

**Alexandroupolis Independent Natural Gas System
(Alexandroupolis LNG Terminal)**

MARKET TEST

**EXPRESSION OF INTEREST PHASE NOTICE
(October 2018)**

**In accordance with the "Guidelines for management and
allocation of capacity on the
Alexandroupolis Independent Natural Gas System
(Alexandroupolis LNG Terminal)
according to paragraph 6 of article 36 of Directive 2009/73/EC"**

TABLE OF CONTENT

1.	INTRODUCTION.....	3
2.	DEFINITIONS.....	4
3.	PROJECT TECHNICAL DESCRIPTION, INDICATIVE COSTS AND TIMEFRAME	5
4.	STATUS OF THE PROJECT	7
5.	DESCRIPTION OF THE INTERCONNECTED SYSTEMS	7
6.	THE SERVICE OFFERED THROUGH THIS MARKET TEST	7
7.	TARIFF PRINCIPLES	9
8.	HOW TO PARTICIPATE IN THE EoI PHASE	9
9.	REQUESTS FOR CLARIFICATION	10
10.	SUBMISSION OF DOCUMENTS	11
11.	CONFIDENTIALITY	11
12.	SUSPENSION AND TERMINATION OF THE MARKET TEST PROCEDURE	12
13.	LIABILITY	12
14.	ASSIGNMENT	12
15.	ATTACHMENTS	12

1. INTRODUCTION

GASTRADE S.A. ("**GASTRADE**") is a company incorporated under Greek Law with the scope to own and operate natural gas infrastructure. GASTRADE develops the Independent Natural Gas System (INGS), "Alexandroupolis LNG Terminal" ("**the Project**").

The Project has obtained all necessary licenses to begin construction.

On 28 June 2018, GASTRADE applied to the National Regulatory Authority for Energy of Greece ("**the Authority**") for an exemption under art. 36 of Directive 2009/73/EC ("**the Directive**") from:

- Unbundling provisions
- Regulated tariffs on the services provided from the Project
- Third party access on booking Capacity to the Project

As required by the Directive, GASTRADE will perform a Market Test between October 2018 and February 2019 to test the market on its interest for reserving Capacity in the Project. In this context and in order to obtain sufficient relevant information to assess an exemption, the Authority approved on 25.09.2018 the "Guidelines for management and allocation of capacity on the Alexandroupolis Independent Natural Gas System (Alexandroupolis LNG Terminal) according to paragraph 6 of article 36 of the Directive 2009/73/EC" ("**the Guidelines**"), under Decision of the Authority No. 911/2018.

According to the Guidelines, GASTRADE intends to perform a market test in two phases described below ("**the Market Test**"):

1. The **Expression of Interest Phase** ("**the Eol Phase**") in which all potential Users are invited to express their interest in reserving Capacity in the Project by submitting the set of documents described in section 8 below.
2. The **Bidding Phase**, in which Eol Participants will be asked to submit binding requests for Capacity in the Project in accordance with the Bidding Phase Guidelines approved by the Authority following the conclusion of the Eol Phase. GASTRADE will reserve and allocate Capacity in the Project in accordance with the Bidding Phase Guidelines.

Through the Eol Notice, GASTRADE starts the Eol Phase of the Market Test in order to:

- collect interest from any party in reserving Capacity in the Project
- collect data and information useful to the Authority to assess the criteria set out in art. 36.1 of the Directive.

The participation in such Eol Phase does not constitute a commitment by the Eol Participant to buy Capacity in the Project, and GASTRADE, by conducting such Eol Phase, does not commit to actually invest in and realize the Project. However, the participation in the Eol Phase is a prerequisite for the Eol Participant to be able to participate in the Bidding Phase.

Capacity will be allocated in accordance with the Bidding Phase Guidelines, following completion of the Bidding Phase in accordance with Art. 3.5. of the Guidelines.

The purpose of this EoI Notice is to provide general information on the Project and the projected available services to the EoI Participants and to set out the conditions for participation in the EoI Phase. Failure to comply with these conditions will result in the EoI Participant being disqualified from participating further in this EoI Phase and in the subsequent Bidding Phase.

GASTRADE will respect the confidentiality of any information received by the EoI Participants. Non-withstanding the above, GASTRADE will release to the Authority all details relevant to the Market Test EoI Phase results. In addition, GASTRADE will disclose to the Authority any information and/or data requested by the Authority to complete the assessment of the exemption application submitted by GASTRADE.

