



Template demand assessment report for Incremental capacity with zero
demand indications
DAR Template/Template
MC0075-19_DAR Template
October 2023

Demand assessment report for incremental capacity between *Spain and France where no non-binding demand indications were received*

October 2023



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DAR Template/Template

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

Enagás Transporte S.A.U.

Teréga

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A. Non-binding Demand indications

The involved TSOs, Teréga and Enagás Transporte S.A.U (Enagás) have not received any non-binding demand indications for firm capacity at the virtual interconnection point between the entry-exit system of Teréga and the entry-exit system of Enagás for any future period.

The following periods have been included in this analysis:

- a) Non-binding demand indications received within 8 weeks after the 3rd July 2023 (as stated in EC Regulation 459/2017).
- b) Non-binding demand indications received later than 8 weeks after the 3rd July 2023, which would have been considered in the current incremental capacity cycle.

Therefore, this demand assessment does not consider any non-binding demand indications.



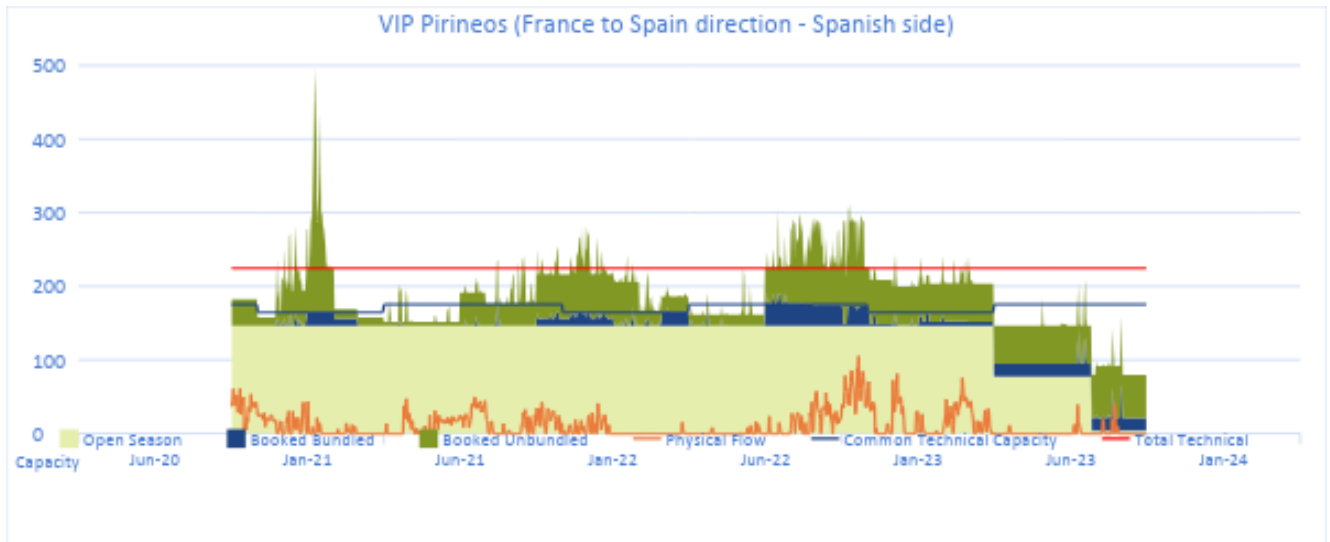
B. Demand assessment

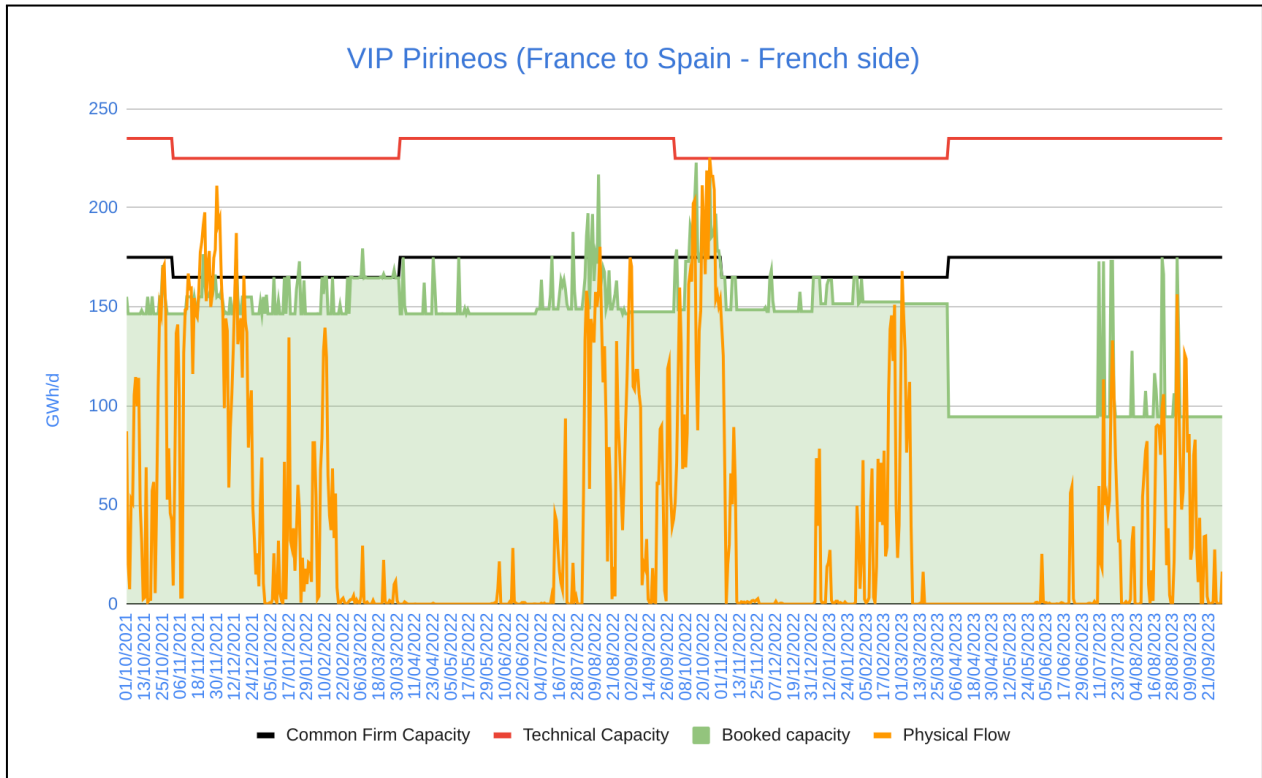
i. Historical usage pattern

The utilisation of the technical capacity is presented in the charts below by comparing the technical capacity with the booked capacity, the allocated capacity and the physical flow for the last 2 years at the interconnection point VIP Pirineos. COVID and military conflict between Russia and Ukraine have influenced market behaviour so prices, bookings, nominations and flows are conditioned by those circumstances.

Capacity Booking

France to Spain direction:

