

# **Demand assessment report for the incremental capacity process starting 2017 between Poland and *GASPOOL***

**– External document for publication –**

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

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This analysis concerns the market demand assessment report for the interconnection point (IP) GCP GAZ-SYSTEM/ONTRAS. This IP exists since 1 April 2016 and summarizes commercially the physical IPs Kamminke, Lasów and Gubin. For the sake of clarity, the data for the period from 1 April 2015 to 31 March 2016 have been summarized in a retroactive manner. All the following statements and considerations, especially in relation to incremental capacity, refer only to the IP GCP GAZ-SYSTEM/ONTRAS.

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## A. Non-binding demand indications

Transmission System Operators GAZ-SYSTEM and ONTRAS have received non-binding demand indications for firm capacity at the IP between the entry-exit system of GAZ-SYSTEM and the entry-exit system of GASPOOL future period as presented below.

Indications submitted for each TSO were not equal. The difference occurred due to the fact that capacity at the given border is unequal. Based on the comment provided by the market participant, the demanded capacity amount requested from each TSO was calculated in order to level up the capacity at the border for this IP. Non-binding demand indications were provided no later than 8 weeks after the start of the incremental capacity process, so by 1 June 2017.

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

From EXIT- Capacity	To ENTRY- Capacity	Gas year	Amount (kWh/h)/y	Request is submitted to other TSOs	Period when demand in- dication was received*	Additional Information (e.g. type of ca- pacity)
<i>Poland</i>	<i>GASPOOL</i>	<i>2019/20 – 2034/35</i>	<i>2,025,676</i>	<i>Yes, to OGP GAZ-SYS- TEM S.A.</i>	<i>2</i>	<i>Freely allocable firm capacity</i>

\* The following standardized 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).

The following table shows the non-binding demand indications **received by ONTRAS**, where a condition was attached by the network users:

From EXIT- Capacity	To ENTRY- Capacity	Gas year	Amount (kWh/h)/y	Request is submitted to other TSOs	Condi- tions **	Period when de- mand indi- cation was received*	Additional Information (e.g. type of capacity)
<i>Poland</i>	<i>GASPOOL</i>	<i>2019/20 – 2034/35</i>	<i>2,025,676</i>	<i>Yes, to OGP GAZ-SYS- TEM S.A.</i>	<i>a)</i>	<i>2</i>	<i>Freely alloca- ble firm ca- pacity</i>

\* The following standardized 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).

\*\* The following standardized terminology shall be used for describing the conditions:

- a) commitments linking or excluding commitments at other interconnection points;
- b) commitments across a number of different yearly standard capacity products at an interconnection point;
- c) commitments conditional on the allocation of a specific or minimum amount of capacity;
- d) other.

### Information on the conditions for the demand indications received by ONTRAS:

The physical reverse flow on the GCP GAZ-SYSTEM/ONTRAS shall equal the import capacity to Poland during the whole year.

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

From EXIT- CAPACITY	To ENTRY- CAPACITY	Gas year	Amount (kWh/h)/y	Request is submitted to other TSOs	Period when Demand In- dication was received*	Additional Information (e.g. type of capacity)
Poland	GASPOOL	2019/20 – 2034/35	910,676	YES, to ONTRAS Gastransport GmbH	2	Freely allocable firm capacity

\* The following standardized 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).

The following table shows the non-binding demand indications **received by GAZ-SYSTEM**, where a condition was attached by the network users:

From EXIT- CAPACITY	To ENTRY- CAPACITY	Gas year	Amount (kWh/h)/y	Request is submitted to other TSOs	Condi- tions **	Period when de- mand indication was received*	Additional Information (e.g. type of capacity)
<i>Poland</i>	<i>GASPOOL</i>	<i>2019/20 – 2034/35</i>	<i>910,676</i>	YES, to ONTRAS Gastransport GmbH	<i>a)</i>	<i>2</i>	<i>Freely allo- cable firm capacity</i>

\* 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).

\*\* The following standardised terminology shall be used for describing the conditions:

- a) commitments linking or excluding commitments at other interconnection points;
- b) commitments across a number of different yearly standard capacity products at an interconnection point;
- c) commitments conditional on the allocation of a specific or minimum amount of capacity;
- d) other.

#### Information on the conditions for the demand indications received by GAZ-SYSTEM:

The physical reverse flow on the IP GCP GAZ-SYSTEM/ONTRAS shall equal the import capacity to Poland during the whole year.

