



ENERGINET

USER GROUP ON SEASONAL FACTORS

25-01-2019

NOTES FROM USER GROUP ON 25 JANUARY 2019

Proposal of reintroducing seasonal factors during the Tyra redevelopment period.

Effect of consultation proposal

- Expected higher winter price because of higher multipliers for the daily capacity product during winter.
- Expected low effect during summer.
- The likelihood of storage capacity being sold increases → increased security of supply.
- Prompts purchase of yearly capacity and quarterly capacity.
- Concerned that multipliers are too high – especially with regards to day.
- The daily capacity product will work as an auction reservation price if Ellund entry is fully utilised and the gas demand is high.
- The time period does not match the Tyra period completely (+/- in each end). Match with the storage year instead?
- Implementing seasonal factors as of 1 October 2019 would cause a higher winter price resulting in a higher price for end consumers.
- Implementing seasonal factors on exit points will impact the end consumers agreements.

General comments

- At the moment, the variable injection price is in the money (given that you have already bought storage capacity).
- Not all capacity at the Ellund border point is necessarily needed if the storage is filled.
- Too high multipliers can refrain shippers from buying short term capacity products (linked to the rate of return): “be careful with starting too high”.
- GSD expects their price to be kept at the current level throughout Tyra.

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NOTES FROM USER GROUP ON 25 JANUARY 2019

Proposal of reintroducing seasonal factors during the Tyra redevelopment period.

General comments (continued from previous slide)

- High daily capacity prices can, on a given day, have the opposite effect on security of supply.
- The situation shall be seen as a whole – including other factors and measures (e.g. filling requirements).
- In favour of seasonal factors only being applied at Ellund Entry.
- Valid argument to substantiate the transfer of income between points (from Ellund Entry to other points)? To be discussed with the Danish Utility Regulator.
- As a result of seasonal tariffs, the summer-winter spread (in Denmark) increases.
- Filling requirements as an alternative to seasonal factors – e.g. move the period of filling requirements with two weeks.
- The effect on different consumer profiles should be evaluated as a part of the proposal.
- There has already been made many market arrangements for the coming winter based on the current price structure. Therefore, it should be considered to postpone the proposal one year.
- The proposal is an attempt to solve a pricing issue in storage (too high storage prices) by making adjustments to the transmission tariffs.