

**Demand Assessment Report for incremental capacity at
IP Kireevo/Zaychar**

October 2023

Market test 2023 - Demand Assessment Report GASTRANS d.o.o. Novi Sad – Bulgartransgaz EAD
IP Kireevo/Zaychar

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

TSO 1

Bulgartransgaz EAD

Lulin 2 District, 66 Pancho Vladigerov Blvd.

1336 Sofia

Republic of Bulgaria

General contact information

Telephone: + 359/2/939 63 00

e-mail: info@bulgartransgaz.bg

TSO 2

GASTRANS d.o.o. Novi Sad

Narodnog fronta 12

21000 Novi Sad

Republic of Serbia

General contact information

Telephone: +381 21 210 1342

e-mail: office@gastrans.rs

1 Table of Contents

A. Non-binding Demand Indications	4
B. Demand Assessment.....	6
1. Historical Usage Pattern	6
2. Results of Current Annual Yearly Auction.....	6
3. Expected amount, direction and duration of demand for incremental capacity	7
3.1.1. Gastrans - expected amount, direction and duration of demand for incremental capacity	7
3.1.2. Bulgartransgaz - expected amount, direction and duration of demand for incremental capacity	8
C. Conclusion for the (non)-initiation of an incremental capacity project/process	9
D. Expected Timeline.....	9
E. Fees	10
F. Contact information.....	10

A. Non-binding Demand Indications

GASTRANS d.o.o. Novi Sad (hereinafter referred to as “Gastrans”) conducted procedure of assessment of market demand for incremental capacities (hereinafter referred to as “market test”) in line with Article 9 of Gastrans Network Code (hereinafter referred to as NC) and Article 25 of the Decree on Network Rules which Refer to the Calculation and Allocation of Capacities for Transportation of Natural Gas - Official Gazette of Republic of Serbia No. 112/2022. The invitation for submitting non-binding demand indications was published on Gastrans’ website (<https://gastrans.rs/market-test-2023/>) and on the Regional Booking Platform - RBP (<https://ipnew.rbp.eu/Rbp.eu/#/events/139>) on 3rd July 2023.

Bulgartransgaz EAD (hereinafter referred to as “Bulgartransgaz”) launched a market demand assessment process for incremental capacity in July 2023, immediately after the start of the annual yearly capacity auction (3 July 2023), as provided for in Article 26 of Regulation (EU) 2017/459 (CAM NC). The invitation for submitting non-binding demand indications was published on Bulgartransgaz’s website (<https://www.bulgartransgaz.bg/market-test-2023>) on 3rd July 2023.

In accordance with the submitted non-binding demand indications for incremental capacity, Gastrans and Bulgartransgaz publish this Joint Demand Assessment Report (DAR).

Non-binding demand indications received by Gastrans

Within the deadline (28th August 2023) for submitting non-binding demand indications Gastrans received 4 non-binding demand indications expressing the interest for firm incremental capacity at IP Kireevo/Zaychar. Gastrans didn’t receive any non-binding demand indications after the prescribed deadline and Gastrans don’t have any non-binding demand indications which were submitted in the previous market test which should be included in the current DAR.

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

Table 1

Gastrans non-binding demand indications for incremental capacity survey 2023	
Interconnection Point	Kireevo/Zaychar
EIC Code	58Z-000000007-KZ
Flow Direction	Bulgartransgaz → Gastrans
Request is submitted to other TSOs? [yes, TSO name] or [no]	Yes, 3 out of 4 indications have been submitted to Bulgartransgaz
Additional information (if any)	
Current technical capacity, Entry to Gastrans kWh/d	366.731.712
Non-binding demand indications – aggregated [(kWh/d)/y]	
2024/2025	16.865.747
2025/2026	24.365.747
2026/2027	59.610.611
2027/2028	75.946.019
2028/2029	108.908.115
2029/2030	120.908.115
2030/2031	120.908.115

Market test 2023 - Demand Assessment Report GASTRANS d.o.o. Novi Sad – Bulgartransgaz EAD
IP Kireevo/Zaychar

2031/2032	120.908.115
2032/2033	120.908.115
2033/2034	120.908.115
2034/2035	120.908.115
2035/2036	120.908.115
2036/2037	120.908.115
2037/2038	120.908.115
2038/2039	120.908.115
2039/2040	76.277.368

Non-binding demand indications received by Bulgartransgaz

Within the deadline (28th August 2023) for submitting non-binding demand indications Bulgartransgaz received 3 non-binding demand indications expressing the interest for firm incremental capacity at IP Kireevo/Zaychar. Bulgartransgaz didn't receive any non-binding demand indications after the prescribed deadline or in the previous market test.

