

**Publication pursuant to Article 25 (2), Article 28 (3) of Regulation (EU)  
2017/459 (NC CAM) concerning the procedure initiated in 2025  
for incremental capacity for the border bidding zone  
between Poland and Ukraine**

**5 May 2026**

**I. Introduction**

In accordance with Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013; hereinafter "NC CAM") Transmission system operators Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A. (hereinafter "GAZ-SYSTEM") and "Gas Transmission System Operator of Ukraine" LLC (hereinafter "GTSOU") assessed the market demand for incremental capacity from 7 July 2025 to 1 September 2025.

GAZ-SYSTEM and GTSOU have received non-binding demand indications for the firm capacity in the direction from Poland to Ukraine. Currently, there is no existing firm capacity between the entry-exit system of Poland and Ukraine in the requested direction.

Based on the outcome of the Market Demand Assessment Report (MDAR) for the incremental capacity process starting in 2025 between the Polish gas transmission system and the Ukrainian gas transmission system, the TSOs concerned have begun the design phase based on Article 27 of NC CAM.

On 4 May 2026, the President of the Energy Regulatory Office issued decision Ref. No. DRR.WRG.745.2.2026.JJa<sup>1</sup> concluding the administrative proceedings related to GAZ-SYSTEM's application for the approval of the incremental capacity project for the border bidding zone between Poland and Ukraine submitted by GAZ-SYSTEM on 7 April 2026.

The Ukrainian project application was approved and published under the Resolution № 687 of 5 May 2026<sup>2</sup> by National Energy and Utilities Regulatory Commission (NEURC).

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<sup>1</sup> URE Decision: <https://www.ure.gov.pl/pl/paliwa-gazowe/europejski-rynek-gazu-1/decyzje/13283,Prezes-URE-zatwierdzil-projekt-przepustowosci-przyrostowej-dla-polaczen-miedzysy.html>

<sup>2</sup> NEURC Resolution: <https://www.nerc.gov.ua/acts/pro-pohodzhennia-proiektu-propozytii-tov-operator-hazotransportnoi-sistemy-ukrainy-zi-zbilshennia-potuzhnosti-hazotransportnoi-sistemy-u-tochtsi-vkhodu-na-mizhderzhavnomu-ziednanni-z-polshch>

GTSOU’s application for the approval of the incremental capacity project for the border bidding zone between Poland and Ukraine submitted by GTSOU on 7 April 2026.

**Publication according to Article 28 (3) NC CAM**

- II. Permit contents acc. Article 28 (1) NC CAM**
- a. Offer-level acc. Article 28 (1) (a) NC CAM**

In the annual auction to be held on 6 July 2026, the participating TSOs will offer the common two separate Offer Levels for bundled capacity products at GCP GAZ-SYSTEM/UA TSO. The Offer Levels take into account the obligations to set aside capacity based on the calculation methodology described in Article 11 (6) of NC CAM.

**Offer Level 1**

Gas Year	From 2030/2031 to 2044/2045
<b>Offer Level</b>	<b>3,095,890 kWh/h</b>
Incremental capacity – to be offered	<b>3,095,890 kWh/h</b>
Incremental capacity – total	<b>3,869,863 kWh/h</b>
Existing Capacity	0 kWh/h

**Offer Level 2**

Gas Year	From 2032/2033 to 2046/2047
<b>Offer Level</b>	<b>4,520,000 kWh/h</b>
Incremental capacity	<b>4,520,000 kWh/h</b>
Incremental capacity – total	<b>5,650,000 kWh/h</b>
Existing Capacity [kWh/h]	0 kWh/h

Due to the project's technical characteristics, the Offer Level 1 can be marketed to network users no earlier than gas year 2030/2031 and the Offer Level 2 can be marketed to network users no earlier than gas year 2032/2033.

The incremental capacity auction shall take place on the GSA Platform<sup>3</sup>. Registration in both network operator's systems is required to participate in auctions on the GSA Platform.

**b. Terms and Conditions for the incremental auction to be accepted by the network user acc. Article 28 (1) ( b) NC CAM**

For the marketing of incremental capacity (i.e. the Offer Levels) in the yearly capacity auction 2026, GAZ-SYSTEM and GTSOU have developed individual terms and conditions for the incremental capacity auction to be accepted by the network user before the incremental capacity auction.

The terms and conditions of GAZ-SYSTEM's as well as GTSOU's incremental capacity auction are annexed to this document.

Regardless of the fact that both GAZ-SYSTEM and GTSOU publish their terms and conditions for the incremental capacity auction in English and in their respective national languages, only the Polish and Ukrainian versions respectively, shall be considered as binding.

**c. Incremental Project Schedules as well as the measures to avoid delays and reduce the impact of delays pursuant to Art. 28 (1) ( c) NC CAM**

The following tables show the further steps and represent a rough schedule for both projects.

