

**Demand assessment report  
for incremental capacity  
between *Snam Rete Gas* and *Plinovodi*  
*d.o.o.***

**2019-10-21**

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

Plinovodi d.o.o.

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## A. Non-binding Demand indications

Snam Rete Gas ("SRG") and Plinovodi have launched the Demand Assessment phase of the incremental capacity process on 1 July 2019, in line with the provisions of article 26 of Commission Regulation (EU) 2017/459 establishing a network code on capacity allocation mechanisms in gas transmission systems ("CAM NC").

The following tables show **aggregated non-binding demand indications** for firm capacity per Gorizia- Šempeter IP in direction from Slovenia to Italy. Non-binding demand indications were submitted by the interested parties to SRG after the deadline defined in the paragraph 6 of the Article 26, Regulation 2017/459. The received non-binding demand will be considered in the ongoing market demand assessment pursuant to the paragraph 7 of the Article 26, Regulation 2017/459 for the current cycle of incremental capacity. The non-binding demands are referring to incremental capacities Šempeter Exit – Gorizia Entry and they correspond to the non-binding demand received by Plinovodi d.o.o. within the 8 weeks deadline set out as per article 26(6) CAM NC.

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

From  [entry-exit system name]  "EXIT CAPACITY"	To  [entry-exit system name]  "ENTRY CAPACITY"	Gas year  [yyyy/yy]	Amount  [Please indicate unit: (kWh/h)/y or (kWh/d)/y]	Request is submitted to both TSOs  [yes] or [no] (detailed information shall be provided below)	Period when Demand Indication was received*  [please include the period according to the numbers 1) - 3)]	Additional Information  (e.g. type of ca- pacity, if different from bundled firm freely alloca-ble)
Plinovodi d.o.o.	Snam Rete Gas	2019/20 – 2028/29	58,575,336 kWh/d*	Yes	2	

\* Capacity based on a GCV of a 38.4 MJ/Sm<sup>3</sup> for a flow of 228.810 Sm<sup>3</sup>/h

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).

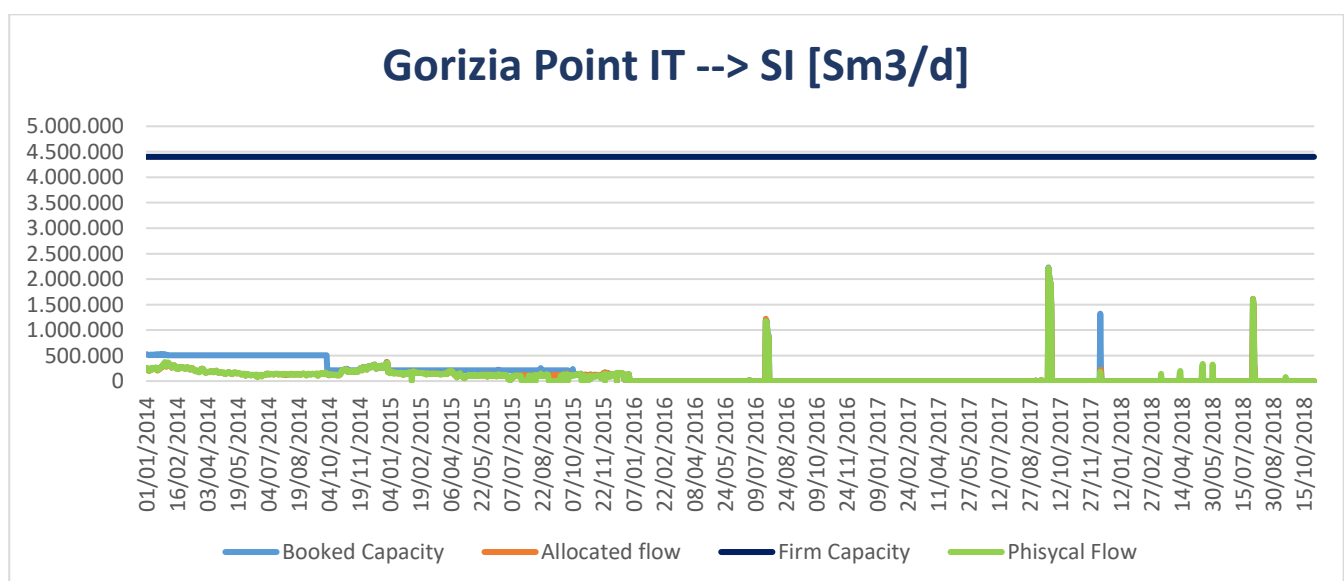
## B. Demand assessment

The Demand Assessment Phase commenced immediately after the start of the annual yearly capacity auction, as specified in Article 11(4) of CAM NC, and closes maximum 16 weeks after the annual yearly capacity auction in accordance with Article 26 of NC CAM.

