

## Consolidation of the Act on Natural-Gas Supply<sup>i</sup>

The Act on Natural-Gas Supply is hereby proclaimed (cf. Consolidated Act no. 130 of 27 February 2003, and the amendments resulting from § 2 of Act no. 494 of 9 June 2004 and § 31 of Act no. 1384 of 20 December 2004).

### Chapter 1

#### *Introductory Provisions*

**§ 1.** The objective of the Act is to ensure that the natural-gas supply of the country is organised and implemented in accordance with consideration for supply security, the national economy, the environment and consumer protection. The Act shall therefore ensure consumer access to inexpensive natural gas.

*Paragraph 2.* In accordance with the objectives specified in paragraph 1, the Act shall in particular promote sustainable energy use, including energy saving, ensure efficient use of financial resources and foster competition in the markets for trade in natural gas.

**§ 2.** The Act applies to natural-gas transmission, distribution and supply as well as to the storage of natural gas, including liquid natural gas (LNG).

*Paragraph 2.* The Act also applies to biogas, gas from biomass and other types of gas, to the extent that such gases can technically and safely be introduced to and transported through the natural-gas system.

*Paragraph 3.* The Act applies on land, in territorial waters, in the exclusive economic zone and on the Danish continental shelf.

*Paragraph 4.* The Minister of Transport and Energy may decide that small installations or small-scale activities covered by the Act may be either partially or completely exempted from the Act's provisions.

**§ 3.** The Minister of Transport and Energy may, within the field covered by the Act, set rules with a view to the fulfilment of Denmark's EU obligations.

**§ 4.** By means of the drafting of a yearly report, the Minister of Transport and Energy keeps a parliamentary committee informed of all significant developments concerning Denmark's natural-gas supply.

**§ 5.** Municipalities may directly or indirectly participate in one or more jointly-owned municipal concerns (cf. § 60 in the Act on Management of Municipalities) which exclusively carry out distribution activity. Municipalities may participate in other activity covered by § 2, paragraph 1, when the activity is carried out in a limited-liability company.

*Paragraph 2.* The Minister of Transport and Energy may allow a municipality to carry out the activity referred to in paragraph 1, point 1, on its own or that one or more municipalities directly or indirectly participate in the carrying out of the activities referred to in paragraph 1, point 1, in a form of organisation other than municipal joint ownership. The Minister may also allow the jointly-owned

municipal concerns referred to in paragraph 1, point 1, directly or indirectly to carry out activity other than distribution activity.

*Paragraph 3.* The Minister of Transport and Energy may approve a partnership between two or more jointly-owned municipal concerns carrying out natural-gas supply activity as referred to in paragraph 1, as a joint, consecutive writing off of debt resulting from this Act's entry into force. The Minister of Transport and Energy may also give approval to jointly-owned municipal concerns contributing to the writing off of each other's debt.

**§ 6.** The following definitions apply in this Act:

- 1) *Direct pipeline:* a natural-gas pipeline supplying the interconnected system;
- 2) *Distribution:* transport of natural gas by means of local or regional pipeline networks for delivery to customers;
- 3) *Distribution network:* local or regional natural-gas supply network;
- 4) *Distribution company:* any physical or legal person carrying out a distribution function;
- 5) *Consumer:* a customer who purchases natural gas for his or her own use;
- 6) *Supply:* sale, including resale, of natural gas, including liquid natural gas (LNG), to customers;
- 7) *Company with universal-service obligation:* a supply company with the obligation to supply consumers and potential consumers in areas which, with respect to the Law on Heat Supply, are equipped for natural-gas supply and others who either are or become connected to the natural-gas supply network;
- 8) *Ancillary services:* all of the services necessary for access to and operation of the transmission or distribution system, LNG- or storage facilities, including quantity-balancing or combining installations but not services exclusively reserved for the carrying out of transmission companies' tasks;
- 9) *Customer:* any physical or legal person who buys natural gas for resale or their own use;
- 10) *Storage facility:* a facility used to store natural gas and which is either owned or operated by a natural-gas company, including that part of LNG facilities used for storage, apart from the part used for production purposes and apart from facilities exclusively reserved for the carrying out of transmission companies' tasks;
- 11) *Storage company:* any physical or legal person carrying out storage;
- 12) *Linepack:* storage of gas by means of compression in gas transmission and distribution systems but not facilities reserved for the carrying out of transmission companies' tasks;
- 13) *LNG facility:* a terminal used to liquefy gas or to import, discharge or gasify LNG, including ancillary services and temporary storage facilities necessary for the gasification process and subsequent delivery to the transmission system, apart from the parts of LNG terminals used for storage;
- 14) *Natural-gas supply network:* collective term used for transmission and distribution networks;
- 15) *Natural-gas supplier:* any physical or legal person who carries out supply functions, that is, both companies with universal-service obligations and other companies selling natural gas;
- 16) *Natural-gas company:* any physical or legal person who carries out at least one of the following functions: production, transmission, distribution, supply, purchase or storing of natural gas, including LNG, and which is responsible for the commercial, technical or maintenance tasks related to those functions, excluding consumers;
- 17) *Upstream-pipeline network:* any pipeline or any network of pipelines operated as or constructed as part of an oil or gas production installation or used to convey natural gas from one or more such installations to a processing plant, processing terminal or final coastal landing terminal;
- 18) *Interconnected system:* several systems connected to each other;

19) *System*: all transmission and distribution networks, LNG facilities or storage facilities owned or operated by natural-gas companies, including linepack and a company's or associated companies' connected facilities, which provide ancillary services necessary for access to transmission, distribution and LNG;

20) *System user*: any physical or legal person supplying or supplied from a system;

21) *Transmission*: transport of natural gas through high-pressure pipeline networks other than upstream-pipeline networks with a view to supplying customers;

22) *Transmission network*: forms of high-pressure natural-gas pipeline networks other than upstream-pipeline networks;

23) *Transit*: transport of natural gas through the Danish transmission network with a view to supply to customers outside of Denmark;

24) *Transmission company*: any physical or legal person carrying out a transmission function.

## Chapter 2

### *Natural-Gas Consumers' Position*

**§ 7.** Any person may freely choose a natural-gas supplier.

*Paragraph 2.* Any person in areas designated for natural-gas supply pursuant to the Act on Heat Supply and others who either are or become connected to the natural-gas supply network has the right, in return for payment, to be supplied with natural gas through a supply offer from a company with a universal-supply obligation (cf. § 26).

*Paragraph 3.* The right to delivery of natural gas through a supply offer from a company with a universal-supply obligation does not include consumers who avail themselves of the right to choose supplier (cf. paragraph 1).

*Paragraph 4.* Consumers who avail themselves of the right to choose supplier (cf. paragraph 1) may resume supply from a company with a universal-supply obligation within reasonable deadlines and on reasonable conditions.

*Paragraph 5.* Companies required to hold a licence (cf. Chapters 3 and 4), must make their services available to consumers at objective, transparent and non-discriminatory terms. This applies equally to activities carried out by Energinet Danmark or its wholly-owned subsidiaries pursuant to §2, paragraphs 2 and 3, in the Act on Energinet Danmark.

**§ 7 a.** The Minister of Transport and Energy sets rules with a view to obliging natural-gas suppliers to ensure a range of basic consumer rights in connection with agreements on natural-gas supply, including specific rules governing this obligation.

