



SIKKERHEDSGUIDE



NØDUDGANGE



HJERTESTARTER



SAMLINGSSTED

A large, light teal wireframe graphic on the left side of the slide, composed of numerous interconnected lines forming a complex, abstract geometric shape that resembles a stylized map or network.

USER GROUP ON TARIFFS

4 October 2017

Nina Synnest Sinvani

AGENDA

This is the second User Group in the process of implementing the TAR NC. The aim is to share the output from the Shipper Taskforce and invite for comments and questions.

- 13:00 Welcome - *Clement Johan Ulrichsen*
- 13:10 Status on implementation of TAR NC – *Nina Synnest Sinvani*
 - Output from the Shipper Taskforce
- 13:45 Timeline and consultation – *Nina Synnest Sinvani*
- 13:50 Discussion and inputs
- 14:15 Other relevant issues – *Jeppé Danø*
- 14:30 Thank you!

OVERVIEW

In order to be compliant with TAR NC, Energinet needs to develop and apply for a new tariff methodology.

Energinet has already proposed a tariff methodology for the Baltic Pipe period (after 2022) as being the postage stamp methodology.



- Why?
 - Ensure compliance with “Network code on Harmonised Transmission Tariff Structures for Gas” (TAR NC)



- What?
 - Within these constraints to identify the tariff method elements that are best suited to the future Danish market conditions including transit flows



- Who?
 - Energinet has already hosted shipper taskforce meetings, but invites all users to join in on the discussion



- When?
 - Deadline: To come in force from October 2019

WHY?

On 16 March 2017 the EU Commission published the "Network code on Harmonised Transmission Tariff Structures for Gas"

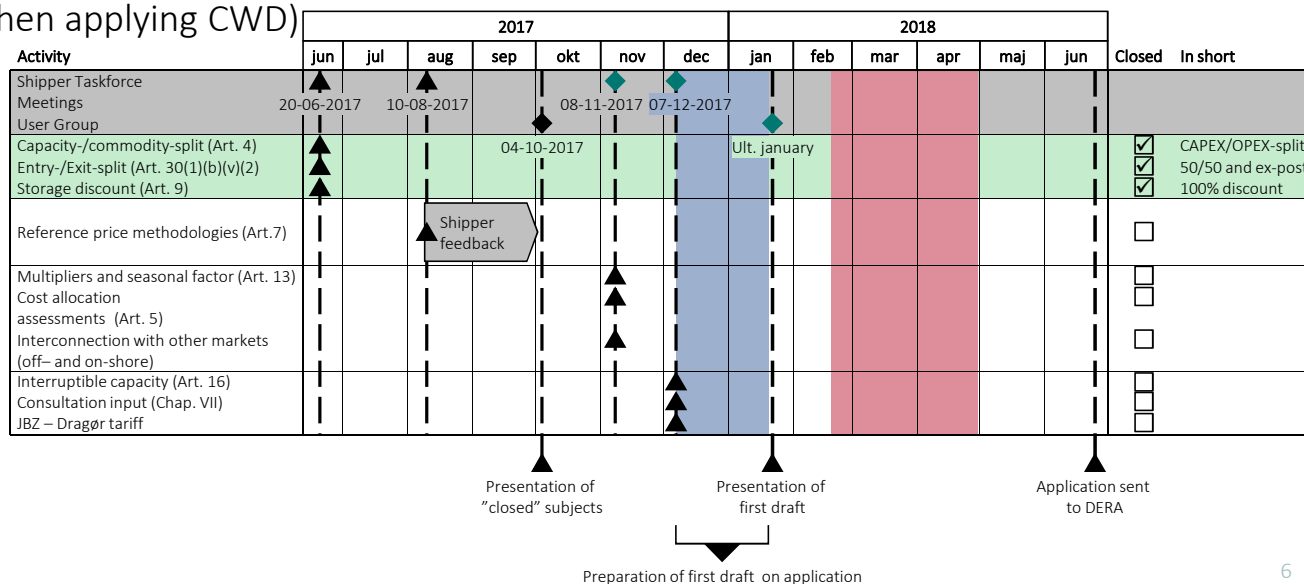
TAR NC in short:

- Provides a default reference price methodology, Capacity Weighted Distance (CWD)
 - If this method is not chosen, it should still be used for benchmark purposes
- Provides overall guidelines for the following issues:
 - The ratio between capacity- and commodity-tariffs. Capacity tariffs is preferred.
 - Minimum 50 % discount for storage points
 - Multipliers and seasonal factors
- Transparency and publication of input
- Measures against cross-subsidisation

WHAT?

