

Auction Rules for the auction 15th January 2019 Gas Storage Denmark A/S

1. INTRODUCTION

These rules govern the qualification for participation, the conduct and the outcome of the Auction of SBUs (standard bundled units) of gas storage capacity in the Danish storage facilities operated by Gas Storage Denmark A/S.

The Auction is a **sealed bid** auction with **market clearing price**
scheduled to be held on
15th January 2019 at 12:00-14:00 (Danish time)

Successful Bid(s) in the Auction will result in conclusion of a Standard Storage Agreement between the Storage Customer and Gas Storage Denmark A/S.

2. DEFINITIONS

2.1. Definitions used

Auction shall mean the auction as further specified in these Auction Rules.

Auction Date shall have the meaning specified in clause 4.

Auction Rules shall mean these auction rules.

Bid shall mean the Storage Customer's submission of demand for a storage capacity stated in the Bidding Sheet sent by e-mail to contact@gasstorage.dk.

Bidder shall mean a Storage Customer submitting Bid(s) in the Auction.

Business Day is any day between Monday to Friday between 10:00 and 16:00 CET with the exception of holidays etc. specified in the Calendar of Business Days published on GSD's website (<https://gasstorage.dk/Contact-and-communication>).

Credit Limit is the maximum credit limit in DKK up to which a Storage Customer may enter into Storage Agreements.

DKK shall mean Danish kroner.

Energinet means Energinet Gas TSO A/S, CVR number 39 31 50 84, the party responsible for the transmission function, security of supply, market facilitation and assumes the overall physical balance responsibility in pursuance of the Danish Natural Gas Supply Act. In addition, Energinet is responsible for the Register of Players.

Exceeding Bid shall have the meaning specified in clause 6.7.

GSD is Gas Storage Denmark A/S, CVR number 29 85 12 47, operating the Danish storage facilities and handles the relations to all Storage Customers under RGS.

Group shall have the meaning defined in the Danish Companies Act.

Maximum Total Number of SBUs shall have the meaning specified in clause 5.2.

Reservation Price shall have the meaning specified in clause 5.4.

RGS means the Rules for Gas Storage in the version applicable at any time.

Sale means GSD's offering of Firm Capacity to the Storage Customers by using Auctions.

Standard Storage Agreement is an agreement concluded between GSD and a Storage Customer on the storage of Natural Gas in the Storage Facilities on the basis of an Auction (APPENDIX I).

SBU (standard bundled unit) is Firm Capacity sold bundled with a fixed ratio between Firm Injection Capacity, Firm Withdrawal Capacity and Firm Volume Capacity. The SBU valid for this Auction is specified in clause 5.1.

Storage Customer means any natural or legal person who has access to GSD's storage facilities under a Storage Customer Agreement and who is registered as a Storage Customer in the Register of Players.

Storage Customer Agreement means an agreement between GSD and a Storage Customer in order for the Storage Customer to act as such.

Storage Customer Framework Agreement means an agreement between Energinet and a Storage Customer in order for the Storage Customer to act as a registered storage customer in the transmission system of Energinet.

Storage Period shall have the meaning specified in clause 5.1.

Storage Year shall mean a period commencing at 06:00 on 1 May and ending at 06:00 on 1 May in the following year.

2.2. Use of singular and plural and of definite and indefinite forms

Unless otherwise indicated by the context, the terms used in these Auction Rules shall be as defined in clause 1, whether used in the singular or the plural or the definite or indefinite forms.

2.3. Reference to clauses

All references to clauses are, unless otherwise expressly stated, references to the clauses of this Auction Rules.

3. QUALIFICATIONS

3.1. Qualification for participation in the Auction

Any natural or legal person wishing to qualify for participation in the Auction must:

- satisfy the conditions stated in Energinet's Rules for Gas Transport, including conclusion of a Storage Customer Framework Agreement with Energinet and be registered as a Storage Customer in the Register of Players;
- satisfy the conditions stated in RGS, including conclusion of a Storage Customer Agreement with GSD and testing of its systems for communication of nominations;
- provide to GSD all necessary authorised contact information prior to the Auction.

