

BALTIC PIPE: positive result of Economic Tests carried out by GAZ-SYSTEM and Energinet

After the evaluation of the Open Season Phase 2 Bids and the final allocation result, GAZ-SYSTEM and Energinet were obliged by the respective national regulatory authorities to assess the economic viability of the Baltic Pipe project. Both operators achieved a positive result of the Economic Test, which means that the Capacity Agreements under the 2017 Open Season should be concluded by the end of January 2018 at the latest.

Capacity allocated as a result of the Open Season Procedure completed on 31 October 2017 confirmed the business rationale for the construction of the new transmission infrastructure to enable gas transmission from Norway through Denmark to Poland, and from Poland to Denmark.

According to the Open Season 2017 Rules, as the prerequisite for entering into the Capacity Agreements, both operators were required to assess the economic viability of incremental capacity projects as stipulated in the CAM NC by conducting the Economic Test. The principles for the Economic Test are set out in the Commission Regulation (EU) 2017/459 of 16 March 2017 establishing a network code on capacity allocation mechanisms in gas transmission systems. The Economic Test is carried out on the basis of criteria approved by the national regulatory authorities in Poland and Denmark, the Energy Regulatory Office (ERO) and the Danish Energy Regulatory Agency (DERA) respectively.

The positive outcome of the Economic Test for each TSO together with the fulfilment of the other conditions set forth in the Open Season 2017 Rules allows entering into the Capacity Agreements with the Participants which have been allocated capacity. The Capacity Agreements are expected to be signed by end of January 2018 at the latest.

At the moment both operators will continue their project activities in order to be able to deliver first gas in October 2022 if a positive investment decision is taken in 2018. The final investment decision to be taken in 2018 depends, among other things, on the fulfilment of the conditions precedent set out in the Capacity Agreements.

More information about the 2017 Open Season Procedure can be found on the websites of [GAZ-SYSTEM](#) and [Energinet](#).

We also recommend reading the [information](#) on the outcome of Phase 2 of the Open Season Procedure of 31 October 2017.

GAZ-SYSTEM is a strategic company for the Polish economy. It is responsible for the transmission of natural gas, manages the most important gas pipelines in Poland and owns the President Lech Kaczyński LNG Terminal in winouj cie.

As part of the 2015-2025 investment programme, GAZ-SYSTEM is constructing over 2000 km of new gas pipelines in the western, southern and eastern parts of Poland. Over a dozen new gas pipelines are under construction within the North-South Gas Corridor and the compressor station in K dierzyn Ko le, as well as interconnections with Lithuania and Slovakia. Onshore gas pipelines are planned to connect the planned FSRU floating terminal in the Gulf of Gdansk with the national transmission system. The LNG Terminal in winouj cie is also being extended, as a result of which the regasification capacity of this facility will be increased by more than a half.

The company is also implementing one of the most important infrastructural projects in the country - the Baltic Pipe project which consists in the construction of a two-way offshore gas pipeline connecting Poland and Denmark, expansion of the local transmission network and three gas compressor stations.

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