

ENERGINET INFORMERER

Gasmarknadsråd 24 juni 2020

Poul Johannes Jacobsen & Signe Rasmussen

Agenda



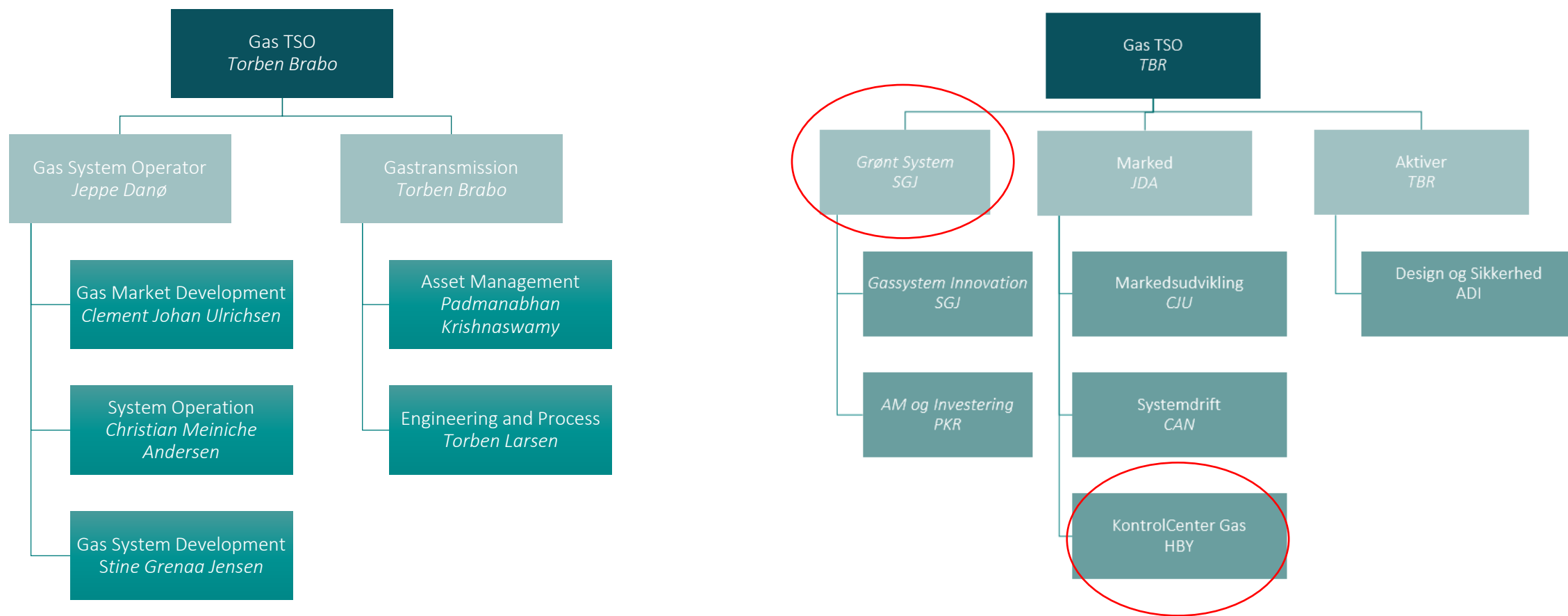
- General information
- New incentive structure for balancing (JBZ)
- Green Gas Lolland Falster
- Baltic Pipe
- Tariffs
- Gas Storage Denmark
- Update on Hydrogen Publication



GENERAL INFORMATION

NEW ORGANISATION FROM 1 JUNE 2020

Energinet Gas TSO: Focus on renewable energy sources and Baltic Pipe



MONITORING REPORT FROM DUR

The Danish Wholesale Gas Market 2019

Focus on:

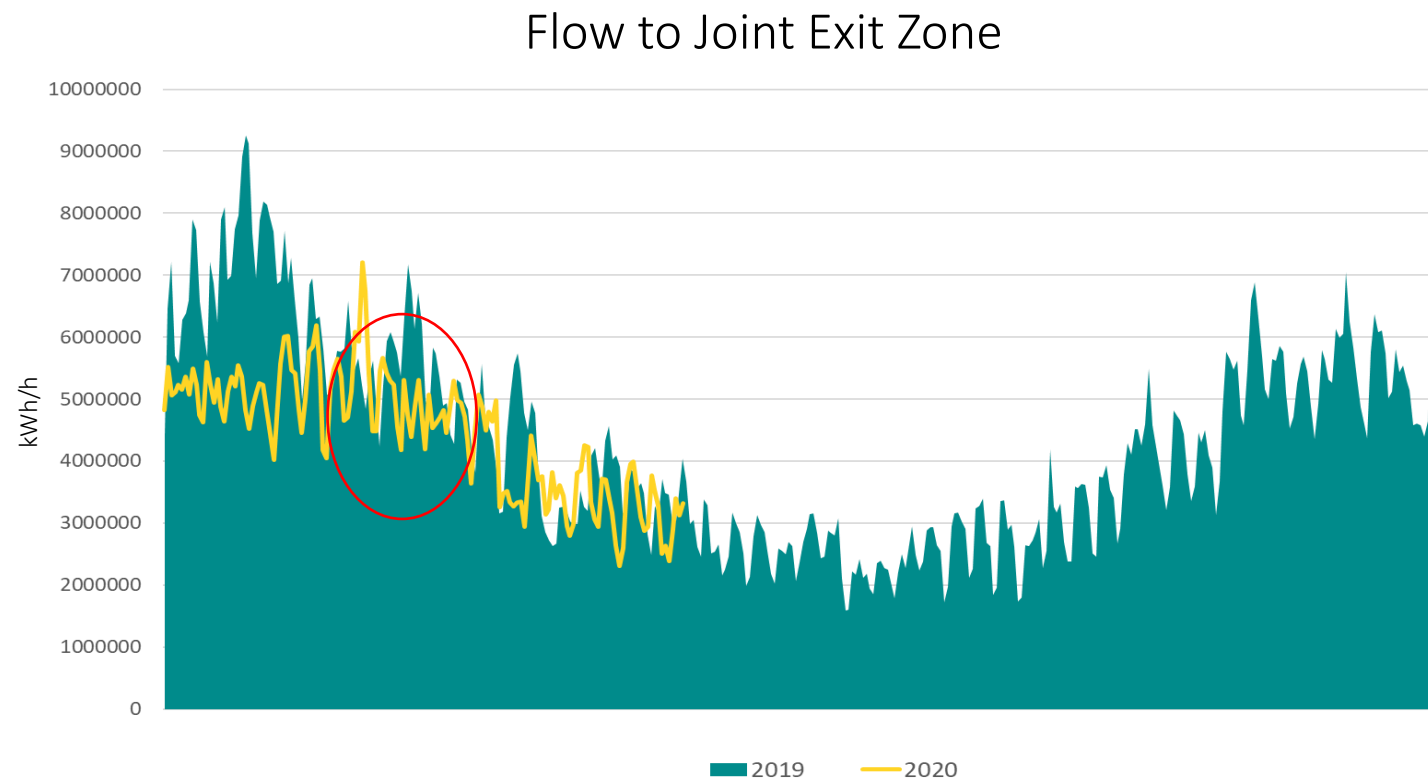
- Effects of Tyra-shutdown
- Price developments
- Ellund utilisation
- Market behaviour
- Storage utilisation

The report is available here: <https://forsyningstilsynet.dk/>



CAN WE SEE AN IMPACT IN THE MARKET DUE TO THE LOCK DOWN RELATED TO COVID-19?

.....not really



SEVERAL EXPLANATIONS

The warm weather during the winter is probably the main reason

Moreover,

- Sweden has experienced a considerable reduction in the demand, which is explained by a changed tax regime
- Potential conversion away from gas in CHP plants in Denmark

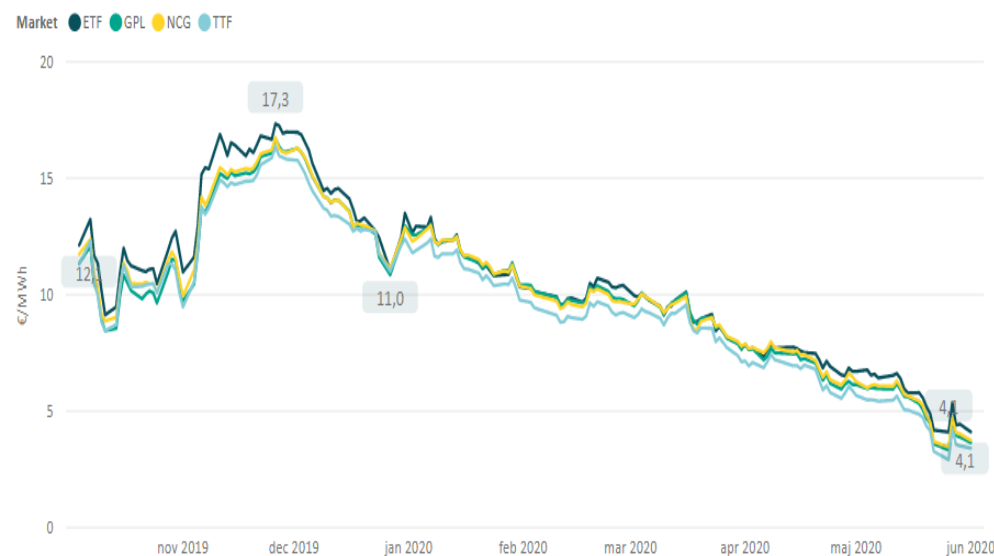


PRICES HAVE DIRECTION TOWARDS ZERO

We are aware that technically EEX will soon implement potential negative prices

- European gas prices have been steadily decreasing during spring 2020
- European storages have a historically high filling
- The European market continues to be well supplied

Day ahead price development





NEW INCENTIVES STRUCTURE FOR BALANCING (JBZ)

WHY?

- EU gas prices direction towards zero
- Technically EEX will soon implement potential negative prices
- Less or none incentives for balancing, especially at night where the BAM has no possibility to trade

HOW?

- Minimum incentive payment from day to day, for the adjustment step 2 price, of between 0.1-0.5 EUR/MWh (and minus 0,1- minus 0,5 if prices are negative).
- An addition to the current calculation of the buy-sell price for balancing gas (step 1 and step 2),

WHEN?

