SHIPPERS' FORUM

13 June 2018

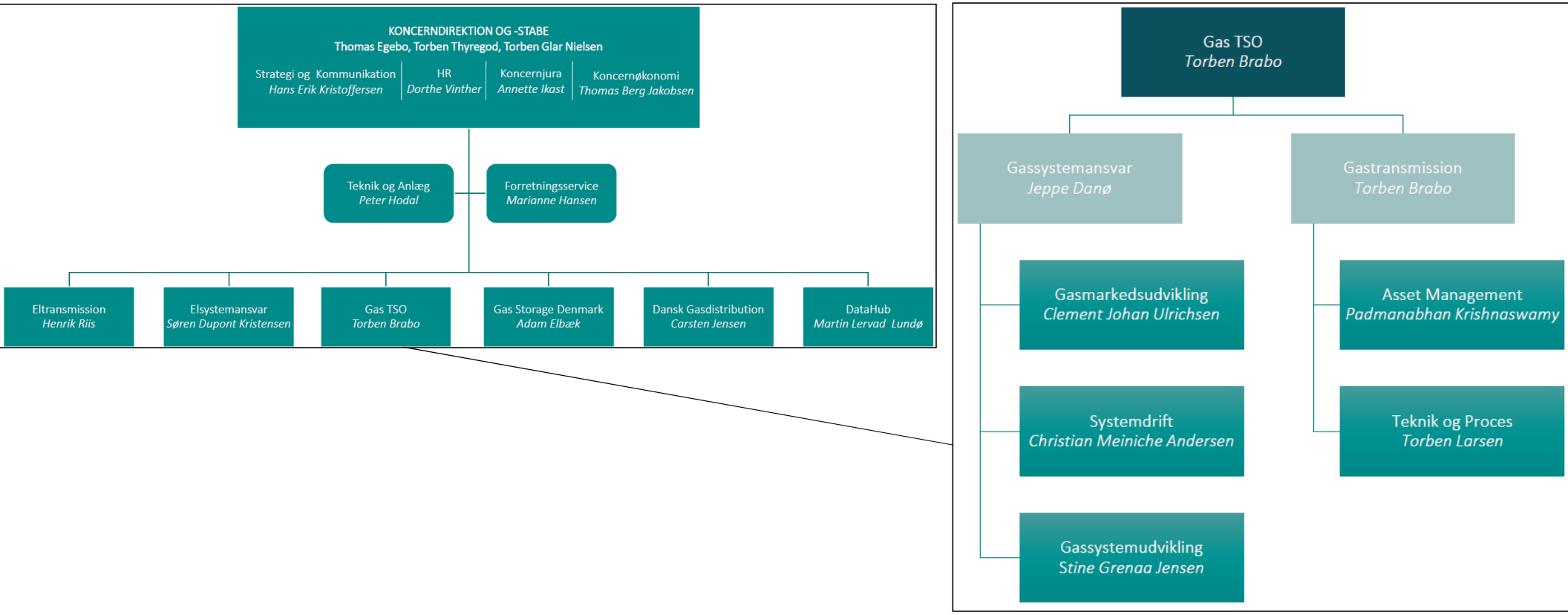
PROGRAMME

12.00	*Lunch and networking*
13.00	Welcome *Clement Johan Ulrichsen, Energinet*
13.20	Joint Balancing Zone *Clement Johan Ulrichsen, Energinet*
13.35	Early Warning • Observation on Market behavior – *Camilla Mejdahl Mikkelsen, Energinet* • Evaluation on the process, - *Camilla Mejdahl Mikkelsen, Energinet* • Seen from a Shippers' perspective – *Clement Johan Ulrichsen, Energinet*

14.00 Coffee break and networking

14.30	Tyra Shutdown 2019-2022 • Market measures – Near-final package, - *Christian Rutherford, Energinet* • Gas Quality – *Jesper Bruun, Energinet* • Market surveillance – *Danish Energy Regulatory Authority and Danish Competition and Consumer Authority*
15.45	PRISMA Auction 2 July *Christian Rutherford, Energinet*
15.55	Final remarks *Clement Johan Ulrichsen, Energinet*
16.00	*End of programme*

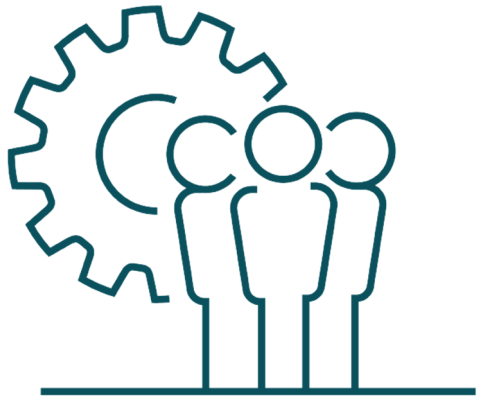
ENERGINET GAS TSO – COMPANY SINCE MAY '18



SHIPPER PROPOSALS

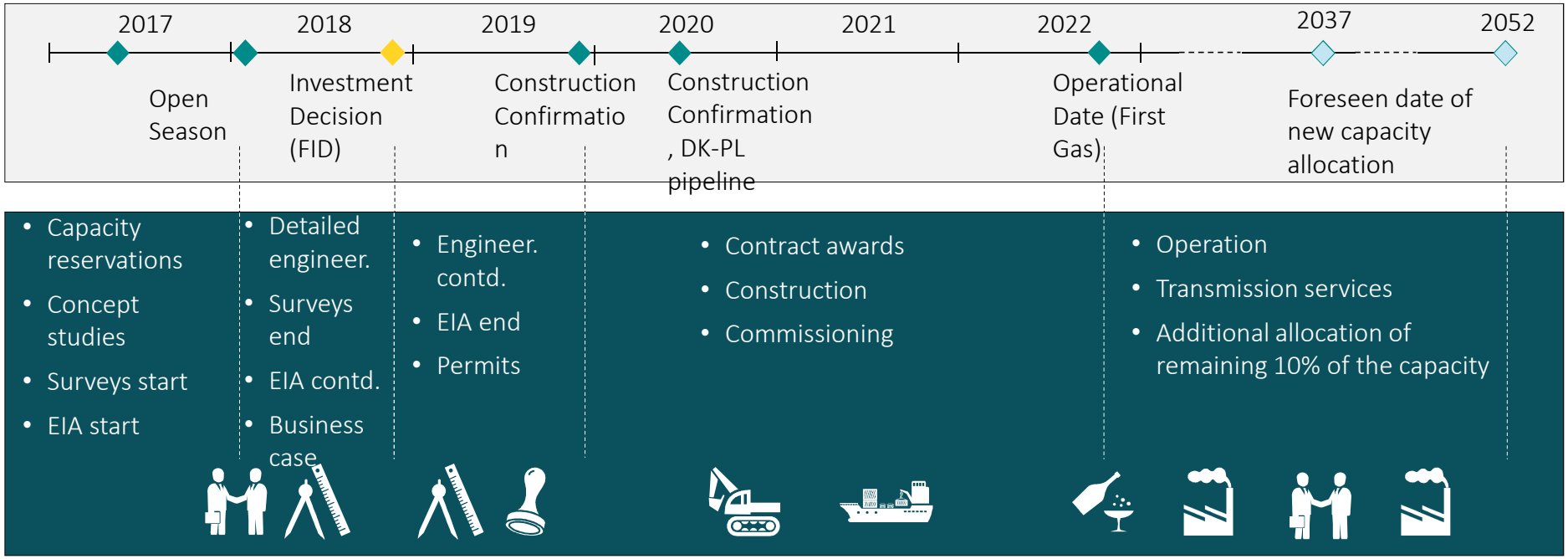
We listen to your proposals and work to implement what is possible. Two proposals implemented today.

- **Energy balance** will be published in Excel format rather than PDF
- **Shippers' Forum presentation** will be published the following day at 10:00 am.



BALTIC PIPE PROJECT - MILESTONE OVERVIEW

Project is being developed **in line with time schedule**. Focus on achieving Final Investment decision no later than December 2018 and on EIA being on critical path. First Gas in 2022



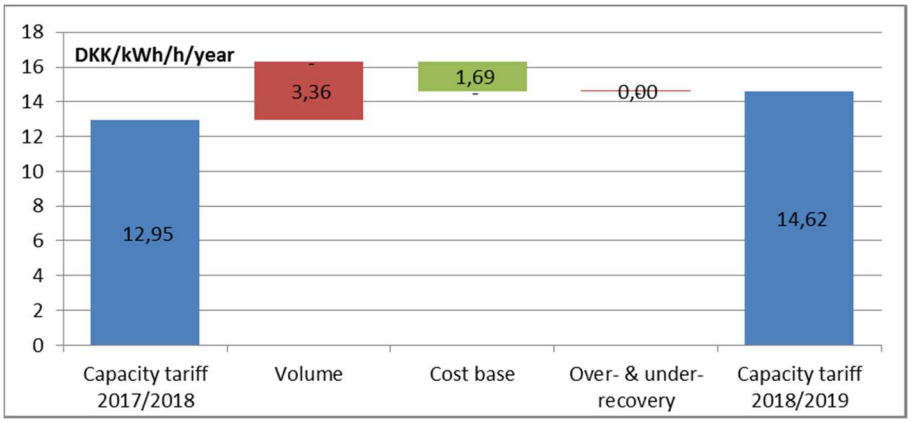
TARIFFS

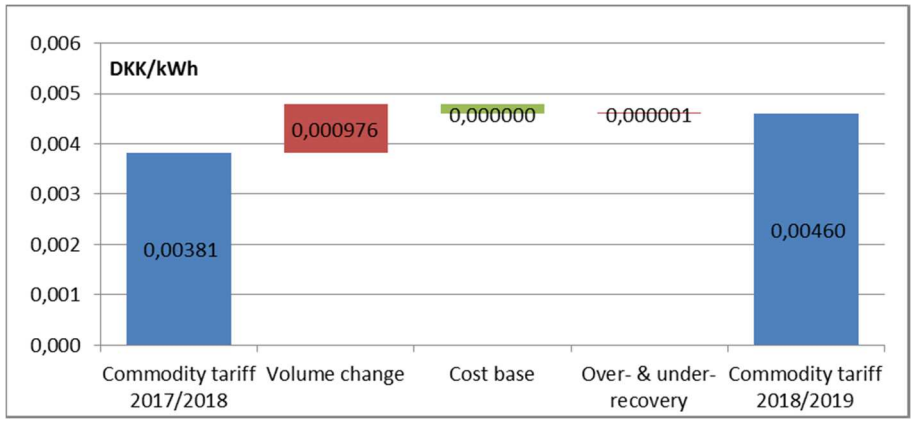
INCREASE IN TRANSPORTATION TARIFFS 2018/19

Tariffs effective as of 1 October 2018 published on Energinet's website: Link

Capacity/commodity charges higher due to less bookings/flow during the Tyra shutdown.

Reduced costs somewhat counteracts this.

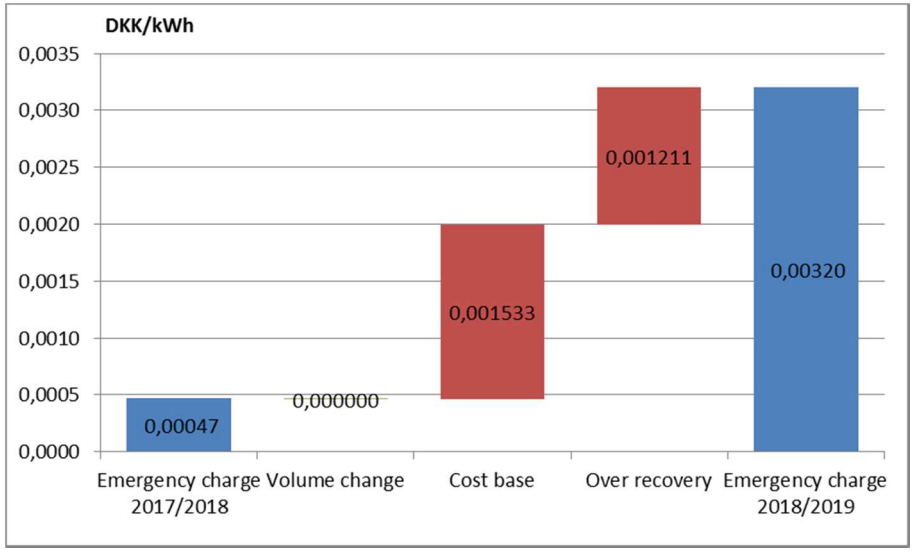




INCREASE IN EMERGENCY CHARGE 2018/19

1) As a result of increasing costs due to Tyra shutdown

2) Previous years' charges had discounts due to over recovery



Why this increase in costs already?

