

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

October 2021

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

Enagás Transporte S.A.U.

REN Gasodutos, SA

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A. Non-binding Demand indications

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

The following periods have been included in this analysis:

- a) Non-binding demand indications received within 8 weeks after the 5th July 2021 (as stated in EC Regulation 459/2017).
- b) Non-binding demand indications received later than 8 weeks after the 5th July 2021, which would have been considered in the current incremental capacity cycle.

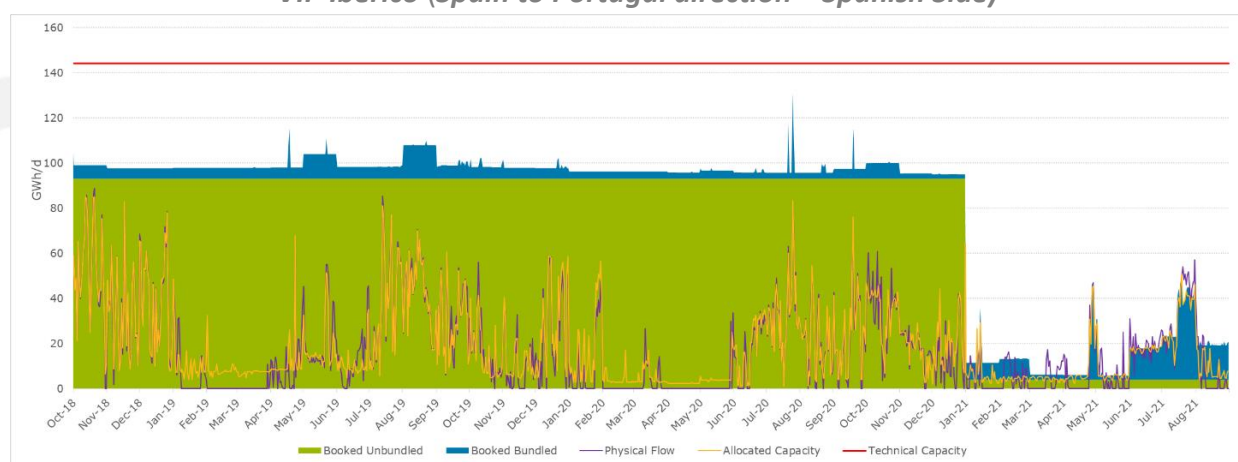
Therefore, this demand assessment do not consider any non-binding demand indications.

