

To: The Storage Customers
From: Energinet.dk Gas Storage
Regarding: Information on the upcoming auctions on storage capacity available from 1 May 2012

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Dear Storage Customer,

Energinet.dk Gas Storage is pleased to provide information on the upcoming auctions of commercial firm capacity available at the Lille Torup storage facility.

The available commercial firm capacity includes capacity for system balancing needs which the TSO will buy on purely commercial terms. Due to the start up of our renovation project the capacity of a single cavern corresponding to around 620 GWh will not be offered to the market. However, the renovation project will not influence the availability of storage capacity in any other way.

Please note that no capacity will be offered as yearly or multi-yearly contracts at a later stage in 2012.

All the auctions will be conducted as a multi-round, ascending-clock auction. The auction set-up will be the same as used by Energinet.dk Gas Storage previously and Energinet.dk Gas Storage will ensure that all bidders are treated equally.

The auctions will be subject to the Rules for Energinet.dk Gas Storage, version 6.0.

1. Overview

1.1 Products

SBU Product	Total firm volume capacity (kWh)	Total firm injection capacity (Days)	Total firm withdrawal capacity (Days)
Multi-year SBU	700,000,000	125	56
1-year high-flexibility SBU	350,000,000	83	20
1-year seasonal SBU	900,000,000	167	91
Total	1,950,000,000	-	-

Unbundled product	Total firm capacity (kWh/h)
Unbundled injection capacity	500,000
Unbundled withdrawal capacity	825,000

1.2 Important deadlines

Action	Deadline
Request Storage Customer Agreement	5 January 2012 at 12.00 CET
Storage Customer Agreement offer	11 January 2012 at 12.00 CET
Storage Customer Agreement signed	16 January 2012 at 16.00 CET
Sign up for test auction	11 January 2012 at 16.00 CET
Test auction	12 January 2012 at 10.00 CET
Auction multi-year SBU	17 January 2012 at 10.00 CET
Auction 1-year high-flexibility SBU	19 January 2012 at 10.00 CET
Auction 1-year seasonal SBU	24 January 2012 at 10.00 CET
Auction unbundled injection and withdrawal capacities	26 January 2012 at 10.00 CET

Please see point 7 for further explanation of the important deadlines.

2. Auction of multi-year SBU storage capacity

The available commercial firm capacity (SBU - Standard Bundled Unit) will be sold on auction on **17 January 2012 at 10.00 CET**.

The capacity is available from 1 May 2012 (see point 2.3 for more information).

2.1 Capacity offered

The following firm capacities are available as SBUs:

	Total firm volume capacity (kWh)	Total firm injection capacity (kWh/h)	Total firm withdrawal capacity (kWh/h)
Total capacity:	700,000,000	233,333	525,000
Composition of the SBU:			
1 SBU	1	0.00033	0.00075
Days	-	125	56
Per cent per day	-	0.8	1.8
Per cent per hour	-	0.033	0.075

2.2 Prices

The auction will start at the following price:

Starting price: **DKK 0.038/kWh/storage year**

The price increment will be DKK 0.0015/kWh per round in the auction.

There is no bidding cap other than the maximum amount of storage capacity offered.

The market clearing price for the auction will be the resulting annual price for the multi-year SBU. Thus, the clearing price will apply to every storage year in the chosen storage period.

The price is an absolute price which will not be inflation-adjusted.

2.3 Storage period

Up to **48 hours** after the closing of the auction, all storage customers that have been allocated firm capacity may choose a storage period going from 1 storage year to 5 storage years:

Contract duration	Storage period
1-year storage contract	1 May 2012 06.00 – 1 May 2013 06.00
2-year storage contract	1 May 2012 06.00 – 1 May 2014 06.00
3-year storage contract	1 May 2012 06.00 – 1 May 2015 06.00
4-year storage contract	1 May 2012 06.00 – 1 May 2016 06.00
5-year storage contract	1 May 2012 06.00 – 1 May 2017 06.00

If a storage customer does not explicitly state another storage period within the stipulated 48 hours after the auction, **a storage period of 5 storage years will automatically apply.**

3. Auction of 1-year high-flexibility SBU storage capacity

The available commercial firm capacity (SBU - Standard Bundled Unit) will be sold on auction on **19 January 2012 at 10.00 CET**.

The capacity is a 1-year SBU available from 1 May 2012 to 30 April 2013.

3.1 Capacity offered

The following firm capacities are available as SBUs:

	Total firm volume capacity (kWh)	Total firm injection capacity (kWh/h)	Total firm withdrawal capacity (kWh/h)
Total capacity:	350,000,000	175,000	729,167
Composition of the SBU:			
1 SBU	1	0.0005	0.00208333
Days	-	83	20
Per cent per day	-	1.2	5
Per cent per hour	-	0.05	0.2083

3.2 Prices

The auction will start at the following price:

Starting price: DKK 0.045/kWh/storage year

The price increment will be DKK 0.0015/kWh per auction round.