- Gas year 2018/19 includes storage year 2019/20
- Conservative assumptions for Storage Year 2019/20 :
  - 2.4 time increase in emergency storage
  - 4 EUR/MWh price

NEW TARIFF METHODOLOGY FROM 2019/20

Amended to implement TAR NC from 1 Oct. 2019:

Uniform tariffs and cap on commodity charge

Notable changes to the methodology:

- Cost allocation methodology - Uniform capacity tariffs to replace differentiated tariffs
- Cap on volume tariffs in capacity/commodity split (max. 40% of combined transportation revenues)

Remains in force:

- Entry/exit split (ex post)
- Storage discount (100%)
- Multipliers and seasonal factors

PUBLIC CONSULTATION PROCESS

Energinet conducting final public consultation as coordinated with DERA.

Contrary to previous methodology approvals DERA will not perform an own consultation.

Pre-consultation process (1 month duration):	2 July – **1 August** 2018
Final consultation (2 months):	15 August – **15 October** 2018
Submission to DERA (max. 5 months approval process):	**1 November** 2018
Coming into force:	1 October 2019

Pre-consultation is your last opportunity to propose changes to the methodology.

Once the methodology is put forward to Final consultation, **the text cannot be amended.**

Your active participation in the consultation processes will aid the approval process and ACER's evaluation.

QUESTIONS

email: cju@energinet.dk

JOINT BALANCING ZONE

Clement Johan Ulrichsen, Gas Market Development

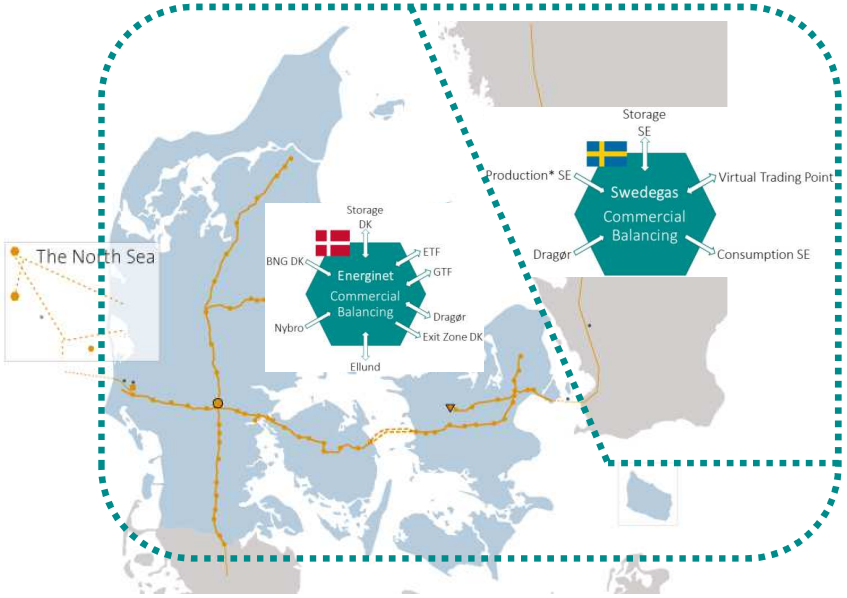
CONTENT

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

TWO BALANCING ZONES BECOMES ONE

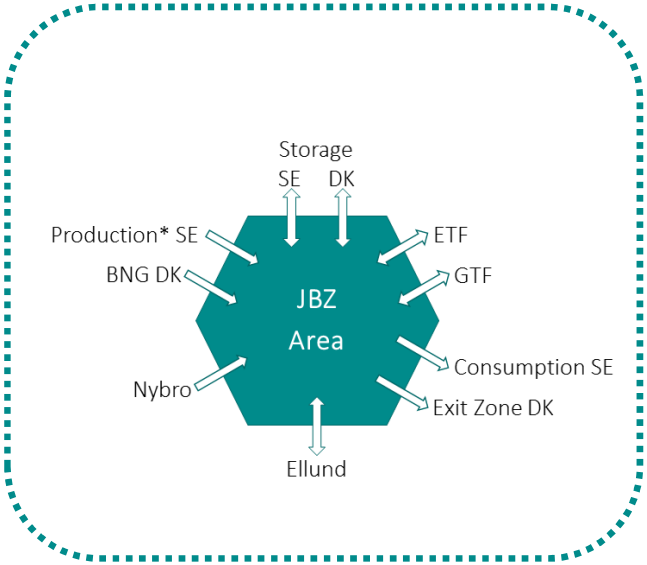
Today

Two separate balancing zones

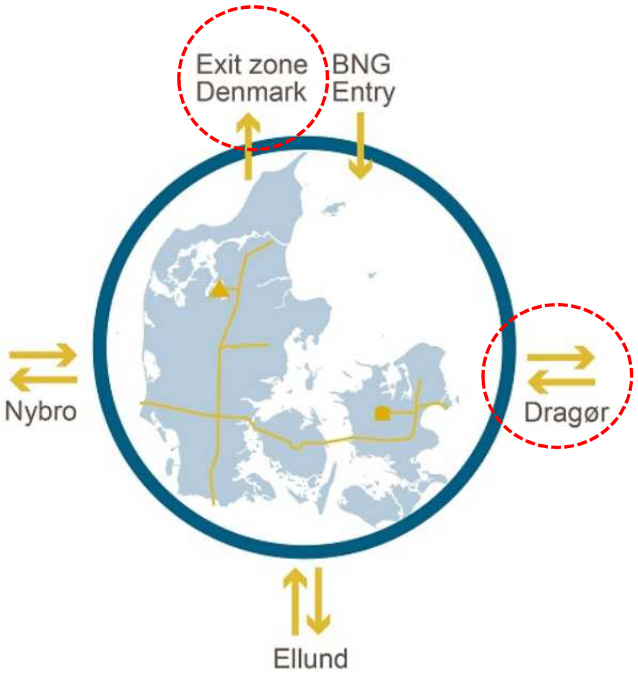


JBZ

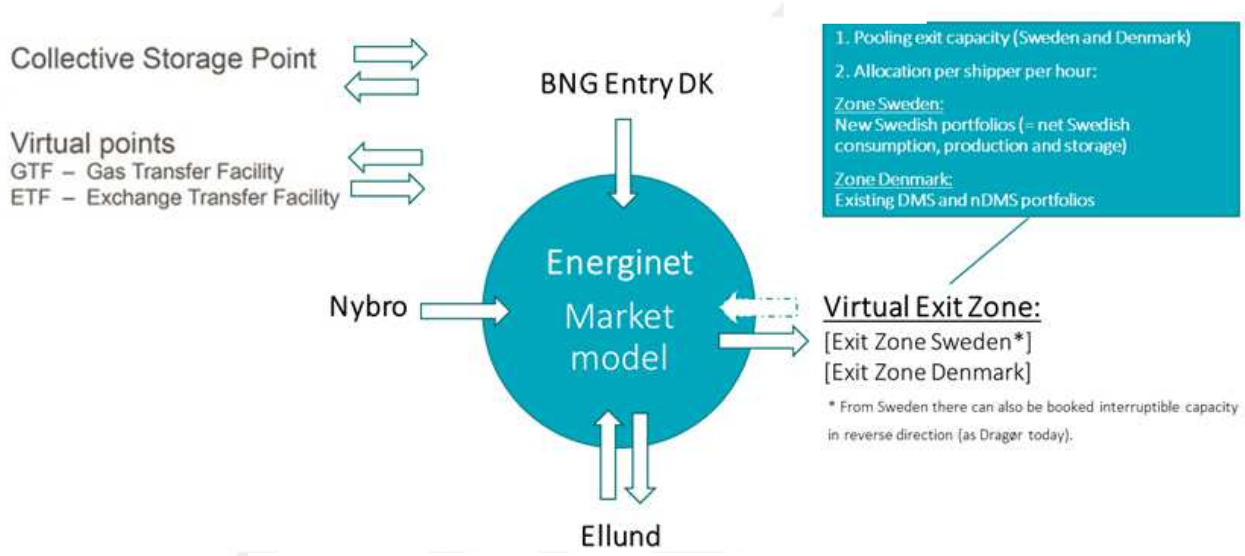
One Joint Balancing Zone



CHANGES TO THE DANISH CAPACITY MODEL

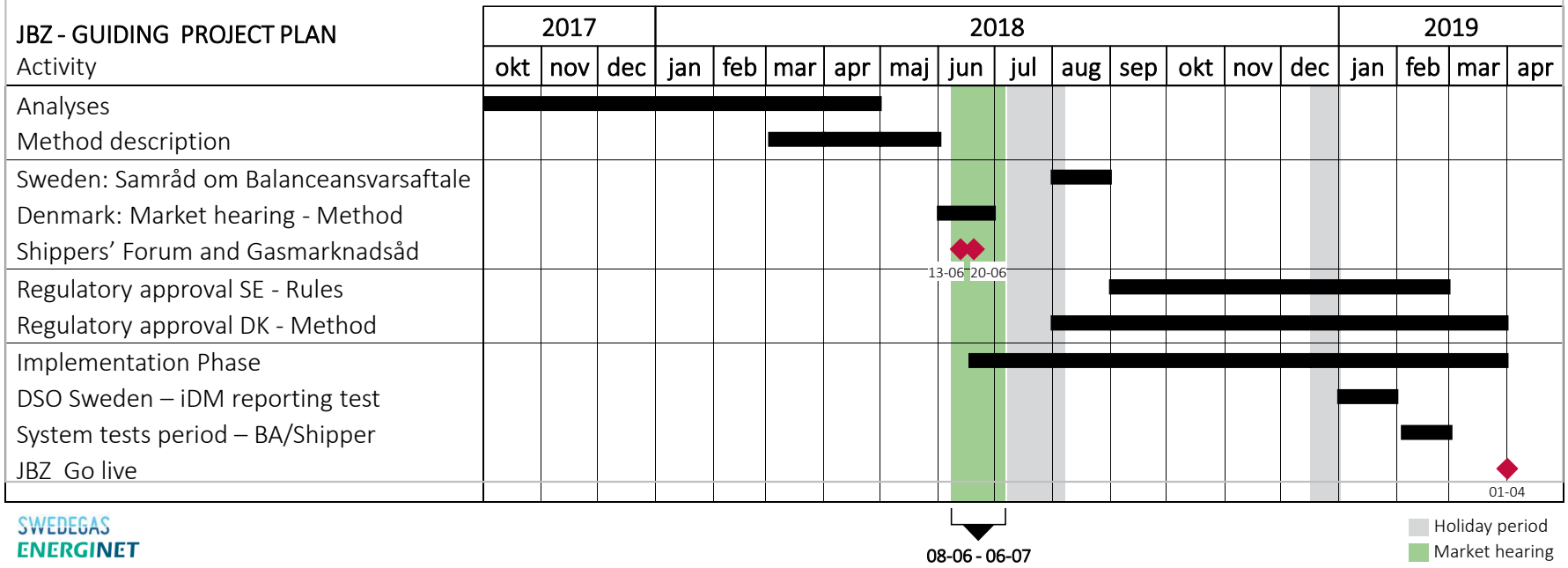


No change in tariff structure
(capacity and volume)



