



**Demand assessment report  
for incremental capacity  
between Polish gas transmission system and  
Czech gas transmission system**

**2019-10-21**



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 transmission system operators GAZ-SYSTEM and NET4GAS have received non-binding demand indications for firm capacity at the interconnection points between the entry-exit system of GAZ-SYSTEM (Poland) and the entry-exit system of NET4GAS (Czech Republic) for future periods as presented below.

Indications submitted for each TSO are not equal due to the fact that not all market participants decided to submit indications on both sides of the entry-exit system border.

All indications were provided no later than 8 weeks after the start of the incremental capacity process, so by 26 August 2019.

No non-binding demand indications submitted after the deadline referred to in Art. 26 paragraph 6 of Regulation (EU) 2017/459 were received after the 2017 incremental capacity process. Non-binding demand indications received after the deadline under the current incremental capacity process will be considered in the next market demand assessment report.

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  [entry-exit system name]  “EXIT CAPACITY”	To  [entry-exit system name]  “ENTRY CAPACITY”	Gas year  [yyyy/yy]	Amount  [(kWh/h)/y]	Request is submitted to other TSOs  [yes, TSO] 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 capacity, if different from bundled firm freely allocable)
Poland	Czech Republic	2020/2021	100 000	No	2	
Poland	Czech Republic	2021/2022	1 267 920	Up to 1 167 920 - Yes, NET4GAS, above 1 167 920 – No	2	
Poland	Czech Republic	2022/2023	1 267 920		2	
Poland	Czech Republic	2023/2024	1 267 920		2	
Poland	Czech Republic	2024/2025	1 267 920		2	
Poland	Czech Republic	2025/2026	1 267 920		2	
Poland	Czech Republic	2026/2027	1 267 920		2	
Poland	Czech Republic	2027/2028	1 267 920		2	
Poland	Czech Republic	2028/2029	1 267 920		2	
Poland	Czech Republic	2029/2030	1 267 920		2	
Poland	Czech Republic	2030/2031	1 267 920		2	
Poland	Czech Republic	2031/2032	1 267 920		2	
Poland	Czech Republic	2032/2033	1 267 920		2	
Poland	Czech Republic	2033/2034	1 267 920		2	
Poland	Czech Republic	2034/2035	1 267 920		2	
Poland	Czech Republic	2035/2036	1 167 920	No	2	
Czech Republic	Poland	2020/2021	100 000	No	2	

Czech Republic	Poland	2021/2022	100 000	No	2	
Czech Republic	Poland	2022/2023	100 000	No	2	
Czech Republic	Poland	2023/2024	100 000	No	2	
Czech Republic	Poland	2024/2025	100 000	No	2	
Czech Republic	Poland	2025/2026	100 000	No	2	
Czech Republic	Poland	2026/2027	100 000	No	2	
Czech Republic	Poland	2027/2028	100 000	No	2	
Czech Republic	Poland	2028/2029	100 000	No	2	
Czech Republic	Poland	2029/2030	100 000	No	2	
Czech Republic	Poland	2030/2031	100 000	No	2	
Czech Republic	Poland	2031/2032	100 000	No	2	
Czech Republic	Poland	2032/2033	100 000	No	2	
Czech Republic	Poland	2033/2034	100 000	No	2	
Czech Republic	Poland	2034/2035	100 000	No	2	

\* 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 **aggregated non-binding demand indications** received by NET4GAS 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  [(kWh/h)/y]	Request is submitted to other TSOs  [yes, TSO] 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 capacity, if different from bundled firm freely allocable)
Poland	Czech Republic	2021/2022	1 167 920	Yes, GAZ-SYSTEM	2	
Poland	Czech Republic	2022/2023	1 167 920	Yes, GAZ-SYSTEM	2	
Poland	Czech Republic	2023/2024	1 167 920	Yes, GAZ-SYSTEM	2	
Poland	Czech Republic	2024/2025	1 167 920	Yes, GAZ-SYSTEM	2	
Poland	Czech Republic	2025/2026	1 167 920	Yes, GAZ-SYSTEM	2	
Poland	Czech Republic	2026/2027	1 167 920	Yes, GAZ-SYSTEM	2	
Poland	Czech Republic	2027/2028	1 167 920	Yes, GAZ-SYSTEM	2	
Poland	Czech Republic	2028/2029	1 167 920	Yes, GAZ-SYSTEM	2	
Poland	Czech Republic	2029/2030	1 167 920	Yes, GAZ-SYSTEM	2	
Poland	Czech Republic	2030/2031	1 167 920	Yes, GAZ-SYSTEM	2	
Poland	Czech Republic	2031/2032	1 167 920	Yes, GAZ-SYSTEM	2	
Poland	Czech Republic	2032/2033	1 167 920	Yes, GAZ-SYSTEM	2	
Poland	Czech Republic	2033/2034	1 167 920	Yes, GAZ-SYSTEM	2	
Poland	Czech Republic	2034/2035	1 167 920	Yes, GAZ-SYSTEM	2	
Poland	Czech Republic	2035/2036	1 167 920	Yes, GAZ-SYSTEM	2	

\* 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**

Based on the received demand indications, which can be seen as aggregated values in chapter A, incremental capacity is requested between the entry-exit system of Poland and the Czech Republic in direction from Poland to the Czech Republic.

