JOINT BALANCING ZONE

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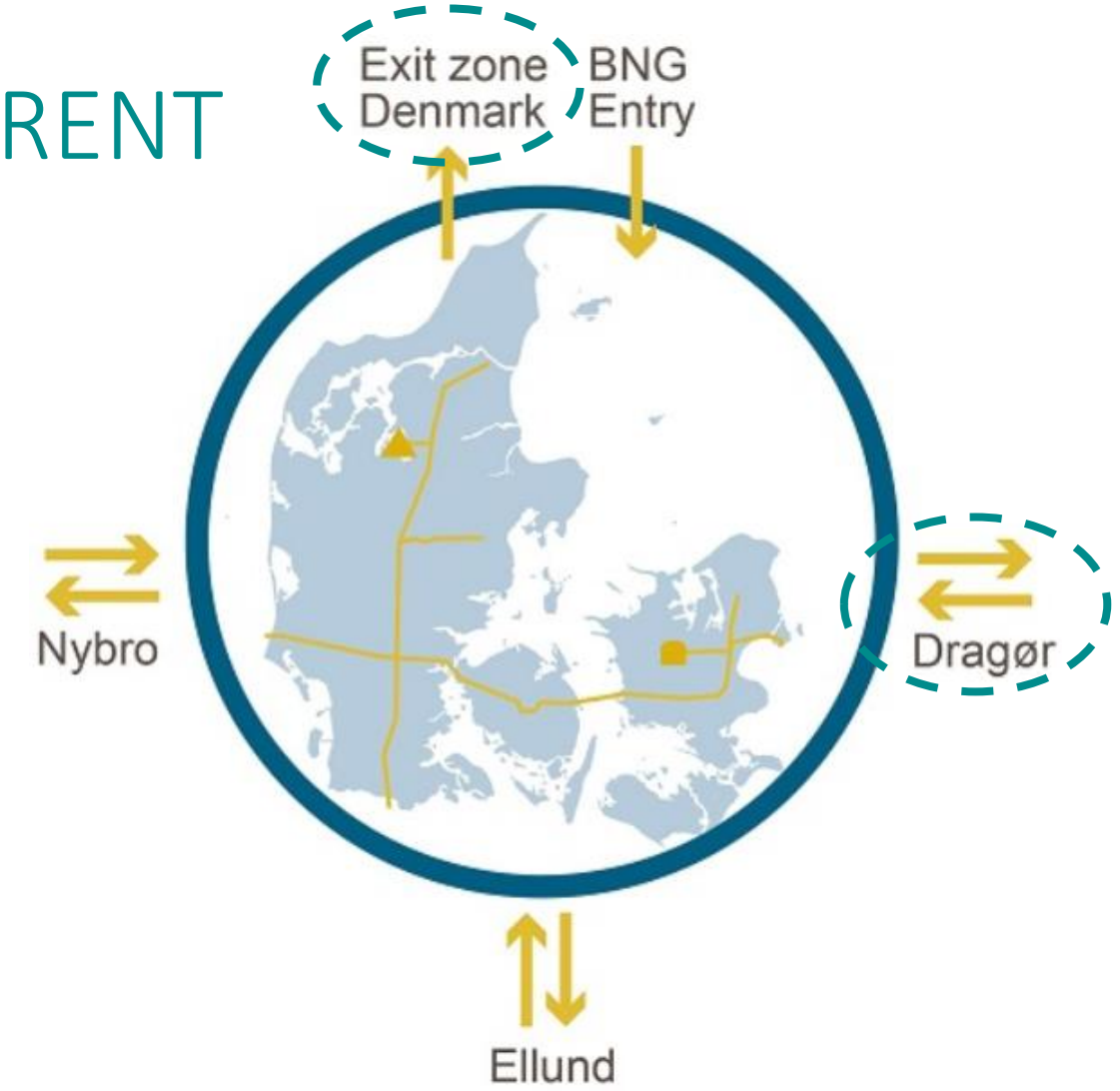
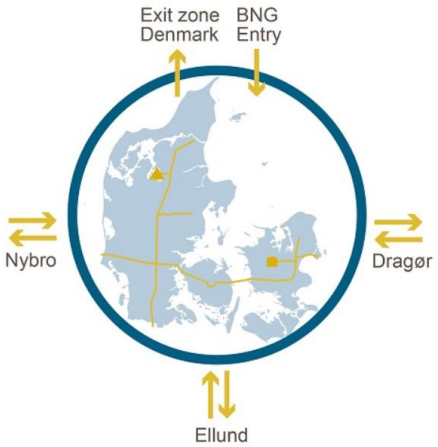
1: MARKET MODEL - CURRENT