*Paragraph 2.* The rules referred to in paragraph 1 may include the following, among other requirements:

- 1) requirements concerning a consumer's right to a contract, concerning the contents of the contract, information on the contract's conditions, prior notification of changes to prices and terms, including increases in charges, concerning consumers' right to cancel contracts, payment methods, payment for change of supplier and cancellation/discontinuation, including in connection with consumer default;
- 2) complaint procedures, including rules on the settlement of disputes between a consumer and a supplier on the terms and conditions set pursuant to point 1.

*Paragraph 3.* When the rules referred to in paragraphs 1 and 2 are set, it may be decided that these rules only apply to certain types of agreements, including agreements with non-commercial consumers, and that no agreement may be made to deviate from these rules.

**§ 8.** (Repealed)

**§ 9.** The following costs for public obligations shall be sustained by all consumers connected to the interconnected system:

- 1) transmission companies' necessary costs arising from the tasks they are obliged to carry out according to the provisions in § 11, paragraph 3, and § 12, paragraph 1, points 2, 3 and 6, including obligatory tasks concerning natural-gas security;
- 2) distribution companies' necessary costs arising from the tasks they are obliged to carry out according to the provisions in § 11, paragraph 3, and § 14, paragraph 1, point 2, including obligatory tasks concerning natural-gas security.

*Paragraph 2.* Transmission, distribution, storage and supply companies additional costs are sustained by system users receiving the companies' services and are charged for by means of the individual company's tariffs.

*Paragraph 3.* When technically possible, payment for natural gas is calculated according to metered consumption in a direct customer relationship between consumers and supply companies, irrespective of whether the consumer is a tenant, a member of a co-operative society or an owner.

## Chapter 3

### *The Natural-Gas Supply Network, LNG Facilities and Storage Facilities*

#### *Transmission, Distribution, Storage Facilities and LNG Licences*

**§ 10.** Transmission, distribution, storage and LNG activities may only be carried out under licences granted to companies fulfilling the requirements in § 28. Activities carried out by Energinet Danmark or its wholly-owned subsidiaries pursuant to §2, paragraphs 2 and 3, in the Act on Energinet Danmark may be carried out without a licence.

*Paragraph 2.* The Minister of Transport and Energy issues licences for specifically defined areas. Licences are issued for at least 20 years.

*Paragraph 3.* The Minister of Transport and Energy may set rules on payment to cover costs incurred in the processing of licence applications.

**§ 10 a.** Transmission, distribution, storage and LNG companies maintain, convert and expand the natural-gas supply network, storage- and LNG facilities in the supply area to the extent necessary. The Minister of Transport and Energy may set specific rules in this regard.

**§ 11.** Transmission and distribution companies shall ensure sufficient and effective transport of natural gas and associated services in their own networks, including:

- 1) maintenance of physical balance in the network;
- 2) making necessary transport capacity available;
- 3) ensuring metering of delivery and purchase of natural gas in the network; and

- 4) providing users of the network with all necessary information on metering of the natural gas transported through the network.

*Paragraph 2.* The Minister of Transport and Energy may set rules on implementation of the provisions in paragraph 1, including rules on the delimitation of tasks.

*Paragraph 3.* The Minister of Transport and Energy may decide that transmission and distribution companies shall undertake research and development with a view to efficient energy use, improvement of the environment and security in the use of natural gas. The Minister of Transport and Energy may set rules or make decisions regarding the drawing up of plans for these activities and regarding their approval.

*Paragraph 4.* The Minister of Transport and Energy may decide that tasks which licence holders are obliged to carry out according to paragraph 1, point 1, shall, on at least 1 year's notice, be transferred to a system operator.

**§ 11 a.** Transmission and distribution companies shall set up a program for internal monitoring which describes their initiatives to prevent discriminating behaviour. The companies shall ensure compliance with the internal monitoring program and that appropriate control is exercised. An annual report describing the program and its supervision shall be published and submitted to the Energy Regulatory Authority.

*Paragraph 2.* The Minister of Transport and Energy may set specific rules on the conditions referred to in paragraph 1, including on the contents of the program for internal monitoring and the manner in which it is supervised.

**§ 12.** A transmission company shall:

- 1) connect the distribution network and consumers to the extent necessary;
- 2) ensure the quality of the natural gas supplied from the transmission network;
- 3) ensure supply security in Denmark;
- 4) co-operate with other transmission companies in Denmark and in other countries with a view to efficient exchange of natural gas;
- 5) prepare plans for the future demand for transmission capacity;
- 6) ensure that there are sufficient amounts of natural gas in the overall natural-gas supply system so that the physical balance in the network can be maintained (cf. § 11, paragraph 1, point 1; and
- 7) use transparent, non-discriminatory, market-based methods in the procurement of the energy used to carry out its activity.

*Paragraph 2.* A transmission company may enter into agreements on the capacity reserved for supply security for transit.

*Paragraph 3.* The Minister of Transport and Energy may set rules on the implementation of the provisions in paragraph 1, including rules on the delimitation of tasks. The Minister of Transport and Energy may also order modifications to supply security.

*Paragraph 4.* The Minister of Transport and Energy may decide that tasks which licence holders are obliged to carry out according to paragraph 1, points 2-6, shall, on at least one year's notice, be transferred to a system operator.

**§ 12 a.** In the carrying out of its tasks, a transmission company shall contribute to ensuring that the best possible conditions are established for competition on the markets for trade in natural gas (cf. § 1, paragraph 2).

*Paragraph 2.* A transmission company may take initiatives other than those referred to in paragraph 1 with a view to establishing competition on the markets for natural gas.

*Paragraph 3.* The Minister of Transport and Energy may set specific rules on transmission companies' obligations (cf. paragraphs 1 and 2), including the companies' obligations regarding the organisation of access to the system.

**§ 13.** New transmission networks may only be established and significant modifications made to existing transmission networks after the Minister of Transport and Energy has issued the relative permits. Permission may only be given if the applicant is able to document that there is sufficient need for the expansion. The permit may be made conditional on fulfilling conditions regarding specific establishment and operation of the network, including safety provisions for installation demolition and removal.

*Paragraph 2.* The Minister of Transport and Energy may set rules on payment to cover costs arising from the processing of permit applications.

*Paragraph 3.* Paragraphs 1 and 2 do not apply to activities carried out by Energinet Danmark or its wholly-owned subsidiaries pursuant to § 2, paragraphs 2 and 3 of the Act on Energinet Danmark.

**§ 14.** A distribution company shall:

- 1) connect consumers to the distribution network to the extent necessary; and
- 2) advise consumers concerning energy saving.

*Paragraph 2.* The Minister of Transport and Energy sets rules on a distribution company's obligations in accordance with paragraph 1, point 2.

*Paragraph 3.* The Minister of Transport and Energy may set rules on a distribution company's obligations with respect to paragraph 1, point 1, specifying that the distribution company shall map natural-gas consumption and plan and ensure implementation of energy saving in the supply area, and that distribution companies shall co-operate on advising consumers concerning energy saving (cf. paragraph 1, point 2).

*Paragraph 4.* The Minister of Transport and Energy may set rules on combined invoicing for the services consumers receive according to this Act.

