

Product information on planned capacities offerings

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Disclaimer

This package will inform you about the upcoming product design of the long-term and short-term offerings. This information is subject to alignment with the European Commission and the grid agency (Bundesnetzagentur für Elektrizität, Gas, Telekommunikation, Post und Eisenbahnen, BNetzA). DET reserves the right to make amendments if necessary.

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Overview

Long-term capacities

Short-term capacities

Schedule of Capacity Offerings

Capacity offerings

	2023				2024				2025				2026	2027	2028	2029
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4				
BBU01		0%			0%				100%						**	
Date of offering					10/23				06/24							
STD01	-				about 50%		100%									
Date of offering					12/23 and 08/24*		08/24*									
WHV01	0%				0%				100%							
Date of offering					10/23				06/24							
WHV02	-						100%		tbd							
Date of offering							06/24		Q1/25							

- Short-term capacity
- Long-term capacity; including the mandatory 10% marketed short-
- X% Available capacity

*A first tranche of about 50% was sold in 12/23, the remaining 50% in 2024 and the long-term capacities will be offered 08/24 earliest.

** Any owner of long-term capacity in 2027 ADP will have the option to acquire capacity in 2028 in case the operation of that terminal is extended, at a price to be published in 2027. This procedure repeats in 2028 for capacities in 2029.

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Introduction to the LT product



Marketing of long-term capacity in 2024

- DET intends to offer long-term capacity for the delivery of LNG to each of the four terminals¹. In June, BBÜ01 und WHV01 will be offered.
- The terminals have distinct technical and operating characteristics, varying expected durations and relatively limited storage, which is why they will be marketed individually.
- Therefore, the set of General Terms and Conditions (GTC) for each facility will vary slightly.
- Nonetheless, the commercial principles will be the same for all Users and a standard form of Terminal User Agreement (TUA) will be adopted for all capacity booking, in order to ensure consistency and familiarity for the Users.
- From the market survey we got positive feedback on defining the capacities such, that they bridge to the capacities of the land terminals. Additionally, the “borrow and landing” mechanism received positive reactions.

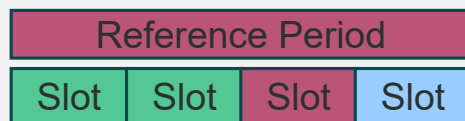
- 1 BBU01: Brunsbüttel
WHV01: Wilhelmshaven I
WHV02: Wilhelmshaven II
STD01: Stade




Product design

Send-out model with reference periods starting in 2025

- DET will sell **send-out capacity** attributed to a specific year. This approach involves all Users to engage in '**borrowing and lending**' of LNG inventory.
- Each User will receive back LNG as gas across a reference window during which the cargo is delivered. The **send-out volume** is proportional to the cargos delivered at the corresponding reference window.
- The gas send-out profile will be planned on a **constant daily rate** within operational tolerances. If shippers fail in bringing cargos, DET is allowed to vary the send out across the reference window.
- The **reference period** has a duration of **4 slots** resulting in length of one to two months. If necessary, the number of slots can be reduced to match the number of available slots and maintenance periods.

Example of a cargo within its reference window



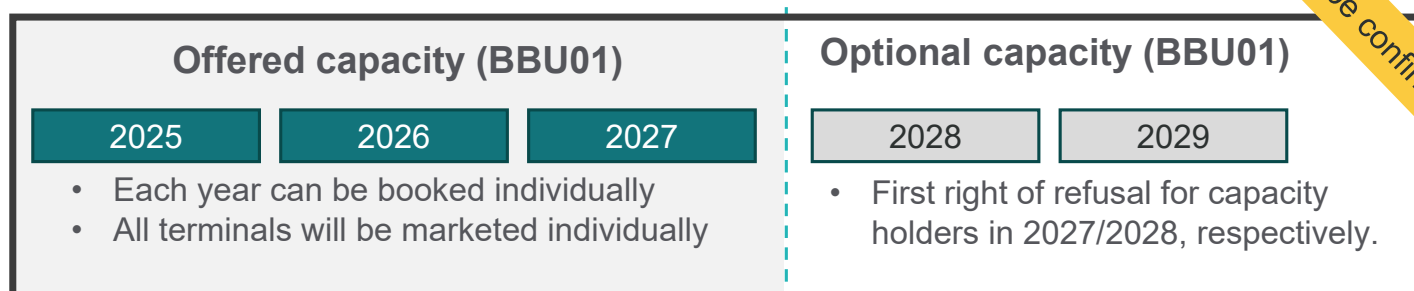
-  Shipper brings a physical cargo
-  Send out is "borrowed"
-  Send out is "lent"



