

Publication acc. to Art. 25 Para 2, Art. 28 Para 3 REG (EU) 2017/459 (NC CAM)

**regarding the procedure for marketing incremental capacities in 2017/2018
at the market area border NCG (DE) – Marktgebiet Ost (AT)**

I. Background

Since the consultation of the technical study had been carried out between 19.10.2017 and 19.11.2017 the project promoters and TSOs Gas Connect Austria GmbH (AT) and bayernets GmbH (DE) have submitted a request for approval to their respective NRAs acc. to Art. 28 Para 1 NC CAM.

By letter of E-Control, dated 20 April 2018, and by letter of Bundesnetzagentur, dated 25.04.2018, the approvals have been granted by the respective NRAs.

The concerned TSOs therefore publish below the content of these NRA decisions acc. to Art. 25 Para 2, Art. 28 Para 3 NC CAM.

II. Preliminary remarks regarding the approval process

The approval process acc. to Art. 28 Para 1 NC CAM aims at an upfront NRA approval of the parameters for the binding auctioning of incremental capacities as well as an approval of the parameters for the economic test to be carried out acc. to Art. 22ff NC CAM.

The planning and consultation phase acc. to Art. 27 NC CAM showed that only on the Austrian side the construction of additional infrastructure is necessary to serve the demand requested by the market in the non-binding market demand assessment phase. As on the German side no investments are needed and no cost for new infrastructure investments will occur, a positive result of the economic test for the approved offer level 1 on the German side of the border is already clear upfront. **Therefore, if the following section makes reference to parameters of the economic test, these references refer exclusively to the economic test to be carried out on the Austrian side of the border.**

III. Content of the NRA decisions acc. to Art. 25 Para 1 NC CAM

1. Reference prices estimated for the time horizon of the initial offer of incremental capacity that are used for the calculation of the parameter set out in Article 22 Para 1 lit. a) and Art. 24 Para 2 lit. a) NC CAM

Freely allocable capacity at entry point Überackern SUDAL: 1.30 EUR/kWh/h/a

2. The parameters set out in Article 22 Para 1 lit. b) to c) and Art. 24 Para 2 lit. b) c) NC CAM

- Approved present value acc. to Art. 22 Para 1 lit. b) NC CAM: 166,243.8 Thousand EUR
- *f-factor*: 50%

3. The range of the level for the mandatory minimum premium referred to in Article 33 Para 4 of Regulation (EU) 2017/460 for each offer level and interconnection point for which the incremental Capacity is offered, Art. 25 Para 1 lit. c) NC CAM.

Mandatory minimum premium: 4.46 EUR/kWh/h/a

IV. Content of the NRA approval decisions acc. to Art. 28 Para 1 NC CAM

1. Offer Level 1, reflecting the range of expected demand for incremental capacity at the relevant interconnection point Überackern 2 / Überackern SUDAL as a result of the processes provided for in paragraph 3 of Article 27 and Article 26, Art. 28 Abs. 1 lit. a) NC CAM. The time horizon for selling bundled yearly capacity products of the offer level 1 is 15 years starting with the operational use acc. to Art. 11 para 3 sentence 2 NC CAM. **Besides the approved offer level 1 for transparency reasons the existing capacities to be offered are also published:**

a) Existing Capacities and approved offer level 1 on the German side of the IP Überackern 2
(The letters A-F refer to Art. 11 Para 6 NC CAM):

Von	Bis	A	B	C	D	E	F	Bestandskapazität (kWh/h)	Angebotslevel 1 (kWh/h)
01.10.2018	01.10.2019	9.016.301	901.630	4.851.588	0	0	0	3.263.082	Angebot von Kapazität auf Grundlage des Angebotslevels 1 erst ab Beginn der betrieblichen Nutzung der neu zu schaffenden Kapazität, Art. 11 Abs. 3 S. 2 NC CAM.
01.10.2019	01.10.2020	9.016.301	901.630	4.259.858	0	0	0	3.854.812	
01.10.2020	01.10.2021	9.016.301	901.630	4.259.858	0	0	0	3.854.812	
01.10.2021	01.10.2022	9.016.301	901.630	3.345.000	0	0	0	4.769.670	
01.10.2022	01.10.2023	9.016.301	901.630	3.345.000	0	0	0	4.769.670	4.769.670
01.10.2023	01.10.2024	9.016.301	1.803.260	3.345.000	0	0	0	3.868.040	3.868.040
01.10.2024	01.10.2025	9.016.301	1.803.260	3.345.000	0	0	0	3.868.040	3.868.040
01.10.2025	01.10.2026	9.016.301	1.803.260	3.345.000	0	0	0	3.868.040	3.868.040
01.10.2026	01.10.2027	9.016.301	1.803.260	3.345.000	0	0	0	3.868.040	3.868.040
01.10.2027	01.10.2028	9.016.301	1.803.260	0	0	0	0	7.213.040	7.213.040
01.10.2028	01.10.2029	9.016.301	1.803.260	0	0	0	0	7.213.040	7.213.040
01.10.2029	01.10.2030	9.016.301	1.803.260	0	0	0	0	7.213.040	7.213.040
01.10.2030	01.10.2031	9.016.301	1.803.260	0	0	0	0	7.213.040	7.213.040
01.10.2031	01.10.2032	9.016.301	1.803.260	0	0	0	0	7.213.040	7.213.040
01.10.2032	01.10.2033	9.016.301	1.803.260	0	0	0	0	7.213.040	7.213.040
01.10.2033	01.10.2034	9.016.301	1.803.260	0	0	0	0	Bestandskapazität kann regulär für maximal 15 Jahre angeboten werden, Art. 11 Abs. 3 S. 1 NC CAM.	7.213.040
01.10.2034	01.10.2035	9.016.301	1.803.260	0	0	0	0		7.213.040
01.10.2035	01.10.2036	9.016.301	1.803.260	0	0	0	0		7.213.040
01.10.2036	01.10.2037	9.016.301	1.803.260	0	0	0	0		7.213.040

