



## Interconnection between the Slovak and Hungarian Gas Transmission Systems

### Non-binding Phase of the Open Season



## Questions from participants and answers

Project details	No.	Question	Answer
	1.	What is the earliest expected start of the pipeline?	According to time schedule the expected date for putting the pipeline into operation is in January 2013.
	2.	Will the new pipeline become part of the Eustream/FGSZ systems, or be exempted from the national grid (similar to the Algyö – Arad project in Hungary)?	The new pipeline will not ask for derogation from the Gas Directive 2009/73/EC and will become a part of the Eustream/FGSZ systems. The standard third party access system will be applicable, nevertheless in Hungary a specific regulated capacity fee will be introduced for the Hungarian section of the interconnector.
	3.	Where will the entry and exit points to the Eustream/FGSZ systems be located (border point or access points to existing systems)?	The assumed entry/exit point to/out of the Eustream/FGSZ transmission system is the border point Balassagyarmat (as mentioned in the Open Season details).
	4.	Are any expansions planned on the HAG / Moso Entry in the same time period?	For the time being FGSZ does not envisage the expansion of its system at this entry point.
	5.	Where can the participants find the detailed map of the SK–HU Interconnector with all entry and exit points?	The detailed map of the SK–HU Interconnector is available, in the section “Open Season - Open Season details“ at the official websites of both TSOs. <b>Eustream:</b> <a href="http://www.Eustream.sk/en_media/en_news/open-season-interconnection-between-the-transmission-systems-of-slovak-republic-and-hungary">http://www.Eustream.sk/en_media/en_news/open-season-interconnection-between-the-transmission-systems-of-slovak-republic-and-hungary</a> <b>FGSZ:</b> <a href="http://fgsz.hu/en/content/open-season-launched-offer-sale-capacity-slovak-hungarian-interconnector">http://fgsz.hu/en/content/open-season-launched-offer-sale-capacity-slovak-hungarian-interconnector</a>

Capacity allocation	No.	Question	Answer
	6.	The capacity offered in the Open Season process will be bi-directional and the planned transit capacity will be approximately 5 Bcm/y. Is it planned to offer transit capacity at the same amount in both directions and it will be a difference between transportation capacities offered from North to South or from South to North?	The physical capacity is planned to be 5 Bcm/y in each direction, specified in more detail as a result of feasibility study and the exact offered capacity lots will be derived from non-binding Open Season phase and from feasibility study results.
	7.	Is it possible to book non-interruptible capacity in both directions, if not, which direction will be the non-interruptible and which one the interruptible?	Exact value of firm and interruptible capacities will be known after final investment decision, nonetheless the system is physically bidirectional and firm capacity will be offered in both directions.
	8.	Do you expect any physical restrictions for backhaul? Will firm backhaul be available?	The SK/HU interconnector is planned to be bi-directional therefore no restrictions should occur. Firm backhaul will be available, once the market demand of the interested shippers is summed up and as a result the direction of the physical flow as well as the backhaul.
	9.	How will the allocation process exactly look like (i.e. pro rata)?	Allocation regimes, complying with operational capacities of TSOs and connected networks, are applied at individual entry and exit points. The issue will be clarified in more detail in discussion with National Regulatory Authorities (NRAs) and will be specified in detail in binding phase of the Open Season. The standard system of lots defined by volume and duration will be used. In terms of the economic viability of the project, long-term capacity bookings will be preferred, while short-term commitments will be also accepted.
	10.	How will the nomination process look like?	Both TSOs will use the same standard methods which are currently in use.

<b>Binding phase and Contract details</b>	<b>No.</b>	<b>Question</b>	<b>Answer</b>
	11.	What will the process for the binding phase will exactly look like?	The details will be elaborated after evaluation of the results of the non-binding phase which will indicate the preferences and plans of shippers.
	12.	What is the minimum booking period (in years)?	The required details will be elaborated after evaluation of the results of the non-binding phase; nonetheless there will be a preference in allocation towards long-term bookings. At the same time, short-term bookings will not be excluded.
	13.	What kind of documents - if any - will have to be provided by the end of the non-binding phase?	Annex 1 (Registration form) and Annex 2 (Indication of requested transmission capacities) as mentioned in the document: SK-HU Interconnector -Open Season Process, Non-binding Phase, published on the websites of Eustream and FGSZ, have to be provided in the non-binding phase.
	14.	Will there be a prolongation of the deadline for the submission of the bid possible (taking into account that the timeframe for giving a non-binding bid looks fairly short)?	Non-binding phase is a non-binding market survey with no obligation towards TSOs or shippers, therefore the timeframe is considered appropriate. Based on the non-binding phase results Eustream and FGSZ will adapt the binding phase.
	15.	Do shippers have an opt-out right if tariffs are higher than indicative figures or the pipeline is delayed?	The required details will be elaborated after evaluation of the results of the non-binding phase, but tariff bands and /or a tariff cap will be a part of binding phase, including procedures in case of delay of the project.
	16.	What kind of contracts can be concluded in the SK-HU Interconnector Open Season process?	Contracts for firm transmission capacity specifying volumes and duration.
	17.	Is there any minimum capacity needed for the transmission contracts concluded in binding phase?	The minimum required capacity and/or duration will depend on the results of the non-binding phase of the Open Season process.
	18.	Will the participants be obliged to provide information about the bank guarantee or other forms of credit rating? If yes, what minimum rating is requested? What will happen if the participant is not in the position to provide the required guarantee/rating for the intended term of the transportation contract?	The required details will be elaborated after evaluation of the results of the non-binding phase and in discussion with NRAs. It is envisaged that the standard commercial terms and conditions of both TSOs will be applied.

