



**THE GREEN GAS LOLLAND-FALSTER  
PROJECT**

**RULES APPLICABLE TO PARTICIPATION  
IN OS 2020**

**FINAL**

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### 1. Introduction

Based on the principles for the incremental capacity process described in the network code on capacity allocation mechanisms in gas transmission systems (CAM NC 2017/459/EU), Energinet Gas TSO (hereinafter referred to as "Energinet") has collected non-binding demand indications between 2 July and 26 August 2019. As described in the document "User Involvement in Network Planning" from 5 April 2019, Energinet has not only collected non-binding demand indications on the relevant interconnection point Ellund, but has broadened the scope to include all relevant entry-exit points in the Danish gas transmission system (the document, and further description can be found at <https://en.energinet.dk/Gas/Shippers/Incremental-capacity>).

During the incremental capacity process, Energinet have received non-binding demand indications for expanding the Danish gas transmission system towards the islands of Lolland and Falster, where today there is no gas grid. The non-binding indications show a demand for both exit capacity towards the potential end-consumer market on Lolland and Falster and demand for connecting new biogas production plants to the potential new gas grid.

The establishment of a gas grid on Lolland and Falster will require expansions both at transmission and distribution level, and thus will require a close cooperation between Energinet and the Danish gas distribution grid operator Evida. The Open Season 2020 and these OS 2020 Rules only regulate the transmission level.

Establishing a gas network towards Lolland and Falster will require firm and binding commitment by market players, as significant investments are required. As a measure to replace the received non-binding demand indications with firm investment obligations, Energinet will conduct this Open Season 2020 (hereinafter referred to as OS2020), where Energinet will request long-term capacity bookings and Financial Contribution, which together should cover the costs of establishing the new transmission pipeline. For more information on the project details, please refer to the model paper for the Green gas Lolland-Falster project at <https://en.energinet.dk/Gas/Shippers/Green-gas-Lolland-Falster>

These rules together with Appendices 1 to 3 to these rules contain the rules applicable to participation in the OS 2020 (hereinafter referred to as OS2020 Rules).

These rules regulate who can participate in the OS 2020, and how Energinet assesses the received Bids.

### 2. Legal basis

The OS 2020 Rules are prepared in compliance with applicable legislation. The incremental capacity process described in CAM NC, chapter IX, only applies to interconnection points, however the same principles are used in this case. This means i.a. that the OS 2020 Rules are set out to ensure a procedure under the OS 2020 that is transparent and non-discriminatory.

Applicable EU legislation includes the provisions in Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC; Regulation No 715/2009 of the European Parliament and of the Council of 13 July

2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005. In addition, the principles for incremental capacity described in the CAM NC and the principles of the ERGEG Guidelines for Good Practice for Open Season Procedures of 21 May 2007 are considered.

Applicable Danish legislation includes the Consolidated Act No 997 of 27 June 2018 on Energinet with later amendments and the Consolidated Act No 1127 of 5 September 2018 on Natural Gas Supply with later amendments.

Further, Energinet's Rules for Gastransport (hereinafter referred to as RfG) and Rules for the Supply of Upgraded Biogas into the Danish Gas System (Rules for Bio Natural Gas) in the version applicable at any time will apply to the OS 2020. In case of any discrepancy between the OS 2020 Rules and the RfG, the OS 2020 Rules will prevail, unless stated otherwise herein. For the avoidance of doubt, it is emphasized that once available, the tariffs for OS 2020 Capacity will be as stipulated by the RfG with the addition of any Financial Contribution.

The rules are available on Energinet's website: [www.energinet.dk](http://www.energinet.dk) containing further rules, agreements and information relevant as to the Transmission System, the Storage Facilities, the Adjacent Systems and trading facilities.

### 3. Definitions

Unless otherwise indicated by the context, defined terms in these rules shall have the meaning set out in the OS 2020 Rules, in RfG and below:

**"Bid"** shall mean a binding bid or bids submitted by the Shipper in the OS 2020, under these OS 2020 Rules.

**"CAPEX"** shall mean any capital expenditure by Energinet in connection with the Green Gas Lolland-Falster Project.

**"Danish Utility Regulator"** or **"DUR"** is the appointed National Regulatory Authority (NRA) of Denmark.

**"Exit Lolland-Falster"** is a temporary exit point in the Danish gas market model, which will be included in the Joint Exit Zone, when all OS 2020 Capacity Contracts for this particular point have expired.