**§ 15.** A storage company shall:

- 1) meter deliveries of natural gas to and from stores;
- 2) provide users of a storage facility with all necessary information on the metering of the natural gas conveyed to and withdrawn from the storage facility; and
- 3) make necessary storage capacity available for transmission companies' carrying out of the tasks referred to in § 12, paragraph 1, points 3 and 6.

*Paragraph 2.* The Minister of Transport and Energy may set rules on implementation of the provisions in paragraph 1, including the delimitation of tasks and determination of the necessary storage capacity which shall be made available for the purposes of emergency supply.

### *Emergencies*

**§ 15 a.** Companies obliged to hold licences according to § 10, as well as Energinet Danmark and its wholly-owned subsidiaries carrying out natural-gas supply activities pursuant to §2, paragraphs 2 and 3 of the Act on Energinet Danmark, shall make the necessary plans and implement the necessary measures in order to ensure natural-gas supply in emergencies and other extraordinary situations.

*Paragraph 2.* Energinet Danmark shall carry out the overall co-ordination of planning and operational tasks concerning the emergencies referred to in paragraph 1.

*Paragraph 3.* The Minister of Transport and Energy may set rules on the carrying out of the tasks referred to in paragraphs 1 and 2.

*Paragraph 4.* The Minister of Transport and Energy may set rules on the inspecting of the emergency preparations made according to paragraphs 1 and 2, including on companies' submission of material as a basis for inspections and on the Authority's powers in relationship to the companies and to appeal procedures. The rules may establish that the transmission network carrying out the tasks according to paragraph 1 shall carry out the inspection of the emergency preparations referred to in paragraph 2.

#### *LNG Facilities*

**§ 16.** LNG facilities may only be established after the Minister of Transport and Energy has issued the relative permits. A permit may only be issued if the applicant is able to document that there is sufficient need for the facility in question. The permit may be conditional on compliance with terms concerning the specific establishment and operation of LNG facilities, including the safety provisions for removal.

*Paragraph 2.* The Minister of Transport and Energy may set rules on payment to cover the cost of processing permit applications.

#### *Direct Pipelines*

**§ 17.** Direct pipelines may be constructed only after the Minister of Transport and Energy has issued the relevant permits.

*Paragraph 2.* A permit may only be issued if the applicant has previously been denied permission to access the system (cf. § 18) and it has not been possible to find a solution to the problem by submitting it to the Energy Regulatory Authority.

*Paragraph 3.* A permit may be subject to the fulfilment of certain conditions as specified in § 13, paragraph 1, last point.

*Paragraph 4.* The Minister of Transport and Energy may set rules on payment to cover the cost of processing permit applications.

#### *System Access*

**§ 18.** Any person has the right, in return for payment, to use the transmission- and distribution networks and LNG facilities if so doing is technically or financially necessary in order to provide efficient system access, storage, linepack and other ancillary services (the system) (cf. paragraph 3).

*Paragraph 2.* Applications for use of the system are made to the transmission, distribution, storage or LNG company operating the network, storage facility or LNG facilities the use of which is being requested. Companies shall provide access to the system on the basis of objective, transparent and non-discriminatory criteria.

*Paragraph 3.* Transmission, distribution, storage and LNG companies may deny access to the system with respect to paragraph 1:

- 1) if they do not have the necessary capacity;
- 2) if access to the system would prevent them from fulfilling the obligations imposed on them pursuant to § 12, paragraph 1, points 2, 3 and 6; or

3) due to serious financial and economic difficulties with contracts containing take-or-pay terms (cf. § 22).

*Paragraph 4.* Denial of application for access to the system (cf. paragraph 3) must be substantiated.

*Paragraph 5.* The Energy Regulatory Authority handles complaints concerning denial of application for access to the system (cf. paragraph 3).

## **§ 19.** (Repealed)

**§ 20.** The transmission, distribution or LNG company sets the prices and terms for use of transmission and distribution networks and LNG facilities according to § 18, including linepack and other ancillary services provided by transmission, distribution and LNG companies (cf. Chapter 7). Transmission, distribution and LNG companies shall publish tariffs and terms for use of the transmission and distribution networks and LNG facilities according to § 18.

*Paragraph 2.* Transmission, distribution and LNG companies shall give applicants for use of transmission and distribution networks and LNG facilities according to § 18 access to such use in the shortest possible period of time.

*Paragraph 3.* When natural gas is transported through several distribution networks with a view to supplying a consumer, the consumer pays only for the transport corresponding to the tariffs for transport in the distribution network to which the consumer is connected. Revenue from the transport is distributed according to mutual agreement among the distribution companies through whose distribution networks the natural gas is transported.

*Paragraph 4.* In the case of dispute concerning the distribution of revenue (cf. paragraph 3), one or more of the distribution companies concerned may submit the dispute to the Energy Regulatory Authority for resolution.

**§ 20 a.** Prices and terms for the use of stores as referred to in § 18, including other ancillary services offered by the storage company, are set by negotiation between the storage company and the party applying for use of storage facilities. The storage company shall publish the principal commercial terms for use of storage facilities according to § 18 within one month of the Act's entry into force and once annually thereafter.

*Paragraph 2.* Storage companies must negotiate with applicants in the shortest possible period of time regarding the use of storage facilities according to § 18.

*Paragraph 3.* The Minister of Transport and Energy sets rules on the settlement of disputes in connection with negotiations on access to storage facilities according to § 18.

**§ 21.** After submission to a committee established by Parliament, the Minister of Transport and Energy sets rules for access to the upstream-pipeline network, including to facilities providing technical services in connection with such access, apart from the parts of such a network and facilities used for local production activities in a field in which gas is produced.

*Paragraph 2.* The Minister of Transport and Energy sets rules on settlement of disputes concerning access to the upstream-pipeline network.

**§ 22.** If a natural-gas company experiences or expects to experience serious economic and financial difficulties because of its take-or-pay obligations with respect to one or more natural-gas purchase contracts, it may apply for provisional exemption from the rules on access to the system as referred to in § 18. The Minister of Transport and Energy sets specific rules in this regard.



**§ 22 a.** Large, new gas infrastructures may be either wholly or partially exempted from the provisions in §§ 18-21, 36 a and 41 upon application to the Minister of Transport and Energy.

*Paragraph 2.* An infrastructure as referred to in paragraph 1 shall be operated separately from the company whose system the infrastructure is to be part of.

*Paragraph 3.* The Minister of Transport and Energy sets specific conditions for exemptions in accordance with paragraph 1.

**§ 23.** In order to gain access to use of the system, users shall meet the requirements set in this regard (cf. paragraph 3).

*Paragraph 2.* In order to be connected to the system, plants and installations must fulfil specific technical requirements and standards.

*Paragraph 3.* The Minister of Transport and Energy may set specific rules on the conditions referred to in paragraphs 1 and 2, and may decide that certain technical requirements and standards for connection and requirements concerning use of the system shall be set by transmission companies.

## Chapter 4

### *Activity with a Universal-Service Obligation*

**§ 24.** Activity with a universal-service obligation may only be carried out after the issuing of a licence. Such licences may be issued to companies fulfilling the requirements in § 28.

*Paragraph 2.* Licenses are issued by the Minister of Transport and Energy and may be given for supply to users in a specifically defined area at set terms. Licenses are issued for a period of at least five years.

