

**ENERGINET**

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**SUMMARY**

# ENERGINET WORKSHOP ON USER COMMITMENTS FOR HYDROGEN – KEY NOTES AND TOPICS

**Time:**

October 12, 2023, from  
10:00 to 14:30

**Place:**

Pederstrupvej 76, Ballerup (Energinet offices)

The User Commitment Workshop on October 12, 2023, hosted discussions on various concerns and inquiries, with some of the main topics being:

- **FID Timeline Alignment:** Participants expressed unease about the misalignment between the hydrogen infrastructure Final Investment Decision (FID) timeline and offshore wind tender closures.
  - **Energinet comment:** Energinet is in close dialogue with the Danish Energy Agency about this topic and will also like to discuss possible ways forward bilaterally with market participants.
- **Transparency and User Commitment:** A significant theme evolved around the need for more transparency, namely requests for clear timelines on the user commitment process, including needed dialogues with, and decisions by, relevant authorities (e.g., Danish Energy Agency, Danish Utility Regulator etc.).
  - **Energinet comment:** Energinet acknowledges a need for clear and frequent communication regarding the dialogue with energy authorities and the general decision-making process affecting the market framework. This will be included in the coming dialogue with market participants.

- **Binding Commitments:** The workshop delved into the level of commitment required for binding commitments and questioned the effectiveness of non-binding commitments.
  - **Energinet comment:** Considering the discussions at the workshop and the mandate given by the political agreement, Energinet will propose a solution for user commitments that involves a binding element. The exact methodology is still to be determined and will be discussed with market participants during the coming months.

These discussions were complemented by group work results, where considerations included timing, price compatibility, stepwise commitments, tariff design, upfront capital contributions, and more.

Overall, the workshop explored fundamental topics surrounding user commitments, transparency, and regulatory dynamics in the energy sector.

## Key notes from group work sessions

The following notes are a direct transcript of what was written on the whiteboard during the group work sessions.

### Online group

- Timing of commitment (e.g., wind tenders).
- Price compatibility.
- Commitments in steps related to the build-out.
- Tariff design discussed separate storage.
- Upfront capital contribution.

### Group 1

- Timing issue with offshore wind tenders.
- Commitment from Energinet ("if we get X amount of booking, we will build the pipeline").
- Linkage with DSO.
- Initial system, does that entail storage?

### Group 2

- Conditions for binding commitments, e.g., step-out of different parameters not turning out as agreed (e.g., too high tariff).
- Consideration for small projects.
- Investment contribution – how did it work with Green Gas Lolland Falster?
- The pipeline is not the only risk (e.g., also regulation, supply of materials to build, etc.). State support does not necessarily mean market players could give binding commitments.

### Group 3

- Insight on tariff level and balancing costs and possibilities.
- Pay premium up-front to cover part of capex. Premium to be covered to e.g., capacity reimbursed if the pipeline is not built.
- Commitment via already invested money in preparation of projects and building plants.
- Case: what political decisions would be needed for Cross Bridge to convert their production to green hydrogen.

### Group 4

- Remember to take into account projects not dependent on wind tenders.
- Domino effect of stepping out of the contract.
- How can offshore players bid with conditional bids.
- Timing issue.