

ANNEX A

IGB TARIFF CODE

1. EXEMPTION DECISION PROVISIONS

In order to ensure the competitiveness of the tariff, as well as ensure transparency and predictability of the tariff for all users of the IGB Pipeline, an exemption from the provisions of the Article 41.6, 41.8, 41.10 has been granted to Transporter for a period of 25 Years from the Commercial Operation Date for 100% of the Firm Forward Capacity, 100% of the Interruptible Forward Flow Capacity and 100%, 100% of Interruptible Reverse Flow Capacity.

1.1 Conditions Implemented

The IGB Tariff Code have been approved by the NRAs upon implementation of the following conditions:

- 1.1.1 The IGB Tariff reflects efficient costs, is transparent and non-discriminatory pursuant article 2 set here forth;
- 1.1.2 The IGB Tariff adopts an entry-exit model and defines price mechanism for all capacity products offered by Transporter, namely capacity products of different durations of firm and interruptible nature pursuant article 3 set here forth;
- 1.1.3 The IGB Tariff prices Firm Reverse Flow Capacity, Interruptible Reverse Flow Capacity and Interruptible Forward Capacity as a percentage of the Tariff for Firm Forward Flow pursuant articles 3.1 to 3.4 set here forth.
- 1.1.4 The IGB Tariff Code defines Fees to be paid based on the durations of the relevant Gas Transportations, pursuant article 2 set here forth.
- 1.1.5 Initial Shareholders' nominal equity IRR will be [BUSINESS SECRET] and capped at [BUSINESS SECRET] on a time basis that includes 25 Years of operation from COD. Any revenues from capacity bookings that increase IRR above [BUSINESS SECRET] will be returned to the Shippers through a profit share mechanism pursuant article 9 set here forth.
- 1.1.6 To the above extent the Tariff will be adjusted at COD on the basis of total actual costs borne up to that date and updated on the basis of actual Operating Costs borne.
- 1.1.7 After COD the Tariff may be adjusted upon the following conditions:

During the life of the [contracts][Gas Transportation Agreements], the Transporter and the NRAs are entitled to request a revision of the Tariffs in order to guarantee a fair return on investment, based, inter alia, on the following:

- proven and documented additional investments;
- proven and documented increases or decreases in the level of OPEX;
- proven and documented increases or decreases in the level of revenues from contracted capacity (FFF, IRF, FRF,IFF), due to unforeseeable events (including, but not limited to, bankruptcy of clients or inability to upgrade the IGB Capacity in a timely manner, or additional capacity being contracted as a result of a future market test);
- in case of costs incurred in respect of, or investments made necessary by, the occurrence of an event or circumstance, or a combination of events and/or circumstances, or due to changes in laws and regulations, which affect the IGB Pipeline, which are unforeseeable and beyond the reasonable control of the

Transporter and could not be avoided by steps which might reasonably be expected to have been taken by the Transporter.

2. IGB REFERENCE TARIFF CALCULATION

All the tariffs are assessed by starting by a reference tariff from which all tariffs, starting from the Tariff for Firm Forward Flow, in accordance to article 1.1.3 above.

2.1 Net Reference Tariff Formulas

The Net Reference Tariff will be assessed at COD according to the following formula:

$$\text{NRT} = \frac{\text{PV}_{(\text{EYR})}}{\text{PV}_{(\text{ECB})}}$$

Where:

$\text{PV}_{(\text{EYR})}$: present value of the Expected Yearly Revenues

$\text{PV}_{(\text{ECB})}$: present value of the Exempted Capacity Booked on a yearly basis according the ARCA executed

In particular the present values are calculated according to the following formulas:

$$\text{PV}_{(\text{EYR})} = \sum_{i=1}^{25} \frac{\text{EYR}_i}{(1 + \text{ROIC})^i}$$

$$\text{PV}_{(\text{ECB})} = \sum_{i=1}^{25} \frac{\text{ECB}_i}{(1 + \text{ROIC})^i}$$

Where:

EYR_i : Expected Revenues in Year “i”

ECB_i : total Exempted Capacity Booked in Year “i” according the ARCA executed

ROIC: Return on Invested Capital

2.2 Expected Yearly Revenues

Expected Yearly Revenues are obtained according:

$$EYR_i = ROIC \times NIC_i + OPEX_i + DEPR$$

Where:

EYR_i: Expected Yearly Revenues

CR_i: Capital Remuneration referred to Year “i” and equal to ROIC x NIC_i

NIC_i: Net Invested Capital in the Year “i” defined as NIC(i) = NIC(i-1) – DEPR. For the first Year “1” NIC(1) = GIC – DEPR₁

ROIC: Return on Invested Capital

OPEX_i: Operating costs predicted in the Year “i” including the predicted inflation rate. Operating Costs includes all fixed and variable cost related to the performance of main activity of the company and the commercial operation of the pipeline.