*Paragraph 3.* The Minister of Transport and Energy may set rules on payment to cover the cost of processing of licence applications.

**§ 25.** (Repealed)

**§ 26.** A company with a universal-service obligation in a licence area is obliged to supply consumers in areas equipped for natural-gas supply with respect to the Act on Heat Supply and to others who either are or become connected to the natural-gas supply network (cf. § 7).

*Paragraph 2.* A company with a universal-service obligation in a licence area shall offer a supply of natural gas to consumers who do not avail themselves of the possibility to choose another supplier or if supply agreements with another supplier have been terminated.

*Paragraph 3.* Companies supplying natural gas to a consumer pursuant to paragraph 2 shall inform the consumer as to which company the latter receives its natural-gas supply from and according to which conditions. It shall also inform the consumer that the latter has the right to cancel and to resume supply from the company with a universal-service obligation within a reasonable period and at prices set in accordance with §§ 37 and 37 b.

*Paragraph 4.* The Minister of Transport and Energy may set rules on the obligations of a company with a universal-service obligation with respect to paragraph 1.

**§ 27.** (Repealed)

## Chapter 5

### *General Provisions Concerning Licences*

**§ 28.** Licences granted pursuant to this Act may be granted only to applicants considered to have the necessary technical and financial resources.

*Paragraph 2.* In addition to terms which may be set in licences pursuant to this Act, other objective and non-discriminatory terms may be set, including terms necessary in order to comply with related EU legislation in the field.

**§ 28 a.** A company holding a licence for transmission, distribution and storage activities or for LNG-related activities and activities with a universal-service obligation, may carry out only those activities covered by the licence. Other activities, outside the scope of the licence concerned, including other activities requiring a licence, shall, with the exceptions referred to in § 5, paragraphs 1 and 2, be carried out by autonomous, limited-liability companies.

*Paragraph 2.* The Minister of Transport and Energy may give permission for transmission activity, storage activity and operation of upstream-pipeline networks to be carried out by the same company.

**§ 28 b.** Directors, deputy directors, assistant directors and the senior management of a transmission or distribution company may not directly or indirectly participate in the operation or management of an associated company selling or producing natural gas or an associated company which directly or indirectly owns the latter unless it is a question of a transmission or distribution company.

*Paragraph 2.* Board members of a transmission or distribution company may not directly or indirectly participate in the operation or management of an associated company selling or producing natural gas.

*Paragraph 3.* The Minister of Transport and Energy may set specific rules with a view to ensuring that the management of a transmission or distribution company is able to act independently of commercial interests.

**§ 28 c.** Agreements between companies requiring licences for their activities and other companies, including associated companies, shall be entered into according to market terms.

*Paragraph 2.* The agreements covered by paragraph 1 shall be available in written form at the time when such agreements are entered into. When so requested by the Energy Regulatory Authority, companies must submit appropriate documentation demonstrating the procedures used to set the prices and terms for major agreements.

*Paragraph 3.* The provisions in paragraphs 1 and 2 also apply to agreements entered into by Energinet Danmark or its wholly-owned subsidiaries (cf. § 2. paragraphs 2 and 3, in the Act on Energinet Danmark).

**§ 29.** The Minister of Transport and Energy may set conditions specifying that, if licences are withdrawn in accordance with § 33, the Minister may delegate natural-gas companies to carry out the activities requiring licences until a new licence is issued.

*Paragraph 2.* The Minister of Transport and Energy may set conditions specifying that, if a licence holder does not wish to keep its licence but nevertheless wishes to retain ownership of the installations concerned, the Minister may delegate natural-gas companies to carry out the activities for which licences are required.

*Paragraph 3.* Natural gas companies delegated in accordance with paragraphs 1 and 2 may factor into their prices (cf. § 37, paragraph 1) any operational losses arising from carrying out of the activities for which licences is required.

**§ 30.** The Minister of Transport and Energy monitors both compliance with licence terms and the activity which Energinet Danmark and its wholly owned subsidiaries, pursuant to § 2, paragraphs 2 and 3, of the Act on Energinet Danmark may carry out pursuant to the Act on Natural-Gas Supply.

*Paragraph 2.* Licence holders, Energinet Danmark and its wholly-own subsidiaries (cf. § 2, paragraphs 2 and 3, of the Act on Energinet Danmark) shall pay any expenses arising from monitoring done according to the rules set by the Minister of Transport and Energy.

*Paragraph 3.* According to rules set by the Minister of Transport and Energy, licence holders shall pay any expenses arising from the Minister's processing and assessment of the licence holder's planning, research and development tasks, including the activities referred to in § 11, paragraph 3, and § 12, paragraph 1, point 5.

*Paragraph 4.* Holders of licences for transmission, distribution, storage and LNG-related activities shall own the installations used for the activities to be carried out under the terms of their licences.

*Paragraph 5.* In special cases, the Minister of Transport and Energy may grant dispensation from the provision in paragraph 4.

**§ 31.** New terms may be set in a licence after five years and on one year's notice.

**§ 32.** Licences granted pursuant to this Act are exempted from legal proceedings and may be neither directly nor indirectly transferred to other parties unless the Minister of Transport and Energy authorises such transfer and approves the related terms.

**§ 33.** A licence or permit may be withdrawn if:

- 1) provisions or terms laid down or orders issued in accordance with this Act or rules issued pursuant to this Act are repeatedly contravened;
- 2) incorrect or misleading information is given in connection with an application for a licence or permit; or
- 3) the holder of the licence or permit gives notice of payment suspension, makes a petition for bankruptcy or is declared bankrupt.

*Paragraph 2.* If a contravention as referred to in paragraph 1 can be remedied, the Minister of Transport and Energy may inform the holder of the licence that it shall fulfil its licence or permit obligations within a specific period.

*Paragraph 3.* Decisions according to paragraph 1, points 1 and 2, are made by a court; decisions according to paragraph 1, point 3, are made by the Minister of Transport and Energy.

## Chapter 6

### *Transfer*

**§ 34.** A distribution network owned by a licence holder or equity in distribution companies owning such networks may be surrendered only to the State. Owners wanting to surrender pursuant to this provision shall so inform the Minister of Transport and Energy.

*Paragraph 2.* The obligation to surrender to the State equity in distribution companies covered by paragraph 1 takes effect when 50% of the equity in a company which directly or indirectly holds such equity changes ownership after 21 April 2004 or when holders of equity in a company which directly or indirectly owns equity in distribution companies by acquisition or at a later point in time alone or in association with other equity holders acquire determining influence in the company concerned. According to this provision, change of ownership does not include entry or withdrawal of a partner in a municipally-owned regional distribution company.

*Paragraph 3.* A company which directly or indirectly owns equity in a distribution company shall immediately inform the Minister of Transport and Energy when 50% of the equity in the company changes ownership after 21 April 2004 or if the company learns that one of its owners alone or in association with other owners acquires determining influence in the company. An owner which, alone or in association with others, acquires determining influence in a company shall immediately so inform the Minister of Transport and Energy.

*Paragraph 4.* Business-related restructuring and the use of rights of pre-emption, purchase options or subscription rights acquired before 21 April 2004 are not covered by paragraphs 1-3.

