

Storage National Report

1. Background information on storage in your country

1.1 Update of developments

There has to date been no further developments regarding the storage market since the information already presented in 2005.

1.2 Description of competences

The Danish Energy Regulatory Authority (DERA) regulates both tariffs, terms and conditions for TPA to storage. DERA does not ex ante set or approve tariffs, terms and conditions but may on its own initiative investigate them. Tariffs, terms and conditions must not be discriminatory among users and when setting tariffs the costs of the storage company must be considered.

The Danish Energy Authority (DEA) is the legislative entity on the storage market.

2. Effective implementation of the GGPSSO

2.1 Roles and responsibilities of Storage System Operators

2.1.1 Existence of document setting out all terms and conditions

The SSO is a separate entity legally unbundled from trade and production activities in affiliate companies. The SSO has made available a document setting out all the terms and conditions relating to storage use for all users. This document is in line with the general requirements of non discrimination contained in the GGPSSO.

2.2 Necessary TPA services

2.2.1 Exclusion of capacity from TPA

The SSO is entitled to deny access to storage capacity under the following circumstances:

- a) If the SSO does not have the necessary storage capacity available.
- b) If access to storage capacity would hinder the SSO in fulfilling its obligations concerning security of supply and the safety of the network.
- c) If serious economic or financial problems hinder the contractual obligations concerning take or pay agreements.

Access denials must be motivated.

It is up to DERA to consider any complaints on access denials.

2.2.2 Designing menu of services

The SSO has informed DERA that GGPSSO requirements will be met. DERA will see to that the SSO adheres to the GGPSSO requirements.

2.2.3 Storage services tariffs/pricing methodologies

The SSO sets tariffs on the basis of costs and on the basis of a reasonable rate of return. DERA may assess the level of the tariffs and DERA is entitled to instruct the SSO to alter the tariffs if they are found to be in conflict with the legislation.

2.2.4 Assessment of menu of services

The SSO offers to storage users bundled services (SBU) of space and injectability/deliverability with determined technical ratios and with an appropriate size. Unbundled services supplementing SBUs at least for available storage capacity at the beginning of the storage year, long-term (>1 year) and short-term (<1 year) services and interruptible storage services are available.

2.3. Capacity allocation and congestion management

2.3.1 Development of competition

To date it has not come to the knowledge of DERA that the arrangements may create undue barriers to market entry or prevent market participants, including new market entrants and companies with a small market share, from competing effectively.

2.3.2 Relationship between duration and capacity allocation/congestion management

First come, first served. All requests for short as well as long term contracts have been met.

2.3.3 Relationship between PSO and capacity allocation/congestion management

The PSO is placed with the TSO. Storage capacity for PSO is offered on TPA basis. The TSO has first claim to storage capacity booking.

2.4. Confidentiality

2.4.1 Arrangements in place to ensure no information available to the SSO is passed on to affiliates

The confidentiality arrangements are monitored by DERA. Databases related to storage operations are kept separate. New IT systems are developed separately for the storage business. No information available to the SSO concerning its storage business is passed to any other part of any affiliate company in advance of being provided to all market participants. A code of conduct has been drafted and a compliance programme has been implemented.

2.4.2 Overview of content of code of conduct/compliance programme

The code of conduct comprises rules in general to secure non discriminatory access to storage services (rules for tariff setting, transparency etc.). To date it has not come to the knowledge of DERA that the code of conduct should have any particular weakness.

2.4.3 Compliance to the confidentiality requirements

The SSO complies with the confidentiality requirements.

2.5 Transparency

2.5.1 Process in case some information required by the GGPSSO is not published by the SSO

DERA will be informed in case information about the aggregate use of storage is not published as required by the GGPSSO.

2.5.2 Process in case a storage user has made a request to the SSO so that the information about the aggregate use of storage is not published

No customers have made any requests not to publish information about the aggregate use of storage.

2.6 Secondary markets

2.6.1 Assessment of the extent to which secondary markets are developed or undeveloped

The secondary markets are developed in Denmark. Title transfer for both bundled and unbundled capacities is allowed and new owners are allowed to aggregate such storage capacity operationally. Users are allowed to trade gas-in-store. There has though been no storage capacity trading between users including title transfer vis-à-vis DONG Storage in the period between 15 March 2005-8 March 2006.

3. Need for other measures beyond the GGPSSO

3.1 Proposal of additional measures

DERA has no proposals on additional measures.