

**Demand assessment report  
for the incremental capacity process starting  
2019  
between Switzerland and  
the German market area Trading Hub Europe**

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This report is a joint assessment of the potential for incremental capacity projects conducted by

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## A. Non-binding demand indications

All inquiries received in the course of the demand period comply with the terms and conditions of participation and can be taken into account in the subsequent analysis.

The following **aggregated non-binding demand indications** for firm capacity have been used as a basis for this demand assessment:

From “EXIT CAPACITY”	To “ENTRY CAPACITY”	Gas year	Amount (kWh/h)	Request is submitted to other TSOs	Period when demand indication was received*	Additional information (e.g. type of capacity, if different from bundled firm freely allocable)
<i>Trading Hub Europe</i>	Switzerland	2026/27 - 2046/47	2.000.000	<i>no</i>	2	Withdrawal point Trading Hub Europe: Restrictedly allocable firm capacity from zone Burghausen/Trading Hub Europe  Injection point Switzerland: Firm capacity

\* The following standardised period shall be used for indicating the receiving date of the demand indication:

- 1) later than eight weeks after the annual yearly capacity auction in the previous incremental capacity cycle, that have not been considered previously;
- 2) within eight weeks after this year’s yearly capacity auction (0 – 8 weeks after yearly auction in year);
- 3) later than eight weeks after this year’s yearly capacity auction, but that will be considered in this incremental capacity cycle (9 – 16 weeks after yearly auction in year).

## **B. Demand assessment**

### **Future merger of the German entry-exit-systems**

On July 7th 2017, the German Bundesrat (Federal Council) approved the revision of the German Grid Ordinance (GasNZV) which in §21 p. 1 s. 2 obliges TSOs to merge the currently existing two entry-exit-systems within Germany until 1st April 2022. Since such a merger implies that interconnection points between the entry-exit-systems will be transformed to inter-TSO exchange points and due to the fact that capacities eventually will not be bookable for transports, TSOs will stop marketing the respective capacities as of the date of the entry-into-force of the revised GasNZV for transports taking place after the merger.

In the course of the merging project of the two German market areas (“marco”) the German TSOs announced that they are planning to merge the two German market areas as of October 2021. Trading Hub Europe will be the name of the new joint market area.

Since the ongoing incremental capacity process will end with the auctioning of yearly capacity products for capacity starting on October 2021 in July 2021 there is no possibility to consider any requests concerning the borders of the market areas NetConnect Germany or GASPOOL.

Therefore, only demand indication for the borders of the merged German market area can be stated in the incremental cycle 2019 – 2021 (and following) and only those will be evaluated.

Due to the complexity of developing a joint capacity model the evaluation of requested capacity will be based on the latest legally binding version of the German network development plan gas (hereinafter NEP) 2018 – 2028. In the further process of incremental capacity this basis for planning can change and a new assessment of already done conclusions could be necessary. As a consequence, also the level of demand for incremental capacity could change in the course of an incremental capacity project. All known facts will be incorporated into the process to the best of one’s knowledge and belief, still the TSOs reserve the right to amend the input values for capacity modelling.

#### **i. Specifics of the assessed demand indication**

##### **a. Demand for a new cross border interconnection point to be established**

The incremental capacity demand described under A was stated specifically for a currently not existing cross border interconnection point (IP) in the Bodensee area. This IP would have to be newly created.

In theory the capacity demand could also be fulfilled by using alternative IPs, for example the VIP Germany – CH. However, the grid operator Erdgas Ostschweiz, adjacent to the newly requested interconnection point in the Bodensee area, provided a written statement on October 10<sup>th</sup> 2019, explaining that the non-binding capacity request could not be fulfilled by alternative IPs due to security of supply reasons. Because of this there will be no evaluation of the historic booking levels at alternative IPs in the following section as the determination of the level of demand for incremental capacity would not benefit from such an analysis.

b. Requested capacity product on the German side

“Restrictedly allocable firm capacity” was requested. This is a capacity that ensures firm network access from one booked entry point to one or several defined exit points of an entry/exit system or firm network access to one booked exit point from one or several defined entry points of an entry/exit system. The TSOs have the right to treat requests for restrictedly allocable firm capacity as an expression of demand for freely allocable firm capacity. Requests for restrictedly allocable firm capacity will therefore be considered as the minimum requirement for the type of capacity requested.

ii. Historical usage pattern at the concerned interconnection points

The German TSOs will not perform an analysis of the historical usage pattern for possible alternative IPs. On the basis of the written statement from Erdgas Ostschweiz the demand assessment will be performed.

iii. Relations to GRIPS, TYNDP, NDPs

The latest national development plan (NDP) for Germany was published 20. March 2019 as Netzentwicklungsplan Gas 2018-2028 (NEP Gas 2018-2028). The NDP for Germany is legally binding.