GUIDING PROJECT PLAN

Focus points: market consultation & test periods



PUBLIC CONSULTATION

Forwarded to market on 8th June 2018

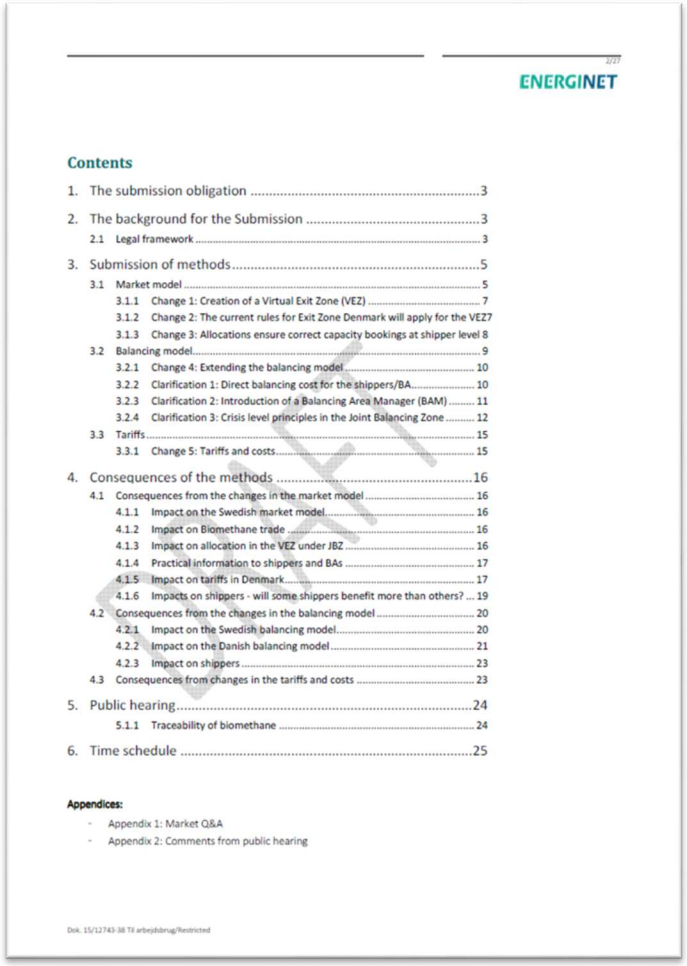
Consultation until 6th July 2018

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

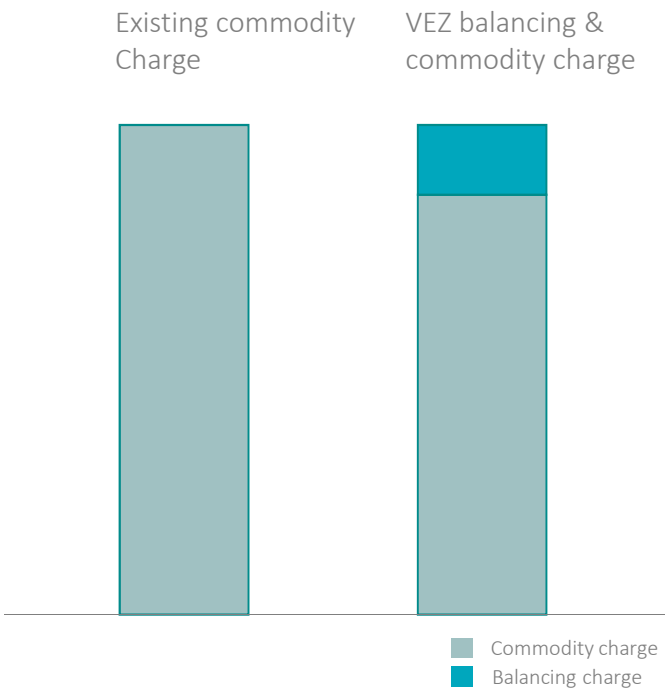
Contents

Appendices:

- Appendix 1: Market Q&A
- Appendix 2: Comments from public hearing

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

ENERGINET

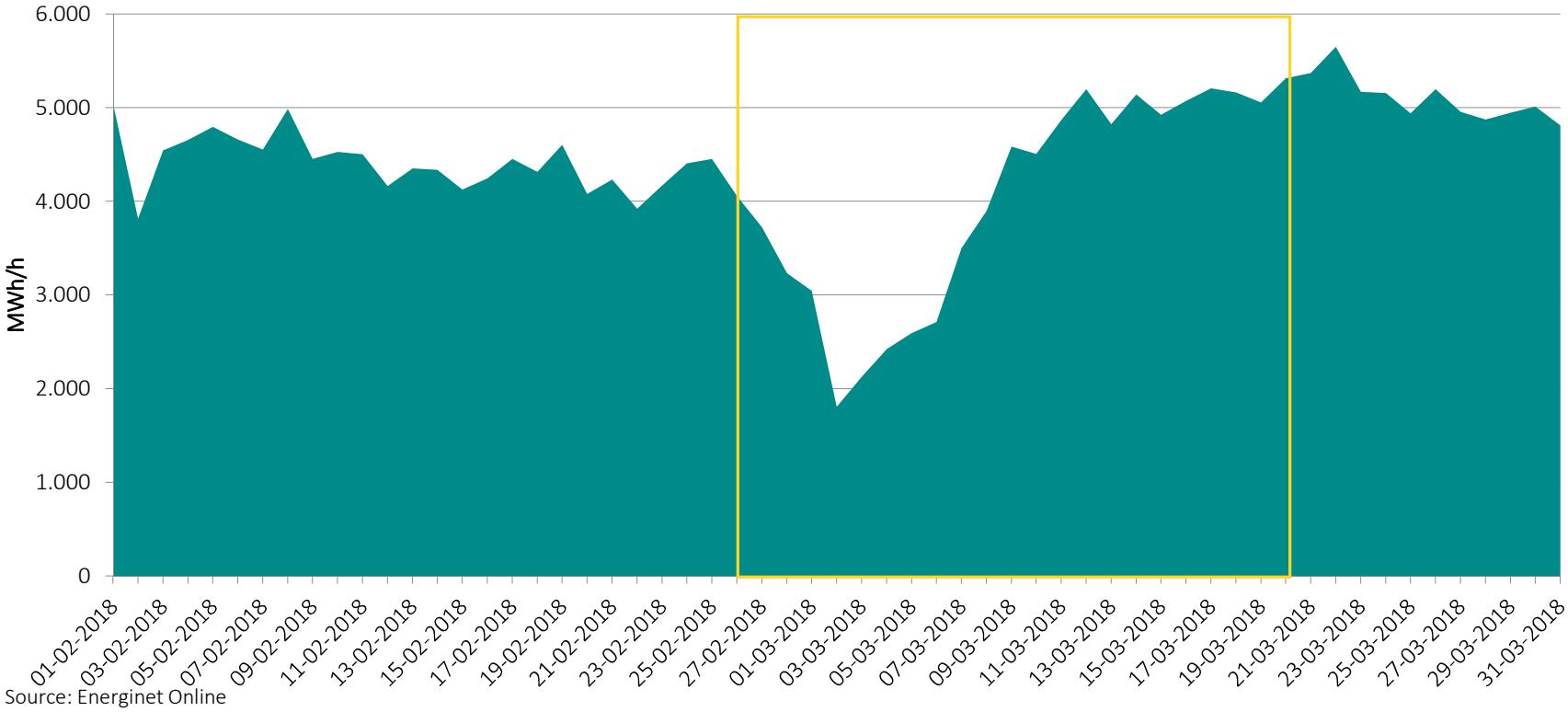
Early Warning was declared the **27 February 2018** and called off the **19 March 2018**

EARLY WARNING

Observations on market behavior

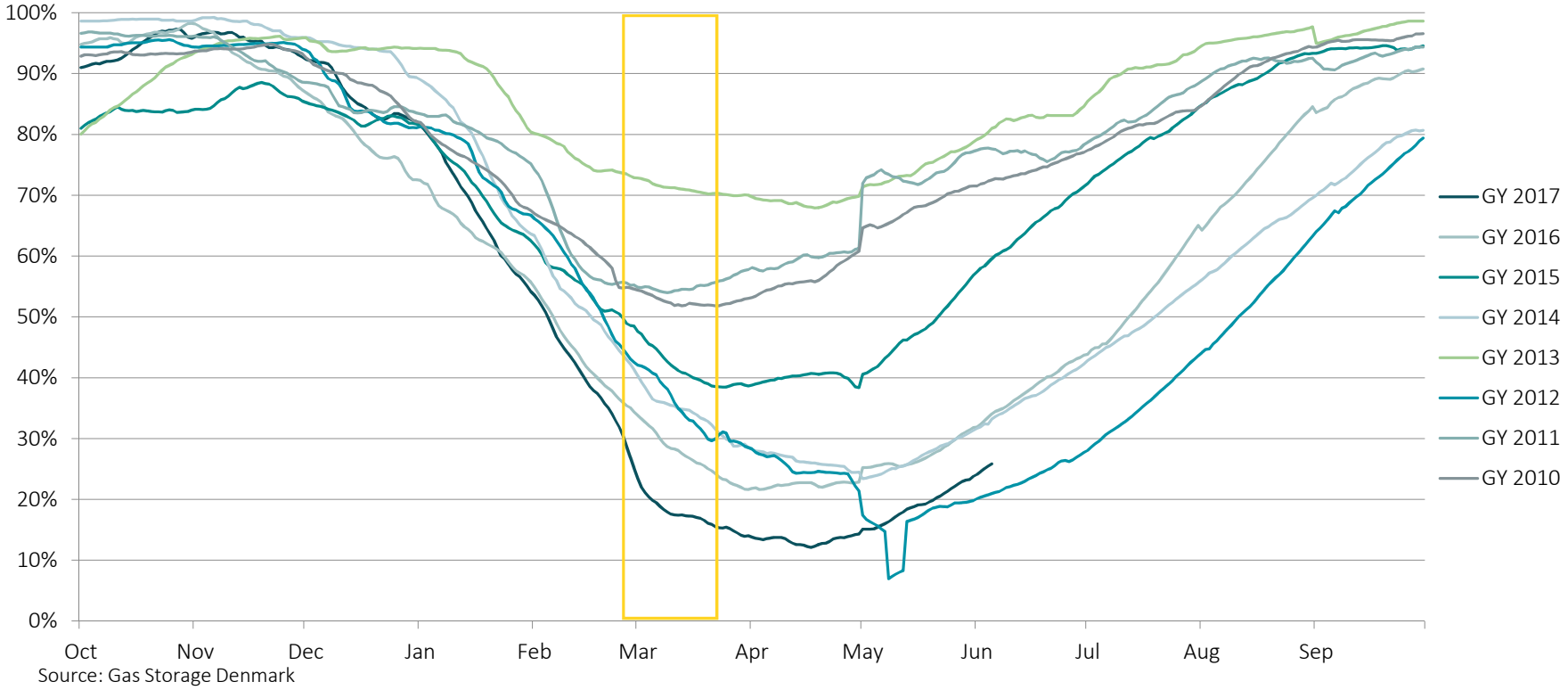
Camilla Mejdahl Mikkelsen, Gas Market Development

