Dear PERSONAL DATA REMOVED

HUAT project cannot be looked at in isolation to the situation in the region. Recently, risks of regulatory or political nature have been piled up. In particular, December saw Romanian legislation which may undermine the economic feasibility of forward flow ROHU phase II. This means that subscribers for HUSKAT capacity, and those interested in HUAT capacity are now left wandering if the main source of gas envisaged for these capacities will still be accessible. In addition, little information has been given to the market on the timetable, the technical capacities, and the access condition of the new pipeline bringing TurkStream gas to Hungary.

Despite the presence of natural producer areas and natural consumer areas, it is regulation and legislation that are making any participation in open season or incremental auction procedures extremely difficult for shippers. Recommendations on specific procedural aspects are hardly relevant in this context.

One point that can be stressed though is concerning ROHU phase I. The market has been told that EU money is committed and that FID has been taken for this first phase, corresponding to a 1,75 bcm/y capacity increase from 2020 which will happen.

The ROHU phase II procedure engulfed in a disputable way the phase I capacities (cf. our letter on ROHU Open Season Documents from 24th July 2017). The market is aware that a step-back right on phase II was exercised in December 2019 presumably for commercial reasons, and as indicated above, the Romanian Emergency Ordinance has created much uncertainty which might torpedo the whole process. Despite these uncertainties, and independently of the decision taken on phase II, it shall be reaffirmed that phase I capacity is effectively going to be proposed to the market in Q4 2019.

Most sincerely,

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