2. DEFINITIONS

This EoI Notice uses the definitions of Art.1 of the Guidelines. In addition, terms are defined either directly in the EoI Notice, or herein below:

Capacity means a capacity to gasify LNG from its liquid to its gaseous form reserved by each User (or in aggregate by all Users) on a daily basis at the Project for a duration stipulated in the submitted Expression of Interest Form (Exhibit II);

Credit Rating shall mean a credit rating attributed to the EoI Participant, provided by a primary international rating agency, at least equivalent to Baa3 (as per Moody's Investor Services rating rank) or BBB- (as per Standard & Poor's Corporation rating rank);

DESFA means the Transmission System Operator of the National Natural Gas Transmission System of Greece (**NNGTS**);

Expression of Interest Deadline or EoI Deadline shall mean **14 December 2018**, by which the Expression of Interest Form (EoI Form) in Exhibit II shall be submitted to be considered valid;

Expression of Interest Notice or EoI Notice shall mean this notice;

FSRU shall mean the LNG floating storage and regasification unit permanently moored approximately 17.6km SW of the town of Alexandroupolis in NE Greece. The FSRU is an integral part of the Project;

LNG shall mean the liquefied natural gas;

Pipeline shall mean the pipeline (subsea and onshore sections) which connects the FSRU with the NNGTS, and/or other gas transmission systems. The pipeline is an integral part of the Project;

Sponsor(s) shall mean the shareholders of GASTRADE S.A.; and

User (or Users) shall mean an EoI Participant that reserves Capacity in the Project, in the Bidding Phase.

3. PROJECT TECHNICAL DESCRIPTION, INDICATIVE COSTS AND TIMEFRAME

The Project will be located in the sea of Thrace, 17.6km southwest of the port of Alexandroupolis and 10km south of the coast of the village Makri.

The Project comprises the FSRU and the Pipeline. The FSRU will be stationed approximately 17.6km SW of the town of Alexandroupolis in NE Greece at an offshore distance of approximately 5.4 n.m. (10 km) from the nearest shore. The FSRU will have an LNG storage capacity of 150,000 to 170,000 cubic meters, a nominal regasification and send-out capacity of 530 million standard cubic feet per day (mmscfd), equivalent to 600,000 normal cubic meters per day (5.5 bcm/year) and a peak technical regasification and send-out capacity of 800 million standard cubic feet per day (mmscfd), equivalent to 950,000 normal cubic meters per day (8.3 bcm/year). The FSRU shall be connected to the Pipeline through a pipeline end manifold and flexible risers. The Pipeline will consist of a 24km subsea section and a 4km onshore section. The Pipeline will be connected to the NNGTS at the NNGTS Kipi-Komotini section, through a metering and regulation (M/R) station, indicatively near the village of Amphitrite, that will be built and operated by DESFA.

The LNG delivered and stored at the FSRU shall be regasified and transmitted to the downstream natural gas system (NNGTS or other) at the flow rate requested by the Users, meeting the specifications of the respective downstream natural gas system (quality, pressure, temperature, etc.).

There is also the potential for a future tie-in to the Trans Adriatic Pipeline (“**TAP**”) gas transmission system.

Indicative Project investment cost is € 380 mil. and indicative operating costs during the first year of the operation of the Project are € 18.5 mil.

The construction of the Project is expected to begin in Q2 2019 and COD is planned for Q4 2020.



Mooring location of the Alexandroupolis LNG FSRU



Location of the Project offshore the town of Alexandroupolis

4. STATUS OF THE PROJECT

The following tasks have been completed or are under progress:

- Environmental Impact Assessment - The Environmental Impact Assessment has been completed in 2012 and the relevant approved Environmental Terms have been obtained upon Decision with Pr. No 181707 of the Ministry of Environment & Energy on 27.03.2013.
- Right of access to sea, seabed and shore - Obtained for the construction and installation of the offshore and sea shore facilities (pipeline, PLEM, FSRU, shore valve station) Decision with Pr. No 19119/ 23.07.2014 as amended with 35170/14 - 19.01.2015 by the Decentralized Administration of Macedonia and Thrace and the Dec. with Pr. No Δ10B0012067/7371EΞ2014 - 22.09.2014 issued by the Ministry of Finance.
- Installation Act for the construction of the onshore pipeline - Acquired on 18.12.2014, Decision Pr. No 23328 of the Ministry Environment & Energy
- Installation License for the construction of the overall Project obtained on 20.01.2015 by the Ministry of Energy & Environment upon Decision with Pr. No 170830.
- A Risk Assessment under SEVESO II has been elaborated for the Project and has been registered to the records of the Ministry of Energy & Environment upon Pr. No 170829/ 20.01.2015.
- Front End Engineering Design was completed in September 2017. The study was funded 50% by the European mechanism “Connecting Europe Facility”.
- A site specific met-ocean survey is ongoing in the Project’s development area, started in November 2017 and estimated to be completed in April 2019.
- A Tender procedure for the supply of the FSRU and the Pipeline of the Project has been launched on 21.09.2018.

