# Demand assessment report for incremental capacity between ITALY and AUSTRIA (Market Area East)

**2023 - 10 - 23**

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

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## A. Non-binding Demand indications

The involved TSOs, Snam Rete Gas S.p.A. (“SRG”) and Trans Austria Gasleitung GmbH (“TAG”) have not received any non-binding demand indications for firm capacity at the interconnection points between Austria (Market Area East) and Italy for any future period.

This analysis takes into account non-binding demand indications received within 8 weeks after the 3rd July 2023.

**During this period no non-binding demand indications have been received. This evidence has been used as a basis for this demand assessment.**

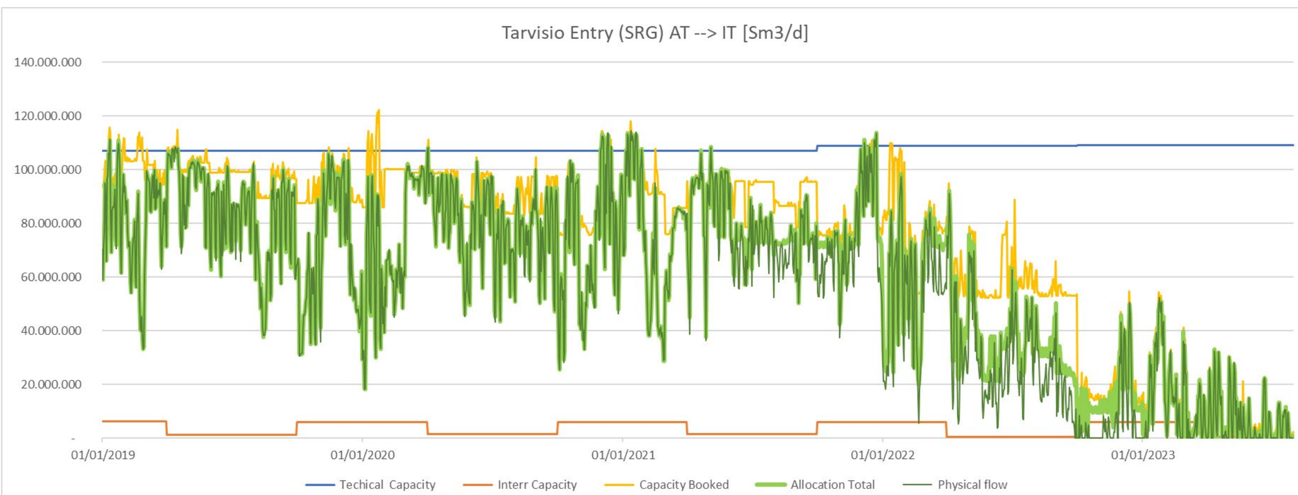
## B. Demand assessment

Following Russia-Ukraine war, major changes in supply and demand patterns occurred, resulting in several gas transportation routes makeovers, some of which determining congestion situations across the Union.

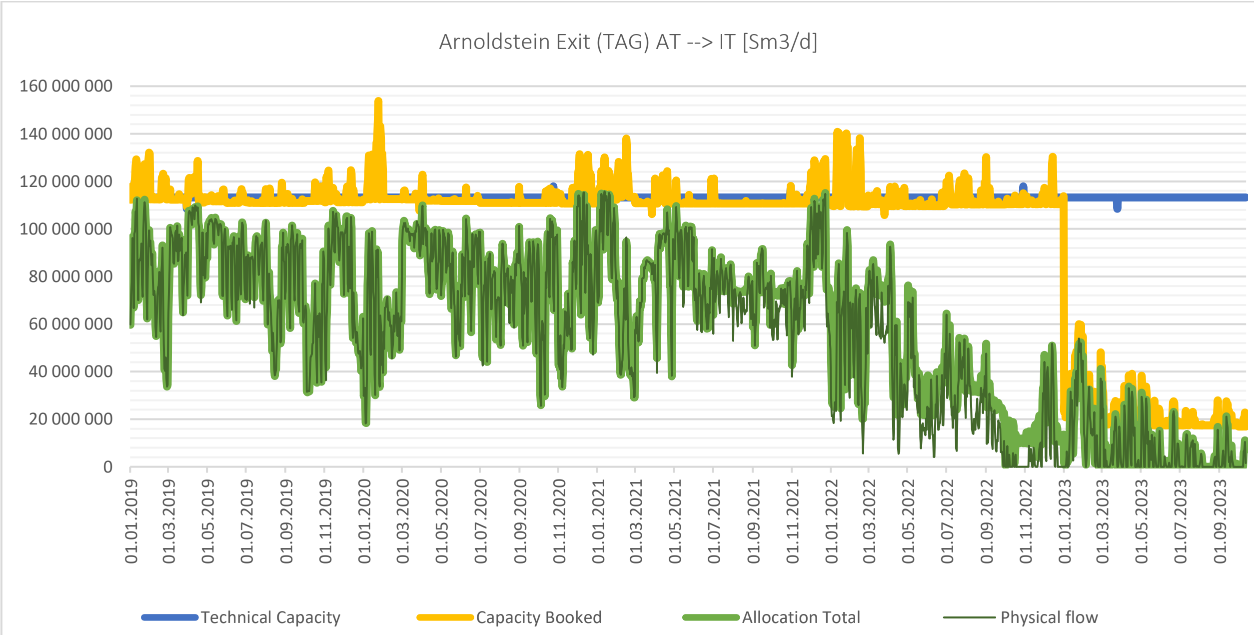
As shown in the following section, also the flows at the interconnection point between Italy and Austria have undergone substantial changes linked to a significant reduction of gas supplies from East to West.