*Paragraph 5.* The State's purchase obligation as referred to in paragraphs 1 and 2 is exercised by the Minister of Transport and Energy within three months of the Minister having been informed according to the provisions in paragraphs 1 and 3. The Minister may appoint a State enterprise to fulfil the purchase obligation referred to in paragraphs 1 and 2.

*Paragraph 6.* If agreement cannot be reached on the price and payment terms for the takeover of equity in a distribution network as referred to in paragraphs 1 and 2, the Tax Commission, pursuant to the rules in Chapter 4 of the Act on Procedure in Expropriation of Real Property, makes the related decisions.

*Paragraph 7.* The Minister of Transport and Energy may request any information from companies, sellers of equity and owners covered by paragraphs 1-3 which he or she considers necessary in order to ascertain compliance with the relative provisions.

**§ 35.** In connection with the sale of a natural-gas company or stocks or shares, etc., in a natural-gas company, a municipality shall prepare a statement of its invested capital in the natural-gas company and the net revenue deriving from the sale.

*Paragraph 2.* With a sale (cf. paragraph 1), any form of whole or partial, direct or indirect transfer or similar operation concerning:

- 1) a natural-gas company;
- 2) direct or indirect availability or other right relative to a natural-gas company; or
- 3) equity owned directly or indirectly in a natural gas company  
is placed on an equal footing.

*Paragraph 3.* The statement shall be submitted to the Energy Regulatory Authority according to rules it sets.

*Paragraph 4.* The provisions in paragraphs 1-3 also apply if the seller or transferor is an enterprise, company, etc., in which a municipality directly or indirectly holds equity or if a municipality makes a profit on the sale, transfer, etc., of an enterprise or company holding equity in a natural-gas company. The provisions in paragraphs 1-3 also apply if a municipality profits in another way from sale, transfer, etc., as referred to in paragraph 1.

*Paragraph 5.* The Energy Regulatory Authority decides whether or not the statement may be approved. If it is unable to approve the statement, it determines the level of the municipality's direct or indirect share of invested capital in the natural-gas company concerned and the net proceeds of the sale (cf. paragraphs 1, 2 and 4).

*Paragraph 6.* By 1 June each year, the Energy Regulatory Authority informs the Ministry of the Interior as to the amount which any municipality (cf. paragraph 5) has directly or indirectly gained in net proceeds through sale.

*Paragraph 7.* The Ministry of the Interior subsequently reduces the municipality's State subsidy according to the provision in § 10 of the Act on Municipal Equalisation and General Subsidies to Municipalities and Counties by the amount referred to in paragraph 6, including interest as referred to in paragraph 8.

*Paragraph 8.* The Ministry of the Interior calculates interest as of the date on which the proceeds from the sale or transfer became available to the municipality and until the year in which the municipality's State subsidy is reduced. Interest is calculated on net proceeds (cf. paragraph 6), minus the annual subsidy reduction as referred to in paragraph 7. The interest rate is the National Bank of Denmark's official discount rate as of 1 January for the year or years in which the interest is to be calculated.

*Paragraph 9.* In this provision, a natural-gas company is understood as any company carrying out the activities covered by § 2.

## Chapter 7

### *Natural-Gas Prices and Terms*

#### *Natural-Gas Companies' Prices and Terms*

#### **§ 36.** (Repealed)

**§ 36 a.** Prices and terms for use of transmission and distribution networks and LNG facilities are set by transmission, distribution and LNG companies according to published methods approved by the Energy Regulatory Authority.

*Paragraph 2.* The Minister of Transport and Energy may set specific rules on the methods used to calculate or set prices and terms, including tariffs.

**§ 37.** The prices for services provided by distribution companies and companies with a universal-service obligation are set taking into consideration the companies' costs for the purchase of energy, paying salaries and wages, services, administration, maintenance, other operating costs and depreciation, including return on capital. Consideration is also given to expenses incurred due to the fact that the companies, pursuant to a splitting made necessary by this Act, are responsible for other natural-gas companies' debt obligations.

*Paragraph 2.* The prices referred to in paragraph 1 shall be set according to reasonable, objective and non-discriminatory criteria in relationship to the costs associated with the individual users of the network and consumers.

*Paragraph 3.* The Minister of Transport and Energy may set rules on:

- 1) calculation of operational depreciation;
- 2) calculation of the companies' capital, including invested capital; and
- 3) the rates that may be applied when including interest as referred to in paragraph 1.

*Paragraph 4.* Municipalities may not grant subsidies to municipal distribution-enterprises (cf. § 5, paragraph 1.)

**§ 37 a.** Prices for distribution companies' services shall be in accordance with the revenue frameworks referred to in paragraph 2 (cf. § 37 c). The frameworks are set with a view to covering the costs referred to in § 37, paragraph 1, incurred with efficient operation of the companies.

*Paragraph 2.* The Minister of Transport and Energy sets rules on revenue frameworks for the companies referred to in paragraph 1. In accordance with these rules, the Energy Regulatory Authority sets the annual revenue framework for each of the companies concerned.

*Paragraph 3.* The Energy Regulatory Authority may grant dispensation from the frameworks it has set if so doing is necessary in order for a company to fulfil the obligations it has assumed in a licence, according to the Act or to provisions established pursuant to the Act.

*Paragraph 4.* All of a company's revenue shall be used to cover expenses incurred through the carrying out of activities for which a licence is required. This does not, however, apply to profits in the form of extraordinary efficiency gains in relation to the revenue frameworks. Such profits may be used as reserves for future investments, reduction of prices or extraordinary interest payment on investment capital.

*Paragraph 5.* The Minister of Transport and Energy may set specific rules on the use of profits according to paragraph 4.

**§ 37 b.** In their prices as referred to in § 37, paragraph 1, companies with a universal-service obligation may include a profit which is reasonable in relationship to its level of turnover and the efficiency of purchase of natural gas and other costs.

*Paragraph 2.* The Energy Regulatory Authority approves the price setting once the necessary information has been submitted (cf. § 40). The approval may be subject to conditions. The Minister of Transport and Energy may set rules on the conditions.

**§ 37 c.** For distribution enterprises operated by Energinet Danmark or its wholly-owned subsidiaries pursuant to § 2, paragraphs 2 and 3, of the Act on Energinet Danmark, prices are set according to § 37 d.

**§ 37 d.** Energinet Danmark and its wholly-own subsidiaries may, in prices set for activities carried out pursuant to § 2, paragraphs 2 and 3 of the Act on Energinet Danmark, include necessary costs, including those arising from the purchase of energy, payment of salaries and wages, services, administration, maintenance, other operating costs and depreciation, including necessary interest on the enterprise's capital.

*Paragraph 2.* The Minister of Transport and Energy may set specific rules on delimitation of the costs which may be considered as necessary according to paragraph 1, as well as rules on setting the necessary interest and on the interest basis as referred to in paragraph 1.

**§ 38.** Prices and terms for services provided by transmission, storage and LNG companies must be set so as not to discriminate among system users. When prices are set, consideration is given to the companies' costs and to the fact that it should be possible to achieve a reasonable return on the companies' invested capital (cf. § 37d).

*Paragraph 2.* The Energy Regulatory Authority monitors the fairness of the prices and terms (cf. paragraph 1).

