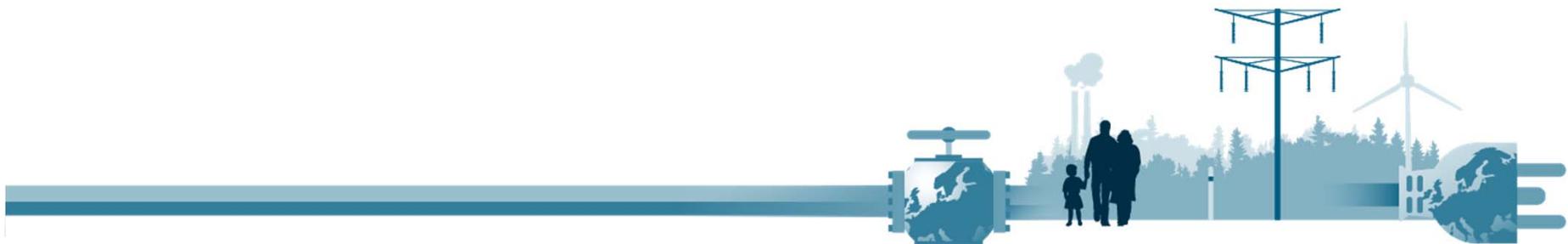




# Welcome to Shippers' Forum

*Torben Brabo, 16 June 2016*



# Visitors at Energinet.dk



At Energinet.dk, we value our own safety. Therefore, we would appreciate it if you also know what to do in case of fire.

- our meeting room



assembly point



emergency exit



fire extinguisher



defibrillators



first aid



fire blanket



# Agenda

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12-13 *Lunch and networking*

13:00 Welcome

*Torben Brabo, Energinet.dk*

13:10 The future of Tyra future in brief

*Jakob Windelin, Mærsk Oil and Gas*

13:20 Future supply and demand situation (Tyra)

*Claus Møller Petersen and Christian Rutherford, Energinet.dk*

13:40 EU Security of Supply Regulation

*Per Stokholm, Danish Energy Agency*

13:50 *Coffee break and networking*

14:20 Baltic Pipe/Norwegian connection

*Sofie Leweson and Julie Frost Szpilman, Energinet.dk*

*Paweł Sęk, GAZ-SYSTEM S.A.*

14:40 Market Development

*Christian Rutherford and Camilla Mejdahl Jeppesen, Energinet.dk*

14:50 End of programme

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## Energinet.dk køber gasdistributionsnet af DONG Energy A/S

Energinet.dk har i dag, tirsdag, skrevet under på at købe DONG Energys gasdistributionsnet for 2,325 mia. kr.

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### Fakta

I forbindelse med handlen har Energinet.dk fået finansiel rådgivning af N&S Corporate Finance, juridisk rådgivning af Bøch Bruun, og Deloitte og Rambøll har bidraget med analyser. Desuden har KPMG har afgivet fair-ness opinion til Energinet.dk's bestyrelse.

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### Læs mere



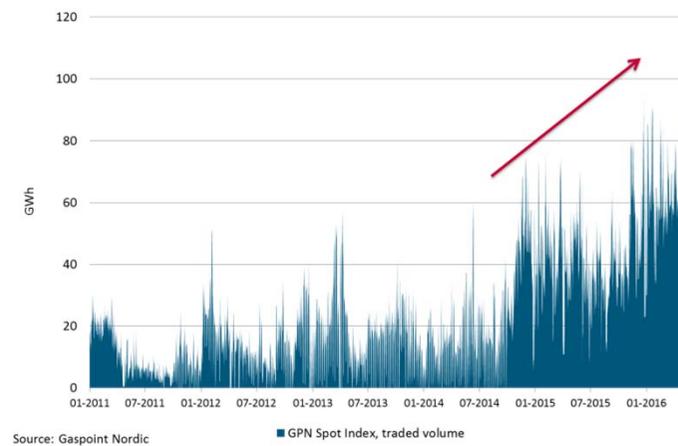
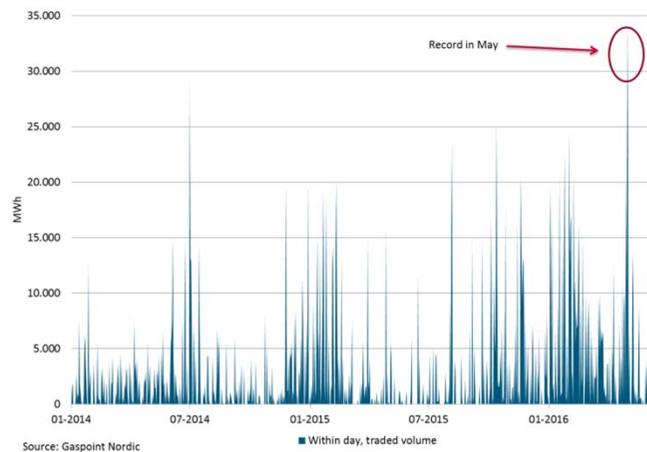
- Energinet.dk purchases gas distribution from DONG Energy
- Closing 30th September 2016, conditional upon approval by the Danish Competition Authority (standstill)
- Gas distribution will be established as a wholly Energinet.dk-owned company
- Agreement on delivery of services to Energinet.dk from DONG Energy S&D in a transition period (eg billing)

Østermark, Andriessen.

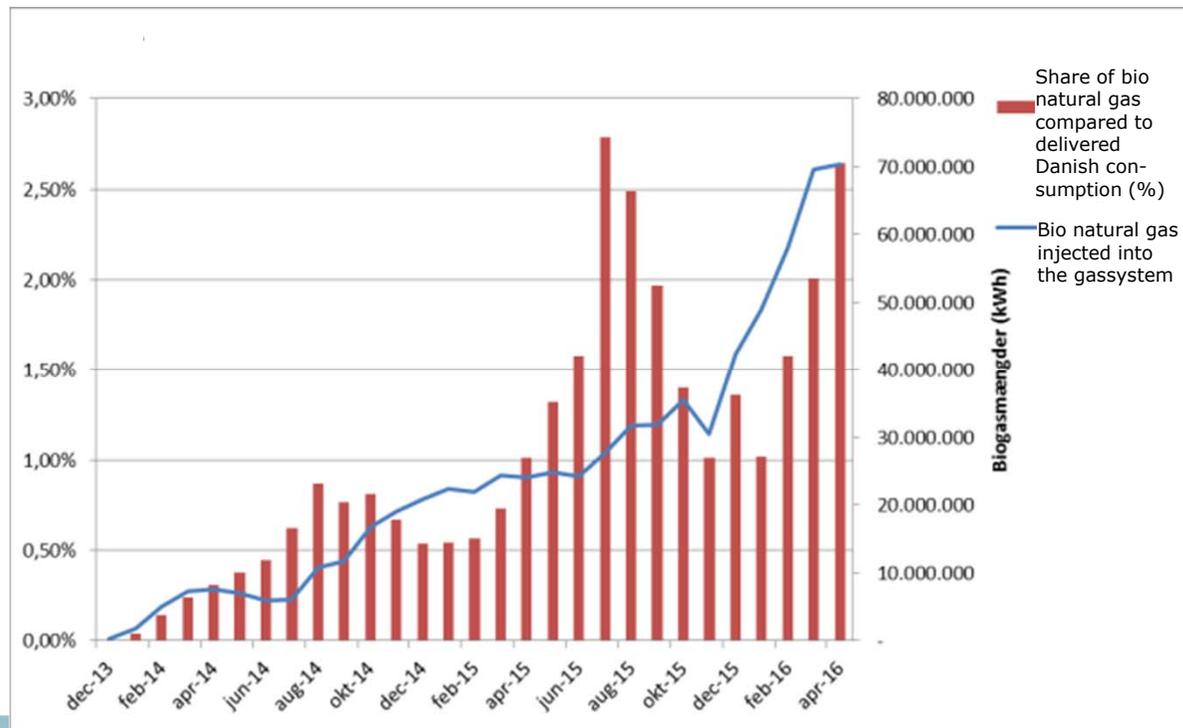
#### Ingen prisstigninger

Handlen er en del af den politiske aftale om at børsnotere DONG Energy. Regeringen, Konservative, Socialdemokraterne, Radikale Venstre og SF besluttede i september 2015 at

