

**Demand Assessment Report for incremental capacity cycle 2023 between France market area PEG and the BeLux market area ZTP**

**– External document for publication –**

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

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## Table of contents

A.	Non-binding Demand indications	4
B.	Demand assessment	5
i.	Presentation of the interconnection point	5
ii.	Historical usage pattern	5
iii.	Results of current annual yearly auction	8
iv.	Relations to GRIPS, TYNDP, NDPs	9
v.	Expected amount, direction and duration of demand for incremental capacity	9
C.	Conclusion for the (non)-initiation of an incremental capacity project/process	11
D.	Provisional timeline	<b>Error! Bookmark not defined.</b>
E.	Interim arrangements for the auction of existing capacity on the concerned IP(s)	<b>Error! Bookmark not defined.</b>
F.	Fees	12
G.	Contact information	13

## A. Non-binding Demand indications

In line with Art. 26 of Regulation (EU) 2017/459, the transmission systems operators (TSOs) conducting this market demand assessment report gave network users the opportunity to submit non-binding demand indications to quantify potential demand for incremental capacity. The period for submission on both sides of the border between PEG and ZTP was from 3<sup>rd</sup> July to 28<sup>th</sup> August 2023 (COB).

The following non-binding demand indications for firm capacity have been received within eight weeks after this year’s yearly capacity auction.

From “EXIT CAPAC- ITY”	To “ENTRY CA- PACITY”	Gas year	Amount	Request is sub- mitted to other TSOs	Period when Demand Indi- cation was received*	Additional Information
PEG	ZTP	2023/24 to 2025/26	1.300.000 kWh/h/y	YES	2)	Shipper’s Interest to book the above transport capacity will be subject to the tariff proposed by TSOs
PEG	ZTP	2025/26 to 2029/30	100.000 kWh/h/y	YES	2) for GRT Gaz 3) for Fluxys Belgium	NA

\* The following standardised 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).

Even though the second demand indication was not received in due time, it is agreed by Fluxys Belgium and GRT Gaz to consider the request as valid for this DAR process.

## **B. Demand assessment**

### **i. Presentation of the interconnection point**

The interconnection point Alveringem from France to Belgium was created in November 2015 in parallel to the construction of the Dunkerque LNG Terminal, commissioned in July 2016.

The investments were approved by CRE in July 2011<sup>1</sup> and by CREG in December 2011. After a binding open season between December 2011 and March 2012, Fluxys Belgium and GRTgaz took in July 2012 a Final Investment Decision to develop in total 270 GWh/d (11,25 GWh/h).

The investments consisted in France in a non-odorized 26 km pipeline between Pitgam and Alveringem, and in a 70-km long pipeline between Alveringem and Maldegem in Belgium.

The total developed capacity (270 GWh/d) is shared between:

- Firm capacity between Dunkerque LNG terminal and BeLux market area ZTP marketed by Fluxys Belgium (entry ZTP)
- Firm capacity between France market Area PEG and BeLux market area ZTP, marketed in coordination between Fluxys Belgium (entry ZTP) and GRTgaz (exit PEG)

In November 2017, both physical interconnection points between France and Belgium (Alveringem and Blaregnies/Taisnières) were merged into the Virtualys Virtual Interconnection Point H-gas.

### **ii. Historical usage pattern**

As described in the part A of this report for the incremental capacity cycle 2023, non-binding market demand indications were received. Therefore, an analysis of the historical capacity utilization is shared to support the assessment.