**"Financial Contribution"** is the total amount that a Shipper offers to pay in excess of the regulated tariff according to RfG as part of that Shipper's Bid.

**"Green Gas Lolland-Falster Project"** is the project that is to secure the capacity expansion of the transmission system towards the Islands of Lolland and Falster.

**"Non-Secured Credit Limit"** shall mean such credit limit as a Participant is afforded without providing any guarantee or security pursuant to the calculation formula, cf. clause 5.

**"OPEX"** shall mean operating expenses.

**"OS 2020"** shall mean the Open Season 2020 described herein.

**"OS 2020 Capacity Contract"** shall mean a capacity contract entered into as a part of the OS 2020 and in accordance with Appendix 3 of these OS 2020 Rules.

**"OS 2020 Rules"** shall mean these Open Season 2020 rules.

“RES Entry Point Lolland-Falster” is a temporary entry point in the Danish gas market model, which will be included in the RES Entry Point, when all OS2020 Capacity Contracts for this particular point have expired.

“Unit Bid Price” is the Financial Contribution for each Bid, divided by the capacity requested in the same Bid. E.g. a bid for 100 MWh/h of capacity, with a price of 1,000 DKK, would result in an Unit Bid Price of 10 DKK.

## **4. Registration procedure**

### **4.1 Deadline for the registration**

Any eligible Participant wishing to participate in the OS 2020 must be registered as a Participant in the OS 2020.

To participate in the OS 2020, the eligible Participant must complete the registration form attached as Appendix 1 and submit the signed original to Energinet in accordance with Clause 4.2, so that this is received by Energinet no later than **28 February 2020**.

If the Participant is to provide security according to clause 5, and the Participant suggests an alternative to the first demand bank guarantee, it is the Participant's responsibility that the security is provided before the registration deadline. Energinet encourages that the Participant initiates an early dialogue with Energinet in such case.

### **4.2 Submission of the registration form**

The registration form must be completed in English and signed by the persons authorised to bind the Participant.

The signed original registration form must be sent or delivered by hand to the address below. In addition, the Participant shall send an electronic version of the registration form by e-mail to the e-mail address below.

#### Ordinary mail:

Energinet  
Pederstrupvej 76  
DK-2750 Ballerup  
Denmark  
“OPEN SEASON 2020”

#### E-mail:

Gasinfo@energinet.dk

Until, and no later than, **28 February 2020**, the Participant may alter the registration form by submitting a new registration form. The new registration form replaces the entire content of the Participant's former registration form, and all information contained in the former registration form will be disregarded. Thus, a new registration form must be completed in full.

### 4.3 Content of the registration

The registration must contain the following (references to "the registration form" are references to the registration form set out in Appendix 1):

- (i) name of the Participant, address, company registration number, telephone number, contact person and e-mail address (section 1.1 of the registration form);
- (ii) whether the Participant is registered as a Shipper in the Register of Players (section 1.2 of the registration form);
- (iii) names, occupation and signatures of minimum three persons authorised to bind the Participant, whether separately or jointly, in any respect in relation to the OS 2020 (section 1.3 of the registration form);
- (iv) names of the members of the board of directors and of the management of the Participant (section 1.4 of the registration form);
- (v) confirmation that the Participant has not suspended its payments and is not in liquidation, bankruptcy or winding-up proceedings (section 2.2 of the registration form);
- (vi) confirmation that the Participant is duly established under the laws of the country in which the Participant's registered office is situated (section 2.3 of the registration form);
- (vii) confirmation that the Participant is not involved in, and is not expected to become involved in, any disputes which may in any material and adverse manner affect the Participant's possibility of complying with the OS 2020 Rules, including the OS 2020 Capacity Agreement, if the Participant is allocated the OS 2020 Capacity (section 2.4 of the registration form);
- (viii) transcript from the official register of companies in the country of the Participant or the like documentation proving the legal existence of the Participant as well as the provision regarding the identity of the persons authorised to bind the Participant (section 3.1 of the registration form);
- (ix) documentation of the persons authorised to bind the Participant if such authorisation does not appear from the normal provisions regarding powers to bind the Participant (section 3.2 of the registration form);
- (x) a detailed, clear and exhaustive description of the ownership structure for the Participant, including the ultimate owner(s) of the Participant (section 3.3 of the registration form);
- (xi) certified copy of the articles of association of the Participant (section 3.4 of the registration form);
- (xii) documentation proving the equity capital of the Participant (section 3.5 of the registration form);
- (xiii) documentation proving all current ratings of the Participant's creditworthiness (section 3.6 of the registration form);
- (xiv) confirmation that the Participant has read and acknowledges to be bound by (i) the OS 2020 Rules, including Appendices; (ii) the RfG; and (iii) the Rules for the Supply of Upgraded Biogas