## Another record quarter at Gaspoint Nordic



## Bio-natural gas – 2.5 % of the Danish consumption in April 2016



# Customer Satisfaction Survey 2016

## Background

- 35 respondents: Shippers, suppliers, authorities, partners & certificate traders (new)
- Response rate 26% (54% in 2014)

## Results

- Increase
- Decrease

**Next step**

- Go deeper into the results
- Action plan (how can we do things better)

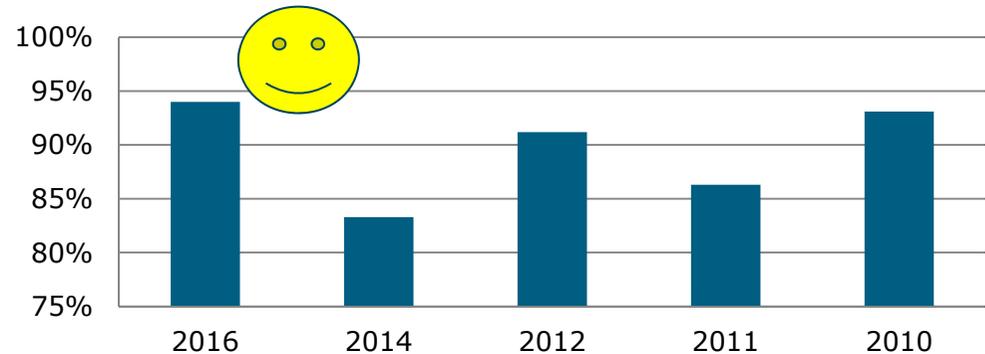
and overall satisfaction  
's needs

*"Energinet.dk is more focused on meeting requirements from NCs than listening to the shippers' needs"*

*"Energinet.dk employs a very large number of people who have most of their professional experience from TSO-related work, and they have no experience from Energinet.dk's customers. This means that the understanding of issues that concern the customers can sometimes be very small - or misunderstood"*

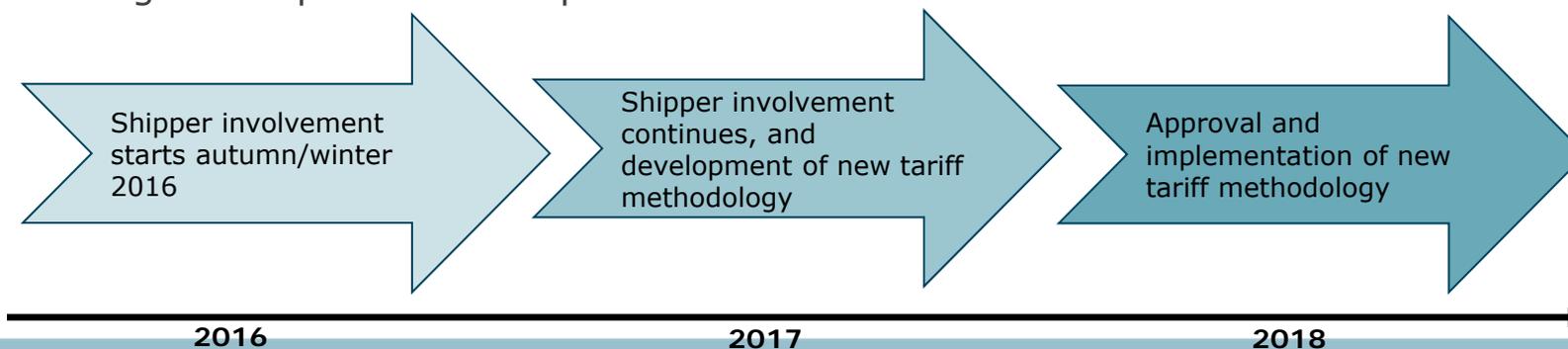
*"When changes are made, Energinet.dk is listening too much to the 'big old' shippers"*

Overall satisfaction



## Status on tariffs

1. Status on adjustments to the tariff methodology
  - Awaits approval from the DERA
2. Status on TAR NC
  - Comitology meeting planned 29-30 June 2016 and 15-16 September 2016
  - Entry into force expected April 2017
3. Energinet.dk process for implementation of TAR NC





# Tyra Future in Brief

June 16 2016, Jakob Windelin, Head of Commercial, DBU, Maersk Oil

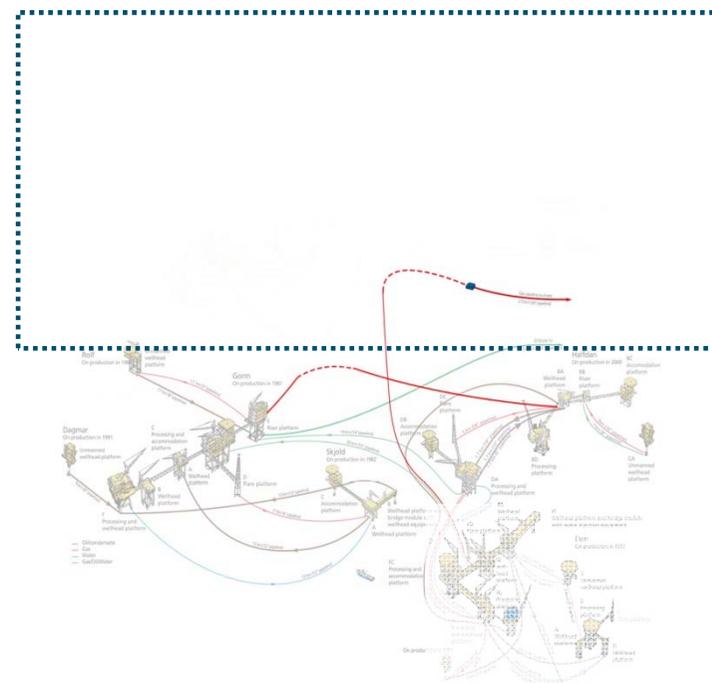
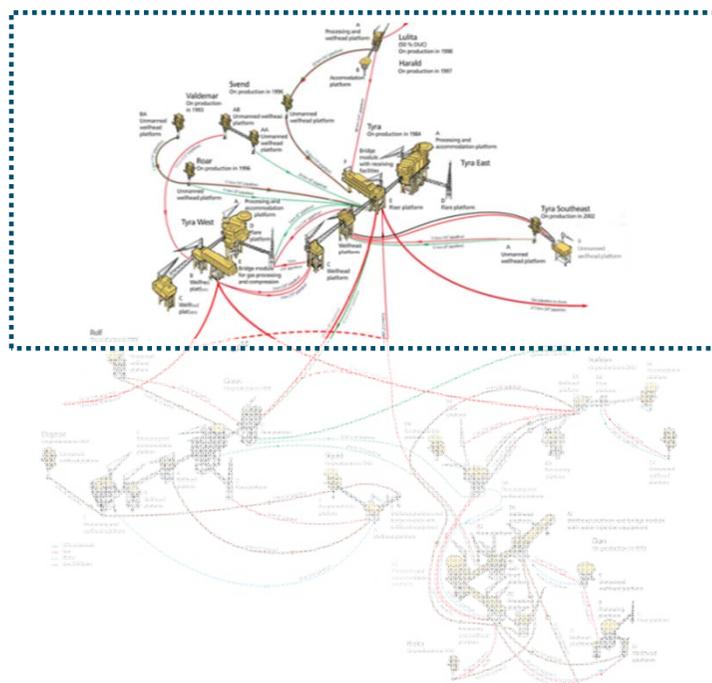
## FUTURE SOLUTION FOR THE TYRA FIELD TO BE IDENTIFIED THIS YEAR