There is no bidding cap other than the maximum amount of storage capacity offered.

The market clearing price for the auction will be the resulting annual price for the SBU.

4. Auction of 1-year seasonal SBU storage capacity

The available commercial firm capacity (SBU - Standard Bundled Unit) will be sold on auction on **24 January 2012 at 10.00 CET**.

The capacity is a 1-year SBU available from 1 May 2012 to 30 April 2013.

4.1 Capacity offered

The following firm capacities are available as SBUs:

	Total firm volume capacity (kWh)	Total firm injection capacity (kWh/h)	Total firm withdrawal capacity (kWh/h)
Total capacity:	900,000,000	225,000	412,500
Composition of the SBU:			
1 SBU	1	0.00025	0.000458333
Days	-	167	91
Per cent per day	-	0.6	1.1
Per cent per hour	-	0.025	0.04583

4.2 Prices

The auction will start at the following price:

Starting price: **DKK 0.034/kWh/storage year**

The price increment will be DKK 0.0015/kWh per auction round.

There is no bidding cap other than the maximum amount of storage capacity offered.

The market clearing price for the auction will be the resulting annual price for the SBU.

5. Auction of 1-year unbundled injection and withdrawal capacity

The available commercial firm injection and withdrawal capacity covering the time period from 1 May 2012 to 30 April 2013 (1 year) will be sold at two separate auctions conducted at the same time on **26 January 2012 at 10:00 CET**.

The following amount of unbundled firm injection and withdrawal capacity will be offered:

5.1 Firm injection capacity

The following amount of firm injection capacity will be offered:

Firm injection capacity: **500,000 kWh/h**

The auction for unbundled firm injection capacity will have the following starting price:

Starting price: **DKK 6/kWh/h**

The price increment in the auction for firm injection capacity will be **DKK 1/kWh/h** per round.

5.2 Firm withdrawal capacity

The following amount of firm withdrawal capacity will be offered:

Firm withdrawal capacity: **825,000 kWh/h**

The auction for unbundled firm withdrawal capacity will have the following starting price:

Starting price: **DKK 3/kWh/h**

The price increment in the auction for firm withdrawal capacity will be **DKK 1/kWh/h** per round.

6. Supplementary information

6.1 Injection restrictions

The storage contract is subject to injection restrictions. The injection restrictions are set in accordance with the Rules for Energinet.dk Gas Storage applicable from time to time.

The injection restrictions are published before the start of each storage year.

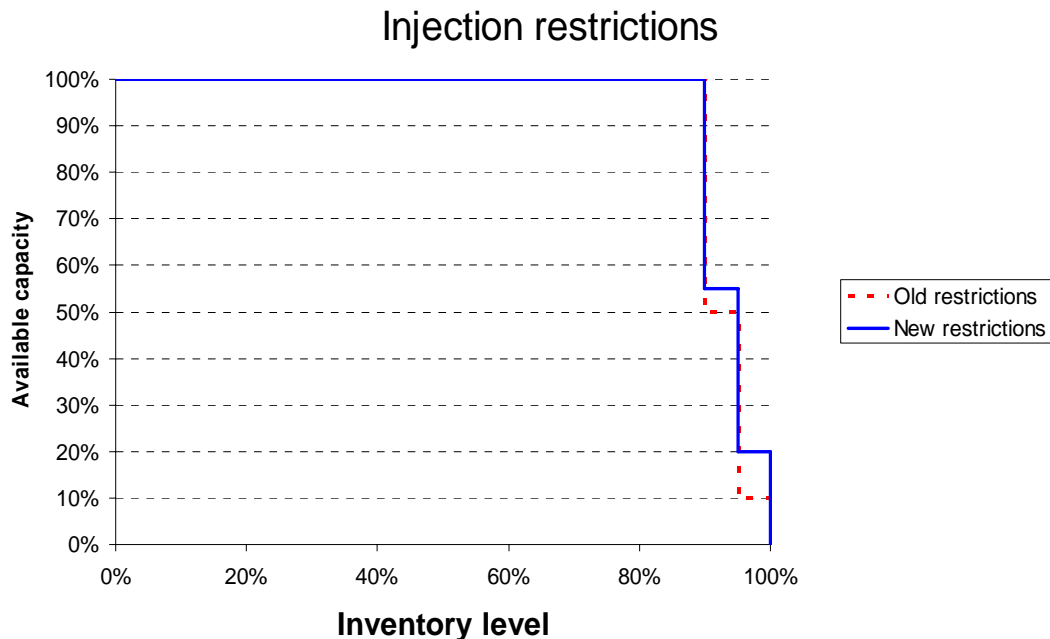
The following restrictions apply for the storage year 2012:

The storage customer may, in respect of all amounts of volume capacity, inject natural gas into Lille Torup in such a way that the following injection restrictions are satisfied:

- a) during each hour in which the total amount of stored natural gas constitutes 0-90 per cent of the total volume capacity, the storage customer may use 100 per cent of his firm injection capacity;
- b) during each hour in which the total amount of stored natural gas constitutes 90-95 per cent of the total volume capacity, the storage customer may use 55 per cent of his firm injection capacity; and

- c) during each hour in which the total amount of stored natural gas constitutes 95-100 per cent of the total volume capacity the storage customer may use 20 per cent of his firm injection capacity.

