

**Demand Assessment Report for the
Incremental Capacity Process - 2023
between DESFA and ICGB
Gas Transmission Systems**

October 2023

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

<u>ICGB AD</u>	<u>DESFA S.A.</u>
23 George Washington Street, Sofia 1000, Bulgaria	357-359 Messogion Ave., Halandri,15231, Greece
Mobile: +359 (2) 4513 545 incremental.capacity@icgb.eu www.icgb.eu	Switchboard: +30 2130884000 market-test@desfa.gr www.desfa.gr
	

Table of Contents

A. Non-binding demand indications	4
B. Demand assessment	7
<i>i. Historical usage pattern</i>	<i>7</i>
<i>ii. Results of current annual yearly auction</i>	<i>7</i>
<i>iii. Expected amount, direction and duration of demand for incremental capacity... 8</i>	
C. Relations to GRIPS, TYNDP, NDPs.....	8
D. Conclusion for the initiation of an incremental capacity project/process	10
E. Provisional timeline	10
F. Fees	11
G. Contact information	12

Currently, the gas transmission systems of Bulgaria (“BG”) and Greece (“GR”) are interconnected in two areas. The Interconnection Point (“IP”), which is a subject to the current Demand Assessment Report (“DAR”), is located in the area of Komotini (GR) connecting the national Greek Gas Transmission System (“DESFA System”) operated by Hellenic Gas Transmission System Operator S.A. (DESFA) with the Interconnector Greece-Bulgaria (“IGB pipeline”), operated by ICGB AD (“ICGB”), namely **Komotini – DESFA / IGB** (EIC Code: 21Z0000000005398). Until now the IP Komotini – DESFA / IGB has not yet started commercial operation, even though the physical interconnection is already completed. Another IP is located in the area of Kulata (BG)/Sidirokastro (GR) on the Greek-Bulgarian border, connecting the Bulgarian Gas Transmission System, operated by Bulgartransgaz EAD, with the DESFA System.

IGB pipeline become operational in October 2022, enabling additional gas flows from the Greek territory to be transmitted to Bulgaria. ICGB operates under specific regulatory regime pursuant to *Final Joint Decision of the Energy Regulators on the Exemption Application of ICGB AD dated August 2018* (and the amendments to it)¹, establishing possibility for upgrading the IGB capacity to approximately 5 bcm/y. In addition, IGB pipeline is connected to Trans Adriatic Pipeline (“TAP”) in the area of Komotini (GR) through a separate IP.

A. Non-binding demand indications

DESFA and ICGB (the “TSOs”) have launched the Demand Assessment Phases of the Incremental Capacity Process in July 2023, in line with the provisions of Article 26 of Commission Regulation (EU) 2017/459 of 16 March 2017² (“CAM NC”). This DAR refers to the Komotini – DESFA / IGB IP between DESFA and ICGB in the area of Komotini (GR).

According to the provisions of CAM NC, on July 3rd, 2023, the TSOs invited all interested parties to submit non-binding demand indications for incremental capacity at existing or new IPs. In accordance with CAM NC, the following application windows have been included in this report:

¹ Accepted by Decisions of RAEEW of Greece n. 768/2018 and EWRC of Bulgaria n. P-BO-2 on 08.08.2018.

<https://www.dker.bg/bg/resheniya/resheniya-za-2018-qod.html>

² Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013

- a) non-binding demand indications received within 8 weeks after the start of the annual yearly capacity auction on 3rd July 2023.
- b) non-binding demand indications received later than 8 weeks after the start of the annual yearly capacity auction on 3rd July 2023, which have been considered in the current incremental capacity cycle.

The involved TSOs, DESFA and ICGB, both have received relevant non-binding demand indications from interested parties within the time windows a) and b) described above. The total aggregated amount of these non-binding demand indications submitted to the TSOs has been used as a basis for this DAR. The non-binding demand indications (for both a) and b) above) are summarized in the following table:

Non-Binding Incremental Capacity Demand Survey 2023, according to CAM NC	
Interconnection Point	Komotini – DESFA / IGB
EIC Code	21Z0000000005398
Flow Direction	GR→BG
Request is submitted to other TSOs?	Yes
Additional Information (if any)	-
Conditions	*
Current technical capacity, kWh/d	N/A
Non-binding demand indications [(kWh/d)/y]	
GY 2024-2025	108.424.630
GY 2025-2026	134.674.630
GY 2026-2027	137.374.630
GY 2027-2028	137.374.630
GY 2028-2029	137.374.630
GY 2029-2030	94.024.630
GY 2030-2031	94.024.630
GY 2031-2032	89.024.630
GY 2032-2033	81.281.507
GY 2033-2034	58.581.507
GY 2034-2035	58.581.507
GY 2035-2036	58.581.507
GY 2036-2037	49.581.507
GY 2037-2038	49.581.507
GY 2038-2039	49.581.507
GY 2039-2040	49.581.507
GY 2040-2041	34.581.507
GY 2041-2042	34.581.507
GY 2042-2043	34.581.507
GY 2043-2044	20.060.959
GY 2044-2045	20.060.959
GY 2045-2046	20.060.959
GY 2046-2047	5.610.959