- Production from Tyra will cease on 1 October 2018 if an economically viable solution for continued operations is not identified during 2016
- The decision is caused by subsidence and new insight into wave impact in the North Sea
- Air gap has been reduced by approximately 5 m since the start of production
- DUC are now evaluating long-term solutions
- The basis for a decision needs to be in place by the end of 2016 to ensure future production from the field



# Three options for Tyra's future

- 1. Abandonment - Decommissioning (10.0)
- 2. Partial Rebuild (10.1 , 10.5)
- 3 Tyra Rebuild (1.1)



112 wells and 20 platforms in the Tyra area

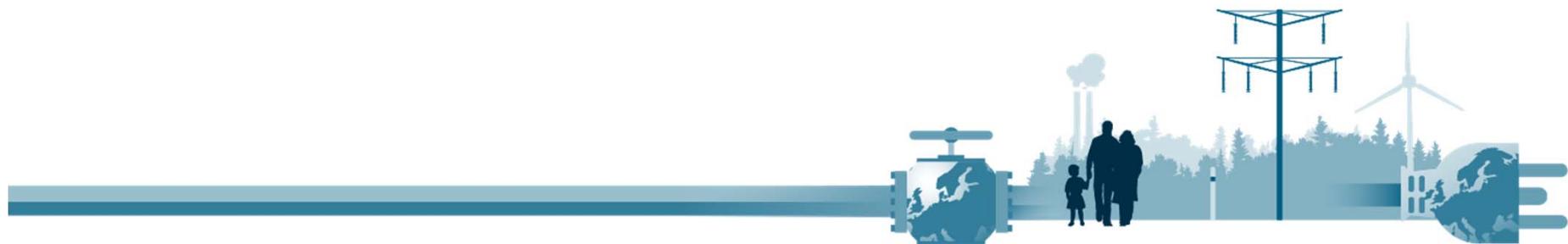
Q & A



# Future supply and demand situation (Tyra)

Shippers' Forum, 16 June 2016

*Claus Møller Petersen, Energinet.dk*



Klassificering:

## Statement about the gas supply situation 2015

Torben Brabo, Senior Vice President, is very satisfied with the high level of the Danish/Swedish gas supply situation.

*"We have, in various ways, invested in a stronger gas system. Financially supported by the EU, we have secured import possibilities from Germany based on our compressor and the new pipeline from Egtved to the German border. At the same time, Energinet.dk has invested, on behalf of the Danish State, in two gas storage facilities and thereby secured sufficient capacity and maintenance.*

***All in all, Denmark and Sweden are in a better situation than ever before, and our infrastructure set-up provides the best attainable gas supply security – also in critical supply situations"***

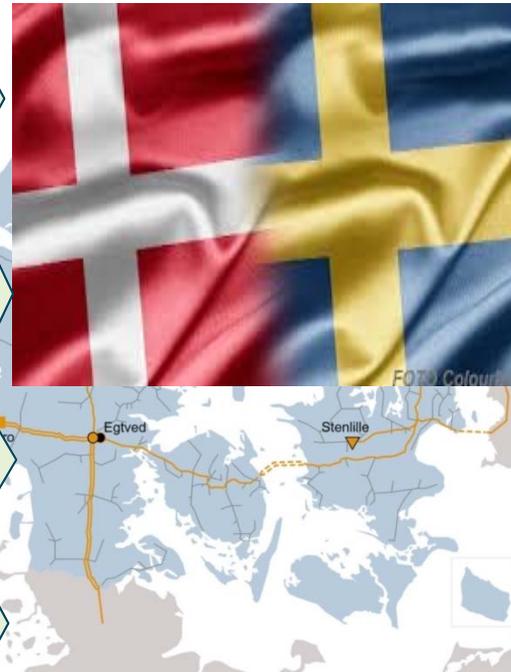
## Facts about today's gas system

The gas system - with its two storage facilities - was originally designed and dimensioned for only one primary supply source

In 2013, the new pipeline to Germany and the compressor station at Egtved were established

The storage capacity amounts to approx. 27% of the yearly Danish and Swedish consumption

The pipelines to Germany connect the Danish and Swedish system with the European gas system



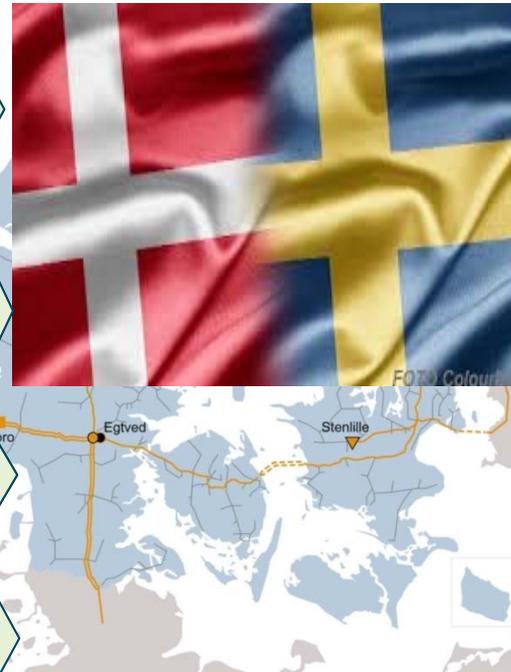
## Facts and prospects - without gas from Tyra

Should the main part of the production from the North Sea disappear, the gas system will basically be back to the "old days" with only one primary supply source

The capacity from Germany will cover the yearly consumption in Denmark and Sweden

It is expected that the flexibility in the Danish gas storage facilities will cover the summer/winter variation in Denmark and Sweden

The potential for utilising any additional capacity in the existing system is being investigated



## Initiatives under consideration

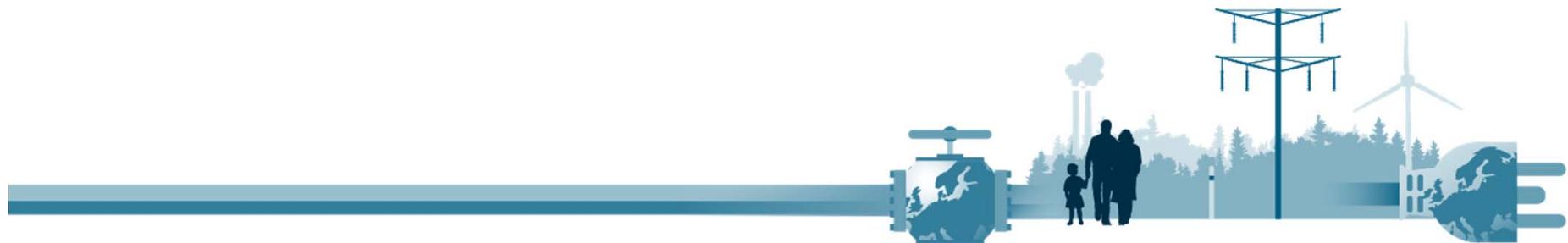
- Minor physical amendments to the transmission system
- The storage facilities
- Evaluation of the emergency set-up
- Daily operation
- Involvement of market participants -> Christian

