

**Demand assessment report
for the incremental capacity process
starting 2017
between Market Area East (Austria) and
NetConnect Germany (Germany)**

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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

All inquiries received in the course of the demand period comply with the terms and conditions of participation and can be taken into account in the subsequent analysis.

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

<i>From</i> <i>[entry-exit system name]</i> "EXIT CAPACITY"	<i>To</i> <i>[entry-exit system name]</i> "ENTRY CAPACITY"	<i>Gas year</i> <i>[yyyy/yy]</i>	<i>Amount</i> <i>[Please indicate unit: (kWh/h)/y or (kWh/d)/y]</i>	<i>Request is submitted to other TSOs</i> <i>[yes, TSO] or [no] (detailed information shall be provided below)</i>	<i>Period when Demand Indication was received*</i> <i>[please include the period according to the numbers 1) - 3)]</i>	<i>Additional Information</i> <i>(e.g. type of capacity, if different from bundled firm freely allocable)</i>
Market Area East	NetConnect Germany	2023/28	960,467 kWh/h	Request submitted to FNB Gas e.V / bayernets GmbH, but not submitted to Gas Connect Austria	2	Austria: Freely allocable firm NetConnect Germany: Restricted allocable firm (Überackern 2 - storage Haidach)
NetConnect Germany	Market Area East (Entry Überackern SUDAL)	2018/27	2,500,000 kWh/h	Request submitted to Gas Connect Austria, but not to FNB Gas e.V / bayernets GmbH	2	Austria: Freely allocable firm NetConnect Germany: Restricted allocable firm (Überackern 2 - storage Haidach)

* 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

i. Historical usage pattern at interconnection points between Market Area East and NetConnect Germany

For the incremental capacity cycle addressed by this report, non-binding market demand indications were received. Therefore an analysis of the historical capacity utilization between the aforementioned entry-exit systems is given to support the assessment of a future demand for incremental capacity.

Both non-binding demand indications received request restricted allocable capacity (short haul) between the interconnection point Überackern SUDAL (AT) / Überackern 2 (DE) and the storage connection point Haidach USP (DE) in Germany. This capacity is physically related to Überackern SUDAL (AT) / Überackern 2 (DE). For this reason, this analysis is not only performed on an aggregated basis for all interconnection points on the NetConnect Germany side of the entry-exit-system border, but also performed separately for the concerned interconnection point Überackern 2 for both Entry and Exit directions.

For the analysis the technical capacity, the booked firm capacity and the final confirmed quantities according to Article 3 (8) of Regulation (EU) No. 312/2014 is presented for the time frame 01.04.2015 to 01.04.2017. For the confirmed quantities, no distinction between transports in firm or interruptible capacities is performed. The analysis is based on data already published by the concerned TSOs.

Interconnection Points connecting the aforementioned entry-exit system and therefore included in the aggregated analysis:

Interconnection Point:	Oberkappel		
Energy Identification Code:	21Y---A001A012-4		
Entry-exit-system:	NetConnect Germany	Entry-exit-system	Austria
Pipe-in-Pipe:	Yes	Pipe-in-Pipe:	No
Transmission System Operator:	IP name:	Transmission System Operator:	IP name:
GRT Gaz Deutschland	Oberkappel 21Z000000000161V	Gas Connect Austria	Oberkappel 21Z000000000001G
Open Grid Europe	Oberkappel 21Z000000000001G		

Interconnection Point:	ÜBERACKERN ABG (AT) / ÜBERACKERN (DE)		
Energy Identification Code:	21Z000000000002E		
Entry-exit-system:	NetConnect Germany	Entry-exit-system	Austria
Pipe-in-Pipe:	Yes	Pipe-in-Pipe:	No
Transmission System Operator:	IP name:	Transmission System Operator:	IP name:
Bayernets	ÜBERACKERN	Gas Connect Austria	ÜBERACKERN ABG
Open Grid Europe	ÜBERACKERN		