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

Table 2

Bulgartransgaz non-binding demand indications for incremental capacity survey 2023	
Interconnection Point	Kireevo/Zaychar
EIC Code	58Z-000000007-KZ
Flow Direction	Bulgartransgaz → Gastrans
Request is submitted to other TSOs? [yes, TSO name] or [no]	Yes, all demand indications have been submitted to Gastrans
Additional information (if any)	-
Current technical firm capacity, Bulgartransgaz (exit) in kWh/d	406 524 342
Current available technical firm capacity, Bulgartransgaz (exit) in kWh/d	88 464 342
Non-binding demand indications – aggregated [(kWh/d)/y]	
2024/2025	16 865 747
2025/2026	24 365 747
2026/2027	56 630 747
2027/2028	62 630 747
2028/2029	71 730 747
2029/2030	83 730 747
2030/2031	83 730 747
2031/2032	83 730 747
2032/2033	83 730 747
2033/2034	83 730 747
2034/2035	83 730 747
2035/2036	83 730 747
2036/2037	83 730 747
2037/2038	83 730 747
2038/2039	83 730 747
2039/2040	39 100 000

B. Demand Assessment

1. Historical Usage Pattern

The IP Kireevo/Zaychar is in commercial operation since January 1, 2021. The operator of the IP Kireevo/Zaychar in the Republic of Bulgaria is Bulgartransgaz and the operator in the Republic of Serbia is Gastrans.

IP Kireevo/Zaychar technical capacity – exit from Bulgartransgaz

The total exit technical capacity at IP Kireevo/Zaychar from Bulgartransgaz transmission system to Gastrans transmission system amounts to 406 524 342 KWh/d. The existing available technical firm capacity in this direction is 88 464 342 KWh/d.

The historical usage data of IP Kireevo/Zaychar on the side of Bulgartransgaz is available on the ENTSOG Transparency Platform and is also available from the website of Bulgartransgaz. The relevant IP EIC code is 58Z-000000007-KZ.

IP Kireevo/Zaychar technical capacity - entry to Gastrans

The total technical capacity on entry to Gastrans at IP Kireevo/Zajecar is 15.280.488 kWh/h i.e. 366.731.712 kWh/day (35,26 mcm/day/y at 293,15 K (=20°C) and 101,325 kPa (=1,01325 bar (absolute) for real dry gas.)

Capacity amounting 13.752.230 kWh/h is exempted and it is contracted on the 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 RBP.

The historical usage of IP Kireevo/Zaychar on entry to Gastrans is available on Gastrans website: http://gedp.gastrans.rs/gas_flow.aspx.

2. Results of Current Annual Yearly Auction

Results of Current Annual Yearly Auction – Bulgartransgaz

In the annual yearly firm capacity auction held on the Regional Capacity Platform (RBP) on 03.07.2023, Bulgartransgaz offered for contracting firm capacity in the amount of 47 811 908 KWh/d at IP Kireevo/Zaychar in the Bulgartransgaz → Gastrans direction. However, no capacity bookings were made.

Results of Current Annual Yearly Auction - Gastrans

In accordance with article 6.2.1. of NC, Gastrans offers 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.

Due to the cessation of one Long-Term Gas Transportation Agreement, Gastrans offered capacity released from terminated Long-Term Gas Transportation Agreement (197.813 kwh/h/y) on the annual yearly capacity auction for gas years 2023/24 and 2024/2025.

The total amount of offered capacity was contracted for gas year 2023/24.

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

3.1.1. Gastrans - expected amount, direction and duration of demand for incremental capacity

Within received non-binding demand indications:

- three of them indicated demand for firm incremental capacity at IP Kireevo/Zaychar and new, non-existing, interconnection point between Republic of Serbia and Bosnia and Hercegovina Republic of Srpska. According to the explanations given in non-binding demand indications and subsequent consultations it can be assumed that non-binding demand indications for incremental capacity were given for the same purpose.
- one of them indicated demand for firm incremental capacity at IP Kireevo/Zaychar and exit point IP Serbia.

In order to assess incremental capacity in rational and sustainable way which would lead to positive outcome of future steps of market test procedure in the assessment of incremental capacity two non-binding demand indications for IP Kireevo/Zaychar should be included:

1. One which indicated demand for incremental capacity at IP Kireevo/Zaychar and new, non-existing, interconnection point between Republic of Serbia and Bosnia and Hercegovina Republic of Srpska.
2. One which indicated demand for firm incremental capacity at IP Kireevo/Zaychar and exit point IP Serbia.

Considering the fact that Gastrans doesn't offer for contracting firm yearly capacity, non-binding demand indications exceed the available firm yearly capacity in each year for which the non-binding demands were submitted.

The assessment of the non-binding demand indications is presented in the table below.