### 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 "commercial" flow and the physical flow for years 2019 to 2023 at the interested interconnection point[1].

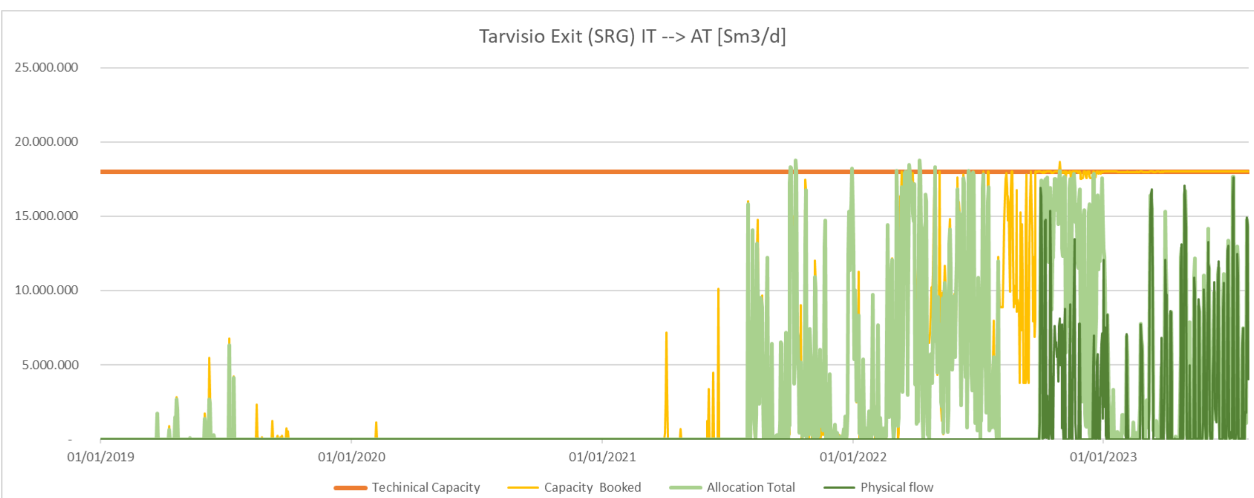


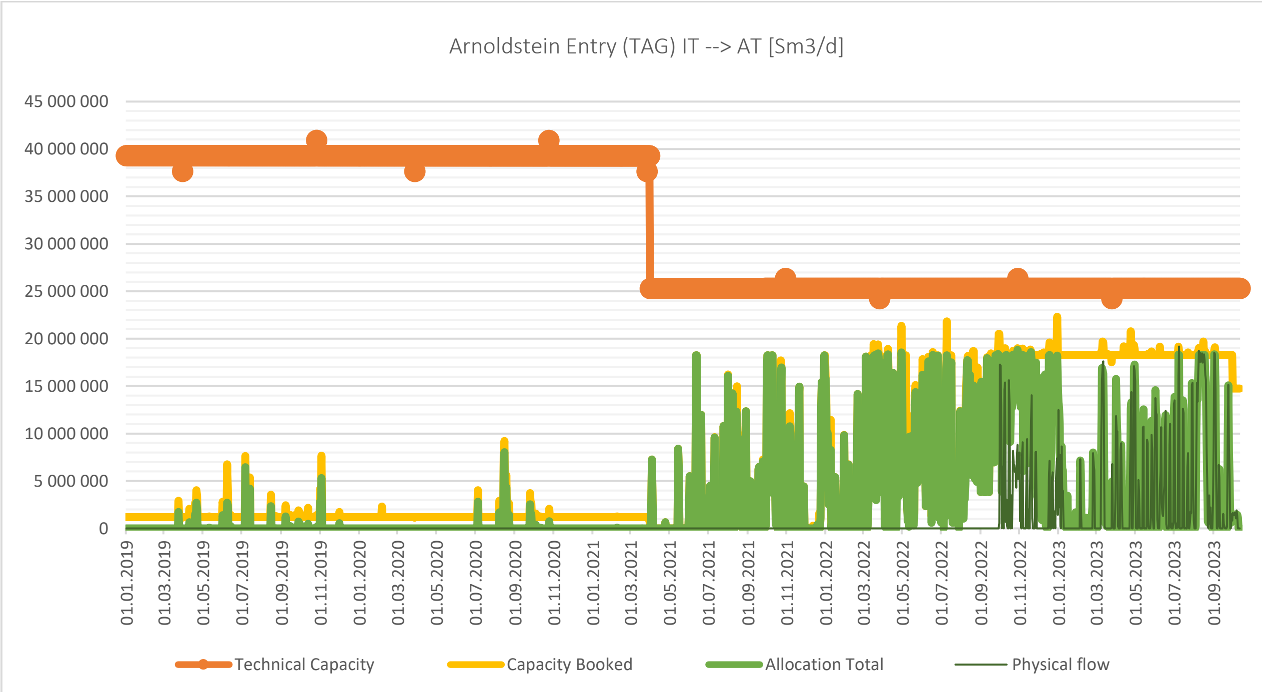

[1] For sake of completeness, this section includes two separate pictures for the same IP flow direction, so that each operator and its specific system features can be represented. However, the major dimensions of the two graphs pairs have clear matching dynamics.