	19.	Which types of contracts will be preferred when evaluating the results of the Open Season process?	The long-term contracts will be preferred, but the both TSOs will not exclude short-term contracts in case the whole project is economically viable.
	20.	How will be the quality issues handled in case of mixture of gas deliveries from different sources?	Natural gas handed over or taken off at entry points and exit points into and out of the transmission network shall comply with the physical and chemical parameters and quality indicators laid down in the Technical Conditions. Quality of natural gas shall be ascertained at the relevant metering stations.
	21.	How will the process of submission of non-binding bids look like? How many submission forms have to be submitted and to whom they have to be addressed (Eustream, FGSZ, or both)?	Each participant should fill in Annex 2 (Indication of requested transmission capacities) of the Open Season details for each non-binding nomination the participant wants to make. The documents must be returned by post (original) duly signed by an authorized person to Eustream or FGSZ address listed in Annex 1 (Registration form) before 15 December 2009. An advanced copy sent by fax or e-mail to <a href="mailto:transmission@eustream.sk">transmission@eustream.sk</a> or <a href="mailto:openseason@mol.hu">openseason@mol.hu</a> is highly recommended by 12. a.m. 7 December 2009. All additional information is available at the websites of Eustream and FGSZ.

Tarification	No.	Question	Answer
	22.	Will the first tariff indication be given in the framework of the non-binding phase with respect to the future entry/exit border points on the Slovak and Hungarian border of SK-HU Interconnector or, if not, at which later stage the tariff indication will be given?	Gas transmission is a fully regulated business activity in both Member States (Slovakia and Hungary). This includes regulation of transmission tariffs (entry/exit tariffs). For Eustream, the Office for Regulation of Network Industries (“URSO”) decides on the tariffs to be applied in transmission contracts on the basis of a proposal submitted by Eustream. The entry/exit tariff for SK part will be proposed in accordance with existing tariff level. For FGSZ, the Hungarian Energy Office (“HEO”) determines the tariffs applicable in transmission contracts on the basis of a proposal submitted by FGSZ. The detailed proposal will be presented at later stage – binding phase as a result of a non-binding phase.
	23.	Will the tariffs of the pipeline be part of the tariff decree, so to say are the prices of the pipeline going to be regulated by the Hungarian Energy Office or is the price going to be a negotiated price?	Gas transmission is a fully regulated business activity in Slovakia and Hungary. This includes regulation of transmission tariffs (entry/exit tariffs). The adopted legislative system in Slovakia as well as in Hungary does not allow individual tariff negotiations with shippers.
	24.	Will Eustream and FGSZ publish indicative tariffs before the binding phase? When will the final tariffs be announced?	See the question No 23 regarding tariffs.
	25.	Will there be additional fees on the pipeline, apart from entry/exit tariffs	No additional fees apart from the valid entry-exit tariff system are envisaged on the side of Eustream. In Hungary a volume fee is to be settled against the actually transmitted natural gas volume to cover the respective variable costs.
	26.	For long-term booking, will shippers pay a fixed price over the entire booking period?	The current tariff system of Eustream includes the escalation mechanism for tariffs (linked to 50 percent of the EU HICP). The initial tariff applicable in Hungary will be escalated and published from time to time by the relevant tariff decree.
	27.	Is there a discount available for long-term booking?	The detailed proposal will be presented at later stage – binding phase as a result of a non-binding phase. The Eustream's valid tariff system comprises discounts for the duration of the commitment. Up to now no discount system has been introduced in Hungary.
	28.	Will there be a variable transport fee or only a fixed capacity fee?	Eustream is using capacity tariffs. In addition Eustream has in kind tariff for gas for operational needs, which is paid on the basis of really transmitted volume. In Hungary along with the usual entry/exit capacity fees and the specific border crossing capacity fee, a volume fee is to be settled against the actually transmitted natural gas volume to cover the respective variable costs.