DEPR: Yearly Depreciation, set for the purposes of the Tariff calculation which equals GIC/25 where 25 are the Years of Exemption from COD according to article 1 set here above. For fraction “F” of a Year it is used DEPR x F_i. For example, if the COD falls on October 1st, F(1) = ¼.

GIC: Gross Invested Capital that includes all investment costs capitalized at ROIC from the date of the incorporation of the ICGB Project Company (2011) up to Commercial Operation Date, netted from grant financing received

2.3 Net Reference Tariff Calculation as of 2018

Without prejudice to article 1.1.6 above, as of 2018 the Transporter have already borne and predicted the following costs and assessed the following conditions for calculating an indicative tariff and the relevant sensitivities.

TABLE 2.3.1

COMMERCIAL DATA AS PER ARCAs and confirmed by the Exemption Provisions

Shipper 1		Shipper 2		Shipper 3		Shipper 4		Shipper 5	
Quantity	Duration	Quantity	Duration	Quantity	Duration	Quantity	Duration	Quantity	Duration
bNcm/y	Y	bNcm/y	Y	bNcm/y	Y	bNcm/y	Y	bNcm/y	Y
[BUSINESS SECRET]									
Total Peak		Total Average		(calculated for tariff purposes as PV(booked capacity)/PV (1 bNcm/Y)					
bNcm/y		bNcm/y							
[BUSINESS SECRET]									

PROJECT SOURCES UP TO COD

Shareholders'	Shareholders'	EEPR	ESIF	TOTAL
Equity	Loan			
M€	M€	M€	M€	M€
[BUSINESS SECRET]				

PROJECT USES UP TO COD

TOTAL COSTS UP TO COD	Interests During Construction	Working Capital including VAT	Cash Balance	TOTAL
M€	M€	M€	M€	M€
[BUSINESS SECRET]				

OPERATION DATA

COD	Current Avg	YEARS OF	Capacity Booked
	OPEX (2018)	OPERATION	(average)
	M€/Y	Y	bNcm/y
01/07/2020	[BUSINESS SECRET]		

ECONOMICS

Initial	PV _(EYR)	PV _(ECB)
ROIC	M€	bNcm
[BUSINESS SECRET]		

NRT (2018)
€/kNcm
PV_(EYR)
PV_(ECB)
[BUSINESS SECRET]

Table 2.3.1 above shows a Net Reference Tariff as of 2018:

$$NRT_{(2018)} = [BUSINESS SECRET]$$

Pursuant articles 1.1.1 and 1.1.5 set here above the Net Reference Tariff is calculated for reflecting the costs and for assuring an initial Shareholders' equity return of [BUSINESS SECRET].

2.4 Net Reference Tariff Sensitivities

All the calculations performed for showing the sensitivities in this article 2.4 are made pursuant articles 1.1.1 and 1.1.5 for reflecting the costs and the Shareholders' initial return. Increase of return is determined pursuant article 4 set here forth.

2.4.1 Sensitivities Vs Total Costs

The following table shows sensitivities of the NRT vs costs, pursuant article 1.1.6 set here above.

TABLE 2.4.1
[BUSINESS SECRET]

2.4.2 Sensitivities Vs OPEX

The following table shows the NRT variations vs OPEX variations, pursuant article 1.1.6 set here above.

TABLE 2.4.2
[BUSINESS SECRET]

2.5 Conversion Values

As per NRAs provisions according to the Exemption Decision, tariff shall be offered in currency per unit energy, namely in €/kWh. The following conversion factors are used:

LHV = 36,87 MJ/Nm³;

1 MJ = 0,28 kWh

and therefore:

1 €/kNm³ = 9,764 * 10⁻⁵ €/kWh.