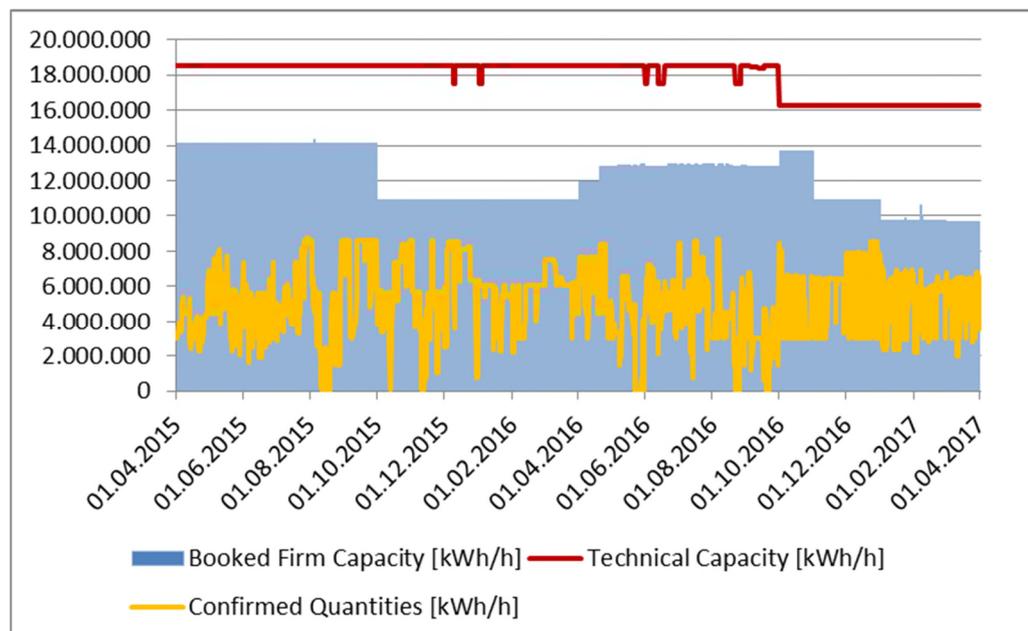
Interconnection Point:	ÜBERACKERN SUDAL (AT) / ÜBERACKERN 2 (DE)		
Energy Identification Code:	21Z000000001240		
Entry-exit-system:	NetConnect Germany	Entry-exit-system	Austria
Pipe-in-Pipe:	No	Pipe-in-Pipe:	No
Transmission System Operator:	IP name:	Transmission System Operator:	IP name:
Bayernets	ÜBERACKERN 2	Gas Connect Austria	ÜBERACKERN SUDAL

In addition, depending on the outcome of the analysis of the historical usage patterns, an analysis of both the implementation and application of Congestion Management Procedures required by the CMP Guidelines and the possibility for and the actual use of capacity trading on the secondary market is performed. But as this analysis should not be an end in itself it is only performed if any sustained contractual congestion at the respective border is visible in the historic usage pattern.