3.2. Acceptance of the Auction Rules

Any Storage Customer wishing to participate in the Auction as a Bidder accepts and agrees to these Auction Rules.

4. THE AUCTION DATE

The Auction is scheduled to be held on **15th January 2019** at **12:00-14:00** (Danish time).

5. THE AUCTION OFFERING

5.1. The product offered and the Storage Period

GSD offers 1-year 170/170 days SBU with the following Storage Period:

- Delivery start date: 01-May-2019 at 06:00
- Delivery end date: 01-May-2020 at 06:00

The SBU comprises of rights for have gas injected, to keep gas in store and to withdraw gas, with the following characteristics:

- Firm Volume Capacity: 1,000 kWh
- Firm Injection Capacity: 0.245 kWh/Hour
- Firm Withdrawal Capacity: 0.245 kWh/Hour

5.2. The Maximum Total Number of SBUs on offer

The Maximum Total Number of SBUs offered in the Auction is **831,000 SBUs**.

5.3. Additional flexibility on demand

A Storage Customer that has been allocated storage capacity in the Auction may choose a storage product which is more flexible.

If additional flexibility is requested, the Storage Customer may contact GSD not later than 16:00 on 17th January by using the contact data notified in clause 8.

The product limit for choosing additional flexibility corresponds to 120/60 days SBU.

The unit prices for additional Firm Injection Capacity and Firm Withdrawal Capacity have been determined to:

- 750 €/MW for injection capacity
- 3,000 €/MW for withdrawal capacity

If a Storage Customer does not explicitly ask for additional flexibility within the stipulated deadline, the 170/170 days SBU will be allocated.

5.4. Reservation Price

The Reservation Price applicable to the SBU is 2.60 €/MWh.

5.5. Injection and Withdrawal Restrictions

The offered SBUs are subject to Injection and Withdrawal Restrictions.

The Injection and Withdrawal Restrictions for the Storage Year 2019 are stated in APPENDIX II to this Auction Rules.

6. THE AUCTION PROCESS

6.1. The Auction is a **sealed bid auction with a **Market Clearing Price**.**

All Bids with a Price equal to or higher than the Market Clearing Price will be cleared to the Market Clearing Price.

6.2. The minimum Bid accepted is 1 MWh. One single Bid must not exceed the maximum total number of SBUs offered in the Auction as specified in clause 5.2. There is no limit for the sum of all Bids submitted by a Bidder.

6.3. The Auction shall be conducted over one (1) round.

- The round will start at **12:00** and will close at **14:00**. Bids received outside this time period will be rejected.
- GSD shall confirm the receipt of Bid(s) with email sent to the Bidder. The Bid(s) will not be regarded as received by GSD until the Bidder has received a confirmation from GSD. A confirmation of receipt does not constitute confirmation that any or all Bids received are valid Bids.
- GSD will use reasonable efforts to notify by email any Bidder that has submitted an invalid Bid that the Bid in question has been rejected, stating the reason for the rejection.

6.4. All communication between the Bidder and GSD shall be made via email sent to contact@gasstorage.dk.

6.5. Prior to the Auction, a bidding sheet (an excel sheet) will be published on GSD's website and sent by direct mailing to all Storage Customers. Bid(s) shall be submitted by sending a fulfilled bidding sheet attached in an email. The bidding sheet contains the following information:

- the Identity of the Bidder (company name and contact information, such as the name, email and phone number of the contact person); and
- the Quantity of each Bid, expressed as a non-negative whole number representing the Volume the Bidder wishes to acquire, in the unit "MWh"; and
- the Price of each Bid, expressed as a non-negative number with up to two decimals, in the unit "€/MWh"; and
- the Type of the bidding specified either as "fixed volume bid" or "fill bid", cf. clause 6.7.

