

**ENERGINET**

Energinet
Tonne Kjærvej 65
DK-7000 Fredericia

+45 70 10 22 44
info@energinet.dk
VAT no. 28 98 06 71

Date:
March 4, 2020

Author:
CRU/CRU

MEMO

OS 2020 GREEN GAS LOLLAND-FALSTER - Q&A

Updated and valid for 4 March 2020 (Q&A 13 added)

Valid for 21 February 2020

1. **What is the official start date of the capacity contract (when will the deliveries commence)?**
 - Energinet Gas TSO and Evida aim at a September 2022 start date. As for all construction projects there is a risk of delay; this is also the case here. Please note that this date differs from the date listed in the Model Paper.
2. **What will the tariff be for short-term capacity?**
 - Energinet Gas TSO will suggest a model, where the Financial Contribution is collected throughout the duration of OS 2020 Capacity, from both the long-term OS 2020 Capacity Contracts, and from short-term capacity at Exit Lolland-Falster and RES Entry Lolland-Falster. Furthermore, Energinet Gas TSO will investigate if the financial contributions from long and short-term capacity to Lolland Falster can be reshaped to a transmission tariff. Such a model is subject to DUR approval.
3. **How will you handle a possible return of Financial Contribution, if the project costs are lower?**
 - Energinet Gas TSO will cap the Financial Contribution towards the budgeted construction costs. Should the actual costs come in below budget, the total Financial Contribution which Energinet will collect during the OS 2020 Capacity Contract duration will be reduced relatively per shipper, based on their total Financial Contribution.
4. **How will the Financial Contribution collected via the short-term capacity contracts, after the Start Date be included as part of the total financing of the project?**
 - Energinet Gas TSO will assume an estimate of possible short-term bookings the first 15 gas years (e.g. the OS 2020 Capacity duration period). This estimate is included in the total economic assessment of the project.
5. **Is it possible to use the capacity from OS 2020 in the rest of Denmark?**
 - No, the OS 2020 capacity can only be utilized for Lolland-Falster, to ensure that the capacity is incremental, and thus can be used as an investment signal.
6. **Which authority has set the threshold of minimum 50% biogas in the new gas grid?**

- The percentage is set by Energinet Gas TSO, based on dialogue with relevant stakeholders.
 - The percentage is set as a prerequisite, to ensure that the project is mainly based on green gas, in terms of annual volumes transported.
- 7. If the start date for transmission is delayed will the Open Season capacity contracts then be postponed accordingly?**
- Please refer to Clause 8 of the Appendix 3 – OS 2020 Capacity Agreement.
- 8. What is the length of the Open Season capacity contracts?**
- The OS 2020 Capacity Contracts will have a length of 15 gas years.
- 9. If the allocation towards Lolland-Falster is higher than a shippers Exit Lolland-Falster capacity, will the shipper be able to utilize unutilized JEZ capacity?**
- Energinet Gas TSO will assess if such a service can be provided. If possible, this will be implemented in the Rules for Gas Transport, before the start of the OS 2020 Capacity Contract.
- 10. How will Energinet Gas TSO determine the final physical capacity level?**
- Energinet Gas TSO will build capacity to meet the final allocation level in OS 2020, whereof 10 per cent is reserved for short-term capacity contracts.
- 11. Is it possible to change the shipper payment obligation for the Financial Contribution from the building period to the contract period?**
- Yes, Energinet Gas TSO has changed the draft Rules for OS 2020 and Appendix 3, so the payment obligation will be collected during the OS 2020 Capacity Contract (15 Years), instead of during the construction phase.
 - As a consequence of this change, please note the Financial Contribution is included in the credit line assessment.
 - The change is included by changing the wording of Clause 5.3 and 8.2 of the OS 2020 Rules, and Clause 5 of Appendix 3.
- 12. Why is this project not only financed via the general tariffs?**
- Previous expansions of the gas transmission system have been to the benefit of the shipper community in general. For the Green Gas Lolland-Falster Project, it will only be the shippers bidding in the OS 2020 who will benefit. Thus, Energinet Gas TSO has included the concept of the Financial Contribution, to direct the costs of the project to the shippers benefitting. Energinet Gas TSO will however, as it was mentioned in question 2., investigate if the financial contribution can be reshaped to a transmission tariff for the exit point Lolland Falster.
- 13. Can Energinet Gas TSO ensure that capacity allocated in the OS 2020 will be re-assigned first as secondary capacity, before allocating additional primary firm capacity?**
- Energinet Gas TSO will suggest a model, where the OS 2020 capacity holder can choose to surrender capacity to Energinet Gas TSO, where after Energinet Gas TSO, in case of demand, will re-allocate the surrendered OS 2020 capacity (or parts of), before allocating additional primary capacity that may be available. In case the surrendered capacity is not re-allocated, the capacity is returned to the original shipper, including the payment obligation. Such a model is subject to DUR approval.