**The construction phase will only start provided that there is a commitment by network users to acquire the respective incremental capacities in the yearly auction 2026, and if the results of the following economic tests are also positive for GAZ-SYSTEM and GTSOU and also GAZ-SYSTEM together with GTSOU conclude the agreement on Incremental Project implementation.**

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<sup>3</sup> <https://www.gsaplatform.eu/>

**For GAZ-SYSTEM**

- **Offer Level 1:**

<b>Time period</b>	<b>Milestone</b>
06/07/2026	Yearly capacity auction followed by an economic test
3Q/2026	Concluding the agreement between GAZ-SYSTEM and GTSOU for implementation of the project
1-2Q/2027	Building permits obtained
2-3Q/2027	Construction contracts signed
3Q/2030	Permit to use obtained
4Q/2030	Commissioning of the project

- **Offer Level 2:**

<b>Time period</b>	<b>Milestone</b>
06/07/2026	Yearly capacity auction followed by an economic test
3Q/2026	Concluding the agreement between GAZ-SYSTEM and GTSOU for implementation of the project
4Q/2028	Building permits obtained
3Q/2029	Construction contracts signed
3Q/2032	Permit to use obtained
4Q/2032	Commissioning of the project

**For GTSOU**

- **Offer Level 1 or Offer Level 2:**

<b>Time period</b>	<b>Milestone</b>
06/07/2026	Yearly capacity auction followed by an economic test
3Q/2026	Concluding the agreement between GTSOU and GAZ-SYSTEM for implementation of the project
2026-2027	Approval of project decisions, expertise
2028-2030	Execution of works
1Q/2030	Commissioning of the project

The timeframes of work completion may change due to existing uncertainty related Russia's full-scale war with Ukraine.

**d. Parameter acc. Art. 28 (1) ( d) NC CAM**

**For GAZ-SYSTEM**

**i. Parameter acc. Art. 22 (1) ( a) NC CAM**

**Auction Premium:**

The algorithm for multi-level ascending price auctions pursuant to Article 17 NC CAM applies to the auction of incremental capacities pursuant to Article 29 (1) NC CAM. This may result in an auction premium which will only be determined at the end of the 2026 annual auction. Auction premium shall be included in the economic test.

**Mandatory minimum premium:**

In accordance with decision DRR.WRG.745.2.2026.JJa1the approved mandatory minimum premium for:

- the Offer Level 1 equals 0 PLN/(MWh/h)/h (0 EUR/(MWh/h)/h),
- the Offer Level 2 equals 0,749 PLN/(MWh/h)/h (0,175 EUR/(MWh/h)/h).

Net present value of binding commitments of network users:

The present value of the estimated increase in allowed revenues covers the expanded cost base resulting from capital expenditures incurred for the project implemented by TSO as well as higher operating costs during the period of contracted incremental capacity offered under the auction procedure for the GCP GAZ-SYSTEM/UA TSO interconnection point (UA direction). GAZ-SYSTEM adopted a discount rate of 7,60% for the calculation of the discounted value of the allowed revenue related to the implementation of the project for the Poland's and Ukraine's border bidding zone in the years 2030-2047. The discounted value of network users' liabilities at the GCP GAZ-SYSTEM/UA TSO, with a discount rate of 7,60% for the 15 year test period for:

- the Offer Level 1 equals 689 514 000 PLN (161 479 000 EUR),
- the Offer Level 2 equals 1 040 336 000 PLN (243 638 000 EUR).

The discount rate used in the calculation (7,60%) was estimated based on the rates of return on capital employed adopted by GAZ-SYSTEM for the purpose of calculating the reference rates approved by the President of the Energy Regulatory Office (URE) for the years 2024–2028. This value was determined using the calculation tool which reflects the current practice, including the calculation parameters for determining the allowed revenues approved by the President of the URE for the Tariff No. 19 for Transmission of Gaseous Fuels for 2026.

**ii. Parameter acc. Art. 22 (1) ( b) NC CAM**

In accordance with decision Ref. DRR.WRG.745.2.2026.JJa1, the discounted allowed revenues was determined and approved, for:

- the Offer Level 1: 1 460 394 000 PLN (342 013 000 EUR),
- the Offer Level 2: 1 857 742 000 PLN (435 068 000 EUR).

**iii. f-Factor acc. Art. 22 (1) (c) NC CAM**

According to decision Ref. DRR.WRG.745.2.2026.JJa1 the following f-factor was determined and approved:

- 0.47 for the Offer Level 1,
- 0.56 for the Offer Level 2.

**For GTSOU**

**i. Parameter acc. Art. 22 (1) ( a) NC CAM**

**Auction Premium:**

The algorithm for multi-level ascending price auctions pursuant to Article 17 NC CAM applies to the auction of incremental capacities pursuant to Article 29 (1) NC CAM.