Neither in the current NEP Gas 2018-2028 nor in the relevant TYNDP there are any projects included, which will satisfy the requested capacity demand.

iv. Expected amount, direction and duration of demand for incremental capacity

As stated under B the adjacent grid operator Erdgas Ostschweiz provided a statement that the non-binding capacity demand could only be satisfied through a new IP to be created in the Bodensee area, but not through alternative, existing IPs at the border between Trading Hub Europe and Switzerland.

For this reason the demand for incremental capacity will not be assessed through the analysis of technical capacity, the booked firm capacity and the received non-binding demand indications received for the IPs of the relevant entry-exit-system border. In this case the non-binding demand indications will be assumed to be the demand for incremental capacity.

### **C. Conclusion for the (non)-initiation of an incremental capacity project/process**

If a sustained expected demand for incremental capacity is identified on one side of the entry-exit-system border, the involved TSOs will deem it necessary to conduct technical studies. Depending on whether a demand for incremental capacity is identified on one or both sides of the border of the entry-exit-system an incremental capacity project will be started on one or both sides of the specific entry-exit system. Deviations can occur only if there are justified individual instances.

If an incremental capacity project is initiated, technical studies will be conducted all of the potential IPs of the respective entry-exit-system border for which the project was initiated. The specific IPs and TSOs for which technical studies will be conducted, will be determined in the design phase according to Article 27 of NC CAM. Thereby economical aspects and aspects of grid topology will be taken into account.

For the entry-exit-systems addressed by this report the following conclusion for the (non)-initiation of an incremental capacity project/process is drawn:

#### **a. Exit Trading Hub Europe**

As described under B it is not possible to satisfy the stated non-binding capacity demand indication through existing IPs. Therefore, the demand for incremental capacity amounting to 2.000 MWh/h can only be fulfilled by creating a new IP in the Bodensee area.

As a result, bayernets, terranets bw, Fluxys TENP and Open Grid Europe do deem it necessary to start an incremental capacity project.

The German TSOs will contact the adjacent grid operator Erdgas Ostschweiz concerning the creation of a new IP in the Bodensee area for the joint execution of the planning phase.

## D. Provisional timeline

The involved TSOs plan to conduct the technical studies and the consultation of the draft project proposal according to the following provisional timeline:

Start Date	End Date	Description
21.10.2019		Start of design phase
21.10.2019		Technical studies by TSOs
In calendar year 2020		Publication of consultation documents
In calendar year 2020		Public consultation
In calendar year 2020		Planning of offer levels by TSOs in close cooperation with NRAs
Q3/ Q4 2020	Q1/ Q2 2021	Approval and publication of the necessary parameters acc. to Art. 28 Para 1 NC CAM by NRAs
Q1/ Q2 2021	5.5.2021	Adjustment of the offer levels according to NRA decision by the TSOs
5.5.2021	5.5.2021	Publication of the approved parameters and of a template of the contract(s) related to the capacity to be offered for the incremental project
5.7.2021		Yearly auction/economic test

The stated dates have provisional character and are therefore subject to change.

If the economic test was positive, the project will feed into the national development process.

## E. Interim arrangements for the auction of existing capacity on the concerned IP(s)

According to Art. 26 Para 13 j) of NC CAM, the involved TSOs will offer capacities in compliance with Art. 11 Para 3 of NC CAM. The total duration of the non-binding demand indications with relevance for this Demand Assessment Report spans from gas year 2026/27 to gas year 2046/47. If incremental capacity is offered from the point of time of the first utilization, it can only be offered up until and including gas year 2040/41.



## **F. Fees**

According to Article 26 (11) of Regulation (EU) 2017/459 TSOs may charge fees for activities which result from the transmission of non-binding demand indications. Whether to demand fees or not will be evaluated by the TSOs for every single incremental capacity cycle. The decision on this matter for one specific incremental capacity cycle has no significance on any following cycles.

For the incremental capacity cycle addressed by this report, the following regulations in respect to fees apply: No fees have been charged by the involved TSOs for this cycle of incremental capacity.

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