FLOW AT NYBRO



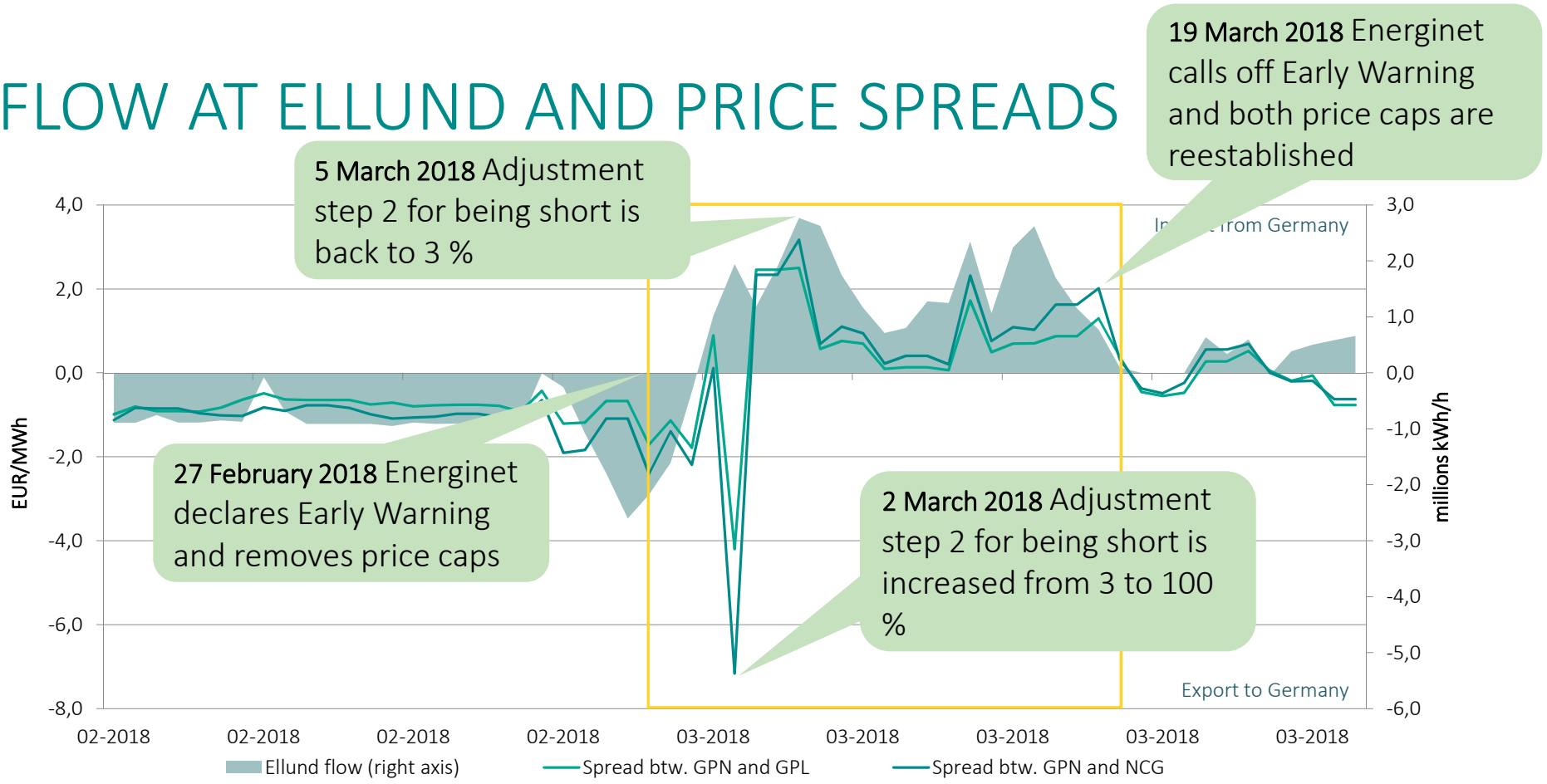
Source: Energinet Online

STORAGE FILLING



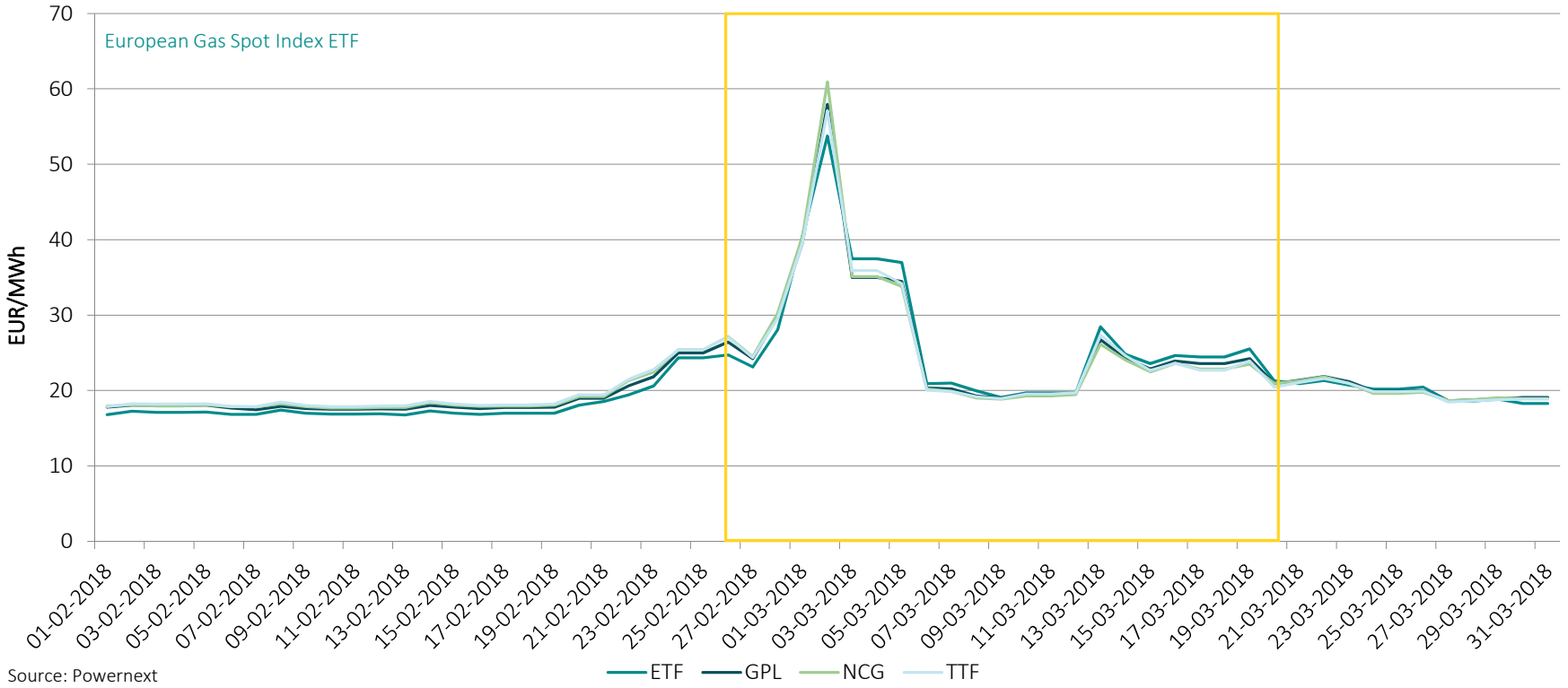
Source: Gas Storage Denmark

FLOW AT ELLUND AND PRICE SPREADS



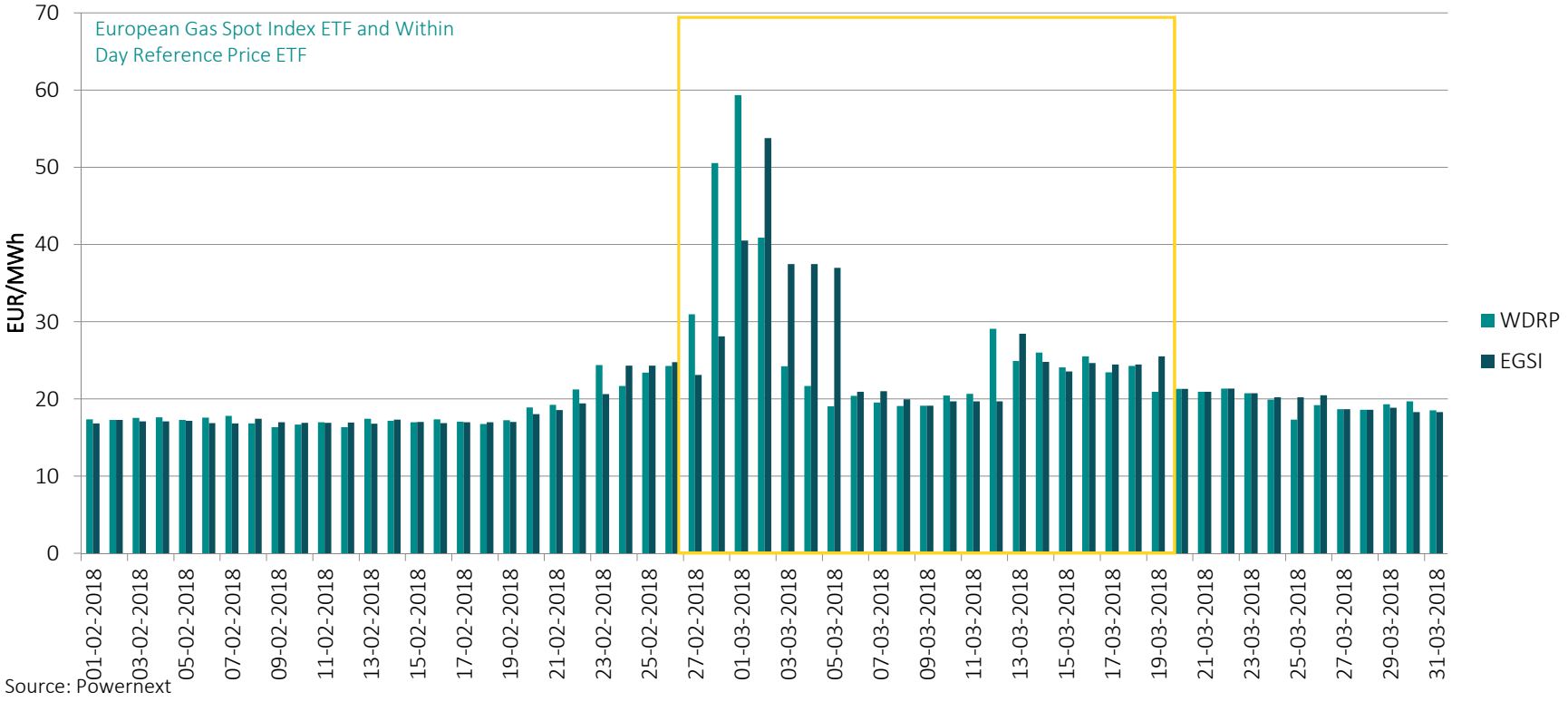
Source: Powernext and Energinet Online

HIGH GAS PRICES



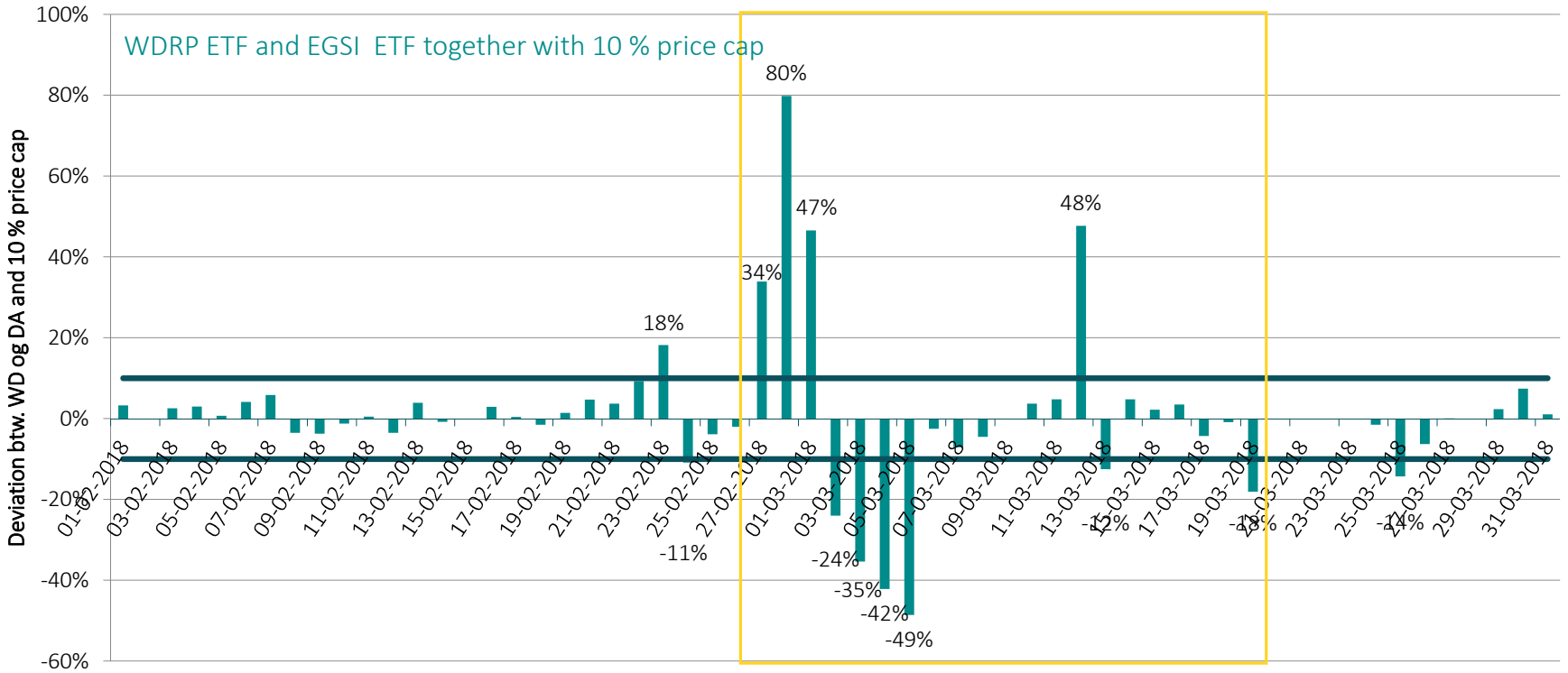
Source: Powernext

WITHIN-DAY AND DAY-AHEAD PRICES FOR ETF



Source: Powernext

PRICE CAP EFFECT ON IMBALANCE PRICE



Source: Powernext and Energinets price sheet per 1 Oct 2017

QUESTIONS

email: cmj@energinet.dk

EARLY WARNING

Evaluation of the event

Camilla Mejdahl Mikkelsen, Gas Market Development

WHY AND HOW?

