

Implementation and Compliance in DONG Energy

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REMIT Implementation in DONG Energy

REMIT Regulation came
into force across Europe
on 28 December 2011

Main Challenges:

- 1) Short time frame for implementation
- 2) Framework Regulation => Broad and vague wording => Grey areas and uncertainty e.g. in relation to definitions
- 3) Numerous requirements in order to be compliant
- 4) Change of "culture" in some areas of the energy sector

Making Goals & Defining Strategy



Overall Approach

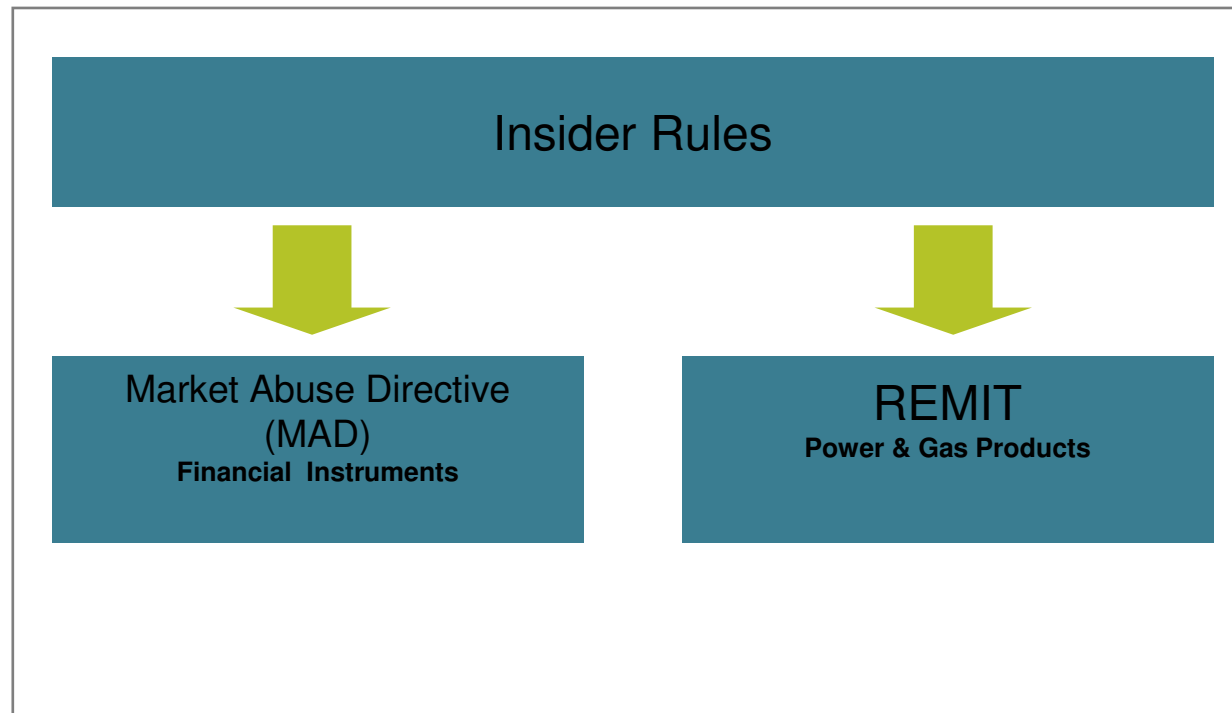
- Follow ACER Guidelines to Regulatory authorities from December 2011
- Implementation aligned with other energy companies in DK and EU and recommendations from industry associations
- Continuous dialogue with DERA

Internal Approach

- Implementation Process initiated in beginning of October 2011 as soon as final REMIT text was available
- First step Implementation finalized by end of Q1 2012 – will be adjusted continuously according to ACER Guidelines, market practice etc.

