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MEMO

## USER GROUP ON TYRA - NOTES FROM THE WORKING GROUPS

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### 1. Working group – security of supply

#### 1.1 Comments made under the brainstorming session

1. Filling requirements could be a tool for securing a seasonal profile for commercially stored gas. The price for this should be market based and the price level will depend on market situation
2. The use of storage and the market will be different. The use of storage will be more driven by seasonal demand and hence there are not the same room for using storage for short-time arbitrage
3. A suggestion was that Energinet to look in to selling surplus Emergency storage in the spring when (and if) the market lags gas – and in the beginning of the injection season Energinet can buy back the gas. Maybe Energinet can make an auction to lend it out for x months (eg. March to July)
4. Flow commitments in Ellund – options bought on beforehand, so no cost for activating. Some concerns about incentives and possible abuse
5. Energinet should look in to possibilities for gasification solutions for delivery in few years
6. Energinet should look in to demand side regulation products
7. A concern was raised that it is unclear what will happen in the market in case of Emergency. Energinet should make up some case material and make it more clear to the market, including responsibilities for market players and for Energinet.

## 2. Working group – rules and incentives

### 2.1 Comments made under the brainstorming session

1. Normal operation = no incentive
2. Investigate demand side flex in more detail
  - How large a part of the market can react on short-term price peaks?
3. Carefull on filling requirements
  - Can devaluate the storage product, and make them hard to sell
4. Reflection: storage is normally filled 100 %, so why not when Tyra is out?
5. Red flag on if all storage is sold
  - TSO to check if all storage is sold in the beginning of May (beginning of storage year)
  - If not, Energinet should think of what to do to incentivise the rest of the storage to be sold
6. Suggestion for tool in Early Warning
  - Auction by Energinet to keep gas in storage (if inventory level becomes too low)
  - Alternative to flow commitments at Ellund
7. Flow commitments at Ellund
  - Options that Energinet could call (in Early Warning or Alert)
8. Idea: Entry Ellund as trading point (delivery point) at PEGAS
  - Locational product
9. German side: well-functioning UIOLI needed
  - Dialogue with adjacent TSO's
10. Use of tools in Early Warning and Alert in case if equally high prices in Germany
  - To give incentive to flow gas
11. Rethink emergency and filling requirements
  - Know what happens
12. Energinet should ask themselves: when do you need to step in as TSO
  - Tools can give wrong incentives in the market (incentive to provoke use of tools)
  - There needs to be insecurity on when tools will be utilised, to prevent speculation
13. Tariff design: incentive to utilize capacity short-term
14. Remove safety margins on balancing prices

- Plus/minus 10 % on neutral gas price
- Plus/minus 35 % on marginal price

15. Easier trade of secondary

- On PRISMA

16. PRISMA should work perfectly (valid for all IT processes)

17. Should we make emergency even more unpleasant (to incentivise to avoid)?

### 3. Working group - Trading and market prices

#### 3.1 Comments made under the brainstorming session

1. Main principle: Market Forces should continue working
2. We can expect price differences between Denmark and Germany
  - Important to utilize all capacity, also with UIOLI (German side)
  - Consider the pricing of short term capacity products (price lower compared to long-term)
  - Including in Germany
3. We can expect market dynamics more in line with UK (NBP), increased within-day trading
4. Important for the shippers to receive correct data
5. More UIOLI on the German side
  - From 14:00 the day before on PRISMA
6. Minimize the friction in Ellund (between the GUD and Energinet systems)
  - There should only be bundled products
7. How is within-day pricing in the UK, 0? (comment: this will change in the near future)
8. Can Ellund Entry price be 0?
9. Should we have a forward market? Some part of the discussion was centred on the following issues:
  - Uncertain demand
  - Tyra = uncertainty in price
  - In the Swedish power market, historically the producers in the power market earned additional profits by taking the risk that the demand side did not want to take
  - In Denmark will be a limited demand for hedging from power plants
  - Gas Point Nordic can supply the market platform
10. The Balancing market should continue

11. Potential new storage product: Storage with UIOLI conditions

12. Further comments made under and after the presentation:

- The secondary market must be improved
- The balancing responsible could buy “locational” gas (gas at the entry point Ellund, on the Danish side). Ensuring gas from Germany.