

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

October 2023



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 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.

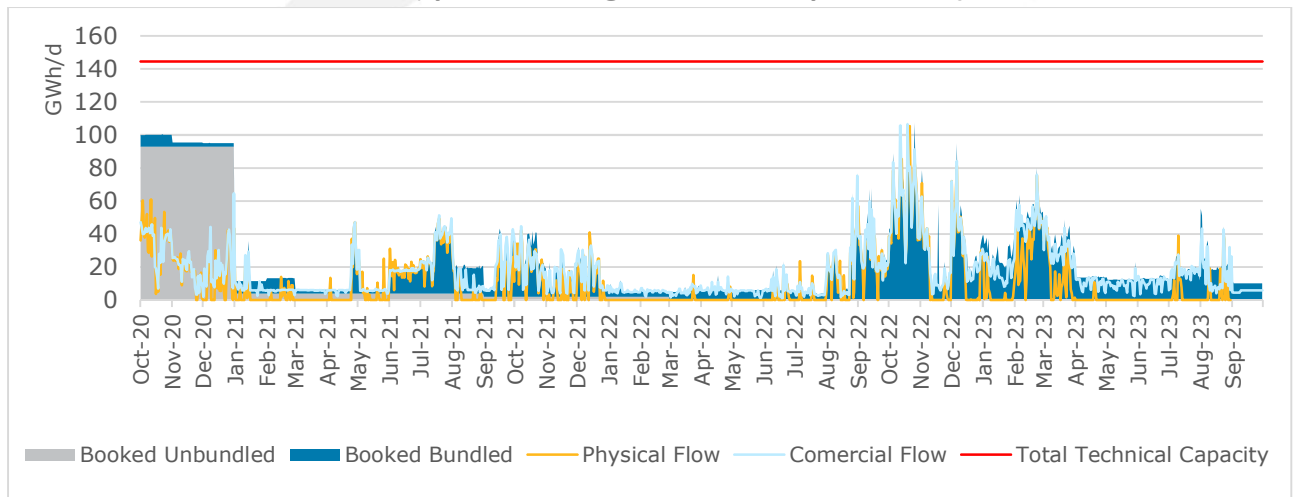
Therefore, this demand assessment do not consider any non-binding demand indications.

B. Demand assessment

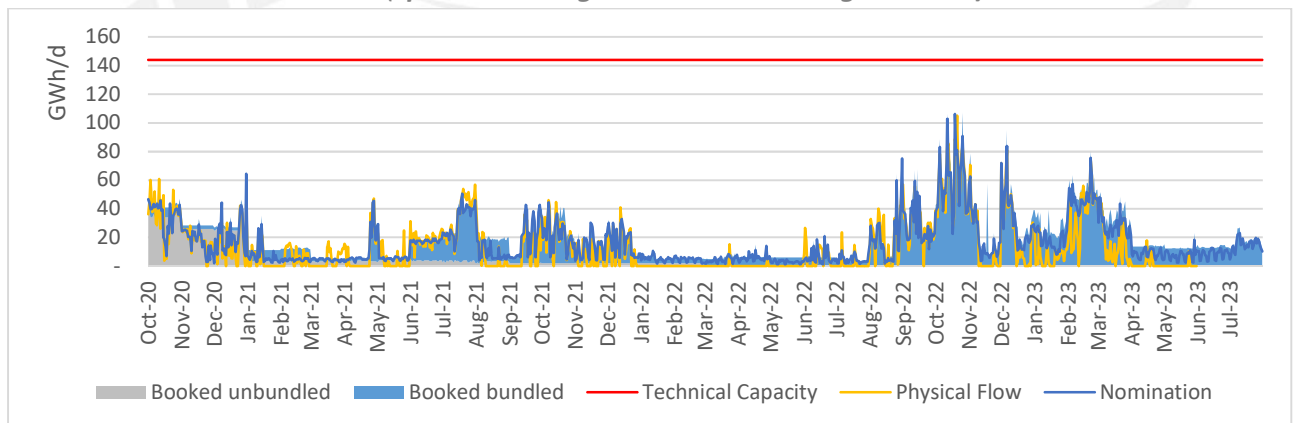
i. Historical usage pattern

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. Last three years booking and flows have been affected due to market conditions of COVID and military conflict in Eastern Europe.

VIP Iberico (Spain to Portugal direction – Spanish Side)

