172 818 671
5	2031/2032	172 818 671
6	2032/2033	172 818 671
7	2033/2034	172 818 671
8	2034/2035	172 818 671
9	2035/2036	172 818 671
10	2036/2037	172 818 671
11	2037/2038	172 818 671
12	2038/2039	172 818 671
13	2039/2040	172 818 671
14	2040/2041	172 818 671
15	2041/2042	172 818 671

No. of years	Gas year	Level of the harmonized offer for IP Grebenyky in the direction MD→UA, (kWh/d/year)
1	2027/2028	158 818 500
2	2028/2029	158 818 500
3	2029/2030	158 818 500
4	2030/2031	158 818 500
5	2031/2032	158 818 500
6	2032/2033	158 818 500
7	2033/2034	158 818 500
8	2034/2035	158 818 500

9	2035/2036	158 818 500
10	2036/2037	158 818 500
11	2037/2038	158 818 500
12	2038/2039	158 818 500
13	2039/2040	158 818 500
14	2040/2041	158 818 500
15	2041/2042	158 818 500

Milestones

The Binding Phase starts with the publication of the Project Proposal for the Incremental Capacity Process 2023 together with this Joint Notice of GTSOU and VMTG.

GTSOU and VMTG will offer the incremental capacity together with the respective available capacity in the annual yearly capacity auction as standard unbundled products in ascending clock auctions according to the provisions of Article 8. paragraphs (8) and (9), Article 17 and Article 19 of Commission Regulation (EU) No 2017/459.

The yearly capacity auction will be conducted on 1 July 2024, according to the Auction calendar 2024.

Following the closure of the auction, GTSOU will proceed with the publication of the final result of the Economic Test (ET), and if ET is positive (only applicable to GTSOU), entering into Gas Transportation Agreements (GTAs) with the successful parties.

Duration of project realization

GTSOU*

Timeline	Stage
01/07/2024	Annual capacity auction in July 2024 followed by an economic test
3Q/2024	Final Investment decision
4Q/2028	Commissioning of the project
1/10/2028	Expected start of commercial operation

* In case of a positive economic test of GTSOU;

* GTSOU will use its best efforts to prevent delays and minimize delay impacts as necessary.

VMTG*

Timeline	Stage
01/07/2024	Yearly capacity auction in July 2024 and followed by an economic test
2Q/2025	Initiation (elaboration of design specifications, procurement, obtaining building authorization and other authorizations necessary)
1Q/2026	Execution
2Q/2026	Testing and validation execution
2Q/2026	Reception
2Q/2026	Commissioning
3Q/2026	Expected start of commercial operation of the new infrastructure

*The construction phase will only start if there is a commitment by network users to acquire the respective incremental capacities in the yearly auction 2024 and if the results of the following economic tests are also positive.

Economic Test Parameters

GTSOU

The economic test will be carried out by GTSOU after binding bids of network users for contracting capacity have been submitted in RBP and evaluated by GTSOU and shall consist of the following parameters:

GTSOU will use the tariff, which is determined for the period from 1 January 2020 to 31 December 2024, and approved by the NEURC resolution No. 3013 of 24 December 2019 as an estimated reference price for the Economic Test.

The reference price will be utilized for the purpose of the ET only.

For the avoidance of doubts, the reference price effectively applied will be finally determined according to the provisions of the regulatory framework in place at the time of the transmission service.

GTSOU will not apply a mandatory minimum premium.

VMTG

The economic test will be carried out by VMTG after binding bids of network users for contracting capacity have been submitted in RBP and evaluated by VMTG and shall consist of the following parameters:

For the economic test will use as reference price, the current tariff for IPs Kaushany (entry) and Grebenyky (exit).

The capacity requester will pay VMTG the consideration of the reserved transport capacity, established on the basis of the capacity reservation tariff applicable at the time when the capacity can be used reserved plus any auction premium resulting from the auction.

Annexes

1. Project Proposal for Incremental Capacity for IPs Located at the Border between Ukraine and Republic of Moldova Gas Transmission Systems between GTSOU and VMTG;
2. General terms and conditions to which network users shall agree in order to obtain access to capacity in the binding phase of capacity allocation of the incremental capacity procedure for IPs located at the border between Ukraine and Republic of Moldova gas transmission systems (GTSOU);
3. General terms and conditions for participation and access to capacity in the binding capacity allocation phase at the interconnection points between Ukraine and the Republic of Moldova (VMTG).

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