

Publication pursuant to Article 25 (2), Article 28 (3) of Regulation (EU) 2017/459 (NC CAM) concerning the procedure initiated in 2019 for incremental capacity at the market area border between Poland (E-Gas Transmission System) and Germany (Trading Hub Europe)

5 May 2021

I. Introduction

After the completion of phase 1 of the procedure initiated in 2019 in accordance with Regulation (EU) 2017/459 (Network Code on Capacity Allocation Mechanisms for Transmission Networks; hereinafter "NC CAM") for the creation of incremental capacities at the market area border Poland (E-Gas Transmission System) and Germany (Trading Hub Europe; hereinafter "THE"), the participating transmission system operators (hereinafter "TSOs") carried out the planning phase for the corresponding projects (phase 2) and concluded it with the consultation in August 2020 and November 2020. The technical studies have presented how the network expansion can be carried out efficiently, taking into account the corresponding network topology as well as economic aspects. On 18 December 2020, Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A. (hereinafter "GAZ-SYSTEM") and ONTRAS Gastransport GmbH (hereinafter "ONTRAS") submitted the project applications to the national regulatory authorities in Poland and in Germany and published them.

The German project application was approved on 21.04.2021 and published by the Federal Network Agency on 29.04.2021 with decision no. **BK9-20/008**¹.

The Polish project application was approved and the decision no. **DRR.WRG.748.10.2020.ABu1** was issued² on the 29.04.2021 and published by the Energy Regulatory Office.

Publication acc. Art. 28 (3) NC CAM

II. Permit contents acc. Art. 28 (1) NC CAM

a. Offer-level acc. Art. 28 (1) a NC CAM

In the annual auction 2021 on 5 July, the participating TSOs will offer a bundled offer level for freely allocable incremental capacities (FZK/firm) at the interconnection point GCP GAZ-

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https://www.bundesnetzagentur.de/DE/Beschlusskammern/BK09/BK9_21_AV/08_Incr_Cap_abg/BK9_Incr_Cap_abg.html

² <https://www.ure.gov.pl/pl/paliwa-gazowe/europejski-rynek-gazu-1/decyzje/9431,Decyzja-Prezesa-Urzedu-Regulacji-Energetyki-z-dnia-29-kwietnia-2021-r.html>

SYSTEM/ONTRAS for the transport direction from Poland to Germany. The offer of incremental capacity shall take place for 15 gas years (hereinafter “GY”) starting from 1.10.2026.

For the period from 1.10.2021 to 1.10.2026, the available existing capacity shall be offered (existing free capacity).

The auction will take place on the **Regional Booking Platform (RBP)**³. Registration for both network operators is required to participate in the auction on the RBP. The project aims at increasing the available technical entry capacity into the THE market area at the GCP GAZ-SYSTEM/ONTRAS interconnection point.

The offer level for incremental capacity is offered from GY 26/27 to GY 40/41. The mandatory reservation quota of 20 % for incremental capacity according to Art. 8 Para. 8 NC CAM as well as the determination of the Federal Network Agency (BNetzA) BK7-15-001 (KARLA Gas) was taken into account. The capacity products of the offer level 1 and for the available existing capacity are shown in the following table:

Depiction of the offered Offer-level 1 and of the available existing capacity (kWh/h/y) for ONTRAS on the IP GCP GAZ-SYSTEM/ONTRAS (entry):

