

Demand Assessment Report
for incremental capacity
new IP on border between Republic of Serbia and Bosnia
and Hercegovina Republic of Srpska

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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

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.

Considering the fact that ГАС-РЕС д.о.о. (hereinafter refer to as GAS-RES) is not transmission system operator there was no obligation to conduct market test. However, Government of Republic of Srpska (Official Gazette of Republic of Srpska No. 46/2019) appointed GAS-RES as responsible company for conducting the activities in realization of “Project of construction of high-pressure gas pipeline from the border with Republic of Serbia and ongoing by the route: Bijeljina - Banja Luka – Prijedor – Novi Grad” (hereinafter referred to as “Project”).

This Demand Assessment Report (DAR) refers to the new non-existing interconnection point on the border between Republic of Serbia and Bosnia and Hercegovina Republic of Srpska which is near village “Novo Selo” on the side of Republic of Serbia and near village “Ljeskovac” on the side of Bosnia and Hercegovina Republic of Srpska. For the purpose of this DAR the new interconnection point will be named “IP Novo Selo/Ljeskovac.”

In order for the capacity of the new IP Novo Selo/Ljeskovac to be designed on the basis of market demand expressed by the users which will further use as a starting point for development of the Project, two companies publish this DAR.

Non-binding demand indications received by Gastrans

Within the deadline (28th August 2023) for submitting non-binding demand indications Gastrans received 3 non-binding demand indications expressing the interest for firm incremental capacity at IP Novo Selo/Ljeskovac. Gastrans didn’t receive any non-binding demand indications after the prescribed deadline and Gastrans doesn’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 | Novo Selo/Ljeskovac |
| EIC Code | N/A |
| Flow Direction | Gastrans, Republic of Serbia → Bosnia and Hercegovina Republic of Srpska |
| Request is submitted to other TSOs? [yes, TSO name] or [no] | Two of 3 non-binding demand indications were submitted to GAS-RES |
| Current technical capacity, Entry to Gastrans kWh/d | N/A |

| Non-binding demand indications – aggregated [(kWh/d)/y] | |
|--|-------------|
| 2025/2026 | 7.500.000 |
| 2026/2027 | 56.979.864 |
| 2027/2028 | 73.315.272 |
| 2028/2029 | 106.277.368 |
| 2029/2030 | 118.277.368 |
| 2030/2031 | 118.277.368 |
| 2031/2032 | 118.277.368 |
| 2032/2033 | 118.277.368 |
| 2033/2034 | 118.277.368 |
| 2034/2035 | 118.277.368 |
| 2035/2036 | 118.277.368 |
| 2036/2037 | 118.277.368 |
| 2037/2038 | 118.277.368 |
| 2038/2039 | 118.277.368 |
| 2039/2040 | 76.277.368 |

Non-binding demand indications received by GAS-RES

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

Table 2

| GAS-RES non-binding demand indications for incremental capacity survey 2023 | |
|--|--|
| Interconnection Point | Novo Selo/Ljeskovac |
| EIC Code | N/A |
| Flow Direction | Gastrans, Republic of Serbia → Bosnia and Hercegovina Republic of Srpska |
| Request is submitted to other TSOs? [yes, TSO name] or [no] | Yes. GASTRANS d.o.o. Novi Sad |
| Current technical capacity, Entry to Gastrans kWh/d | N/A |
| Non-binding demand indications – aggregated [(kWh/d)/y] | |
| 2025/2026 | 7.500.000 |
| 2026/2027 | 56.979.864 |
| 2027/2028 | 73.315.272 |
| 2028/2029 | 106.277.368 |
| 2029/2030 | 118.277.368 |
| 2030/2031 | 118.277.368 |
| 2031/2032 | 118.277.368 |
| 2032/2033 | 118.277.368 |
| 2033/2034 | 118.277.368 |
| 2034/2035 | 118.277.368 |
| 2035/2036 | 118.277.368 |
| 2036/2037 | 118.277.368 |
| 2037/2038 | 118.277.368 |
| 2038/2039 | 118.277.368 |
| 2039/2040 | 76.277.368 |

B. Demand Assessment

1. Historical Usage Pattern

The IP Novo Selo/Ljeskovac is new, non-existing, IP and there is no historical pattern of usage.

2. Results of Current Annual Yearly Auction

The IP Novo Selo/Ljeskovac is new, non-existing, IP and there were no annual yearly capacity auctions.

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

Within received non-binding demand indications by Gastrans three (3) of them indicated demand for firm incremental capacity at 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.

In order to assess incremental capacity in rational and sustainable way which would lead to realistic design of the capacity of the new IP and positive outcome of future steps of market test procedure, in the assessment of incremental capacity one non-binding demand indication for new IP Novo Selo/Ljeskovac should be included.

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

Table 3

| Joint (Gastrans and GAS-RES) demand assessment for incremental capacity | |
|--|--|
| Interconnection Point | Novo Selo/Ljeskovac |
| EIC Code | N/A |
| Flow Direction | Gastrans, Republic of Serbia → Bosnia and Hercegovina Republic of Srpska |
| Request is submitted to other TSOs? [yes, TSO name] or [no] | It was submitted to Gastrans and GAS-RES |
| Current technical capacity, Entry to Gastrans kWh/d | N/A |
| Assessment of demand for incremental capacity [(kWh/d)/y] | |
| 2026/2027 | 42.000.000 |
| 2027/2028 | 42.000.000 |
| 2028/2029 | 42.000.000 |
| 2029/2030 | 42.000.000 |
| 2030/2031 | 42.000.000 |
| 2031/2032 | 42.000.000 |
| 2032/2033 | 42.000.000 |
| 2033/2034 | 42.000.000 |
| 2034/2035 | 42.000.000 |

| | |
|-----------|------------|
| 2035/2036 | 42.000.000 |
| 2036/2037 | 42.000.000 |
| 2037/2038 | 42.000.000 |
| 2038/2039 | 42.000.000 |

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

Gastrans and GAS RES 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 Novo Selo/Ljeskovac.

D. Expected Timeline

Gastrans and GAS RES plan 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 | 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 regulators in Republic of Serbia and Bosnia and Hercegovina Republic of Srpska for the approval.

Within 6 months of receipt of the complete project proposal by the last of the relevant regulatory authorities, those national regulatory authorities shall publish coordinated decisions on the project proposal.

Upon the publication of the decisions of the relevant national regulatory authorities pursuant to previous paragraph and no later than 2 months before the offer of incremental capacity in the annual yearly capacity auction, joint notice shall be published, including the following minimum information:

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

After conducting above mentioned steps, incremental capacities shall be offered for contracting.

E. Fees

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