into the Danish Gas System (Rules for Bio Natural Gas) (section 4 of the registration form); and

- (xv) if relevant, the information and documentation required in the registration form in respect of the substantiation set out in clause 4.3 (section 2.1 of the registration form).

All information, declarations and documentation included in and attached to the registration must be correct and accurate. Energinet will use this information and documentation solely regarding the Green Gas Lolland-Falster Project in accordance with the OS 2020 Rules.

Energinet may request further information from the Participant, which is deemed necessary by Energinet in order to register the Participant and/or to establish a Non-Secured Credit Limit.

#### **4.4 Approval of the registration**

Energinet determines whether a registration as Participant in the OS 2020 is compliant with clauses 4.1-4.3.

The Participant will be notified within 5 Business Days from receipt of the registration form of the decision made by Energinet. If the information, confirmations and documentation submitted by the Participant are complete and correct, Energinet shall include the Participant in Energinet's internal list of Participants to the OS 2020 and notify the Participant thereof. The Participant will then be able to participate in the OS 2020.

If the registration is not approved by Energinet, the Participant will not be entitled to participate in the OS 2020, and any Bids submitted by the Participant will be disregarded. Notwithstanding the latter, Energinet may request the relevant Participant to supplement, correct or specify matters, or to provide relevant documentation within a time limit of 5 Business Days. The Participant is therefore encouraged to submit its registration more than 5 Business Days prior to the deadlines set out in clause 4.1, if the Participant wishes to have the possibility to supplement, correct or specify the registration if requested by Energinet.

#### **4.5 Subsequent events**

During the OS 2020, the Participant shall at all times meet the conditions for registration. The Participant shall notify Energinet immediately in accordance with clause 12 in case of any change affecting the registration.

If Energinet after approval of the Participant's registration in any way discovers or is notified by the Participant that the conditions for obtaining registration are no longer met, Energinet will grant the Participant a time limit within which the Participant shall cause the conditions to be fulfilled again. Failure to fulfil the conditions for registration within said time limit may result in the Participant's registration being revoked. In case the Participant has wilfully or with gross negligence failed to inform Energinet of subsequent events of importance to the registration, Energinet may revoke the Participant's registration with immediate effect.

If the registration is revoked by Energinet, the Participant may not participate in the OS 2020, and in such cases, any Bids submitted by the Participant will be disregarded.

## **5. Creditworthiness verification procedure - Non-Secured Credit Limit**

### **5.1 Introduction**

Following receipt of the registration form and the documents submitted by the Participant in accordance with clause 4 and credit approval in accordance with the RfG in order for a Participant to be registered as

a Shipper in the Register of Players, Energinet will determine the Non-Secured Credit Limit of the Participant. The Non-Secured Credit Limit will be used to determine whether the Participant shall provide security in connection with its Bid, see clause 5.3.

Within 5 Business Days from the date of the approval of the Participant's registration, the Participant will be notified of the decision made by Energinet regarding the size of the Non-Secured Credit Limit.