- Coordinated decision between DUR and Ei
- Decision expected medio July 2020
- Implemented ASAP



GREEN GAS
LOLLAND-FALSTER

GREEN GAS LOLLAND-FALSTER

New development project based on indications in the 2019 Incremental Capacity process

Demand – Joint Exit Zone “New Denmark”

- Large consumers (industries/business, for processing purposes)

Supply – RES Entry “New Denmark”

- New biomethane production (significant potential in the area from local farming and local waste)

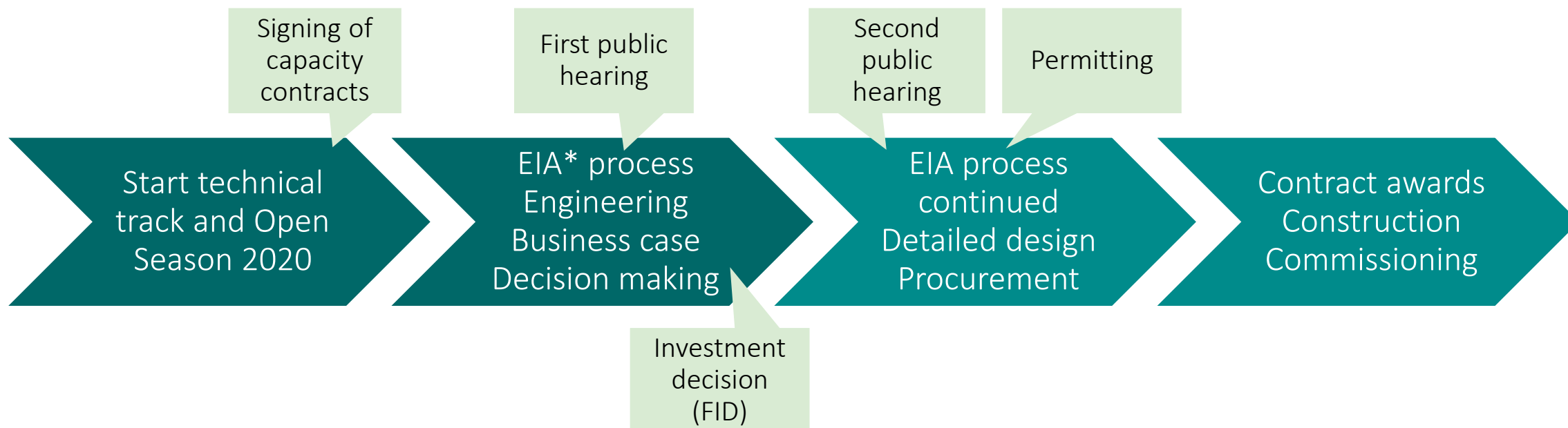
Purpose of the Development Project

- Explore and mature opportunities to develop a green gas gas grid on-Lolland-Falster (distribution)
- Expected to be connected to the existing gas grid to balance demand and supply (transmission)



PROCESS AND MILESTONES

The development project and the potential construction project



* Environmental Impact Assessment

OPEN SEASON 2020 – GREEN GAS LOLLAND-FALSTER

3 main criteria for signing long-term capacity contracts

1. Capacity booking threshold:

Exit Lolland-Falster > 230 MWh/h for 15 years
RES Entry Lolland-Falster > 39 MWh/h for 15 years

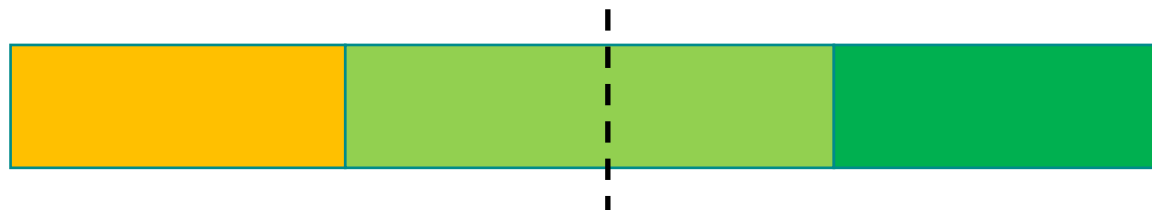


2. Green Gas threshold:

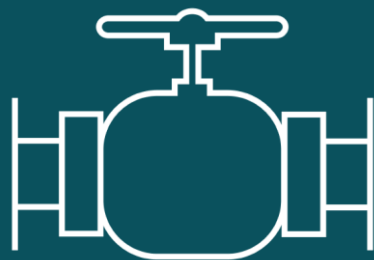
Project should mainly be based on green gas, in terms
of volume per year (more than 50 per cent)



