PJSC "UKRTRANSGAZ" and GAZ-SYSTEM S.A. launch non-binding market screening procedure for the capacity at the Poland-Ukraine border

6 April 2018, Kyiv/Warsaw – PJSC "UKRTRANSGAZ" and GAZ-SYSTEM S.A., gas transmission system operators of Ukraine and Poland respectively, launch the non-binding market screening procedure.

By conducting this non-binding market screening procedure both TSO's aim to estimate the level of market participants' demand for the capacity at the Poland-Ukraine border and to create basis for further enhancement of the integrity of the regional markets through expansion of the Polish and Ukrainian gas transmission networks

Early estimations of the TSOs show that firm capacity could be available to the market from 1 January 2020, therefore a non-binding market screening procedure for the capacity at the Polish-Ukrainian border shall cover the period of 15 years starting from gas year 2019-2020, taking into account that the capacity in gas year 2019-2020 will be available from 1 January 2020 until 1 October 2020.

The results of the market screening procedure shall constitute the basis for the TSOs decision on the future binding allocation procedure (Open Season) for the firm capacities at the Poland-Ukraine border, in both directions of the flow. The demonstrated market interest, will be the basis for the decision on building of the new interconnection.

If the market interest during the binding phase is confirmed, the final decision on expansion of the bidirectional gas flows between Poland and Ukraine may be taken.

Enhancement of the bidirectional gas flows between Poland and Ukraine would significantly contribute to the implementation of the European Union's strategic aims of improving energy security and market integration.

In order to participate in the assessment, market participants shall fill in <u>«Capacity request form»</u> in accordance with the <u>Rules of the market screening</u> and send the filled-in form to PJSC "UKRTRANSGAZ" and GAZ-SYSTEM S.A. in the period **between 6 April and 30 April 2018** to the addresses specified in the Rules. All questions regarding the assessment or the capacity request form shall be sent to email addresses <u>businesscooperation@utg.ua</u> and <u>openseason@gaz-system.pl.</u>

PJSC "UKRTRANSGAZ" and GAZ-SYSTEM S.A. will assess the received capacity request forms and will publish the results of the assessment by the 30th of May 2018.

We look forward to your responses!

GAZ-SYSTEM plays a strategic role in the Polish economy. We are responsible for natural gas transmission and operate the most important gas pipelines in Poland. As part of the 2015-2025 investment programme, GAZ-SYSTEM plans to build over 2000 km of new gas pipelines in western, southern and eastern parts of Poland. Further development of the national transmission network, including the construction of new gas pipelines making part of the North-South Gas Corridor, as well as the construction of interconnections with the neighbouring countries, will strengthen Poland's energy security and make an important contribution to the development of the European transmission system.

The Company is implementing one of the most important infrastructural projects in Poland – the Baltic Pipe project, which consists in the construction of a bidirectional offshore gas pipeline connecting Poland and Denmark and the expansion of the local transmission network.

GAZ-SYSTEM also owns Polskie LNG, the operator of the President Lech Kaczy ski's LNG Terminal in winouj cie.

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