The Non-Secured Credit Limit will be based on Energinet's assessment of the equity capital of the Participant as determined by Energinet and the Participant's credit rating from Moody's, Standard & Poor's or Finch as set forth below. In the event that the Participant has received ratings from more than one rating agency, the lowest rating will be used to determine the Non-Secured Credit Limit.

In the event that the Participant's equity is comprised wholly or partly of financial instruments or intra-group debt or its credit situation seems otherwise uncertain, Energinet will adjust the Participant's equity capital accordingly for the purpose of verifying the Participant's creditworthiness.

## **5.2 Definition of the Participant's Non-Secured Credit Limit**

The Participant's Non-Secured Credit Limit will be determined as follows:

10 per cent of the Participant's equity capital provided a credit rating of AAA or similar (highest rating from the relevant rating agency).

7.5 per cent of the Participant's equity capital provided a credit rating of AA or similar (highest rating in the second highest rating category from the relevant rating agency).

5 per cent of the Participant's equity capital provided a credit rating of A or similar (highest rating in the third highest rating category from the relevant rating agency).

2.5 per cent of the Participant's equity capital provided a credit rating of BBB+ or similar (highest rating in the fourth highest rating category from the relevant rating agency).

None for Participants with lower or no credit rating.

A Participant's parent company or majority shareholder may improve a Participant's Non-Secured Credit Limit by providing a first demand shareholder guarantee in favour of Energinet guaranteeing all the Participant's obligations towards Energinet in which case the Non-Secured Credit Limit of the parent or majority shareholder will be calculated in accordance with the above and added to that of the Participant.

The equity capital of a Participant shall be calculated in accordance with Danish Generally Accepted Accounting Principles (Danish GAAP).

If the (ultimate) majority shareholder of a Participant is a different entity that wishes to help improve a Participant's Non-Secured Credit Limit by providing a first demand guarantee in favour of Energinet guaranteeing all the Participant's obligations towards Energinet, the sovereign guarantee shall provide the Participant with an unlimited Non-Secured Credit Limit provided that the rating of the sovereign is BBB+ or better.

The Participant is obliged to inform Energinet of any new credit rating. Such new rating may cause Energinet to revise the Non-Secured Credit Limit.



In addition to the above, the Participant shall at any time meet the creditworthiness requirements set forth in the RfG and in the Rules for the Supply of Upgraded Biogas into the Danish Gas System (Rules for Bio Natural Gas) in order to be registered as a Shipper in the Register of Players.

### **5.3 Security**

If the Participant's expected capacity tariff and Financial Contribution obligation to Energinet for the first 5 Gas Years of the OS 2020 Capacity Agreement exceeds the Participant's Non-Secured Credit Limit, the Participant shall provide a security in the form of an irrevocable, unconditional guarantee payable on first demand issued by a bank, which has obtained a credit rating of BBB+ or similar (the highest rating in the fourth highest rating category from the relevant rating agency) from rating agencies such as Moody's, Standard & Poor's or Fitch. The Participant must submit the first demand bank guarantee together with its Bid. If the first demand bank guarantee is not submitted together with the Bid, when required by Energinet according to this clause, the Bid is not complete and will be disregarded.

The security to be provided by the Participant must be equal to the difference between (i) the Participant's expected tariff and Financial Contribution obligation the first 5 years of the OS 2020 Capacity Contract according to RfG to Energinet, and (ii) the Participant's Non-Secured Credit Limit. The Participant's tariff obligation according to RfG to Energinet for the relevant Gas Years will be calculated on the basis of the tariff forecast for the capacity period in question. A first demand bank guarantee or other security provided by the Participant under the RfG in order to be approved as Shipper, must be disregarded for the purpose of finding the size of the guarantee to be provided in respect of this Clause 5.3.