b) Existing Capacities and approved offer level 1 on the Austrian side

Gas year starting with 1 October	Available capacity in kWh/h	Incremental capacity in kWh/h	Offer level 0 in kWh/h ¹	Offer level 1 in kWh/h ²
2018	—	—	—	—
2019	3.282	—	3.282	—
2020	3.282	—	3.282	—
2021	918.140	—	918.140	—
2022	918.140	2.517.750	918.140	3.435.890
2023	443.124	2.517.750	443.124	2.960.874
2024	443.124	2.517.750	443.124	2.960.874
2025	443.124	2.517.750	443.124	2.960.874
2026	443.124	2.517.750	443.124	2.960.874
2027	3.800.124	2.517.750	3.800.124	6.317.874
2028	3.800.124	2.517.750	3.800.124	6.317.874
2029	3.800.124	2.517.750	3.800.124	6.317.874
2030	3.800.124	2.517.750	3.800.124	6.317.874
2031	3.800.124	2.517.750	3.800.124	6.317.874
2032	3.800.124	2.517.750	3.800.124	6.317.874
2033	3.800.124	2.517.750	—	6.317.874
2034	3.800.124	2.517.750	—	6.317.874
2035	3.800.124	2.517.750	—	6.317.874
2036	3.800.124	2.517.750	—	6.317.874

c) Existing Capacities and approved offer level 1 for the bundled auctions at 2.7.2018

Von	Bis	Gebündelte Bestandskapazitäten kWh/h	Angebotslevel 1 - Gebündelte Neu zu schaffende Kapazität, kWh/h
01.10.2018	30.09.2019	0	Angebot von Kapazität auf Grundlage des Angebotslevels 1 erst ab Beginn der betrieblichen Nutzung der neu zu schaffenden Kapazität, Art. 11 Abs. 3 S.
01.10.2019	30.09.2020	3.282	
01.10.2020	30.09.2021	3.282	
01.10.2021	30.09.2022	918.140	
01.10.2022	30.09.2023	918.140	3.435.890
01.10.2023	30.09.2024	443.124	2.960.874
01.10.2024	30.09.2025	443.124	2.960.874
01.10.2025	30.09.2026	443.124	2.960.874
01.10.2026	30.09.2027	443.124	2.960.874
01.10.2027	30.09.2028	3.800.124	6.317.874
01.10.2028	30.09.2029	3.800.124	6.317.874
01.10.2029	30.09.2030	3.800.124	6.317.874
01.10.2030	30.09.2031	3.800.124	6.317.874
01.10.2031	30.09.2032	3.800.124	6.317.874
01.10.2032	30.09.2033	3.800.124	6.317.874
01.10.2033	30.09.2034	Bestandskapazität kann regulär für maximal 15 Jahre angeboten werden, Art. 11 Abs. 3 S. 1 NC CAM.	6.317.874
01.10.2034	30.09.2035		6.317.874
01.10.2035	30.09.2036		6.317.874
01.10.2036	30.09.2037		6.317.874

¹ Preliminary values, offered capacity is calculated acc. to Art. 11 para. 6 NC CAM.

² Preliminary values, offered capacity is calculated acc. to Art. 11 para. 6 NC CAM.

Please note: The actual offer for the yearly auction 2018 could possibly increase (on short notice) because of the application of CMP measures (especially because of surrendered capacities).