## Conclusion

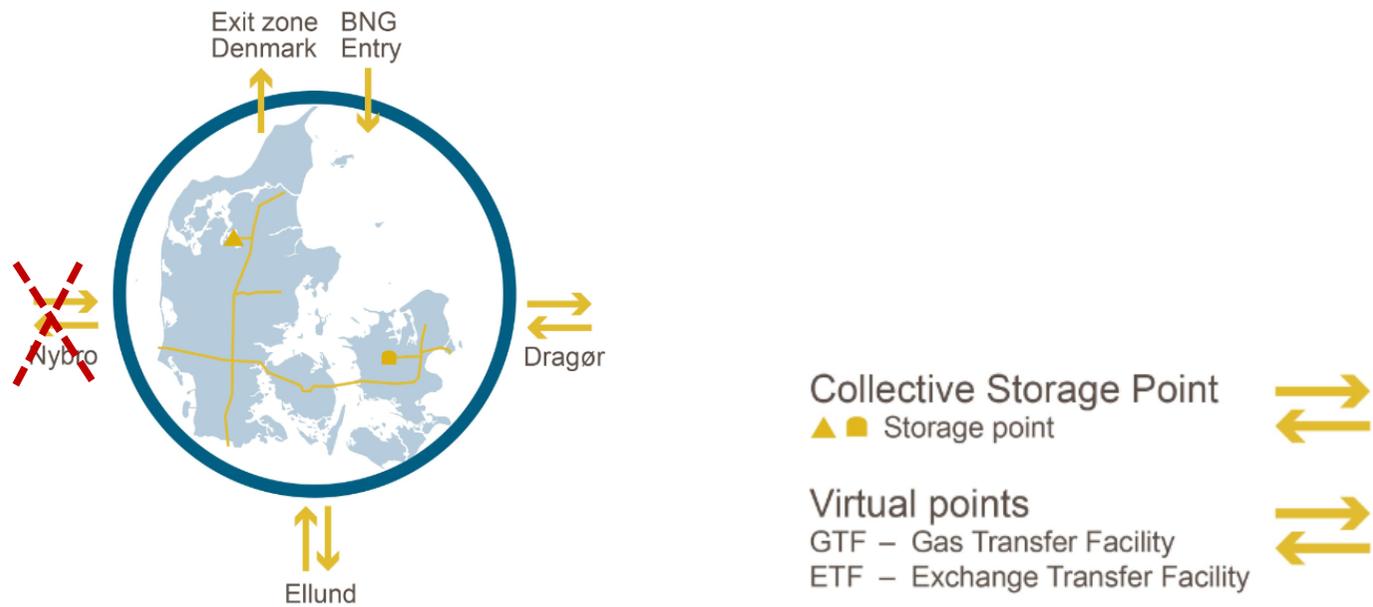
- The present Danish gas system is strong, and the overall supply situation is better than ever.
- DUC has announced a shutdown of Tyra sometime in the years 2018-2021.
- A shutdown of Tyra will be a challenge to the supply situation on cold winter days and will obviously reduce the flexibility in the system, but Danish and Swedish customers can be supplied from Germany and from the storage facilities.

# Future demand and supply – market situation

*Christian Rutherford*

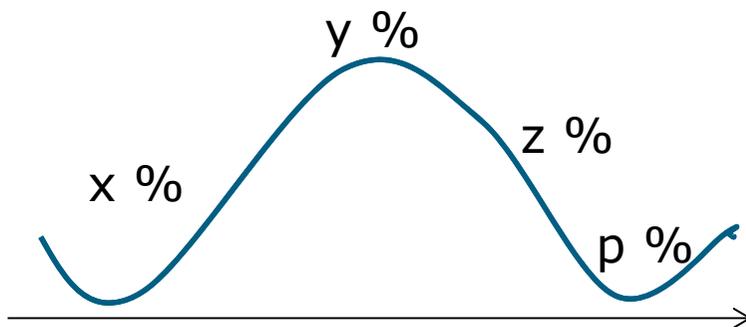


# Tyra Future => new market situation

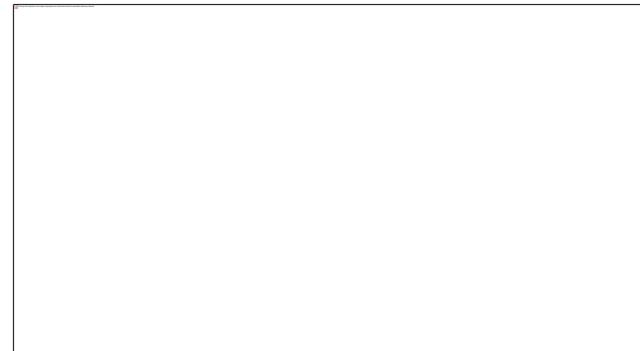


## Our focus – gas enough both yearly and daily

Efficient use of storage



Efficient use of Ellund



**Need for close communication and possibly new measures**

## Time schedule



## Invitation

- *Energinet.dk invites all shippers to discuss the future situation at bilateral meetings in August and September 2016*
- *Please indicate your interest for such a meeting at:*
  - *[anmodning@energinet.dk](mailto:anmodning@energinet.dk)*

# Shipper's Forum 16 June 2016



Revision of EU Regulation 994/2010 on Security  
of Gas Supply

Per Stokholm – Danish Energy Agency



## General objectives:

Achieve an adequate level of preparedness

Mitigate effects, which should occur at lowest possible cost

Ensure proper and continuous functioning of the market



## Specific objectives:

Strengthen the regional cooperation

Improve risk assessment

Improve infrastructure standards

Enlargement of the geographic area

## What is new?

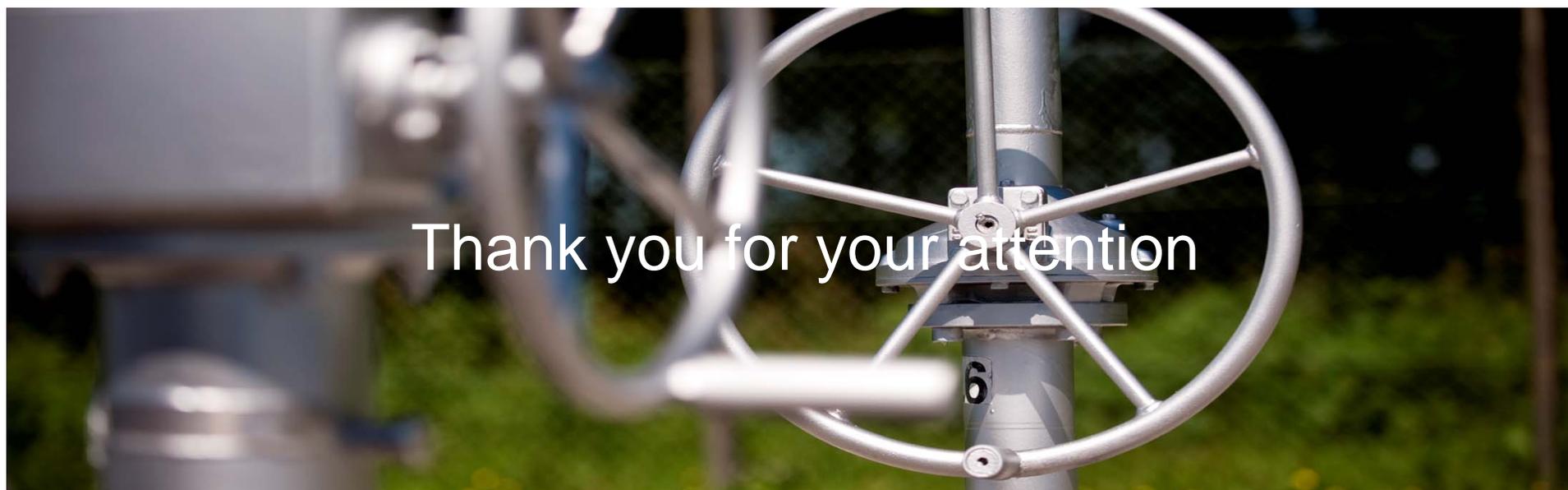
- New provision on solidarity,
- Establishment of Regional Groups
- Increased transparency in gas contracts
- Same definition of protected consumers – but more supervision by the Commission to ensure compliance
- More detailed requirements in definition of infrastructure standard and reverse flows and hydraulic stress tests
- Enlargement of the geographic area by contracting parties