The face value of the first demand guarantee issued by the bank may not exceed:

- 10 per cent of the bank's equity capital provided the bank has obtained a credit rating of AAA or similar (highest rating from the relevant rating agency) from rating agencies such as Moody's, Standard & Poor's or Fitch.
- 7.5 per cent of the bank's equity capital provided the bank has obtained a credit rating of AA or similar (highest rating in the second highest rating category from the relevant rating agency) from rating agencies such as Moody's, Standard & Poor's or Fitch.
- 5 per cent of the bank's equity capital provided the bank has obtained a credit rating of A or similar (highest rating in the third highest rating category from the relevant rating agency) from rating agencies such as Moody's, Standard & Poor's or Fitch.
- 2.5 per cent of the bank's equity capital provided the bank has obtained a credit rating of BBB+ or similar (the highest rating in the fourth highest rating category from the relevant rating agency) from rating agencies such as Moody's, Standard & Poor's or Fitch.

For purposes of the above calculation of equity, the equity of a bank shall be as stated in the bank's most recent audited annual accounts.

In the event that the relevant bank has received ratings from more than one rating agency, the lowest rating will be used to determine the Non-Secured Credit Limit.

In case the Participant's credit rating or equity capital changes or the estimated tariff level for transportation of gas in the Danish Transmission System increase prior to the delivery of the OS 2020 Capacity covered by the OS 2020 Capacity Agreement, the relevant Participant is obliged to provide an additional first demand bank guarantee covering any shortfall created by the change.

Following commencement of delivery of the OS 2020 Capacity and subject to an ongoing review of the Non-Secured Credit Limit as described above and any adjustments in the requirement for a first demand bank guarantee, a first demand bank guarantee placed in accordance with clause 5.2 will be reduced by 20 per cent at the end of each full Gas Year of receiving the OS 2020 Capacity until being finally released.

As an alternative to a first demand bank guarantee, Energinet may take under consideration proposals from a Participant or its parent or majority shareholder to provide security in physical assets or shares provided that Energinet agrees with the proposed valuation and the proposed terms of the security (representations & warranties, undertakings etc.) and provided that the validity and perfection of such proposed security can be documented by a legal opinion satisfactory to Energinet.

## **6. Energinet's tariffs**

### **6.1 Energinet's tariffs and costs related to the OS 2020 Capacity**

Energinet's tariffs related to the OS 2020 Capacity will be governed by the provisions in the RfG and Regler for Bionaturgas applicable at any time. Thus, the tariffs for the OS 2020 Capacity will be based on the same principles for tariff setting as other Capacity allocated by Energinet under the RfG and Regler for Bionaturgas.

The Participant is made expressly aware of the fact that the tariffs for the OS 2020 Capacity will not be determined until the OS 2020 Capacity is made available to the Participant, and of the fact that the tariffs may change during the term of the OS 2020 Capacity Agreement.

### **6.2 Future tariffs**

In general, Energinet seeks to announce tariff adjustments as early as possible. Further, Energinet strives to ensure a high level of information and uphold an on-going dialogue with the Shippers.

## **7. Bids**

### **7.1 Introduction**

In the Bid submitted to Energinet, the Participant shall state the OS 2020 Capacity requested at relevant Point(s) included in the OS 2020. The OS 2020 Capacity is offered for 15 Gas Years, beginning on 1 October 2022.

The smallest OS 2020 Capacity that a Participant can submit a Bid for is 1 MWh/Hour.

### **7.2 Submission of Bid**

The Participant may place a maximum of one Bid for each of the OS 2020 Capacities. The Bid may consist of separate price bids, as set out in the bid form in Appendix 2. The Participant must submit the Bid by using the bid form attached as Appendix 2. This bid form must bear the original signatures of the persons authorised to bind the Participant. No modifications or additions may be made to the bid form or the algorithms contained therein.

The signed original bid form must be completed, returned to and received by Energinet no later than the Bid Deadline.

**The Bid Deadline is 6 March 2020 at 12:00 (noon).**

The original signed bid form must be sent or delivered by hand to the physical address below and in an electronic version by e-mail to the e-mail address below.

#### Ordinary mail:

Energinet  
Pederstrupvej 76  
DK-2750 Ballerup  
Denmark  
"OPEN SEASON 2020"

E-mail:

Gasinfo@energinet.dk

Until the Bid Deadline, the Participant may alter or withdraw its Bid by submitting a new bid form in accordance with the provisions above. The new bid form received by Energinet will replace the older version, which will be disregarded. Consequently, the new bid form must be completed in full. The Bid received by Energinet at the latest point in time before the Deadline is binding for the Participant.