## B. Demand assessment

### i. Historical usage pattern at the IP between Poland and GASPOOL

For the incremental capacity cycle addressed by this report non-binding market demand indications were received. Therefore an analysis of the historical capacity utilization between the aforementioned entry-exit systems is given to support the assessment of a future demand for incremental capacity.

This examination refers to the IP GCP GAZ-SYSTEM/ONTRAS which connects the Polish entry-exit system with the entry-exit system of GASPOOL. The analysis is here based on the flow direction for which non-binding market demands were received. Since the technical and commercial parameters can differ substantially on both sides of this IP, the analysis is described from the perspectives on either side of the IP. At the end, the demand for incremental capacity at the connection between these two entry-exit systems is evaluated.

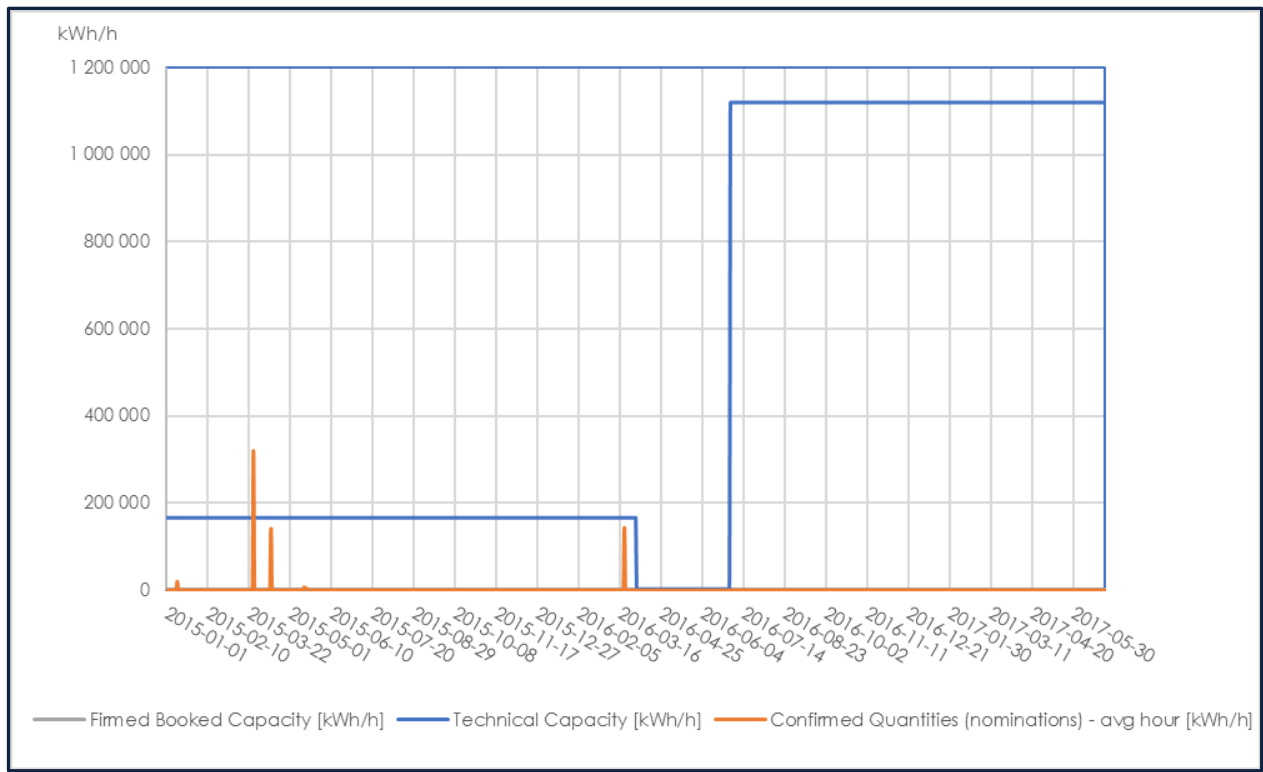
For the analysis the technical capacity, the booked firm capacity and the final confirmed quantities according to Article 3 (8) of Regulation (EU) Nr. 312/2014 is presented on an hourly scale. For the confirmed quantities no distinction between transports in firm or interruptible capacities is performed. The analysis is performed for the period 1 April 2015 6:00 until 1 April 2017 6:00.