The current Danish Market Model



1: MARKET MODEL - NEW

The new Danish Market Model



Collective Storage Point

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

BNG Entry DK

Nybro

Energinet Market model

Ellund

1. Pooling exit capacity (SE and DK)

2. Allocation per shipper per hour:

Zone SE:
New SE portfolios (= net Swedish consumption, production and storage)

Zone DK:
Existing DMS and nDMS portfolios

Virtual Exit Zone:
[Exit Zone SE*]
[Exit Zone DK]

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

1: NEW MARKET MODEL - COMMENTS

What are the considerations and changes in relation to the new market model?

- Out: Dragør and Exit Zone Denmark
- In: Virtual Exit Zone
- Capacity currently bought at Dragør and Exit Zone Denmark must in future be bought in the Virtual Exit Zone
- The revenues from the Dragør and Exit Zone Denmark will both continue unchanged – but under the name Virtual Exit Zone

- Capacities currently for Dragør and Exit Zone Denmark will in future be pooled in the Virtual Exit Zone.
  - Exit Zone Sweden is bidirectional – capacities can be booked both entry and exit – as today
  - Exit Zone Denmark is only exit - as today.

1: NEW MARKET MODEL - TARIFFS

What are the TARIFF considerations and changes in relation to the new market model?

- The tariff methodology will not change due to JBZ
- The new market model under JBZ is not expected to have any significant impact on tariffs
- The revenues from the Dragør and Exit Zone Denmark will both continue unchanged – but under the new name Virtual Exit Zone
- No transfer of tariff revenues from the Danish to the Swedish market - or the reverse