3. Economic threshold:

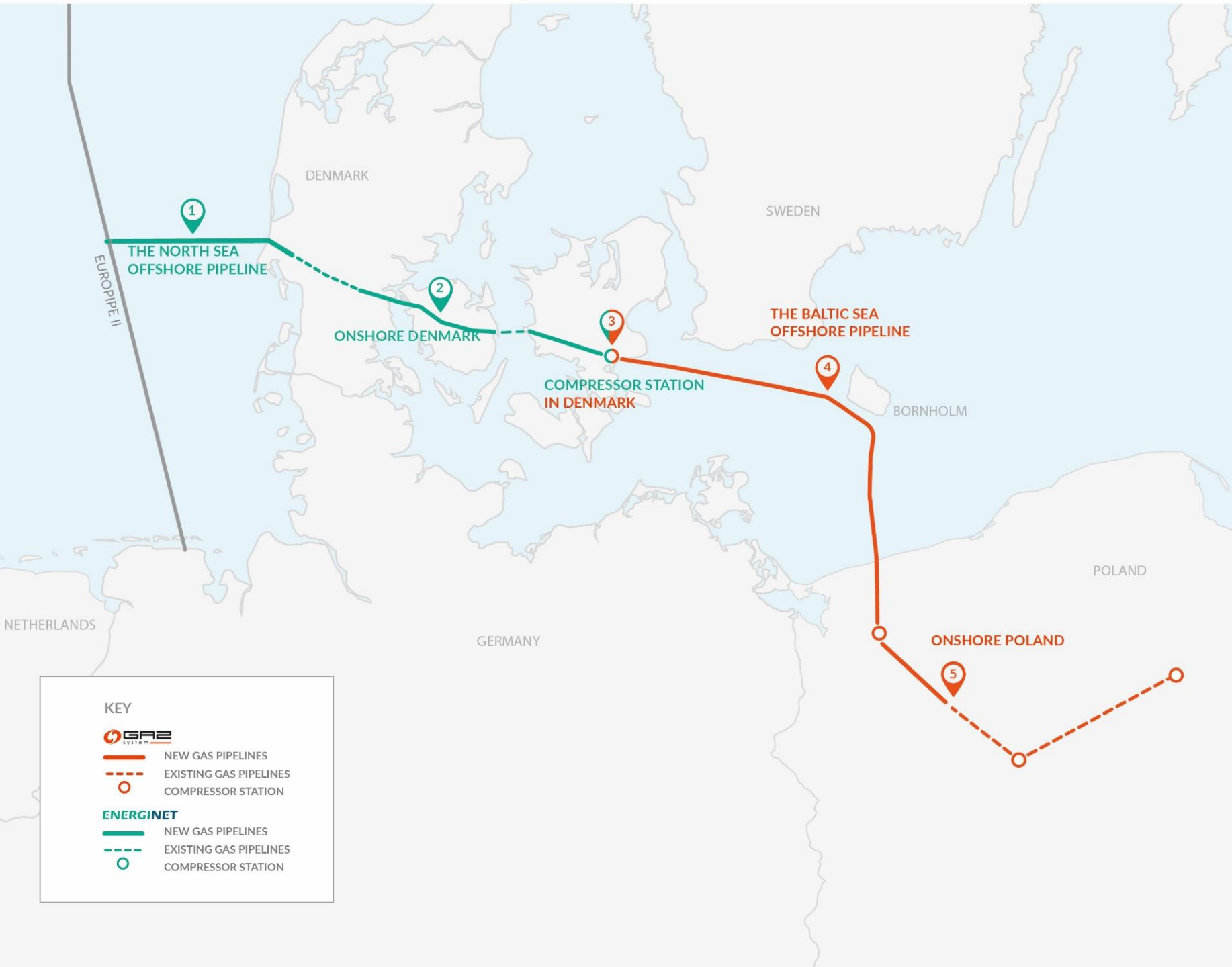


=> Capacity contracts was signed, but under condition of approval by Energinet board and Ministry of Climate, Energy and Utilities by December 2020