B. Demand assessment

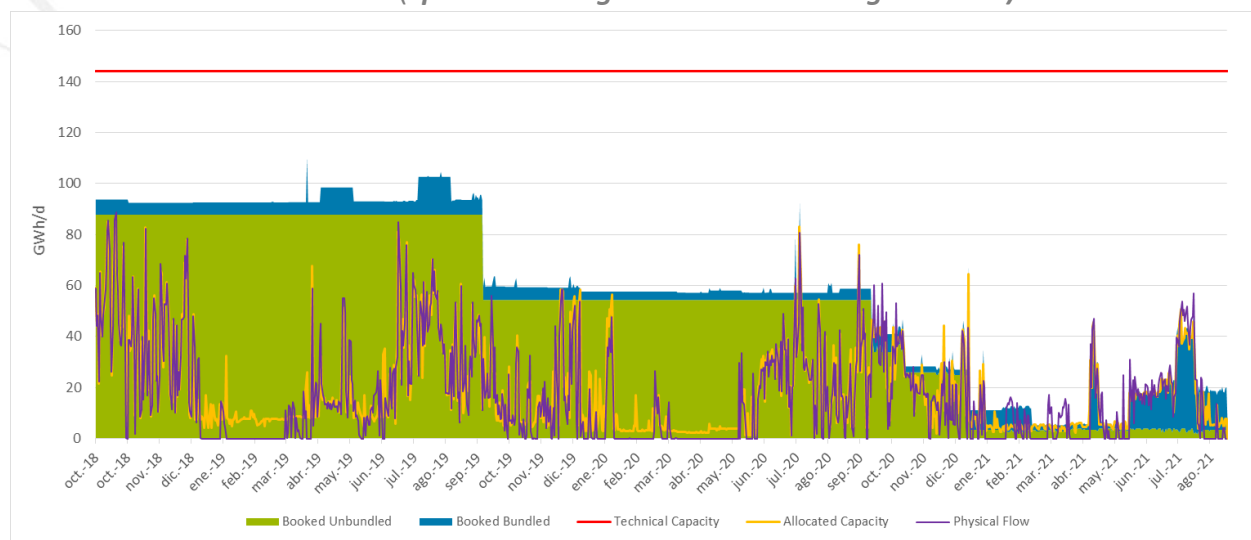
i. Historical usage pattern

The utilisation of the technical capacity is presented in the chart below by comparing the technical capacity with the booked capacity, the allocated capacity and the physical flow for the last 3 years at the concerned interconnection point – VIP Iberico.

VIP Iberico (Spain to Portugal direction – Spanish Side)

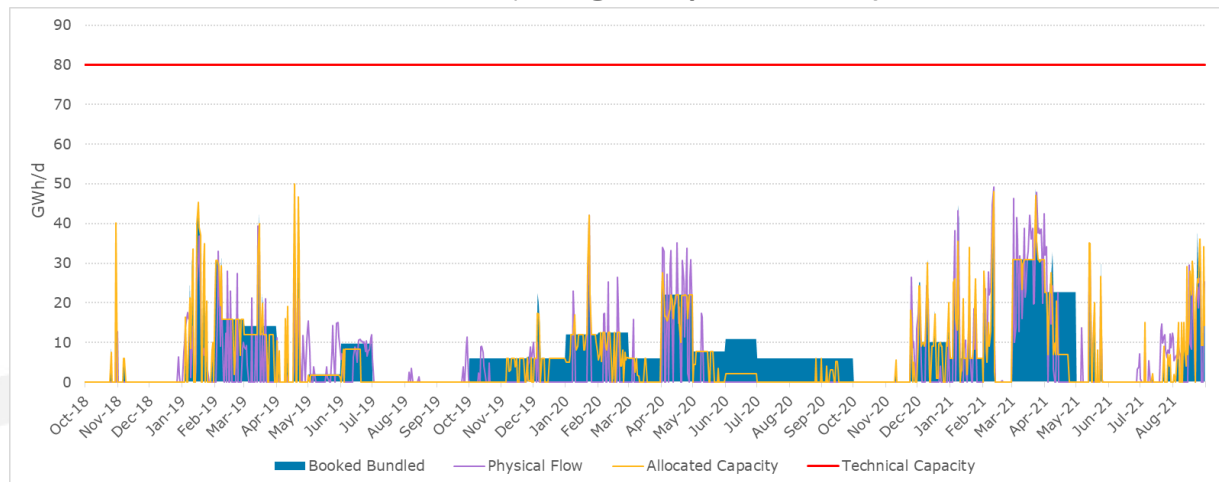


VIP Iberico (Spain to Portugal direction – Portuguese Side)¹



¹ The differences between the booked unbundled capacity on the Spanish and Portuguese side arising from the existence of long-term contracts on the Spanish side, with these contracts being made available as unbundled capacity on the Portuguese side.

VIP Iberico (Portugal to Spain direction)



Spain to Portugal direction:

- **Capacity Bookings:**

- As it can be clearly seen, the booked capacity in Spain to Portugal direction decreased significantly as of January 1st 2021 due to the expiration of one of the existing long term contracts on the Spanish side. For this reason, the presence of unbundled capacity has been drastically reduced (from an average of 96% of total booked capacity during 2019 gas year to 53% in 2020, on the Spanish side). On the Portuguese side and in anticipation to the end of the long term contracts, the booked unbundled capacity suffers a steep decrease in October of 2019, from an average of 61% of booked unbundled capacity during 2019 to 38% from October 2019.
- In consequence, more than 97% of the technical capacity is available as bundled capacity at the beginning of January of 2021, on both sides of the interconnection point.

- **Physical Flows:**

- The physical flows and nominations show similar tendencies as for the booked capacity, being equally decreased comparing to the same periods of the 2019 and 2018 gas years.

