

An abstract geometric pattern of thin, light blue lines forming a complex, interconnected network of triangles and polygons, resembling a wireframe or a mesh structure, located on the left side of the slide.

# JOINT BALANCING ZONE

*Clement Johan Ulrichsen, Gas Market Development*

# CONTENT

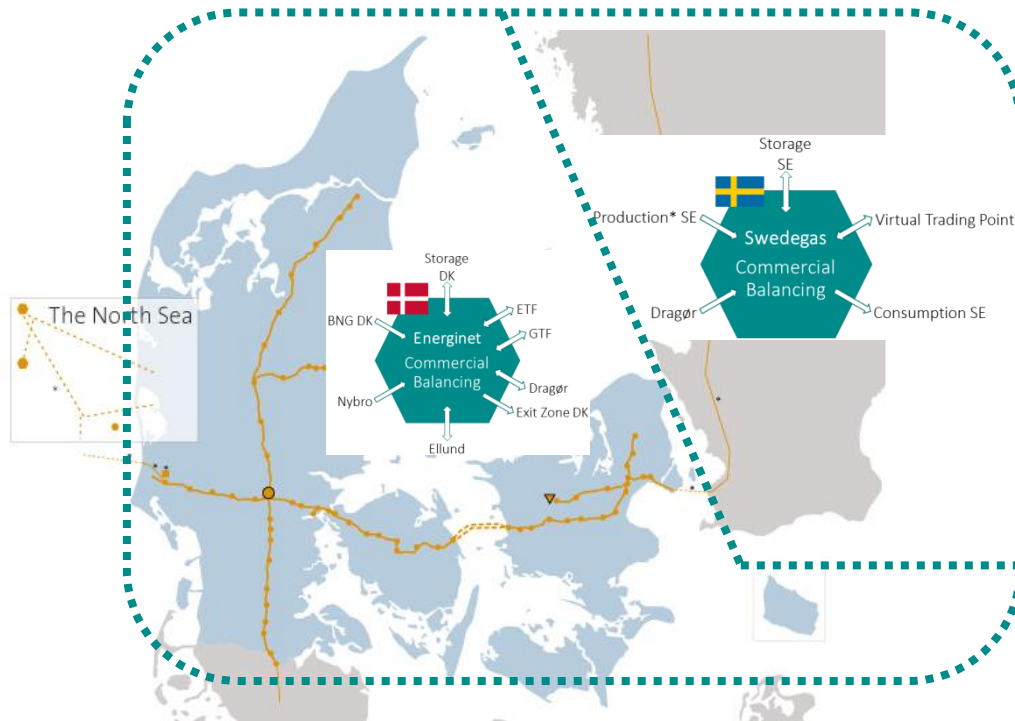
- Introduction
- Time table
- Public consultation
- Tariffs
- Investments & OPEX
- User Group Summary