6.6. During the Auction, the Bidder may change already submitted Bid(s) by submitting a new bidding sheet containing new Bid(s). The content of the new bidding sheet submitted by the Bidder will replace any previously submitted bidding sheet in its entire, regardless whether the number of Bids in such later bidding sheet is higher or lower.

6.7. At the end of the Auction, SBUs will be allocated to the Bidders, as follows:

- a Bid with a Price lower than the Reservation Price will not be taken into account; and
- no more than the Maximum Total Number of SBUs offered in the Auction will be allocated; and

- GSD shall sort all Bids from the highest to the lowest price; and:

If the total of all received valid Bids exceeds the Maximum Total Number of SBUs offered in the Auction in compliance with clause 5.2, the Quantity of the first Bid that causes the Maximum Total Number of SBUs offered in the Auction to be exceeded (the "Exceeding Bid") will be reduced to a Quantity whereby the Maximum Total Number of SBUs is no longer exceeded.

The reduction of Quantity will be performed only if a "fill bid" has been declared by the Bidder, who submitted the Exceeding Bid. In case of "fixed volume bid" has been declared for the Exceeding Bid, the Bid will be automatically withdrawn rather than reduced. This is in order to avoid that the Bidder, who submitted the Exceeding Bid will receive only a minor capacity.

If there are identical Bids in price, declared as "fill bid", which also happened to be Exceeding Bids, GSD shall choose the Bid with the highest Quantity. If both Price and Quantity are identical the Exceeding Bids will be reduced pro rata their Quantity, rounded to the nearest whole number.

- The Price of the last Bid or Exceeding Bid(s) before the Maximum Total Number of SBUs offered in the Auction has been reached determines the Marked Clearing Price (the "Market Clearing Price") for the Auction.

6.8. All Bidders will be notified about the Auction outcome at 15:00 (Danish time) on the Auction Date.

6.9. The total price stated in the Standard Storage Agreement will be expressed in DKK. The Market Clearing Price will be stated in unit DKK/kWh with five decimals.

GSD shall use the official exchange rate €/DKK of the Danish Central Bank (Danmarks Nationalbank) with four decimals, as published on 15 January 2019, when the Market Clearing Price shall be converted from €/MWh to DKK/kWh.

7. MISCELLANEOUS

7.1. Each of the successful Bid(s) in the Auction will result in firm and irrevocable commitment to acquire the stated quantity of SBUs by the Storage Customer, whether or not such Bid(s) have been reduced due to a pro-rata allocation, cf. clause 6.7.

7.2. The Storage Customer may not place Bids exceeding the Storage Customers' Credit Limit. If GSD observes that a Bid exceeds the Storage Customer's Credit Limit, such Bid will be reduced accordingly unless the Storage Customer provides adequate additional security. For the avoidance of doubt, it should be mentioned that this principle applies during as well as after the Auction.

7.3. GSD shall in its sole discretion decide whether Bid(s) have been received in due time and fulfil the terms set out in these Auction Rules.