The Shipper Taskforce has discussed and agreed on the following topics

- Capacity-/commodity-split (Art. 4):
 - As today, capacity tariffs will cover CAPEX and commodity tariffs will cover OPEX
- Entry-/Exit-split (Art. 30(1)(b)(v)(2)):
 - Ex-post (and ex ante (50/50) when applying CWD)
- Storage point discount (Art. 9):
 - 100 % discount as today



WHAT?

The User Group have discussed the following main methodologies for the period October 2019 to October 2022



TAR NC- method:

- Default method in the TAR NC

Capacity tariff	CWD
	(DKK/kWh/h/year)
Uniform tariff	23.27
Nybro Entry	25.11
Ellund Entry	29.36
BNG Entry	18.46
DK-Zone	17.89
Ellund Exit	9.73
Dragør Exit	25.01



- Extremely sensitive to placement of virtual points
- Less predictable and transparent

Current method and adjustment:

- Already approved and adjustment is possible via method approval

As is	Ellund-Egtved cost moved
(DKK/kWh/h/year)	(DKK/kWh/h/year)
23.27	23.27
20.06	20.06
22.29	20.06
20.06	20.06
24.24	25.56
20.06	20.06
24.24	25.56

- Maintains the current utility principle
- Could be a barrier to change methodology if Baltic Pipe is realised

Electricity method:

- Energy only principle applied on gas

Uniform m. 0-tarif in Ellund
(DKK/kWh/h/year)
23.27
35.56
0
35.56
35.56
0
35.56

- Extreme method
- Market consequences are not clear

Baltic Pipe method:

- Transparent and stable method

Postage stamp
(DKK/kWh/h/year)
23.27
23.27
23.27
23.27
23.27
23.27
23.27

- A simplified method
- Limit possibilities to provide meaningful price signals under Tyra



Note: Figures shown above is for illustration purposes only

OTHER SUBJECTS

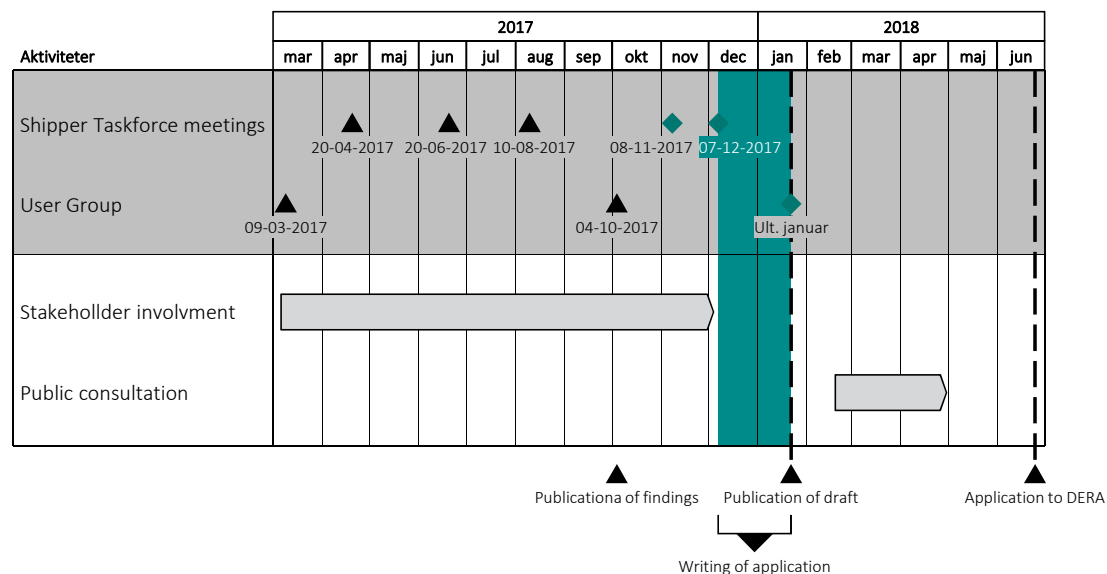
There are among others following points that are still up for discussion

- Multipliers
 - It is suggested to keep the ratio between yearly capacity products and products shorter than that
- Dragør Exit – Joint balancing zone (JBZ)
 - It is expected to keep the point and consequently also the revenue
- Possible discussions around BNG point

WHO?