# TWO BALANCING ZONES BECOMES ONE

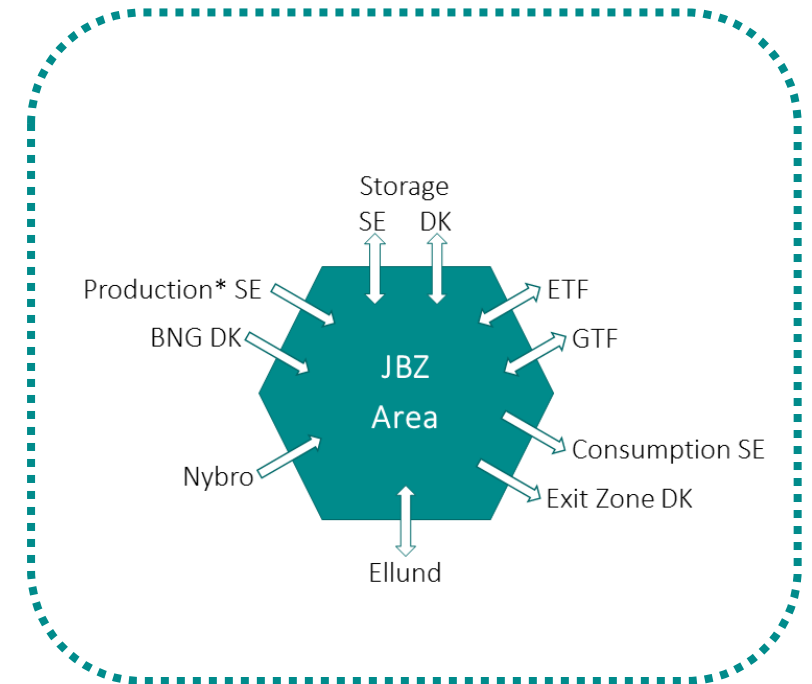
Today

Two separate balancing zones



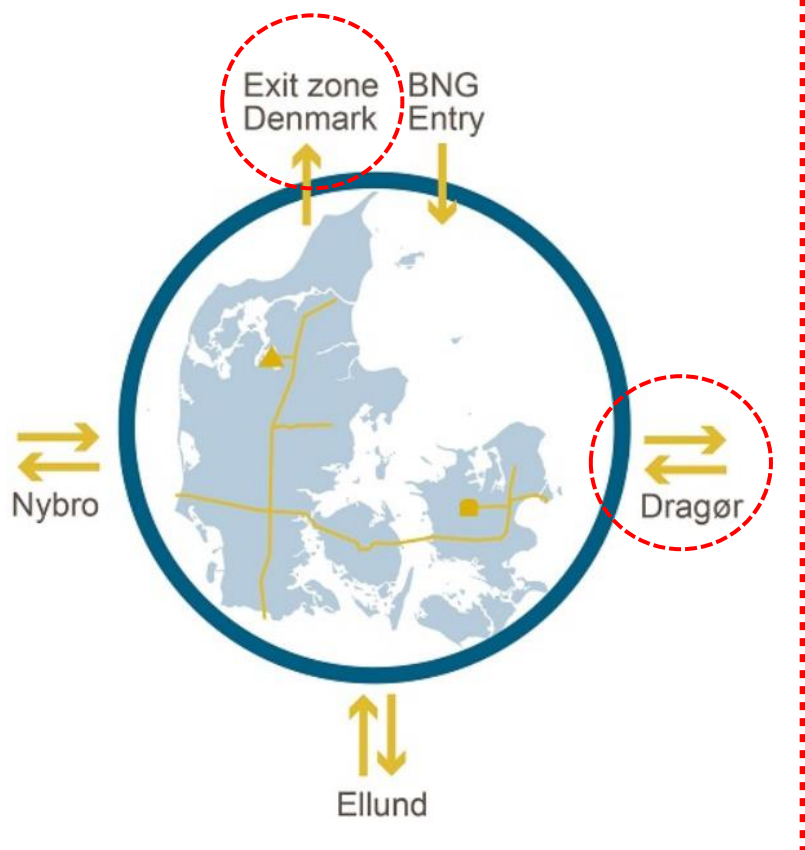
JBZ

One Joint Balancing Zone

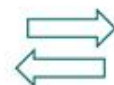


# CHANGES TO THE DANISH CAPACITY MODEL

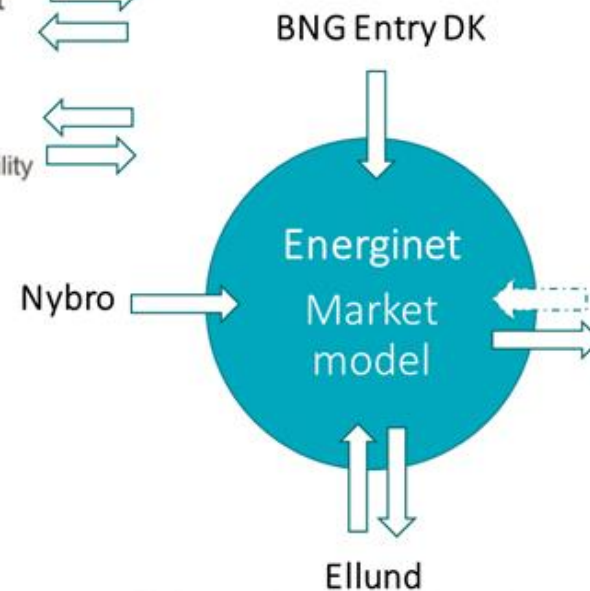
No change in tariff structure  
(capacity and volume)



Collective Storage Point



Virtual points  
GTF – Gas Transfer Facility  
ETF – Exchange Transfer Facility



1. Pooling exit capacity (Sweden and Denmark)
  2. Allocation per shipper per hour:
- Zone Sweden:  
New Swedish portfolios (= net Swedish consumption, production and storage)
- Zone Denmark:  
Existing DMS and nDMS portfolios

