


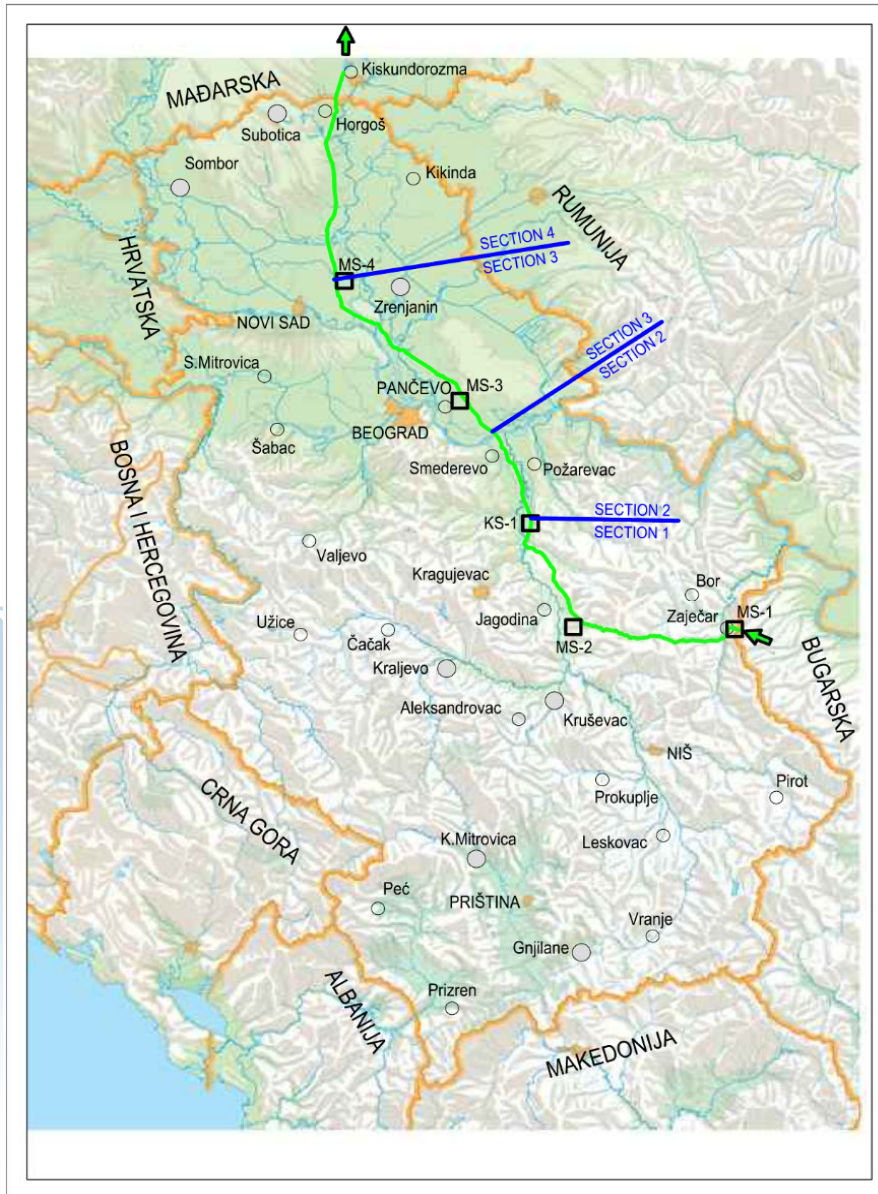
# **GASTRANS exemption and capacity allocation**

**Energy Agency of the Republic of Serbia**



**25<sup>th</sup> Stakeholders meeting  
GAS REGIONAL INITIATIVE – SOUTH SOUTH –EAST  
Belgrade, May 07, 2019**

# GASTRANS pipeline



- Pipeline technical parameters

<b>Pipeline Diameter</b>	<b>DN 1200 / 48"</b>
<b>Design Pressure (DP)</b>	<b>77,4 bar G (7,7 MPa)</b>
<b>Pipeline Length</b>	<b>402 km</b>

<b>Entry Exit points</b>	<b>Tehnickal capacity GWh/day</b>	<b>Tehnickal capacity mil. m<sup>3</sup>(20°C)/ day</b>
<b>Entry point Zaječar</b>	395,20	38,0
<b>Exit points Srbija</b>	124,18	11,94
<b>Exit point Horgoš</b>	271,02	26,06

# GASTRANS exemption request

- GASTRANS sent to AERS
  - Request for exemption - 02. February 2018.
  - Addendum to the Request for the exemption - 29. June 2018.
- GASTRANS request for exemption of the pipeline from:
  - the ownership unbundling obligation
  - third party access rules
  - regulated prices
- The exemption request is pursuant to the Energy Law
  - Article 288. paragraph 19 – define exemption procedure in natural gas sector
  - Article 51 – define AERS obligation to publish exemption decision