**The only conditionality applicable to some non-binding demand indications received by DESFA, refers to linked commitments. ICGB has not received any conditionality applicable to the non-binding indications for the IP Komotini - DESFA / IGB.*

B. Demand assessment

The Demand Assessment Phase commenced immediately after the start of the annual yearly capacity auction as specified in Article 11(4) of CAM NC, and closed maximum 16 weeks after the start of the annual yearly capacity auction in accordance with Article 26 of CAM NC. The interested parties had the opportunity to submit non-binding demand indications to quantify potential demand for incremental capacity in compliance with the timeline provided by Article 26 CAM NC.

i. Historical usage pattern

Interconnection between DESFA System and IGB pipeline - Komotini – DESFA / IGB IP, has not been operational until now, even though the physical interconnection is already completed. Therefore, the historical usage pattern is not applicable at this moment.

ii. Results of current annual yearly auction

For the first time, in the annual yearly capacity auction of July 2023, capacity was auctioned for the coupled points, from the DESFA System entry point Amphitrite to the exit point Komotini – DESFA / IGB, for the period from the date of the start of commercial operation of Amphitrite until 30.09.2028, i.e. until the completion of the construction of “Duplication of the HP branch Karperi-Komotini” (please see paragraph C. *Relations to GRIPS, TYNDP, NDPS*) and its commissioning, as foreseen in DESFA’s TYNDP 2023-2032, which will result in the availability of firm transmission capacity for receipt at Komotini – DESFA /ICGB IP.

- DESFA

IP Name	IP EIC Code	Flow Direction	Gas Year	Offered Capacity (kwh/d/y)	Booked Capacity (kwh/d/y)	Capacity Type
Komotini - DESFA / IGB	21Z0000000005398	Exit DESFA / Entry ICGB	2023/2024*	107.470.800	37.006.175	Bzk
			2024/2025	107.470.800	14.912.982	
			2025/2026	107.470.800	9.329.325	
			2026/2027	107.470.800	9.329.325	
			2027/2028	107.470.800	9.329.325	

*Also, 8.300.000 kWh/Day were sold for the 3 last Quarters of GY 2023/2024.

- ICGB

IP Name	IP EIC Code	Flow Direction	Gas Year	Offered Capacity (kwh/d/y)	Booked Capacity (kwh/d/y)	Capacity Type
Komotini - DESFA / IGB	2120000000005398	Exit DESFA / Entry ICGB	2023/2024*	51.678.918	37.006.175	Firm, forward
			2024/2025	51.678.918	14.912.982	
			2025/2026	51.678.918	9.329.325	
			2026/2027	51.678.918	9.329.325	
			2027/2028	53.081.470	9.329.325	

**In addition, 8.300.000 kWh/Day were sold for the 3 last Quarters of GY 2023/2024.*

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

The amount and direction of the demand for incremental capacity, at Komotini – DESFA / IGB IP, considered during the present procedure is the one presented in paragraph A. *Non-binding demand indications.*

The offer levels that will be included in the draft Project Proposal, after the performance of the respective technical studies, will be formulated accordingly, considering the requested capacity.

C. Relations to GRIPS, TYNDP, NDPs

- ICGB

IGB pipeline is included in the 5th edition of the Southern Corridor Gas Regional Investment Plan (SC GRIP)³ of ENTSOG as key transmission project for the for the Southern Corridor Region (project TRA-F-378).

IGB Pipeline is included in the TYNDP 2022 of ENTSOG⁴ as a project that will increase

³ Fifth edition of the Southern Corridor Regional Investment Plan (SC GRIP) of ENTSOG (https://www.entsog.eu/sites/default/files/2022-03/GRIP_SC_2021_220318.pdf);

⁴ Ten Year Network Development Plan (TYNDP) 2022 of ENTSOG (<https://www.entsog.eu/tyndp#entsog-ten-year-network-development-plan-2022>);

the security and diversification by source and route of gas supply in direction Greece-Bulgaria-Serbia. Due to its specific regulatory regime ICGB is exempted from the obligation to submit a TYNDP.⁵

IGP pipeline is acknowledged as a leading project within the CESEC (The Central and South-Eastern Europe energy connectivity) initiative.