## What is new?

- Common templates for contents in national Risk Assessment, Preventative Action and Emergency plan
- 
- Peer review of MS plans
- Delegated legal acts to the Commission to ensure revision of common templates and composition of regional groups

# State of Play

- Progress report discussed at the Energy Council in June 2016 (Regional cooperation, solidarity mechanisms, extent of notification of gas contracts to the Commission)
- Discussion in the GCG in September on the solidarity mechanism
- Adoption of the revision of SoS by end of 2016 under the Slovak Presidency



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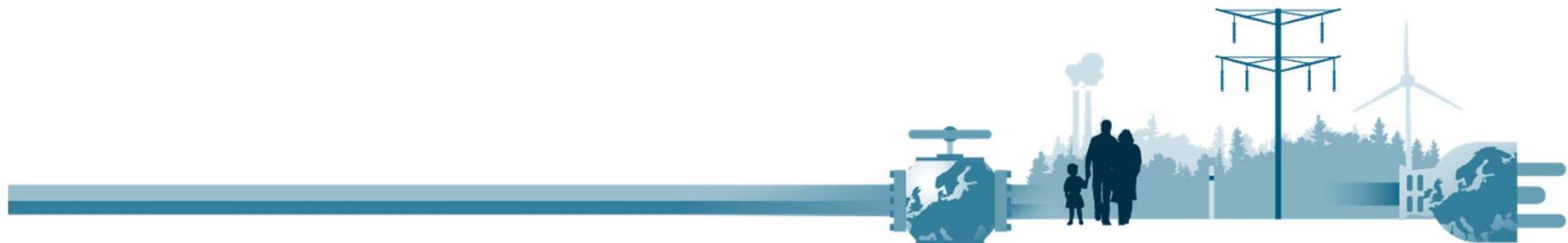
# Coffee break and networking

We meet again at 14:20



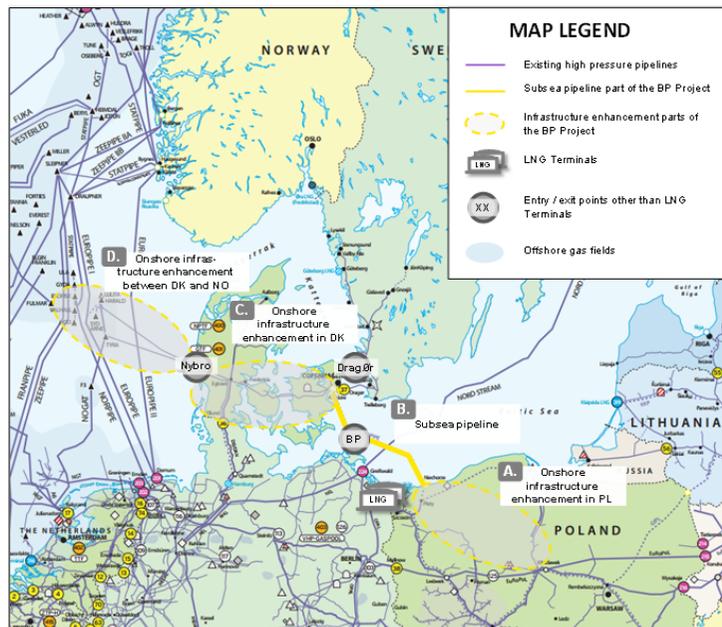
# Baltic Pipe and Norwegian tie-in

*Sofie Leweson and Julie Frost Szpilman, Energinet.dk  
Paweł Sęk, GAZ-SYSTEM S.A., Shippers' Forum, 16 June 2016*



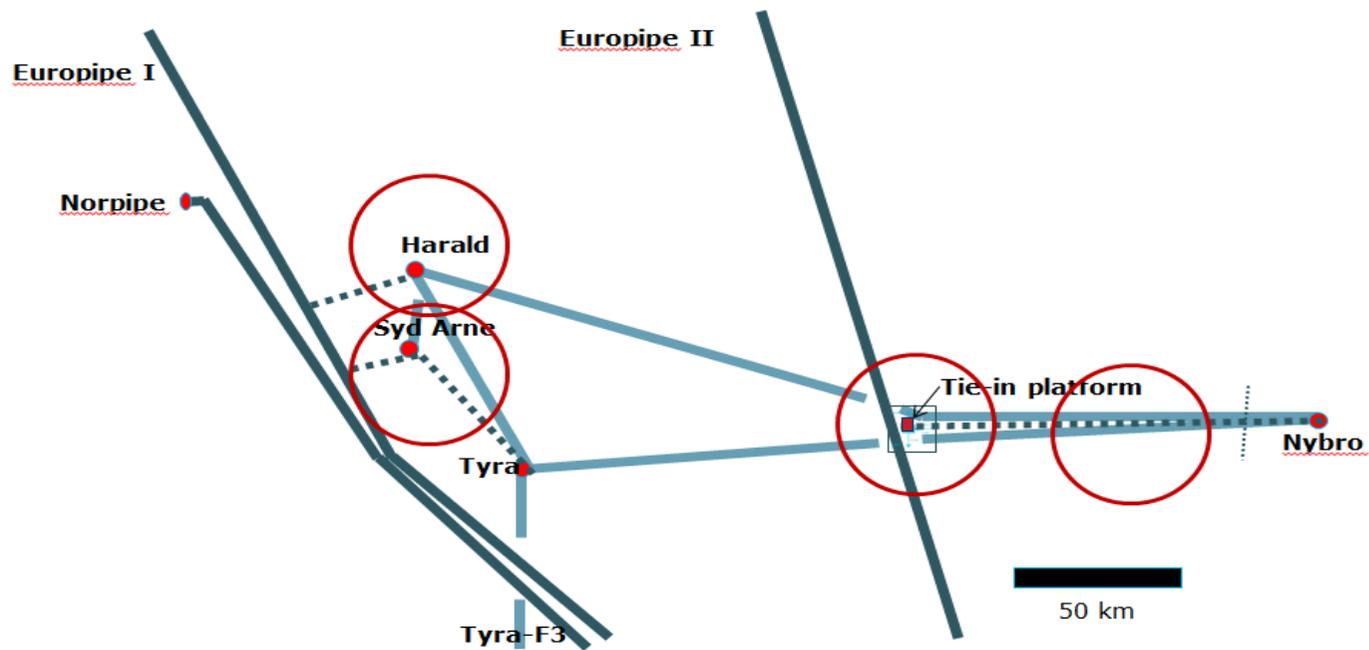
Klassificering:

# Baltic Pipe Feasibility Study



- GAZ-SYSTEM and Energinet.dk are investigating the possibility of establishing a gas corridor from Norway through Denmark to Poland
- To define the most optimal scenario to develop Baltic Pipe and determine the ultimate efficient definition of the project from the commercial and technical point of view
- The study is performed by Rambøll Danmark A/S, GAZOPROJEKT S.A and Ernst & Young