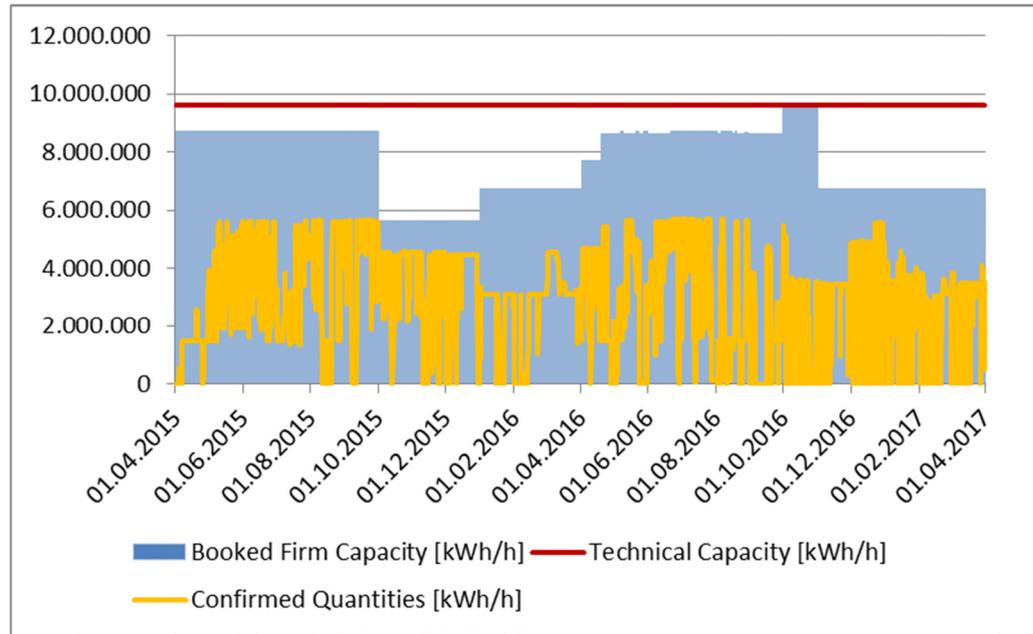
a. Entry NetConnect Germany

In the aggregated analysis of this direction freely-allocable capacities, dynamically-allocable and restricted-allocable capacities are taken into account. However, the received demand indication from Überackern 2 to the storage connection point USP Haidach cannot be fulfilled from other Entry points, as there is currently no firm freely-allocable capacity offered at the connection point to the storage facility Haidach that would allow to inject gas from the Virtual Trading Point NetConnect Germany. Therefore an additional analysis for Überackern 2 is performed.

Entry NetConnect Germany – aggregated



Entry Überackern 2 – Bayernets



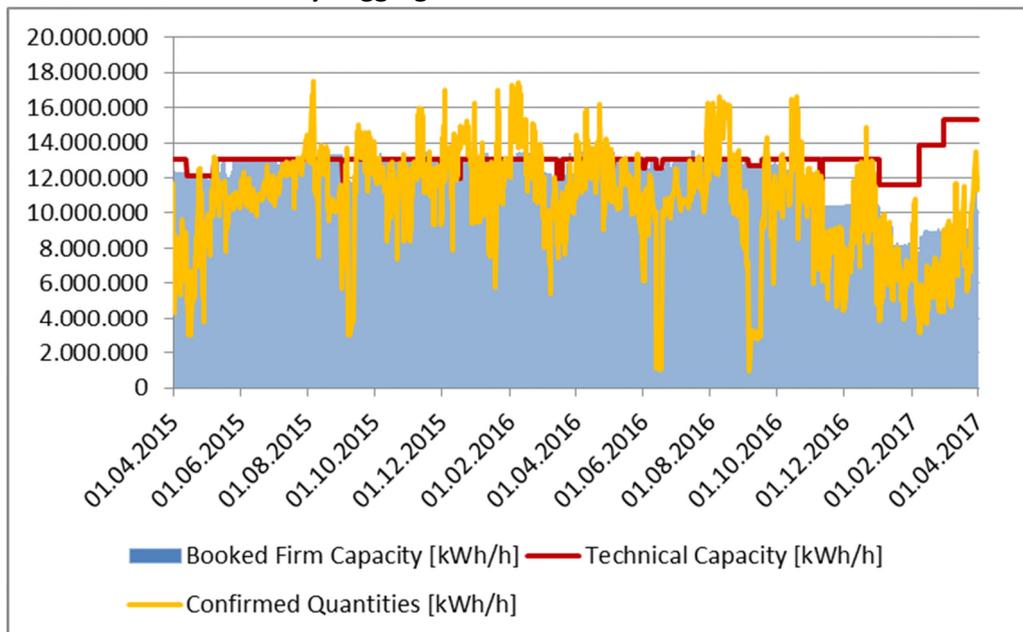
As a summary no sustained congestion is visible in the historic analysis that would indicate the need for additional firm capacity for the direction Entry NetConnect Germany. Therefore, no further analysis in respect to congestion management procedures and secondary marketing is performed.