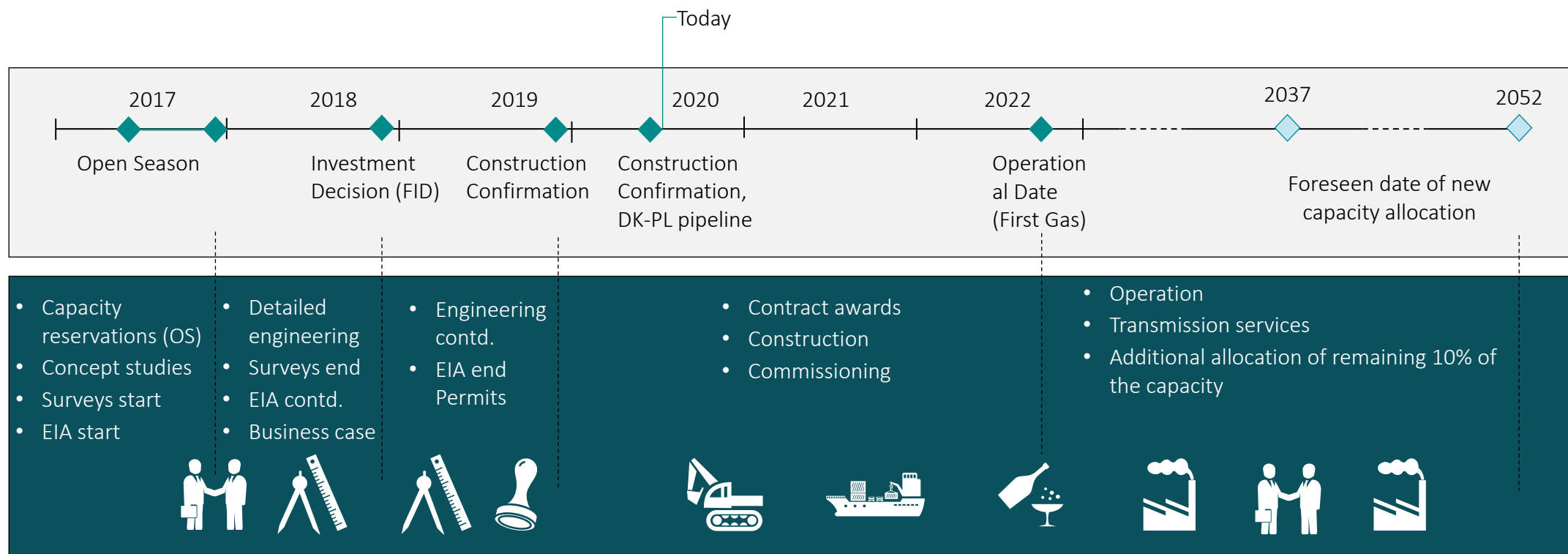


BALTIC PIPE

PROJECT OVERVIEW



BOTH GAZ-SYSTEM AND ENERGINET FOLLOWS THE HIGH-LEVEL PROJECT SCHEDULE





BALTIC PIPE & FUTURE CAPACITY PLATFORM

PHYSICAL LOCATION

Location of the new Baltic Pipe points in the North Sea and at Faxe

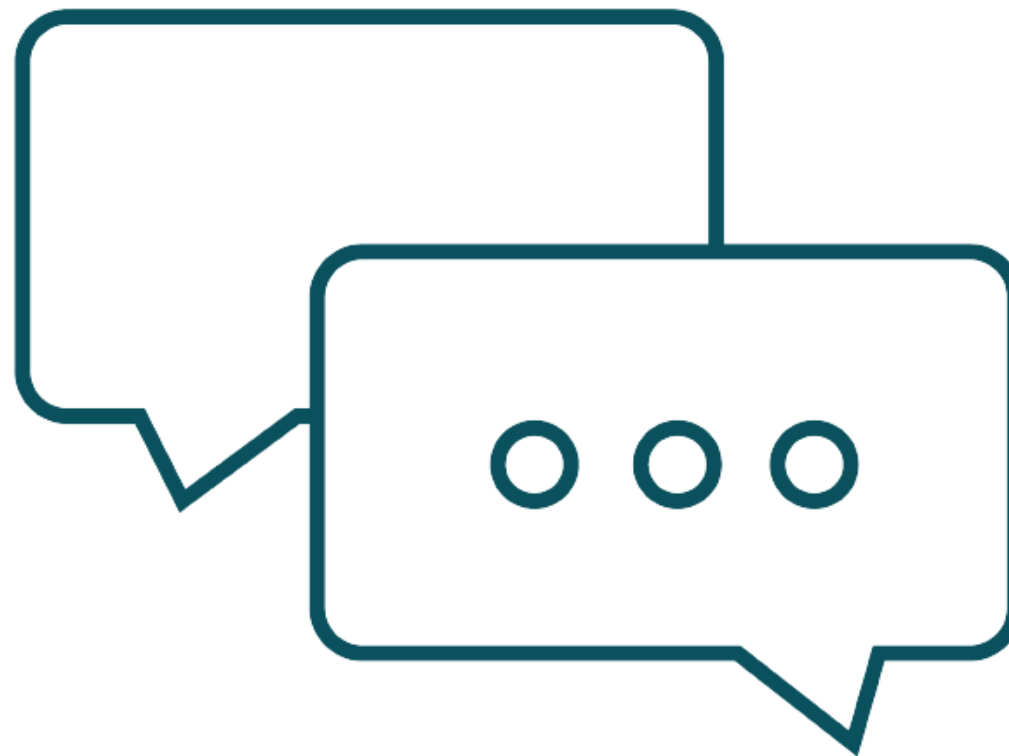
- Point in the North Sea:
 - Offshore point
- Point on Sjælland (Faxe):
 - IP i.e. will follow EU CAM (as Ellund)



AUCTION PLATFORM

Ongoing discussion

- User group held:
 - Poland: 2 December 2019
 - Denmark: 5 December 2019
- Ongoing discussion between Gaz-System and Energinet.