The following analyses are performed separately for each operator :

- GRTgaz analysis on Virtualys IP exit PEG
- Fluxys Belgium analysis on Virtualys IP entry ZTP

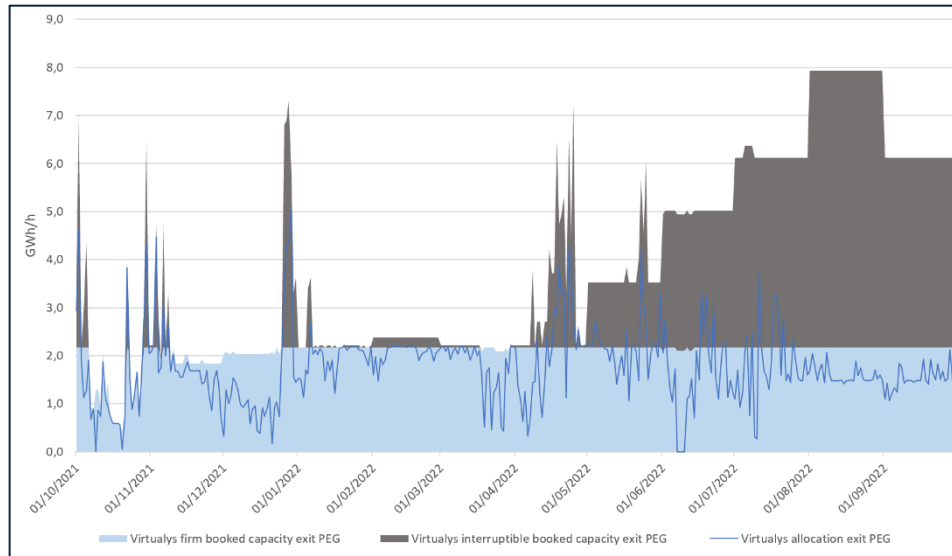
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<sup>1</sup> <https://www.cre.fr/documents/Deliberations/Decision/terminal-de-dunkerque-raccordement-au-reseau-de-grt-gaz-et-developpement-d-une-interconnexion-avec-la-belgique>

To the extent that market conditions and gas flows have evolved considerably since February 2022, Fluxys Belgium and GRTgaz extended the analysis period by including the gas year 2021/2022.

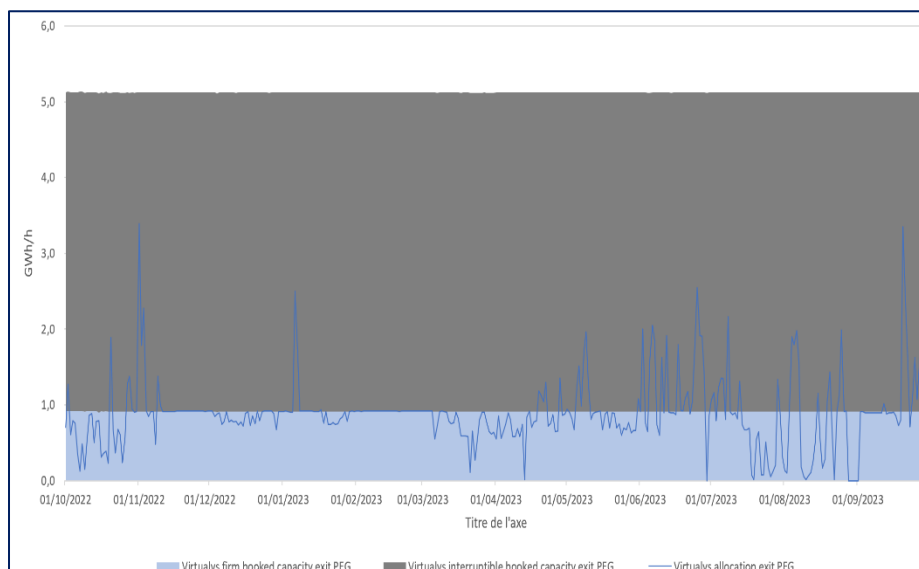
a. Exit market Area PEG : Virtualys Exit

**Gas year 2021/2022**



During gas year 2021/2022, the firm capacity was almost fully booked and mostly used until March 2022. The available backhaul capacity allowed shippers to access additional capacity.