§ 39. (Repealed)

*Monitoring of Prices, Setting of Rules*

§ 40. Transmission, distribution, storage, and LNG companies, as well as companies with a universal-service obligation (cf. §§ 10 and 24), must inform the Energy Regulatory Authority of:

- 1) the methods used to calculate and set terms and conditions for access to the transmission and distribution networks, as well as to LNG facilities, including tariffs;
- 2) prices, tariffs and terms for services covered by licences and the basis for the setting of the former, including supply agreements according to specific Energy Regulatory Authority decisions;
- 3) documentation of the separation of accounts for activities carried out;
- 4) statement of investment capital;
- 5) accounts, budgets and other information as requested by the Energy Regulatory Authority to be used to set and monitor the revenue frameworks referred to in § 37 a.

*Paragraph 2.* For activities carried out by Energinet Danmark or its wholly owned subsidiaries, pursuant to § 2, paragraphs 2 and 3, of the Act on Energinet Danmark, as far as transmission and distribution services are concerned, prices, tariffs and terms for the services, as well as the basis according to which they were set, including supply agreements in accordance with specific decisions made by the Energy Regulatory Authority, must be submitted to the Energy Regulatory Authority.

*Paragraph 3.* The Energy Regulatory Authority may set rules on the submissions referred to in paragraph 1.

§ 41. If the Energy Regulatory Authority finds that prices and terms contravene the provisions in this Act, it may order that these prices and terms be modified.

*Paragraph 2.* If the Energy Regulatory Authority finds that prices, terms or agreements may give rise to an environmentally or cost-effectively inappropriate use of energy, it may, after negotiations with the parties concerned, require that such prices, terms or agreements be modified.

Chapter 8

*The Energy Regulatory Authority*

§ 42. The Energy Regulatory Authority may, without a court order and at any time upon appropriate proof of identity, for supervisory purposes pursuant to this Act, gain access to a company's premises and there make itself familiar with and make copies of any information, including accounts, accounting materials, books, other commercial papers and electronically stored data.

*Paragraph 2.* The police shall provide any necessary assistance in the exercise of the powers referred to in paragraph 1.

§ 42 a. The Energy Regulatory Authority establishes a publicly accessible registry of notified tariffs, other conditions, etc., and publishes a representative excerpt of this information at least once annually.

*Paragraph 2.* The information is publicly available. The Energy Regulatory Authority may, however, decide that certain information is not to be published when there are significant grounds for not doing so.

*Paragraph 3.* The Energy Regulatory Authority takes any necessary steps in order to ensure transparency relative to prices, tariffs, discounts and terms. The Authority sets rules on the manner in which companies make such information public, as well as rules on invoicing and on specification of costs to the receivers of transport and energy services.

*Paragraph 4.* The Energy Regulatory Authority may decide that an impartial expert shall examine an company's accounts, contracts, etc. in the interests of preparing an expert report for its use.

**§ 43.** The Energy Regulatory Authority informs the Minister of Transport and Energy of matters which, according to it, are significant to the carrying out of its tasks, including the issuing, modification and verification of licences.

**§ 44.** Expenses incurred by the Energy Regulatory Authority in the carrying out of its tasks according to this Act or to rules issued pursuant to this Act are sustained by the companies monitored by the Energy Regulatory Authority. The Minister of Transport and Energy may set specific rules in this regard.

*Paragraph 2.* The Minister of Transport and Energy may set rules specifying that a fee is to be paid when a complaint is submitted to the Energy Regulatory Authority.

*Paragraph 3.* Any expenses arising from the establishment and operation of an approved, private board of appeal are sustained by the companies covered by the Acts on Electricity, Natural-Gas and Heat Supply. The Minister of Transport and Energy may set specific rules on payment and collection, including payment of case costs as referred to in § 17, paragraph 3, in the Consumer Complaints Act.

## Chapter 9

### *Duty of Disclosure, Confidentiality, Accounting*

**§ 45.** The Minister of Transport and Energy, the Energy Regulatory Authority and the Energy Complaints Commission may, in connection with the handling of a complaint or with inspection, collect any information necessary to the execution of their functions from companies requiring licences, Energinet Danmark and natural-gas suppliers, as well as from the latter's associated companies and the system users concerned, including consumers.

*Paragraph 2.* In order to ensure price transparency and supply security and the follow-up of energy- and environmental-policy objectives, including the preparation of the necessary basic data, the Minister of Transport and Energy may order companies requiring licences, Energinet Danmark and natural-gas suppliers to prepare and submit specific information on their operation and on services they have purchased and sold. The same applies to information to be used in the preparation of national and international energy statistics. The Minister of Transport and Energy may set specific rules on the extent of the duty of disclosure and on compliance.

**§ 45 a.** Transmission, distribution, storage and LNG companies shall provide other transmission, distribution, storage and LNG companies with any information necessary in order to ensure that the transport and storage of natural gas can take place in a manner consistent with safe and efficient operation of the interconnected system.

*Paragraph 2.* Transmission, distribution, storage and LNG companies shall provide system users with any information necessary to effective access to the system.



*Paragraph 3.* If a consumer does not have a natural-gas supplier, the distribution company concerned shall so inform the enterprises with a universal-service obligation.

*Paragraph 4.* The Minister of Transport and Energy may set specific rules on companies' obligation to share information as referred to in paragraphs 1 and 2.

*Paragraph 5.* Complaints regarding companies' universal-service obligation as referred to in paragraphs 1 and 2 and regarding rules issued in accordance with this Act may be submitted to the Energy Regulatory Authority.

**§ 46.** Transmission, distribution, storage and LNG companies shall respect the confidentiality of commercially sensitive information which they receive in connection with the execution of their activities and shall prevent information on their own activities which could be commercially advantageous from being passed on in a discriminatory manner (cf. paragraph 2).

*Paragraph 2.* Irrespective of the provision in paragraph 1, companies are obliged to submit information to the Minister of Transport and Energy, the Energy Regulatory Authority and the Energy Complaints Commission in compliance with rules in force in this regard.

*Paragraph 3.* Transmission, distribution, storage and LNG companies or associated companies may not misuse any information they receive from third parties relative to allocation of or negotiations on access to the system.

*Paragraph 4.* Complaints regarding companies' behaviour with respect to paragraphs 1 and 3 may be submitted to the Energy Regulatory Authority.

**§ 46 a.** Sums which a company collects on behalf of others pursuant to the provisions of this Act shall be kept separate from the company's own assets.

**§ 47.** Natural-gas companies shall prepare, have audited and make public annual accounts in accordance with the provisions in the Company Accounts Act. In the preparation of the yearly reports, natural-gas companies, irrespective of ownership and legal status, must fulfil the requirements of the Company Accounts Act concerning limited-liability companies (cf. § 7, paragraph 1, points 2-4, in the Company Accounts Act). The yearly reports must be publicly available.

*Paragraph 2.* As part of their internal accounting, natural-gas companies shall, with a view to avoiding differential treatment, cross-subsidising and actions that distort competition:

- 1) keep separate accounts for each of their activities requiring a licence;
- 2) keep accounts, which may be consolidated, of other natural-gas activities;
- 3) specify revenue from ownership of transmission and distribution networks; and
- 4) to the extent relevant, keep consolidated accounts for activities not related to natural-gas activities.