b. Exit NetConnect Germany

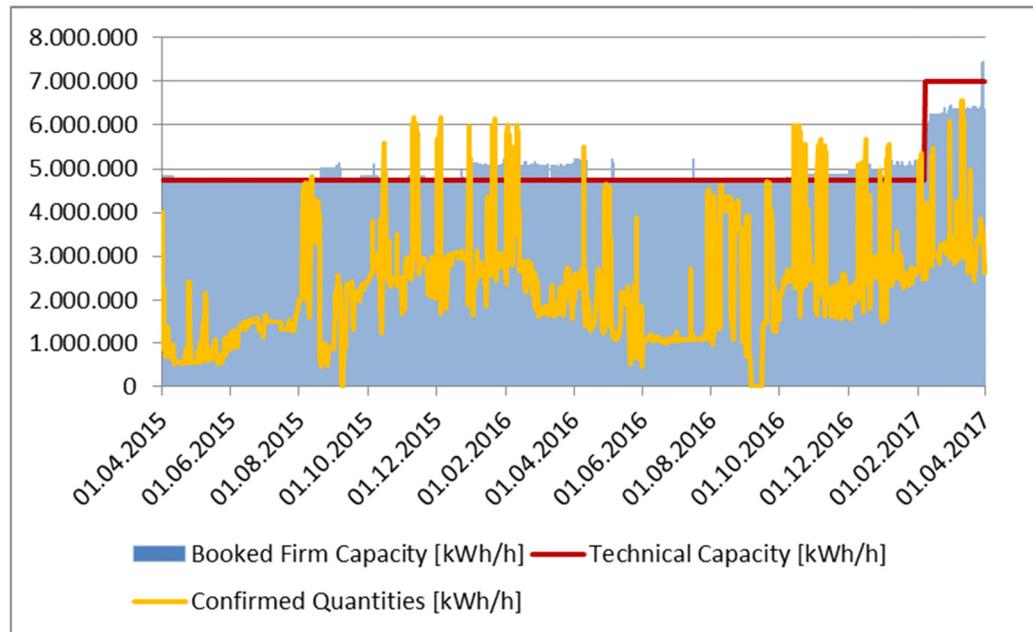
In the aggregated analysis of this direction, freely-allocable capacities and restricted-allocable capacities are taken into account (no dynamically-allocable capacity is currently offered).

The demand indication submitted to Gas Connect Austria is directly related to the Überackern SUDAL (AT) / Überackern 2 (DE). Therefore an additional analysis for Überackern 2 is performed.

Exit NetConnect Germany - aggregated



Exit Überackern 2 – Bayernets



Before October 2016, a contractual congestion was observed and the day-ahead use-it-or-lose-it mechanism was applied (see ACER, 2017 Implementation Monitoring Report on Contractual Congestion at IPs, fourth ed., 31 May 2017, page 28f, Annex 2 and Annex 3). Furthermore, sufficient capacity is available in the future to meet all existing demand. For these reasons, no further analysis of congestion management procedures and secondary marketing is performed.

ii. Relations to Investment and Network Development Plans (GRIPs, TYNDP, NDPs)

a. NetConnect Germany

With regards to the capacity amount of the demand-indication from Austrian Market Area East towards NetConnect Germany, no projects covering the requested restricted allocable firm capacity from Überackern 2 entry towards the storage Haidach are mentioned in the European development plans (TYNDP, GRIP NW, GRIP East). The same applies to the German National Development Plan. The “NEP Gas 2016 - 2026” (2nd draft) does not contain any capacity increments for the point Überackern 2 entry towards the storage Haidach. The same findings apply on an aggregated level covering the border between the two entry-exit-systems in general. As described in the German national development Plan “NEP Gas 2016-2026” (see page 156ff), additional flows are expected rather in the exit direction in peak load scenarios, so no additional entry capacities were taken into account.

For the exit direction there was no capacity demand submitted on the German side. However, there is enough existing capacity on the NetConnect Germany side to fulfil the capacity requested on the Austrian Market Area East side (see also following point b.). Due to an upgrade of the respective Austrian station Überackern SUDAL, bayernets was also able to increase the technical capacity to 7.000.000 kWh/h on the 07.02.2017 and to further increase the capacity to 9.016.301kWh/h on the 24.07.2017.

b. Market Area East

Demand indications which had been given in the past and subsequently led to projects at the points Oberkappel and Überackern are monitored in the Austrian Network Development Plan. On the basis of the last years' demand assessment the most recent project between Austria and Germany concerns Entry Überackern and Entry Oberkappel (capacities in competition) in the additional amount of 223.414 Nm³/h (0°C).