## Four potential solutions in the North Sea



## High-level time schedule

Feasibility  
study

2016

Open  
Season

2017

FID

2018

Construction

2018-2022

First gas

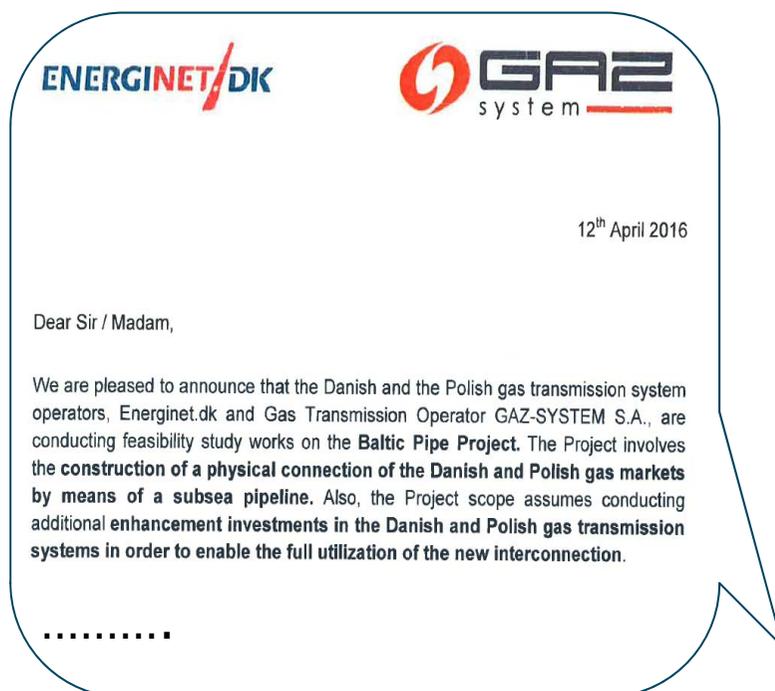
2022

## What are the benefits for the shippers in DK+S?

**Energinet.dk will only continue the project if it carries benefits for the market**

- Possibility of higher degree of integration – both between markets and systems
- Diversity of gas sources to the Danish-Swedish gas market (strengthening the security of supply)
- Improving the competition in the Danish-Swedish gas market
- Transit flows are expected to lower the average unit cost of transportation

## Promising results from the market test



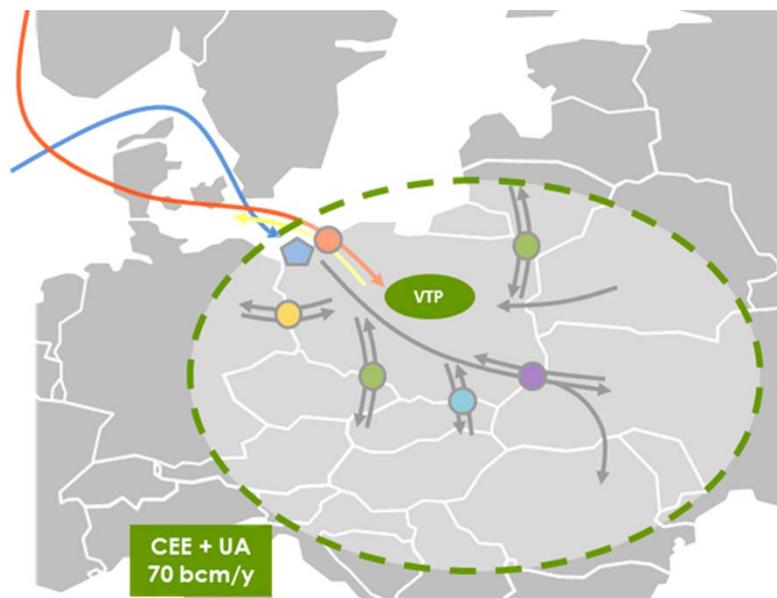
- Thank you for your participation in the market test
- 500 companies have been asked to participate and 20 per cent have answered
- From the market test, there seems to be a demand for more than 10 bcm/y from Norway to Poland via Denmark and 1 bcm/y from Poland to Denmark
- The results are promising for the project

## Participation in the project – OTP and Open Season



- At the moment, Energinet.dk and GAZ-SYSTEM are in the preparatory process
- Expect to launch Open Season in 2017
- Possibility of early Orders-To-Proceed
- Much more information at Shippers' Forum in September

## NATURAL GAS MARKET IN CEE – MARKET POTENTIAL AND NEW GAS CORRIDORS



- ▶ **Regasification capacity:**
  - ▶ 5 bcm/y in the first stage
  - ▶ Up to 7.5 bcm/y following the planned extension
  - ▶ Construction works completed, start-up phase completed
  - ▶ Commercial operations as of July 2016

The first physical source of supply diversification in CEE and a gate to the global LNG market  
Potential deliveries of LNG to DK and SE

### BALTIC PIPE (NO-DK-PL):

- ▶ **Capacity:**
  - ▶ Up to 10 bcm/y
  - ▶ Operational from 2022 (at the latest)

Direct access to Norwegian supplies for the CEE region and positive influence on competition between suppliers and security of supply

- ▶ Cross-border projects of GAZ-SYSTEM at advanced stage and ready to deliver expected results
- ▶ Investments facilitate new possibilities to create **an integrated regional market in CEE of approx. 70 bcm/y**
- ▶ The impact of the projects on:
  - ▶ creating attractive supply-mix for the region
  - ▶ enhancing economic competitiveness of the region's economies
  - ▶ providing leverage for lower commodity prices for end-users

## NEW SUPPLY CORRIDORS IN CENTRAL-EASTERN EUROPE



### ASSUMPTIONS BEHIND NEW SUPPLY CORRIDORS:

- ▶ Three different sources of supply (real diversification)
  - ▶ Flexible and well-developed bi-directional natural gas infrastructure
  - ▶ Simplified entry-exit zone with competitive tariffs
  - ▶ Increased liquidity of gas market thanks to availability of new gas volumes
  - ▶ Market integration (CEE + Baltic states)
- 

### CONCLUSIONS:

- ▶ Complementary role of LNG terminal in Świnoujście and Baltic Pipe in terms of **security of supply, diversification and competition**
  - ▶ Baltic Pipe and LNG terminal in Świnoujście as key sources of diversification for the CEE – **increased security of supply and competitiveness on the natural gas market** directly in Central and Eastern Europe
  - ▶ Key role of cross-border interconnections linking Poland and adjacent systems
    - ✓ **Access for the CEE countries to upstream deliveries (gas from Norway, LNG)**
    - ✓ **Access for 3 Baltic states to upstream deliveries (gas from Norway) and other sources available after implementation of the North-South Gas Corridor**
  - ▶ This potential should be utilised on a regional level to diversify supplies, enhance competition and improve attractiveness of the regional gas market towards upstream players
-