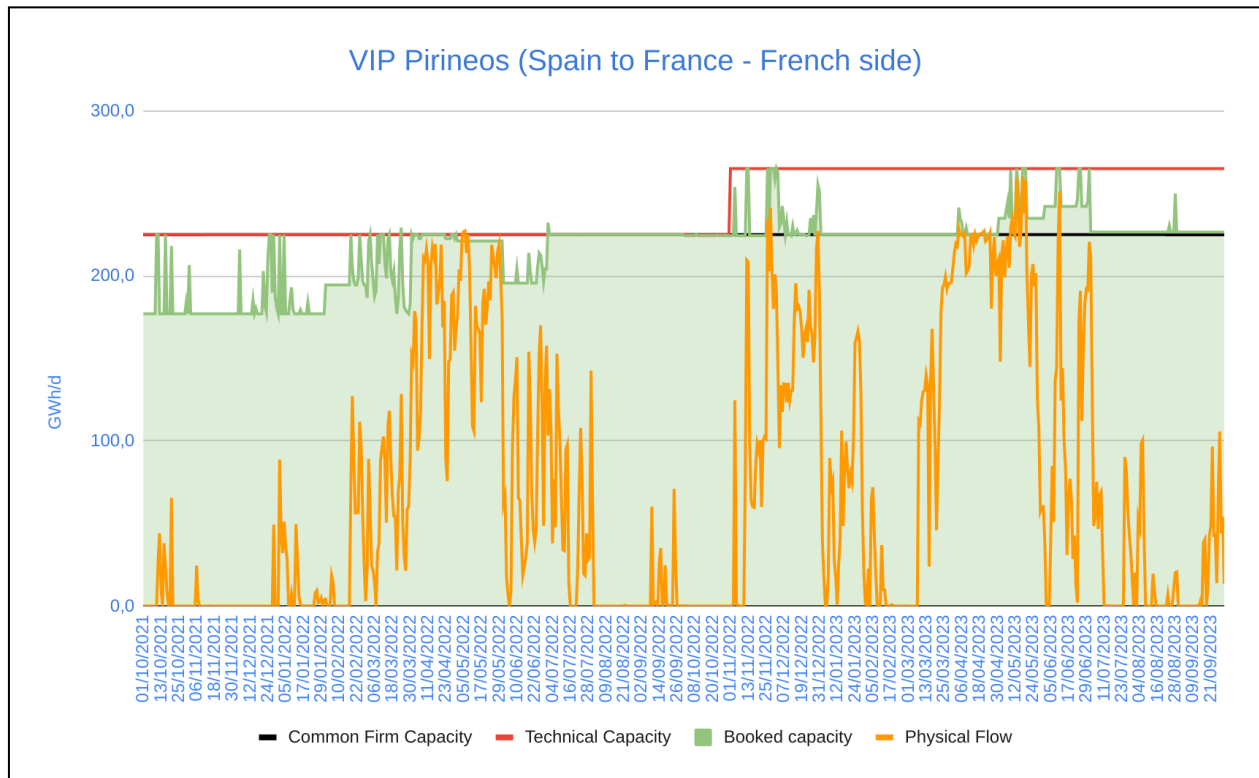
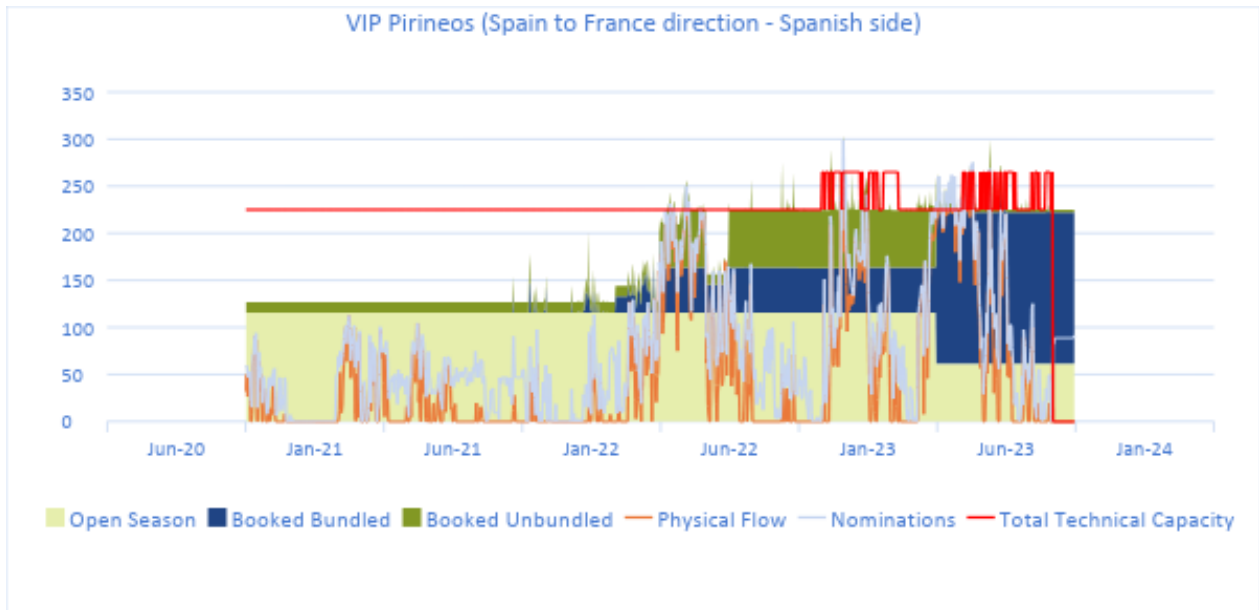