*Paragraph 3.* For the activities referred to in paragraph 2, natural-gas companies shall keep accounts and have them audited as if such activities were carried out by separate companies.

*Paragraph 4.* During the auditing referred to in paragraph 1, compliance with the obligation to avoid differential treatment and cross-subsidising (cf. paragraph 2) shall be particularly ascertained.

*Paragraph 5.* The Minister of Transport and Energy may set specific rules on companies' accounting in accordance with paragraphs 2 and 3.

*Paragraph 6.* The provisions in paragraphs 1-5 do not apply to Energinet Danmark or to its wholly-owned subsidiaries.

**§ 47 a.** The Minister of Transport and Energy may set rules on monitoring and supervision in connection with the collection and use of sums paid by consumers according to § 9, paragraph 1.

## Chapter 9 a

### *Orders*

**§ 47 b.** The Minister of Transport and Energy and the Energy Regulatory Authority may order that actions contravening this Act or rules set or decisions made pursuant to this Act be rectified immediately or within a specific deadline.

**§ 47 c.** The Minister of Transport and Energy may order any necessary modifications if rules, etc., set by transmission companies pursuant to this Act, or the methods according to which rules, etc. (cf. § 36 a) are established, contravene the provisions of this Act or rules issued pursuant to it.

*Paragraph 2.* The Minister of Transport and Energy's orders on modifications to rules or methods according to paragraph 1 may not be appealed to the Energy Complaints Commission.

## Chapter 10

### *Penalty Provisions*

**§ 48.** The Energy Regulatory Authority may, as a compulsory measure, impose daily or weekly fines on any party failing to comply with an order issued by the Authority pursuant to § 41.

*Paragraph 2.* There is right of distraint for the fines referred to in paragraph 1.

**§ 49.** Unless a more severe penalty is applicable according to other legislation, the following are penalised with a fine:

- 1) any party carrying out, without a licence, distribution, transmission, storage or LNG activities or activities with a universal-supply obligation;
- 2) any party which establishes transmission networks, LNG facilities or direct pipelines according to §§ 13, 16 and 17 without a licence;
- 3) any party disregarding the terms in a licence or permit issued according to the provisions in points 1 and 2;
- 4) any party failing to comply with orders or prohibitions issued pursuant to this Act, including the order to rectify illegal actions;
- 5) any party contravening § 46, paragraphs 1 or 3; or
- 6) any party submitting to the Minister of Transport and Energy, the Energy Regulatory Authority or the Energy Complaints Commission incorrect or misleading information or, after being so requested, fails to submit information;

**§ 50.** The rules issued pursuant to this Act may stipulate that a fine be imposed for contravention of rules, conditions or orders issued pursuant to those rules.

*Paragraph 2.* Companies, etc., (legal persons) may be held criminally liable according to the provisions in Chapter 5 of the Criminal Code.

## Chapter 11

### *Complaints, The Energy Complaints Commission, etc.*

**§ 51.** The Energy Complaints Commission handles complaints arising from decisions made by the Minister of Transport and Energy or by the Energy Regulatory Authority according to this Act or to rules issued pursuant to it.

*Paragraph 2.* Decisions made by the Minister of Transport and Energy and the Energy Regulatory Authority may not be brought before any administrative authority other than the Energy Complaints Commission referred to in paragraph 1. Decisions may not be brought before the courts before the relative final administrative decisions have been made.

*Paragraph 3.* Complaints shall be submitted in writing within four weeks of notification of the decision in question.

**§ 52.** The Minister of Transport and Energy may set rules on:

- 1) access to complaints regarding decisions made by the Minister of Transport and Energy or by the Energy Regulatory Authority according to this Act or to rules issued pursuant to it, including that these decisions may not be brought before the Energy Complaints Commission;
- 2) that decisions made by an institution under the Ministry of Transport and Energy or by the Energy Regulatory Authority with respect to authorisation according to § 54 may not be brought before the Minister of Transport and Energy; and
- 3) payment of a fee for the submission of a complaint to the Energy Complaints Commission.

**§ 53.** The Minister of Transport and Energy may set specific rules on the composition of the Energy Complaints Commission when the latter reviews decisions made according to this Act or to rules issued pursuant to it.

*Paragraph 2.* Subsequent to agreement with the Energy Complaints Commission, its chairperson may make decisions on its behalf in cases dealt with according to this Act or to rules issued pursuant to it.

**§ 54.** The Minister of Transport and Energy may authorise the Energy Regulatory Authority or an institution established under the Ministry to exercise the powers vested in the Minister by this Act.

## Chapter 12

### *Expropriation, Compensation*

**§ 55.** For the establishment of necessary natural-gas transmission installations for transmission companies' activities, the Minister of Transport and Energy, in the interests of the public good, may authorise expropriation of real property.

*Paragraph 2.* The expropriation referred to in paragraph 1 is done according to the rules in the Act on Procedures for the Expropriation of Real Property.

**§ 56.** Licence holders shall compensate for any damages arising from activities carried out under a licence, even if such damage is fortuitous.

*Paragraph 2.* Energinet Danmark and its wholly-owned subsidiaries shall similarly compensate for any damages arising from natural-gas activities carried out pursuant to § 2, paragraphs 2 and 3 of the Act, on Energinet Danmark, even if such damage is fortuitous.

*Paragraph 3.* If the injured party has, through repeated or gross negligence, contributed to the damages, the compensation may be reduced or cancelled.

## Chapter 13

### *Provisions Concerning Entry into Force, Repeal and Transition*

**§ 57.** The Act enters force on the 1 July 2000.

*Paragraph 2.* Act no. 294 of 7 June 1972 on natural-gas supply is simultaneously repealed.

**§ 58.** Executive Order no. 654 of 2 September 1998 on calculation of the maximum natural-gas price remains in force until repealed or replaced by rules issued pursuant to § 36, paragraph 1.

**§ 59.** A company which, as of when this Act enters force, legally exercises activity and which, according to this Act, shall be licensed to do so, has the right to a licence for its activity, if:

- 1) it declares that it will fulfil the obligations it assumes according to the provisions of the Act and in the licence; and
- 2) it fulfils the requirements set in this Act for the granting of a licence.

**§ 60.** Approval for the establishment of or modifications to transmission networks given according to the provisions of the Act on Heat Supply hitherto in force are maintained in accordance with substance and duration.

*Paragraph 2.* A company requiring a licence may, when submitting the necessary application for a licence within a deadline set by the Minister of Transport and Energy, continue its activity without a licence until the Minister of Transport and Energy has decided on its application, on the condition that it complies with the Act's provisions concerning its activity.

**§ 60 a.** If, according to this Act, an existing company shall be divided into several independent legal entities, such division shall be carried out so that the assets and liabilities distributed to each entity are those which naturally are connected to its activity. Distribution of a company's assets and liabilities has no effect with relationship to the company's creditors without the latter's consent.

*Paragraph 2.* The Energy Regulatory Authority may set rules ensuring compliance with the provision in paragraph 1 in connection with the setting of companies' preliminary statements of accounts.

