

Definitions

Allocated Quantity means the quantity of gas attributed to a Pair of Network Users by the Parties as an input or an off-take.

Confirmed Quantity shall mean the quantity of Natural Gas confirmed for transmission on a Gas Day at the IP, taking into account the nominated quantities for that Gas Day at both sides IP and the matching process used for comparing and aligning the Natural Gas quantity requested by the Network Users to be transported at the IP.

Daily Balance Position (DBP) shall mean the quantity, calculated on a daily basis, for each Day D of the period of implementation of the allocation procedure at the **Operational Balancing Account (OBA)**. The calculation of the DBP for a specific Day D shall be performed until 09:00 UTC of the Day D+1, according to the following formula:

$$DBP^D = TDAQ^D - Q_M^D$$

Where:

Q_M^D is the measured quantity, expressed in kWh of the Physical Flow through the IP towards the Forward Flow Direction (assuming that in case of physical flow towards the Reverse Flow Direction, the measured quantity is expressed as a negative value) during the Day D;

$TDAQ^D$ is the Total Daily Allocated Quantity during the Day D;

Gas Day or Day (D) shall mean the period from 5:00 on any calendar day until 5:00 UTC on the next calendar day. The reference date of any Gas Day is the date of the calendar day on which the Gas Day begins.

Interconnection Point Strandzha (BG) / Malkoclar (TR) (IP) shall mean the DN 1020 interconnection between the BULGARTRNSGAZ's Transmission System and the BOTAS's Transmission System at the Turkish/Bulgarian border between Strandzha and Malkoclar. The metering and/or determination of quantities and quality of gas delivered at this IP shall be carried out at the Malkoclar Gas Metering Station.

Lesser rule means that in case of different processed quantities at either side of the Interconnection Point, the Confirmed Quantity will be equal to the lower of the two processed quantities.

Limitation Range (LR) shall mean the allowed range of values of the **Total Balance Position (TBP)**.

Matching Process shall mean the process of comparing and aligning Processed Quantities of Network Users at both sides of the Interconnection Point, which will result in Confirmed Quantities for the Network Users. Nominations given by the Network Users are expressed in kWh/d during the Matching Process.

Measured Quantity means the quantity of gas that according to the relevant measurement equipment located at Malkoclar GMS, has physically flowed across an Interconnection Point per time period.

Month: shall be a period beginning at 5:00 UTC on the first day of a calendar month and ending at the same time on the first day of the next calendar month.

Network User shall mean a natural person or legal entity that holds transportation capacity at the IP, on the basis of a transportation agreement concluded either with BULGARTRNSGAZ and/or BOTAS. Each Network User is assigned a unique identification code by the respective Operator.

Network User Code shall mean a unique identification code assigned by an Operator to a registered Network User to be used for identification in the procedures and systems administered by the Operator.

Operational Balancing Account (OBA) is a joint account where the Daily Balance Position of both TSOs at the IP is recorded. BOTAS, in its capacity of GMS owner, is the TSO responsible for calculating, on a daily basis, the Daily Balance Position and the Total Balance Position and update the Operational Balancing Account accordingly.

Pair of Network Users shall mean the mutually served, in line with corresponding transportation agreements, Network Users or group of Network Users at the both sides of the IP.

Nominated (processed) quantity means the quantity of natural gas assessed by Parties, which takes into account the network user's nomination (respectively re-nomination) and contractual provisions as defined under the relevant transport agreement.

Steering Difference means the difference between the quantity of gas that the Parties has scheduled to flow and the measured quantity for the Interconnection Point.

Time: all the data regarding time shall be expressed using the UTC.

Total Daily Allocated Quantity (TDAQ^D) shall mean a quantity defined as:

$$TDAQ^D = \sum_i Q_{Al,F,i}^D - \sum_j Q_{Al,R,j}^D$$

Where:

$Q_{Al,F,i}^D$ is the allocated quantity, expressed in kWh for a given pair of NUs in Forward Flow Direction, during the Gas Day D;

$Q_{Al,R,j}^D$ is the allocated quantity, expressed in kWh (for a given pair of NUs in Reverse Flow Direction, during the Gas Day D;

i , is the pair of NUs active in the Forward Flow Direction during the Gas Day D;

j , is the pair of NUs active in the Reverse Flow Direction during the Gas Day D;

Total Balance Position (TBP) shall mean the actual accumulation of DBP over a consecutive number of Gas Days. The calculation of TBP for each Gas Day D of the period of implementation of the OBA allocation procedure, is performed as follows:

1. For the first Gas Day D of implementation of the OBA allocation procedure, the TBP is set equal to the DBP calculated for this Gas Day D.
2. For each subsequent Gas Day D and up to (and including) the last Gas Day of the period of implementation of the OBA allocation procedure, the TBP for the Gas Day D shall be calculated as the algebraic sum of the TBP of Gas Day D-1 and the DBP for the Gas Day D concerned.