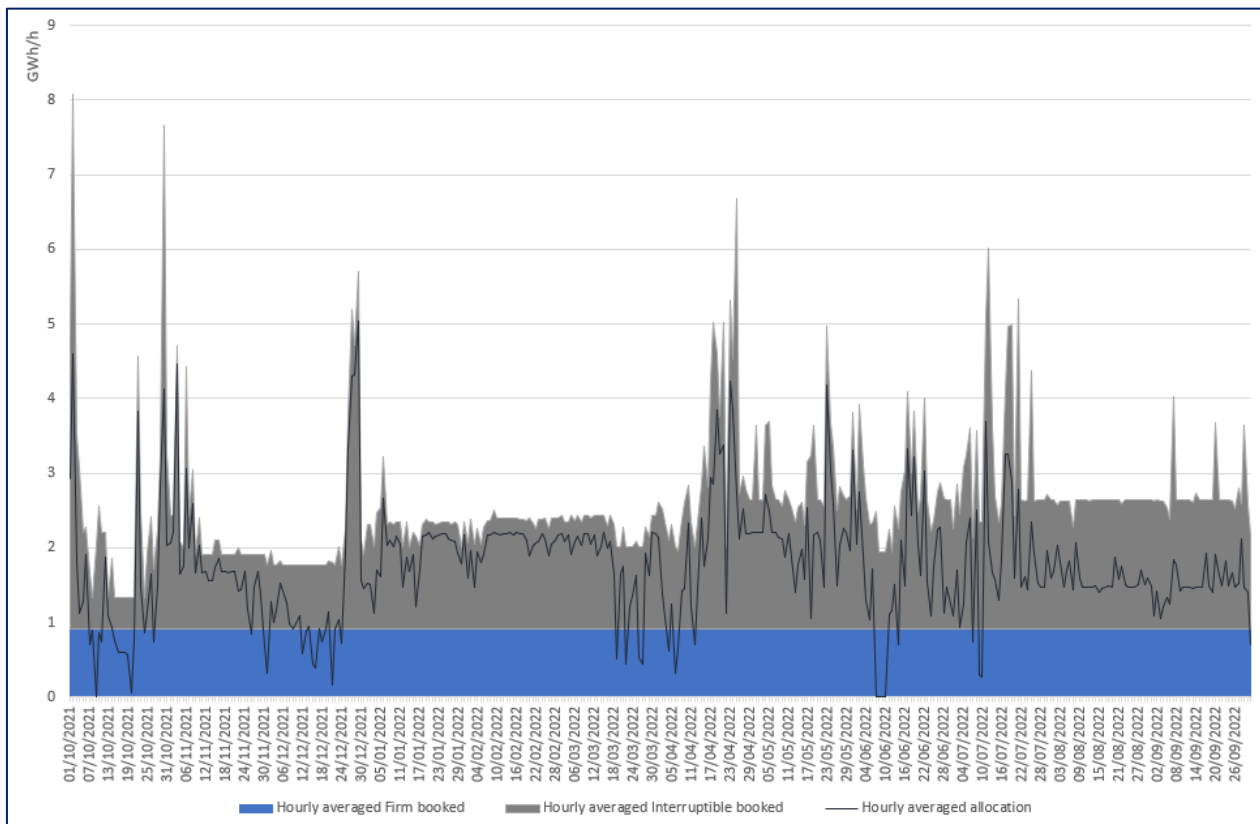
**Gas year 2022/2023**



Since October 2022, all the available capacity (firm and backhaul) was fully booked. Utilisation increased from March 2022, which allowed shippers to benefit from transporting gas from France to Belgium.