Why?

- Gather knowledge and information for potential future crisis events.
- Comply with Act no. 1025 on preparedness for the gas sector.

How?

- Bilateral talks internally and externally with adjacent systems, authorities and shippers.

FOUR MAIN TOPICS IDENTIFIED

The evaluation will centre around four topics identified at the internal evaluation.

Communication	*We do good, but can do better! Communication pointed out both internally and externally. E.g. a need for structured management of communication.*
Authority handling	*Different setup in Denmark and Sweden demands a higher degree of communication. Generally, the setup should be reviewed.*
Crisis management	*When and what determines the use of crisis management.*
Market measures and manuals	*Make sure we have the right measures to cope with a crisis event. To a greater extent understand and follow the price development in Europe.*

Action points

ANY FINDINGS SO FAR?

Already planned changes for the coming period with the Tyra facilities being reconstructed has been confirmed.

Example of findings having direct effect for shippers:

- Removal of price caps
- New price formula for emergency gas

Both findings is already described in the consultation document on market measures during the Tyra shutdown period.

WHAT HAPPENS NEXT?

- Action points will be identified and prioritised in order to be resolved.
- Evaluation report to the Danish Energy Agency shall be handed in at the end of June 2018.

QUESTIONS

email: cmj@energinet.dk

EARLY WARNING

Seen from a Shippers' perspective

Clement Johan Ulrichsen, Gas Market Development

FEEDBACK FROM SHIPPERS AFTER EARLY WARNING

Other inputs from the audience?

QUESTIONS

email: cju@energinet.dk

TYRA SHUTDOWN 2019-2022

Near-final measures & imbalance prices in emergency

Christian Rutherford, Gas Market Development

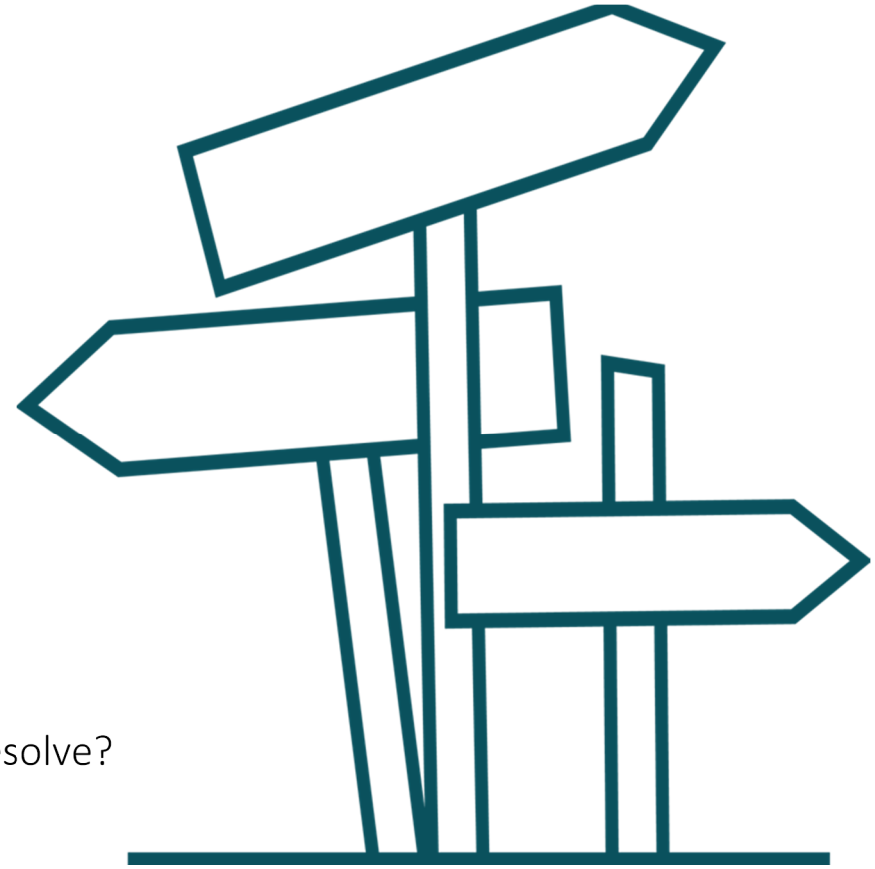
CONTENT

Status

- Status on market consultation
- Process

Imbalance prices in Emergency

- Introduction to the subject
- Reason for pricing of Emergency gas
- The why – issues with current model
- New formula for calculation of Emergency gas
- Reasoning for the new formula – what does it resolve?



STATUS ON MARKET CONSULTATION

MARKET MEASURES – FINAL LIST

Energinet…

1. …will implement the **Minimal Storage Filling** concept
2. …has held, and will hold **Emergency Workshops**
3. …will intensify its **Market analysis and market surveillance** in cooperation with DERA
4. …will increase the number of **Secondary products** at PRISMA
5. …will implement the **interruptible within-day nomination** procedure at Ellund entry
6. …will consider optimising the **filling requirements** concept, in cooperation with Gas Storage Denmark
7. …suggests to remove **both price caps** (10 per cent and 35 per cent)
8. …suggests a new method for calculation the **small adjustment step 2 price**
9. …will consider changing the **commercial interruptible consumers** concept
10. …will implement a new price formula for **imbalance prices in emergency**

STATUS - CONSULTATION

Forwarded to market on 30 May 2018

Consultation until 20 June 2018

Next steps

- Specific topics will be forwarded for approval by DERA
- Implementation expected 1 April 2019 (or latest 1 October 2019)

Topics for DERA approval

- Removal of both price caps
- New method for adjustment step 2 pricing
- New formula for imbalance prices in Emergency - main topic for today

Tyra shutdown 2019-2022 - Market Consultation 1/71

ENERGINET

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MEMO

TYRA SHUTDOWN 2019-2022 - MARKET CONSULTATION

Date:
30 May 2018

Author:
CRU/CRU

Contents

Doc. 18/01470-2 - Til arbejdsbrug/Restricted

IMBALANCE PRICES IN EMERGENCY

INTRODUCTION

Emergency workshop 25 January 2018

Part of minutes from workshop (key action points):

Energinet need to be very clear and specific on how the balancing price regime will work during Emergency, also taking into account situations with no trades and prices at Gaspoint Nordic (e.g. because of empty supply side)

- **Action:** Energinet will develop detailed material on pricing regime in Emergency
- **Action:** in the process of developing the material, Energinet will investigate if any amendments of the current regime are required
- **Action:** Energinet will communicate price regime and possible amendments via Shippers' Forum, User Group and/or possible later Emergency Workshop

MAIN INCENTIVE FOR PRICING REGIME FOR EMERGENCY GAS

- The pricing regime for emergency gas must secure that the commercial players secure the supply of gas for the end-consumer market and the balance of the transmission system
- In this respect emergency gas must not be considered as a “safety tool” for the market. On the contrary market players should be incentivised to take the necessary measures to avoid emergency

Market players have the responsibility for supplying and balancing their own portfolio

All market players, including shippers, have a shared responsibility for security of supply

CURRENT PRICE FORMULA FOR EMERGENCY GAS

In accordance with current price list

"The neutral gas price (as described under purchase and sale of balancing gas) and/or the actual documented costs"

IDENTIFIED ISSUES WITH CURRENT FORMULA

Identified issue	Description of issue
Incentive issue	The current method does not include any form of incentive, but uses the Neutral Gas Price (average within-day market price)
Only local Danish gas price	Early Warning showed that the current emergency gas price formula is vulnerable towards flaws in pricing at the Danish gas exchange, which could occur during a crisis situation
Only reflects the gas price for the current gas day	The current formula only takes the gas price for the current gas day into account, and does not reflect the value of gas for the season
Lack of transparency	Unclear if and how the term “and/or the actual documented costs” in the current formula will be exercised in practice

NEW PRICE FORMULA FOR EMERGENCY GAS

"The highest Day-ahead Index set at either Gaspoint Nordic; Gaspool or Net Connect Germany during the current storage year"

Details

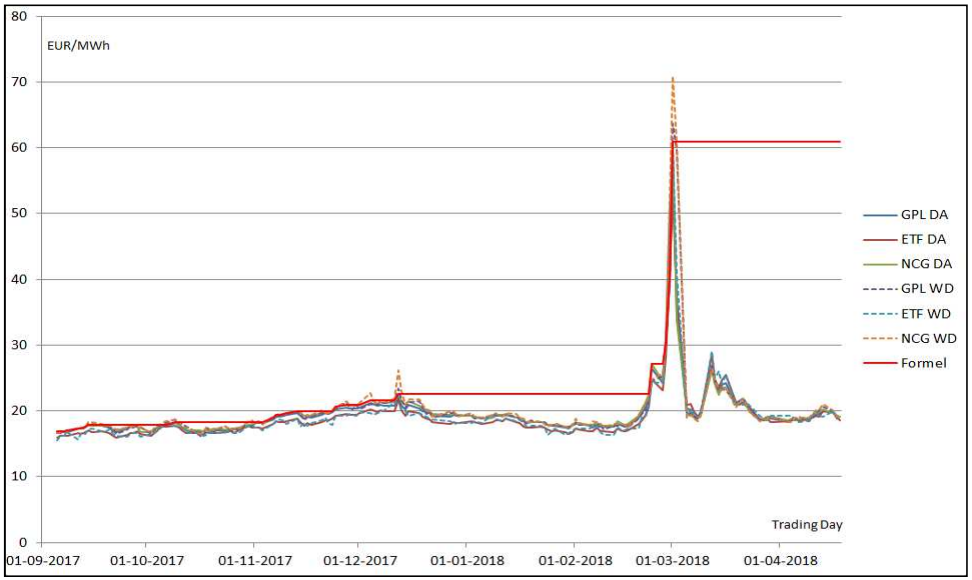
- The emergency gas price is set end-of-day, based on the formula above
- The day-ahead Index is the average price
- The storage year runs from Gas Day 1 May - Gas Day 30 April
- In case of a gas crisis (being either Early Warning, Alert or Emergency) is ongoing when entering a new storage year, it is still the price from the previous storage year that is valid, until the crisis is cancelled

NEW PRICE FORMULA

Winter 2017/2018

New formula – example

- Graph is based on actual data from the most recent winter
- However empiric data is based on current rules, not taking the new formula into account
- Therefore the graph is only included to exemplify the formula



NEW FORMULA - SOLUTIONS

Identified issue	Solution from new formula
Incentive issue	Gives incentive not to speculate against the emergency gas price, as it will always be the highest price set during the season.
Only local Danish gas price	Includes gas prices from German gas hubs, making the formula more robust towards price formation issues in Denmark, and strengthens the link towards the German price areas
Only reflects the gas price for the current gas day	Includes the highest price set during the current storage year, and indirectly reflects the possible future value of the gas
Lack of transparency	Unclear element removed from the formula, so only market based element is left

QUESTIONS

email: cru@energinet.dk

TYRA SHUTDOWN 2019-2022

Gas Quality

Jesper Bruun, System Operation

Quick Guide to gas quality during Tyra shutdown

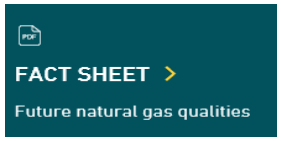
- What do you tell your costumers if they ask you about gas quality?
- How is the supply gas qualities?
- Is there any consequences?
- Where can you get more information?

GAS QUALITY REQUIREMENTS IN DENMARK

Gas quality at the end-user is regulated in the Danish Gas Legislation called “Bekendtgørelse om gaskvalitet” under the authority of the Danish Safety Technical Authority (www.sik.dk).

