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Mr. Peter Dippel
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GASCADE GASTRANSPORT GMBH
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2020-139848

Delivered via e-mail only

Dear Mr Dippel,

I am writing to you with regard to the currently ongoing joint consultation of the Incremental Capacity Project on the border between Poland (TGPS) and Germany (Trading Hub Europe) at Mallnow interconnection point. As you well know the above procedure is closing today and the comments have been received by us. I would like to use this opportunity to share with you our concerns with regard to some aspects of the incremental process on the German side and its potential influence on the future utilisation of Yamal-Europe gas pipeline.

As an ISO of the Yamal-Europe pipeline our aim is to maximise the current and future technical capacities of common infrastructure. However, after further deep analysis of the projected business and financial features, which may result from the incremental project and the capacity arrangements after merging the German market areas in Trading Hub Europe (THE) as well as the significant interlinked investments to restore the entry capacities offered before the merger, we would like to explore the following issues:

1. Why the subject of the incremental procedure is the offer of 16 951 000 kWh/h firm capacity (FZK) as of 2027 as an incremental capacity and not only the change of capacity type from DZK to FZK as initially indicted to GASCADE during the non-binding procedure?
2. On what basis the 10 877 000 kWh/h of FZK Base Case Mallnow entry capacity for next and following gas years has been calculated?
3. What methodology is applied to determine the FZK Base Case and FZK Additional capacity?
4. If the 16 951 000 kWh/h of incremental firm capacity (FZK) will not be booked in July 2021 auctions does it mean that the FZK/DZK Mallnow entry capacity on German side will decrease and if yes, to what amount?

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Additionally, I would like to underline that we observe mainly a market interest in short-term capacities, whereas under the incremental project the shippers are expected to place long-term commitments. In case the approach expected under the incremental project fails, the possibility of efficient utilisation of the Yamal-Europa pipeline will be significantly reduced. That may have an adverse effect to the market functioning and liquidity in our region, in parallel increasing our tariffs.

I would be grateful for providing answers to the above-mentioned questions. Please be assured that GAZ-SYSTEM is ready to make necessary arrangements to maximise the usage of the Yamal-Europe pipeline in short/medium-term for the benefit of both GASCADE and GAZ-SYSTEM.

Yours sincerely

Gas Market Development Division

Director



Sławomir Sieradzki