Draft project proposal for incremental capacity between the entry-exit systems of Hungary ('HU') and the Austrian Market Area East ('AT')

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This draft project proposal is a joint public consultation document pursuant to Article 27(3) of Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems and repealing Regulation (EU) No 984/2013 ('the NC CAM') prepared by FGSZ Ltd. ('FGSZ') and Gas Connect Austria GmbH ('GCA').

The public consultation on this present draft project proposal runs from 14 January 2020 until 14 February 2020. Please provide your responses by 14 February 2020 via email to businessdevelopment@fgsz.hu and sales@gasconnect.at. Please note, that your responses will be published on the internet pages of FGSZ and GCA.

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A. Description of the incremental capacity project, including a cost estimate

The demand assessment report for incremental capacity between HU and AT, dated 21 October 2019, concludes that FGSZ and GCA conduct technical design studies for an incremental capacity project. The incremental capacity project aims at establishing a physical reverse flow from HU to AT.

i. Parameters and components of a technical design of 100,000 Sm³/h (15°C)

Parameter	HU section	AT section
Technical capacity	100,000 Sm³/h (15°C)	120,424 Sm³/h (15°C)[1]
Capacity quality	Firm	Firm, freely allocable ('FZK')
Interconnection point	Exit Mosonmagyaróvár	Entry Mosonmagyaróvár
Flow direction	HU -> AT	HU ->A T
Border delivery pressure	55 barg (minimum)	n/a
Length of pipeline	16.2 km (existing infrastructure), 80 km new pipeline between Kozármisleny and Kaposvár	45.7 km (existing infrastructure)
Above ground installations	Upgrade of Compressor station ('CS') at Mosonmagyaróvár (2x2 MW), CS at Dorog (3x5.7 MW), compressor unit at Városföld (1x5.7 MW)	Modification of the existing HAG metering station in Baumgarten for reverse flow operation
	Node modification at Mosonmagyaróvár to ensure an automatic change of flow direction	Filter separators on the suction side of WAG compressors in Baumgarten
	Modification of central odorisation system in Western Hungary	
Cost estimate	EUR 194.11 mn (2020 value)	EUR 3.30 mn (2017 value)
Cost estimation related HU>AT	EUR 194.11 mn (2020 value)	EUR 3.30 mn (2017 value)
Cost estimate accuracy	+/- 10%	+/- 25%

[1] The Austrian national network development plan contains a technical design study for the incremental capacity project 'GCA 2015/04 Entry Mosonmagyaróvár Minimum' foreseeing the creation of 114,115 Nm³/h (0°C) of freely allocable capacity at the entry point Mosonmagyaróvár. Therefore, GCA will adhere to this technical capacity also in this present draft project proposal. The technical capacity of the Austrian section of the existing HAG-pipeline-system in the flow direction from AT to HU is 570,000 Nm³/h (0°C).

ii. Parameters and components of a technical design of 120,000 Sm³/h (15°C)

Parameter	HU section	AT section
Technical capacity	120,000 Sm³/h (15°C)	120,424 Sm³/h (15°C)[2]
Capacity quality	Firm	Firm, freely allocable ('FZK')
Interconnection point	Exit Mosonmagyaróvár	Entry Mosonmagyaróvár
Flow direction	HU -> AT	HU -> AT
Border delivery pressure	55 barg (minimum)	n/a
Length of pipeline	16.2 km (existing infrastructure), 80 km new pipeline between Kozármisleny and Kaposvár	45.7 km (existing infrastructure)
Above ground installations	Upgrade of CS Mosonmagyaróvár (2x2 MW), CS Dorog (3x5.7 MW), CS Adony (2x5.4 MW), compressor unit at Városföld (1x5.7 MW)	Modification of the existing HAG metering station in Baumgarten for reverse flow operation
	Node modification at Mosonmagyaróvár to ensure the automatic change of flow direction	Filter separators on the suction side of WAG compressors in Baumgarten
	Modification of central odorisation in Western Hungary	
Cost estimate	EUR 233.60 mn (2020 value)	EUR 3.30 mn (2017 value)
Cost estimation related HU>AT	EUR 233.60 mn (2020 value)	EUR 3.30 mn (2017 value)
Cost estimate accuracy	+/- 10%	+/- 25%

B. Offer levels for bundled capacity products at the interconnection point

Based on the above description of the incremental capacity project, and setting aside an amount of 10% of the incremental technical capacity pursuant to Article 6(8) of the NC CAM, and applying a gross calorific value of 11.19 kWh/Nm³ (0 °C) the offer levels for bundled capacity products at the interconnection point are as follows:

