Draft project proposal for incremental capacity between the entry-exit systems of the Czech Republic ('CZ') and the Austrian Market Area East ('AT')

This draft project proposal is a joint public consultation document pursuant to Article 27 (3) of 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 ('the NC CAM') prepared by NET4GAS, s.r.o. ('N4G') and Gas Connect Austria GmbH ('GCA').

The public consultation on this present draft project proposal runs until 14 February 2020. Please provide your responses via email to capacitybooking@net4gas.cz and sales@gasconnect.at. Please note, that your responses will be published on the websites of N4G and GCA.

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A. Description of the incremental capacity project, including a cost estimate

The demand assessment report for incremental capacity between CZ and AT, dated 21 October 2019 concludes that N4G and GCA conduct technical design studies for an incremental capacity project. The incremental capacity project aims at physically linking the entry-exit systems of CZ and AT by constructing a pipeline system between Břeclav (CZ) and Baumgarten (AT). The project's technical design parameters are as follows:

Technical solution 1:

Parameter	Overall	CZ section	AT section
Technical capacity	750,000 Nm³/h (0 °)	750,000 Nm³/h (0 °)	750,000 Nm³/h (0 °)
Capacity quality	Firm	Firm	Firm, freely allocable (FZK)
Interconnection point	Reintal	Reintal	Reintal
Flow direction	Bidirectional	Bidirectional	Bidirectional
Minimum hand-over gas pressure direction from AT to CZ	53 barg	53 barg	53 barg
Minimum hand-over gas pressure direction from CZ to AT	46.7 barg	46.7 barg	46.7 barg
Length of pipeline	61 km	12 km	49 km
Above ground installations	-	-	Compressor station in Baumgarten
	-	-	Metering station in Baumgarten
	-	-	Cross border metering station
Cost estimate	EUR 210.2 mn	EUR 28 mn	EUR 182.2 mn
Cost estimate accurancy	+/- 25%	+/- 25%	+/- 25%

Technical solution 2:

Parameter	Overall	CZ section	AT section
Technical capacity	210,000	210,009 Nm³/h (0 °)	210,000 Nm³/h (0 °)
Capacity quality	Firm	Firm	Firm, freely allocable (FZK)
Interconnection point	Reintal	Reintal	Reintal
Flow direction	Bidirectional	Bidirectional	Bidirectional
Minimum hand-over gas pressure direction from AT to CZ	53 barg	53 barg	53 barg
Minimum hand-over gas pressure direction from CZ to AT	46.7 barg	46.7 barg	46.7 barg
Length of pipeline	61 km	12 km	49 km

Above ground installations	-	-	Compressor station in Baumgarten
	-	-	Metering station in Baumgarten
	-	-	Cross border metering station
Cost estimate	EUR 135,4 mn	EUR 21 mn	EUR 114.4 mn
Cost estimate accurancy	+/- 25%	+/- 25%	+/- 25%

B. Offer levels for bundled capacity products at the interconnection point

Based on the above description of the incremental capacity project, and setting aside an amount of 10% of the incremental technical capacity pursuant to Article 6(8) of the NC CAM, and applying a gross calorific value of 11.19 kWh/Nm³ (0 °C), the offer levels for bundled capacity products at the interconnection point are as follows:

Offer level 1:

Gas year	Offer level in the direction from CZ to AT (kWh/h rounded to integers)	Offer level in the direction from AT to CZ (kWh/h rounded to integers)
2025/26	7,553,250	7,553,250
2026/27	7,553,250	7,553,250
2027/28	7,553,250	7,553,250
2028/29	7,553,250	7,553,250
2029/30	7,553,250	7,553,250
2030/31	7,553,250	7,553,250
2031/32	7,553,250	7,553,250
2032/33	7,553,250	7,553,250
2033/34	7,553,250	7,553,250
2034/35	7,553,250	7,553,250
2035/36	7,553,250	7,553,250
2036/37	7,553,250	7,553,250
2037/38	7,553,250	7,553,250
2038/39	7,553,250	7,553,250
2039/40	7,553,250	7,553,250

Offer level 2:

Gas year	Offer level in the direction from CZ to AT (kWh/h rounded to integers)	Offer level in the direction from AT to CZ (kWh/h rounded to integers)
2025/26	2,115,000	2,115,000

2026/27	2,115,000	2,115,000
2027/28	2,115,000	2,115,000
2028/29	2,115,000	2,115,000
2029/30	2,115,000	2,115,000
2030/31	2,115,000	2,115,000
2031/32	2,115,000	2,115,000
2032/33	2,115,000	2,115,000
2033/34	2,115,000	2,115,000
2034/35	2,115,000	2,115,000
2035/36	2,115,000	2,115,000
2036/37	2,115,000	2,115,000
2037/38	2,115,000	2,115,000
2038/39	2,115,000	2,115,000
2039/40	2,115,000	2,115,000

C. Proposed alternative allocation mechanism

N4G and GCA did not receive conditional demand indications. Therefore, they do not propose an alternative allocation mechanism.

D. Provisional timeline of the incremental capacity project

Milestone	Plan date N4G	Plan date GCA
Auctions & economic tests	July 2021	July 2021
Notification of the outcome of the economic test	July 2021	July 2021
Final investment decision	-	3rd Quarter 2022
Commercial start-up	4th Quarter 2025	4th Quarter 2025

E. General rules and conditions for the binding capacity allocation phase

During the binding capacity allocation phase GCA and N4G will offer the incremental capacities in an annual yearly auctions on the PRISMA capacity platform.

GCA's general rules and conditions that a network user must accept to participate and access capacity in the binding capacity allocation phase of the incremental capacity process are set out in GCA's Frame Capacity Contract and its annexes. Annex 1 to the Frame Capacity Contract regulates the collaterals to be provided by network users. Article 3.2 of the Frame Capacity Contract regulates how possible delays in the provision of capacity are dealt with contractually.

For NET4GAS, the general rules and conditions that a network user must accept to participate and access capacity in the binding capacity allocation phase of the incremental capacity process are set out in Annex 1 of this consultation document and the Network Code of N4G.

F. Elements IND and RP described in Article 24(b) of Regulation (EU) 2017/460

GCA does not follow a fixed price approach. Therefore, the elements IND and RP described in Article 24(b) of Regulation (EU) 2017/460 are not applicable. NET4GAS is considering sending a request to the Czech NRA for a fixed price approach, which will take into account the prevailing price cap regime applied to the cross-border transit system in the Czech Republic. The final approach shall be approved by the Czech NRA, and all elements, including the IND and RP elements shall be specified in a price decision or another binding manner pursuant to the applicable legislation issued by the Czech NRA.

G. Level of user commitments as an estimate of the f-factor

The level of user commitments, expressed as GCA's estimate of the f-factor is 1.

The level of user commitments, expressed as N4G's estimate of the f-factor is 1.

H. Additional demand indications

NET4GAS and GCA have received a letter from a potential shipper expressing its support for the development of a demand level of 750,000 Nm3/h (0°C).

I. Utilisation of other non-depreciated gas infrastructure

The incremental capacity will not likely result in a sustained, significant decrease in the utilisation of other non-depreciated gas infrastructure in the same and adjacent entry-exit systems or along the same gas transport route.