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

The assessment of the demand for incremental capacity will be conducted by analyzing the technical capacity, the booked firm capacity and the non-binding demand indications received for the relevant entry-exit system borders. Both non-binding demand indications received request restricted allocable capacity (short haul) between the interconnection point Überackern SUDAL (AT) / Überackern 2 (DE) and the storage connection point Haidach USP (DE) in Germany. This capacity is physically related to Überackern SUDAL (AT) / Überackern 2 (DE). For this reason this analysis is not only performed on an aggregated basis for all interconnection points on the NetConnect Germany side of the entry-exit-system border, but also performed separately for the concerned interconnection point Überackern 2 for Entry and Exit direction.

The published data of the concerned transmission system operators is used for this analysis. As presented in B. ii) no further projects, planned or currently under construction, are relevant for the NetConnect Germany side of the entry-exit-system border.

The market assessment has indicated a demand at the Austrian Entry Überackern and therefore the technical analysis from last year will be updated and a corresponding project is considered. The incremental auction process in 2017 for the projected capacities Entry Überackern and Entry Oberkappel in competition was not successful. Respective incremental capacities could not be offered as regulatory authority in Germany did not give their approval to the affected TSO in order to upload bundled auctions consisting of existing restricted and incremental freely allocable firm capacity. Consequently the incremental auction process was stopped.

If the sum of the aggregated booked firm capacity and the non-binding demand indications exceed the aggregated technical capacity, the expected demand for incremental capacity for the specific timeframe and direction can be calculated as follows:

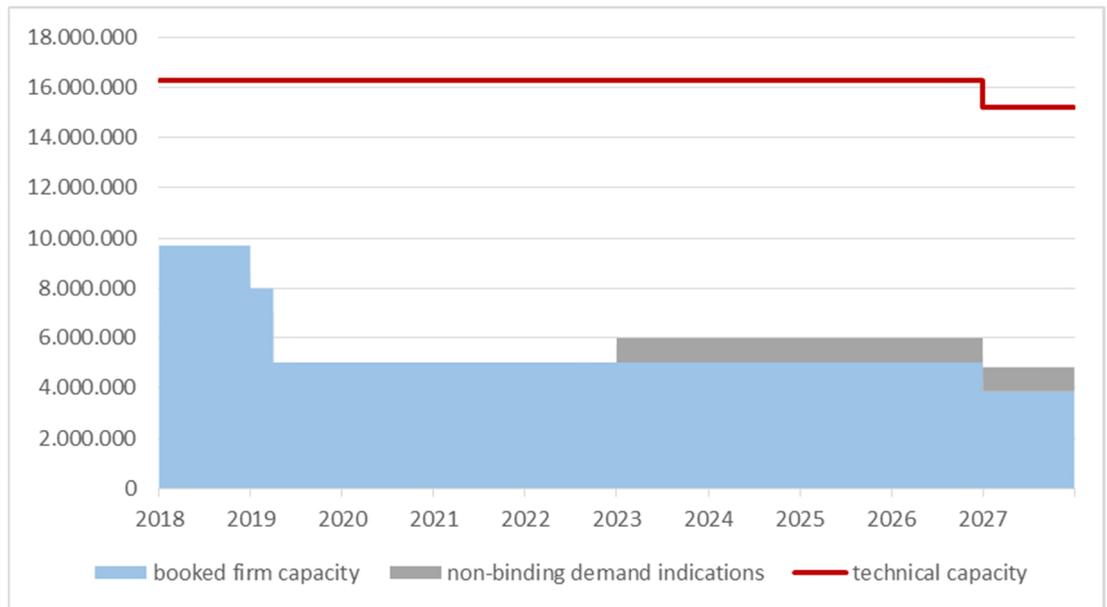
Expected demand for incremental capacity = Max{Booked firm capacity + non-binding demand indications – technical capacity; 0}

The following charts will show the aggregated technical capacity and the aggregated booked firm capacity on the NetConnect Germany side of the market area border. Capacities on the side of the Market Area East can in general be found on the website of the Market Area Manager, the ENTSOG TP and the latest Austrian National Development Plan.

