



Auction Rules for the auction 20 November 2018 Gas Storage Denmark A/S

1. INTRODUCTION

These rules govern the qualification for participation, the conduct and the outcome of the Auction of an **option to purchase** storage capacity in the Danish storage facilities operated by Gas Storage Denmark A/S.

The Auction is scheduled to be held on
20 November 2018 at 10:00-12:00 (LET)

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

2. DEFINITIONS

2.1. Definitions

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, including appendixes.

Bid shall mean the submission by the Storage Customer of demand for an option to purchase storage capacity and the corresponding option premium, which the Storage Customer is willing to pay for the option (stated in the bidding sheet sent by e-mail to contact@gasstorage.dk).

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

Business Day is any day between Monday to Friday between 9:00 and 16:00 LET with the exception of holidays etc. specified in the calendar found 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.

Deadline shall mean 1 March 2019, 16:00 LET.

DKK shall mean Danish kroner.

Energinet means Energinet, CVR number 28 98 06 71, responsible for transmission, security of supply and market facilitation. Energinet assumes the overall physical balance responsibility in pursuance of the Danish Natural Gas Supply Act.

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.

Market Clearing Price shall have the meaning specified in clause 6.7 and 6.9.

Maximum Yearly Quantity shall mean the maximum yearly numbers of SBUs, as specified in clause 5.2, offered in the Auction.

Option means the right, but not the obligation, of the Storage Customer to purchase the storage capacity offered in the Auction upon all of the terms and conditions set forth in the Auction Rules.

Option Agreement is an agreement concluded between GSD and a Storage Customer on the rights to purchase storage capacity based on the Auction, cf. APPENDIX I.

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, if and only in case the Storage Customer exercises the Option, cf. clause 3 in APPENDIX II.

SBU (standard bundled unit) is Firm Capacity sold bundled with a fixed ratio between Firm Injection Capacity, Firm Withdrawal Capacity and Firm Volume Capacity, cf. clause 5.1, Table 1.

Storage Customer means any natural or legal person who has access to GSD's storage facilities under a Storage Customer Agreement, who has concluded a Storage Customer Framework Agreement with Energinet and has been 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 definite and indefinite forms

Unless otherwise indicated by the context, the terms used in these Auction Rules shall be as defined in clause 2.1, 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:

1. 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;
2. satisfy the conditions stated in RGS, including conclusion of a Storage Customer Agreement with GSD and testing of it-systems for communication of nominations etc.; and
3. provide to GSD all necessary authorized 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 **20 November 2018 at 10:00-12:00 (LET)**

5. THE AUCTION OFFERING

5.1. The products and the Storage Period

GSD offers the Option to purchase SBUs with the characteristics stated in *Table 1* for a storage period starting on 1 May 2019 06:00 with duration of one year.

SBU	Firm Volume Capacity	Firm Injection Capacity	Firm Withdrawal Capacity
# days Firm Injection Capacity/ Firm Withdrawal Capacity	kWh	kWh/Hour	kWh/Hour
120/60	1,000	0.347	0.694
170/85	1,000	0.245	0.490
170/170	1,000	0.245	0.245

Table 1 Characteristics of SBU offered

In the Auction the Storage Customer may request an Option for a quantity for a total number of SBUs valid in the Storage Year.

When the Auction is closed, each Storage Customer having successfully participated in the Auction shall be informed about the allocated Option. In the event that a successful Storage Customer exercises the Option (cf. clause 3 in APPENDIX I), the Storage Customer decides, at its sole discretion, how to combine the number of SBUs in terms of characteristics described in *Table 1*.

5.2. Maximum Yearly Quantity

The Maximum Yearly Quantity offered in the Auction is 1,000,000 SBUs

5.3. Injection and Withdrawal Restrictions

The offered SBUs are subject to Injection and Withdrawal Restrictions. The Injection and Withdrawal Restrictions are stated in APPENDIX III to this Auction Rules.

5.4. Reservation price for the Option

The Reservation Price for the Option is 0.01 €/MWh.

5.5. Price and payments

Concurrently with the execution of the Option Agreement, and in consideration for the rights granted to the Storage Customer during the option period, the Storage Customer shall pay to GSD the price for the Option set out in the Auction.