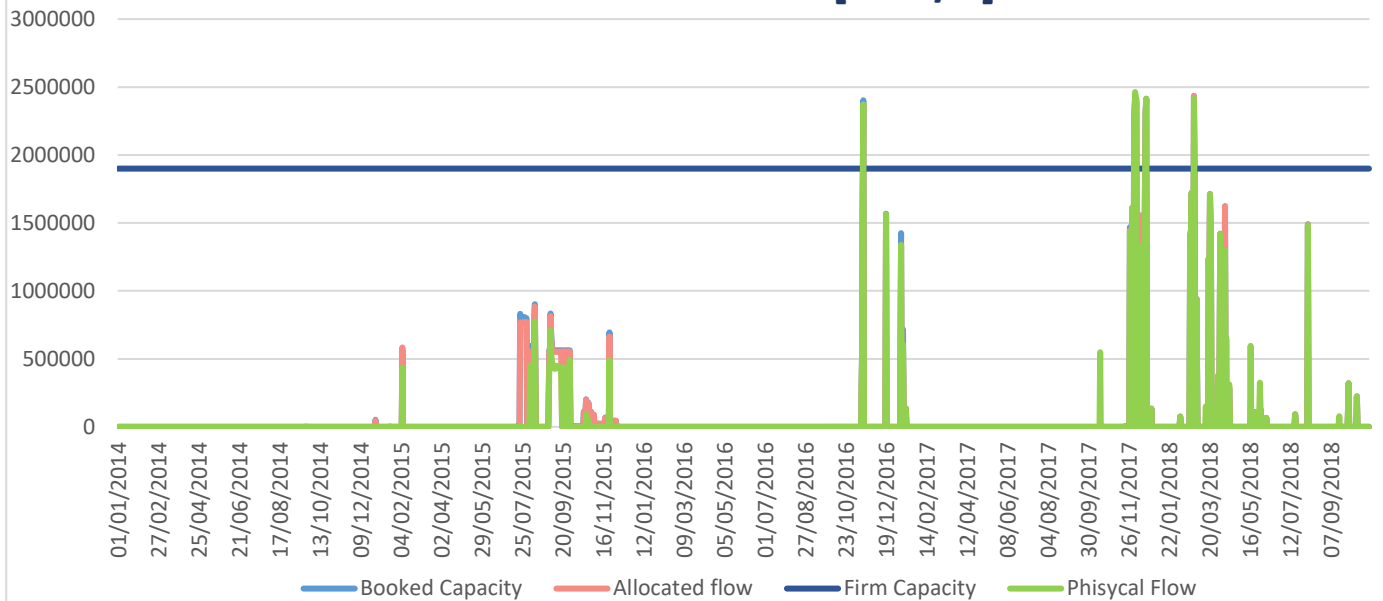
The transmission systems operators conducting this market demand assessment report gave network users the opportunity to submit non-binding demand indications to quantify potential demand for incremental capacity from 1 July up to 26 August 2019.

### i. Historical usage pattern

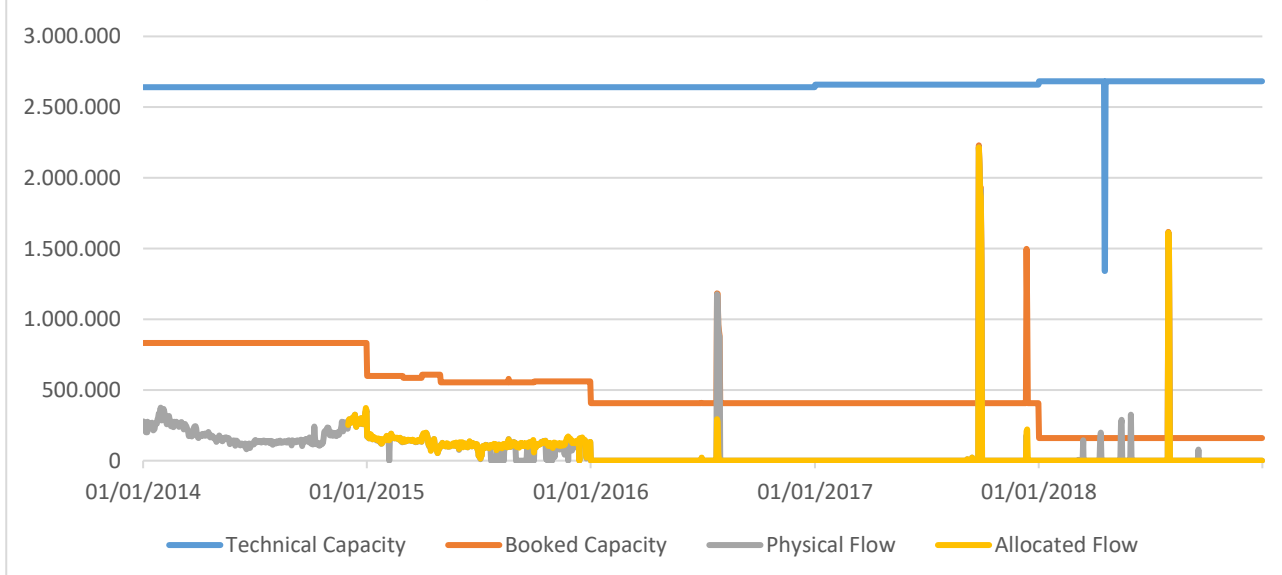
The utilisation of the technical firm capacity is presented in the chart below by comparing the technical capacity with the booked capacity, the allocated "commercial" flow and the physical flow from the year 2014 to 2018 at the interested interconnection point.

