

Baltic Pipe: launch of Phase 2 of the Open Season procedure

The Polish and Danish natural gas transmission system operators – GAZ-SYSTEM and Energinet launch Phase 2 of the Open Season 2017. Market participants are invited to register and submit final bids for capacity.

Launch of Phase 2 of the Open Season procedure will allow shippers to bid for capacity in the Baltic Pipe Project connecting Norwegian gas fields to Denmark, Poland and the wider continent. Phase 1 of the Open Season procedure for the Baltic Pipe Project, which was completed on 25 July 2017, confirmed the market interest in this project through the declaration of sufficient demand for the transmission of natural gas. The positive outcome of Phase 1 allowed both operators to launch Phase 2 of the Open Season, which will be aimed at obtaining final commitments from market participants as to the volume of their capacity bookings and, subsequently, lead to the conclusion of transmission contracts for the term of up to 15 gas years.

The Polish and Danish transmission system operators would like to inform that based on consultations with national regulatory authorities, it was decided to extend the allocation phase. Updated Open Season time schedule for the Baltic Pipe Project is available [here](#).

Under Phase 2, the market participants interested in capacity of the planned interconnection should register between 5 September and 3 October 2017 and submit their final bids to both operators by 31 October 2017. Next, following the evaluation of bids received in Phase 2 and allocation of the capacity, each of the operators will run an economic test. Positive results will allow the conclusion of transmission contracts with the market participants.

The Open Season 2017 Rules for the Baltic Pipe Project together with all the required attachments are available at the following websites:

- GAZ-SYSTEM (<http://en.gaz-system.pl/strefa-klienta/konsultacje-z-rynkiem/aktualne-konsultacje/open-season-baltic-pipe/>)
- Energinet (<https://en.energinet.dk/openseason2017>)

The information package for Phase 2 of the Open Season procedure will be published not later than on 8 September 2017.

Market participants who are interested in submitting their bids in Phase 2 and would like to obtain further information concerning the Open Season procedure are requested to contact the project promoters to set up information meetings:

Energinet: openseason2017@energinet.dk
GAZ-SYSTEM: openseason@gaz-system.pl

ADDITIONAL INFORMATION

What is Open Season?

It is a binding procedure in which Energinet and GAZ-SYSTEM S.A. invite market participants to submit bids for transmission capacity to be made available in the Baltic Pipe Project. The market participants are required to submit financially binding bids and thereby contract capacity for gas transmission over the period of 15 years. The objective of the Open Season procedure is to confirm whether, as indicated by preliminary analyses, the interconnection is financially viable.

Two phases of the procedure

The procedure consists of two phases. The first one was launched on 6 June and successfully completed on 25 July confirming sufficient demand for gas transmission from the North Sea through Denmark and the Baltic Sea to Poland.

Based on the evaluation of the results of Phase 1 of the Open Season 2017, the operators of the Danish and Polish transmission systems decided to continue the steps aimed at the implementation of the Baltic Pipe Project.

Thus, the procedure entered Phase 2 during which the interested market participants will be able to submit their final bids for the allocation of transmission capacity. The deadline for the submission of bids is 31 October 2017. This phase of the Open Season is expected to result in the conclusion of transmission contracts by the market participants for the term of 15 gas years.

What is Baltic Pipe Project?

The Baltic Pipe Project is a strategic infrastructure project aimed at creating a new gas supply corridor on the European market. It will enable the transmission of gas directly from fields in Norway to markets in Denmark and Poland as well as to consumers in neighbouring countries. The project aims to establish an interconnection between the two national markets through the development of a bidirectional offshore gas pipeline and expansion of local transmission network to ensure full functionality of the new gas pipeline so as to secure gas transmission from Norway to Denmark and Poland.

The main objectives of the Baltic Pipe Project include the strengthening of the diversification of natural gas supply, market integration, price convergence and security of supply, above all in Poland and Denmark but also in Sweden, Central and Eastern Europe and in the Baltic states.

Final investment decision is expected by the end of 2018.

More information on the project:

- GAZ-SYSTEM (<http://en.gaz-system.pl/our-investments/integration-with-european-gas-transmission-system/baltic-pipe/>)
- Energinet (<https://en.energinet.dk/Infrastructure-Projects/Projektliste/BalticPipe>)

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Energinet is the Danish TSO, transmission system operator, of the main electricity and gas transmission systems. Energinet's main task is to maintain the overall short-term and long-term security of electricity and gas supply. Moreover, some of our tasks are to develop the main Danish electricity and gas transmission infrastructure together with creating objective and transparent conditions for competition on the energy markets and to monitor that competition works. The company is organized as an independent public enterprise owned solely by the Danish state as represented by the Danish Ministry of Energy, Utilities and Climate.

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 the technical import opportunities on routes other than from the East.

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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 Kaczy ski 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 dzierzyn 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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