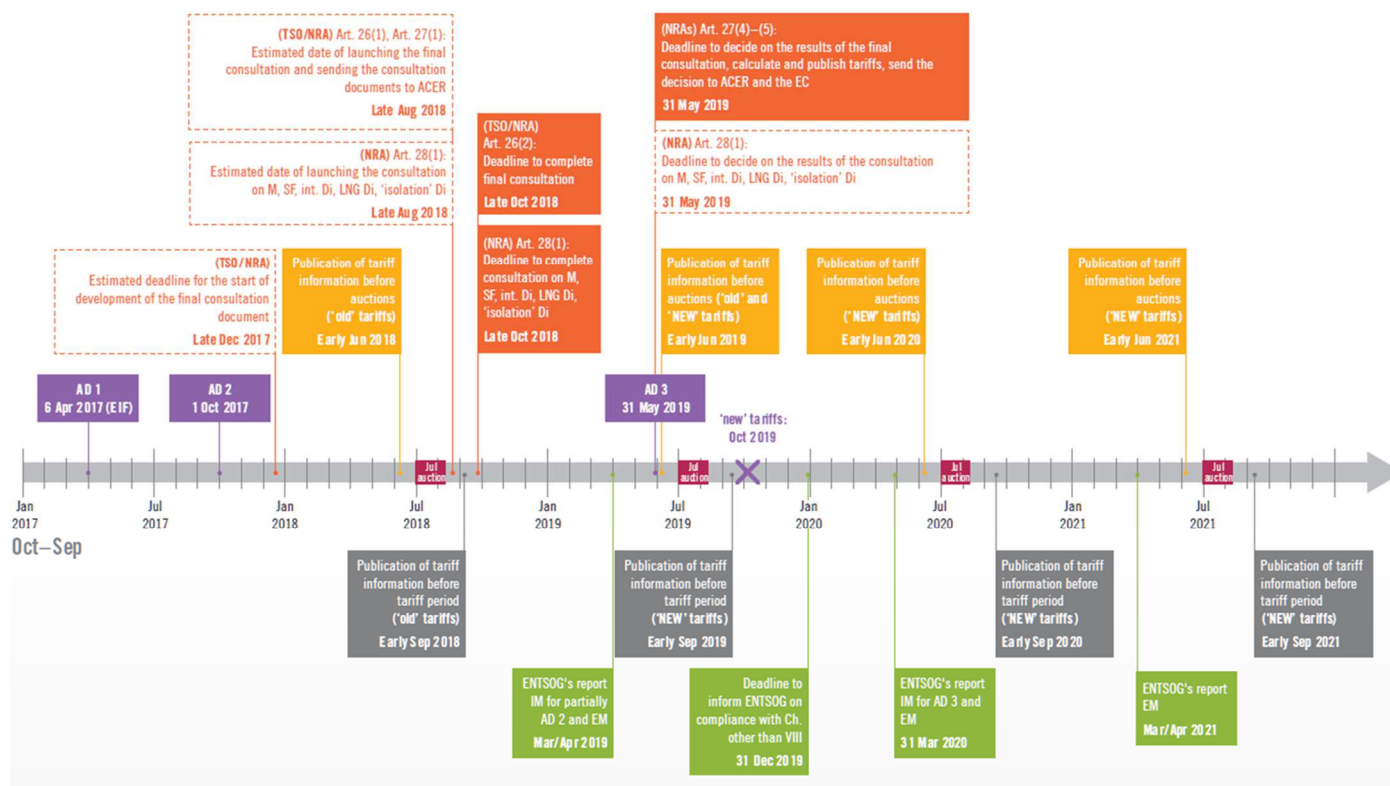
Energinet wishes to develop the methodology in close dialogue with the market and other stakeholders

- We welcome all questions and comments
- It will be possible to follow the process on: <https://en.energinet.dk/Gas/Tariffs-and-Fees>
- Energinet will carry out a public consultation in Q1/Q2 2018



WHEN?