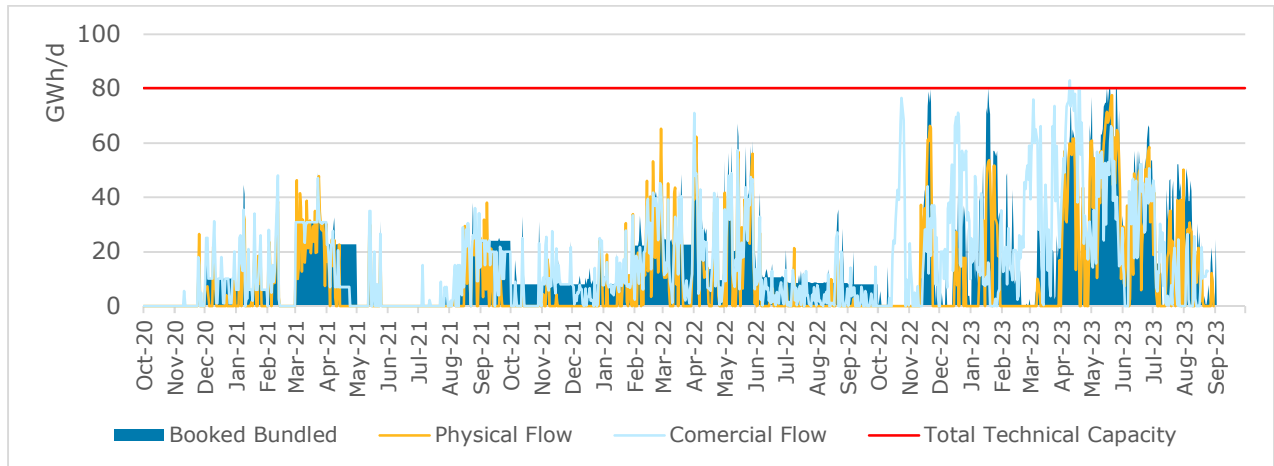


VIP Iberico (Spain to Portugal direction – Portuguese Side)¹



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. Long term unbundled contracts finish the 1st of February of 2022 and, in consequence, 100% of the technical capacity is available as bundled capacity since February 2022, on both sides of the interconnection point.
- The booking pattern of the two last gas year has been quite similar with most booked capacity through daily (40%) and monthly (32% oct 22-sept 23 and 25% oct 21-sept 22) products. Yearly and quarterly products accounted for 25% of total booking.

• **Nominations:**

- Due to the increase of short term allocation, nominations highly match with booked capacities.

Portugal to Spain direction:

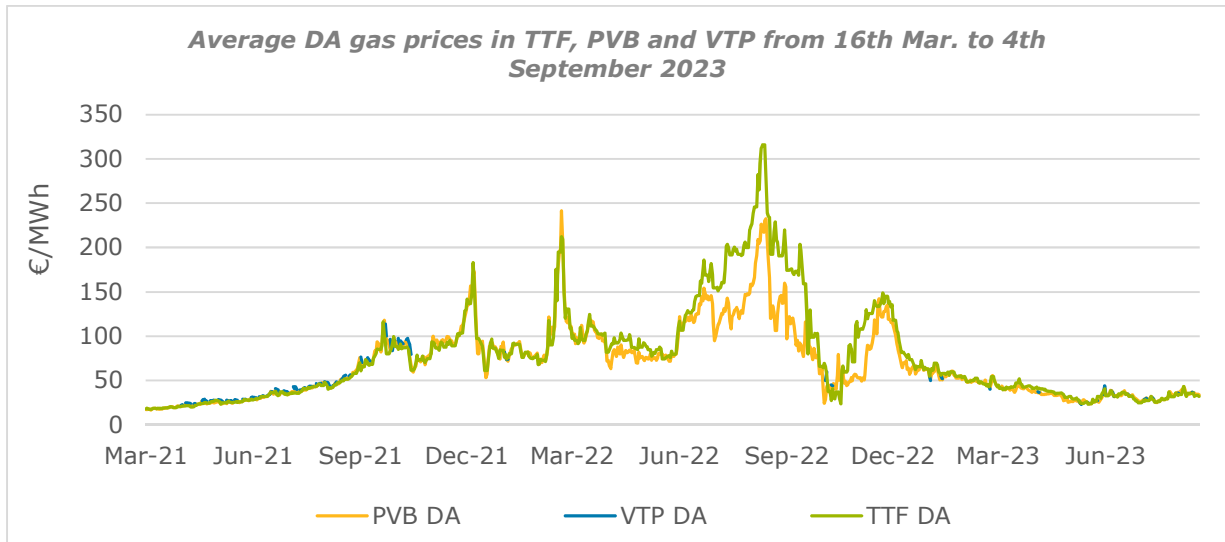
- **Capacity Bookings:**

- Regarding the Portugal to Spain flow direction, the bookings of daily products increase exponentially during last gas year compared with the previous year (an average of 28% of bookings in the gas year 21/22 versus 87% of bookings in the gas year 22/23). There was no yearly allocation for gas year 22/23, which represent a substantial shift from the 46% of total booking in yearly products the previous year. During the last gas year, eleven days were booked beyond 95% technical capacity.

- **Nominations:**

- Due to the increase of short term allocation, nominations highly match with booked capacities. There is also a steep increase in nominations from Portugal to Spain in almost 100% from 2020 to 2021 and 30 % from 2021 to 2022. This increase is not enough to end with the previous importation tendency of the Portuguese system, with a nomination's net balance of more than 4,4 TWh in 2020, 1,3 in 2021 and 1,1 in 2022.

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.



Note: COVID and military conflict affected liquidity and created prices volatility. During 2022 European hub prices reach a new all-time high. The traded volume in Spain increased year after year and in 2022 was even higher than in two previous years. On the other side of the interconnection, the Portuguese market had more traded volume during 2021 than in 2022 mainly due to the regulated purchases carried out by REN for the acquisition of gas to fill the network, which ended in 2021.

ii. Results of current annual yearly auction

In the recent annual yearly auctions, taking place on 03/07/2023 for the joint interconnection point the following results have been achieved:

Interconnection point name	Interconnection point EIC	Flow direction	Gas year [2023]	Offered capacity Amount [kWh/h]	Booked capacity Amount [kWh/h]	Capacity type [e.g. firm]
VIP Ibérico	21Z000000000282J	ES – PT	2023	5.400.000	225.261	Firm bundled
VIP Ibérico	21Z000000000282J	PT – ES	2023	3.000.000	0	Firm bundled

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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