

ENERGINET

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MEMO

TRANSPARENCY INFORMATION 2019/2020 – AN OVERVIEW

1. Art. 29 (a): Information on firm capacity

Information for standard capacity products for firm capacity (reserve prices, multipliers, seasonal factors, etc.)

- Energinet have multipliers but no seasonal factors. Multipliers and reserve prices can be found on the pricelist:
 - <https://en.energinet.dk/-/media/6FD427AC461A42209F0F0A3AEAEEDC23.pdf>

2. Art. 29 (b): Information on interruptible capacity

Information for standard capacity products for interruptible capacity (reserve prices and an assessment of the probability of interruption)

- See pricelist:
 - <https://en.energinet.dk/-/media/6FD427AC461A42209F0F0A3AEAEEDC23.pdf>

There is no empirical data to use as interruptible capacity was not only seriously offered back before entry capacity at Ellund IP (DK-DE) was established. But the discount level is set at historic levels and will be adjusted if it then turns out not to sufficiently reflect the probability of interruption.

3. Art. 30 (1)(a): Technical and method parameters

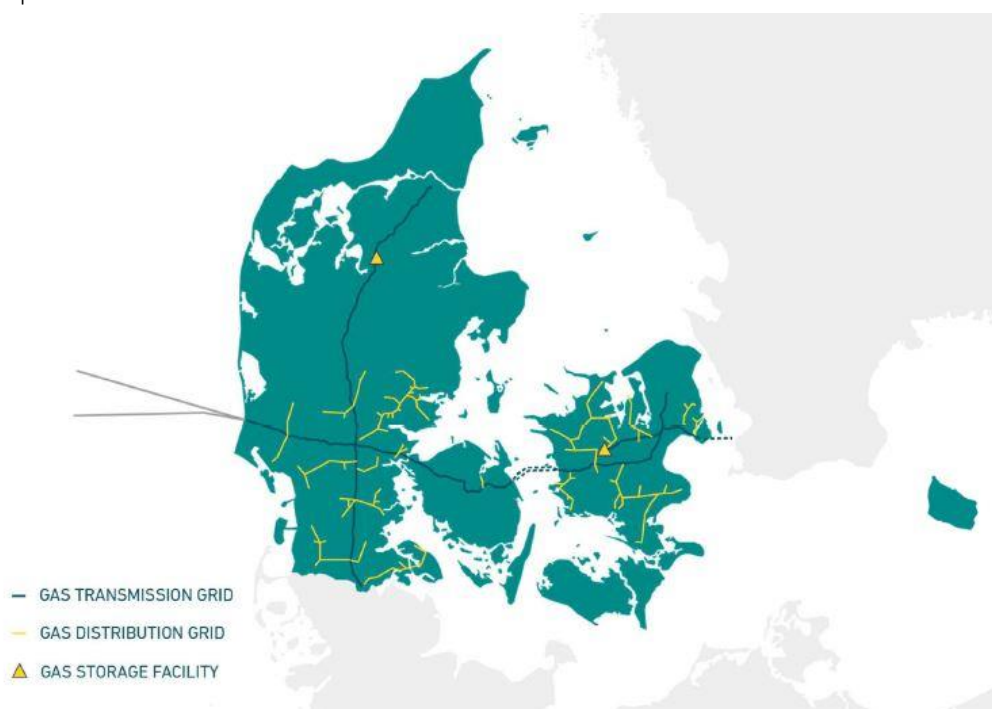
Information on parameters used in the applied reference price methodology related to the technical characteristics of the transmission system.

- Technical capacity
 - <https://en.energinet.dk/Analysis-and-Research/Analysis-assumptions/Analysis-assumptions-2017>

- Forecasted capacity booking and flow

2019/2020	
Commodity (mio. kWh)	
Denmark	29,044
ExportSweden	10,890
Export Germany	0
Total	39,934
Capacity (kWh/h/year)	
Exit zone	4,733,333
Exit Dragør	0
Exit Ellund	0
Exit capacity	4,733,333
Entry Nybro	260,000
Entry Ellund	4,100,000
Entry BNG	440,000
Entry Capacity	8,466,636

- Structural representation of the transmission network:



Art. 30 (1)(b)

Energinet is 100% state-owned. Energinet, unlike any other countries in the EU, regulated on a Non profit principle, covering all necessary and reasonable cost, by law. For that reason, a number of the parameters stated in the article 30 have little to no values, however in the following they are provide as good as possible.

4. Art. 30 (1)(b)(ii): Revenue changes

Information related to changes in the revenue.