Table 3

Gastrans demand assessment for incremental capacity	
Interconnection Point	Kireevo/Zaychar
EIC Code	58Z-000000007-KZ
Flow Direction	Bulgartransgaz → Gastrans
Request is submitted to other TSOs? [yes, TSO name] or [no]	Yes. Bulgartransgaz
Additional information (if any)	
Current technical capacity, Entry to Gastrans kWh/d	366.731.712
Assessment of demand for incremental capacity [(kWh/d)/y]	
2024/2025	16.865.747
2025/2026	16.865.747
2026/2027	44.630.747

Market test 2023 - Demand Assessment Report GASTRANS d.o.o. Novi Sad – Bulgartransgaz EAD
IP Kireevo/Zaychar

2027/2028	44.630.747
2028/2029	44.630.747
2029/2030	44.630.747
2030/2031	44.630.747
2031/2032	44.630.747
2032/2033	44.630.747
2033/2034	44.630.747
2034/2035	44.630.747
2035/2036	44.630.747
2036/2037	44.630.747
2037/2038	44.630.747
2038/2039	44.630.747

3.1.2. Bulgartransgaz - expected amount, direction and duration of demand for incremental capacity

The received non-binding demand indications for incremental capacity by Bulgartransgaz are for 16 consecutive gas years, covering the period from 2024/2025 to 2039/2040 at IP Kireevo/Zaychar in the Bulgartransgaz → Gastrans direction.

The assessment of the non-binding demand indications is presented in the table below.

Table 4

Bulgartransgaz demand assessment for incremental capacity	
Interconnection Point	Kireevo/Zaychar
EIC Code	58Z-000000007-KZ
Flow Direction	Bulgartransgaz → Gastrans
Request is submitted to other TSOs? [yes, TSO name] or [no]	Yes. Gastrans d.o.o.
Additional information (if any)	-
Current technical firm capacity, Bulgartransgaz (exit) in kWh/d	406 524 342
Current available technical firm capacity, Bulgartransgaz (exit) in kWh/d	88 464 342
Assessment of demand for incremental capacity [(kWh/d)/y]	
2024/2025	16 865 747
2025/2026	24 365 747
2026/2027	56 630 747
2027/2028	62 630 747
2028/2029	71 730 747
2029/2030	83 730 747
2030/2031	83 730 747
2031/2032	83 730 747
2032/2033	83 730 747
2033/2034	83 730 747
2034/2035	83 730 747
2035/2036	83 730 747
2036/2037	83 730 747
2037/2038	83 730 747
2038/2039	83 730 747
2039/2040	39 100 000

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

Gastrans

Gastrans 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.

Bulgartransgaz

The total demand indications received by Bulgartransgaz are lower than the existing available firm technical capacity in the Bulgartransgaz → Gastrans direction on the Bulgarian side of the IP. Thus, it is sufficient to fully meet the expected demand level indicated by market participants to Bulgartransgaz for the entire period. Bulgartransgaz has decided not to proceed to the next phase of the Incremental Capacity Process for IP Kirevo/Zaychar. As a result, no incremental capacity project will be initiated on the Bulgarian side of the IP and no technical studies will be conducted.

D. Expected Timeline

Gastrans plans to conduct the technical studies and the consultation of the draft Project Proposal according to the following indicative timeline:

Activity	Expected start	Expected end	Expected duration
Drafting of project of incremental capacities	From the publication of this Demand Assessment Report	16.01.2024	12 weeks
Public Consultation on draft Project Proposal	16.01.2024	16.03.2024	2 months

After the conclusion of public consultation, draft of incremental capacities project shall be submitted to the respective National Regulatory Authority - NRA(s).

Within 6 months of receipt of the complete project proposal by the last of the relevant NRA(s), those NRA(s) shall publish coordinated decision(s) on the project proposal.

Upon the publication of the decision(s) of the relevant NRA(s) pursuant to previous paragraph and no later than 2 months before the offer of incremental capacity in the annual yearly capacity auction, a notice including the following minimum information shall be published by the TSO(s):

1. the information defined in project of incremental capacities as approved by the NRA(s);
2. a template of the contract(s) related to the capacity offered.

After conducting above mentioned steps, the incremental capacity on Gastrans' side of the IP will be offered as a bundled product with existing capacity on the Bulgartransgas' side of the IP in the auction for firm yearly capacity in accordance with ENTSOG auction calendar (first Monday in July 2025).

Bulgartransgaz will cooperate, where necessary as required by CAM NC, in the Incremental Capacity process of Gastrans for increasing its technical entry capacity up to 406 524 342 KWh/d (total existing and incremental), which is the current existing technical capacity at Bulgartransgaz's side of IP Kireevo/Zaychar in the Bulgartransgaz → Gastrans direction.

E. Fees

Gastrans did not introduce a fee for the evaluation and processing of nonbinding demand indications.

Bulgartransgaz did not introduce a fee for the evaluation and processing of nonbinding demand indications.

F. Contact information

BULGARTRANSGAZ EAD	GASTRANS d.o.o. Novi Sad
Nikola Delev	Saša Pavković
Acting Director "Strategic Planning and Development"	Head of Group for Commercial Operations
Blvd. Pancho Vladigerov 66 Lyulin 2, CP 3, 1336 Sofia	Narodnog fronta 12 21000 Novi Sad
Bulgaria	Republic of Serbia
Phone: + 359/2/939 66 74	Phone: +381 66 803 3398
Fax: + 359/2/925 00 63	Fax: -
E-mail: Nikola.Delev@bulgartransgaz.bg	E-mail: commercial@gastrans.rs