In the event the Storage Customer elects to exercise the Option, the price for the Option shall not be credited against the price of the storage capacity. If the Storage Customer fails to exercise the Option, GSD shall be entitled to retain the price for the Option.

In addition, if the Storage Customer exercises the Option, the Storage Customer shall pay to GSD the following charges, if relevant:

- 1) a fix price of 2.6 €/MWh/year for the 170/170 SBU;
- 2) a fix price of 3.3 €/MWh/year for the 170/85 SBU;
- 3) a fix price of 4.0 €/MWh/year for the 120/60 SBU;
- 4) variable injection fee as described in APPENDIX III (D) 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 Option on offer is for minimum 1 SBU. One single Bid must not exceed the Maximum Yearly Quantity 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 **10:00** and will close at **12:00**. 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 completed bidding sheet attached to an email. The completed bidding sheet shall contain 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 for a Bid, expressed as a non-negative whole number representing the total quantity the Bidder requests, in the unit "MWh"; and
- the price for the Option of a Bid, expressed as a non-negative number with up to three 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, the Option will be allocated to the Bidders, as follows:

- a Bid with a Price lower than the Reservation Price will not be taken into account;
- no more than the maximum total number of SBUs offered in the Auction will be allocated;
- 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 offered in the Auction 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 13:00 (LET) 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 20 November 2018, when the Market Clearing Price shall be converted from €/MWh to DKK/kWh.

7. MISCELLANEOUS

- 7.1. The Storage Customer may not place Bid(s) 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.
- 7.2. 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.
- 7.3. 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.
- 7.4. 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.
- 7.5. GSD shall protect the confidentiality of the content of Bids submitted during the Auction.
- 7.6. 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 Yearly Quantity. Furthermore, GSD reserves the right to cancel an Option Agreement and Standard Storage Agreement 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 Yearly Quantity.
- 7.7. 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 Cus-

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.

- 7.8. When the Auction is closed, each Storage Customer having successfully participated in the Auction shall be informed about allocated Option and the associated Market Clearing Price. The remaining participants will be informed about the Market Clearing Price for the Option and the total numbers of Options allocated in the Auction.
- 7.9. The closing of the Auction shall be announced on GSD's website¹ and by direct mailing to all Storage Customers.
- 7.10. GSD shall not later than three (3) Business Days after the closing of the Auction forward the final Option Agreement to a Storage Customer to whom an option has been allocated.
- 7.11. The Option shall be exercisable by a Storage Customer with successful Bid(s) by delivering to GSD a written notice in the manner set forth in clause 3 of the Option Agreement (APPENDIX I).

If the Storage Customer fails to exercise the Option on or before the Deadline, the Option and the Option Agreement (APPENDIX I) shall be null and void and of no further force or effect.

If the Storage Customer timely exercises the Option, GSD shall not later than three (3) Business Days after this written notification forward the final Standard Storage Agreement to the Storage Customer (APPENDIX II).

- 7.12. These Auction Rules in addition with (1) the Option Agreement (APPENDIX I); (2) the Standard Storage Agreement (APPENDIX II); (3) the description of restrictions, maintenance and other payments during the Storage Period (APPENDIX III); and (4) the RGS applicable at any time; form the full contractual basis for the Sale.

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

1. APPENDIX I;
2. APPENDIX II;
3. APPENDIX III;
4. This Auction Rules;
5. RGS.

¹ <https://gasstorage.dk/Auctions>

8. CONTACT

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

Iliana Nygaard: +45 61243403
E-mail: iny@gasstorage.dk

Mads Vejlbj Boesen: +45 30674727
E-mail: mvb@gasstorage.dk

APPENDIX I

**Option Agreement
between
[XXX]
and
Gas Storage Denmark A/S**

Agreement ID: [XXX]

1. Parties to the Option Agreement

This Option 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@gasstorage.dk
CVR no.: 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. Option period

This Option Agreement gives the Storage Customer the right, but not the obligation, to purchase the Firm Capacities specified in the clause 4 by giving a written notification to GSD in form of a mail sent to the e-mail contact@gasstorage.dk on or before 1 March 2019, 16:00 LET. The Storage Customer, at its sole discretion, chooses the day of notification to GSD. The right to purchase the storage capacities lapses 1 March 2019, 16:01 LET.