This may result in an auction premium which will only be determined at the end of the 2026 annual auction. Auction premium shall be included in the economic test.

Mandatory minimum premium:

In accordance with resolution № 687 issued on 5 May 2026 by the National Energy and Utilities Regulatory Commission (NEURC), the mandatory minimum premium of EUR 0.00 per 1000 m<sup>3</sup>/day was approved.

Net present value of binding commitments of network users:

The value of the expected increase in the allowed revenues corresponds to the value of investment costs for the project and is calculated for the period covering the contractual incremental capacity that is offered during the capacity allocation auction for GCP GAZ-SYSTEM/UA TSO.

GTSOU adopted the discount rate of 5,70% for calculating the discounted value of the allowed revenues related to the implementation of the project and transmission on the in the border bidding zone between Poland and Ukraine in 2030-2047.

The discount rate (5,70%) is determined as of January 2026 based on the interest rate on new loans in Euro to non-financial corporations for a period of more than 5 years (Financial markets statistics “Interest rates on loans and deposits. Securities issued by residents. PFTS index” <https://bank.gov.ua/ua/statistic/sector-financial#2fs>).

**Parameter acc. Art. 22 (1) ( b) NC CAM**

In accordance with resolution № 687 issued on 5 May 2026 by NEURC, the allowed revenues correspond to the value of investment costs for the project.

**ii. f-Factor acc. Art. 22 (1) ( c) NC CAM**

According to resolution № 687 issued on 5 May 2026 by NEURC, the following f-factor was determined and approved: 0.

**e. Extension of the marketing period acc. Art. 28 (1) ( e) NC CAM**

An extension of the marketing period for incremental capacity project does not apply to any of the TSOs concerned.

**f. Alternative allocation mechanism acc. Art. 28 (1) ( f) NC CAM**

An alternative allocation mechanism is not applied for both TSOs

### **Publication acc. Art. 25 (2) NC CAM**

#### **Reference price acc. Art. 25 (1) NC CAM**

##### **For GAZ-SYSTEM S. A.**

In accordance with decision Ref. DRR.WRG.745.2.2026.JJa1, the reference prices amounting to 3.808 PLN/(MWh/h)/h (0.892 EUR/(MWh/h)/h), will be used in the economic test carried out by GAZ-SYSTEM to calculate the current value of the liabilities of network users in the scope of contracting incremental capacity made available under offers placed in the auction procedure at GCP GAZ-SYSTEM/UA TSO.

- **Offer Level 1:** The reference prices should be set for the time horizon of the incremental capacity offered under the project for the border of market areas of Poland and Ukraine, i.e. for the time horizon of 15 gas years, i.e. from 1 October 2030 until 1 October 2045.
- **Offer level 2:** The reference prices should be set for the time horizon of the incremental capacity offered under the project for the border of market areas of Poland and Ukraine, i.e. for the time horizon of 15 gas years, i.e. from 1 October 2032 until 1 October 2047.

##### **For GTSOU**

In accordance with resolution № 687 issued on 5 May 2026 by NEURC, the economic test will be conducted using the current tariff for GCP GAZ-SYSTEM/UA TSO, which is set for the period from 1 January 2025 to 31 December 2029, and approved by the NEURC Resolution No. 2387 of 30 December 2024. The specified tariff for a yearly product is EUR 10.61 for 1000 m<sup>3</sup>/day (m<sup>3</sup> at 20 °C) excl. VAT (EUR 1.197/(MWh/h)/h incl. VAT).

#### **Annexes**

1. "General Terms and Conditions of participation in and access to capacity in the binding phase of incremental capacity auction on the border bidding zone between Poland and Ukraine" (GAZ-SYSTEM);
2. "General Terms and Conditions which network users shall accept in order to obtain access to capacity in the binding phase of capacity allocation of incremental capacity procedure on the border bidding zone between Ukraine and Poland" (GTSOU).



### III. Contact information



#### **Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A.**

Paulina Buczek-Jaroszyńska

International Projects and Relations  
Department

Telephone:  
+48 22 220 18 47  
+48 22 220 15 18

Email:  
[paulina.buczek@gaz-system.pl](mailto:paulina.buczek@gaz-system.pl)

Mszczonowska 4 St.  
02-337 Warsaw  
Poland

Telephone:  
+48 22 220 18 00

Email:  
[incremental@gaz-system.pl](mailto:incremental@gaz-system.pl)

#### **LLC "Gas TSO of Ukraine"**

Andrii Yefanov

Division of Cooperation with Clients

Telephone:  
+38 044 298 69 56

Email:  
[yefanov-av@tsoua.com](mailto:yefanov-av@tsoua.com)

Liubomyra Huzara av. 44  
03065, Kyiv  
Ukraine

Telephone:  
+38 044 239 78 43

Email:  
[commercial@tsoua.com](mailto:commercial@tsoua.com)