

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.

Gas Transmission Operator GAZ-SYSTEM S.A. is a strategic company for the Polish economy, responsible for the transmission of natural gas and the management of the most important gas pipelines in Poland. GAZ-SYSTEM S.A. is also the owner of Polskie LNG S.A., a company established to build the winouj cie LNG terminal.

As part of its 2015-2025 investment scheme, GAZ-SYSTEM S.A. is planning to build over 2,000 km of new gas lines in western, southern and eastern Poland. Further expansion of the domestic transmission system, including construction of new gas pipelines being part of the North-South Gas Corridor, as well as construction of interconnections with Lithuania, Slovakia and the Czech Republic, will enhance Poland's energy security and contribute considerably to the development of the European transmission system.

In 2009-2015, GAZ-SYSTEM S.A. completed an investment plan consisting in the construction of over 1,200 km of new gas transmission lines in north-western and central Poland. The projects implemented by the company and the physical and virtual reversal on the Yamal pipeline have translated into a significant increase in technical import opportunities on routes other than from the East.