4. Capacities and Storage Periods for the option

This Option Agreement entitles the Storage Customer to purchase the following maximum number of SBUs: [XXX,XXX] SBUs ([XXX] GWh).

5. Payment for this Option Agreement

The payment for this Option Agreement is:

[XXX,XXX.XX] DKK

This payment is calculated based on [X.XX] €/MWh subsequently converted to DKK/kWh by using the exchange rate [X.XXXX] €/DKK of the Danish Central Bank (Danmarks Nationalbank) with four decimals, as published on the 20 November 2018.

The due date for the payment is 30 Business Days after the date of the invoice issued by GSD and forwarded to the Storage Customer in the beginning of December 2018.

6. Standard Storage Agreement

If the Storage Customer exercises this Option Agreement, GSD shall issue a Standard Storage Agreement according to the exercised characteristics and numbers SBUs as described in clause 5.1, Table 1 in the Auction Rules. For the purpose GSD shall use the Standard Storage Agreement, cf. APPEDIX II to the Auction Rules.

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

Ballerup, / / 2018

, / / 2018

Gas Storage Denmark A/S:

[name of Storage Customer]:

Hans-Åge Nielsen
Head of Sales and Planning

[Name and title of employee]

APPENDIX II

**Standard Storage Agreement
between
[XXX]
and
Gas Storage Denmark A/S**

Agreement ID: [XXX]

This Standard 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@gasstorage.dk
CVR no.: 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")

1. 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.

2. Storage Period

This Standard Storage Agreement has the following Storage Period:

01 May 2019 at 06:00 hour to 01 May 2020 at 06:00 hour.

3. 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

4. Injection Restrictions and Withdrawal Restrictions

The Standard Storage Agreement may be subject to Injection and Withdrawal Restrictions pursuant to clause 5.6 and 5.7 of RGS. See the Additional Information attached to this Standard Storage Agreement.

5. Payments

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

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

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

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.

6. 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, if relevant. The Storage Customer has requested GSD to deliver this service pursuant to section 7.4.4 of RGS.

7. Conditional price adjustment

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 1-year [XXX/XXX] days SBU auction(s) for the Storage Year 2019 in the period from [XX-XX-XXXX] to 30 April 2019 and the Volume Weighted Result Price for the auction(s)* is lower than the unit price, as set forth in clause 5 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 3 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/Auctions>. For the avoidance of doubt it should be mentioned that the result price(s) from the auctioning of 1-year [XXX/XXX] days SBU, 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 five (5) 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 this Standard 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 5 in this Storage Agreement.

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

Ballerup, / / 2019

, / / 2019

Gas Storage Denmark A/S:

[name of Storage Customer]:

Hans-Åge Nielsen
Head of Sales and Planning

[Name and title of employee]

APPENDIX III

Restrictions, maintenance and other payments during the Storage Period

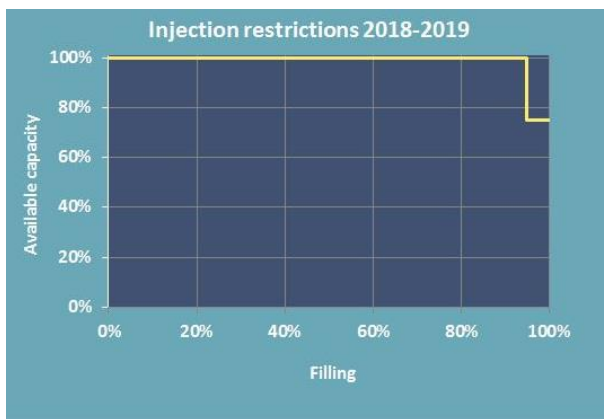
The Standard Storage Agreement is subject to Injection and Withdrawal Restrictions. The Injection and Withdrawal Restrictions are set in accordance with RGS applicable at any time.

GSD expects the restrictions for the SY 2019/20 to be similar to the restriction curves valid for the SY 2018/19 and shown below.

A. Injection Restrictions

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

The Injection Restrictions for the Storage Year 2018-2019 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 the Storage Year 2018-2019 are illustrated in the figure below.



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 the 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 SY 2019/20 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 up-front 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 2019/20.