The previous graphs pair shows how, until the outbreak of the war, the flows entered mainly from Austria to Italy, being Russian gas as the major supply source for the Italian market.

Following the start of the conflict, substantial changes have been observed in capacity bookings, leading also to physical export flows from Italy to Austria, as depicted in the following graphs pair.






The radical change in flows dynamics resulted in several circumstances where export capacity from Italy to Austria has been fully sold-out, as highlighted also by the last ACER Congestion Report 2023[2].

This situation deserves consideration in the light of possible further infrastructure enhancements, even without the materialisation of long-term commitments, to cope with new flow patterns required to cover neighbouring countries demand as well as for Security of Supply reasons.

[2] [ACER_10_Gas_Congestion_Report.pdf (europa.eu)]

## ii. Results of current annual yearly auction

In the last annual yearly auctions, that took place on 03.07.2023, the following results have been achieved:

| Interconnection point name | Flow direction | Gas year [yy/yy] | Offered capacity Amount (Sm3/d) | Booked ca-pacity Amount (Sm3/d) |
|---|---|---|---|---|
| ***Tarvisio (SRG)*** | *AT→IT* | *23/24* | *98.279.998* | *22* |
| ***Tarvisio (SRG)*** | *AT→IT* | *24/25 – 27/28* | *98.279.998* | *0* |
| ***Tarvisio (SRG)*** | *AT→IT* | *28/29-37/38* | *87.359.999* | *0* |
| ***Arnoldstein (TAG)*** | *AT→IT* | *23/24* | *84 932 736** | *2** |
| ***Arnoldstein (TAG)*** | *AT→IT* | *24/25 - 27/28* | *84 932 736** | *0* |
| ***Arnoldstein (TAG)*** | *AT→IT* | *28/29* | *81 077 380** | *0* |
| ***Arnoldstein (TAG)*** | *AT→IT* | *29/30 - 37/38* | *88 702 605** | *0* |
| ***Tarvisio (SRG)*** | *IT→AT* | *23/24* | *10.954.773* | *8.865.817* |
| ***Tarvisio (SRG)*** | *IT→AT* | *24/25* | *11.113.058* | *10.683.442* |
| ***Tarvisio (SRG)*** | *IT→AT* | *25/26* | *16.200.00* | *7.644.635* |
| ***Tarvisio (SRG)*** | *IT→AT* | *26/27 – 27/28* | *16.200.00* | *0* |
| ***Tarvisio (SRG)*** | *IT→AT* | *28/29 – 37/38* | *14.399.999* | *0* |
| ***Arnoldstein (TAG)*** | *IT→AT* | *23/24* | *17 455 862** | *9 010 715** |
| ***Arnoldstein (TAG)*** | *IT→AT* | *24/25* | *11 294 684** | *10 858 047** |
| ***Arnoldstein (TAG)*** | *IT→AT* | *25/26* | *16 464 763** | *7 769 575** |
| ***Arnoldstein (TAG)*** | *IT→AT* | *26/27* | *16 464 763** | *1 301 005** |
| ***Arnoldstein (TAG)*** | *IT→AT* | *27/28* | *16 464 763** | *1 301 005** |
| ***Arnoldstein (TAG)*** | *IT→AT* | *28/29 - 37/38* | *14 635 345** | *0* |

* Calculated with GCV equal to 11.19, small deviations may occur considering that the gas is marketed in kWh/h

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

With reference to the export capacity from Austria to Italy, considering the lack of non-binding demand indications within the current incremental process as well as the trend in the usage of the interconnection point in this direction, the available capacity (i.e. technical capacity which is not yet booked in the long term) can be deemed sufficient to cover also potential future needs.

With reference to the export capacity from Italy to Austria, although no binding requests have been received, future capacity development needs deserve to be carefully assessed, as highlighted both by the recent trends of physical flows as well as by the highly sustained booking levels (including relevant periods where capacity demand was higher than the available capacity).

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

On the basis of the assessment of the non-binding demand indications recently collected, no demand levels for incremental capacity would need to be developed and therefore **no incremental capacity project will be initiated**.

Based on the aforementioned decision, no technical studies for incremental capacity projects will be conducted as result of the non-binding demand indications assessment.

This conclusion is without prejudice to the possibility of starting export capacity enhancement projects outside this incremental capacity procedure as results of identified needs for physical transport requirements, evaluated in network development plans, and/or of capacity bookings at the concerned Interconnection Point, resulting from the standard capacity products auctions.

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