The injection restrictions are also illustrated below:



6.2 Withdrawal restrictions

The storage contract is subject to withdrawal restrictions. The withdrawal restrictions are set in accordance with the Rules for Energinet.dk Gas Storage applicable from time to time.

The withdrawal restrictions are published before the start of each storage year.

The following restrictions apply for the storage year 2012:

The storage customer may, in respect of all amounts of volume capacity, withdraw natural gas from Lille Torup in such a way that the following withdrawal restrictions are satisfied:

- a) during each hour in which the total amount of stored natural gas makes up 100-27 per cent of the total volume capacity, the storage customer may use 100 per cent of his firm withdrawal capacity; and
- b) during each hour in which the total amount of stored natural gas makes up 27-0 per cent of the total volume capacity, the storage customer may use 81 per cent of his firm withdrawal capacity.

In case an emergency supply situation is declared, the above withdrawal restrictions no longer apply. Energinet.dk Gas Storage will subsequently inform the storage customer of the new withdrawal restrictions that will be effective during and after the emergency supply situation.

6.3 Filling requirements

The firm volume capacity offered is not subject to filling requirements.

Filling requirements may be offered separately by Energinet.dk Gas Transmission at a later stage and will be handled separately each storage year.

6.4 Restrictions on storage access due to maintenance

In accordance with the Rules for Energinet.dk Gas Storage, restrictions on storage access due to maintenance will be published before the start of each storage year.

Maintenance on the storage facility is necessary. However, Energinet.dk Gas Storage plans the maintenance in such a manner that 1 compressor is taken out during the withdrawal season (because it only affects the injection capacity) and 1 withdrawal train is taken out during the injection season (because it only affects the withdrawal capacity). In addition to this a shut down period is planned in early October (see below) where it potentially affects the storage customers the least.

In this way storage customers are only affected to a minor degree by the planned maintenance on the storage facility.

Please observe **the following restrictions on access to storage from 1 May 2012 to 30 April 2013**:

- **29 September at 06:00 CET to 8 October 06:00 CET 2012: No access to injection or withdrawal capacity due to maintenance**

The above restrictions on storage access due to maintenance are preliminary and may be subject to changes.

6.5 Variable charge

In accordance with the Rules for Energinet.dk Gas Storage, a variable tariff for injection into the storage facility will be applied unless otherwise decided. The variable tariff reflects the expected costs associated with the gas being injected into and withdrawn from the storage facility.

The variable tariff is published before the start of each storage year.

7. Preparing for the auction

7.1 Important deadlines for storage customers

Please observe the following important deadlines in order to be able to participate in the auctions:

Storage customers must – if necessary - request a new Storage Customer Agreement with Energinet.dk Gas Storage not later than Thursday 5 January 2012 at 12.00 CET in order to participate in the first auction.

Energinet.dk Gas Storage will forward you a Storage Customer Agreement offer on Wednesday 11 January 2012 at 12.00 CET at the latest.

You will then need to send back a signed Storage Customer Agreement as a pdf file not later than Monday 16 January 2012 at 16.00 CET (and a hard copy as soon as possible thereafter).

In order to participate in the auctions you will also need a Storage Customer Framework Agreement with Energinet.dk Gas Transmission.

7.2 Final preparation

On our website, you will find a **User's Guide** and some general advice, which you can consult before and during the auction. Also, be sure to test your web access.

Please note that, prior to the auction, you must provide us with the contact details of the representative of your company that is responsible for auctions if such contact details are different from the ones provided with your other storage-customer base data.

Finally, we have scheduled a **test** of the auction IT-system for **Thursday 12 January 2012**. The test will be conducted from 10.00 to 11.00 CET. If you would like to participate, please sign up for the test by contacting Christian Rutherford (cru@energinet.dk) not later than Wednesday 11 January 2012 at 16.00 CET.

During the auction, Energinet.dk Gas Storage can be contacted as follows:

Christian Rutherford:	+45 23338908
Hans-Åge Nielsen:	+45 23338707
Bjørn Denninger:	+45 23338795
Pia Hammerum Nielsen:	+45 23338719
Maja Klejs Pedersen:	+45 23338508

Please feel free to contact us if you have any questions.

We wish you good luck on the auction day.

Kind regards

Energinet.dk Gas Storage