

**Auctions for “Stublach Storage Product SY21/22,
30/30 Flat Product” and “Stublach Storage Products
SY21/22 & SY22/23 combined, 30/30 Flat Product”**

- Frequently Asked Questions – 19 Jan 2021

Introduction

This document is intended to clarify questions raised by potential bidders in the Auctions for “Stublach Storage Product SY21/22, 30/30 Flat Product” and “Stublach Storage Products SY21/22 & SY22/23 combined, 30/30 Flat Product” to be held by Storengy UK on the 11th February 2021.

The questions below will be updated with any pertinent questions and made available on the Auction Webpage.

General Queries

What date will the Auctions be held on?

The auctions will be held on Thursday 11th February 2021. The auction for “Stublach Storage Product SY21/22, 30/30 Flat Product” will be in the morning between 11am and midday, with the auction for “Stublach Storage Products SY21/22 & SY22/23 combined, 30/30 Flat Product” will be in the afternoon between 1pm and 2pm.

Can we make multiple bids at the auctions?

Yes, bidders can make up to three bids in each Auction Bidding Window. However, each bid will be taken as a separate distinct bid with no relationship to any other bids made. Therefore bidders should allow for the possibility that all of their bids for a product could be successful.

The Storage Year 2021/22 Product appears to be available in both auctions, does this mean that we can bid for this product in both auctions?

Potential bidders can only bid for the Storage Year 2021/22 Product as a one year product in the afternoon auction. Although this product is also available in the morning auction, it is only available as part of a two year product, and so bidders in the morning auction will need to commit to the full two year period covering both the 2021/22 and 2022/23 Storage Years. Bidders cannot bid for the two years separately in the morning auction, as they is solely a combined two year product.

Is there a Reserve Price for the auctions?

Yes, there is a Reserve Price for the auctions, however, this is solely used for internal purposes and not published or released to external parties.

On the product sheets you refer to Transportation Costs, can you clarify the level at which these apply to the Stublach connection point?

Entry Capacity is booked by Storengy UK in advance and will be re-sold at cost and transferred to customers prior to the start of the contract. This capacity is priced at 0.0001p/kWh/day. There are no additional revenue recovery charges as gas will be transferred at the NBP with no need to transfer Entry Capacity to customers.

Exit capacity is the responsibility of the customer and therefore will need to be booked by the customer. This capacity can currently be booked via the within day WDDNEX auctions at 0.0099 p/kWh/day, or in the day ahead DONEX auction at a 10% discount. This capacity could be subject to a Revenue Recovery Charge (as notified by National Grid at least one month in advance). Capacity prices for each Gas Year (October Y to September Y+1) are published by National Grid in the preceding summer months, and so the prices for the Gas Years starting in October 2021 (GY 2021) and October 2022 (GY 2022) are not yet known. The National Grid forecast prices are: 0.0102 p/kWh/day for GY 2021, and 0.0107 p/kWh/day for GY 2022.

The example Specific Storage Terms Agreement contains a table for DiAF and DwAF can you confirm what these are for the offered products?

For all products offered the DwAF and DiAF shall be 1 at all stock levels. (i.e both products are unaffected by stock level.)

The credit agreement requires acceptable security to be provided, what form will this take?

Acceptable security may be different dependent on the Customer and their corporate structure. Acceptable forms of security are Parent Company Guarantee, Letter of Credit, Pre-payment or Cash Deposit.

I am an existing customer, how will I be able to manage my capacity if it overlaps?

The additional capacity will be visible as a separate contract in the Nemo system. This will allow you to choose during any period of overlap which contract you wish to operate.

If you already have a 30/30 Flat Product, and are successful in your bid for a SY21/21 Storage Product or the SY21/22-SY22/23 combined product, then we may, at our discretion, be able to integrate the two products if the characteristics are the same, or transfer the gas to the new product if you so wish.

Please explain the mechanism for Maintenance compensation.

Compensation is paid where Storengy exceeds the planned or unplanned maintenance limits published in Clause 9 of the SSTA, i.e. where APM_{max} (maximum planned maintenance amount) or AUM_{max} (maximum unplanned maintenance amount) or both APM_{max} and AUM_{max} are exceeded. For the first 20 days of maintenance excess (calculated as Amount of Planned Maintenance - APM_{max} plus Amount of Unplanned Maintenance - AUM_{max}), Storengy will pay [2 x Applicable Daily Rate] multiplied by [2 – the Injection and Withdrawal Maintenance Factors for that day].

e.g. For a day with 30% reduction in Withdrawal capability, the Injection Maintenance Factor will be 1 and the Withdrawal Maintenance Factor will be 0.7 giving a multiplier of $2 - 1 - 0.7 = 0.3$.

If Storengy exceeds the amount of total maintenance by more than 20 days (where that is planned or unplanned or a combination of both) Storengy will pay 3 times the Applicable Daily rate multiplied by the 2 – the Injection and Withdrawal Maintenance Factors for that day.

Note: as our products are 30:30 the $Max [Q_{inj}, Q_{with}]$ is redundant as the flowrate is the same in both directions.

Please explain the mechanism for Gas in store at the end of the Storage Services Contract (clause 20 of the GTCs)

Assuming the product is a 30:30 and therefore has a 30 day withdrawal period. With P_{ref} being the average mid point of the last 20 days Day Ahead prices published in the ICIS NBP price assessment.

The formula identifies:

Q1, which is the gas in store that remained in store after the final 30 day period but could have been withdrawn (i.e. Taking into account planned maintenance which is notified 14 days or more before this period.)

Q2, this is the gas in store that remains in store due to unplanned maintenance/force majeure (i.e. due to Storengy's actions.)

Therefore Storengy pays 100% of P_{ref} for Q2, the quantity of gas instore due to unplanned maintenance/force majeure, and 50% of P_{ref} for Q1, the quantity gas that could have been withdrawn given the planned maintenance in the 30 day period and wasn't.

What is the difference between 'real days' maintenance and 'contractual days'?

In the GTCs maintenance is represented as a maintenance factor ($imf_d/umif_d$ or $wmf_d/uwmf_d$) in each direction. As a consequence of this a 100% outage of both injection and withdrawal is equivalent to 2 days (1 day maintenance on injection + 1 day maintenance on withdrawal) maintenance in 'contractual days'. i.e. 2 whole days outage is 4 'contractual days' outage. To make this clearer to those who measure days as actual days (24hr periods) we have introduced the explanation of real days. This is the number of 'contractual days' divided by 2 to represent actual days of interruption.

Further Information

For further information and a more detailed explanation of the tender process, please refer to the Auction Terms and Conditions as detailed on our website. A template contract is also available on the site.

<https://bit.ly/34zUzNR>

Should any party wish to arrange further discussions directly with the Storengy UK Marketing team, please request a meeting at your earliest convenience at commercial@storengy.co.uk or auction@storengy.co.uk.