- Cost base: 423.1 mDKK

5. Art. 30 (1)(b)(iii): Parameters related to CAPEX

Information related the following Parameters: types of assets, cost of capital, capital and operational expenditures, incentive mechanisms and efficiency targets, inflation indices. Energinet is allowed to have all necessary and reasonable costs covered

- See: <https://en.energinet.dk/About-our-reports/Reports/Annual-report-2018>
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5.1 Article 30(1)(b)(iii) (2) (cost of capital and its calculation methodology)

Inflation on the equity and the interest rate from the Danish Nationalbank on the equity

- Cost of equity: 2.5 mDKK
- Cost of capital: 44 mDKK

The regulated asset base per asset type is:

- Pipelines: 8,957 mDKK
- Compressors: 781 mDKK
- Total (Pipelines, Compressors and others): 11,000 mDKK

5.2 Article 30(1)(b)(iii)(3) (Capital expenditures):

Point a to c is not applicable, due to the current regulation - non-profit principle. Below is a table showing the depreciation periods on different types of assets. However, for Energinet Gas TSO all assets are depreciated towards 2052.

Asset type:	Depreciation period:
Ground	No depreciation
Building	20-100 years
Technical installations	10-60 years
Other installations and fixtures	3-10 years
Software	3-10 years

5.3 Article 30(1)(b)(iii)(4) (Operational expenditures (total))

The operational expenditures used for the tariff calculations 2019/2020 is 231 mDKK

6. Art. 30 (1)(b)(iv,v): Split on transmission services revenue

Information on the transmission services revenue including capacity-commodity split, entry-exit split and intra-system/cross-system split.

- The different splits are listed in the table below. Since half of the revenue is generated from commodity tariffs the splits are made both with and without commodity revenue.

Split	Capacity only:	Including commodity:
Intra	40%	50%
Cross-use	60%	50%
Entry	50%	65%
Exit	50%	35%
Capacity	70%	70%
Commodity	30%	30%

7. Art. 30 (1)(b)(vi): Reconciliation of the regulatory account

Information related to the previous tariff period regarding the reconciliation of the regulatory account.

Energinet adjusts the allowed annual revenue with sums received as a result from discrepancy between the actual received annual revenue and the realized costs for a given year. The operator keeps a special regulatory account for that purpose where the annual differences between the actual received revenue and the revised costs accumulate on a yearly basis.

Energinet is obliged to calculate any over or under recovery into the following year tariffs.

Energinet have in the tariffs for the gasyear 2019/2020 subtracted a overrecovery of 88 mDKK from the costbase.

8. Art. 30 (1)(b)(vii): Auction premium

Information on the intended use of the auction premium.

- No revenue generated by an auction premium has been accounted for as at the of the pricing period (01.10.2018-30.09.2019). When/If such revenue is generated it will be included in the general sum of the revenue collected.

9. Art. 30 (1)(c): Transmission and non-transmission tariffs

Information on transmission and non-transmission tariffs accompanied by the relevant information related to their derivation.

- Transmission
 - See Art. 30 (2)(b)
- Emergency
 - The emergency supply tariff is derived as the total cost base related to emergency divided by the Danish consumption (protected and non-protected). The tariffs are charged by the DSO Company.

10. Art. 30 (2)(a): Changes and trends

Information on transmission tariff changes and trends.

- See tariff forecast

11. Art. 30 (2)(b): Model and calculations

Information about the used tariff model and an explanation how to calculate the transmission tariffs applicable for the prevailing tariff period.

- Energinet has as basis a uniform/postage stamp tariff methodology with a ex-post entry-exit-split mean that the resultning tariffs will be the same at all entry and all exit points
- 1/3 of the CAPEX from the Ellund-Egtved expansion (14 mDKK)

Calculation of capacity tariffs:

Tariff

$$= \frac{70\% * (\text{Costbase} - \text{Correction of over recovery} - \frac{1}{3} \text{EllundEgtved})}{\text{Forecasted capacity}}$$

$$= \frac{70\% * (423.1\text{mDKK} - 88\text{mDKK} - 14\text{mDKK})}{9,533,333} = 23.54 \text{ DKK/kWh/h/year}$$

Calculation of commodity tariffs:

$$\text{Tariff}_{\text{Exit points}} = \frac{30\% * (\text{Costbase} - \text{Correction of over recovery} - \frac{1}{3} \text{EllundEgtved})}{\text{Forecasted flow}_{\text{Exit points}}}$$

$$= \frac{30\% * (423.1\text{mDKK} - 88\text{mDKK} - 14\text{mDKK})}{39,934} = 0.00241 \text{ DKK/kWh}$$

Resulting tariffs:

	T_En
Entry Points	(DKK/kWh/h/year)
Nybro Entry	23.54
Ellund Entry	23.54
BNG Entry	23.54

	T_Ex
Exit Points	(DKK/kWh/h/year)
DK-Zone	23.54
Ellund Exit	23.54
Dragør Exit	23.54

	(DKK/kWh)
Exit Points	
Commodity tariff	0.00241