3. TARIFF PER PRODUCTS

As per article 1.1.3 set here above, this chapter defines the tariff per products starting from the Net Reference Tariff.

3.1 Net Tariff for Firm Forward Flow

The Firm Forward Flow is defined as the non-interruptible flow that will take place from the Entry Point(s) of Komotini, defined pursuant article 5.3 of the INC, to the Exit Point of Stara Zagora pursuant article 5.3 of the INC, that has been booked pursuant the ARCA and/or may be booked pursuant articles 7.1, and 11 of the INC.

Once the Net Reference Tariff will be assessed at COD the Net Tariff for Firm Forward Flow is defined according to the following formula:

$$T_{\text{FFF}} = \text{NRT}_{(\text{COD})}$$

3.2 Net Tariff for Interruptible Forward Flow

The Interruptible Forward Flow is defined as the interruptible flow that will take place from the Entry Point(s) of Komotini, defined pursuant articles 5.3.1 and 5.3.2 of the INC, to the Exit Point of Stara Zagora pursuant article 5.3.3 of the INC, that may be booked pursuant articles 7.3, 11.3.4 and 11.3.5 of the INC.

Once the Net Reference Tariff will be assessed at COD the Net Reference Tariff for Interruptible Forward Flow is defined according to the following formula:

$$T_{IFF} = 15\% * NRT_{(COD)}$$

3.3 Net Tariff for Interruptible Reverse Flow

The Interruptible Reverse Flow is defined as the interruptible flow that will take place from the Exit Point of Stara Zagora defined pursuant article 5.3 of the INC, to the Entry Point(s) of Komotini, defined pursuant articles 5.3 of the INC, that may be booked pursuant articles 7.4, and 11 of the INC.

Once the Net Reference Tariff will be assessed at COD the Net Reference Tariff for Interruptible Reverse Flow is defined according to the following formula:

$$T_{IRF} = 15\% * NRT_{(COD)}$$

3.4 Net Tariff for Firm Reverse Flow

The Firm Reverse Flow is defined as the non-interruptible flow that will take place from the Exit Point of Stara Zagora defined pursuant article 5.3 of the INC, to the Entry Point(s) of Komotini, defined pursuant articles 5.3.1 and/or 5.3.2 of the INC, that may be booked pursuant articles 7.4, and 11.3 of the INC.

Once the Net Reference Tariff will be assessed at COD the Net Reference Tariff for Firm Reverse Flow is defined according to the following formula:

$$T_{FRF} = 25\% * NRT_{(COD)}$$

4. ENTRY TARIFFS

As per article 1.1.2 set here above, this chapter defines the tariff per Points for assessing the Ship or Pay Fees payable by the Shippers at their relevant Delivery Point(s) for each booked products pursuant ARCA and/or pursuant article 11 of the INC, as the case may be.

4.1 Entry Tariff for Firm Forward Flow

The Entry Tariff for Firm Forward Flow is defined as the tariff payable by the Shippers who has booked Firm Forward Flow pursuant the ARCA or pursuant articles 11 of the INC, at the Entry Point(s) of Komotini in Greece, defined pursuant article 5.3 of the INC. For that purpose the Entry Point(s) of Komotini shall become the Delivery Point of the relevant GTA.

Once the T_{FFF} will be assessed at COD the Entry Tariff for Firm Forward Flow is defined according to the following formula:

$$ENT_{FFF} = 17\% * T_{FFF}$$

Where 17% represent the ratio 31/182 km/km. i.e. the length of the pipeline that will lay in the Greek territory with respect to the whole length.

4.2 Entry Tariff for Interruptible Forward Flow

The Entry Tariff for Interruptible Forward Flow is defined as the tariff payable by the Shippers who has booked Interruptible Forward Flow pursuant article 11 of the INC at the Entry Point(s) of Komotini in Greece, defined pursuant articles 5.3 of the INC. For that purpose, the Entry Point(s) of Komotini shall become the Delivery Point of the relevant GTA.

Once the T_{IFF} will be assessed at COD the Entry Tariff for Interruptible Forward Flow is defined according to the following formula:

$$ENT_{IFF} = 17\% * T_{IFF}$$

Where 17% represent the ratio 31/182 km/km. i.e. the length of the pipeline that will lay in the Greek territory with respect to the whole length.