Submission of a Bid is conditional on the Participant being registered as a Participant in the OS 2020 in accordance with clause 4. The Bid may be submitted in connection with the submission of the registration form. In case registration is not obtained, the relevant Participant's Bid will be disregarded.

### **7.3 Verification of Bids**

After the Bid deadline, Energinet will verify the received Bids and determine whether these are complete, and have been submitted on the appropriate bid form before the Bid deadline. Any Bid received by Energinet after the Bid deadline will not be taken into consideration.

No later than 5 Business Days after submission of the Bid, Energinet will notify the Participant whether the received Bid is in compliance with the formal requirements.

If a Bid is not approved, Energinet may at its sole discretion request the relevant Participant to correct the bid form, if Energinet finds that the Participant can correct such bid form, e.g. due to lacking information. Such correction must be made within a time limit of 5 Business Days. If the Bid cannot be approved prior to expiration of said time limit, the Bid will be disregarded.

If the Participant no longer fulfils the requirements for being registered as a Participant to OS 2020, is no longer registered as a Shipper in the Register of Players, does not provide the necessary security according to clause 5, or in any other way fails to comply with the requirements for submission of a Bid, the Bid is not complete and will be disregarded.

## **8. Allocation of the OS 2020 Capacity**

### **8.1 Introduction**

Based on the received Bids, Energinet will allocate the OS 2020 Capacity as set forth below.

Only the OS 2020 Capacity will be allocated to the Participants during the OS 2020. The existing capacity in the Transmission System is offered and allocated in accordance with the RfG.

The OS 2020 Capacity offered, but not allocated within the OS 2020, and the OS 2020 Capacity becoming available after the expiry of the OS 2020 Capacity Agreements will be offered in accordance with the RfG.

### **8.2 Allocation of OS2020 capacity**

OS 2020 Capacity will be allocated via a single-round Pay-As-Bid auction. Each point (RES Entry Lolland-Falster and Exit Lolland-Falster) is allocated separately from each other. Energinet will rank all Bids, according to the Unit Bid Price of the Financial Contribution the highest Unit Bid Price ranking first.

Each Bid is treated independently from other Bids. Bid(s) must be forwarded to Energinet, using the official OS 2020 bid sheet (Appendix 2), including all required credentials. If a Participant wants to bid for both RES entry Point Lolland-Falster and Exit Lolland-Falster, both bid sheets must be filled in.

A Bid shall specify:

- The amount of capacity requested
- The minimum amount of capacity the Participant is willing to be allocated
- If a Bid should be treated as all or nothing (fill-or-kill)
- The contract duration (15 years)
- The Bid price

All valid Bids at the Bid deadline are binding on the Participants that are allocated capacity. Capacity will only be allocated if the Capacity Test in accordance with OS 2020 Clause 9 is passed, based on Bids in both capacity auctions (RES entry Point Lolland-Falster and Exit Lolland-Falster). In case the Capacity Test is not reached, all Bids will be considered unsuccessful.

The payment of the Financial Contribution for each successful Participant commencing from the auctions will be effectuated during the duration of the OS 2020 Capacity Contract for the Green Gas Lolland-Falster Project. In case the total revenue from the capacity auctions exceeds the final project costs, Energinet will pay back the difference pro-rata to the successful bidders, based on their Financial Contribution.

### **8.3 Allocation in case of over-demand**

In case of over-demand at either at RES Entry Point Lolland-Falster or at Exit Lolland-Falster, also taking into account capacity reserved for short-term contracts, Energinet is entitled to reduce one or more Bids, based on the following principles:

- Following the ranking of Bids, OS 2020 Capacity shall be allocated to the Bids based on of their price ranking, highest Unit Bid Price ranked first
- Where the amount of OS 2020 Capacity Bid by a Participant exceeds the remaining unallocated OS 2020 Capacity (after OS 2020 Capacity has been allocated to other Participants placing higher bids), this Participant shall be allocated OS 2020 Capacity equal to the remaining unallocated OS 2020 Capacity. In case that this particular Bid is specified as all-or-nothing, this Bid is disregarded, and the next Bid(s) in the price rank is considered, until either the OS 2020 Capacity is allocated, or no price Bid(s) are left.
- Where each of two or more Bids specifies the same Unit Bid Price, and the aggregated OS 2020 Capacity for those Bids exceeds the remaining unallocated amount of OS 2020 Capacity, the remaining unallocated OS 2020 Capacity shall be allocated based on the capacity requested for the relevant Bids, the highest capacity request ranked first.
- Where the remaining OS 2020 Capacity to be allocated is less than the minimum OS 2020 Capacity requested by the Participant, the Bid shall be considered unsuccessful, and a revised allocation shall be made between all remaining price Bid(s).

### **8.4 Conclusion of the OS 2020 Capacity Agreement(s)**

Energinet will forward for signature the OS 2020 Capacity Agreements to the relevant Participants no later than **27 March 2020**, and the Participant is bound by its Bid until the conclusion of the relevant OS 2020 Capacity Agreement(s) or the announcement by Energinet that the OS 2020 has been terminated.

### **8.5 Discontinuation of OS 2020**

Energinet is not obliged to continue with the OS 2020, if the total OS 2020 Capacity requested in the Bids results in a negative Capacity Test.

In the event of a discontinuation of OS 2020, Energinet will notify the Participants thereof immediately after the decision has been made.

In case Energinet decides to discontinue the OS 2020, Energinet cannot in any way be held liable by the Participants for any loss they may have suffered with respect to the OS 2020.

## 9. Capacity Test

OS 2020 Capacity will only be finally allocated the OS 2020 Participant(s), if both of the following conditions are met:

- The total Financial Contribution following from all obtained and allocated OS 2020 Bids, plus the expected total tariff revenue according to RfG and Regler for Bionaturgas, all over the entire 15 years period of the OS 2020 Capacity Agreements must exceed the necessary economic threshold for the Green Gas Lolland-Falster project, covering the net present value of all expected fixed costs of the project (expected CAPEX and expected fixed OPEX of the project).
- Sufficient OS 2020 Capacity has been allocated, for both the RES Entry Point Lolland-Falster and the Exit Point Lolland-Falster, in accordance with the minimum capacity thresholds listed in the table below, and in accordance with Clause 8. If sufficient OS 2020 Capacity has only been allocated for one of the said two points, under this OS 2020, all Bids for both points will be disregarded, and no OS 2020 Capacity will be finally allocated.

Point	Minimum Capacity threshold
RES Entry Point Lolland-Falster	39 MWh/Hour
Exit Lolland-Falster	230 MWh/Hour

## 10. Business case

### 10.1 Introduction

The OS 2020 Capacity Agreement is subject to approval by the supervisory board of Energinet of the business case for the Green Gas Lolland Falster Project and subject to approval of the investment required for the said project by the Danish Minister for Climate, Energy and Utilities.

### 10.2 Business case calculation

Overall, according to Danish law, investments in the Danish Transmission System should be planned and processed with regard to security of supply, socioeconomics, environment and protection of consumers.

The legal framework provides guidelines for which elements to include in the business case. However, Energinet evaluates each project individually and the elements in the business case may vary. When submitting the business case for approval to the supervisory board of Energinet effects on transmission costs, on security of supply, and on environmental consequences will have been thoroughly analysed and presented in the business case. These effects will be presented both from a national and a regional perspective.

The business case will present risks that could influence the overall investment decision – these risks will be measured both in terms of probability and impact. All risks that are economically measurable will be evaluated to give an aggregated picture of the risks relating to the investment.

The main effect constituting the rationale for the Green Gas Lolland Falster Project is expected to be the socioeconomic effects, including 1) a consumer surplus arising from methane consumption at Lolland-Falster, 2) a producer surplus arising from biomethane production located at Lolland-Falster, and 3) the socioeconomic benefits of greening the Danish gas system. Furthermore, non-economic investment criteria e.g. security of supply, potential for further green transition of the gas sector, and the scope for innovation and implementation of new technologies supporting emissions reductions will play a significant role in the evaluation of the project. National tariffs will be kept stable, only costs originating directly from green transition of the national gas system will be socialized on the national tariffs.