[2] *Cf.* footnote 1

i. Offer level 1

Gas year	Offer level in the direction from HU to AT for the technical design of 100,000 Sm³/h (15°C) (kWh/h rounded to integers)	Offer level in the direction from HU to AT for the technical design of 120,000 Sm³/h (15°C) (kWh/h rounded to integers)	Resulting joint offer level in the direction from HU to AT (kWh/h rounded to integers)
2023/24	954,674	1,145,609	954,674
2024/25	954,674	1,145,609	954,674
2025/26	954,674	1,145,609	954,674
2026/27	954,674	1,145,609	954,674
2027/28	954,674	1,145,609	954,674
2028/29	954,674	1,145,609	954,674
2029/30	954,674	1,145,609	954,674
2030/31	954,674	1,145,609	954,674
2031/32	954,674	1,145,609	954,674
2032/33	954,674	1,145,609	954,674
2033/34	954,674	1,145,609	954,674
2034/35	954,674	1,145,609	954,674
2035/36	954,674	1,145,609	954,674
2036/37	954,674	1,145,609	954,674
2037/38	954,674	1,145,609	954,674

ii. Offer level 2

Gas year	Offer level in the direction from HU to AT for the technical design of 120,000 Sm³/h (15°C) (kWh/h rounded to integers)	Offer level in the direction from HU to AT for the technical design of 120,000 Sm³/h (15°C) (kWh/h rounded to integers)	Resulting joint offer level in the direction from HU to AT (kWh/h rounded to integers)
2023/24	1,145,609	1,145,609	1,145,609
2024/25	1,145,609	1,145,609	1,145,609
2025/26	1,145,609	1,145,609	1,145,609
2026/27	1,145,609	1,145,609	1,145,609
2027/28	1,145,609	1,145,609	1,145,609
2028/29	1,145,609	1,145,609	1,145,609
2029/30	1,145,609	1,145,609	1,145,609
2030/31	1,145,609	1,145,609	1,145,609
2031/32	1,145,609	1,145,609	1,145,609
2032/33	1,145,609	1,145,609	1,145,609
2033/34	1,145,609	1,145,609	1,145,609
2034/35	1,145,609	1,145,609	1,145,609
2035/36	1,145,609	1,145,609	1,145,609
2036/37	1,145,609	1,145,609	1,145,609
2037/38	1,145,609	1,145,609	1,145,609

C. Proposed alternative allocation mechanism

FGSZ and GCA did not receive conditional demand indications. Therefore, they do not propose an alternative allocation mechanism.

D. Provisional timelines of the incremental capacity project

Milestone	Plan date FGSZ	Plan date GCA
Auctions & economic tests	July 2020	July 2020
Final investment decision	3rd Quarter 2020	1st Quarter 2023
Engineering & permitting completed	3rd Quarter 2021	2nd Quarter 2023
Construction start	3rd Quarter 2021	3rd Quarter 2023
Construction end	4th Quarter 2023	4th Quarter 2023
Commercial start-up	4th Quarter 2023	4th Quarter 2023

E. General rules and conditions for the binding capacity allocation phase

GCA's general rules and conditions that a network user must accept to participate and access capacity in the binding capacity allocation phase of the incremental capacity process are set out in GCA's Frame Capacity Contract and its annexes. Annex 1 to the Frame Capacity Contract regulates collaterals to be provided by network users. Article 3.2 of the Frame Capacity Contract regulates how possible delays in the provision of capacity are dealt with contractually.

FGSZ' general rules and conditions that a network user must accept to participate and access capacity in the binding capacity allocation phase of the incremental capacity process are set out in the Business Code of FGSZ and are accessible here.

F. Elements IND and RP described in Article 24(b) of Regulation (EU) 2017/460

GCA and FGSZ do not follow a fixed price approach. Therefore, theelements IND and RP described in Article 24(b) of Regulation (EU) 2017/460 are not applicable.

G. Level of user commitments as an estimate of the f-factor

The level of user commitments, expressed as GCA's estimate of the f-factor is 1.

The level of user commitments, expressed as FGSZ' estimate of the f-factor is 1 in case of capacity level 100,000 Sm^3/h (15°C) and 1 in case of capacity level 120,000 Sm^3/h (15°C).

H. Additional demand indications

FGSZ did not receive any additional demand indications in accordance with Article 26(7) of the NC CAM.

GCA received additional demand indications in AT -> HU direction in accordance with Article 26(7) of the NC CAM. Reference is made to the demand assessment report for incremental capacity between HU and AT, dated 21 October 2019.

I. Utilisation of other non-depreciated gas infrastructure

Market participants are invited argue wheter the incremental capacity is likely to result in a sustained, significant decrease in the utilisation of other non-depreciated gas infrastructure in the same and adjacent entry-exit systems or along the same gas transport route.