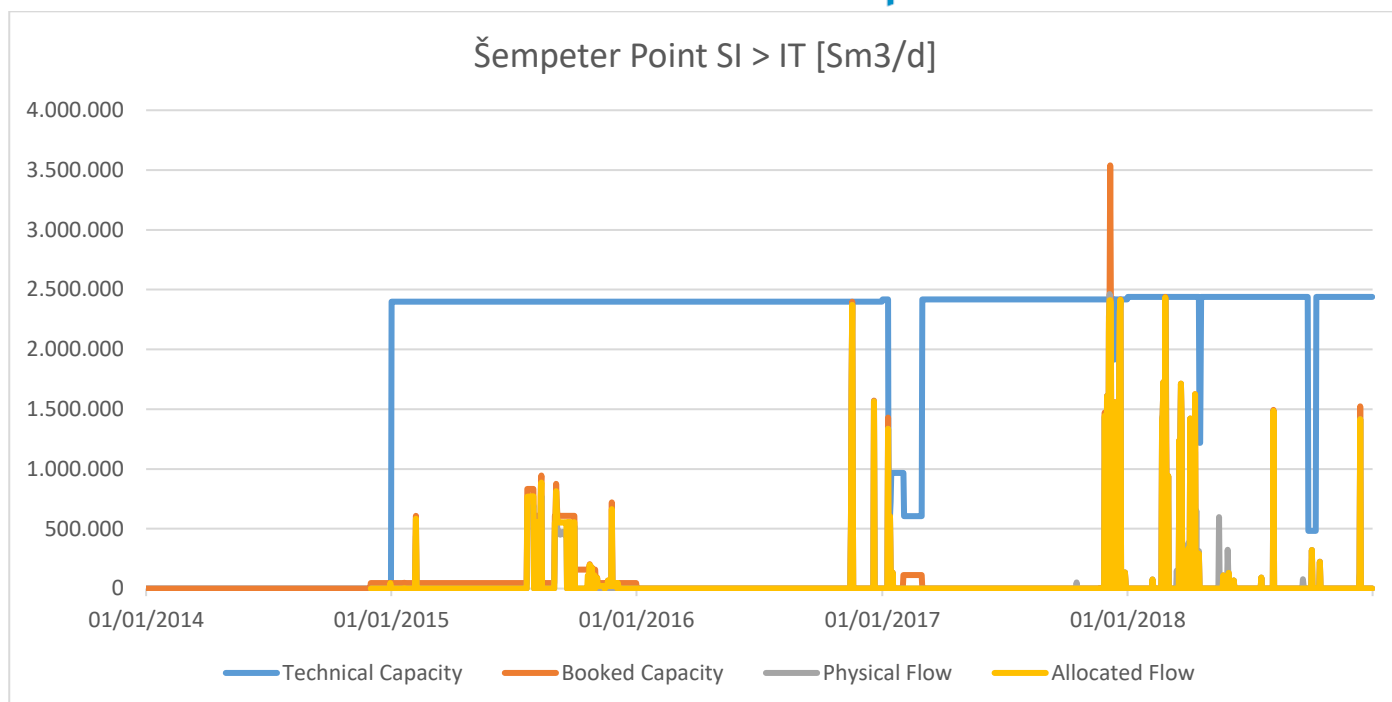


## Gorizia Point SI --> IT [Sm<sup>3</sup>/d]



## Šempeter Point IT > SI [Sm<sup>3</sup>/d]





## ii. Results of current annual yearly auction

In the recent annual yearly auctions, that took place on 01.07.2019 for the joint interconnection points the following results have been achieved:

Interconnection point name	Flow direction	Gas year	Offered capacity Amount		Booked Capacity Amount	
			Sm <sup>3</sup> /d	kWh/d	Sm <sup>3</sup> /d	kWh/d
Gorizia	IT->SI	From 19/20 to 33/34	4.400.000	47.443.756	0	0
Gorizia	SI->IT	From 19/20 to 33/34	1.900.000	20.381.413	0	0