Period	Offer of bundled incremental capacity in Offer-level 1 (FZK/firm)	Offer of bundled available existing capacity (FZK/firm)	Available technical capacity [Art. 11 (6) A NC CAM]	Capacity set aside [Art. 11 (6) B NC CAM]	Previously sold technical capacity [Art. 11 (6) C NC CAM]	Additional capacity [Art. 11 (6) D NC CAM]	Incremental capacity [Art. 11 (6) E NC CAM]	Incremental capacity set aside [Art. 11 (6) F NC CAM]
GY 21/22		3,262	3,624	362	0	0		
GY 22/23		3,262	3,624	362	0	0		
GY 23/24		3,262	3,624	362	0	0		
GY 24/25		3,262	3,624	362	0	0		
GY 25/26		3,262	3,624	362	0	0		
GY 26/27	493,499		3,624	725	0	0	613,250	122,650
GY 27/28	493,499		3,624	725	0	0	613,250	122,650
GY 28/29	493,499		3,624	725	0	0	613,250	122,650
GY 29/30	493,499		3,624	725	0	0	613,250	122,650
GY 30/31	493,499		3,624	725	0	0	613,250	122,650
GY 31/32	493,499		3,624	725	0	0	613,250	122,650
GY 32/33	493,499		3,624	725	0	0	613,250	122,650
GY 33/34	493,499		3,624	725	0	0	613,250	122,650
GY 34/35	493,499		3,624	725	0	0	613,250	122,650
GY 35/36	493,499		3,624	725	0	0	613,250	122,650
GY 36/37	493,499		3,624	725	0	0	613,250	122,650
GY 37/38	493,499		3,624	725	0	0	613,250	122,650
GY 38/39	493,499		3,624	725	0	0	613,250	122,650

³ www.rbp.eu

GY 39/40	493,499		3,624	725	0	0	613,250	122,650
GY 40/41	493,499		3,624	725	0	0	613,250	122,650

Depiction of the offered Offer-level 1 and of the available existing capacity (kWh/h/y) for GAZ-SYSTEM on the IP GCP GAZ-SYSTEM/ONTRAS (exit):

Period	Offer of bundled incremental capacity in Offer-level 1 (FZK/firm)	Offer of bundled available existing capacity (FZK/firm)	Available technical capacity [Art. 11 (6) A NC CAM]	Capacity set aside [Art. 11 (6) B NC CAM]	Previously sold technical capacity [Art. 11 (6) C NC CAM]	Additional capacity [Art. 11 (6) D NC CAM]	Incremental capacity [Art. 11 (6) E NC CAM]	Incremental capacity set aside [Art. 11 (6) F NC CAM]
GY 21/22		3,262	3,624	362	0	0		
GY 22/23		3,262	3,624	362	0	0		
GY 23/24		3,262	3,624	362	0	0		
GY 24/25		3,262	3,624	362	0	0		
GY 25/26		3,262	3,624	362	0	0		
GY 26/27	493,499		3,624	725	0	0	613,250	122,650
GY 27/28	493,499		3,624	725	0	0	613,250	122,650
GY 28/29	493,499		3,624	725	0	0	613,250	122,650
GY 29/30	493,499		3,624	725	0	0	613,250	122,650
GY 30/31	493,499		3,624	725	0	0	613,250	122,650
GY 31/32	493,499		3,624	725	0	0	613,250	122,650
GY 32/33	493,499		3,624	725	0	0	613,250	122,650
GY 33/34	493,499		3,624	725	0	0	613,250	122,650
GY 34/35	493,499		3,624	725	0	0	613,250	122,650
GY 35/36	493,499		3,624	725	0	0	613,250	122,650
GY 36/37	493,499		3,624	725	0	0	613,250	122,650
GY 37/38	493,499		3,624	725	0	0	613,250	122,650
GY 38/39	493,499		3,624	725	0	0	613,250	122,650
GY 39/40	493,499		3,624	725	0	0	613,250	122,650
GY 40/41	493,499		3,624	725	0	0	613,250	122,650

Following: Depiction of the common offered available existing capacity and of the common offered Offer-level 1 (both in kWh/h/y) for the marketing of bundled capacity for GAZ-SYSTEM and ONTRAS on the IP GCP GAZ-SYSTEM/ONTRAS in direction entry Trading Hub Europe:

Period	Bundled Available existing capacity (FZK/firm) ⁴	Bundled Offer-level 1 (FZK/firm)
GY 21/22	3,262	
GY 22/23	3,262	
GY 23/24	3,262	
GY 24/25	3,262	
GY 25/26	3,262	
GY 26/27		493,499

⁴ Taking into account the applicable reservation quota of 10% on the available technical capacity of 3,624 kWh/h of ONTRAS, this results in a marketable existing capacity of 3,261.6 kWh/h. As a capacity bundle, however, only a whole numerical value can be made available for marketing. In this respect, the ONTRAS marketing system rounds off to 3,261 kWh/h as marketable capacity. This results in a capacity bundle with GAZ-SYSTEM in the annual auction of **3,261 kWh/h**.