- Open Season booked capacity decreases from more than 115 GWh/d to 61 GWh/d since 1st of April 2023, so more capacity is available to be offered.
- Apart from Filomena in January, 2021 was a quiet year until the beginning of the new gas year (21-22) and the start of the winter. During oct-dec, the average booking capacity was 98% of the total technical capacity and 35 days out of 92 interruptible capacity was booked out.
- The first half of the natural year 2022 the average of booking capacity is around 80% of the technical capacity. However, from July to December, it increases up to 98% with 92 days of interruptible capacity allocation (around 39 GWh/d per day). That is because the uncertainty of the consequences of military conflict -started in February 2023- in gas markets.
- As a result of the increased interest in capacity at VIP Pirineos in the France to Spain direction during the above-mentioned period, several quarterly, monthly, and short term products were allocated at a premium price.
- After the first quarter of gas year 22-23, markets seem to be more relaxed from the start of the calendar year 2023 and booked capacity decreases in comparison with previous years.



Spain to France direction:

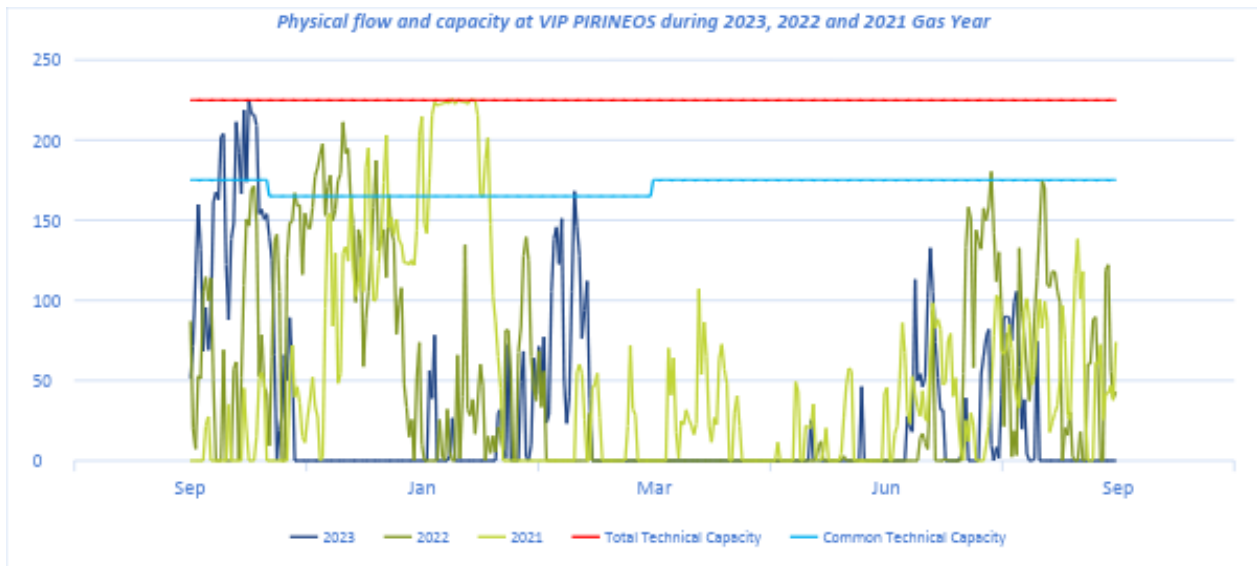




Spain to France direction, unbundled capacity widely outweighs bundled capacity due to the presence of Open Seasons bookings.

From the start of the military conflict Spain to France direction, booked capacity has increased exponentially. Since the 1st of July of 2022 until the end of the gas year, practically the whole technical capacity has been booked.

Since the 1st of November of 2022, Enagás and Teréga, as a measure of solidarity with Europe, both TSOs make their best effort to offer the maximum capacity and they expand the capacity of the Irún interconnection + 40 GWh/day. Spain offered this capacity on a daily basis, if possible. Teréga offered this capacity as firm from May to October and as interruptible product from November to April.