- 7.4. GSD is entitled to make decisions at its sole discretion on any matter regarding the conduction of the Auction, including whether or not to cancel, postpone, suspend or restart the Auction due to technical or operational reasons or in the event of obvious market errors regarding the bidding. In such case, GSD shall promptly inform the Storage Customers and the market.
- 7.5. No Storage Customer shall have any claim for damage or losses or any right for conduction of the Auction in the event of cancelation, postponement or suspension.
- 7.6. GSD shall protect the confidentiality of the content of Bids submitted during the Auction.
- 7.7. If Storage Customers are part of same Group, such Storage Customers shall in connection with the Auction be regarded as one single entity in respect of the Maximum Total Number of SBUs offered in the Auction. Furthermore, GSD reserves the right to cancel Standard Storage Agreements either in full or in part, if GSD observes that companies within the same Group have placed Bids, equal in pricing, constituting more than the Maximum Total Number of SBUs offered in the Auction.
- 7.8. GSD has the right to supply the Danish Utility Regulator (DUR) or other competent authorities with all data and information of the bidding activities carried out by Storage Customer under the Auction the provision of which is necessary to comply with GSD's obligations towards those authorities or where disclosure is required under applicable law.
- 7.9. When the Auction is closed, each Storage Customer having successfully participated in the Auction shall be informed about allocated Firm Capacity and the Market Clearing Price. The remaining participants will be informed about the Market Clearing Price and the total amount of SBUs allocated.
- 7.10. The closing of the Auction shall be announced on GSD's website¹ and by direct mailing to all Storage Customers. Following the Auction GSD shall also release to the market information about the Market Clearing Price and the total amount of SBU's allocated.
- 7.11. GSD shall not later than three (3) Business Days after the closing of the Auction forward the final Standard Storage Agreement to the Storage Customer to whom Firm Capacity has been allocated at the Auction. The Standard Storage Agreement does not need signing as it is a result of the Auction.
- 7.12. These Auction Rules in addition with (1) the Standard Contract Agreement (APPENDIX I); (2) the description of restrictions, maintenance and other payments during the Delivery Period (APPENDIX II) and (3) the RGS; form the full contractual basis for the Sale.

In case of any discrepancy between this Auction Rules and the documents listed just above, priority shall be given to the documents in the following order:

- a) APPENDIX I; and
- b) APPENDIX II; and
- c) This Auction Rules; and
- d) Rules for Gas Storage (RGS).

¹ <https://gasstorage.dk/Auctions>

8. CONTACT

If you have any questions, GSD can be contacted as follows:

Iliana Nygaard: +45 61243403
Mail-to: iny@gasstorage.dk

Mads Vejlbj Boesen: +45 30674727
Mail-to: mvb@gasstorage.dk

APPENDIX I

To the Auction Rules
for the auction 15 January 2019

Standard Storage Agreement
("Storage Agreement")
between
[customer name]
and
Gas Storage Denmark A/S

Agreement ID: KON-XXXX-XXXX

1. Parties to the Storage Agreement

This Storage Agreement has been entered into between:

Gas Storage Denmark

Name: Gas Storage Denmark A/S
Address: Tonne Kjaersvej 65
Postcode and town: DK-7000 Fredericia
Relevant contact: Hans-Åge Nielsen
Telephone: +45 23338707
Email: hni@energinet.dk
CVR no.: DK 29851247
(hereinafter referred to as "GSD")

and

Storage Customer

Name: [XXX]
Address: [XXX]
Postcode and town: [XXX]
Relevant contact: [XXX]
Telephone: [XXX]
Email: [XXX]
CVR no.: [XXX]
VAT no.: [XXX]
(hereinafter referred to as "Storage Customer")

2. Definitions

Unless otherwise expressly stated, capitalized words shall have the meaning defined in the Rules for Gas Storage ("RGS") in the version applying at any time.

3. Storage Period

This Storage Agreement has the following Storage Period:

01-May-2019 at 06:00 hours to 01-May-2020 at 06:00 hours.

4. Capacities

The Storage Customer's Firm Capacities are as follows:

Maximum Firm Volume Capacity:	[XXX] kWh
Maximum Firm Injection Capacity:	[XXX] kWh/Hour
Maximum Firm Withdrawal Capacity:	[XXX] kWh/Hour

5. Injection Restrictions and Withdrawal Restrictions

The Storage Agreement may be subject to Injection and Withdrawal Restrictions pursuant to clause 5.6 of RGS. Prior to conclusion of the Storage Agreement, the Injection and Withdrawal Restrictions in force for the Storage Period concerned have been announced on GSD's website.