GY 27/28		493,499
GY 28/29		493,499
GY 29/30		493,499
GY 30/31		493,499
GY 31/32		493,499
GY 32/33		493,499
GY 33/34		493,499
GY 34/35		493,499
GY 35/36		493,499
GY 36/37		493,499
GY 37/38		493,499
GY 38/39		493,499
GY 39/40		493,499
GY 40/41		493,499

b. Term and Conditions for the incremental auction to be accepted by the network user acc. Art. 28 (1) lit. b NC CAM

The supplementary terms and conditions of ONTRAS Gastransport GmbH for the auction of incremental capacity are annexed (Annex 1) to this document⁵.

“General Terms and Conditions of participation in and access to capacity in the binding phase of incremental capacity auction on the border between Poland (E-Gas Transmission System) and Germany (Trading Hub Europe)” of GAZ-SYSTEM S. A. are annexed (Annex 2) to this document⁶.

c. Timetables for the incremental project as well as the measures to avoid delays and reduce the impact of delays pursuant to Art. 28 (1) lit. c NC CAM

The following illustration shows the further steps and represents a rough schedule of the technical measures for both projects. This planning already includes time buffers to avoid delays in the provision of capacity. **However, the construction phase will only begin if there are binding bookings in the 2021 annual auction for the offered incremental capacities and if the subsequent economic viability test produces a positive result for each of the network operators concerned.**

For ONTRAS

⁵ In the course of participation in the annual auction on 5 July 2021, the general terms and conditions of ONTRAS Gastransport GmbH must also be accepted. You can find them here:

<https://www.ontras.com/en/company/downloads>

⁶ <https://en.gaz-system.pl/customer-zone/market-consultations/actual-consultations/incremental-capacity-project-proposal-for-the-interconnection-point-gcp-gaz-systemontras/>

Time Period	Milestone
Q3 / 2021	Yearly capacity auction on 5 July 2021 and economic test
Q4 / 2021	Tender process for the planning of the construction of the pressure security system (DÜG) in Zodel
Q2 / 2022	Assignment of the planning for the construction of DÜG as well as submission of the application according to § 23 ARegV
Till Q4 / 2022	Preparation of the technical task (feasibility study)
Q3 / 2023	Tender process and the assignment for the construction phase of the DÜG
Till Q2 / 2024	Detailed planning of DÜG Zodel
Till Q1 / 2025	Acquisition of needed material and approval of the construction phase of the DÜG
Q3 / 2025	Start of construction of DÜG
Q3 / 2026	Commissioning date with the foreseen provision of full availability with the start of GY 2026/2027

The dates mentioned for ONTRAS are provisional and may therefore still be subject to change.

For GAZ-SYSTEM

Time period	Milestone
Q3/2021	Yearly capacity auction in the month of July and economic test
Q3/2021	Start of project implementation
Till Q3/2023	Defining technical terms & conditions and tendering documentation, selecting the contractor for the project documentation
Q4/2024	Project documentation finalization and obtaining of building permit
Q1/2025	Defining tendering documentation for the selection of contractor for the construction works

Q2/2025	Tenders for the construction works and signing of contracts with the selected contractors; start of the construction works
Q3/2026	Commissioning date of the investment tasks to be completed. Commissioning of the project with the foreseen provision of full availability with the start of GY 2026/2027

Listed above time periods for milestones on Polish side are expected as a latest completion dates for following activities taking into account general time schedule for incremental capacity project and requirement of provision the capacity with the start of GY 2026/2027.