5. DESCRIPTION OF THE INTERCONNECTED SYSTEMS

The Project will be connected to the NNGTS at the 36” Kipi - Komotini branch in the vicinity of Amphitriti village near Alexandroupolis, through an M/R station that will be developed and operated by DESFA. Information on the operation rules and the development of NNGTS can be found at www.desfa.gr.

6. THE SERVICE OFFERED THROUGH THIS MARKET TEST

GASTRADE intends to provide to a User that has reserved Capacity the service described in (a) to (h) below (**“the Service”**) in handling User’s LNG:

- (a) berthing and mooring of LNG carriers at the FSRU of the Project;
- (b) unloading and receipt of LNG from LNG carriers at the LNG Receipt Point

(defined below);

- (c) measurement and testing of LNG;
- (d) storage of the LNG;
- (e) an electronic inventory tracking, nominations and gas send-out management system;
- (f) pumping, regasification and send-out (as regasified LNG) of LNG held in storage;
- (g) transportation to and making available for delivery of such regasified LNG at the Gas Delivery Point (defined below); and
- (h) fiscal metering facilities.

The elements of the Service are provided as a whole and cannot be provided as separate services, all in compliance with the Project's Terminal Code, and in accordance with a Terminal Use Agreement to be signed between the User and GASTRADE.

Certain other services will also be provided to the User on an at-cost-basis including such services as may be required for mooring of LNG carriers, tug assistance, pilot and escort services, and other ancillary services associated with the Project.

The LNG Receipt Point shall be the point where the outlet flanges of the LNG carrier loading lines connect with the inlet flanges of the FSRU (flex hoses or loading arms) **(the "LNG Receipt Point")**.

The Gas Delivery Point shall be the point where the Pipeline connects with the NNGTS **(the "Gas Delivery Point")**.

The following services shall not be provided:

- (j) the construction, operation, ownership, maintenance, repair and removal of facilities downstream of the Project;
- (k) provision of, or assistance in securing, bunker fuel, vessel repairs and/or the delivery of ship's stores, consumables and spare parts to LNG carriers and disposal of waste from LNG carriers;
- (l) the marketing of gas or regasified LNG and all activities related thereto (except as expressly provided);
- (m) the marketing and transportation of liquids and all activities related thereto;
- (n) the transportation of LNG to the LNG Receipt Point at the FSRU of the Project or transmission of gas or regasified LNG beyond the Gas Delivery Point;
- (o) the provision of nitrogen to LNG carriers;
- (p) the injection of propane, nitrogen or air into any regasified LNG upon send-out from the FSRU of the Project;

- (q) cool-down or inerting services for LNG carriers; and
- (r) extraction of liquids from LNG or regasified LNG.

GASTRADE may, at its discretion, use the Project to provide analogous services to nonUsers, subject to the capacity limits of the Project. GASTRADE may make available, on an interruptible basis, to User and any other users of the Project any unutilized services of any users and/or available capacity in excess of each User's Capacity.

Any entity meeting the requirements in art. 8 interested in the Service above may express its interest by reserving firm Capacity by completing Exhibit II to this Eol Notice. Any entity may express its interest in the Service provided by GASTRADE through the Project in this Eol phase of the Market Test.

Please note that, higher send-out capacity than what is described above is not part of the ongoing design activities, permitting procedures and decision-making process concerning the realization of the Project. Thus, the availability of such higher capacity will be subject to the evaluation of the results of this Market Test, following consultation with the Authority.

7. TARIFF PRINCIPLES

Tariff calculation principles and methodology will be defined by the Bidding Phase Guidelines. However, it is currently envisaged that the tariffs will be set in order to secure the Project's financial viability and Sponsors' targeted profitability. The tariffs will be cost reflective, non-discriminatory and uniform for all Users of the Service.

8. HOW TO PARTICIPATE IN THE Eol PHASE

Entities interested in this Eol Phase are requested to deliver the attached Exhibit II duly completed and signed, together with the following mandatory supporting documentation, by no later than the Expression of Interest Deadline, by courier or registered mail, to the address of GASTRADE, specified in section 10 of this Eol Notice.

The mandatory supporting documents required to be attached to the Eol Participants Eol Notice Form are:

- Declaration that no person employed at senior management level in the Eol Participant's company or representing that company has been convicted for being a member of a criminal organization or has been convicted for fraud, corruption or money laundering.
- Declaration that the Eol Participant is not bankrupt or is under a procedure of any form of insolvency one or more of the procedures.
- Attested affidavit by the legal representative or the authorized representative of the Eol Participant;
- Certified copy of a certificate of current corporate registration issued no more than 3 months prior to the Eol Deadline;
- Audited financial statements of the three most recent completed financial years of the Eol Participant (or the shareholders of that Eol Participant if such audited financial statements cannot be produced for the last three financial years);

- Credit Rating/evidence of creditworthiness in accordance with the definition set out above in section 2. If the Eol Participant has no Credit Rating or does not have the minimum credit rating, it shall indicate how it intends to prove comparable creditworthiness (such as through Parent/Sovereign/State Guarantee, letter of Credit or other);

All documents are to be in English and duly signed by an authorized representative of the Eol Participant. Proof of power to sign shall be included in the documentation.

