

**Demand assessment report
for the incremental capacity process
starting 2019 between *the*
*Tirol market area and 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

The following **aggregated non-binding demand indications** for firm capacity have been received within eight weeks after this year's yearly capacity auction and will be used as a basis for this demand assessment:

From [entry-exit system]	To [entry-exit system]	Gas year	Amount [kWh/h/Year]	Request is submitted to other TSOs	Period when Demand Indication was received*	Additional Information
Germany	Tirol (Austria)	2020/ 21 until and including 2035/ 2036	250.000	No	2)	Request for freely allocable firm capacity in addition to existing capacity. The request stated the demand for the specific interconnection point Kiefersfelden.

* 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 7th July 2017, the German Bundesrat (Federal Council) approved the revision of the German Grid Ordinance (hereinafter GasNZV) which in §21 p. 1 s. 2 obliges transmission system operators (hereinafter 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 01 October 2021. The name of the joint German market area will be Trading Hub Europe.

Since the ongoing incremental capacity process will end with the auctioning of yearly capacity products for capacity starting on 1 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 TSO reserve the right to amend the input values for capacity modelling.

Specifics of the stated non-binding demand indication

The received request for incremental capacity stated the demand for the specific interconnection point (IP) Kiefersfelden. The IP Kiefersfelden is part of the zone “VIP Kiefersfelden-Pfronten”. The request did also state that the stated demand is meant in addition to the currently existing technical capacity in the amount of 965.039 kWh/h.

The request did state a demand from October 2020 on. As an incremental capacity project would result in the potential offer of incremental capacity in the auction for yearly capacity in July 2021 at the earliest incremental capacity can be offered from October 2021 on.

Specifics regarding the Austrian side of the entry-exit system border

The market area Tirol on the Austrian side of the border can only be supplied via the adjacent market area Net Connect Germany (in future Trading Hub Europe). Therefore, the Cross-border Operating Strongly Integrated Market Area (COSIMA) model is applied on the Austrian side of the entry-exit system border. For this reason, capacity bookings for the market area Tirol on the German side are only performed by the “distribution area manager” (German: Verteilergebietsmanager), which is currently AGGM.

In addition, on the Austrian side of the border the respective grid operators EVA-Erdgasversorgung Ausserfern GmbH and TIGAS-Erdgas Tirol GmbH are distribution system operators whereas – and as also the received non-binding demand indication did state that no corresponding request was addressed towards any adjacent entry-exit systems - this report was created without their participation.

i. Historical usage pattern at the concerned interconnection points

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.

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 are presented on an hourly scale. For the confirmed quantities no distinction between transports in firm or interruptible capacities is performed. Only firm freely allocable capacity is included in the analysis to provide fitting reference for the assessment of the demand for incremental capacity.

The analysis is performed for the time frame 01.04.2017 06:00 hrs – 01.04.2019 06:00 hrs.

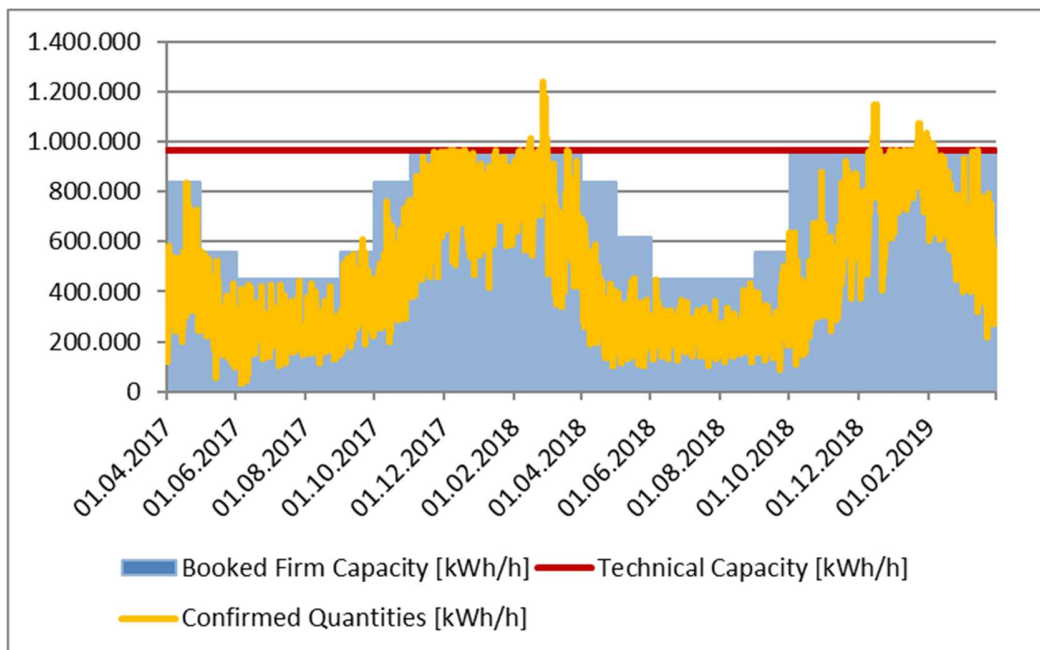
The following interconnection Points connect the entry-exit system and are potentially suitable to fulfill the demand indication:

Interconnection Point:	Zone Kiefersfelden-Pfronten		
Energy Identification Code:	21Z0000000002895		
Entry-exit-system:	Net Connect Germany	Entry-exit-system	Tirol
Transmission System Operator:	IP name:	Transmission System Operator:	IP name:
bayernets	VIP Kiefersfelden-Pfronten	EVA-Erdgasversorgung Außerfern	Pfronten
		TIGAS	Kiefersfelden