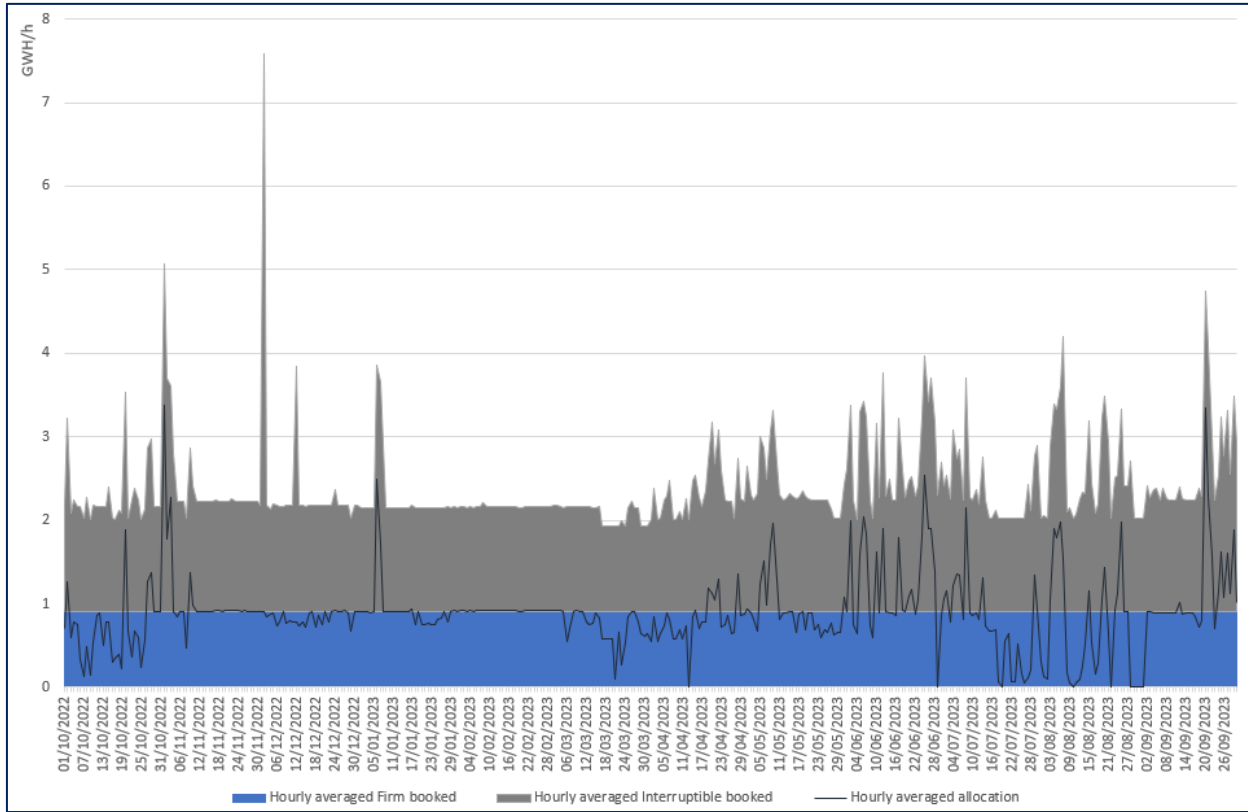
b. Entry market area BeLux : Virtualys Entry

**Gas year 2021/2022**



Firm capacity (912 500 kWh/h) was fully booked in GY2021/22. Regarding the flows, the average of the hourly allocations was almost always above the Firm capacity, as allowed by the overnomination system Fluxys Belgium implemented.

## Gas year 2022/2023



Firm capacity (912 500 kWh/h) was fully booked in GY2022/23. Regarding the flows, a decrease is observed compared to GY2021/22, as the flows are more aligned with the Firm booked capacity.

### iii. Results of current annual yearly auction

In application with Articles 8 and 11 of Network Code on Capacity Allocation Mechanism (CAM NC), both GRTgaz and Fluxys Belgium have launched the annual yearly auction the 3<sup>rd</sup> of July 2023.

The table hereunder presents the amount of marketable and marketed capacity during the last yearly auction.

Runtime	Marketable [kWh/h/y]	Marketed [kWh/h/y]
GY2023/24	60.250	54.000
GY2024/25	5.250	4.000



GY2025/26	50.120	8.000
GY2026/27	52.250	50.000
GY2027/28	821.250	500.000
GY2028/29	730.000	300.000
GY2029/30	730.000	300.000
GY2030/31	730.000	50.000

It is important to notice for the second non-binding demand indication (100MWh/h/y for GY2025/26 to GY2029/30) that, although the requested capacity was offered for the gas years 2027/28 to GY2029/30, the requester did not book them.

