

Auctions for:

**“Stublach Storage Product SY24/25,
30/30 Flat Product”**

and

**“Stublach Storage Product SY25/26,
30/30 Flat Product”**

and

**“Stublach Storage Product SY26/27,
30/30 Flat Product”**

Frequently Asked Questions – 16th August 2023

Introduction

This document is intended to clarify questions raised by potential bidders in the Auctions for “Stublach Storage Product SY24/25, 30/30 Flat Product”, “Stublach Storage Product SY25/26, 30/30 Flat Product”, and “Stublach Storage Products SY26/27, 30/30 Flat Product” to be held by Storengy UK on the 26th and 27th September 2023.

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 Tuesday 26th September 2023 and Wednesday 27th September 2023. The auction for “Stublach Storage Product SY24/25, 30/30 Flat Product” will be in the morning on the 26th September between 11am and midday (UK time), with the auction for “Stublach Storage Product SY25/26, 30/30 Flat Product” will be in the afternoon on the 26th September between 1pm and 2pm (UK time). The auction for “Stublach Storage Product SY26/27, 30/30 Flat Product” will be in the morning of the following day (27th September) between 11am and midday (UK time).

How do we place bids in the auctions?

We are expecting bids to be placed online through our auction portal (to be confirmed). Anyone wishing to place bids will need to register for each of the auctions that they are looking to participate in. Details of how to register can be found on our website at:

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

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.

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.

Why has the Variable cost increased?

As with all businesses Storengy UK will see an increase in its energy costs over the coming years. As part of our regular review, we have forecast the likely usage of the site using the increased market price and this has indicated that we needed to increase the variable cost per unit from 0.2 p/therm (in SY22) to 0.44 p/therm. Further to customer feedback we have continued to use a fixed cost per unit that we believe should cover the variable costs of injection and withdrawal over the period without generating additional revenues.

Why has planned maintenance increased?

As part of our ambition to reach net-zero by 2025, it is necessary to perform an overhaul of one of our compressors each year. Unfortunately, this is not possible in our standard yearly maintenance time period of 15 real days (30 contractual days), and we have had to add an extra real day (2 contractual days) to our standard maintenance period to complete this work from 2023 onwards. This additional planned maintenance period has been deducted from the unplanned maintenance allowance, reducing the unplanned maintenance days from 5 real days (10 contractual days) to 4 real days (8 contractual days).

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 charged to customers at cost based on customer nominations. This capacity is currently 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. From 1st October 2023, this capacity can be booked via the National Gas within day WDDNEX auctions at 0.0025 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 Gas at least one month in advance). Capacity prices for each Gas Year (October Y to September Y+1) are published by National Gas in the preceding summer months, and so the prices for the Gas Year starting in October 2024 (GY 2024) are not yet known. The National Gas current price forecast for Gas Year 2024 is 0.0057 p/kWh/day, for Gas Year 2025 is 0.0052 p/kWh/day, and for Gas Year 2026 is 0.0055 p/kWh/day.

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, Prepayment or Cash Deposit. Acceptable security is currently required from all parties entering into a storage contract, irrelevant of their current credit status.

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 further storage product in these auctions, then we may, at our discretion, be able to integrate the two products if the characteristics are the same, or transfer gas between your storage products 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.