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

For ONTRAS

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

Auction Premium:

The algorithm for multi-level ascending price auctions pursuant to Art. 17 NC CAM applies to the auction of incremental capacities pursuant to Art. 29 (1) NC CAM. This may result in an auction premium, which will only be determined at the end of the 2021 annual auction. For this reason, it was not taken into account in the calculation of the f-factor, but must be included in the economic test.

Mandatory minimum premium:

According to decision BK9-20/008, no mandatory minimum premium is applied.

Net present value of binding commitments of network users:

According to decision BK9-20/008 and with the help of the BNetzA Incremental Economic Tool⁷, the following net present value of the binding commitments of the network users was determined and approved: 2.276.604 €.

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

In accordance with decision BK9-20/008 and with the help of the BNetzA Incremental Economic Tool, the following estimated increase of the allowed revenues was determined and approved: 2.587.050 €.

⁷ For the performance audit pursuant to Art. 22 NC CAM, the BNetzA has created and published a calculation tool to increase transparency. This tool can be found at the following address:
https://www.bundesnetzagentur.de/SharedDocs/Downloads/EN/Areas/ElectricityGas/Gas_grid/CalculationTool.xlsx?__blob=publicationFile&v=6

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

According to decision BK9-20/008 and with the help of the BNetzA Incremental Economic Tool, the following f-factor was determined and approved: 0.88

For GAZ-SYSTEM

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

Auction Premium:

The algorithm for multi-level ascending price auctions pursuant to Art. 17 NC CAM applies to the auction of incremental capacities pursuant to Art. 29 (1) NC CAM. This may result in an auction premium, which will only be determined at the end of the 2021 annual auction. For this reason, it was not taken into account in the calculation of the f-factor, but must be included in the economic test.

Mandatory minimum premium:

In accordance with decision DRR.WRG.748.10.2020.ABu1 no mandatory minimum premium is applied.

Net present value of binding commitments of network users:

The target value of the estimated increase in allowed revenues corresponds to the value of the investment funds cost concerning the project implemented by the transmission system operator, settled in the period covering the contracted incremental capacity made available as part of offers submitted in the auction procedure for the GCP GAZ-SYSTEM/ONTRAS.

In accordance with decision DRR.WRG.748.10.2020.ABu1 a discount rate of 6% for the calculation of the discounted value of the allowed revenue related to the realization of the project for the market border of Poland and THE in 2026-2041 was approved. The discounted value of binding commitments of network users at the GCP GAZ-SYSTEM / ONTRAS point, with a discount rate of 6% for the 15-year test period, is 6,927,172.00 PLN.

This value is equal to the risk-free rate adopted for the purposes of calculation of the reference rates binding in 2021 and approved by the President of URE.

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

In accordance with decision DRR.WRG.748.10.2020.ABu1 the allowed revenues was determined and approved: 6.926.822,00 PLN

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

According to decision DRR.WRG.748.10.2020.ABu1 the following f-factor was determined and approved: 1

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

An extension of the marketing period is not applied for both TSOs.

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

An alternative allocation mechanism is not applied for both TSOs.

g. Fixed price approach acc. Art. 28 (1) lit. g NC CAM

A fixed price approach is not applied for both TSOs.

Publication acc. Art. 25 (2) NC CAM

Estimated reference price acc. Art. 25 (1) NC CAM

For ONTRAS

The estimated reference price used for the economic viability test for the incremental capacities to be offered from GY 26/27 is 3.73 €/(kWh/h)/a.

For GAZ-SYSTEM

The estimated reference price used for the economic viability test for the incremental capacities to be offered from 1 October 2026 until 1 October 2041 is 1.854 PLN/(MWh/h)/h.

III. Contact information

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IV. Annexes

1. Supplementary terms and conditions of ONTRAS Gastransport GmbH for the participation in the auction for incremental capacity

2. "General Terms and Conditions of participation in and access to capacity in the binding phase of incremental capacity auction on the border between Poland (E-Gas Transmission System) and Germany (Trading Hub Europe)" of GAZ-SYSTEM