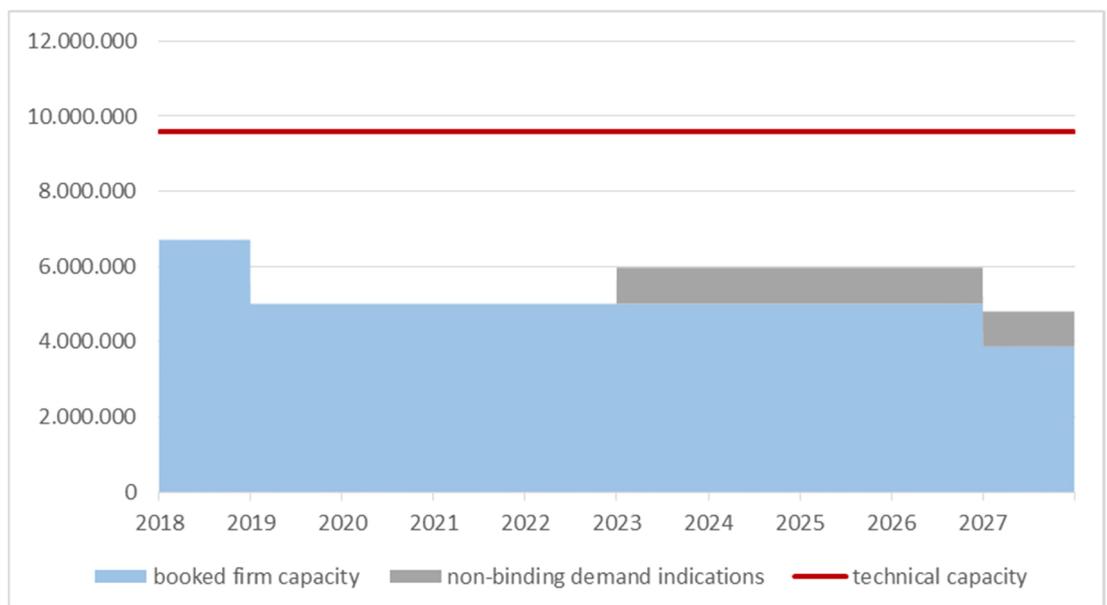
a. Non-binding demand indication Exit Market Area East / Entry NetConnect Germany

In the aggregated analysis of this direction freely-allocable capacities, dynamically-allocable and restricted-allocable capacities were taken into account. However, the specific requested capacity from Überackern 2 to the storage facility Haidach cannot be fulfilled from other Entry points, as at the connection point to the storage facility Haidach currently no firm freely-allocable capacity is offered that would allow to inject gas from the Virtual Trading Point NetConnect Germany. Therefore an additional analysis for Überackern 2 is performed.