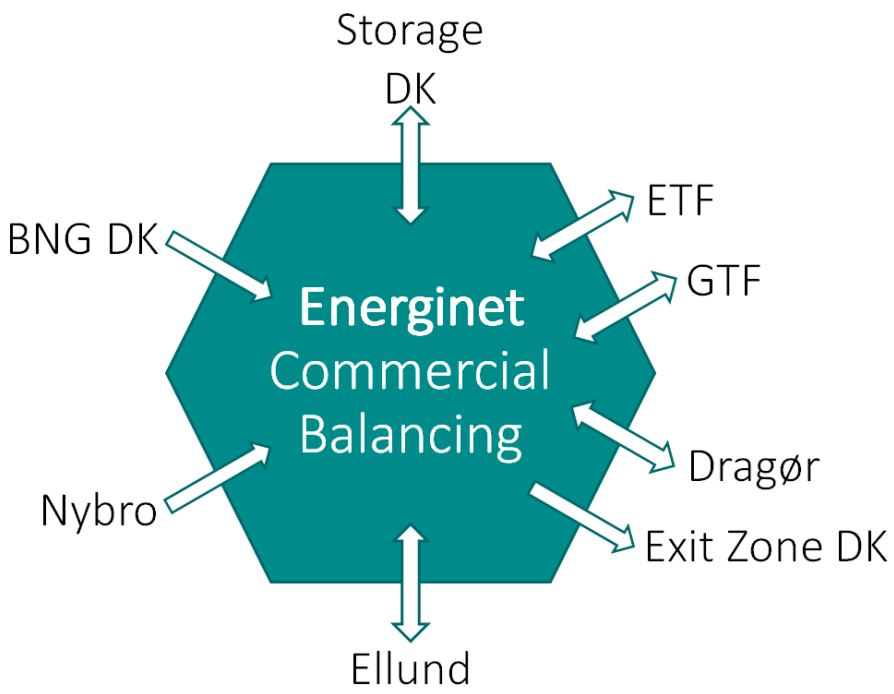
1: NEW MARKET MODEL – SHIPPER

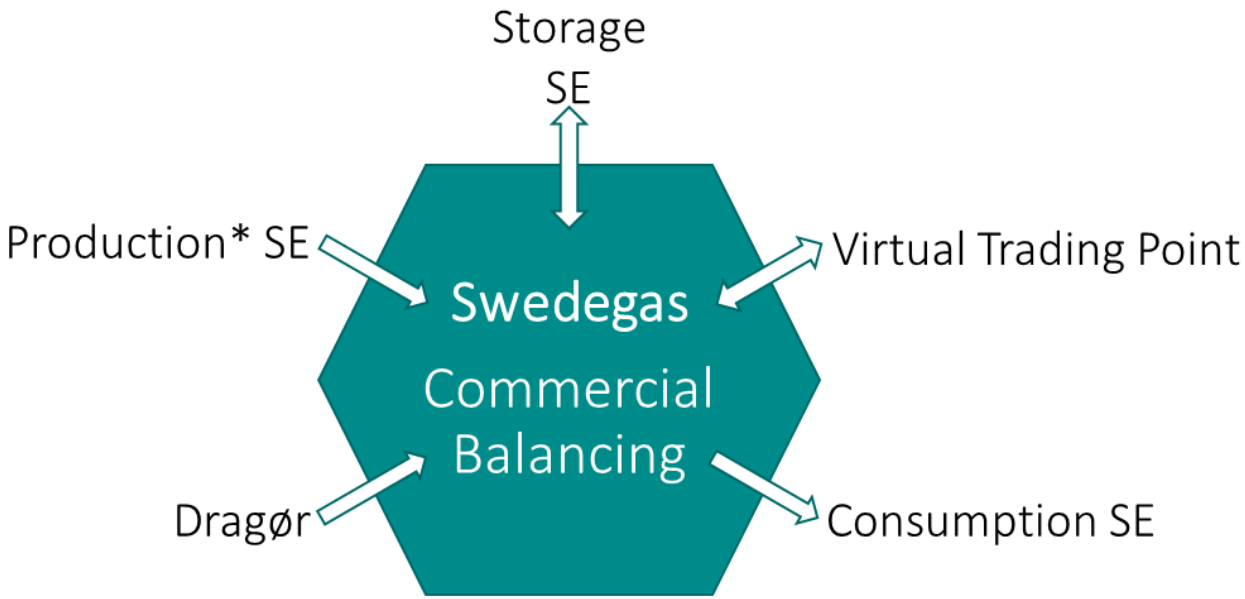
What are the changes for the SHIPPER in relation to the new market model?

- The new Market Model offers the shippers more flexibility:
  1. Deadlines: For Capacity bookings – for Swedish gas consumption - will become more flexible as they will follow the current process in the Danish Exit Zone and not CAM/PRISMA deadlines
     - Eg yearly capacity can be booked until 17:00 the day before the gas day
  2. Size of Capacity bookings: The method currently applied in the Danish Exit Zone will also be applied for the Swedish gas consumption (overrun charge)
     - This means that a shipper that has a flow higher than his capacity will be charged for the missing capacity
     - The charge is for daily capacities, which are 1.4 compared to the yearly capacity of 1.0
  3. Nominations?