The existing interconnection between Poland and the Czech Republic (interconnection point Cieszyn) enables the firm gas transmission only from the Czech to the Polish transmission system with a capacity of approx. 0.5 bcm annually (technical capacities: October – April 28.4 GWh/d, May – September 4.3 GWh/d). Considering the role in the process of integration and liberalisation of the gas market in this region of Europe, the Polish transmission system operator GAZ-SYSTEM and the Czech transmission system operator NET4GAS continued the cooperation in the scope of the further development of this or alternative connections.

Hence, GAZ-SYSTEM and NET4GAS are considering a project (Czech — Polish interconnection upgrade, PCI cluster 6.2) whose realisation would establish additional and bi-directional transmission capacity between Poland and the Czech Republic.

The Project was recognized as a PCI and fully complies with all EU policies, strategies and action plans, including the Regulation (EU) No 347/2013, the European Energy Security Strategy from 28 May 2014 and the Framework Strategy for Resilient Energy Union from 25 February 2015, since it is a key element in improving diversification of natural gas routes and sources as well as regional gas market development. However, the Final Investment Decision on its implementation has not been taken yet.

### **i. Historical usage pattern**

Historical usage pattern at IP Cieszyn may be found directly and up to date on the Transparency Platform (link below):

<https://transparency.entsog.eu/#/points/data?from=2013-06-03&points=CZ-TSO-0001ITP-00158exit>

Physical flow at the IP Cieszyn is irregular. According to the Decision issued by the Czech Energy Regulatory Office the CMP mechanism of LT UIOLI is actively used in case of NET4GAS from December 2016.

## **ii. Results of current annual yearly auction**

Capacity at the IP Cieszyn is allocated up to gas year 2025/2026 on the Polish side and at the Czech side by 2020/21 under the Open Season procedure held in 2009.

Capacity at this point was not allocated in the current yearly auction.

Auctions results may be found on the GSA Platform webpage: <https://gsaplatform.eu/>

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

### **The Czech-Polish Interconnection**

ENTSOG TYNDP 2018 and CEE GRIP 2017 include the following infrastructure projects between the Czech Republic and Poland: Project ID TRA-N-136 “Czech-Polish Gas Interconnector (CPI)” (project promoter is NET4GAS, s.r.o.) and project ID TRA-N-273 “Poland - Czech Republic Gas Interconnection (PL section)” (project promoter is GAZ-SYSTEM S.A.). GAZ-SYSTEM and NET4GAS submitted the projects also to TYNDP 2020. These projects are to establish a new bi-directional interconnection point between Poland and the Czech Republic (all these projects are part of the PCI cluster 6.2).

The projects are also part of the National Network Development Plans (NNDP) of the respective countries:

- NNDP of Poland 2018-2027: Project name “Połączenie Polska – Czechy”
- NNDP of the Czech Republic 2019-2028: project ID TRA-N-136 “Česko-polský propojovací plynovod (CPI)”. This project consists of two subprojects in the Czech Republic: (1) Poland-Czech Republic Interconnector (STORK II) (PCI subproject No. 6.2.10) and (2) Tvrdonice-Libhošť pipeline, including upgrade of the CS Břeclav (PCI subproject No. 6.2.12).

The Czech-Polish Interconnection is a joint project of NET4GAS and GAZ-SYSTEM. Currently the project implementation is postponed to 2023. No Final Investment Decision has been taken yet.

The project can contribute to the efficient integration of the two markets, improving the security of supply in Poland, in the Czech Republic and in the whole region of Central and Eastern Europe by diversification of sources and supply routes (incl. access to LNG supplies e.g. via the Świnoujście LNG terminal in Poland). It might also have a positive environmental impact on currently coal



dependent regions, in particular the Moravia region in the Czech Republic and the Silesia region in Poland.

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

The amount, direction and duration of the received demand for incremental capacity are presented in chapter A. Taking into account that currently there is no existing technical capacity between the entry-exit system of Poland and Czech Republic in the requested direction from Poland to Czech Republic as well as considering information provided in chapter B, an assessment of the submitted demand for incremental capacity is necessary.

The assessment will be conducted by analysing the existing interconnection point (reverse flow at Cieszyn IP) as well as the parameters of a potentially new bidirectional interconnection point together with a technical analysis of the potential needs for an extension of the natural gas infrastructure in Poland and the Czech Republic.

### **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 A, **an incremental capacity project will be initiated.**

Therefore, in the upcoming design phase the affected TSOs will conduct technical studies based on the expected demand for incremental capacity in line with the considerations made in paragraph B. iv.

## D. Provisional timeline

The involved TSOs plan to conduct the technical studies according to the following provisional timeline:

Start Date	End Date	Description
21.10.2019		Start of Design Phase
21.10.2019	13.01.2020	Technical studies and preparation of consultation documents
13.01.2020		Publication of consultation documents
13.01.2020	13.03.2020	Two months public consultation
Q2/2020	Q3/2020	Further development of the project proposal, potential adjustments of the project parameters based on consultation feedback
Q3/Q4 2020		Submission of the project proposal to NRAs
Q3/Q4 2020	Q1/Q2 2021	6 months period for national regulatory authorities to publish coordinated decisions on the project proposal
05.05.2021		Publication of the approved parameters by NRAs and of a template of the contract(s) related to the capacity to be offered
05.07.2021		Yearly capacity auction/economic test

The stated dates have provisional character and might therefore be subject to changes.

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

Not applicable.

## F. Fees

The involved TSOs will not charge fees for activities resulting from the submission of non-binding demand indications.



## **G. Contact information**



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