6. Payments

The Storage Customer's purchase and use of Firm Capacity under this Storage Agreement shall be subject to the following charges:

a) Capacity charge for the Firm Capacity amounts to: [X,XXX,XXX] DKK/Storage Period

The capacity charge for the Firm Capacity is calculated based on a unit price of [X.XX] €/MWh/h for the Storage Period and is subsequently calculated to Danish Krone by using the exchange rate [X.XXXX] €/DKK of the Danish Central Bank (Danmarks Nationalbank) with four decimals, as published on 15 January 2019.

The capacity charge for Firm Capacity is payable with 1/12 each Gas Month.

b) Charge for injection of Natural Gas is based on the quantities of Natural Gas that the Storage Customer injects into the Storage Facilities.

Relevant taxes and charges must be added to the payment set out above. Further, other charges payable shall be based on clause 9 of RGS.

7. Price guarantee

The price for this Storage Agreement, as set forth in clause 6 a) above in unit "DKK/Storage Period", will be adjusted subject to the following condition is met:

If GSD conducts SBU auction(s) for the Storage Year 2019 in the period from 16th January 2019 to 30th April 2019 and the Volume Weighted Result Price for the auction(s)*, converted to a similar product as purchased by the Storage Customer in this Storage Agreement, is lower than the unit price, as set forth in clause 6 a) in this Storage Agreement ([X.XX] €/MWh), the Storage Customer shall be compensated for the difference between the unit price ([X.XX] €/MWh) and the volume weighted result price for the auction(s) multiplied by the Maximum Firm Volume Capacity, as set forth in clause 4 in this Storage Agreement.

*The result of each auction, expressed in sold total amount and average price, will be published on GSD's web site <https://gasstorage.dk/News>. For the avoidance of doubt it should be mentioned that the result price(s) from auctioned SBUs, where filling requirements are part of the product, shall not be included in the calculation of the Volume Weighted Result Price for the auction(s).

Within three (3) Business Days after 30 April 2019, GSD shall calculate the Volume Weighted Result Price for the qualified auction(s) and the compensation, cf. this clause 7, and communicate it to the Storage Customer by email using the mail address notified in clause 1 in this Storage Agreement. The Storage Customer shall, within one (1) Business Day of receipt, confirm the calculation by returning an email.

The compensation shall be deducted with 1/12 each Gas Month from the total payable monthly amount, as set forth in clause 6 in this Storage Agreement.

8. Service related to Filling Requirements

GSD offers a service to monitor that the Storage Customer is in compliance with the agreement with Energinet on Filling Requirements. The Storage Customer may request GSD to deliver this service pursuant to section 7.5.6 of RGS, if relevant.

9. Contact details

The Storage Customer can contact GSD's control center round-the-clock concerning operational issues. Contact details:

GSD's control center gas

Name: Control Centre Gas
Address: Mosevej 3
Postcode and town: DK-6040 Egtved
Telephone: +45 7070 1961
Telefax: +45 7022 0328
Email: kontrolcentergas@energinet.dk
Relevant contact: Dispatcher on duty

If GSD round-the-clock has a need to get in contact with the Storage Customer concerning operational issues, GSD will contact the contact for operations as specified below:

Storage Customer (within Business Hours):

Name: [XXX]
Email: [XXX]
Telephone: [XXX]

Storage Customer (outside Business Hours)

Name: [XXX]
Email: [XXX]
Telephone: [XXX]

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Unless otherwise agreed, this Storage Agreement is subject to the version of RGS applicable at any time, which the Storage Customer by signing this Storage Agreement accepts to be bound of. In case of conflict between this Storage Agreement and RGS, this Storage Agreement shall prevail.