2. The general rules and conditions that a network user must accept to participate and access capacity in the binding capacity allocation phase of the incremental capacity process ..., Art. 28 Para 1 lit. b) NC CAM

a) On the German side only existing capacity will be offered. Consequently, only the usual for existing capacities applicable GT&Cs will be used that can be found using the following links:

- [General Terms and Conditions for the Entry-Exit Contract from 01-01-2018](#)
- [Supplementary Terms and Conditions from 01-01-2018](#)

b) The terms and conditions for the marketing of incremental capacities are stipulated in the framework contract of Gas Connect Austria GmbH and are available for [download here](#).

3 Timelines of the incremental capacity project..., Art. 28 Para 1 lit. c) NC CAM;

a) Publication of the content of the NRA decisions acc. to Art. 25 Para 2, Art. 28 Para 3 NC CAM by the TSOs: 2.5.2018

b) Marketing of incremental capacities: Yearly auction at 2.7.2018 on PRISMA

c) Application of the economic test: within two business days after the closing of the last bidding round (Art. 11 Para 10 last sentence NC CAM)

d) Publication of the result of the economic test and the decision whether the project will be initiated (Art. 22 Para 3 NC CAM) on the following websites:

- [FNB Gas Capacity](#)
- [Gas Connect Austria](#)

e) A description of the project including a time schedule is available in the approved [Network Development Plan 2018-2027](#) of Gas Connect Austria GmbH.

4. The parameters defined in Article 22 Para 1, Art. 28 Para 1 lit. c) NC CAM;

a) Note regarding the economic test at the German side of the border:

Art. 22 Para 1 NC CAM covers the parameters of the economic test for incremental capacities. With regards to the German side it can be upfront concluded that the economic test for the offer level 1 will be in any case positive, as only existing capacities will be offered and no costs for incremental investments will occur:

Acc. to Art. 22 Para 2 lit. a) NC CAM the result of the economic test is positive, if the following term is true:

$$\sum_{j=1}^T \left[\frac{1}{(1+i)^j} \times \{ (RP_j + AP_j + MP_j) \times NK_j + (AP_j + MP_j) \times \text{verf.} BK_j^{[NK>0]} \} \right] \geq \sum_{j=1}^H \frac{1}{(1+i)^j} \Delta EOG_j \times f$$

Picture 1: Term for calculating the economic test³

The right-hand side of the term requires an increase of the allowed revenue of a TSO (ΔEOG_j) that would only occur in case infrastructure investments would be needed. In the underlying case no investments on the German side are needed to offer the capacities of the offer level 1. Consequently there will be no increase of the allowed revenue and the f-factor will be multiplied by zero. Therefore, the term on the right-hand side will always show a zero and the inequation is satisfied for all values bigger or equal than zero on the left-hand side of the term and the economic test for the offer level 1 will be in any case positive. It is therefore not meaningful to present the defined parameters of Art. 22 Para 1 NC CAM regarding the German side of the border.

b) The parameters defined in Article 22 Para 1 NC CAM for the economic test regarding the Austrian side

- (1) Approved present value acc. to Art. 22 Para 1 lit. a) NC CAM: 83,251.1 Thousand EUR
- (2) Approved present value acc. to Art. 22 Para 1 lit. b) NC CAM: 166,243.8 Thousand EUR
- (3) Approved f-factor acc. to Art. 22 Para 1 lit. c) NC CAM: 50%

5. Whether an exceptionally extended time horizon for contracting capacity for an additional period of up to 5 years beyond the allocation of up to 15 years after the start of the operational use may be required, in accordance with Article 30; Art. 28 Para 1 lit. e) NC CAM;

Information about an extended time horizon for marketing capacity are obsolete in the underlying case, as there are not more than two entry-exit-systems involved (see Art. 30 Para 2 lit. a) NC CAM) and therefore the underlying case is out of scope of Art. 30 NC CAM.

6. Where applicable, the proposed alternative allocation mechanism including its justification pursuant to Article 30 Para 2 as well as the conditions approved by the transmission system operator for the binding phase pursuant to Article 30 Para 3; Art. 28 Para 1 lit. f) NC CAM;

The underlying case is out of scope of Art. 30 NC CAM (see point 5.).

7. Where a fixed price approach is followed for the incremental capacity project, the elements described in Article 24 lit. b) of Regulation (EU) 2017/460; Art. 28 Para 1 lit. g) NC CAM

There is no fixed price approach applied in the underlying case acc. to Art. 24 lit. b) NC TAR.

³ Bundesnetzagentur, Erläuterungen zum Berechnungstool für die Wirtschaftlichkeitsprüfung gemäß Artikel 22 NC CAM, 19.10.2017, downloaded 29.11.2017
https://www.bundesnetzagentur.de/SharedDocs/Downloads/DE/Sachgebiete/Energie/Unternehmen_Institutionen/NetzentwicklungUndSmartGrid/Gas/IncrementalCap/Erlaeuterungen_Kalkulationstool.pdf?__blob=publicationFile&v=1.

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