Product design

Period of long-term capacity

- The offered capacities will be from **2025 to 2027 in Brunsbüttel and 2025-2029 in Wilhelmshaven 01**.
- Terminals and years are offered **individually**.
- **Brunsbüttel:** Any owner of long-term capacity in 2027 ADP will have the **option to acquire capacity in 2028** in case the operation of that terminal is extended, at a price to be published in 2027.
 - The volume of the offered capacity will be equal to the volume of the preceding year.
 - For this capacity, the user has the **first right of refusal** and can acquire the whole capacity offered, a fraction, or not acquire any capacity. This procedure repeats in 2028 for capacities in **2029**.

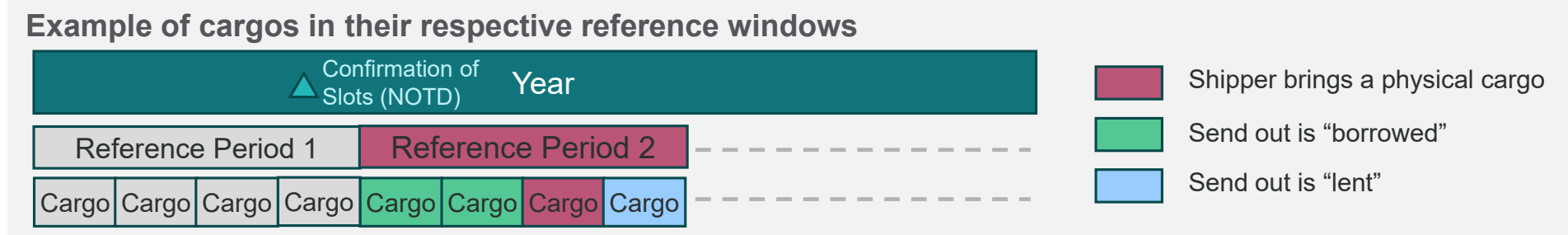


To be confirmed

Product design

Deep dives on Reference Windows and assignment of cargos

- In a specific year, DET offers **packages of 4 cargos**. Hence, a shipper may request four slots or multiples of that, up to e.g. 40. The capacity will be attributed to all bidders pro rata. Bidders falling below the threshold of (max.) 15% will not receive capacity (note, LNGV does not allow minimum booking of capacity being above 15% of the total terminal capacity).
- The slots will be scheduled after the auction in a manner, that they are evenly distributed for every winning bidder. The priority will be given to shippers with high capacities. 2nd priority will be given to the magnitude of capacities across the three years from 2025 to 2027.
- **Mandatory slots** (10%) will be marketed separately and will be intercalated homogenously. Short-term and Spot Users will also receive gas on a continuous send-out basis during the Reference Window when the cargo is delivered.
- We only apply **take or pay conditions**. **First cargos of each reference period will be firm** with obligation to deliver. These volumes are required to keep the terminal cool and in operation.
- Slots/deliveries with no obligation to deliver must, however, be **confirmed** 10 days ahead of the reference window.



*LNGV does not allow minimum booking threshold being above 15% of the total terminal capacity

Offering mechanism

Phase 1:

- Capacities will be offered at the **regulatory price** (no auction) for 14 days. By that time, the tariff will be estimated (for information, in 2024 the tariff is 3,64 €/mmBtu in BBÜ01, and 0,64 €/mmBtu in WHV01).
- Offers received must be allocated pro-rata with a minimum allocation of an equivalent of four cargos.
- Bids that are reduced by pro-rata below the minimum capacity are eliminated and the capacity reallocated with remaining bidders.