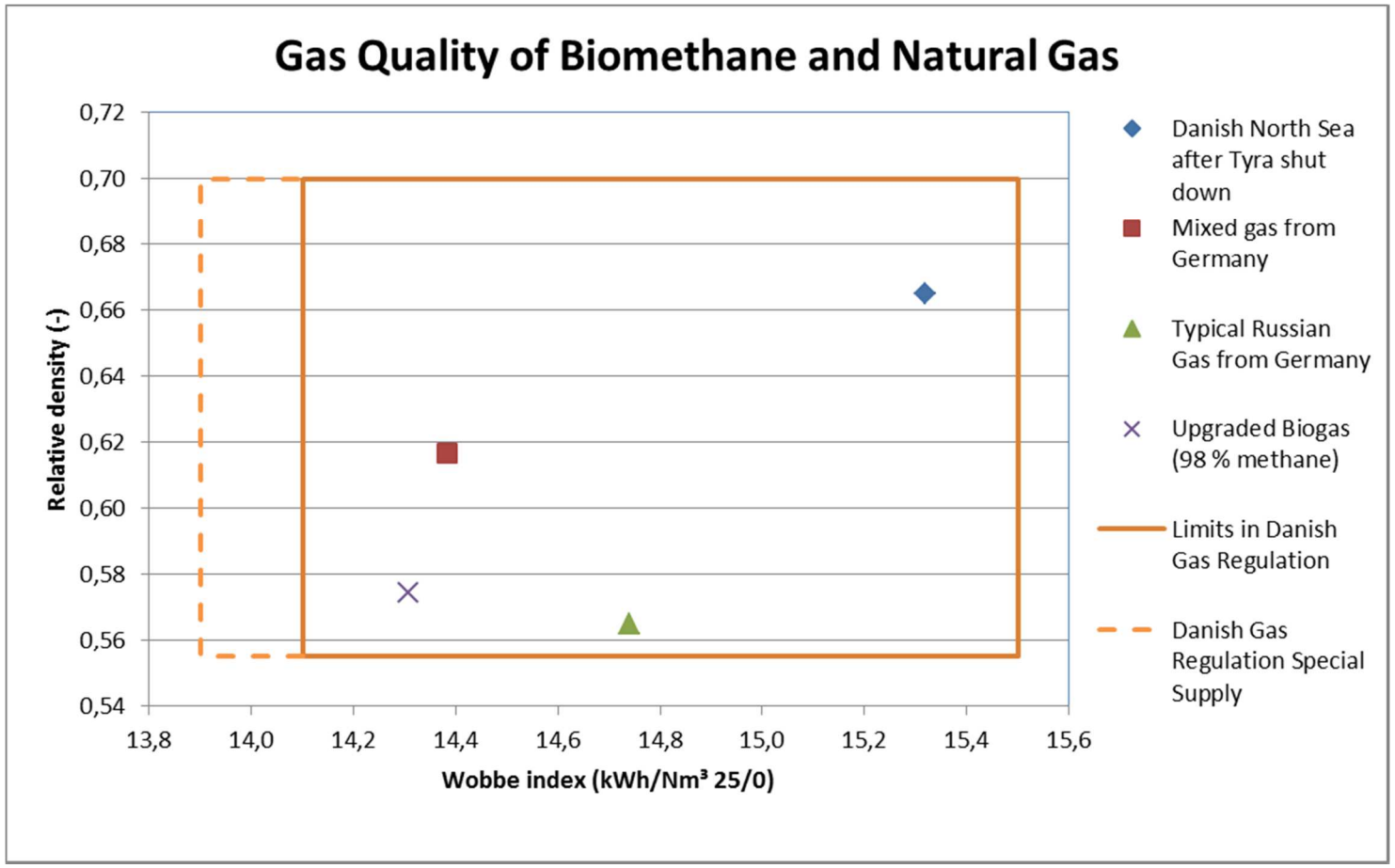
Gas in the transmission system must meet the requirements in Energinet’s Rules for Gas Transport (www.energinet.dk).

Future Natural Gas Qualities - Fact sheet
https://en.energinet.dk/Gas/Gas-Quality



Parameter (unit)	Minimum value	Maximal value
Wobbe index (MJ/Nm3) - note 1	50.76	55.8
Wobbe index (kWh/Nm3)	14.1	15.5
Relative density (-)	0.555	0.700
CO2 content (mole-%)	-	2.5
O2 content (mole-%) - note 2	-	0.1
H2S and COS content (mg/Nm3 as sulphur) - note 3	-	5
Mercaptans (mg/Nm3 as sulphur)	-	6
Total S content (mg/Nm3 as sulphur)	-	30
Water dew point at 70 bara (°C)	-	- 8
Hydrate formation at 70 bara (°C)	-	- 8
Hydrocarbon dew point at any pressure up to 70 bara (°C)	-	- 2

Note 1: A special preparedness plan for Ellund Border has been approved by the Danish Safety Technology Authority allowing gas with Wobbe index between 50.04 MJ/Nm3 to 55.8 MJ/Nm3 to be imported.
Note 2: Upgraded biogas is allowed with a oxygen content up to 0.5 mole-%.
Note 3: Peaks up to 10 mg/Nm3 are allowed in up to 2 hours if the daily average value is below 5 mg/Nm3.

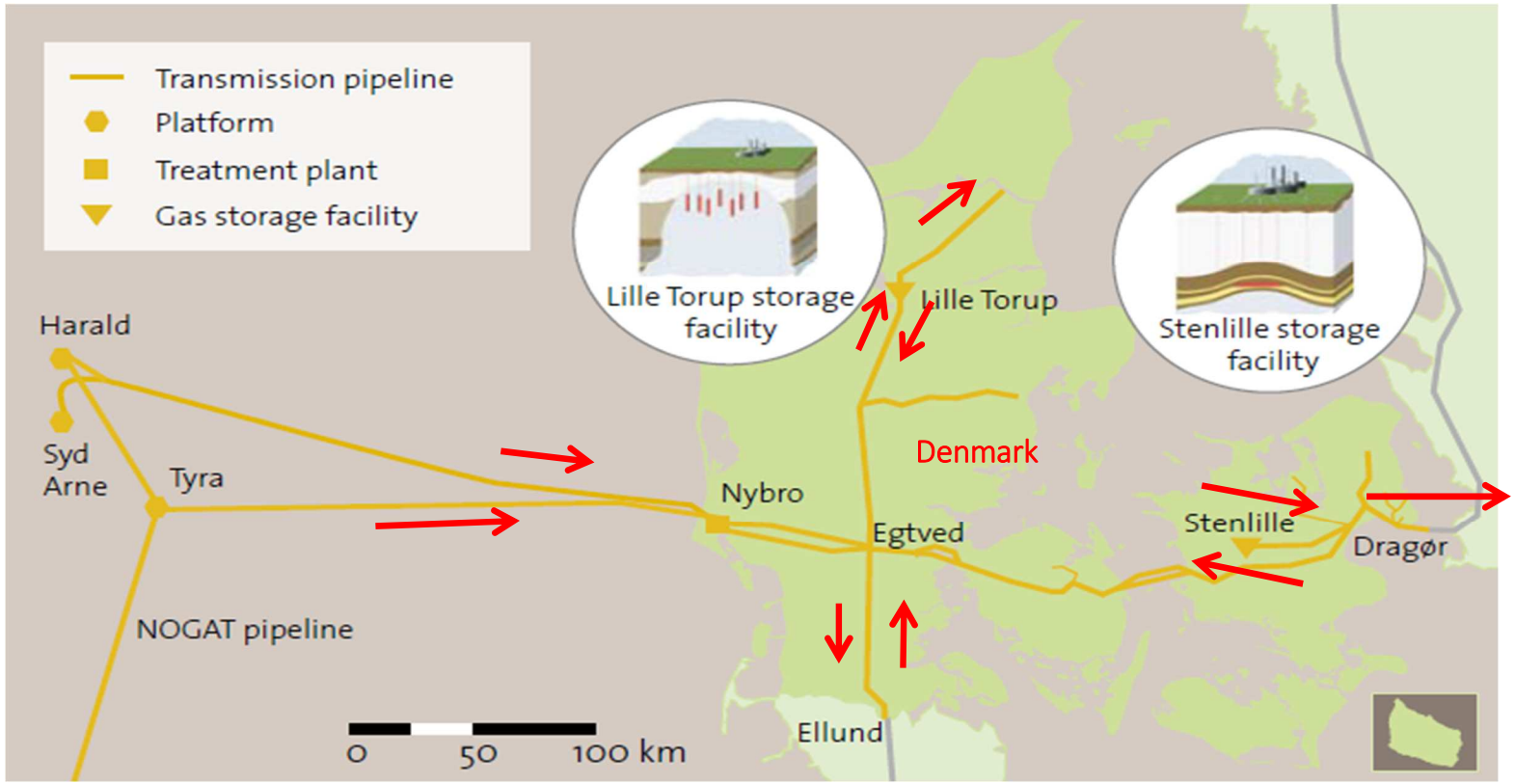

Gas Quality of Biomethane and Natural Gas
Relative density (-)
0,72
0,70
0,68
0,66
0,64
0,62
0,60
0,58
0,56
0,54
13,8
14,0
14,2
14,4
14,6
14,8
15,0
15,2
15,4
15,6
Wobbe index (kWh/Nm³ 25/0)
Danish North Sea after Tyra shut down
Mixed gas from Germany
Typical Russian Gas from Germany
Upgraded Biogas (98 % methane)
Limits in Danish Gas Regulation
Danish Gas Regulation Special Supply

EXPECTED SUPPLY QUALITIES

ENERGINET

		Example of expected imported gas quality	Example of expected imported gas quality	Example of expected gas quality from the North Sea after 2018	Danish North Sea gas quality 2005-2009	Example of bio natural gas quality in transmission grid
Methane	mole - %	89.85	96.59	85.07	89.64	99.40
Ethane	mole - %	5.01	2.46	8.20	5.87	0
Propane	mole - %	1.01	0.13	3.81	2.32	0
I-butane	mole - %	0.10	0.042	0.27	0.38	0
N-butane	mole - %	0.12	0.023	0.70	0.53	0
I-pentane	mole - %	0.021	0.0046	0.074	0.12	0
N-pentane	mole - %	0.017	0.0029	0.084	0.078	0
Hexane+	mole - %	0.016	0.0043	0.026	0.056	0
Nitrogen	mole - %	2.53	0.41	0.38	0.29	0.25
Oxygen	mole - %	0	0	0	0	0.18
Carbon dioxide	mole - %	1.33	0.34	1.38	0.72	0.16
Gross calorific value	kWh/Nm³	11.30	11.23	12.50	12.14	11.00
Gross calorific value	MJ/Nm³	40.67	40.43	44.99	43.72	39.59
Wobbe index	kWh/Nm³	14.38	14.82	15.32	15.26	14.72
Wobbe index	MJ/Nm³	51.78	53.34	55.16	54.95	52.99
Relative density	-	0.617	0.574	0.665	0.633	0.558
Normal density	kg/Nm³	0.798	0.743	0.860	0.818	0.722

FLOWS IN THE GAS TRANSMISSION SYSTEM



THE RAMPING DOWN OF TYRA PRODUCTION

More detailed information is available at the site gasmarketmessage.dk

We have the messages from Total as the source of details about the ramping down of the Tyra production.

019 - 01-07-2022,Tyra East
,/field,Maintenance,Update

Publication pursuant to Article 4(1) of REMIT (EU regulation No 1227/2011) - Urgent Market Message

Message type:	**Update**
Previous ID:	**1999**
Company:	**Maersk Olie og Gas**
ACER code:	**()**
Asset type affected:	**Offshore gas production**
Name of asset affected:	**Tyra East platform/field**
Incident occured at:	
Start time of capacity change:	**01-11-2019**
Ending time of capacity change:	**01-07-2022**
Duration uncertainty:	
Causes:	**Maintenance**
Flow capacity reduction:	**95000 MWh/day**
Available flow capacity:	

Remarks/additional information

This message is generated on behalf of all members of DUC. Maersk Oil today informed the Danish Minister for Energy, Utilities and Climate that DUC has conditionally decided to implement the full reconstruction of the Tyra field facilities as described in the field redevelopment plan approved by the Danish Energy Agency on 24 October 2017.

DUC's decision is conditional upon the final adoption by the Danish Parliament of draft Bill no. L 17, introduced in Parliament on 4 October 2017, before or on 31 December 2017.