# AERS decision on exemption request

- Ministry Opinion about GASTRANS pipeline influence on security of supply - 08. August 2018.
- AERS Decision on Rules for capacity allocation - 03. September 2018.
- AERS Preliminary decision on the exemption for GASTRANS pipeline - 01. October 2018.
- ECS an Opinion on AERS exemption decision for GASTRANS pipeline - 01. February 2019.
- AERS adopted 05. March 2019.
  - Amendments on Rules and mechanism for capacity allocation
  - Final decision on the exemption for GASTRANS pipeline

# Conditions for exemption from the ownership unbundling

- With consent of AERS GASTRANS is obliged to
  - adopt the Compliance Program
  - adopt the act on the conditions for appointing of the compliance officer
  - appoint compliance officer
  - appoint an *ad hoc* body to receive objections from bidders in Binding phase of the capacity allocation
- GASTRANS is obliged to
  - protect the confidentiality of commercially sensitive information of system user
  - independently conduct business operations
  - possess the necessary financial, material and technical means for the performance of activities of TSO
  - have a sufficient number of employees
  - implement the Compliance Program
  - Compliance officer monitor the Compliance Program implementation

# Conditions for exemption from TPA

- AERS approved GASTRANS partial exemption for 20 years
- Binding long term capacity allocation should be in phases
  - 90% of technical capacity is offered for long term bookings
  - I Phase priority allocation to Gazprom export LLC” and PE Srbijagas
  - II Phase allocation to third parties
  - III Phase only if part of the capacity remains unallocated - for bidders participating in I Phase and II Phase and whose bides are not satisfied
- Non exempted capacity
  - At least 10% of technical capacity will be offered for short term bookings
  - Capacity allocation is in accordance with applicable rules for regulated third party access

# I Phase of capacity allocation

- Priority capacity allocation to GASTRANS stakeholders
  - 70% of technical capacity on entry point Zaječar on IP BUL-SRB
  - 55% of technical capacity on exit points Serbia
  - 75% of technical capacity on exit point Horgoš on IP SRB–HU
  - all unallocated capacity (requested capacity is less than offered) will be offered in II Phase
  - willingness to pay principle for bids ranking in case of overbooking



## II Phase of capacity allocation

- Capacity allocation to third parties which submit binding bids
  - unallocated capacity from I Phase on all entry/exit points, if any
  - +
  - 20% of technical capacity on entry point Zaječar on IP BUL-SRB
  - 35% of technical capacity on exit points Serbia
  - 15% of technical capacity on exit point Horgoš on IP SRB–HU
  - all unallocated capacity (when requested capacity is less than offered) will be offered in III Phase
  - willingness to pay principle for bids ranking in case of overbooking
  - GASTRANS will accept the same capacity volume in each gas year for 20 years (18 years for exit point Horgos)
  - difference in capacity (between requested and allocated capacity in some gas years) will be moved in III Phase



## III Phase of capacity allocation

- Capacity allocation for requested but unallocated capacity in I Phase and II Phase
  - unallocated capacity from II Phase on all entry/exit points, if any
  - bidders can be from GASTRANS stakeholders and related parties, and from third parties
  - willingness to pay principle for bids ranking (only for capacities in III Phase) in case of overbooking
  - capacity will be allocated only if economically justified
- GASTRANS can reduce pipeline technical capacity
  - if less than 90% of technical capacity in all three Phases is allocated
  - In case of capacity reduction at least 10% of technical capacity should be left for short term capacity allocation

# Allocation of non-exempted capacities

- Procedure for short term capacity allocation
  - all short term capacity on all entry/exit points will be allocated as standard capacity products-quarter, month, day and within-day
  - capacity allocation - auction on the operating platform
  - reserve price on auction – applicable annual tariff for exempted capacity multiplied with multipliers and seasonal factors from NC TAR
  - NC will define details for short term capacity allocation
  - bundled capacity will be offered in case that GASTRANS makes an agreement with the adjacent TSOs
- Other GASTRANS obligation to
  - offer reverse interruptible capacity directions HU–SRB and SRB–BUL on auction for 1 year and shorter time periods
  - reserve price on auction – 47.5 % of applicable annual tariff for firm
  - provide a physical flow in direction to BUL in case of an emergency
  - examine market interest for incremental capacity every 2 years
  - NC will define details about daily operations and CMP

# Conditions for exemption from the regulated price

- GASTRANS developed and AERS approved the Tariff methodology with following elements
  - tariffs which are the same for all users in €/kWh/h/year
  - capacity weighted distance reference price methodology
  - tariffs are 100% capacity based
  - fuel gas will be charged separately
  - the entry-exit split 50/50
  - the same tariff for all 3 domestic exit points - Serbia
  - tariffs are adjusted annually based on real cost and incomes
  - income from short term capacity will reduce tariffs for long term capacity for the next year
- **Deadlines for GASTRANS tariff adjustments**
  - submit all commercial and financial data and calculation for tariff adjustment to AERS - 90 days before entry in force
  - define new adjusted tariffs - 60 days before implementation