#### **iv. Relations to GRIPs, TYNDP, NDPs**

The latest national development plan for France has been published in March 2023. There is no identified project of increasing the capacity from France to BeLux market area.

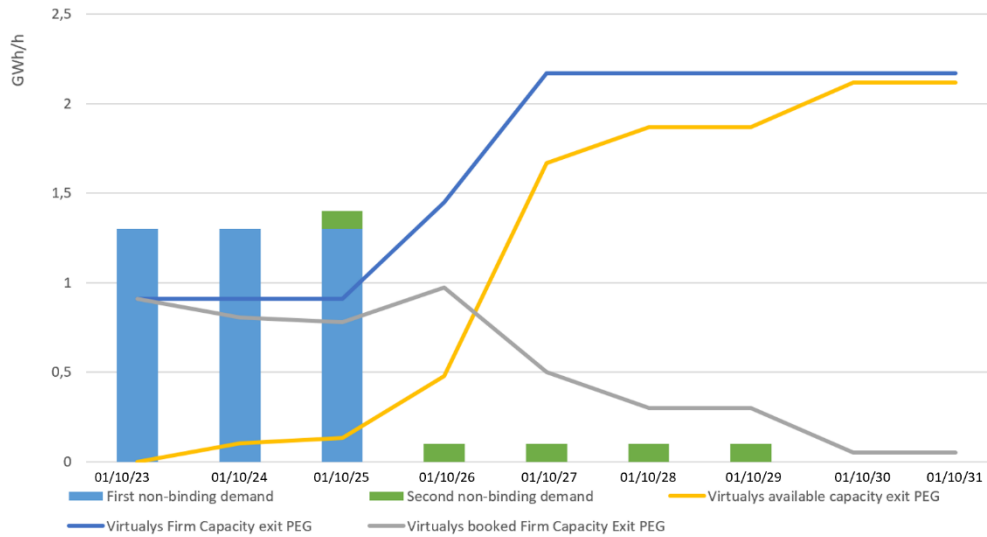
The latest national development plan for Belgium has been published in February 2023. There is no identified project of increasing the capacity from France to BeLux market area.

None of the relevant GRIPs, TYNDP or NDPs for both GRTgaz and Fluxys Belgium have identified a need for incremental capacity.

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

The assessment of the demand for incremental capacity has been conducted by analysing the technical capacity, the booked firm capacity and the non-binding demand indications received for the relevant entry-exit-system border.

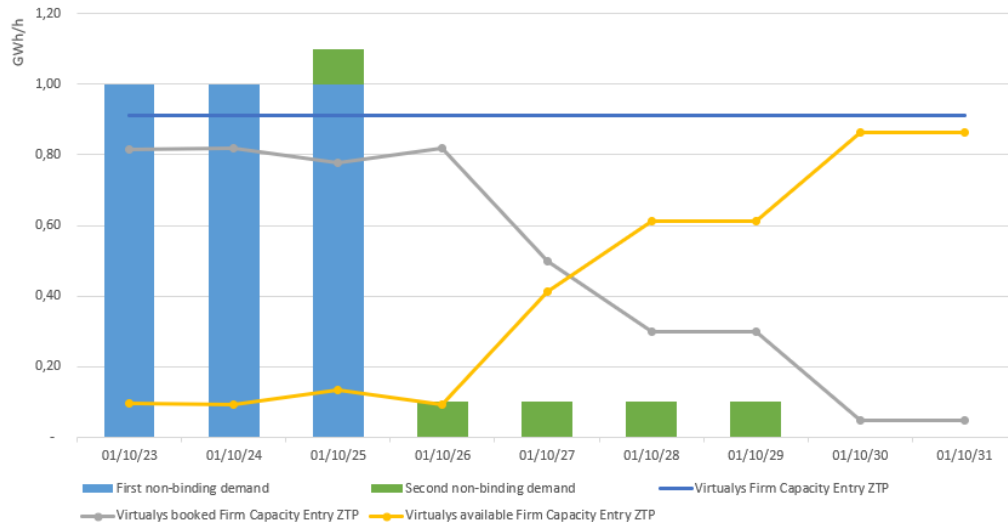
### a. Exit market area PEG : Virtualys exit



We can observe that the available Firm Capacity Exit PEG is increasing from October 2026 while subscription is decreasing. This situation allows shippers to access available capacity.