Interconnection Point:	Kiefersfelden-Kufstein		
Energy Identification Code:	21Z00000000038U		
Entry-exit-system:	Net Connect Germany	Entry-exit-system	Tirol
Transmission System Operator:	IP name:	Transmission System Operator:	IP name:
Open Grid Europe	Kiefersfelden-Kufstein	TIGAS	Kiefersfelden-Kufstein

In addition, depending on the outcome of the analysis of the historical usage patterns an analysis of both the implementation and application of Congestion Management Procedures required by the CMP Guidelines and the possibility for and the actual use of capacity trading on the secondary market is performed. But as this analysis should not be an end in itself it is only performed if any sustained contractual congestion at the respective border is visible in the historic usage pattern.

a. Exit Trading Hub Europe – aggregated



As a summary only limited congestion is visible in the historic analysis that would indicate the need for additional firm capacity for the Exit direction of the German market area.

Therefore, no further analysis in respect to congestion management procedures and secondary marketing is performed.

ii. Relations to GRIPS, TYNDP, NDPs

The latest legally binding Network development Plan for Germany was published in March 2018. In the document there are no projects included, which will increase the capacity from Germany to Tirol.

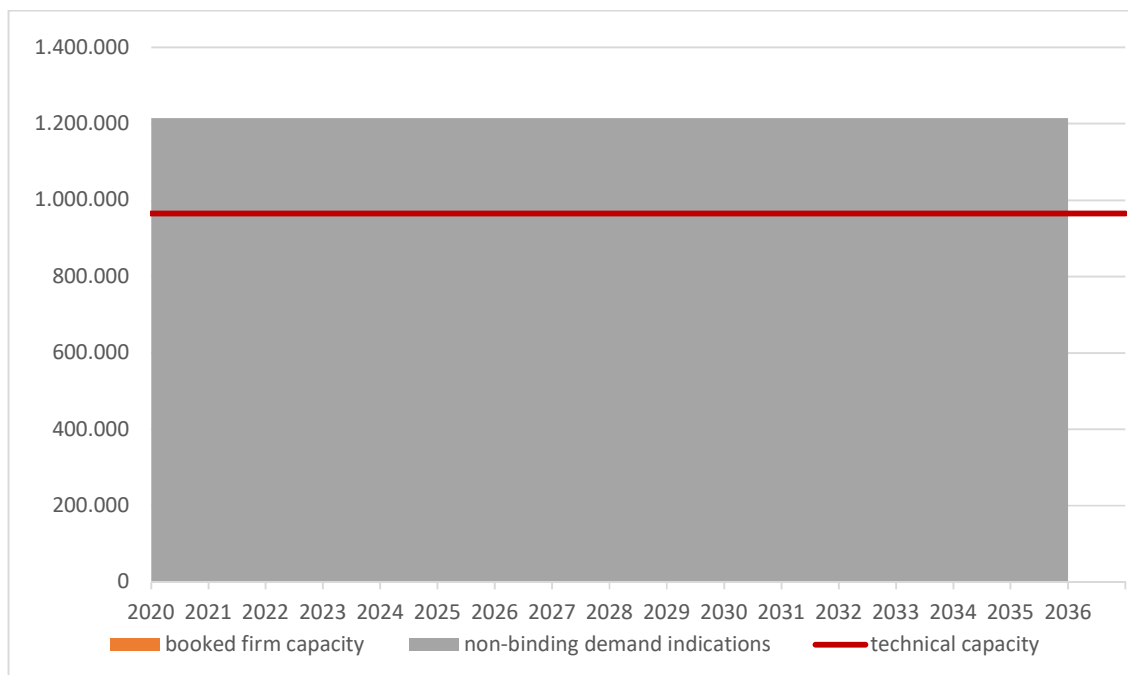
Neither the relevant Gas Regional Investment Plan nor the relevant TYNDP did clearly identify a need for incremental capacity.

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

The assessment of the demand for incremental capacity will be conducted by analyzing the technical capacity, the booked firm capacity and the non-binding demand indications received for the relevant interconnection points of the entry-exit system border.

Projects currently under construction and planned projects are also considered according to ii.

a. Exit Trading Hub Europe - aggregated



To determine whether a technical study is necessary, the criteria defined under Point C is checked. This check is carried out for each relevant entry-exit-system.

In conclusion, a statement is made as to whether an incremental capacity project is initiated and whether technical studies need to be produced.

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 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, then technical studies will be conducted for potentially all 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 considered.

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

The charts provided in B iii a) clearly indicate that the sum of both booked firm capacity and stated non-binding demand are higher than the technical capacity available at the entry-exit system border.

Therefore, bayernets GmbH and Open Grid Europe GmbH do deem it necessary to start an incremental capacity project.

In the design phase bayernets GmbH and Open Grid Europe will contact the relevant adjacent grid operators to properly conduct the relevant technical studies.

D. Provisional timeline

The involved TSOs have planned to conduct 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)

The total duration of the non-binding demand indications with relevance for this Demand Assessment Report spans from gas year 2020/21 to gas year 2035/36. Due to the lead times of the incremental capacity process, it is not possible to offer the requested capacities before the yearly auction to be held in 2021. Therefore, the involved TSOs can auction all offer levels including incremental capacity according to Art. 11 Para 3 Sentence 1 of NC CAM. The involved TSOs will eventually auction offer levels including incremental capacity according to Art. 11 Para 3 Sentence 2 of NC CAM.

This will be determined and published in a timely manner before the relevant auction.

F. Fees

According to Article 26 (11) of Regulation (EU) 2017/459 transmission system operators 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 transmission system operators 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.

G. Contact information

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