

ANNEX 22
to the Treaty on the
Eurasian Economic Union

PROTOCOL
on the Access to Services of Natural Monopolies in the Sphere of Gas Transmission by
Gas Transmission Systems, including the Basics of Pricing and Tariff Policy

1. This Protocol in accordance with Articles 79, 80 and 83 of the Treaty on the Eurasian Economic Union (hereinafter – the Treaty) defines a framework for cooperation in the gas sector, the principles and conditions of the access to services of natural monopolies in the sphere of gas transmission by gas transmission systems, including the basics of pricing and tariff policy to meet the needs of the member States.

2. Definitions used in this Protocol, have the following meanings:

“Domestic demand for gas” – is gas volumes required for consumption on the territory of each member State;

“Gas” – is a combustible mixture of gaseous hydrocarbons and other gases produced on the territory of the member States, consisting mainly of methane transported in compressed gaseous state for transportation systems;

“Gas-producing member States” – are the member States where the amount of consumed gas is less than the amount of produced gas;

“Gas-consuming member States” – are the member States where the amount of consumed gas is more than the amount of produced gas;

“Gas transportation systems” – are facilities for the transportation of gas, including natural gas pipelines and related unified process objects except gas distribution networks;

“Access to services of natural monopolies in the field of gas transportation” – is the right to use the gas transportation systems, natural monopolies controlled by member States, to transport gas;

“Market (equal income) gas prices” – are wholesale prices formed to meet domestic needs including the following principles:

for gas-producing member States market wholesale price formation is accomplished by subtracting the price of gas sold on the external market value fees, taxes and other charges levied in these states, and the cost of transporting the gas outside the gas-producing member States, taking into account the differences in the cost of transportation gas on the domestic and foreign markets gas supplier;

gas consumption for the member States - the market wholesale price, the formation of which the is accomplished by producing states and deducting from the price of gas sold on the external market duties, fees, taxes and other charges, as well as the cost of transporting gas outside the member State;

“Gas transportation services” – are transportation services of gas transportation systems;

“Competent authorities” – are state bodies authorized by member States to monitor the implementation of this Protocol.

3. The member States are implementing the gradual formation of a common EAEU gas market, as well as provide access to services of natural monopolies in the transportation of gas transportation systems of the member States on the basis of the following principles:

- 1) non-application of the mutual trade of import and export duties (other duties, taxes and charges having equivalent value);
- 2) priority provision of domestic gas needs of member States;
- 3) prices and tariffs for gas transportation services to meet the domestic needs of member States shall be in accordance with the laws of the member States;
- 4) unification of norms and standards for gas member States;
- 5) environmental security;
- 6) information exchange on the basis of information, which includes data on domestic gas consumption.

4. Access to services of natural monopolies in the field of gas transportation is provided in accordance with the terms of this Protocol only in respect of gas originating

from the territory of the member States. The provisions of this Protocol shall not apply to the relationship of access to services of natural monopolies in the transportation of gas for the gas originating from the territory of Third Countries, and the relations in the transportation of gas from the territory and the territory of the EAEU.

5. Prerequisite for under this Protocol access to services of natural monopolies in the transport gas transportation systems of member States is the implementation by of a package of measures, including the following activities:

- creation of a system of information exchange on the basis of information, which includes information on domestic gas consumption;

- establishment of mechanisms for the preparation of indicative (predictive) balances in accordance with this Protocol;

- unification of norms and standards for gas member States;

- transition to the market (equal income) gas prices in the territories of the member States.

Completion of the measures by member States specified in this paragraph issued in a relevant protocol.

6. Member States shall ensure the achievement of market (equal profit) gas prices in the territories of all the member States.

7. After performing all sets of measures set out in paragraph 5 of this Protocol, member States within the existing technical possibilities of free capacities of gas transport systems and taking into account the agreed indicative (predictive) gas balance of the EAEU and on the basis of civil law agreements shall provide an access to economic entities of other member States and transmission systems located in the territories of member States, to transport gas to meet domestic needs of member States according to the following rules:

- business entities of member States have access to the gas transmission system of another member State on equal terms, including rates, with the gas producers who are not the owner of the gas transportation system of the member State on whose territory the transportation takes place;

volumes, prices and tariffs for gas transportation, as well as commercial and other conditions of transport gas transportation systems are determined by civil agreements between entities of the member States in accordance with the laws of the member States.

Member States shall contribute to the proper implementation of existing agreements on transportation via gas pipelines between entities engaged in activities on their territories.

8. In accordance with the Methodology of formation of indicative (predictive) balances of gas, oil and petroleum, competent authorities of the member States develop and agree an indicative (estimated) gas balance EAEU (production, consumption and supply to meet domestic needs, including mutual) which is made for 5 years and updated annually by 1 October.

Given the agreed gas balance member States have access to services of natural monopolies in the field of gas transportation to the domestic markets of the member States.

9. The member States shall seek to develop long-term mutually beneficial cooperation in the following areas:

- 1) transportation of gas through the territories of the member States;
- 2) construction, reconstruction and operation of gas pipelines and underground gas storage facilities and other gas infrastructure;
- 3) the provision of services needed to meet domestic gas needs of member States.

10. Member States shall ensure the unification of regulatory and technical documents governing the operation of the gas transportation systems in the territories of member States.

11. This Protocol shall not affect the rights and obligations of member States arising from other international agreements.

The relations of the member States in the field of gas transportation are not covered by the law of the member States.

12. The provisions of Section XVIII of the Treaty shall apply to natural monopolies engaged in the transportation of gas, with the specifications provided by this Protocol.

13. Bilateral agreements concluded between member States in the field of gas supply shall be valid until the entry into force of an international Agreement on the creation of a common gas market of the EAEU, provided for in paragraph 3 of Article 83 of the Treaty unless the member States agree otherwise.