### b. Entry Belux market area : Virtualys Entry

We can observe that the available Firm Capacity Entry ZTP is increasing as from October 2026 while the subscription is decreasing. This situation allows shippers to access available capacity.



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

If a sustained expected demand for incremental capacity is identified on one side of the entry-exit system border the involved TSOs deem it necessary to conduct technical studies. Depending on whether a demand for incremental capacity is identified on one or both sides of the border of the entry-exit system an incremental capacity project will be started on one or both sides of the specific entry-exit system.

If an incremental capacity project is initiated, then technical studies will be conducted for potentially all applicable IPs of the respective entry-exit system border for which the project was initiated. The specific IPs and TSOs for which technical studies will be conducted will be determined in the Design phase according to Article 27 of CAM NC. Thereby economic aspects and aspects of grid topology will be taken into account.

The table hereafter represents an indicative planning of the incremental process based on Art. 26 – 30 of Regulation (EU) 2017/459.

Start Date	End Date	Description
24.10.2023		Start of design phase
Calendar year 2024		Technical studies by TSOs
15.01.2024		Publication of consultation documents
15.01.2024	15.03.2024	Public consultation
18.03.2024	06.09.2024	Planning of offer levels by TSOs in close cooperation with NRAs
09.09.2024	07.03.2025	Approval and publication of the necessary parameters acc. to Art. 28 Para 1 NC CAM by NRAs
07.03.2025	06.05.2025	Adjustment of the offer levels according to NRA decision by the TSOs
06.05.2025		Publication of the approved parameters and of a template of the contract(s) related to the capacity to be offered for the incremental project
01.07.2025		Yearly auction/economic test

The first demand indication (1 300 000 kWh/h from GY 23/24 to GY25/26) aims to access additional short-term capacity, which cannot be satisfied within the framework of the incremental process : the incremental process would last at least until July 2025, leaving TSOs unable to respond in due time to the request. Request could have been taken into consideration for initiation of incremental capacity project had its duration been longer, showing a sustained demand for incremental capacity.

Regarding the second demand indication (100 000 kWh/h from GY 25/26 to GY29/30):

- Exit PEG : the request can be satisfied during the next annual auctions which will be held in July 2024 on the basis of the capacities which will be marketed.
- Entry ZTP : the request can be satisfied during the next annual auctions which will be held in July 2024 on the basis of the capacities which will be marketed, except for the GY 26/27, for which 5kWh/h/y are missing on the Firm Capacity Entry ZTP. But this limited shortage is not a sustained reason to initiate an incremental capacity project or during short term auctions afterwards for which firm capacity has been reserved according to NC CAM.

**According the elements cited in the previous sections, GRTgaz and Fluxys Belgium agree to conclude that the non-binding demand indications will not lead to the initiation of an incremental capacity project, given the nature of the requests received.**

**GRTgaz and Fluxys Belgium shared their analysis and conclusions with the Belgian (CREG) and French (CRE) national regulatory authorities (NRA). They both share the conclusion that the market interest for incremental capacity received is not sufficient to initiate an incremental capacity project from France market area PEG to BeLux market area ZTP.**

#### **D. Provisional timeline**

For the time being, no incremental project will be initiated. According to the current legal situation, the next market demand analysis will start in 2025 after the auction of the annual capacities.

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

Since no incremental project will be initiated based on this market demand assessment, interim arrangements are not required for the time being.

#### **F. Fees**

For the incremental capacity cycle addressed in this report, none of the involved TSOs introduced a fee for the evaluation and processing of non-binding demand indications.

## G. Contact information

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