Insider Trading Policy

Contains general guidelines for the handling of inside information and other precautions and procedures necessary to ensure DE's compliance with new and existing insider rules



Insider Trading Policy

MAIN CONTENT	
General information on REMIT	Description on primary obligations and prohibitions, e.g. insider trading
Who are covered?	All directors, managers and employees
What is covered?	Power and gas, transport agreements and associated derivatives
Establishment of Chinese Walls	Production and trading separated (physically, IT systems etc.)
Insider lists	All employees with insider information are listed on an insider list
Procedures for handling of inside information	Inside information may not be shared with anyone until published to the market
Publication of inside information	Insider information is published on our websites immediately or within an hour
Sanctions	Not yet known, but probably fines and imprisonment (+ bad publicity)

Implementation Process – Step by Step I

Internally in DE	
Deployment of overall DE Insider Trading Policy	Published on the Intranet in Danish and English and sent out to all relevant employees
Preperation of Insider Trading Policy for external consultants	Used when DE engage external consultants, e.g. external lawyers, auditors etc.
Short section on handling of inside info and market abuse rules in overall DE Compliance Program	Mandatory for all DE employees
Development of e-learning programs	Short case in overall compliance program and more detailed REMIT specific program for relevant employees
Publication meassures	DE Websites, NordPool and Energinet.dk
Info meetings and educational sessions	For all relevant employees in DK and abroad.

Implementation Process – Step by Step II

Internally in DE	
Establishment of Insider lists	Centrally managed by HR
Compliance Officers have been appointed in all departments	Responsible for day to day compliance on department level
Specific written procedures for handling of insider information etc.	For all departments in addition to general Insider Trading Policy
Establishment of overall DE Compliance Log	And department specific Compliance Logs
Participation in working groups and industry organisations	To ensure that DE's implementation level is aligned with level in other EU countries and available recommendations
Participate in DERA Working Groups (at present WGs on Upstream)	On-going

'DE Log Book' – Example

	A	B	C	D	E	F	G
1	Gas storages	Relevant information [according to REMIT. There might be extra information made public due to 3rd Energy Package (Fundamental dat) or Guidelines for Good Practice for Storage System Operators (GGPSSO)]	Operator	Responsible for publication of information	Relevant market and platform of publication	Who has access to information before publication ('Chinese walls')	Implemented Procedures
3	1.Capacity (asset) Related Information						
4	Stenlille (100% ownership)	Total injection capacity [and available injection capacity.??]	DONG Storage (CAJOH)	DONG Storage (CAJOH)	Market: DK Platform:Published on www.dongstorage.dk	DONG Storage employees, TSO, GCC	
5		Total withdrawal capacity [and available withdrawal capacity ??]	DONG Storage (CAJOH)	DONG Storage (CAJOH)	Published on the homepage / [www.dongstorage.dk]	DONG Storage employees, TSO, GCC	
6		Total volume capacity [and available volume capacity??]	DONG Storage (CAJOH)	DONG Storage (CAJOH)	Published on the homepage / [www.dongstorage.dk]	DONG Storage employees, TSO, GCC	
7		[[Utilisation ??]]					
8	Etzel (33% ownership)	Total injection capacity					
9		Total withdrawal capacity	[Etzel into commercial operation October 2012]				
10		Total volume capacity [and available volume capacity??]					
11		[[Utilisation ??]]					
12	Kiel	[Kiel into commercial operation end 2012]					
13	Leased gas storages						
14	Nütermoor	Total injection capacity					
15		Total withdrawal capacity					
16		Total volume capacity [and available volume capacity??]					
17		[[Utilisation ??]]					
18	Peckensen	Total injection capacity					
19		Total withdrawal capacity					
20		Total volume capacity [and available volume capacity??]					
21		[[Utilisation ??]]					
	2.Operative						

Gas production & Sea pipes
LNG
Power Plants
Wind
Gas storage
Wholesale agreements & bookings

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Next Steps in the REMIT Implementation Process

Level II – Reporting Obligation

- Expected to come into force mid 2013
 - Details on the reporting obligation still lacking
 - Energy companies in EU currently awaiting further details/guidelines
- Internal implementation process expected to last at least 12 months

On going follow-up and monitoring of compliance

Necessary adaptations of internal policies based on coming ACER Guidelines

Registration of DE as Energy Trader with DERA - probably earliest Q4 2012