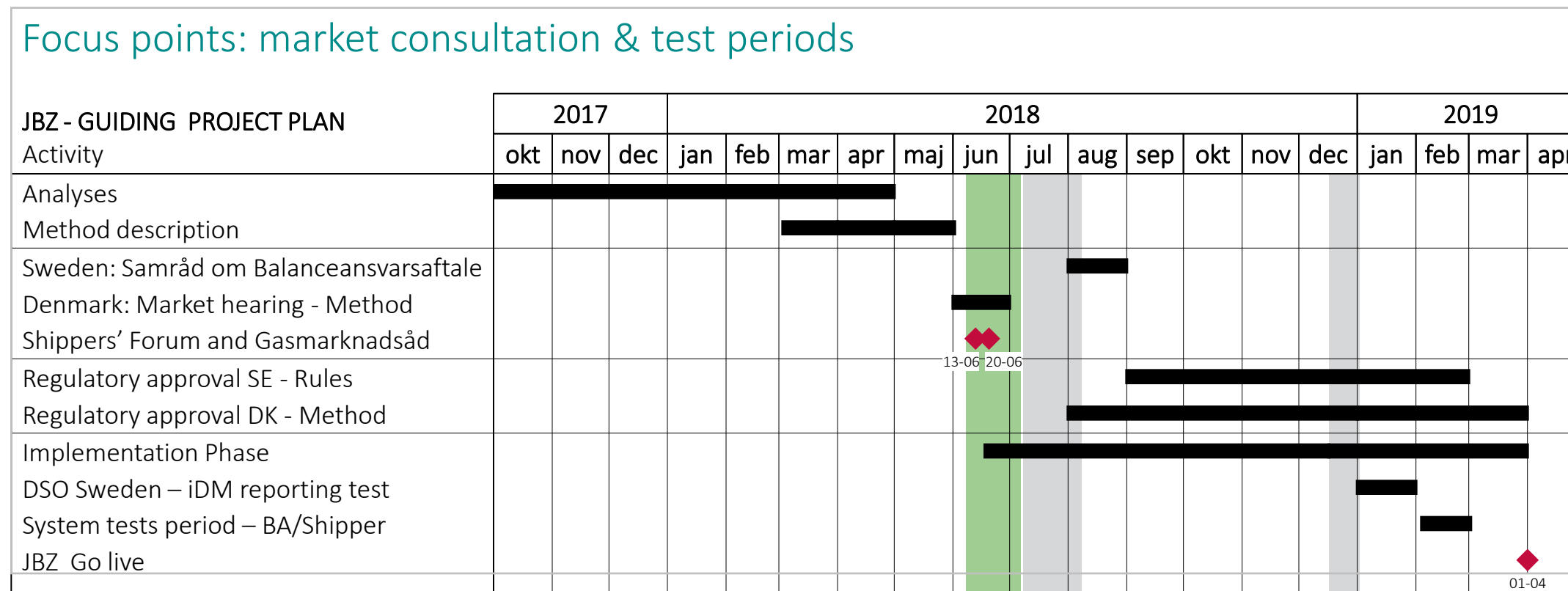
**Virtual Exit Zone:**

- [Exit Zone Sweden\*]
- [Exit Zone Denmark]

\* From Sweden there can also be booked interruptible capacity in reverse direction (as Dragør today).

# GUIDING PROJECT PLAN

Focus points: market consultation & test periods



# PUBLIC CONSULTATION

Forwarded to market on 8<sup>th</sup> June 2018

Consultation until 6<sup>th</sup> July 2018

## Next steps

- Specific topics will be forwarded for approval by DERA
- Market consultation Sweden – August 2018
- Implementation expected 1 April 2019