The investment decision will be based on all analyzed factors presented in the business case – there is no threshold for any parameter that will determine whether the business case will be approved or not.

Together with an application for approval according to the Consolidated Act No 997 of 27 June 2018 on Energinet with later amendments with later amendments, the business case also forms the basis for approval of the investment by the Danish Minister for Climate, Energy and Utilities.

## **11. Amendments**

Notwithstanding anything to the contrary in these rules applicable to participation in OS 2020, Energinet reserves the right to amend or change the OS 2020.

Changes or amendments will be announced on Energinet's OS 2020 website, and an e-mail regarding the announcement will be sent to the Participants. Notwithstanding the latter, it is the sole responsibility of the Participants to keep themselves updated by visiting Energinet's OS 2020 website from time to time during the OS 2020. Energinet's OS 2020 website: [www.energinet.dk](http://www.energinet.dk).

## **12. Communication**

Submission of the registration form (Appendix 1) and the bid form (Appendix 2) must be in writing and sent to Energinet as set out in clauses 4.3 and 7.2 unless otherwise provided in the OS 2020 Rules.

Communication from Energinet to the Participant must be in writing and sent to the contact information set out in section 1.1 of the registration form. In case of any changes in the contact information regarding the Participant, the Participant shall immediately inform Energinet hereof.

Documents shall only be deemed to have been submitted in due time, if the complete documents are received within the deadlines stated in the OS 2020 Rules, as confirmed by the receipt mark of Energinet or the date of receipt in case of e-mails.

In case of discrepancy between the electronic version and the original document, the original document shall prevail.

Registration forms, bid forms and other documents received after any deadline set forth by Energinet will not be taken into consideration by Energinet.

## **13. Liability**

Unless otherwise stated in these rules, a party which does not fulfil its obligations under the OS 2020 Rules (the "Liable Party") shall compensate the other party (the "Injured Party") for all documented direct losses suffered by the Injured Party as a consequence thereof. The Liable Party cannot be held liable for the Injured Party's operational losses and other indirect losses, including loss of profit and recourse claims from the Injured Party's co-contractors unless the Liable Party acted wilfully or with gross negligence.

## **14. Legal venue and choice of law**

### **14.1 Venue**

Energinet and the Participant shall seek to resolve by negotiation any dispute arising out of or in connection with the OS 2020 Rules, including any disputes regarding the existence, validity or termination thereof, and regarding any claims raised as a consequence of disputes.

If the parties are unable to resolve a dispute by negotiation within 20 Business Days from the date when a party presents a request for negotiation, the dispute shall be finally settled by arbitration administered by The Danish Institute of Arbitration in accordance with the rules of arbitration procedure adopted by The Danish Institute of Arbitration and in force at the time when such proceedings are commenced.

The arbitral tribunal shall be composed of three arbitrators. Each party will propose an arbitrator and must strive to propose an arbitrator who has knowledge of the natural gas industry. The chairman of the tribunal will be appointed by the Danish Institute of Arbitration.

The place of arbitration shall be Copenhagen, Denmark.

The language to be used in the arbitral proceedings shall be English.

#### **14.2 Applicable law**

All matters between Energinet and the Participant pursuant to the OS 2020 Rules shall be governed by Danish law.

### **15. Miscellaneous**

#### **15.1 Limitation**

The Participant renounces any rights to claim specific performance or to claim that the OS 2020 shall be redone.

#### **15.2 Severability**

Except as otherwise explicitly set out in the OS 2020 Rules, if any of the provisions of the OS 2020 Rules, including Appendices, are or become ineffective, void or inoperable, the other provisions of the OS 2020 Rules, including Appendices, will remain in full force and effect.

In such case, Energinet will amend the OS 2020 Rules in order to replace any such ineffective, void or inoperable provisions in an appropriate procedure by other provisions having as near as reasonably possible the same commercial and financial effect as the provision so re-placed. The same shall apply if it is found that any matter is not provided for.