2: COMMERCIAL BALANCING

The current Danish and Swedish Commercial Balancing



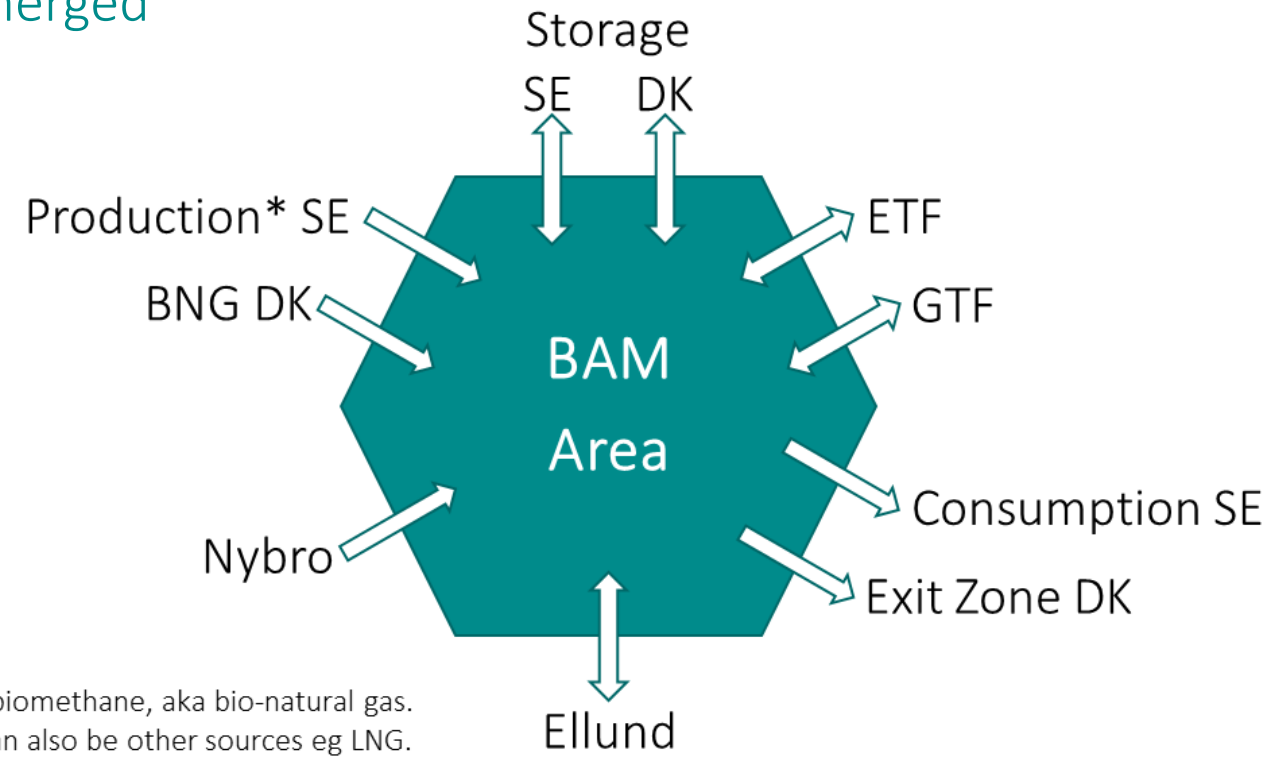


*Today only biomethane, aka bio-natural gas.
In future it can also be other sources eg LNG.

2: COMMERCIAL BALANCING - CHANGE

New Commercial Balancing under JBZ

The two systems from the previous slide are merged



*Today only biomethane, aka bio-natural gas.
In future it can also be other sources eg LNG.

2: NEW COMMERCIAL BALANCING - COMMENTS

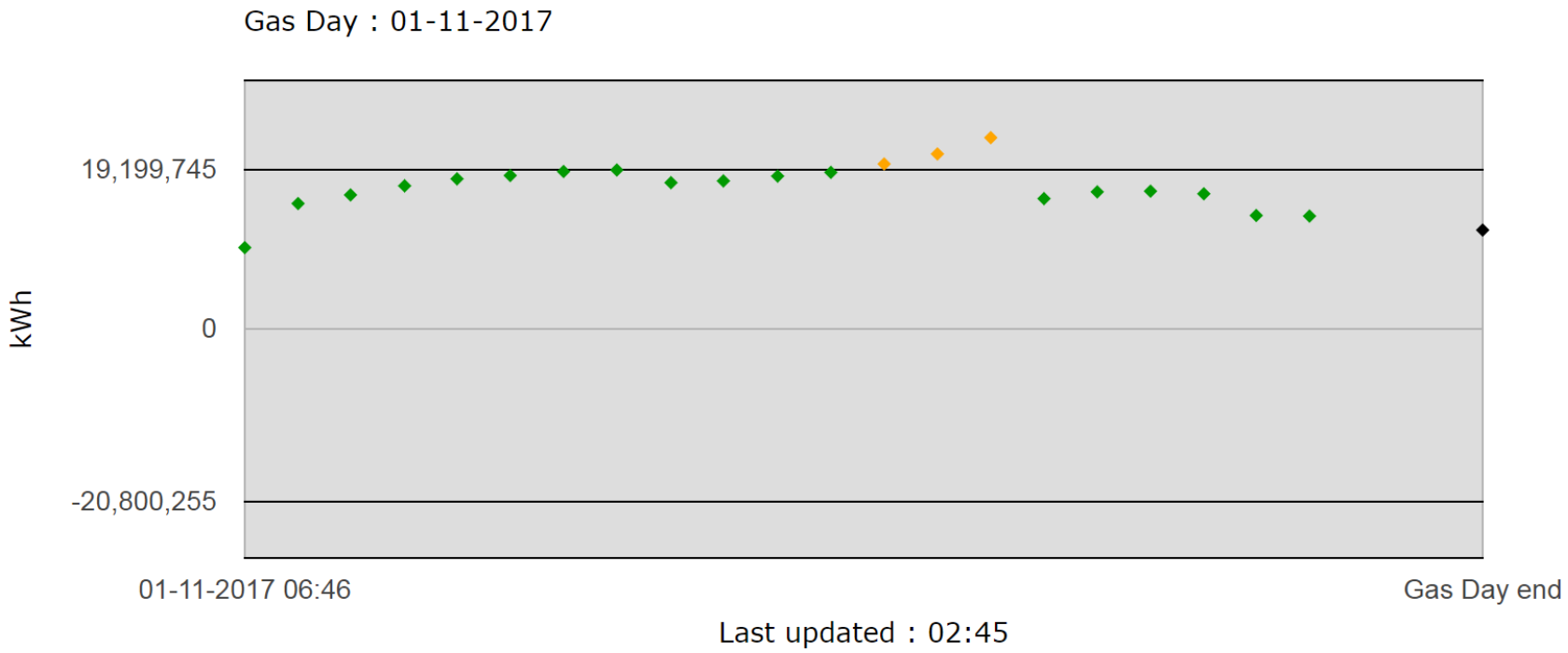
What are the considerations and changes in relation to the new commercial balancing?