APPENDIX II

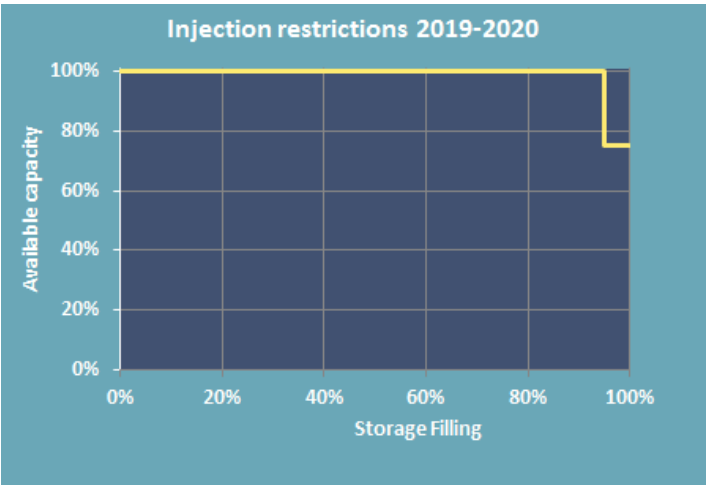
Description of restrictions, maintenance and other payments during the Delivery Period

The Standard Storage Agreement is subject to injection and withdrawal restrictions. The restrictions are set in accordance with RGS applicable at any time.

A. Injection restrictions

75% of the injection capacity is available when the gas storage facility is filled up 95% or more. All injection capacity is available when the storage filling is below 95%.

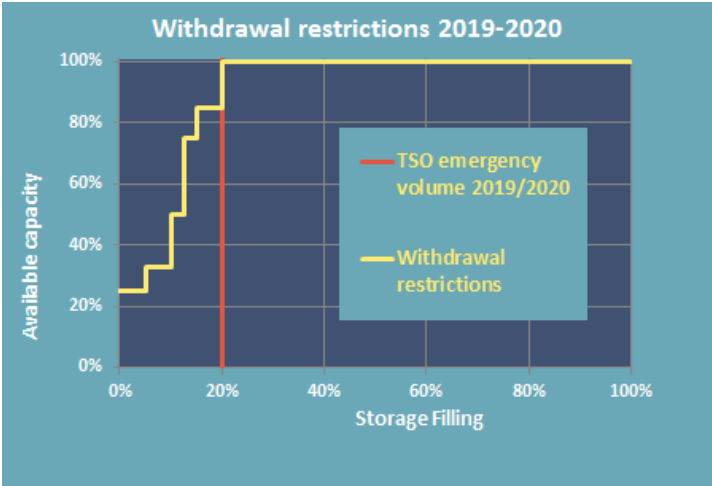
The injection restrictions for storage year 2019-2020 are illustrated in the figure below.



B. Withdrawal restrictions

- 85% of the withdrawal capacity is available when the storage filling is at or below 20%,
- 75% of the withdrawal capacity is available when the storage filling is at or below 15%,
- 50% of the withdrawal capacity is available when the storage filling is at or below 12.5%,
- 33% of the withdrawal capacity is available when the storage filling is at or below 10%,
- 25% of the withdrawal capacity is available when the storage filling is at or below 5%.

The withdrawal restrictions for storage year 2019-2020 are illustrated in the figure below.



Due to on-going discussions with Energinet the final position of the TSO emergency volume 2019/2020 (red line) can be moved.

However, GSD expects the change to be minor.

C. Restrictions on storage access due to maintenance

GSD's maintenance plan for SY19 involves activities on shift allowing full availability of the marketable capacities. Therefore there will be no restrictions in terms of customers' booked firm capacities.

D. Variable charge

- **Variable injection charge**

In accordance with RGS, a variable charge for injection into the storage facility will be applied, unless otherwise stipulated in the Standard Storage Agreement. The variable charge reflects the expected costs associated with the gas being injected into and withdrawn from the storage facility.

The expected variable injection charge for SY2019 is 0.00223 DKK/kWh (approx. 0.30 €/MWh).

- **Flat-rate product**

With this product the payment of the variable injection charge can be replaced by an upfront fixed payment.

The expected payment for flat rate is 0.00223 DKK/kWh (approx. 0.30 €/MWh) applied to the Firm Volume Capacity booked in SY 2019.