The IGB Interconnector was included as a Project of Common Interest (PCI) in the Fifth PCI List⁶.

- DESFA

The projects included in the DESFA's TYNDP 2023-2032 that are relevant to the non-binding demand indications received for Komotini – DESFA / ICGB IP, are presented below.

“Duplication of the HP branch Karperi-Komotini”

The project will increase the ability of DESFA System to accommodate additional gas flows on a firm basis. Said project has been designed with the aim to enable firm capacity of up to 3 bcm/y in DESFA System for export to IGB, the eventual capacity of which is up to 5 bcm/y, also exploiting the operation of the compressor station in Komotini (see next project).

“Compression Station in Komotini”

The project aims at increasing the pressure of the gas passing through Komotini node, among others, to allow flows from DESFA System towards IGB. In phase A, three compressor units of 8,2 MW each will be installed (2 in operation and 1 stand-by unit). In phase B an additional compressor unit with the same characteristics will be installed (i.e. final configuration, 3 in operation and 1 stand-by unit). The Compressor will be Electric Motor Driven and will be able to operate with up to 10% hydrogen.

The latter is also included in the TYNDP 2022, as TRA-N-128 “Compressor Station Komotini” and as TRA-N-1112 “Upgrade of Compressor Station at Komotini”.

⁵ Section 4.1.(1) of Final Joint Decision of the Energy Regulators on the Exemption Application of ICGB AD dated August 2018 (and the amendments to it), accepted by Decisions of RAEEW of Greece n. 768/2018 and EWRC of Bulgaria n. P-BO-2 on 08.08.2018.

<https://www.dker.bg/bg/resheniya/resheniya-za-2018-qod.html>

⁶ Commission Delegated Regulation (EU) 2022/564 of 19 November 2021 amending Regulation (EU) No 347/2013 of the European Parliament and of the Council as regards the Union list of projects of common interest (<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32022R0564&qid=1663087079030>);

D. Conclusion for the initiation of an incremental capacity project/process

Based on the evaluation of the received non-binding demand indications, ICGB and DESFA will proceed to the next phase of the Incremental Capacity Process-2023 and open the Coordinated Design phase, the day after the publication of this Demand Assessment Report, in order to offer bundled incremental capacity products in Komotini - DESFA / IGB IP.

During the Coordinated Design phase, the TSOs deem it necessary to conduct further technical studies to investigate, document and evaluate the preliminary technical solutions, costs, and schedules for development options to meet a range of demand cases.

The output of the technical studies and of the coordinated actions taken by ICGB and DESFA during the Coordinated Design phase, including specific expansion thresholds, provisional costs, timelines, and applicable specific regulatory provisions will be included in the draft Project Proposal.

E. Provisional timeline

The involved TSOs have planned to conduct the technical studies and the consultation of the draft Project Proposal according to the following provisional timeline:

Activity	Expected start	Expected end	Expected duration
<i>Technical studies for incremental capacity projects</i>	<i>From the publication of this DAR</i>	<i>Before 15/01/2024</i>	<i><12 weeks</i>
<i>Public Consultation on draft Project Proposal</i>	<i>15/01/2024</i>	<i>15/02/2024</i>	<i>1 month</i>

The above-stated timeline has a provisional character and is therefore subject to change.

Following the end of the public consultation and further refinements of the draft Project Proposal, the TSOs will submit the draft Project Proposal to the relevant NRA(s) for coordinated approvals. In case of positive decision of the NRA(s), the binding phase will start, and a notice will be published on the TSOs' website at least 2 months before any binding auctions. The process for the binding phase will be detailed in the draft Project



Proposal, including indicative schedule information building on the studies from the Coordinated Design phase.

F. Fees

For Incremental Capacity Process - 2023 addressed by this report, neither ICGB, nor DESFA introduced a fee for the evaluation and processing of non-binding demand indications.

G. Contact information

<u>ICGB AD</u>	<u>DESFA SA</u>
<p>Karina Racheva Business Development Commercial Dept.</p>	<p>Georgios Doumouras System Access Dept. Strategy & Development Division</p>
<p>Mob. +359 (0) 883 266 356 Email: karina.racheva@icgb.eu incremental.capacity@icgb.eu</p>	<p>Telephone: +30 213 0884079 Email: g.doumouras@desfa.gr market-test@desfa.gr</p>
<p>23 George Washington Street, Sofia 1000 Bulgaria</p>	<p>357-359 Messogion Ave., Halandri, 15231 Greece</p>
<p>www.icgb.eu</p>	<p>www.desfa.gr</p>
	