

## Q & A

### *Open Season 2017 – Baltic Pipe project*

*Valid for 22.06.2017*

#### 1. General Questions:

**1. Is there any chance that only a part of the project will be constructed?**

Energinet and GAZ-SYSTEM are currently conducting an Open Season for the project consisting of construction of the whole Baltic Pipe, in line with the description presented in the Open Season 2017 Rules. No different project is currently under consideration. If the market demand shows that there is a demand only for a part of the project, this would require a new approach, as it would be a new project.

**2. Will the presentations from the two information meetings be published?**

Yes, please visit <https://en.energinet.dk/openseason2017> and <http://en.gaz-system.pl/strefa-klienta/konsultacje-z-rynkiem/aktualne-konsultacje/open-season-baltic-pipe/> to find the presentations from the information meetings in respectively Stavanger, Norway and Ballerup, Denmark.

**3. What is the reason of having two phases of the Open Season? Why not to do only one, binding phase?**

According to ERGEG Guidelines for Good Practice on Open Season Procedures (GGPOS) (C06-GWG-29-05c), an open season should be structured in two phases. First phase should include an assessment of the market's needs (be non-binding), while the second one shall end with the final allocation and binding agreements being signed. Therefore, the Open Season 2017 was divided into two phases to fulfill those criteria.

**4. What will happen with the Project and with the 2<sup>nd</sup> phase of the Open Season if the bids collected during the phase 1 are not sufficient?**

Independent of the result of phase 1, phase 2 will take part, but the overall timeframe might be subject to changes in such a situation. If the total requested OS 2017 capacity in the phase 1 bid(s) is insufficient to pursue the Fast Track Project, the Baltic Pipe Project will be evaluated and potentially changed.

**5. Do you foresee to extend Phase 1 of the Open Season?**

No. The timetable, on the one hand, balances the opportunity for shippers to have sufficient time to assess the project and submit bids, and on the other hand, maintains a fast track timetable in order to provide gas transportation services as of 1 October 2022.

**6. Why is there a lack of information regarding the activities on Norwegian site, especially the one conducted by Gassco?**

Energinet will engage and discuss with Gassco to provide more information in relation to this part of the project.

**7. The allocation process will end by signing capacity contracts, therefore does it mean that you will not sell the capacity in the auctions?**

In the Open Season 2017, no capacity will be offered in auctions. The capacity will be offered and allocated according to the Open Season 2017 Rules, i.e. using the pro-rata mechanism in case of over-demand, with priority for the submitted bids with the longest duration.

**8. The Open Season 2017 vs incremental CAM procedures.**

The Open Season procedure is conducted on the basis of transitional provisions of the NC CAM, i.e. art. 31 of the NC CAM. The provision allows for conducting the allocation procedure in a different process than incremental procedure, as defined in line with the NC CAM. Such possibility is available to the TSOs only if all the necessary approvals for the process were granted before 1<sup>st</sup> of August 2017. As both, GAZ-SYSTEM and Energinet, has obtained the necessary approvals from their regulators in March 2017, the Open Season 2017 will be performed based on the Open Season 2017 Rules, and not as an incremental process. However, it should be underlined that according to art. 31 of the NC CAM, the process will partially be based on the NC CAM, i.e. the TSOs will be obliged to perform the economic test after the allocation process.

**9. Is it correct that you can book the capacity only at the tie-in and you don't have to book the capacity at the IP BP?**

Yes, this is correct – there is no obligation to book the capacity for the whole transportation route. However, it should be underlined that bookings in all points creating the corridor from the entry in Denmark to exit Poland are required for the establishment of the Baltic Pipe.

**10. What does it mean that there is “a limited possibility to amend the Open Season documents”?**

The possibility of the TSOs to amend the Open Season documents is included in the Open Season 2017 Rules, as well as in the additional Polish and Danish rules for the Open Season 2017. According to the Open Season 2017 Rules, the TSOs may amend the Rules only in limited cases.

**11. What will happen if a shipper denies signing the capacity contract after Phase 2 and having made a bid?**

A bid is a binding commitment in itself, therefore a shipper would be liable for a failure to sign the capacity contract. In such case provisions regarding the Financial security described in the the additional Polish and Danish rules for the Open Season 2017 will apply.

## 2. Questions regarding the Danish part of the Baltic Pipe Project:

1. **How should the associated companies submit bids to Energinet, if they are to be treated as a joint bid?**

A completed bid form (within certain limits) for each of the associated companies must be submitted to Energinet.

2. **In Information Package 1, it is published that the costs of the compressor station will be shared between Energinet and GAZ SYSTEM. Has DERA approved this? Moreover, has DERA considered what the risks are for the Danish shippers in the context of the tariff level, if there are no bookings after 15 years?**

There is a framework agreement between Energinet and GAZ SYSTEM which among other things describe how the costs for the compressor station shall be shared. DERA has not approved this framework agreement.

Energinet encourages that shippers interesting in the answer for the last question raise it directly to DERA.

3. **Definition of the force majeure in the Danish OS Capacity Agreement – how should we understand the fact, that the definition covers i.a. the lack of necessary permits for construction?**

According to clause 13 of the Danish OS 2017 capacity agreement, the lack of necessary permits for construction shall be regarded as force majeure.

4. **Danish OS Capacity Agreement – currently the “indemnification clause” included in the Danish OS Capacity Agreement is conditional. Do we understand correctly that in the final version of the Danish OS Capacity Agreement it will be unconditional?**

Energinet will use best endeavors to include an indemnification clause into the Danish OS 2017 capacity agreement. If the indemnification clause is introduced, the indemnification clause will be unconditional.

### 3. Questions regarding the Polish part of the Baltic Pipe Project:

#### 1. Are you expecting any problems in the offshore section of the Project?

GAZ-SYSTEM aims at fast implementation of the offshore section, taking into account all necessary permissions to be granted. For this reason works are most advanced in terms of offshore section.

#### 2. Firm capacity in the Polish direction – how will it be treated in comparison with capacity of other entry points to the Polish transmission system, in particular in the light of the obligation to maintain the mandatory reserves of gas?

The contractual points Entry Point Baltic Pipe (DK->PL) and the Exit Point Baltic Pipe (PL->DK) shall be treated as all other entry and exit points to/from the Polish transmission system. Therefore, the entry capacity allocated by GAZ-SYSTEM to the shipper in the Entry Point Baltic Pipe (DK->PL) can be used to fulfill the obligations of the shipper related to maintaining the mandatory reserves of gas.