4.3 Entry Tariff for Interruptible Reverse Flow

The Entry Tariff for Interruptible Reverse Flow is defined as the tariff payable by the Shippers who has booked Interruptible Reverse Flow pursuant article 11 of the INC at the Exit Point of Stara Zagora defined pursuant article 5.3 of the INC. For that purpose, the Exit Point of Stara Zagora shall become the Delivery Point of the relevant GTA.

Once the T_{IRF} will be assessed at COD, the Entry Tariff for Interruptible Reverse Flow is defined according to the following formula:

$$ENT_{IRF} = 83\% * T_{IRF}$$

Where 83% represent the ratio 151/182 km/km. i.e. the length of the pipeline that will lay in the Bulgarian territory with respect to the whole length.

4.4 Entry Tariff for Firm Reverse Flow

The Entry Tariff for Firm Reverse Flow is defined as the tariff payable by the Shippers who has booked Firm Reverse Flow pursuant article 11 of the INC at the Exit Point of Stara Zagora defined pursuant article 5.3 of the INC. For that purpose, the Exit Point of Stara Zagora shall become the Delivery Point of the relevant GTA.

Once the T_{FRF} will be assessed at COD, the Entry Tariff for Firm Reverse Flow is defined according to the following formula:

$$ENT_{FRF} = 83\% * T_{FRF}$$

Where 83% represent the ratio 151/182 km/km. i.e. the length of the pipeline that will lay in the Bulgarian territory with respect to the whole length.

5. EXIT TARIFFS

As per article 1.1.2 set here above, this chapter defines the tariff per Points for assessing the Ship or Pay Fees payable at their relevant Redelivery Point(s) by the Shippers for each booked products pursuant ARCA and/or pursuant article 11 of the INC, as the case may be.

5.1 Exit Tariff for Firm Forward Flow

The Exit Tariff for Firm Forward Flow is defined as the tariff payable by the Shippers who has booked Firm Forward Flow pursuant the ARCA or pursuant article 11 of the INC, at the Exit Point of Stara Zagora in Bulgaria, defined pursuant articles 5.3 of the INC. For that purpose, the Exit Point of Stara Zagora shall become the Redelivery Point of the relevant GTA.

Once the T_{FFF} will be assessed at COD the Exit Tariff for Firm Forward Flow is defined according to the following formula:

$$\text{EXT}_{\text{FFF}} = 83\% * T_{\text{FFF}}$$

Where 83% represent the ratio 151/182 km/km. i.e. the length of the pipeline that will lay in the Bulgarian territory with respect to the whole length.

5.2 Exit Tariff for Interruptible Forward Flow

The Exit Tariff for Interruptible Forward Flow is defined as the tariff payable by the Shippers who has booked Interruptible Forward Flow pursuant article 11 of the INC at the Exit Point(s) of Stara Zagora, defined pursuant articles 5.3 of the INC. For that purpose, the Exit Point of Stara Zagora shall become the Redelivery Point of the relevant GTA.

Once the T_{IFF} will be assessed at COD the Exit Tariff for Interruptible Forward Flow is defined according to the following formula:

$$\text{EXT}_{\text{IFF}} = 83\% * T_{\text{IFF}}$$

Where 83% represent the ratio 151/182 km/km. i.e. the length of the pipeline that will lay in the Bulgarian territory with respect to the whole length.

5.3 Exit Tariff for Interruptible Reverse Flow

The Exit Tariff for Interruptible Reverse Flow is defined as the tariff payable by the Shippers who has booked Interruptible Reverse Flow pursuant article 11 of the INC at the Entry Point(s) of Komotini defined pursuant article 5.3 of the INC. For that purpose, the Entry Point(s) of Komotini shall become the Redelivery Point of the relevant GTA.

Once the T_{IRF} will be assessed at COD, the Exit Tariff for Interruptible Reverse Flow is defined according to the following formula:

$$\text{EXT}_{\text{IRF}} = 17\% * T_{\text{IRF}}$$

Where 17% represent the ratio 31/182 km/km. i.e. the length of the pipeline that will lay in the Greek territory with respect to the whole length.

