

## Impact on Tariffs of the Interconnector Greece – North Macedonia

The purpose of the present note is to identify the impact that the level of reservations in the forthcoming Market Test of the Greek Part of the Interconnector Greece-North Macedonia have on the level of Average Tariff of the Greek NGTS.

The analysis is based on the following assumptions and steps:

1. The “As Is” scenario is based on the 2022 data for the approved TYDP of DESFA, based on the current estimations of the Capex of each project under construction, as well as the anticipated schedule of implementation and put in operation of each project of the TYDP. Revenues are estimated assuming remuneration on the Capex at the level of 2022 approved WACC and the assumption of a stable tariff at the level of 2022 approved tariffs.
2. The calculation of the f-factor is based on the provisions of CAM Network Code (Art 22) taking into account any updated information on the budget of the project of the Interconnector Greece- North Macedonia (IGNM) and its anticipated schedule to the commercial operating date, according to the provisions of the Market Test Guidelines. Reservations, presented in Table 1, for each value of f-factor, correspond to the minimum required level of bookings at the exit point of the new IP of the NTGS to North Macedonia, which would lead to a positive economic test under the CAM NC.

| <i>Table 1: Impact of the f-factor on the Average Tariff of the NGTS</i> |   |   |                                 |
|--|---|---|---------------------------------|
| <b>Updated analysis of 18/5/2022</b>                                     |   |   |                                 |
| <b>f factor</b>  | <b>min capacity for positive economic test (kWh/d/year)</b> | <b>min capacity for positive economic test (Nm3/year)</b> | <b>Impact on Average Tariff</b> |
| 1  | 36.000.000  | 1.160.322.435   | <b>-4,28%</b>                   |
| 0.9  | 32.500.000  | 1.047.513.309   | <b>-3,60%</b>                   |
| 0.8  | 29.000.000  | 934.704.184   | <b>-2,88%</b>                   |
| 0.7  | 25.300.000  | 815.448.822   | <b>-2,29%</b>                   |
| 0.6  | 21.700.000  | 699.416.579   | <b>-1,44%</b>                   |
| 0.5  | 18.000.000  | 580.161.217   | <b>-0,66%</b>                   |
| 0.4  | 14.500.000  | 467.352.092   | <b>0,03%</b>                    |

3. For the calculation of the Average Tariff, the bookings at the new Exit Point were used, assuming a load factor equal to 1, and the assumption that an equivalent aggregated booking of capacity would be added on the existing inflows of the Entry Points of the NGTS (split in North 60% and South 40%, according to the corresponding load factors),

since we assumed that the exports to North Macedonia will be additional to the existing consumption of the Greek market. Thus, the impact of each set of f-factor and capacity level to the system's Average Tariff for year 2022, in accordance with Tariff Regulation<sup>1</sup>, on the basis of the period of 20 years with assumed constant capacity reservations for IGNM was performed and the difference of the resulting Average Tariff level with the Interconnector from the "As Is" scenario, i.e. without the Interconnector, are presented in the last column of Table 1, where a negative value represents reduction of Average Tariff.

4. As can be seen from the results of the Table, all f-factor values above 0,5 lead to a reduction of the Average Tariff of the NGTS by the incorporation of the IGNM and even at the value of f-factor=0,4, the impact on the Average Tariff remains neutral. Thus, it can be assumed that the impact of the new Interconnector will be positive for all NGTS Users.

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<sup>1</sup> Average Tariff:

$$AvTar_n = \frac{AR_{TRA,EN,n} + AR_{TRA,EX,A,n} + AR_{SOC,n} + AR_{LNG,n}}{\sum CAP_{TRA,n} * D_n} + \frac{AR_{TRA,EX,B,n}}{COM_{TRA,EX,n}}$$