Entry NetConnect Germany - aggregated



Entry Überackern 2 – Bayernets

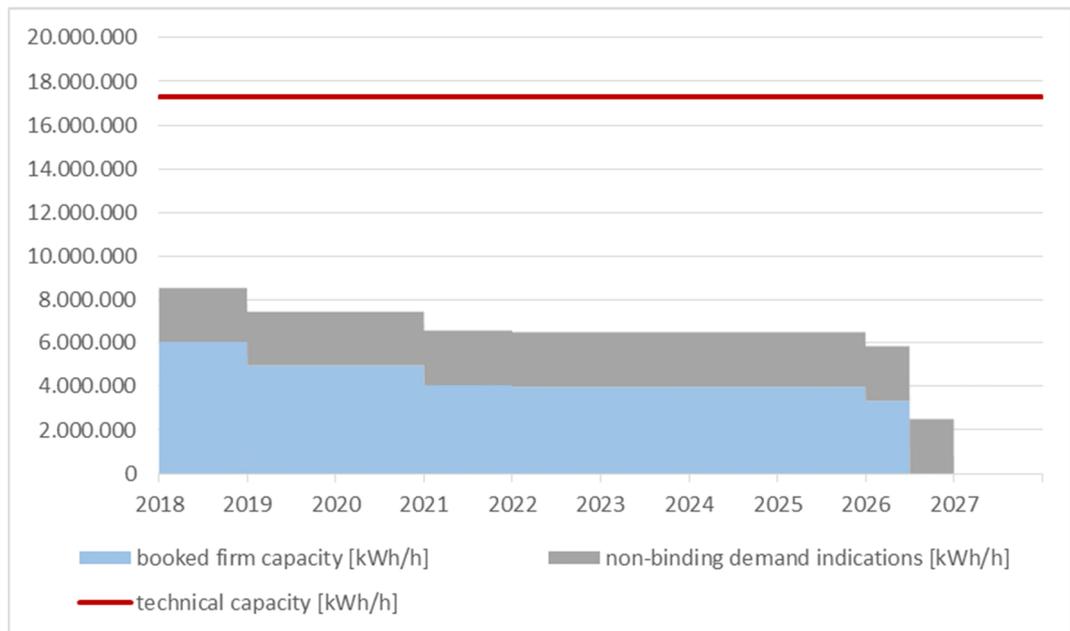


b. Non-binding demand indication Exit NetConnect Germany / Entry Market Area East

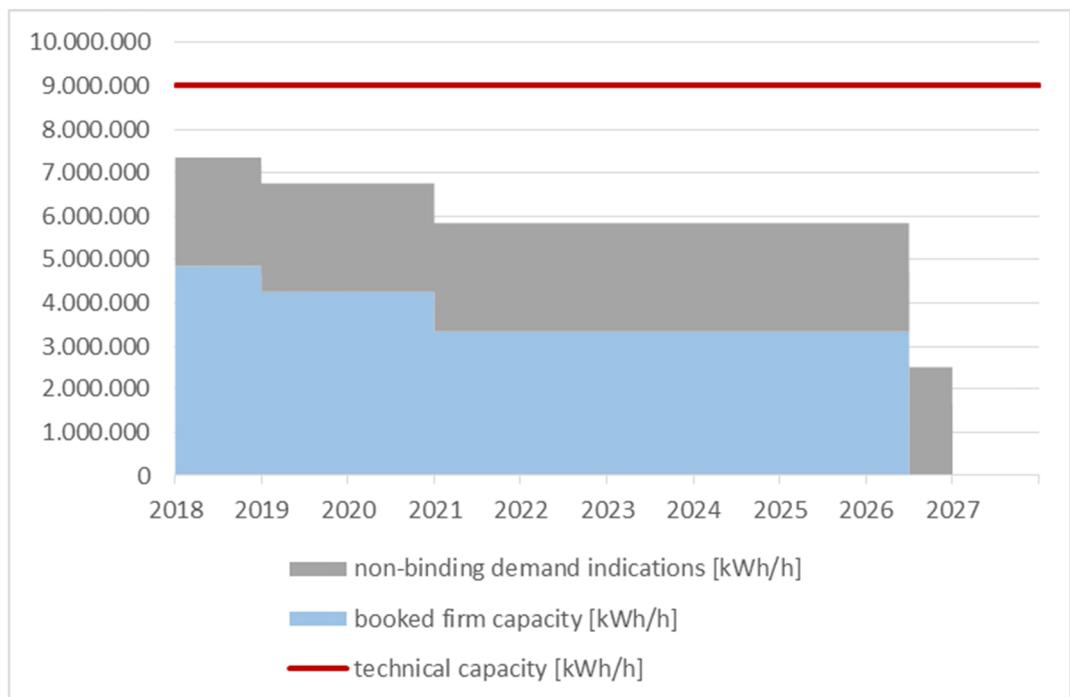
In the aggregated analysis of this direction, freely-allocable capacities and restricted-allocable capacities were taken into account (no dynamically-allocable capacity is currently offered).