5.4 Exit Tariff for Firm Reverse Flow Tariff

The Exit Tariff for Firm Reverse Flow is defined as the tariff payable by the Shippers who has booked Firm Reverse Flow pursuant article 11 of the INC at the Entry Point(s) of Komotini defined pursuant article 5.3 of the INC. For that purpose, the Entry Point(s) of Komotini shall become the Redelivery Point(s) of the relevant GTA.

Once the T_{FRF} will be assessed at COD, the Exit Tariff for Firm Reverse Flow is defined according to the following formula:

$$EXT_{FRF} = 17\% * T_{FRF}$$

Where 17% represent the ratio 31/182 km/km. i.e. the length of the pipeline that will lay in the Greek territory with respect to the whole length.

6. FEES AND PAYMENTS

6.1 Monthly Fee

Shippers that have executed a GTA with Transporter shall be charged with a Monthly Fee for all the relevant GTAs duration long as it follows:

$$MF_n = MNC_n * (ENT_{xxx} + EXT_{xxx}) * (\alpha * I_i + \beta)$$

Where

MF_n : means the Monthly Fee in € for the Month “nth” occurring in Year “ith”

i: means the Year “ith” numbered progressively from 1 (COD) to 25

MNC_n : means the total monthly capacity in the “nth” Month expressed in kWh according to Final Transportation Balance set pursuant article 20.3.9 of the INC.;

ENT_{xxx} and EXT_{xxx} : mean the tariffs according to articles 4.1 and 5.1 or 4.4 and 5.4 respectively set here above, as the case may be, expressed in €/kWh.

α : means the ratio (OPEX) / (OPEX + Depreciation + Capital Remuneration), calculated as average along the whole life time long for Net Reference Tariff calculation purposes,

β : means is equal to 1– α ;

I_i : Means the ratio between the actual OPEX ($OPEX_A$) and the predicted $OPEX_i$ in the same Year “ith” For Net Reference Tariff calculation purposes. $OPEX_A$ will be subject to approval by the NRAs and declared by the Transporter at the beginning of each Year “ith”

Year (Y): means a calendar period of 12 consecutive months starting on 1st January and ending on 31st December of each calendar year;

Capital Remuneration: means the Capital Remuneration pursuant to definition set in article 2 here above;

Depreciation: means the depreciation pursuant to definition set in article 2 here above.

6.2 Ship or Pay Annual Payment

For all the Shippers who have signed GTAs longer than one Year, in case of Annual Deficiency > 0 set in accordance to article 22.4 of the INC, the Shippers who have GTA longer than one Year shall pay the following, if any, adjustment in Year_(i+1) :

$$SPA = AD_i * (ENT_{xxx} + EXT_{xxx}) * (\alpha * I_i + \beta)$$

Where

SPA: means the Ship or Pay Annual amount

ADI: means the Annual Deficiency as set pursuant article 22.4 of the INC

(ENT_{xxx} + EXT_{xxx}) means the Tariff as set by articles 4.1 and 5.1 or 4.4 and 5.4 as the case may be

7. RESERVE PRICE

Tariffs as set in articles 4 and 5 here above represent the Reserve Prices for yearly products for any auction set in article 10 and 11 of the INC, each Tariff for its own purpose.

Reserve Prices for firm capacity will reflect the different levels of commercial risk borne by Shippers in the IGB Pipeline per duration of firm capacity product.

Consequently, and without prejudice to provisions in articles 4, 5 and 6, coefficients will be applied to calculate the Reserve Prices for products for firm capacity of shorter duration (i.e. duration shorter than 1 year).

The following coefficients will be applied to set Reserve Prices for firm capacity products of duration shorter than 1 year, using the respective tariffs for entry and exit capacity, as defined in articles 4.1,5.1 and articles 4.4, 5.4:

Quarterly Capacity:

$ENT_{xxx} * 1.1$; $EXT_{xxx} * 1.1$ (i.e. Tariff per yearly firm product + 10%)

Monthly Capacity:

$ENT_{xxx} * 1.2$; $EXT_{xxx} * 1.2$ (i.e. Tariff per yearly firm product + 20%)

Daily Capacity:

$ENT_{xxx} * 1.3$; $EXT_{xxx} * 1.3$ (i.e. Tariff per yearly firm product + 30%)

8. COMPRESSION STATION OPERATING COSTS

Transporter shall establish at its own judgment based on technical and safe operation criteria if and when the Compression Station shall be used for transporting the quantities nominated pursuant article 18 of the INC.