Interconnection points connecting the aforementioned entry-exit systems:

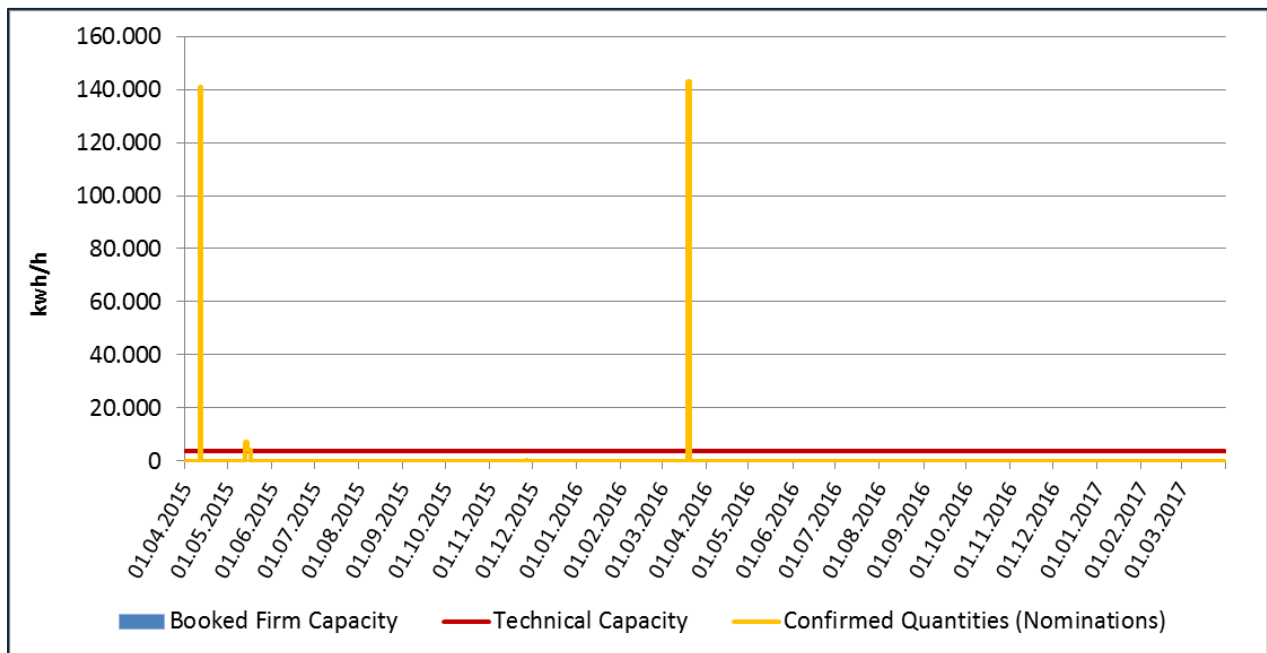
Interconnection Point:	<b>GCP GAZ-SYSTEM/ONTRAS</b>		
Energy Identification Code:	21Z000000000456C		
Entry-Exit-System:	<b>Poland</b>	Entry-Exit-System	<b>GASPOOL</b>
Pipe-in-Pipe:	No	Pipe-in-Pipe:	No
Transmission System Operator:	IP name:	Transmission System Operator:	IP name:
OGP GAZ-SYSTEM S.A.	GCP GAZ-SYSTEM/ ONTRAS	ONTRAS Gastransport GmbH	GCP GAZ-SYSTEM/ ONTRAS



**a. Exit GAZ-SYSTEM (GCP GAZ-SYSTEM/ONTRAS) – TSO GAZ-SYSTEM**



**b. Entry GASPOOL (GCP GAZ-SYSTEM/ONTRAS) – TSO ONTRAS**



## **ii. Results of current annual yearly capacity auctions**

No yearly capacity products were sold in this year's annual capacity auction (6 March 2017) for the transport direction which has been requested through the non-binding demand indications.

GSA platform: <https://aukcje.gaz-system.pl/>

PRISMA platform: <https://platform.prisma-capacity.eu>

## **iii. Relations to GRIPs, TYNDP and NDPs**

The non-binding project TRA-N-814<sup>1</sup> in the Ten Year Network Development Plan 2017 (TYNDP 2017) could already provide part of the requested incremental capacity. Therefore, it should also be included in the analysis of the incremental capacity demand. This non-binding project forecasts an increase of the technical capacity for the GASPOOL entry at GCP GAZ-SYSTEM/ONTRAS.

