

ENERGINET

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Dato:
14/2 2018

Forfatter:
CRU

MEMO

EMERGENCY WORKSHOP 25 JANUARY 2018 10:00-14:00 CET - MINUTES

1. List of participants

- Jacob Palsgård Petersen, NGF Nature Energy
- Anette Sørensén, Danske Commodities
- Jens Kersting, RWE
- Niels Aage Vandelbjerg, Ørsted
- Tim Gustav Weibel, Ørsted
- Maria Leontari, Ørsted
- Millo Zinck, Ørsted
- Martin Sällberg, Modity
- Guy Hannay-Wilson, Chevron (left at 12:45 CET)
- Jason Ryan, Axpo
- Christian Harr, Energi Danmark
- Henrik Wahlfors, EON Sverige
- Verzhiniya Georgieva, Shell
- Bellal El Azizi, Shell
- Toni Pockenauer, SEAS-NVE
- Iben Hvilsted Olsen, DERA
- Geir Sjöholm, Swedegas
- Håkan Jiresten, Swedegas
- Hans-Åge Nielsen, Gas Storage Denmark
- Mads Vejlbj Boesen, Gas Storage Denmark
- Rune Gjermundbo, Gas Storage Denmark
- Søren Balle Rasmussen, Energinet
- Helle Øgaard, Energinet
- Christian Meiniche Andersen, Energinet
- Claus Møller Petersen, Energinet
- Christian Rutherford, Energinet
- Julie Frost Szpilman, Energinet
- Henrik Kjøller, Energinet
- Stine Bjerregaard Buemann, Energinet
- Benjamin Rathcke, Energinet
- Sune Damsgaard, Energinet

2. Background

Security of supply on the Danish gas market is highly based on shipper behavior. Thus, rules must be in place to secure that market participants can maneuver in the right way, without bringing the system integrity into jeopardy.

During the User Group meetings in 2017 on market development during the Tyra shut down period, it was identified that there is need for more exact knowledge on the market rules during a crisis situation. The need was considered as general, but the coming shut down of Tyra increases the attention to be prepared, as the risk of Energinet declaring a crisis situation during this period is higher than today.

Based on this, the main purposes of the workshop were:

- To learn more about the rules of security of supply in the Rules for Gas Transport, and how they come into play
- To go through the different crisis levels using case studies, and to discuss how Energinet and the market is expected to react
- To investigate possible improvements of rules in regard to security of supply.

For more information, please go through the slides from the workshop, which are published at Energinet's website: <https://en.energinet.dk/Gas/Tyra>

3. Minutes from workshop

Based on the case studies and the discussions at the workshop, Energinet have identified the following comments and statements from the workshop participants:

- Shippers do not always know if and how much commercial interruptible consumption their end consumers (or how much the gas supplier(s) which the shipper is delivering to) have. The same is also true about knowing the portfolio of non-protected consumers. Both makes it challenging to nominate the expected offtake, as part of the portfolio might not have an offtake
- The shipper's storage filling is relevant when deciding to either withdraw from storage, or to import via Ellund, during an Early Warning crisis level
- Energinet's balancing prices and the shippers' expectation to the prices at the exchange are significant for the behavior of shippers – on this basis there is identified a need for more clarity on what to expect during the different crisis levels (especially Emergency)
 - If, during an Early Warning crisis situation, the expectation is that high gas prices will only stay high for a short period of time, this gives incentive for shippers to withdraw from storage
 - If shippers believe that the Force Marjorie balancing price during Emergency will be lower than the general balancing price and gas price at the exchange, this could lead to a fast withdrawal of storage
- End consumers who are not indexed towards the GPN price will not be sensitive towards price peaks in Denmark – shipper has the risk in this respect
- Expectation that more end consumer prices will be linked to GPN during Tyra than today
- Need for more detailed and precise knowledge on balancing prices in Emergency for the market

- In general, the market will try to maximise Ellund entry
- Crisis situations can be good for the market
- Maybe possible for shippers (or gas suppliers) to contact certain end consumers to ask them to reduce offtake
- Important to inform the market frequently, in case of e.g. technical issues
- Interruptible capacity at Ellund is not that attractive, as it is perceived that it will have a high probability of interruption
- TSO (and SSO) need to be very clear on how shippers should act, development in a crisis situation, user of commercial tools and expected flows and capacities at points
- Shippers with end customer portfolio will keep gas in storage for whole season; trading companies might empty faster (especially if crisis is expected to be short-term)
- The market is generally more mature than in 2013; expect faster reactions to prices
- Expectations that customers in Sweden will switch to alternative fuels
- In an Alert situation (case of Stenlille shut-down) prices might go down in Denmark, as gas that should have gone to Sweden is “stranded” in Denmark
- Often no clauses on force Marjorie at GTF/ETF contracts, shippers have to deliver
- In case of shut down of Stenlille (case 1 during the workshop) the first reaction will be panic and higher gas prices
- Energinet should consider removing price caps on balancing prices earlier than Emergency (can be done already in Early Warning)
- The price of imbalance will give the incentive in what to do (as shipper).

4. Suggestion of actions

Based on the minutes of the workshop, Energinet has identified the following key findings and actions:

- Energinet need to be very clear and specific on how the balancing price regime will work during Emergency, also taking into account situations with no trades and prices at Gaspoint Nordic (e.g. because of empty supply side)
 - **Action:** Energinet will develop detailed material on pricing regime in Emergency
 - **Action:** in the process of developing the material, Energinet will investigate if any amendments of the current regime are required
 - **Action:** Energinet will communicate price regime and possible amendments via Shippers’ Forum, User Group and/or possible later Emergency Workshop
- Energinet must be clear on which commercial tools and measures there is in the toolbox for each crisis situation, and how they are expected to come into play
 - **Action:** an extensive description of all market tools will be included in the method document, which will be subject to market consultation during spring 2018, and afterwards issued to DERA for approval
 - **Action:** final toolbox will be communicated at Shippers’ Forum and User Group.