Eol Participants shall submit a copy of their Expression of Interest Form (Exhibit II) and mandatory supporting documentation also to the Authority. On a separate copy to the Authority, the Eol Participants shall provide the information requested in art. 6.3 of the Guidelines.

Within 5 (five) days from the Eol Deadline, GASTRADE will deliver to the Authority the report summarizing the results of the Eol Phase in accordance with art. 7 of the Guidelines.

Eol Participants will be informed about the results of the Eol Phase in due course but no earlier than completion of the procedure described in art. 3.5 of the Guidelines.

For the avoidance of doubt, all costs associated with the participation in the phases of the Market Test shall entirely be carried by the Eol Participant. An exclusion from further phases of the Market Test during the Eol Phase shall not give rise to any right of the Eol Participant to claim reimbursement of any costs associated with the participation in the Market Test.

An Eol Participant may be excluded from the Market Test if one or more of the following occurs:

- i. Part of the requested documentation is missing or incomplete or not signed by an authorized signatory or delivered after the Eol deadline;
- ii. Mandatory documentation has not been received in its proper form by GASTRADE on time or at all;
- iii. The authorized signatory has been convicted for being a member of a criminal organization or has been convicted for fraud, corruption or money laundering.
- iv. The company has been declared bankrupt or is under a procedure of any form of insolvency.

9. REQUESTS FOR CLARIFICATION

Within and not later than 2 weeks from the publication of this Eol Notice, requests for clarification exclusively regarding the participation to the Eol Phase, can be addressed to the following email address:

market.test@gastrade.gr

10. SUBMISSION OF DOCUMENTS

All documents and declarations to be submitted to GASTRADE under this Market Test (with the exception of the requests for clarifications pursuant to section 9 here above) shall be made via courier or registered mail, to the following address:

GASTRADE S.A.

197, Kifissias Ave. & 40-42 Anavryton str.

PC 151 24

Maroussi, Attica, Greece

Under the attention of Mrs. Natasa Lapokonstantaki (n.lapokonstantaki@gastrade.gr)

T: +30 211 4118170

11. CONFIDENTIALITY

GASTRADE on one side, and Eol Participant on the other (for the purposes of this Eol Notice jointly referred to as "**the Parties**") shall treat confidentially all documents and information that they obtain or exchange from each other in connection with this Market Test (hereinafter, "**the Confidential Information**") and, unless otherwise stated herein, shall not disclose such Confidential Information or make it accessible to third parties without the prior written consent of the Party affected. The Parties undertake to use the confidential Information obtained exclusively for the purposes of the Market Test, in accordance with the principles contained in the Eol Notice.

Either Party shall be entitled to disclose without the written consent of the other Party any Confidential Information obtained from the other Party:

- i. to the Authority or any other competent authority for the purposes of the evaluation of the GASTRADE exemption application;
- ii. to its representatives, consultants, banks and insurers if and to the extent that disclosure is needed for proper performance of its obligations under this Market Test;
- iii. to the extent that the confidential information was legitimately known to the Party receiving the information at the time it
 1. was obtained from the other Party, or
 2. was already in the public domain or becomes publicly available other than through an act or omission of the receiving Party, or
 3. must be disclosed by a Party due to a statutory provision or a court or official order or a request of the regulatory authorities; in any such case, the disclosing Party shall inform the other Party thereof without undue delay.

The confidentiality obligations of the Parties shall commence upon receipt by GASTRADE of the Eol documentation and for 3 years after the completion of the Market Test.

12. SUSPENSION AND TERMINATION OF THE MARKET TEST PROCEDURE

GASTRADE shall have the right to suspend and/or terminate the Market Test at any time, by giving notice to the Eol Participants and to the Authority, as the case may be, by courier or registered mail. In case of suspension, notice of cessation of the suspension must be given in the same forms.

13. LIABILITY

No Party shall be liable to the other Parties for any damage arising out of or in connection with this Eol Phase unless such damage is the result of a willful act or omission, or arises from the gross negligence, of the Party concerned.

14. ASSIGNMENT

The Eol Participant shall have the right to assign to third parties any of its rights or obligations in connection with the Market Test, whether in whole or in part. Eol Participants acknowledge and agree that the staff of the Sponsors shall conduct the Market Test on behalf of GASTRADE.

15. ATTACHMENTS

Exhibit I: Guidelines

Exhibit II: Eol Form