In accordance with the agreement between DUC and the Danish Government signed 23 March 2017, DUC has with its decision presupposed that the government obtains the adoption of the necessary and presupposed legislative amendments, including also draft Bill no. L 42 to amend the Subsoil Act etc., in a way that is satisfactory in accordance with the provisions of the agreement.

The legislative process for draft Bills no. L 17 and no. L 42 can be followed on the website of the Danish Parliament.

The shut down 1 November 2019 of the Tyra East and Tyra West facilities means that no gas is delivered from the Tyra-Nybro pipeline from that date.

It is expected that the total flow capacity reduction of approx. 95,000 MWh/day will take place gradually starting circa 1 March 2019:

- Circa 1 August 2019 the flow capacity will be reduced to approx. 77,000 MWh/day;
- Circa 1 September 2019 the flow capacity will be reduced to approx. 65,000 MWh/day; and
- Circa 1 October 2019 the flow capacity will be reduced to approx. 27,000 MWh/day.

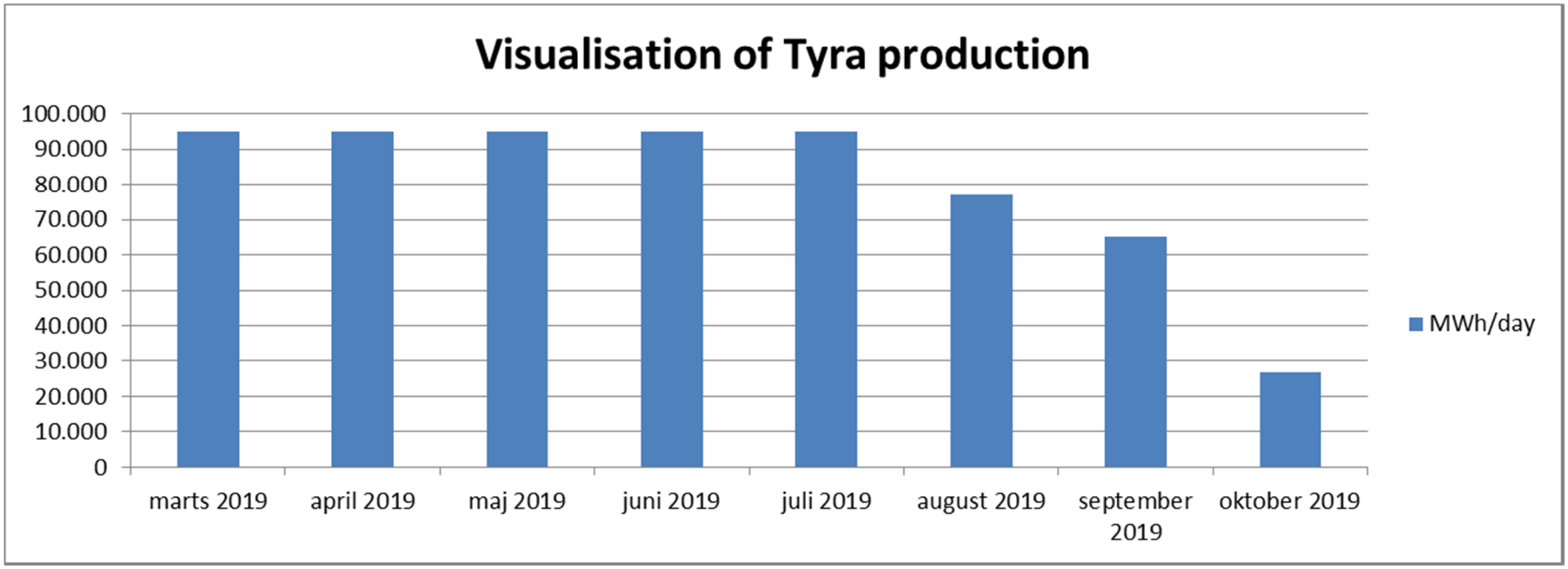
If the schedule is revised, this message will be updated.

Signed JLN

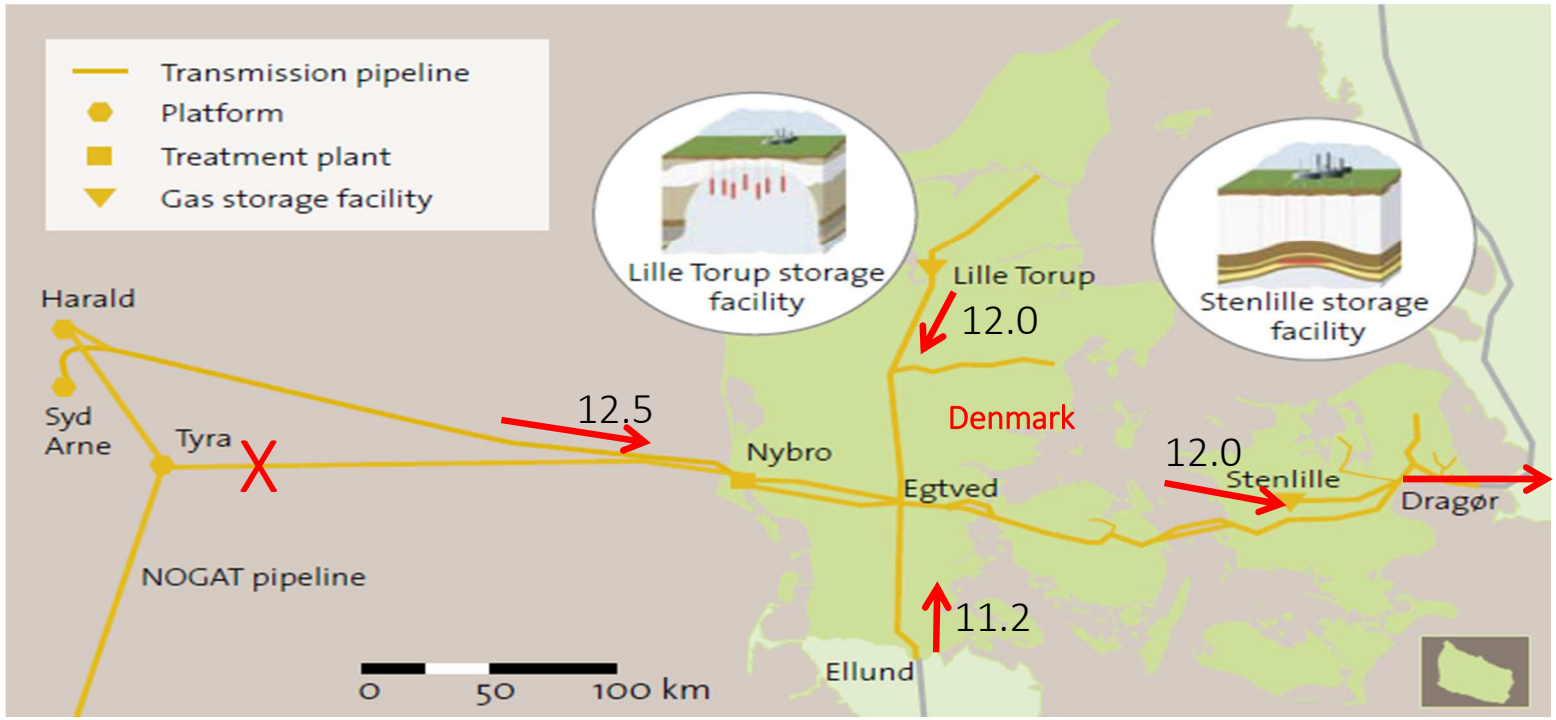
This REMIT message has been prepared by the undersigned. Energinet.dk acts merely as forwarder of the REMIT message,

TIMELINE OF SUPPLIED GAS QUALITY

The supply to DK/Sweden dominated by gas from Tyra | Mix | The supply to DK/Sweden dominated by gas from Germany