Interconnection point name	Flow direction	Gas year	Offered capacity Amount		Booked Capacity Amount	
			Sm <sup>3</sup> /d	kWh/d	Sm <sup>3</sup> /d	kWh/d
Sempeter	IT->SI	From 19/20 to 20/21	-	23.778.144	-	0
Sempeter	IT->SI	From 21/22 to 23/24	-	23.791.968	-	0
Sempeter	IT->SI	From 24/25 to 31/32	-	20.960.328	-	0
Sempeter	IT->SI	From 32/33 to 33/34	-	22.653.048	-	0
Sempeter	SI->IT	From 19/20 to 23/24	-	23.167.896	-	0
Sempeter	SI->IT	From 24/25 to 33/34	-	20.593.680	-	0

### **iii. Relations to GRIPS, TYNDP, NDPs**

Snam Rete Gas included in its NDP 2018-2027 a project that foresees an intervention at the metering section of the Gorizia plant in order to increase the capacity of the entry point to 6 MSm<sup>3</sup>/d in both directions. The project is meant to help the creation of a Hungarian-Slovenian corridor, for which the relative TSOs have planned two projects included in the ENTSO-G TYNDP 2017-2026 to create an interconnection (Plinovodi TRA-N-112, FGSZ TRA-N-325).

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

The amount and direction of the demand for incremental capacity considered during the pre-sent procedure is the ones represented at paragraph (i). This demand level shall serve as input for the technical studies that will result in the offer level, considering that the available capacity (i.e. technical capacity which is not yet booked in the long term) could partially cover the requests received.



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

Based on the evaluation of the received non-binding demand indications as presented in chapter B, the historical usage and the interventions already included in the TYNDP, **an incremental capacity project will be initiated**. Therefore, in the upcoming Design phase the affected TSOs will conduct technical studies with the aim to create offer level in order to meet the expected demand for incremental capacity. These technical studies will be based on the considerations made in paragraph B.iv. Considering the infrastructure to be developed to accommodate the non-binding requests received, three levels will be studied during the Design Phase:

- a) Level 1 - 46,598,400 kWh/d
- b) Level 2 – 48,910,032 kWh/d
- c) Level 3 – 64,432,870 kWh/d

## D. Provisional timeline

The following indicative timeline provides an overview about the planning for the technical studies and consultation on the draft project proposal to be developed and conducted in the upcoming Design phase according to Article 27 of REGULATION (EU) 2017/459.

Activity		Expected start*	Expected end*	Expected duration
<i>Incremental Capacity Process</i>				
<b><i>Design Phase</i></b>				
	<b><i>Technical studies for incremental capacity projects</i></b>	21/10/2019	13/01/2020	12 weeks
	<b><i>Public Consultation on draft project proposal</i></b>	14/01/2020	14/03/2020	1 to 2 months

After the end of design phase the proposal for the incremental capacity project will be submitted to the relevant national regulatory authorities (NRA) for coordinated approvals. In case of positive decision of NRAs binding phase start and an allocation notice will be published on TSOs website at least 2 months before the start of incremental capacity auction. If the economic test for at least one offer level will be positive, the realization of the incremental capacity project will be initiated. As a result of the technical studies, the TSOs will notify the first date of availability for the requested capacity.

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

The level of incremental capacity will be offered in the annual yearly capacity auction at the end of the process, taking into consideration the provisions for offering capacity according to Article 8.6, Article 8.8 and Article 9 of REGULATION (EU) 2017/459. The respective offer levels will be developed in the Design phase and will be based on the assumptions presented in chapter C.

## **F. Fees**

SRG and Plinovodi do not currently charge fees foreseen by Article 26.11 of REGULATION EU 2017/459.

## **G. Further Costs**

In order to start the Design Phase of the incremental capacity procedure, according to Italian NRA Resolution n. 245/2019, SRG will charge costs for the technical studies as explained here below.

The interested parties have to cover the costs for the technical studies, issuing a bank guarantee or cash deposit within 15 days after the publication of the DAR.

The costs for the technical studies will be the following:

- a) Level 1 (46,598,400 kWh/d) –€ 0
- b) Level 2 (48,910,032 kWh/d) –€ 0
- c) Level 3 (64,432,870 kWh/d) –€ 40.000

Each interested party will provide an amount equal to its willingness to proceed with the project. In any case, SRG proceeds with the Design Phase for the level for which the costs for the technical studies are covered. In case the amount exceeds a level without reaching the next one, SRG will return the exceeding amount proportionally to the guarantee issued.

Such guarantee will be reimbursed if the economic test is positive for at least one offer level that includes incremental capacity or, if the economic test is negative, when the invoices issued by SRG related to technical studies are paid.

## H. Contact information

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