As with the project TRA-N-814 in the TYNDP 2017, the Gas Regional Investment Plan Central Eastern Europe 2017 (CEE 2017) and the German Network Development Plan (NEP Gas 2016-2026, second draft version) also generally forecast the capacity increase at GCP GAZ-SYSTEM/ONTRAS for the GASPOOL entry.

## **iv. Expected amount of incremental capacity**

The evaluation of the demand for incremental capacity is based on the existing technical capacity and the non-binding requests for incremental capacity between the two entry-exit systems. Capacity for projects which are currently being realized as well as possible future capacity projects are also considered in the analysis. The analysis focuses on the requested transport direction as well as for each side of the entry-exit system. Since only freely allocable capacity is requested, only these have been considered in the analysis.

Due to the differences in technical capacity on each side of the IP, the requested demand for incremental capacity differs. In order to provide equal capacity on both sides of the border and to fulfil the incremental capacity request from the market each TSO would have to deliver other amount of capacity.

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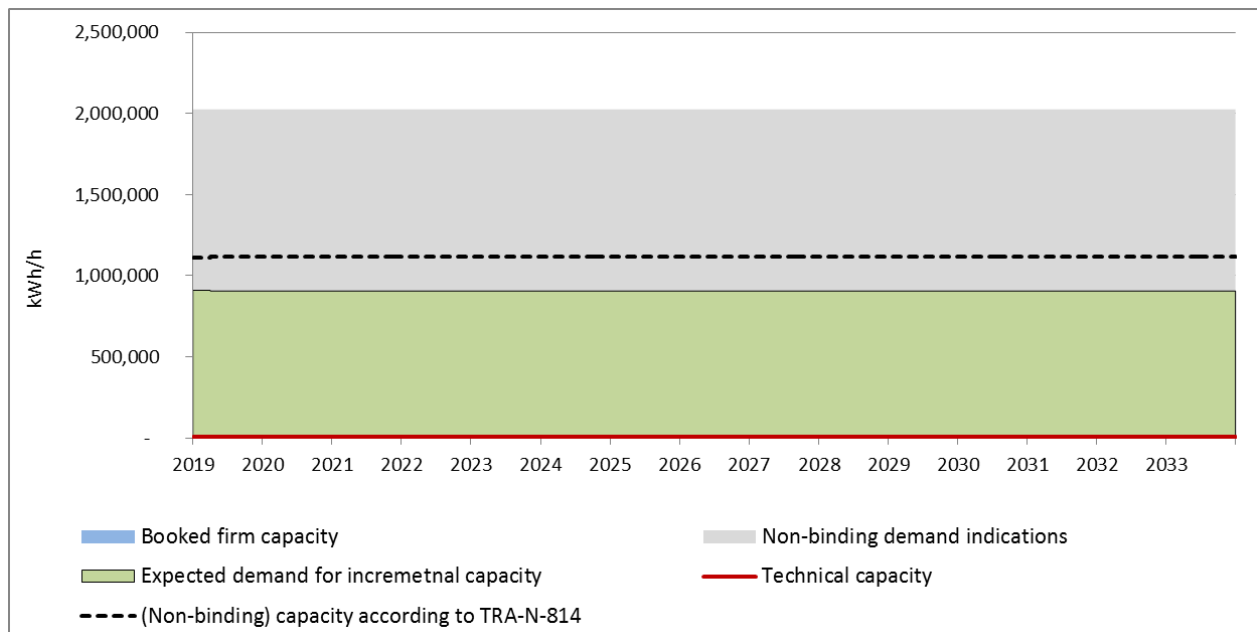
<sup>1</sup> Considered capacities from this project for the assessment of the incremental request are from Annex D – Capacities from the ENTSG TYNDP 2017. In the TYNDP this project has the project status Non-FID. The TYNDP is a non-binding report assessing European gas infrastructure. Thus, this project is also a non-binding project.

**a. Exit GAZ-SYSTEM (GCP GAZ-SYSTEM/ONTRAS) – TSO GAZ-SYSTEM**



To meet the market expectations concerning the incremental capacity, GAZ-SYSTEM would have to increase the technical capacity in the amount of 910,676 kWh/h. Thus, the request from the submitted incremental demand would be fulfilled and the overall capacity would be 2,029,300 kWh/h.

