



Demand assessment report for incremental capacity between Hungary and Slovakia

23-10-2023



Demand assessment report for the incremental capacity
process between
Hungary and Slovakia



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 FGSZ Ltd. (hereinafter referred to as “**FGSZ**”) and eustream, a.s. (hereinafter referred to as “**EUS**”) have received non-binding demand indication for firm technical capacities within the existing level at the interconnection point (hereinafter referred to as “**IP**”) Balassagyarmat / Veľké Zlievce of the entry-exit system of FGSZ and the entry-exit system of EUS, nevertheless future demand expects increase over the existing level.

The following **aggregated non-binding demand indications** for firm capacity have been used as a basis for this demand assessment:

From [entry-exit system name] “EXIT CAPACITY”	To [entry-exit system name] “ENTRY CAPACITY”	Type of “EXIT CAPACITY”	Type of “ENTRY CAPACITY”	Gas year [yyyy/yy]	Amount [(kWh/h)/y]	Request is submitted to other TSOs [yes, TSO] or [no] (detailed information shall be provided below)	Conditions** [please include the letter(s) a) to c) and describe the conditions in more detail below]	Period when Demand Indication was received* [please include the period according to the numbers 1) - 3]]	Additional Information
FGSZ	EUS	FIRM	FIRM	2028/29 - 2037/38	1,265,981.74	Yes, EUS, FGSZ	a) b) c)	2	Link over IPs

* The following standardized period shall be used for indicating the receiving date of the demand indication:

- 1) later than eight weeks after the annual yearly capacity auction in the previous incremental capacity cycle, that have not been considered previously;
- 2) within eight weeks after this year’s yearly capacity auction (0 – 8 weeks after yearly auction in year);
- 3) later than eight weeks after this year’s yearly capacity auction, but that will be considered in this incremental capacity cycle (9 – 16 weeks after yearly auction in year).

** The following standardized terminology shall be used for describing the conditions:

- a) commitments linking or excluding commitments at other interconnection points;



- b) commitments across a number of different yearly standard capacity products at an inter-connection point;
- c) commitments conditional on the allocation of a specific or minimum amount of capacity;
- d) other.

B. Demand assessment

The Demand Assessment Phase commenced immediately after the start of the annual yearly capacity auction, as specified in Article 11(4) of the Commission Regulation (EU) 2017/459 and closes maximum 16 weeks after the annual yearly capacity auction in accordance with Article 26 of the Commission Regulation (EU) 2017/459.

The transmission systems operators conducting this market demand assessment procedure run from 3rd July up to 28th August 2023 gave network users the opportunity to submit non-binding demand indications to quantify potential demand for incremental capacity.

i. Historical usage pattern

Historic usage on the IP Balassagyarmat / Veľké Zlievce is available on EUS and FGSZ websites and published in the Entso-g Transparency Platform as well. The relating EIC code is 21Z000000000358C.

Technical firm capacity of IP Balassagyarmat / Veľké Zlievce in direction HU->SK is 50.883 GWh/d.

ii. Relations to GRIPS, TYNDP, NDPs

Projects to fulfil above listed incremental capacity demand are part of the Gas Regional Investment Plan for Central and Eastern Europe (CEE GRIP), the network development plan for EU (in Entso-g). Current Ten Year Network development plans (TYNDP) of EUS and FGSZ, as part of the North-South Gas Interconnections in Central and South Eastern Europe, estimate improvement of interruptible capacity to firm capacity at IP Balassagyarmat / Veľké Zlievce in direction HU>SK.



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

Based on received non-binding inquiries for IP Balassagyarmat/Veľké Zlievce the expected demand level for HU>SK direction exceeds the current available capacities considering prolongation of booked capacities and the capacity set aside for short-term capacity products.

For HU>SK direction both FGSZ and EUS received 1,265,981.74 kWh/h for 10 gas years of 2028/29-2037/38.

iv. Elaboration of conditions of capacity demand indication

According to the specified conditions, there are non-binding demand indications for incremental capacity that are linked to each other and include several interconnection points. The indicative volumes for the relevant interconnection point were submitted to the respective transmission system operators.

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

Demand indication submitted to FGSZ and EUS in the direction HU>SK is on the level of 30.38 GWh/d, representing 60% of IP Balassagyarmat/ Veľké Zlievce technical capacity in the direction HU>SK as of October 2023. The fact that only 12% from technical capacity in the direction HU>SK for upcoming winter 2023/2024 is available for short-term capacity products (monthly and shorter) justify the initiation of an incremental capacity process for above mentioned demand indication.

This growing demand for natural gas underscores the pressing need for security of supply, especially in a region with diverse energy interests and geopolitical complexities.

Therefore, expanding capacity in the HU>SK direction can not only meet increasing demand but also enhance supply diversification, reducing dependence on a single source.

Based on the Market Demand Assessment results, it has been determined that an incremental capacity of 25.44 GWh/d is considered in the HU>SK direction on a firm basis. The involved Transmission System Operators (TSOs) are proactively working on initiating incremental capacity project for IP Balassagyarmat/Veľké Zlievce in the HU>SK direction, with the aim of making this additional capacity available by GY2024/2025. Notably, the advantageous aspect of this incremental



capacity requirement is that it doesn't necessitate a significant upfront investment. This is because the TSOs can optimize and enhance existing infrastructure, leverage technological advancements, and improve operational efficiency to meet the increased demand without incurring substantial financial burdens.

Furthermore, the shipper has expressed a strong interest in linking its non-binding demand to the non-binding demand at other Interconnection Points. Given this interconnected non-binding demand and the shared interest of multiple TSOs in addressing it, it is indeed reasonable to coordinate and collaborate on the incremental capacity process. By working together with other TSOs who have received similar connected demand, a more holistic and efficient approach can be adopted, resulting in a more seamless and cost-effective expansion of the energy transmission network. This collaborative effort ensures that the entire region benefits from enhanced capacity while minimizing redundancy and maximizing the utilization of resources.

D. Provisional timeline

Involved TSOs intend to conduct the technical studies and the consultation project proposal according to the following provisional timeline:

Description of the tasks	Expected starting date	Expected completion date
Publication of DAR	23.10.2023	
Technical studies for incremental capacity project	24.10.2023	15.01.2024
Public consultation on draft Project proposal	16.01.2024	16.02.2024

This timeline has a provisional character and is therefore indicative and subject to change. Following the end of the public consultation and further refinements of the draft Project Proposal, the TSOs will submit the draft Project Proposal to the relevant NRAs for coordinated approvals. In case of positive decision of the NRAs, the binding phase will start, and a notice will be published on the TSOs' websites at least 2 months before the binding phase. The process for the binding phase will be detailed in the draft Project Proposal. The TSOs intend to hold the binding phase on 1st of July 2024.



E. Interim arrangements for the auction of existing capacity on the concerned IP(s)

In case of interim arrangements or other limitation, respective provisions of Regulation (EU) 2017/459 shall apply.

F. Fees

FGSZ introduced a registration fee condition in compliance with Section (11) of Article 26 of the CAM NC, considered as a prerequisite for the validity of the submitted non-binding demand indications, in absence of which the demand indication will not be taken into consideration (NRA's decision number H1617/ 2021). The registration fee is (net) 3,000 EUR/interconnection point/network user. The details can be found [here](#).

EUS did not introduce a fee for the evaluation and processing of non-binding demand indications.

G. Contact information

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