## For further information and questions ....

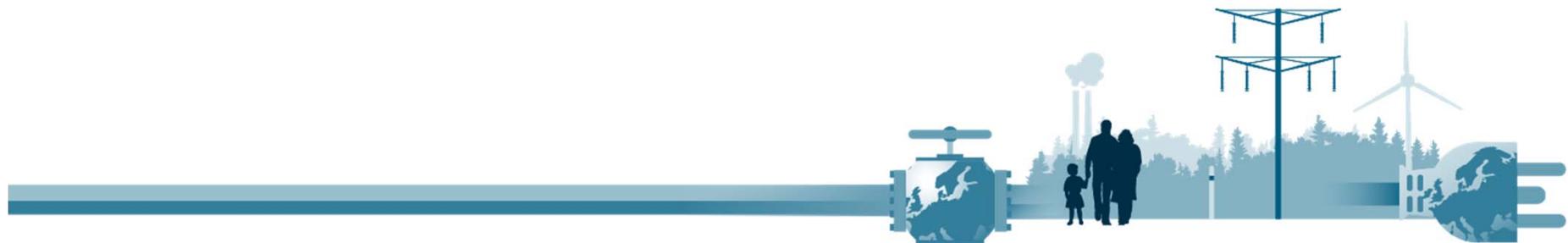


..... You are welcome to contact

- Sofie Leweson,  
+45 3067 4703, [sle@energinet.dk](mailto:sle@energinet.dk)
- Julie Frost Szpilman,  
+45 2333 8652, [jfs@energinet.dk](mailto:jfs@energinet.dk)
- Sęk Paweł,  
+48 22 220 16 84,  
[pawel.sek@gaz-system.pl](mailto:pawel.sek@gaz-system.pl)

# Market development

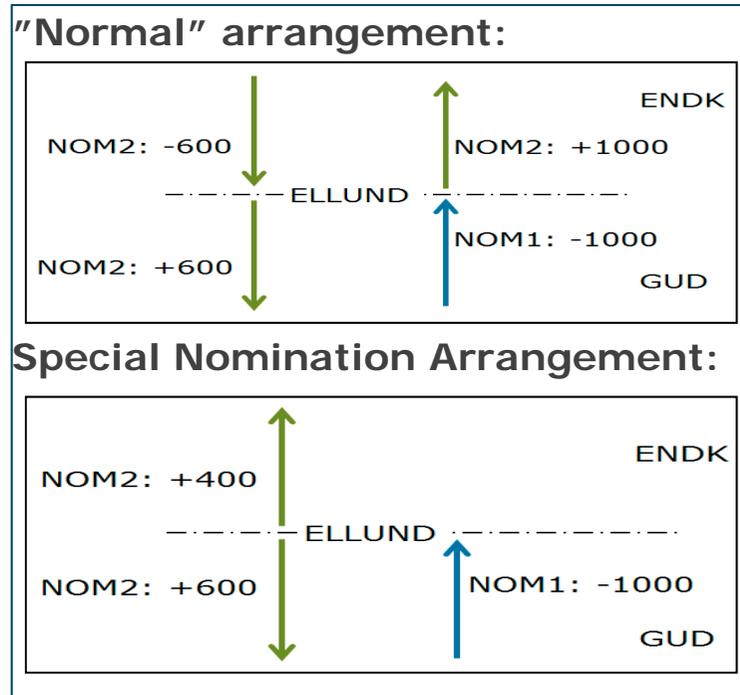
*Christian Rutherford and Camilla Mejdahl Jeppesen*



## Agenda

- Development at Ellund
- Status on changes to balancing towards 1 October
- Future nomination communication
- Change in overrun charge towards the exit zone and BNG entry
- Change to filling requirements set-up

## Development at Ellund



### Special Nomination Arrangement at Gasunie Deutschland

- The Bundesnetzagentur has approved GUD's request to implement the "Special Nomination Arrangement"
- The SNA product is expected to be implemented for 1 July 2016, with initial effect on capacity for September 2016
- If utilised, the SNA will increase firm capacity on offer at Ellund at GUD towards Denmark
- For more information, please go to GUD's website

## Changes to balancing towards 1 October



### 3 changes:

- Neutral gas price = WD price at GPN
- Continuous yellow-zone trading between 9.00 and 18.00
- Step 2 small adjustment increase from 2 to 3 per cent

### Status:

- SET to approve suggested changes
- Hearing of approval expected end June
- We expect that a temporary “safeguarding” of the neutral gas price towards the Spot Index price will be included
- EXTRA: daily purchase and sales prices for balancing gas expected shortly

## Future nomination communication

Today, Energinet.dk accepts 3 nomination communication types:

- Flat file format (Excel)
- XML
- Energinet.dk Online

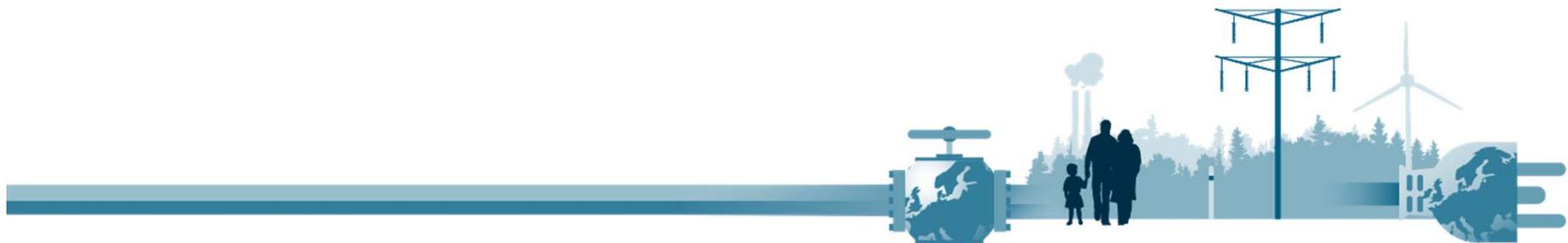
However, the flat file format does not live up to the general security standard for data exchange

Therefore, Energinet.dk will remove the option to use the flat-file format **by 1 October 2017**

