Incremental Capacity Process

Overview

In accordance with COMMISSION REGULATION (EU) <u>2017/459</u>, (Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems ("**CAM NC**")), the adjacent TSOs on each side of Interconnection Points ("**IPs**") linking entry-exit zones shall cooperate to carry out a market demand assessment as part of the incremental capacity process.

The incremental capacity process is started at least every two years, during odd numbered years, but can also be started in even numbered years. The incremental capacity process is normally kicked-off by the annual yearly auctions, held in July of each year.

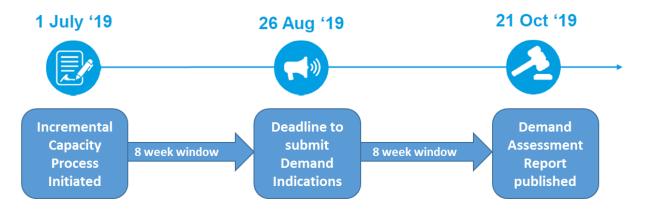
Incremental processes are designed to establish market-based investment in capacity expansion projects, for example additional capacity at existing IPs or the creation of new IPs. The incremental process outlined in the CAM NC is complementary to network development planning as it is will provide an insight into the market's readiness to commit, on a long term basis, to the construction of new capacity infrastructure.

The incremental process consists of the following phases:

- Non-binding demand indications submitted by network users;
- Market Demand Assessment Report which will conclude whether there is a requirement for progressing with the incremental demand project (and therefore a potential capacity expansion)
- Design phase, including market consultation and NRA approval of the project(s);
- Publication of the binding project notice;
- Binding allocation of incremental capacity and economic test to determine whether the project will proceed.

Incremental Capacity Process 2019

The following diagram illustrates the key dates for the CAM NC incremental process in 2019:



Step 1 – Non binding demand indications

Parties interested in incremental capacity can submit non-binding demand indications up to the close of business on 26 August 2019. Non-binding demand indications received after this deadline will be considered in the next market demand assessment – either in 2020 or in 2021. Non-binding demand indications can be submitted using the <u>non-binding demand indications template</u>.

Step 2 – Demand Assessment Reports (DAR)

By 21 October 2019 the DAR will be published at this location and on ENTSOG website (<u>http://www.entsog.eu</u>).

IPs / Market Areas	TSOs
IBT	National Grid Gas/
(Bacton)	Interconnector UK Ltd
IZT	Fluxys Belgium/
(Zeebrugge)	Interconnector UK Ltd



For more information please contact: Email: <u>consultation@interconnector.com</u> Telephone: <u>+44 20 3621 7800</u>