Notice of Compression Station use addressed to Shippers shall be issued according to article 18 as the case may. In case the notice will be issued, the Shippers shall be committed to the relevant obligations.

9. PROFIT SHARING MECHANISM

Without prejudice to article 6 set here above, Transporter shall compensate the Shippers in case there will be revenues in excess with respect to the expected financial plan assessed for the Exempted Period. Such compensation has been assessed as a “Profit Sharing” for securing on one hand the expected return of the Transporter and on the other for securing the Shippers a fair compensation.

9.1 Preambles

- 9.1.1 the Exemption provisions include the concession to the Shareholders to reach an IRR, nominal post tax, equal to [BUSINESS SECRET] along the whole exempted period (i.e.25 years from COD) as per article 1.1.5 set here above;
- 9.1.2 Shareholders’ IRR is the rate at which cash flows distributed to the shareholders during the first 25 years from the COD equals the investment capital provided by them along the same period, including initial investments, additional investments, any possible Shareholders guarantees but not including the loan

provided by BEH to IGB and backed by a bank loan covered by a Bulgarian Government Sovereign Guarantee (i.e. 110 m€);

9.1.3 the EBITDA Plan [defined as the financial plan used by Shareholders to take the Final Investment Decision] to be attached to each Gas Transportation Agreement (GTA) will be the one assessed at COD (the COD_EBITDA);

9.1.4 the COD_EBITDA shall be updated on a yearly basis with actual OPEX and CAPEX necessary for the operation, maintenance and management of the IGB Pipeline evidenced in the relevant yearly financial statement. We call the updated COD_EBITDA “Adjusted COD_EBITDA”.

9.2 Profit Sharing Mechanism

Pursuant article 1.1.5 set here above, the “Profit Sharing” shall occur as it follows:

9.2.1 Value determination

Each first semester of the Year “ith”, ICGB shall approve the financial statements based on the previous financial year “i-1”. The COD_EBITDA shall be adjusted accordingly (the Adjusted COD_EBITDA), by using the actual financial data of year “i-1” and by estimating the cash flow for the remaining years based on events that may have permanently modified the COD_EBITDA values and based on Prudent Criteria.

If the Adjusted COD_EBITDA will produce a Shareholders’ IRR less or equal than the one set in article 9.1.1. above it shall not determine any values to be deducted from the ICGB revenues. Adversely, a value to be deducted from the year “n-1” ICGB revenues shall be calculated for reducing the Shareholders’ IRR down to the one set on article 9.1.1 above.

Such a value shall be considered in the Financial Statement as a specific fund denominated “Profit Sharing Fund” and will be referred to the Shippers of the reference year in proportion the amount paid by them in the reference year.

9.2.2 Payments

The values deposited in the Profit Sharing Fund in the year “i” shall be paid pro-quota to the Shippers as it follows:

9.2.2.1 20% of values deposited in year “i” shall be paid by the end of year “i”.

9.2.2.2 40% of the values deposited in year “i” shall be paid by the end of the year “i+2”;

9.2.2.3 40% of the values deposited in year “i” shall be paid by the end of year “i+4”.

9.2.2.4 Within the first semester of year “i+2” and of year “i+4”, ICGB shall check on the basis of the relevant Adjusted COD_EBITDA the Shareholders’ IRR and its correspondence to [BUSINESS SECRET] %.

- 9.2.2.5 In case of positive response, Transporter shall pay the relevant amounts respectively as per articles 9.2.2.2 and 9.2.2.3 set here above. The Shippers that will mature the right to be compensated shall be the ones that have contributed in each relevant year.
- 9.2.2.6 In case of negative response, Transporter shall use the amounts accrued in the Profit Sharing Fund for the amount necessary to restore the Shareholders' IRR to the expected [BUSINESS SECRET]
- 9.2.2.7 The calculation of the Shareholders' IRR will be performed every year. So, during the life of the project we could have each year several funds regarding precedent years (maximum 5 for each year). In case, IGB need to withdraw an amount from the funds, the amount withdrawn will be accounted on equal basis to each year fund amount pro-quota on the total fund existing that year.