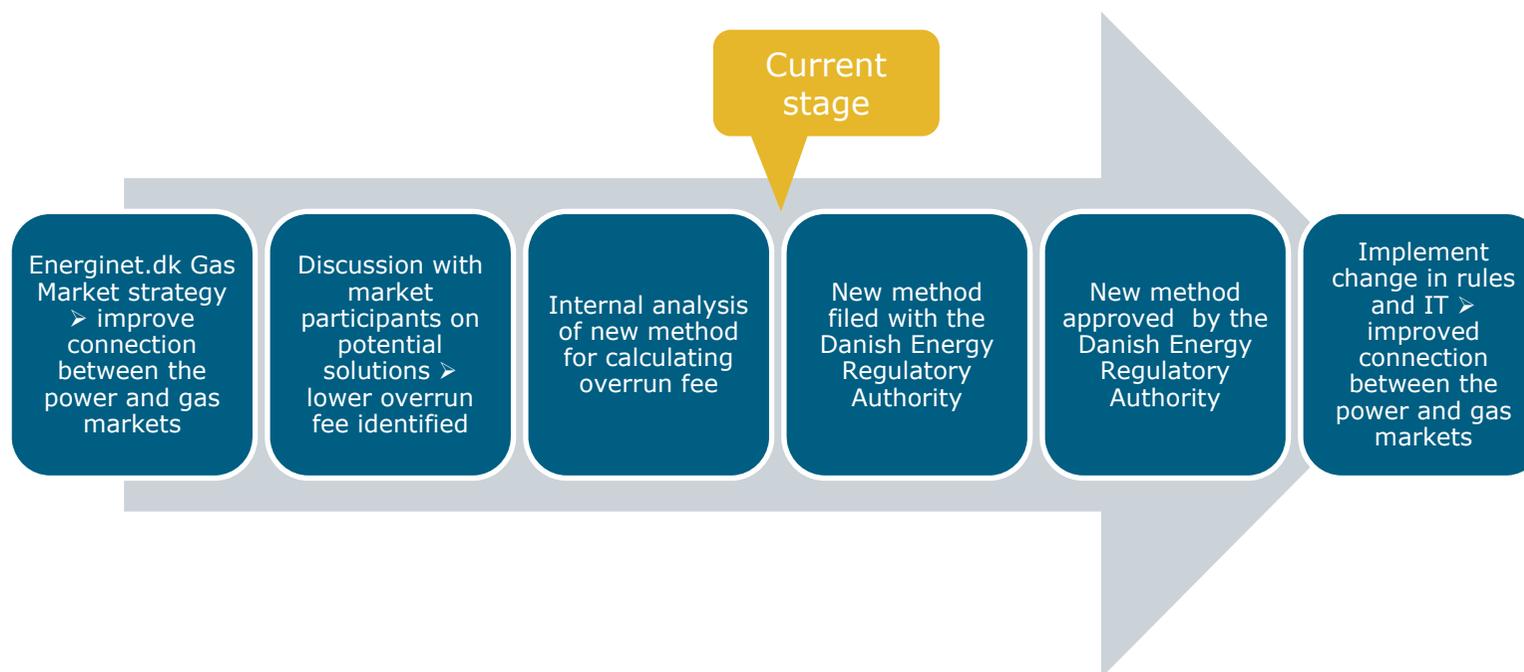
# Overrun and over-delivery fee

## Exit Zone and BNG Entry

*Camilla Mejdahl Jeppesen*



## Overrun fee - process

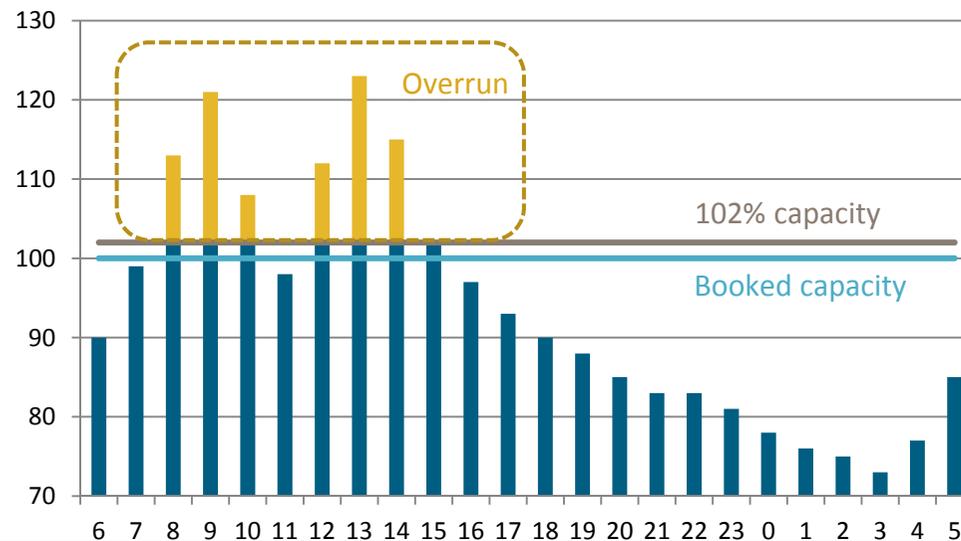


## Overrun fee – current set-up

- If the hourly offtake plus 2 % exceeds the booked capacity, an overrun fee is charged
- The overrun fee is charged for every hour exceeding 102 % of the booked capacity

6 hours of overrun  $\Rightarrow$   
 $6 * \text{day-capacity product} * \text{kWh}$

The same principle applies  
 to BNG Entry



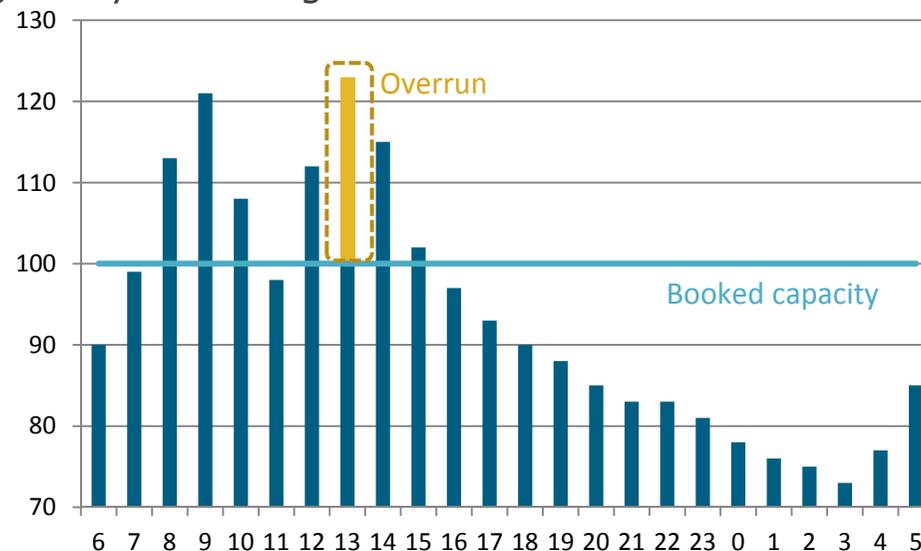
## Overrun fee - proposal

- The maximum hour within a gas day exceeding the booked capacity triggers an overrun fee
- The overrun fee is charged per gas day according to the maximum hour exceeding the booked capacity

Overrun within the gas day  $\Rightarrow$   
 $1 * \text{day-capacity product} * \text{kWh}$

- The incentive to book daily capacity disappears
- Leaves time for you to solve other tasks

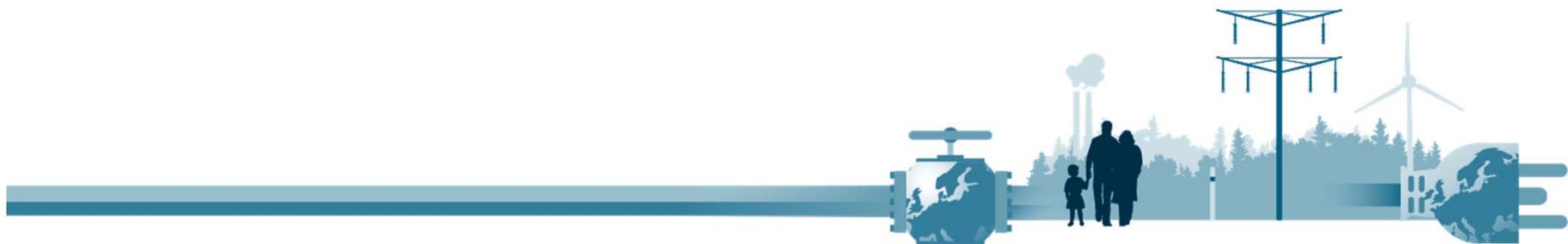
The same principle will  
 apply to BNG Entry



# Individual Filling Requirements

Changes to the current set-up

*Camilla Mejdahl Jeppesen*



## Why change the set-up?

- Energinet.dk Gas Storage has implemented a new governance set-up in relation to the TSO



Energinet.dk Gas Storage



Energinet.dk TSO

The TSO still needs data on individual storage filling from storage customers that have entered into an agreement regarding individual filling requirements in order to **safeguard security of supply**.

## The new set-up

The same set-up as today with the exception of

- new requirements in relation to data
- Data must be submitted the **first day of each month** for the agreed period
- If needed, data must be submitted more frequently – eg in crisis situations
- Data entails a **screen dump** of the inventory level from Energinet.dk Gas Storage's homepage

The new set-up will be incorporated into the template for the Individual Filling Requirement agreement.



# Thank you for your time!

[cru@energinet.dk](mailto:cru@energinet.dk)

[cmj@energinet.dk](mailto:cmj@energinet.dk)

Thank you for your attention😊

Have a nice summer, and see you at  
the next Shippers' Forum  
on 8 September 2016!