- The Shippers currently active in the **Danish** market will not experience any major change
  - The method used for calculating the **green band** is not changed, but the parameters included in the calculation will also include the Swedish system
  - During normal condition, the green band will increase as the linepack from Sweden is included

- The Shippers currently active in the **Swedish** market will experience some changes
  - The free balancing account that they currently have will cease – due to EU regulation
  - The Shippers currently active in the Danish market have gone through the same process
  - Experience shows that the positive aspects of the new commercial balancing regime is:
    - Full transparency - with the shippers balancing positions 5 times a day
    - Low cost (0.5% and 3% vs. 35%) for not being in balance

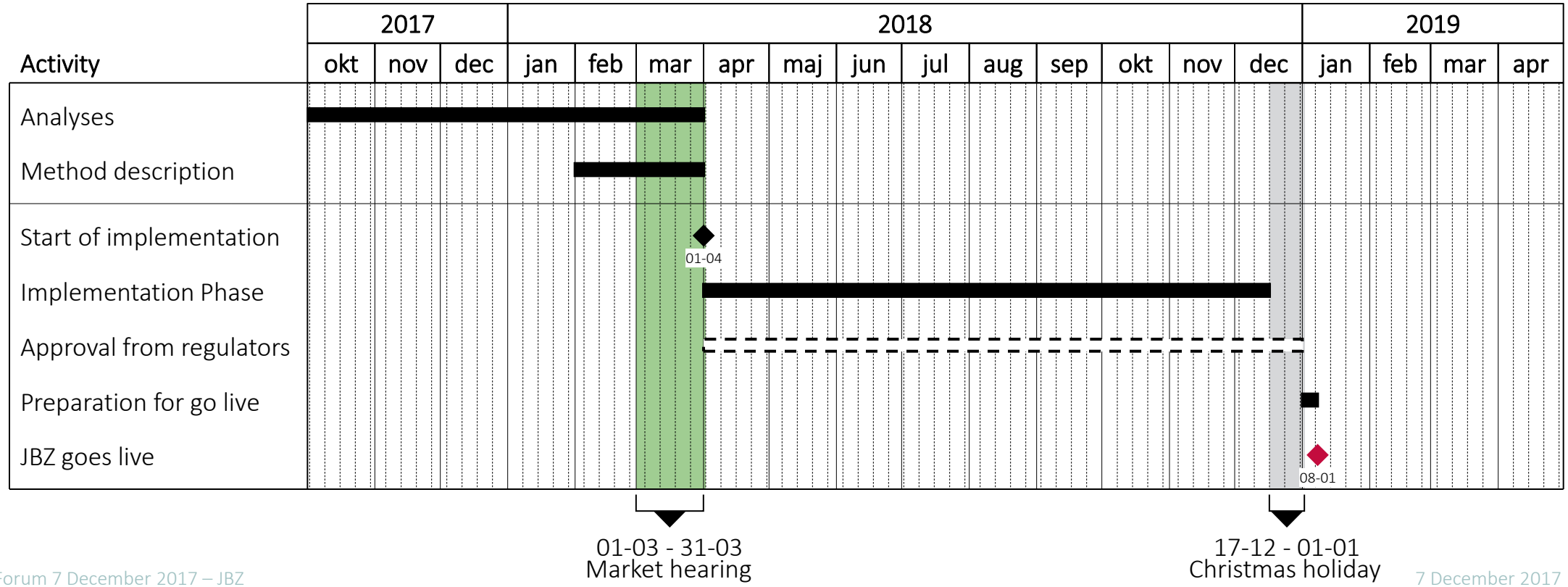
2: SYSTEM COMMERCIAL BALANCE CHART

Green, yellow and black



3: PRELIMINARY PROJECT PLAN

Project plan for the JBZ project



QUESTIONS

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