The demand indication submitted to Gas Connect Austria is directly related to the Entry Überackern SUDAL (AT) / Exit Überackern 2 (DE). Therefore an additional analysis for Überackern 2 is performed.

Exit NetConnect Germany – aggregated



Exit Überackern 2 – Bayernets



C. Conclusion for the (non)-initiation of incremental capacity projects

In order to determine whether a technical study is necessary, the criteria defined in Chapter B iii. are checked. This check is carried out for each relevant entry-exit-system. In conclusion, a statement is made as to whether an incremental capacity project is initiated and whether technical studies need to be produced in the eyes of the involved TSO.

Depending on whether a demand for incremental capacity is identified on one or both sides of the border of the entry-exit system, an incremental capacity project will be started on one or both sides of the specific entry-exit system border.

For the entry-exit-systems addressed by this report the following conclusion for the (non)-initiation of an incremental capacity project/process is drawn:

i. Demand for incremental capacity for Exit NetConnect Germany / Entry Market Area East at Überackern SUDAL

a. Exit NetConnect Germany

The charts shown in chapter B. iii) clearly indicate that the sum of both booked capacity and demanded indication is lower than the technical capacity available at the entry-exit system border.

This conclusion is also valid for the requested restricted allocable firm short-haul capacity from the storage facility Haidach to the interconnection point Überackern 2.

Therefore the NetConnect Germany TSOs do not deem it necessary to start an incremental capacity project.

b. Entry Market Area East at Überackern SUDAL

The assessment has been carried out per interconnection point and a demand at Entry Überackern SUDAL has been indicated. This demand has already been submitted in the year 2016. The relevant project in the Austrian development plan will be updated and incremental freely allocable capacity is planned to be offered by Gas Connect Austria in the yearly auction in July 2018. A bundled auction with restricted allocable firm capacity could be necessary.

ii. Demand for incremental capacity for Exit Market Area East / Entry NetConnect Germany

a. Exit Market Area East at Überackern and Oberkappel

No demand has been indicated on the Austrian Market Area East side.

b. Entry NetConnect Germany

The charts shown in chapter B. iii) clearly indicate that the sum of both booked capacity and demand indication is lower than the technical capacity available at the entry-exit-system border.

This conclusion is also valid for the requested BZK short-haul product from the interconnection point Überackern 2 to the storage Haidach.

Therefore the NetConnect Germany TSOs do not deem it necessary to start an incremental capacity project.

D. Provisional timeline

As no incremental project will be initiated by the NetConnect Germany TSOs in the current cycle, the next relevant date for this entry-exit system is the start of the next incremental cycle after the yearly auctions in July 2019.

Gas Connect Austria intends to conduct the technical studies and the consultation of the draft project proposal according to the following provisional timeline:

Start Date	End Date	Description
27.7.2017		Start of design phase
27.7.2017	11.08.2017	Technical studies
06.09.2017	02.10.2017	Public consultation
01.07.2018		Yearly Auction (15 years)

The stated dates have provisional character and are therefore subject to change.

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

As pointed out under Point C. above, there is enough existing capacity on the NetConnect Germany side of the border to fulfill the demand requested. Consequently, the incremental project will be initiated on the Austrian Market Area East side only and the resulting incremental capacity can be offered bundled with existing capacity on the German side in 2018. Therefore an interim solution of holding back capacities in 2018 to offer it in the yearly auction 2019 acc. to Art. 26 (13) j) of Regulation (EU) 2017/459 is not needed.

F. Fees

According to Article 26 (11) of Regulation (EU) 2017/459 transmission system operators may charge fees for activities which result from the transmission of non-binding demand indications. Whether to demand fees or not will be evaluated by the transmission system operators for every single incremental capacity cycle. The decision on this matter for one specific incremental capacity cycle has no significance on any following cycles.

For the incremental capacity cycle addressed by this report, Gas Connect Austria, bayernets, Open Grid Europe and GRTgaz Deutschland did not introduce a fee for the evaluation and processing of non-binding demand indications.

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