

Demand Assessment Report for incremental capacity

September 2022

Market test 2022 - Demand Assessment Report GASTRANS d.o.o. Novi Sad
IP Kirevo/Zajecar

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

GASTRANS d.o.o. Novi Sad

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A. Non-binding Demand Indications

In line with Article 9 of GASTRANS d.o.o. Novi Sad Natural Gas Transmission System Network Code (hereinafter NC) and Article 26 of Regulation (EU) 2017/459, GASTRANS d.o.o. Novi Sad conducted, from 4 June to 30 July 2022, "Market Test Invitation" in which natural gas market participants were invited to submit their non-binding demand indications in order to determine existence of market interest for incremental capacities.

In accordance with the submitted non-binding demand indications, GASTRANS d.o.o. Novi Sad publishes this Demand Assessment Report (DAR) on market interest for incremental capacities.

During the implementation of the "Market Test Invitation", GASTRANS d.o.o. Novi Sad received non-binding demand indications and determined that there is market interest for firm capacity at interconnection point Kirevo/Zajecar.

The non-binding demand indications are presented in the following table:

Table 1

Non-Binding Incremental Capacity Demand Survey 2022	
Interconnection Point	Kirevo/Zajecar
EIC Code	58Z-000000007-KZ
Flow Direction	Bulgartransgaz EAD Republic of Bulgaria → Gastrans d.o.o. Novi Sad Republic of Srbija
Request is submitted to other TSOs? [yes, TSO name] or [no]	No.
Additional Information (if any)	Incremental capacity is needed to meet additional natural gas demand in Republic of Serbia and Bosnia and Hercegovina Republic of Srpska.
Conditions	-
Current technical capacity, kWh/d	366.731.712
Non-binding demand request [(kWh/d)/y]	
2023/2024	66.262.739
2024/2025	16.865.747
2025/2026	27.345.611
2026/2027	69.946.019
2027/2028	99.808.115
2028/2029	108.908.115
2029/2030	120.908.115
2030/2031	120.908.115
2031/2032	120.908.115
2032/2033	120.908.115
2033/2034	104.042.368
2034/2035	104.042.368
2035/2036	104.042.368
2036/2037	104.042.368
2037/2038	104.042.368

2038/2039	104.042.368
2039/2040	39.100.000

B. Demand Assessment

1. Historical Usage Pattern

The interconnection point Kirevo/Zajecar exists since January 1, 2021, when the commercial operation of the new interconnector gas pipeline, connecting the transmission systems of the Republic of Bulgaria and Hungary, commenced. The operator of the new gas interconnector is GASTRANS d.o.o. Novi Sad. The exemption from "third-party access" applies to the new gas interconnector for 90% of its capacities, which are contracted on a long-term basis (Exemption Act No. 40/2018-0-03/62a, Energy Agency of the Republic of Serbia).

The total technical capacity on the IP Kirevo/Zajecar is 15.280.488 kWh/h (366.731.712 kWh/day).

Capacity amounting 13.752.230 kWh/h is exempted and it is contracted on long term basis. The rest of the technical capacity, amounting 1.528.258 kWh/h, is offered on the short-term basis in accordance with capacity allocation mechanism through the auctions on the Regional Booking Platform (RBP).

2. Results of Current Annual Yearly Auction

In accordance with article 6.2.1. of NC, GASTRANS d.o.o. Novi Sad shall offer for contracting Firm Yearly Capacity when firm long-term capacity from the Long-Term Gas Transportation Agreements becomes available for contracting on the basis of Surrender, cessation of the Long-Term Gas Transportation Agreement(s) and in case from the Article 9.4 of the NC. GASTRANS d.o.o. Novi Sad until publication of this report didn't offer for contracting Firm Yearly Capacity.

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

During "Market Test Invitation" Gastrans d.o.o. Novi Sad has received multiple non-binding demand indications for IP Kirevo/Zajecar. The upstream TSO (Bulgartransgaz EAD) did not conducted market test from their side.

According to the signed Interconnection Agreement between Gastrans d.o.o. Novi Sad and Bulgartransgaz EAD dated 20.02.2020. technical capacity of IP Kirevo/Zajecar is:

- on Bulgarian side 38,00 million cubic meters per day per year and
- on Serbian side 35,26 million cubic meters per day per year.

During the process of this market test Gastrans d.o.o. Novi Sad assesses the demand for incremental capacity at IP Kirevo/Zajecar in the amount of 2,74 million cubic meters per day per year (cmc/d/y) which is equivalent to the 28.498.192 kWh/h/d/y. This amount of the incremental capacity will result in matching of the technical capacity from both sides of the interconnection point Kirevo/Zajecar.

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IP Kirevo/Zajecar

The amount and the direction of the demand for incremental capacity, at IP Kirevo/Zajecar, assessed during the present procedure is the one presented in Table 2 below. Assessed capacities will be studied in regard with the offer levels that will be described in the draft Project Proposal to be issued for public consultation on 17th December 2022, after the performance of the respective technical studies.

Table 2

Non-Binding Incremental Capacity Demand Assessment	
Interconnection Point	Kirevo/Zajecar
EIC Code	58Z-000000007-KZ
Flow Direction	Bulgartransgaz EAD Republic of Bulgaria → Gastrans d.o.o. Novi Sad Republic of Serbia
Request is submitted to other TSOs? [yes, TSO name] or [no]	No.
Additional Information (if any)	Incremental capacity is needed to meet additional natural gas demand in Republic of Serbia and Bosnia and Hercegovina Republic of Srpska.
Conditions	-
Current technical capacity, kWh/d	366.731.712 kWh/d/y
Non-binding demand request [(kWh/d)/y]	
2023/2024	28.498.192
2024/2025	28.498.192
2025/2026	28.498.192
2026/2027	28.498.192
2027/2028	28.498.192
2028/2029	28.498.192
2029/2030	28.498.192
2030/2031	28.498.192
2031/2032	28.498.192
2032/2033	28.498.192
2033/2034	28.498.192
2034/2035	28.498.192
2035/2036	28.498.192
2036/2037	28.498.192
2037/2038	28.498.192
2038/2039	28.498.192

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

GASTRANS d.o.o. Novi Sad will proceed to the next phase of the Incremental Capacity process and start the Design Phase, the day after the publication of this Demand Assessment Report, in order to offer incremental capacity products at IP Kirevo/Zajecar.

D. Expected Timeline

GASTRANS d.o.o. Novi Sad plans to conduct the technical studies and the consultation of the draft Project Proposal according to the following timeline:

Activity	Expected start	Expected end	Expected duration
Drafting of project of incremental capacities	From the publication of this Demand Assessment Report	17.12.2022	12 weeks
Public Consultation on draft Project Proposal	17.12.2022	17.02.2023	2 months

After the conclusion of public consultation, draft of incremental capacities project shall be submitted to the Energy Agency of Republic of Serbia, which project includes parameters of economic test.

If the justification for the realisation of incremental capacities is determined, Gastrans d.o.o. Novi Sad shall publish on its website incremental capacities project as well as model of the agreement on access to the system and transportation of natural gas for incremental capacities approved by AERS, no later than two (2) months before the publication of auction for yearly Capacity Product on which the incremental capacities shall be offered for contracting.

E. Fees

GASTRANS d.o.o. Novi Sad did not introduce a fee for the evaluation and processing of nonbinding demand indications.