Physical Flows VIP Pirineos:

- Physical flows decreased significantly due to COVID in natural year 2020 so oct-dec 2020 had low flows. In January 2021, due to the Filomena snowstorm, the interconnection reached its maximum flows, the rest of the year physical flows are around 40% average of total technical capacity.
- With the beginning of military conflict, physical flows became more volatile. In October 2022 the IP reached high volumes of importing gas.



- The calendar year 2020 and 2021 had a net flow from France to Spain (28 TWh and 17 TWh respectively). However, the calendar year 2022 had a net flow from Spain to France balance because of the European needs due to the lack of Russian gas (13,8 TWh). The same pattern when talking in gas year, so gas years 20-21 and 21-22 had a net flow from France to Spain, while gas year 22-23 finishes with a net flow from Spain to France.

ii. Results of current annual yearly auction

In the recent annual yearly auction, which took place on 03/07/2023 for the joint interconnection point(s) for the next 15 years, the following allocations have been achieved:

Interconnection point name	Interconnection point EIC	Flow direction	Gas year	Offered capacity Amount [kWh/h]	Booked capacity Amount [kWh/h]	Capacity type [e.g. firm]
VIP PIRINEOS	21Z000000000285D	FR-ES	2023	2.657.404	250.001	Firm bundled
VIP PIRINEOS	21Z000000000285D	FR-ES	2024	2.949.829	250.001	Firm bundled
VIP PIRINEOS	21Z000000000285D	FR-ES	2025	2.949.829	250.000	Firm bundled
VIP PIRINEOS	21Z000000000285D	ES-FR	2023	4.655.359	4.625.360	Firm bundled
VIP PIRINEOS	21Z000000000285D	ES-FR	2024	6.306.280	5.795.668	Firm bundled
VIP PIRINEOS	21Z000000000285D	ES-FR	2025	6.406.280	3.731.334	Firm bundled
VIP PIRINEOS	21Z000000000285D	ES-FR	2026	8.268.106	580.000	Firm bundled
VIP PIRINEOS	21Z000000000285D	ES-FR	2027	8.308.106	50.000	Firm bundled
VIP PIRINEOS	21Z000000000285D	ES-FR	2028	7.373.037	50.000	Firm bundled
VIP PIRINEOS	21Z000000000285D	ES-FR	2029	7.480.549	50.000	Firm bundled
VIP PIRINEOS	21Z000000000285D	ES-FR	2030	7.480.549	50.000	Firm bundled
VIP PIRINEOS	21Z000000000285D	ES-FR	2031	7.480.549	50.000	Firm bundled
VIP PIRINEOS	21Z000000000285D	ES-FR	2032	7.480.549	50.000	Firm bundled
VIP PIRINEOS	21Z000000000285D	FR-ES (Spanish side)	2021	5.299.553	250.019	Firm unbundled

Spain-France auction for the year 2023 has been allocated with surcharge over the regulated tariff.



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

The received demand indications within the current incremental process between the entry-exit system of Teréga and the entry-exit system of Enagás are zero. Since the historical usage of the concerned interconnection point as well as the potentially available capacity for the requested period and the recent expansion of Irún in Spain-France direction (i.e. technical capacity which is not yet booked in the long term) is sufficient to cover potential future need for capacity.

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

According to the assessment result of the non-binding demand indications, no incremental capacity project will be initiated.

Based on the aforementioned decision, no technical studies for incremental capacity projects will be conducted.

Due to COVID-19 and the lockdowns, prices plummeted with the Filomena exception. During 2021 price increased and due to military conflict, the uncertainty of Russian gas in Europe rocketed prices to unprecedented levels. Until the start of natural year 2023, the IP hardly worked depending on the spreads between gas markets because of many European countries needing gas. As gas prices eased, it is observed a more market pricing use of the IP, so bookings and nominations are varying depending on the spreads between gas markets.

Average DA gas prices in TTF, PEG and PVB from 1st Oct. 2020 to 31st August 2023



Source: Platts.

Prices volatility during these years does not allow to draw reliable conclusions about utilisation of capacity at VIP Pirineos and its contribution to reduce price differentials.



D. Contact information

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