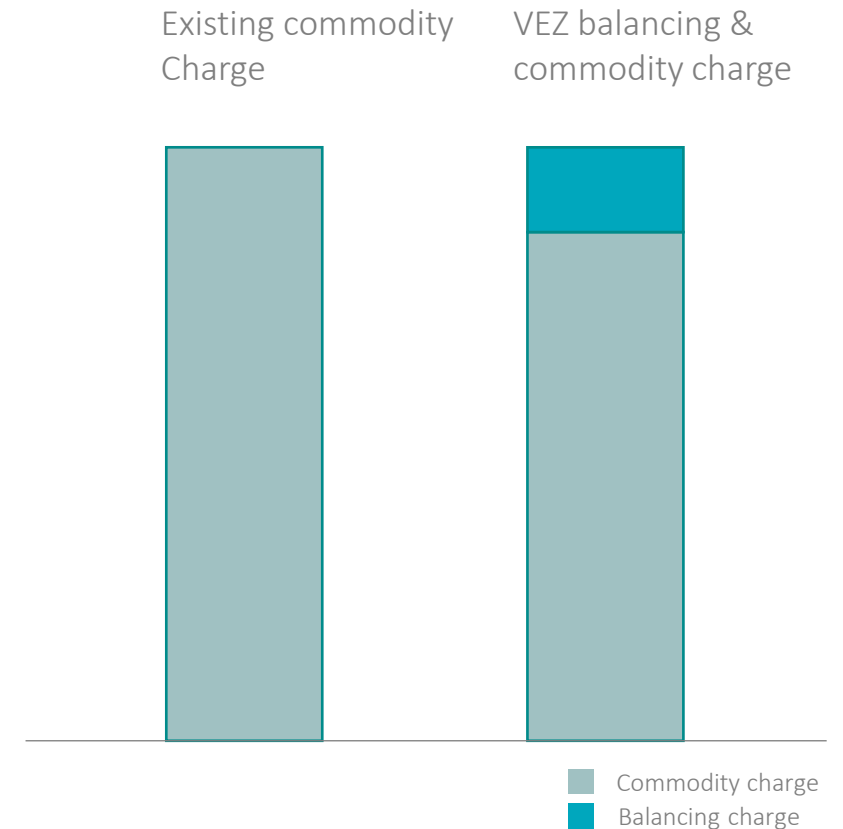
## Topics for DERA approval

- New market model
- New balancing model
- Tariffs

ENERGINET	
<b>Contents</b>	
1. The submission obligation .....	3
2. The background for the Submission .....	3
2.1 Legal framework .....	3
3. Submission of methods.....	5
3.1 Market model .....	5
3.1.1 Change 1: Creation of a Virtual Exit Zone (VEZ) .....	7
3.1.2 Change 2: The current rules for Exit Zone Denmark will apply for the VEZ	
3.1.3 Change 3: Allocations ensure correct capacity bookings at shipper level	8
3.2 Balancing model.....	9
3.2.1 Change 4: Extending the balancing model .....	10
3.2.2 Clarification 1: Direct balancing cost for the shippers/BA.....	10
3.2.3 Clarification 2: Introduction of a Balancing Area Manager (BAM) .....	11
3.2.4 Clarification 3: Crisis level principles in the Joint Balancing Zone .....	12
3.3 Tariffs .....	15
3.3.1 Change 5: Tariffs and costs.....	15
4. Consequences of the methods .....	16
4.1 Consequences from the changes in the market model .....	16
4.1.1 Impact on the Swedish market model.....	16
4.1.2 Impact on Biomethane trade .....	16
4.1.3 Impact on allocation in the VEZ under JBZ .....	16
4.1.4 Practical information to shippers and BAs .....	17
4.1.5 Impact on tariffs in Denmark.....	17
4.1.6 Impacts on shippers - will some shippers benefit more than others? ...	19
4.2 Consequences from the changes in the balancing model .....	20
4.2.1 Impact on the Swedish balancing model.....	20
4.2.2 Impact on the Danish balancing model .....	21
4.2.3 Impact on shippers.....	23
4.3 Consequences from changes in the tariffs and costs .....	23
5. Public hearing.....	24
5.1.1 Traceability of biomethane .....	24
6. Time schedule .....	25
<b>Appendices:</b>	
- Appendix 1: Market Q&A .....	
- Appendix 2: Comments from public hearing .....	
Dok. 15/12743-38 TI arbejdsbrug/Restricted	

# TARIFFS

- **Capacity charge**
  - Current Dragør capacity charge replaced by VEZ capacity charge
- **Balancing charge**
  - A separate balancing charge is split from the commodity charge
  - Covers the cost of operating the commercial balancing
  - Cost level will not increase, but transparency will.
- **Trading of balancing gas**
  - Energinet keeps a separate account for balancing trading
  - No profit or loss from this trade over time
  - To ensure transparency Energinet will present the balance of the account on a regular basis.



# INVESTMENTS & OPEX

Energinet does not foresee additional OPEX related to balancing in the Joint Balancing Zone compared to today

There will however be a one-off cost for the IT implementation project. The combined cost from both Swedegas and Energinet is budgeted to 3.6 mDKK.

This one-off cost will be divided between the two TSOs according to the proportion of annual gas consumption in their respective markets



# DEDICATED WEBSITE

One place to find latest news and the complete published material on the Joint Balancing Zone



<https://en.energinet.dk/Gas/Shippers/Swedegas-Joint-Balancing-Zone>

# QUESTIONS



email: [cju@energinet.dk](mailto:cju@energinet.dk)