In case the Forward Flow direction is from Turkey to Bulgaria, Negative TBP indicates that BULGARTRANGAZ is indebted towards the zero balance position, with a quantity equal to the absolute value of TBP. Positive TBP indicates that BOTAS is indebted towards the zero balance position, with a quantity equals to the value of TBP.

In case the Forward Flow direction is from Bulgaria to Turkey, Negative TBP indicates that BOTAS is indebted towards the zero balance position, with a quantity equal to the absolute value of TBP. Positive TBP indicates that BULGARTRANGAZ is indebted towards the zero balance position, with a quantity equals to the value of TBP.

Nominations and confirmation of quantities for delivery

Network Users' setup and update

The Parties shall exchange the lists of their Network Users (NU) identification codes, as soon as possible, and in any case not later than two (2) working days before the Day a new Network User could start Natural Gas transmission at the IP in case monthly or longer term capacity products are booked at the IP. In case Day-Ahead or Within-Day capacity products are booked, that information will be exchanged via the matching procedure.

Nomination and confirmation process

- a) By 13:30 UTC of the Gas Day D-1, BULGARTRANGAZ shall send to BOTAS the quantities nominated for transportation at the IP for Gas Day D for each Network User pair. If no nomination has been received for a Network User pair by BOTAS before the deadline then the nominated quantities for that Network User pair are considered to be 0 (zero).
- b) Not later than 14:30 UTC of the Gas Day D-1 BOTAS shall send to BULGARTRANGAZ the confirmed quantities for transportation at the IP for Gas Day D for each Network User pair. If no confirmation has been received by BULGARTRANGAZ for a Network User pair before the deadline then the confirmed quantities for that Network User pair are considered to be 0 (zero).
- c) If any of the Parties receives re-nomination from their Network Users, it can send to the other Party the new nominated quantities for confirmation. If confirmation is not received within 60 minutes from the other Party, the nomination is deemed as "not confirmed" for the affected Network User pair and the last previously confirmed quantities remain valid for transportation for that Network User pair.
- d) When confirming the nominated quantities the confirming Party always applies "lesser rule", where the lower from the nominated values on both sides is valid quantity to be confirmed. No Party can confirm higher quantities than the other Party has nominated.
- e) The nominated and confirmed quantities are accepted to be equally allocated (flat rate) during the hours of their transportation on Gas Day D.

Allocation

In respect of the allocation of gas quantities, BULGARTRANGAZ and BOTAS establish allocation procedure ensuring consistency between the allocated quantities at both sides of the IP. This allocation procedure shall be based on the Operation Balancing Account (OBA).

Under the OBA allocation procedure the Natural Gas quantity allocated for a Gas Day D to a pair of Network Users at the IP shall be equal to the Natural Gas quantity confirmed for delivery/off-take, for that Gas Day D, to the said pair of Network Users, according to *Nomination and confirmation process*.

$$Q_{Al,F,i}^D = Q_{C,F,i}^D \text{ and}$$

$$Q_{Al,R,j}^D = Q_{C,R,j}^D ,$$

where:

$Q_{C,F,i}^D$ is the Confirmed Quantity, for a given Pair of Network Users in the Physical Flow Direction, during the Gas Day D;

$Q_{C,R,j}^D$ is the Confirmed Quantity, for a given Pair of Network Users in the Swap Flow Direction, during the Gas Day D;

$Q_{Al,F,i}^D$ is the quantity allocated, to a given pair of Network Users in the Physical Flow Direction, during the Gas Day D;

$Q_{Al,R,j}^D$ is the quantity allocated, to a given pair of Network Users in the Swap Flow Direction, during the Gas Day D;

i, is the pair of Network Users active in the Physical Flow Direction during the Gas Day D;

j, is the Pair of Network Users active in the Swap Flow Direction during the Gas Day D;

The OBA allocation procedure shall not be applied in the event that:

The gas quality parameters are not in accordance with Annex 5 of the Agreement and the Parties are not able to perform their daily nominations;

The pressure is not according to the specifications in Article 6.1 of the Agreement and the Parties are not able to perform their daily nominations;

The limits of the OBA account are exceeded for Gas Day D.

For each Day D, when any of the conditions in paragraph above is in effect, the daily measured quantity is allocated to the pairs of NUs in both directions based on allocation done by BOTAS in accordance with the applicable legislation (including but not limited to the Network Code) in Türkiye, signed and provided to BULGARTRANGAZ. This allocation procedure is considered by both Parties as secondary. Each Day for which the secondary allocation procedure applies, the OBA is updated by calculating the TBP, considering DBP that equals to zero (0).