Energinet expects to have the application ready for DERA mid 2018

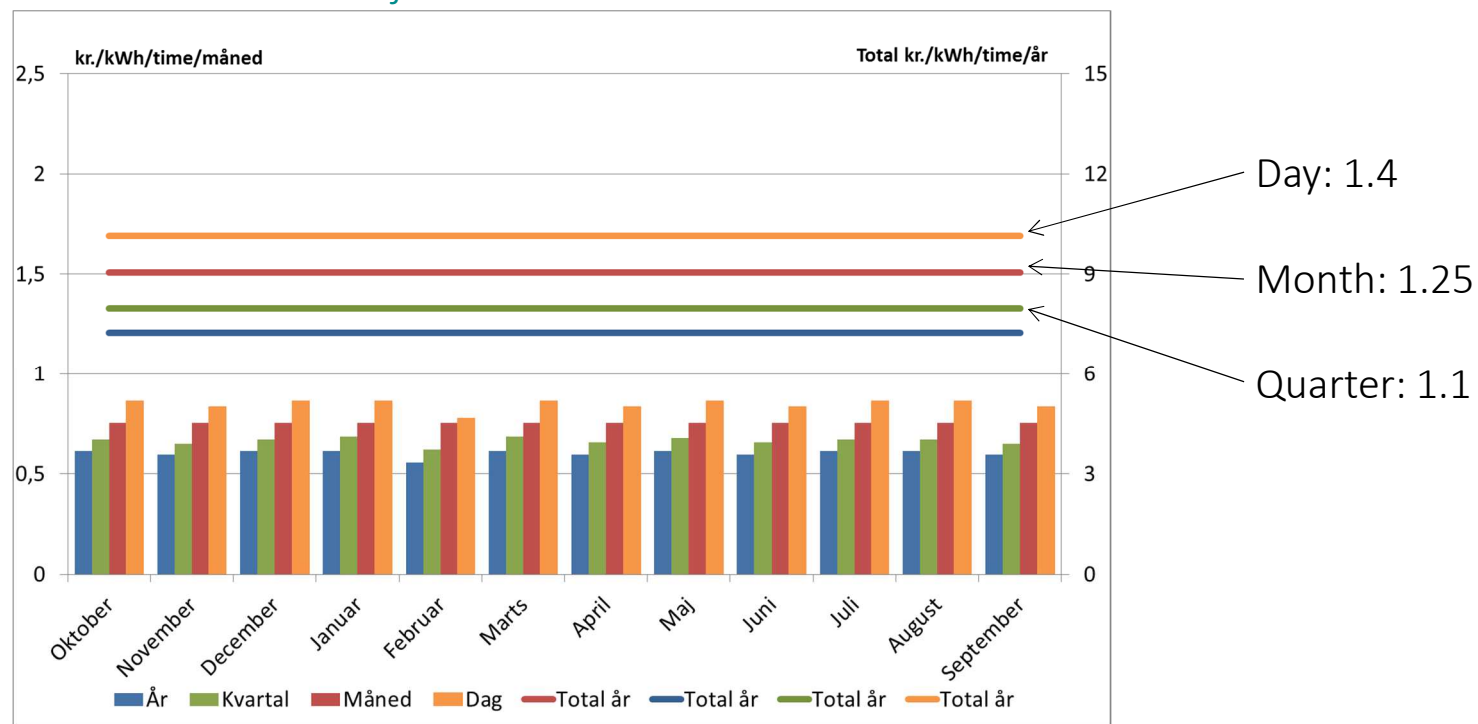


DISCUSSION, QUESTIONS AND CONCERNS



CHANGES WAS MADE 1ST OCTOBER 2016

Need for further adjustments?



MULTIPLIERS FOR CAPACITY BOOKINGS > 5 YEARS

Introduction of capacity bookings > 5 years (NC CAM compliance) and Open Season 2017 capacity bookings: Need for introduction of multiplier for long term bookings

- A multiplier for capacity bookings > 5 years 0.9-0.95 of yearly booking
- In effect from 2019
- Possibility to prolonge existing Open Season capacity booking at Ellund in order to obtain rebate for reamining period?

QUESTIONS AND COMMENTS?



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BACKUP

DISTANCE MATRIX – WEIGHTED AVERAGE

Stage 1 - Calculate distances under flow scenario assumption (Art. 8(1)(c) and (d))

	Exit	D	IP1	IP2
Entry		DK-Zone	Ellund	Exit Dragør
P1	Nybro Entry	190	149.8	275.4
IP1	Ellund Entry	226.2	0	311.6
P2	BNG Entry	133.2	93	218.6