Portugal to Spain direction:

- **Capacity Bookings:**

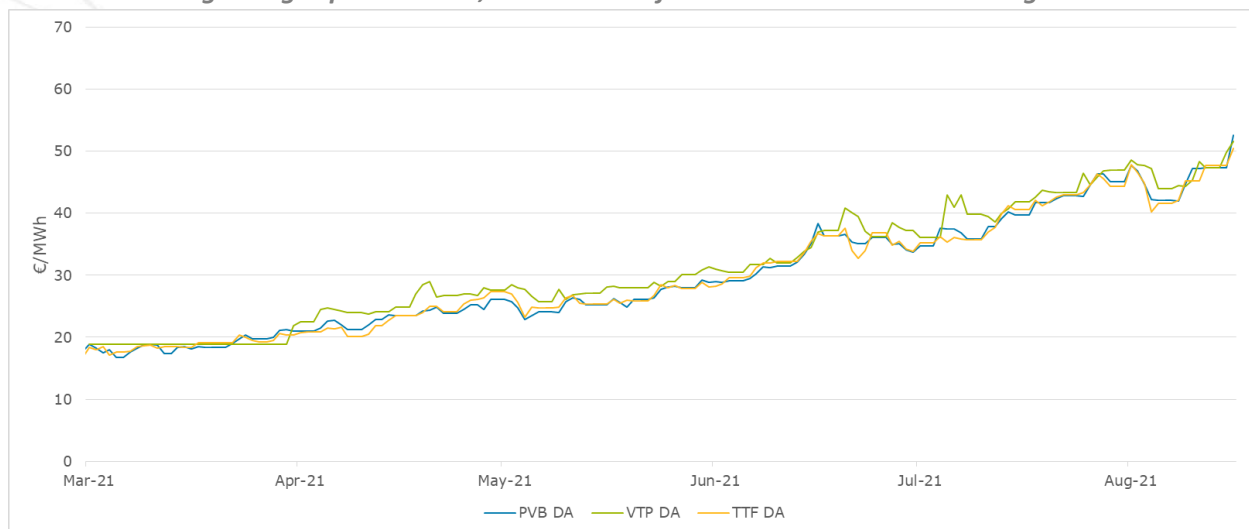
- Regarding the Portugal to Spain flow direction the short-term products seem to have recovered its relevancy during the current gas year, as the market seems to be reluctant to replicate the last year's particular booking structure (whose main product was monthly).

- **Physical Flows:**

- The physical flows maintain similar patterns with more activity during the winter months of 2021 due to extremely cold temperatures in Spain, followed by a growth in both physical flow and booked capacity during the months of March and April and a dominant presence of the spot bookings during August because of the high prices markets are currently experiencing.

In general, the Organized Market – Mibgás - start in Portugal on the 16th of March 2021 did not make a meaningful impact in the capacity bookings of the interconnection point as still price differentials are not high enough (compared to transportation tariffs) to imply a sustained-booking scenario.

Average DA gas prices in TTF, PVB and VTP from 16th Mar. 2021 to 31st August 2021



Note: During the first trading days on Mibgás in Portugal, there were few traded volumes in the Portuguese market. Consequently, there is not a daily reference price for the day-ahead product between the 17th of March and the 15th of April. As of April 16, with the start of market purchase by the Global Technical Manager of operational gas, the volume traded on MIBGAS increased, but the number of transactions carried out by agents has also been growing in recent months.

ii. Results of current annual yearly auction

In the recent annual yearly auctions, taking place on 05/07/2021 for the joint interconnection point the following results have been achieved:

Interconnection point name	Interconnection point EIC	Flow direction	Gas year [2021]	Offered capacity Amount [kWh/h]	Booked capacity Amount [kWh/h]	Capacity type [e.g. firm]
VIP Ibérico	21Z000000000282J	ES – PT	2021	5.316.882	93.829	Firm bundled
VIP Ibérico	21Z000000000282J	PT – ES	2021	3.000.000	332.469	Firm bundled
VIP Ibérico	21Z000000000282J	ES – PT (Portuguese side)	2021	0	0	Firm unbundled

There were not any premiums issued for any of the yearly products auctions.

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

As the historical usage of the interconnection point shows, the current level of availability of capacity is sufficient to cover potential future necessities in VIP Iberico in both flow directions. Furthermore, and as no demand indications within the current incremental process were received by both TSOs, there is no expected incremental capacity for the entry-exit system of VIP Iberico interconnection point.

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.

D. Contact information

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