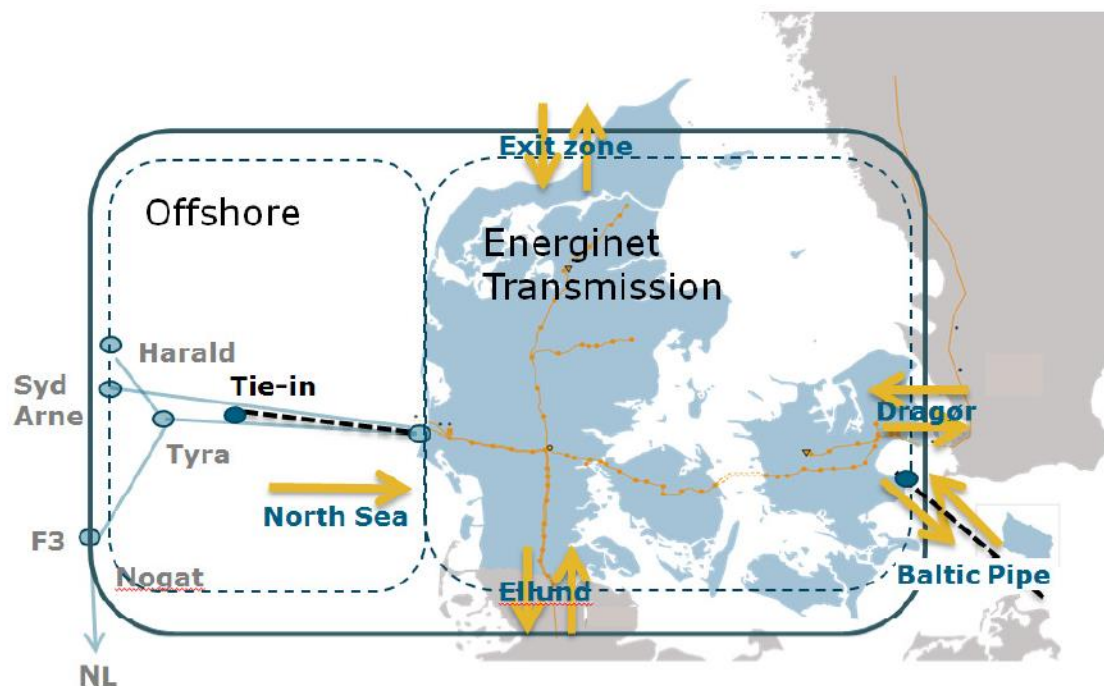




BALTIC PIPE & JOINT MARKET ZONE

CONTINUATION OF THE ORIGINAL PLAN

Energinet continues with the same plan as presented in 2017 – A common market zone between Baltic Pipe offshore and the Energinet Transmission system



PRINCIPLES

- Shipper Focus e.g. reduce complexity
- Harvest synergies
- Full transparency



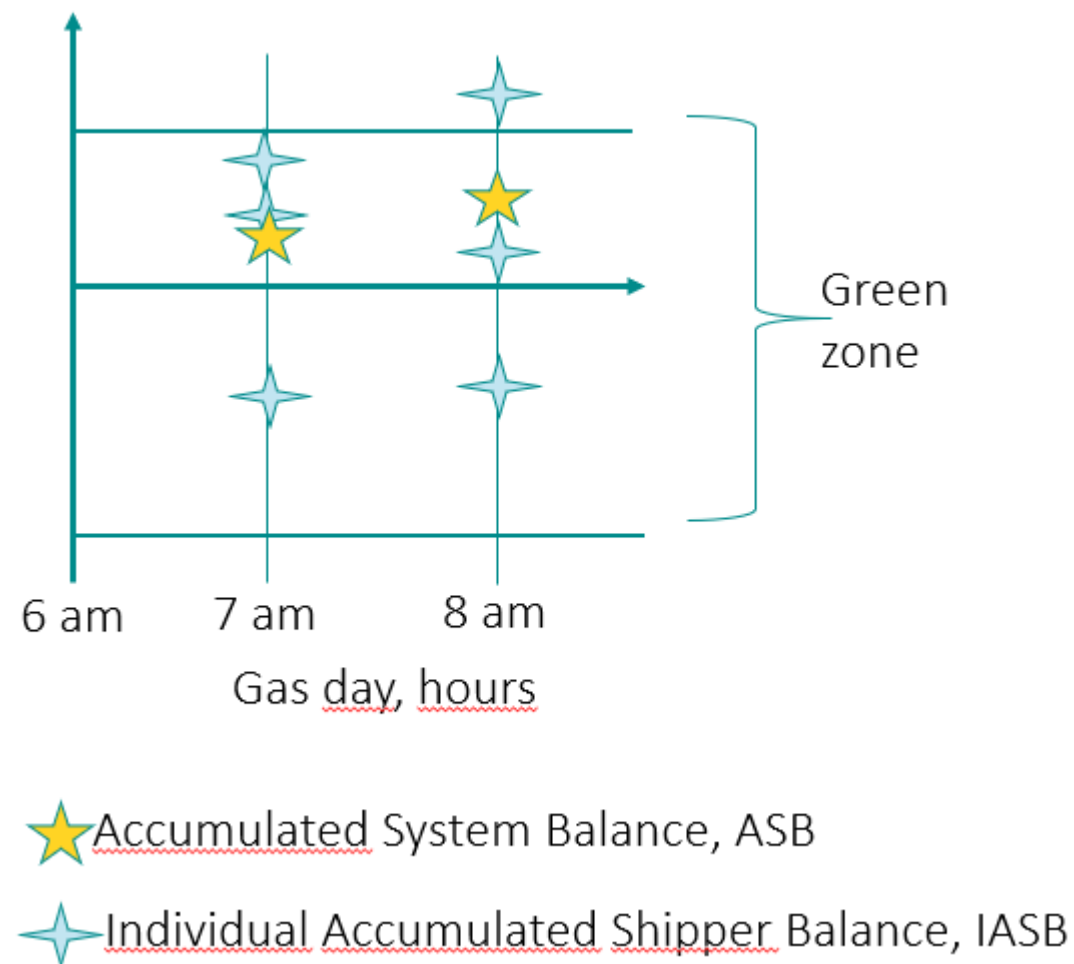
BALTIC PIPE & BALANCING MODEL 2022

STATUS

- We have had our second user group, where the overall model was described
- More investigation in details is still needed
- We have published a webpage with relevant information and Questions and Answers (Q&A)

Please read:

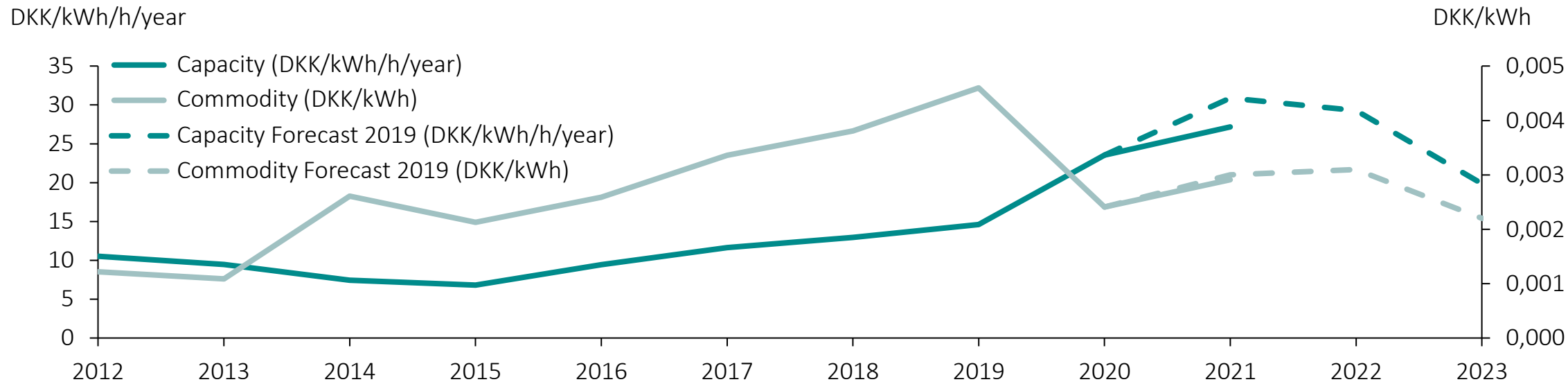
<https://en.energinet.dk/Gas/Shippers/Gas-balancing-model>





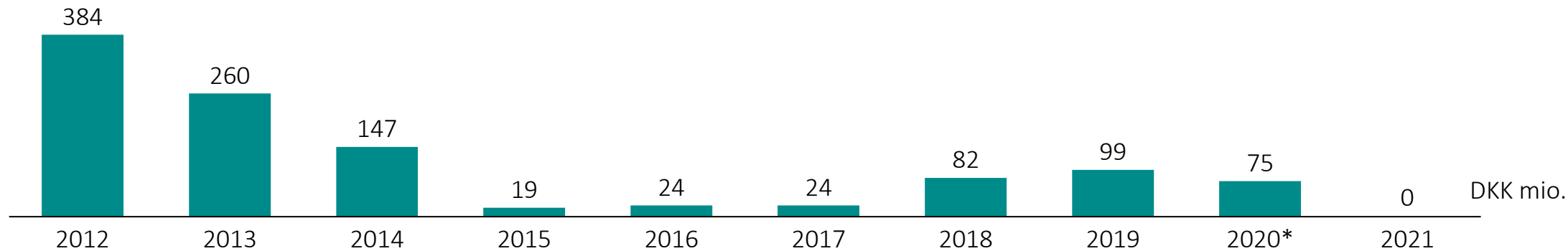
TARIFFS 2020/2021

DEVELOPMENT IN TRANSPORTATION TARIFFS

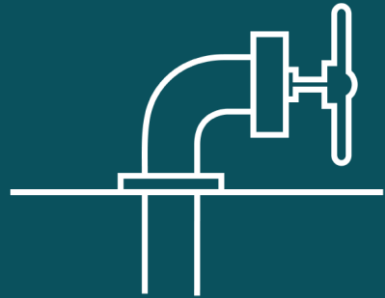


The development in the transportation is mostly driven by the over recovery.

Over recovery ultimo:



* Expected



STORAGE

GAS STORAGE DENMARK

Utilises the price differences to increasing the storage capacity by close to 5%

- Gas Storage Denmark held a successful auction 16 June 2020
- Idea is to increase the capacity in the aquifer storage facility at Stenlille
- Storage customer will inject 1,250 GWh of gas but will only receive 500 GWh back.
 - The difference of 750 GWh will be cushion gas (ownership of Gas Storage Denmark)





HYDROGEN & PTX

POLITICS & HYDROGEN

New political agreement 22/6-2020

Selected topics:

- 5 GW new offshore wind parks before 2030
 - 2 GW Østersøen & 3 GW Nordsøen
 - For electrification with green power
 - To be connected to storage / PtX
- Subsidies to CO₂ capture and storage
- Subsidies a 100 MW PtX (today max 20 MW)
- Subsidies for Green gasses
- <https://kefm.dk/aktuelt/nyheder/2020/jun/bred-klimaafale-bringer-danmark-tilbage-i-den-groenne-foerertroeje/>



<https://www.berlingske.dk/politik/historisk-aftale-paa-plads-saadan-vil-politikerne-goere-danmark-groennere>



GREEN TRANSITION

STATUS:

63.7% green electricity

34.2% green energy

2030 TARGET:

100% green electricity

55% green energy

2050 TARGET:

100% green energy

ENERGINET'S VISION IS GREEN ENERGY

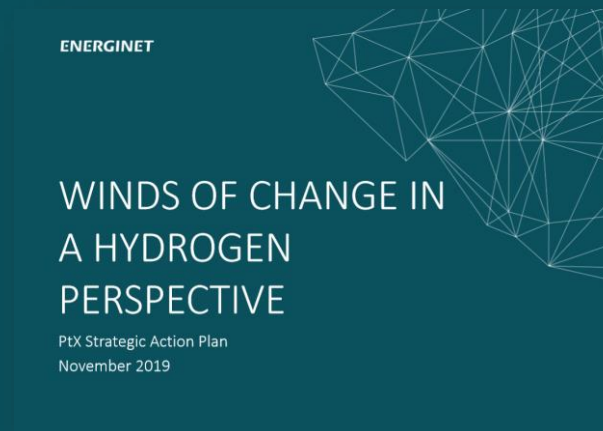
December 2019



<https://en.energinet.dk/About-us/Strategy>

PTX STRATEGIC ACTION PLAN

November 2019



https://en.energinet.dk/About-our-reports/Reports/PtX_strategic_action_plan

GAMECHANGERE FOR PTX OG PTX- INFRASTRUKTUR I DANMARK

Jun 2020

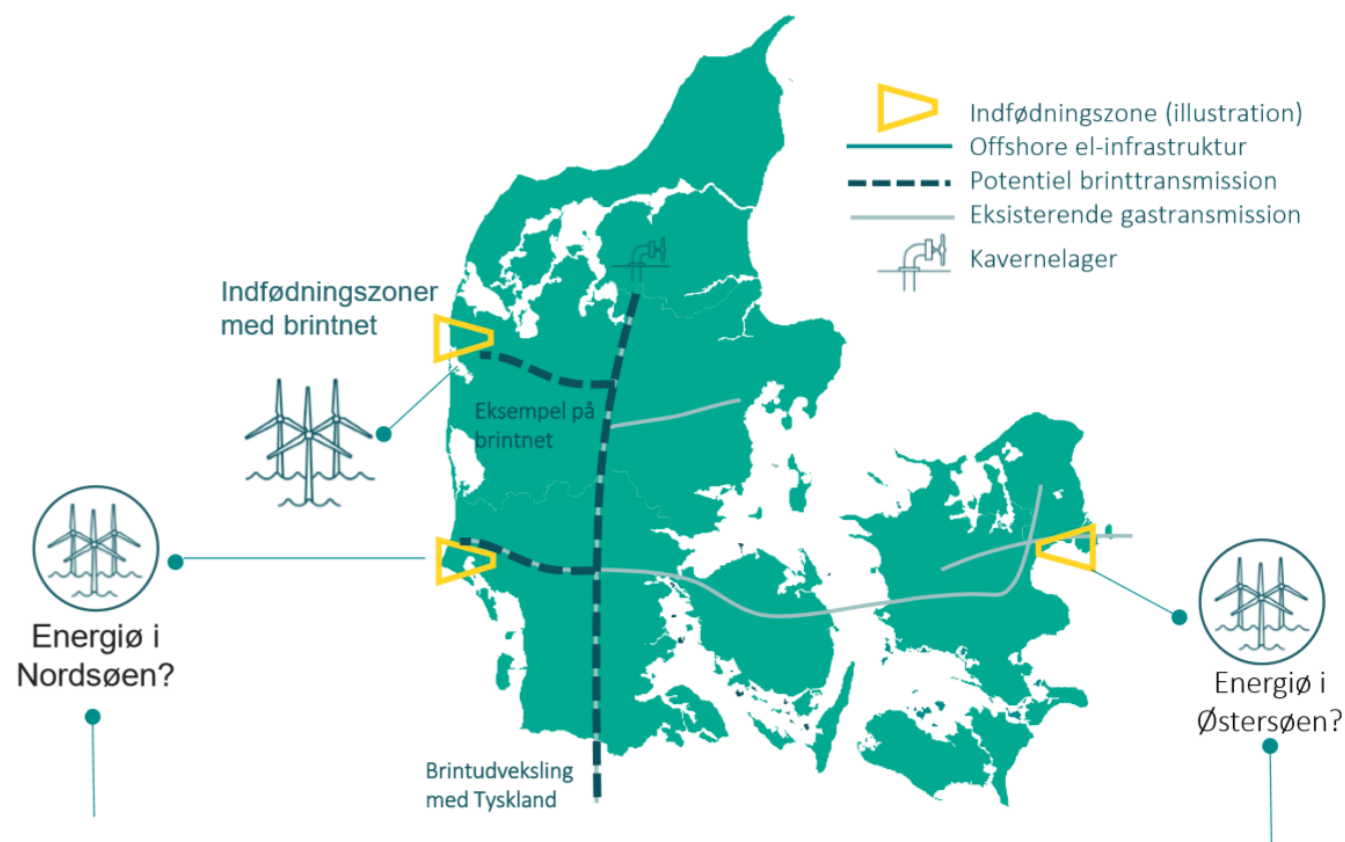


<https://energinet.dk/Analyse-og-Forskning/Analyser/RS-Analyse-maj2020-Gamechangere-for-PtX-og-PtX-infrastruktur-i-Danmark>

https://youtu.be/Qi_fkyYokMY

SELECTED MESSAGE FROM THE STUDY

Large scale hydrogen infrastructure is the basis for lower unit costs and flexibility



QUESTIONS



Contact: Poul Jacobsen pjj@energinet.dk or Signe Rasmussen slr@energinet.dk