## b. Entry GASPOOL (GCP GAZ-SYSTEM/ONTRAS) – TSO ONTRAS



The possible realization of the non-binding project TRA-N-814 could increase the technical capacity at the GCP GAZ-SYSTEM/ONTRAS to 1,112,083 kWh/h. In a second step 1,116,667 kWh/h could be available.

Based on the submitted non-binding demand indication in the amount of 2,025,676 kWh/h, the expected incremental capacity demand (after deduction of capacity to be possibly provided by the project TRA-N-814) could result in the amount of 909,969 kWh/h. In a second step 905,385 kWh/h would result.

In the following section a conclusion is made regarding the (non)-initiation of an incremental capacity project and whether technical studies need to be produced by the involved TSOs. This check is carried out for both entry-exit-systems.

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

The Federal Council of Germany accepted the new amendment to the German Network Access Regulation (GasNZV) in its meeting on 07.07.2017. § 21 Para. 1 (2) of the amended regulation obliges German TSOs to merge two existing entry-exit zones (GASPOOL and Net Connect Germany) into one single entry-exit zone until 01.04.2022. The amended regulation is expected to enter into force in the upcoming months. Thus, the new rules and consequences will be analyzed and considered as far as possible in the next phases of this incremental process. For this purpose, it may be necessary to include other TSOs, which have not yet been involved in the preparation of this

document. Due to the merging of the market areas, it is not ensured that the given technical capacity used in this Market Demand Assessment Report will be available from 01.04.2022 onwards.

Offer levels will be assessed later, since they are an output of the technical study thoroughly taking into account aspects of technical feasibility.

For the two entry-exit systems analyzed in this report, the following conclusion regarding the possible creation of incremental capacity can be drawn.

#### **a. Exit GAZ-SYSTEM (GCP GAZ-SYSTEM/ONTRAS) – TSO GAZ-SYSTEM**

In order to fulfill the request of the market demand, a technical study for the exit GCP GAZ-SYSTEM/ONTRAS is necessary.

#### **b. Entry GASPOOL (GCP GAZ-SYSTEM/ONTRAS) – TSO ONTRAS**

For the entry GCP GAZ-SYSTEM/ONTRAS, the requested incremental capacity exceeds the technical capacity. Even with the possible consideration of the non-binding project TRA-N-814, the remaining requested capacity would still exceed the technical capacity. In order to fulfill the request of the market demand, a technical study for the entry GCP GAZ-SYSTEM/ONTRAS is necessary.

### **D. Provisional timeline**

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

Start Date	End Date	Description
27.7.2017		Start of design phase
27.7.2017	19.10.2017	Technical studies by the TSOs
19.10.2017		Publication of the consultation documents regarding article 27 (3) NC CAM
19.10.2017	19.12.2017	Public consultation

The technical studies and the necessary modelling amongst the German TSOs will be performed independently from the development process and the modelling of the German National Development Plan 'NEP 2018'.

The outcome of the technical studies and the result of the public consultation of the draft incremental projects will feed into the planning of the offer levels by the TSOs in close cooperation with the involved national regulatory authorities. The following process can be described as follows:

Start Date	End Date	Description
19.12.2017	19.3.2018 – 1.9.2018	Planning of offer levels by TSOs in close cooperation with NRAs
19.3.2018 – 19.9.2018	19.9.2018 – 1.3.2019	Approval and publication of the necessary parameters according to article 28 (1) NC CAM by NRAs
19.9.2018 – 1.3.2019	1.5.2019	Adjustment of the offer levels according to NRA decision by the TSOs
1.5.2019		Publication of the approved parameters and of a template of the contract(s) related to the capacity to be offered for the incremental project
1.7.2019		Yearly auction and 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 for the National Development Plan 'NEP 2020' and will be considered in its scenario framework and the (national) modelling.

#### **E. Interim arrangements for the auction of existing capacity at the concerned IP**

According to Article 26 para. 13 (j) of the Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems, the market demand assessment report shall include information on the limitation of the number of years being offered in the annual yearly capacity auction during the incremental process (especially for the yearly auction to be held in 2018).

The decision regarding this issue will be made commonly by both transmission system operators upfront the yearly auction in 2018.

#### **F. Fees**

Neither GAZ-SYSTEM S.A. nor ONTRAS Gastransport GmbH have introduced a fee for the evaluation and processing of non-binding demand indications.

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