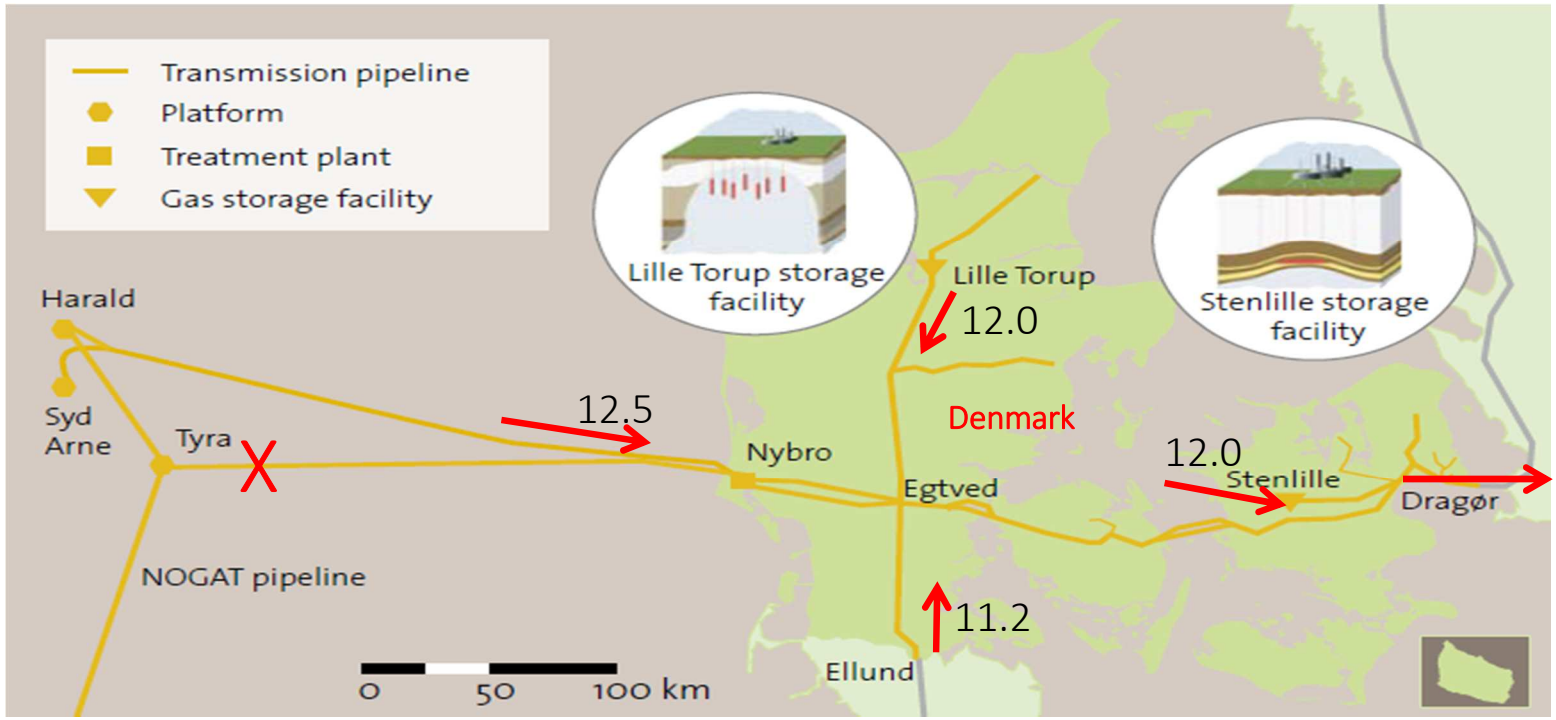


GAS QUALITIES AUTUMN 2019



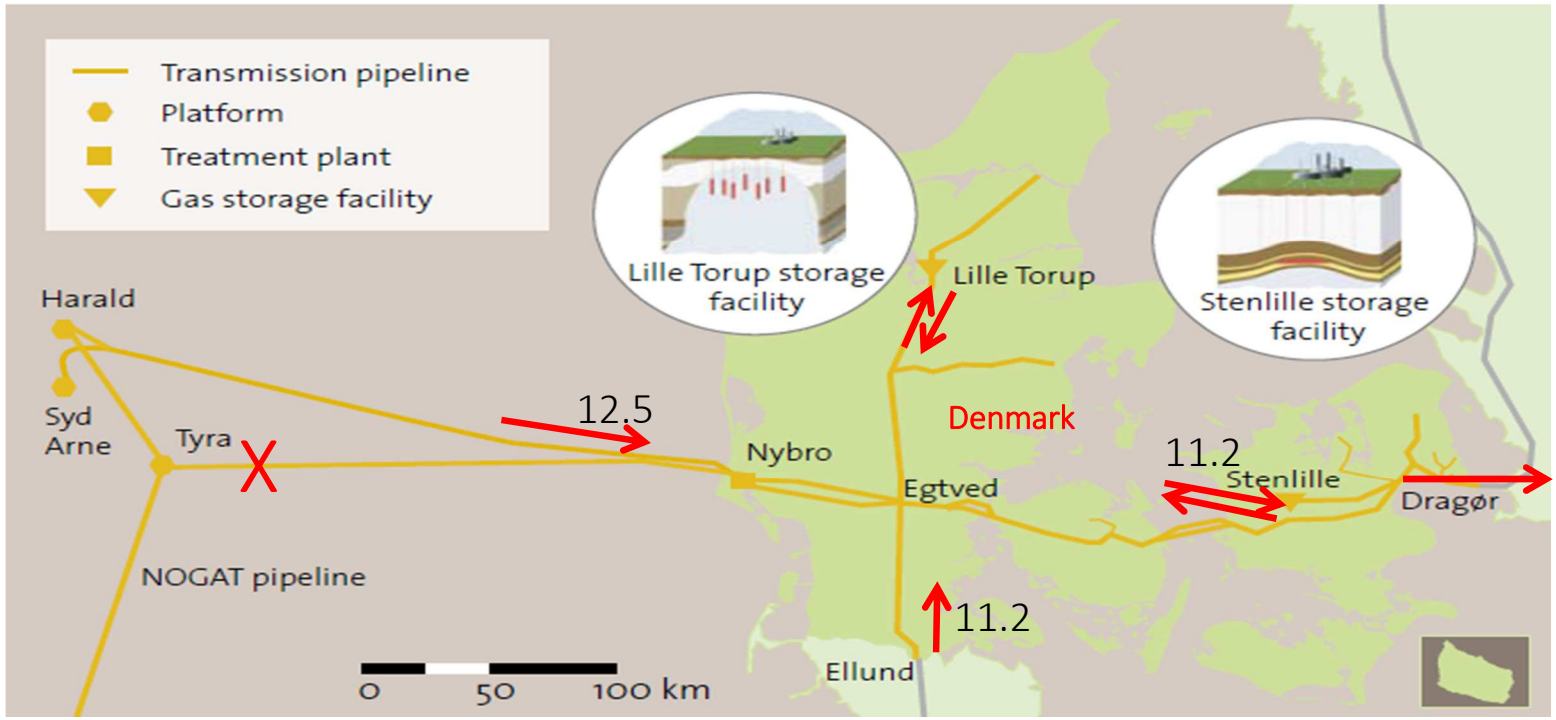
Rough estimates of Gross Calorific Values (GCV) in kWh/Nm3 (25/0)

GAS QUALITIES WINTER 2019/2020



Rough estimates of Gross Calorific Values (GCV) in kWh/Nm3 (25/0)

GAS QUALITIES FROM SUMMER 2020



Rough estimates of Gross Calorific Values (GCV) in kWh/Nm3 (25/0)

BILLING ISSUES?

The work done in 2010 and later provide the Danish grid companies the adequate tools to ensure the right billing.

The correct billing of the Danish consumers during the Tyra shut down is not a concern.

The gas-TSO use gas chromatographs in combination with a quality tracker solution.

The distribution companies have similar tools though a different type of quality tracking.

The billing of end users in Denmark is based on the amount of consumed energy.

Information

- Information about gas quality can be found on the webpage of Energinet:
- https://www.energinet.dk/Gas/Gaskvalitet
- https://en.energinet.dk/Gas/Gas-Quality

SUMMARY

There will be changes in gas quality for the gas delivered to both the Danish and Swedish market during the Tyra shut down 2019-2022

In general:

- Lower calorific value to most consumers
- Change in the fractions of hydrocarbons:
  - More methane less higher hydrocarbons
- No expected change in the contaminants.
- All parameters will be within specification.

Information about gas quality will be published

QUESTIONS

email: jbr@energinet.dk

ENERGITILSYNET
Danish Energy Regulatory Authority

Update from the Danish Energy Regulatory Authority (NRA)

Henrik Nygaard Jensen, Special adviser
Wholesale & Transmission, DERA

Shippers' Forum

13th June 2018

ENERGITILSYNET
Danish Energy Regulatory Authority

New legislation on the Danish NRA

Lov om Forsyningstilsynet (Act on Forsyningstilsynet)

- Adopted by Folketinget (Danish Parliament) on 17 May 2018
- Based on a broad political agreement
- Entry into force on 1 July 2018

... Meaning that as of 1 July 2018:

- DERA ceases to exist as a Board of 7 external board members
- Forsyningstilsynet (DRAU) is established
  - DUR = Danish Utility Regulator
- A new independent Director General will represent Forsyningstilsynet vis-à-vis stakeholders (”in house management”)
- SET (the secretariat to DERA) ceases to exist as a secretariat to the Board and as a separate administrative body

A few key elements of the new act (1)

Forsyningstilsynet should mainly work to protect consumer interests in the regulated sectors – by working for

- high efficiency
- lowest possible consumer prices (short term as well as long term)
- a secure and stable supply of energy
- cost effective technology development
- a cost effective transition towards a non-fossil future

A few key elements of the new act (2)

- Forsyningstilsynet has to work actively to achieve its goals through increased market monitoring and market analysis of the regulated sectors
  - To achieve transparency and provide basis for optimizing the regulatory framework
- The Minister for Energy, Utilities and Climate may ask Forsyningstilsynet to perform specific analyses within the scope of the sectoral laws – including cross-sectoral ones
- Forsyningstilsynet (staff and management) to remain independent and under no instruction from private or public persons or bodies
  - may e.g. refuse to provide information or analyses to the Minister if it is deemed to compromise the independence of Forsyningstilsynet – or not compatible with work plan
- Forsyningstilsynet is to cooperate with other authorities, supply utilities and organizations

ENERGITILSYNET
Danish Energy Regulatory Authority

"BONUS INFORMATION"

- Forsyningstilsynet will move to Frederiksværk as part of the Government's policy of "Bedre Balance" (Better Balance) where state jobs are moved away from Copenhagen

- Move is expected to take place in second half of 2019

- The new Director General is Mr. Carsten Smidt
  - Former Head of Division at DERA (Gas Division)
  - Former Deputy Director General of the Danish Competition and Consumer Authority

ENERGITILSYNET
DANISH ENERGY
REGULATORY AUTHORITY

DANISH COMPETITION AND CONSUMER AUTHORITY

Market surveillance in the context of REMIT and competition regulation

Danish Energy Regulatory Authority and
Danish Competition and Consumer Authority

Shippers' Forum

13th June 2018

ENERGITILSYNET
DANISH ENERGY REGULATORY AUTHORITY

DERA market surveillance during Tyra rebuild

Market surveillance	• DERA will intensify surveillance, especially at the Ellund border point
Data reporting is central	• Order and trade data reported to ACER from exchanges, bilateral contracts, standard and non-standard contracts (REMIT art. 8)
Transparency	• Focus on transparency of the wholesale gas market • Publication of inside information (REMIT art. 4)
Coordination and cooperation	• Close cooperation and coordination between energy and competition regulators

ENERGITILSYNET
DANISH ENERGY REGULATORY AUTHORITY

REMIT

Prohibitions on Market Abuse Art. 3 and 5	• Prohibition against **insider trading** • Prohibition against **market manipulation**
Obligation to publish inside information Art. 4	Market participants shall publicly **disclose** in an **effective** and **timely** manner **inside information** which they possess.
Obligation to report data Art. 8	Market participants shall provide ACER with a **record** of wholesale energy market **transactions, including orders** to trade.
Obligation to register Art. 9	Market participants entering into transactions which are required to be reported to ACER **shall register** with the relevant Energy Authority.

ENERGITILSYNET
DANISH ENERGY REGULATORY AUTHORITY

Examples of possible breaches

Insider Trading	Trading to **one's own advantage** through having access to **confidential information**
Market Manipulation incl. attempt	• **False or misleading signals** as to the supply, demand or price • Securing wholesale **prices at an artificial level**
Omitting to publish inside information (timely and effective)	**Publishing inside information late or in-effectively**
Publishing wrongful information	**Wilfully deceiving the market** by publishing incorrect information

DANISH COMPETITION AND CONSUMER AUTHORITY

The Danish Competition and Consumer Authority and the Danish Competition Act

We work for well-functioning markets, growth and increased consumer welfare.

I. The purpose of the Danish Competition Act is to promote efficient resource allocation in society through workable competition for the benefit of undertakings and consumers.

   DCCA enforces the Danish Competition Act and endorses larger business mergers and informs companies about law and regulation.

II. DCCA contributes to the development of new politics and regulation. We analyse the markets based on both competition and consumer aspects and put forward recommendations to e.g. ministries, consumers and companies.

Prohibition against certain anti-competitive agreements

- Companies are prohibited to enter into agreements that have restriction of competition as their direct or indirect object or effect.
- Companies are among other things prohibited to enter into agreements regarding:
  - Coordination of selling prices or other trading conditions
  - Division of markets
  - Capacity withholding
- Exemptions can be made if an agreement that restricts competition meet a number of criteria. Among other things the agreement must generate efficiency gains that benefit consumers.

DANISH COMPETITION AND CONSUMER AUTHORITY

Abuse of a dominant position

- Definition of a dominant position: *"According to settled case law, dominance is a position of economic strength enjoyed by an undertaking which enables it to prevent effective competition being maintained on the relevant market by affording it the power to behave to an appreciable extent independently of its competitors, its customers and ultimately of the consumers."*

  (DG Competition discussion paper on the application of Article 82 of the Treaty to exclusionary abuses (2005)

- A company is not prohibited to hold a dominant position. However, any abuse by one or more companies of a dominant position is prohibited.

- Examples include:
  - Imposing excessive prices
  - Imposing a margin squeeze
  - Limiting production e.g. trough capacity withholding.

Thank you for listening

Thomas vom Braucke
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Special adviser,
Danish Competition and Consumer Authority

ENERGITILSYNET
DANISH ENERGY REGULATORY AUTHORITY

DANISH COMPETITION AND CONSUMER AUTHORITY

PRISMA AUCTION 2 JULY 2018

Ellund Capacity

Christian Rutherford, Gas Market Development

INTRODUCTION

Specific rules for annual auctions in CAM Network Code

Rules of relevance:

- TSO's must offer capacity 5 years ahead
- TSO's must save at least 10 per cent of capacity for short-term (quarterly or shorter)
  - Energinet saves 10 per cent for day-ahead
- TSO's must save additional 10 per cent for annual auctions in year 2-5
  - Maximum offer of 80 per cent of total capacity in year 2-5
- However if the capacity in question is incremental (new), TSO's only have to save 10 per cent for short term in all years of the new capacity
  - Relevant for GUD and OGE, who both offer incremental capacity at Ellund (towards DK)
- Unbundled capacity must only be offered 1 year ahead

PRISMA AUCTION 2 JULY 2018

Ellund Entry (from Germany to Denmark)

Point/GY (in kWh/h)	Gas Year 2018	Gas year 2019	Gas Year 2020	Gas Year 2021	Gas Year 2022
Exit GUD/ Entry Energinet	1,264,380	2,164,380	2,164,380	2,164,380	1,264,380
Exit OGE/ Entry Energinet	-	844,200	844,200	844,200	844,200
Entry Energinet (unbundled)	2,560,215	-	-	-	-

PRISMA AUCTION 2 JULY 2018

Ellund Exit (from Denmark to Germany)

Point/GY (in kWh/h)	Gas Year 2018	Gas year 2019	Gas Year 2020	Gas Year 2021	Gas Year 2022
Exit Energinet/ entry GUD	3,259,499	-	-	-	-
Exit Energinet/ entry OGE	154,454	154,454	154,454	154,454	154,454
Exit Energinet (unbundled)	5,586,047	-	-	-	-

QUESTIONS

email: cru@energinet.dk

YOUR INPUT IS NEEDED!

Consultation deadlines

- 20 June: Tyra Market
- 6 July: Joint Balancing Zone
- 1 August: Tariff methodology (pre-consultation)
- 15 October: Tariff methodology (Final consultation)

YOUR ACTION IS NEEDED!

Buy capacities to ensure security of supply for your portfolios:

- 2 July: PRISMA auction
- ASAP: Gas Storage Denmark

ENJOY YOUR SUMMER!