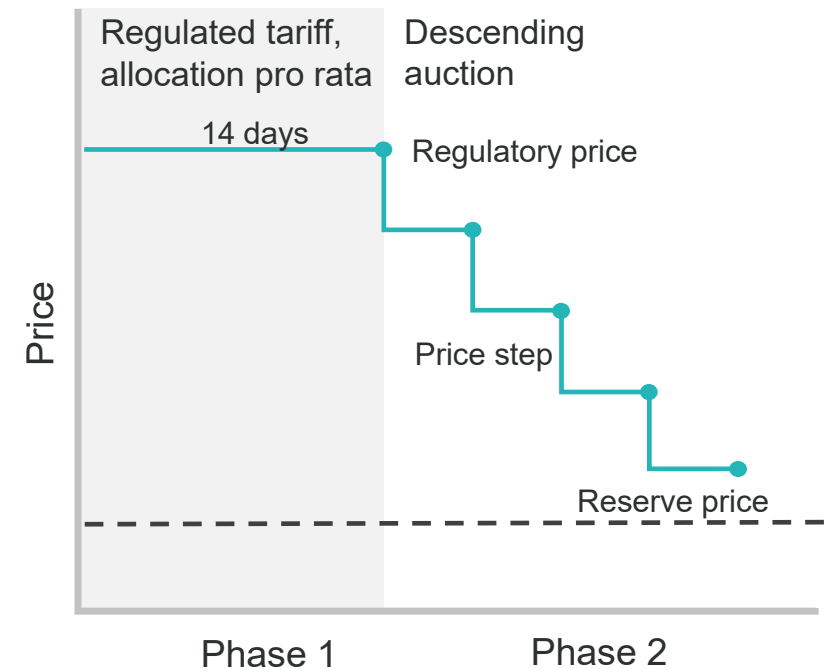
Phase 2:

- **Unsold capacities** will be offered at a price below the regulated tariff. The price is decreased round by round until either all the capacity is allocated, or a reserve price is reached.
- The capacities are allocated on a **first come first served** basis. 2nd priority will be given to larger capacities.

Assignment:

Shippers having a minimum credit rating of BBB- (S&P) and accepting the GTCs will be assigned to the auction (via Prisma platform). Alternatively, a Standing Letter of Credit (SLBC) of 6 m€ can be issued as replacement. As well accepted are capacity holders of 2024.

Process



Product design

Scheduling of cargos/ADP

ADP planning process

- DET applies an ADP planning process which allows Users to express **preferences** for delivery timings.
- The ADPs are then **aligned between Users** and Operator after the open season. The principles of even spacing, larger customer priority, and transparent allocation may be used to impose the final ADP where Users cannot agree.
- To maximize the terminal capacity, DET retains the right to request the User to **change their schedule** on a reasonable endeavours basis.

Outline of the process steps

- I. Customers provide Annual Nomination Schedules (this should include short- and long-term capacity holders)
- II. Operator provides Preliminary Annual Unloading Schedules
- III. Resolution of scheduling conflicts between operator and customer
- IV. Annual Unloading Schedule
- V. Possibility for customer to request change of Annual Unloading Schedule via operator
- VI. DET, as Terminal Operator, approves and publishes the resulting schedule

Product design

Contracts

- DET will sign a standard form of **TUA** in a framework agreement.
- The TUA commits the User to the GTC and the rules for changing the GTC and setting out the **specific commercial terms** including the Capacity and Tariffs acquired by that particular User.
- Each User and DET will also sign a **Terminal Inter Customer Agreement (TICA)** to govern inter-user liabilities in order to enable the use of “Send-Out” based capacity sales and borrowing/lending structures.



Product design

Credit support

- The continuous send-out approach involves all Users to engage in '**borrowing and lending**' of LNG inventory. In case the scheduled cargo is delayed or not delivered, each 'debtor' User must ensure that the 'creditor' Users will be compensated for the lost volume **either in cash or in kind**. The Information Memorandum II will have further information on the financial securities required.
- DET will require an acceptable **Credit Rating** of at least [BBB-] for all users, and **Parent Company Guarantee** or a **Bank Letter of Credit** of value equivalent to three months of long-term booking charges. The amount of 6 m€ covered by an SLBC may serve as a replacement of the credit rating. The issued SLBC will need to cover the slot value as defined in the TUA.

Product design

Entry to the gas grid

- Users will be responsible for meeting their share of annual **Network Entry charges** pro rata to their capacity allocation for the year irrespective of actual quantity of LNG they deliver.
- The network capacity booking is based on a **Use or Pay** mechanism.



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Short-term capacities

Offering of Short-term Capacities

- Capacity will be marketed as discreet single slots in a particular Month .The precise slot date will be confirmed with the annual delivery program during the last quarter of 2024. Short term capacity holders will not need to enter the TICA.
- The offering will be through an ascending clock auction.
- Starting price: in Eurocents/mmBtu, tbd
- Price step: in Eurocents, tbd