**§ 61.** Distribution and supply companies carrying out activities which, once this Act enters force, require a licence pursuant to § 25, paragraph 1, point 1, and paragraph 2, shall, once the Act has entered force and according to specific instructions from the Energy Regulatory Authority, prepare a statement of their capital positions before this Act entered force. They must subsequently prepare preliminary statements of accounts according to guidelines set by the Energy Regulatory Authority and which can be the basis for future price setting according to the provisions of this Act. The statements and the preliminary statements of accounts are submitted to the Energy Regulatory Authority within a deadline set by it.

*Paragraph 2.* The companies referred to in paragraph 1 shall, within a deadline set by the Energy Regulatory Authority, submit reports indicating the procedures used to determine the amounts of the assets and liabilities.

*Paragraph 3.* The Energy Regulatory Authority decides whether the statements and preliminary statements of accounts submitted by companies according to paragraph 1 may be approved.

*Paragraph 4.* If a company has not fulfilled its obligations as referred to in paragraphs 1 and 2 within the deadline set by the Energy Regulatory Authority, the latter determines the statement and the preliminary statement of accounts.

**§ 62.** Contracts for the supply of natural gas to customers entered into before this Act entered force remain valid, unaltered.

**§ 63.** The following amendments are made to the Act on Municipal Equalisation and General Subsidies to Municipalities and Counties (cf. Consolidated Act no. 488 of 18 June 1999, as amended with Act no. 1099 of 17 December 1999):

**1.** § 10, paragraph 6, is repealed and the following inserted in its place:

"Paragraph 6. The subsidies calculated for individual municipalities according to paragraph 5 are hereafter reduced in accordance with the decision on net proceeds as notified by the Energy Regulatory Authority pursuant to the following provisions:

- 1) § 37, paragraph 6, including interest attribution according to § 37, paragraphs 7 and 8, in the Act on Electricity Supply;
- 2) § 35, paragraph 6, including interest attribution according to § 35, paragraphs 7 and 8, in the Act on Natural-Gas Supply;
- 3) § 23 e, paragraph 6, including interest attribution according to § 23 a, paragraphs 7 and 8, in the Act on Heat Supply.

Paragraph 7. If the amounts referred to in paragraph 6 exceed the State subsidy in the given year, the State subsidy is reduced a following year."

**§ 64.** The Minister of Transport and Energy may set transitional rules.

**§ 65.** The Act does not apply to the Faeroe Islands or to Greenland.

Act no. 481 of 7 June 2001 on amendments to the Act on Natural-Gas Supply with reference to § 5, paragraphs 1 and 2, § 8, paragraphs 1-3, § 9, paragraph 1, point 3, § 14, paragraph 1, point 3, § 14, paragraph 3, § 18, paragraph 1, § 19, paragraphs 2-5, § 20, paragraphs 1-3, § 20 a, § 24, paragraphs 1 and 2, § 25, paragraphs 1-4, § 26, paragraph 1, § 27, § 28 a, § 37, § 37 a, § 37 b, § 38, paragraph 1, § 39, paragraph 1, § 40, paragraph 1, point 5, § 45, paragraph 2, § 47, paragraph 2, § 47 a and § 60 a, contains the following provisions regarding entry into force:

## § 2

The Minister of Transport and Energy sets the date on which the Act enters force. The Minister may decide that parts of the Act enter force before other parts<sup>ii</sup>.

## § 3

*Paragraph 1.* Distribution and supply companies carrying out activities requiring a licence according to § 25 after this Act enters force shall, according to specific Energy Regulatory Authority provisions, prepare a statement of their capital positions. They shall subsequently prepare a preliminary statement of accounts according to guidelines set by Energy Regulatory Authority and which can be the basis for future price setting according to the provisions of this Act. The statements and the preliminary statements of accounts are submitted to the Energy Regulatory Authority within a deadline set by it.

*Paragraph 2.* The companies referred to in paragraph 1 shall, within a deadline set by the Energy Regulatory Authority, submit reports indicating the procedures used to determine the amounts of the assets and liabilities.

*Paragraph 3.* The Energy Regulatory Authority decides whether the statements and opening financial balances submitted by companies according to paragraph 1 may be approved.

*Paragraph 4.* If a company has not fulfilled its obligations as referred to in paragraphs 1 and 2 within the deadline set by the Energy Regulatory Authority, the latter determines the statement and the preliminary statement of accounts.

Act no. 316 of 22 May 2002 on amendments to the Act on Electricity Supply and certain other energy legislation, which inserts § 15 a, contains the following provisions regarding entry into force:

## § 6

*Paragraph 1.* The Minister of Transport and Energy sets the date on which the Act enters force. The Minister may decide that parts of the Act enter force before other parts<sup>iii</sup>.

*Paragraph 2.* (Omitted)

Act no. 494 of 9 June 2004 on amendments to the Act on Electricity Supply, the Act on Natural-Gas Supply and the Act on Heat Supply, with reference to § 2, paragraphs 1 and 2, § 4, §§ 6-9, § 10, paragraph 1, § 1a, § 11, paragraphs 1 and 4, §§ 11 a-12 a, §§ 14-15 a, §§ 18-20 a, § 22, §§ 23-26, §§ 28 a-28 c, § 30, paragraph 4, § 34, § 36, § 39, § 40, § 42 a, § 44, paragraph 3, §§ 45-47 c and § 49, paragraph 1, contain the following provisions regarding entry into force:

## § 4

*Paragraph 1.* The Minister of Transport and Energy sets the date on which the Act enters force. The Minister may decide that parts of the Act enter force before other parts<sup>iv</sup>.

*Paragraphs 2-8.* (Omitted)

*paragraph 9.* The Minister of Transport and Energy may set specific transitional rules in connection with the setting up of a private board of appeal in the energy-supply sector.

*Paragraph 10.* Licences for the supply of consumers purchasing up to 300,000 m<sup>3</sup>/year of gas according to set terms (cf. the provision hitherto in force in § 25, paragraph 1, point 1, of the Act on Natural-Gas Supply) are continued with respect to § 24 in the Act on Natural-Gas Supply as formulated in § 2, point 30, in this Act.

*Paragraph 11.* Licences for the supply of consumers purchasing more than 300,000 m<sup>3</sup>/year of gas according to individual terms (cf. the provision hitherto in force in § 25, paragraph 1, point 1, of the Act on Natural-Gas Supply) are revoked.

*Paragraph 12.* (Omitted)

*Paragraph 13.* Directors, deputy directors, assistant directors and the senior management of a gas distribution or transmission company which, as of 21 April 2004, legally exercised this activity at the same time as they directly or indirectly participated in the operation or management of an associated company selling or producing natural gas or of an associated company which directly or indirectly owns such companies, may, irrespective of the provisions in § 28 b of the Act on Natural-Gas Supply as formulated in § 2, paragraph 34, of this Act, continue both activities until three years after this Act enters force. Persons who, as of 21 April 2004, held positions on the board of directors of a gas distribution or transmission company at the same time as they directly or indirectly participated in the operation or management of an associated company selling or producing natural gas, may, irrespective of the provisions in § 28 b, continue with this activity until the electoral period which began on 21 April 2004 ends.

Act no. 1384 of 20 December 2004 on Energinet Danmark, with reference to § 7, paragraph 5, § 10, paragraph 1, § 13, paragraph 3, § 15 a, paragraphs 1 and 2, § 28 c, paragraph 3, § 30, paragraphs 1 and 2, § 37 a, paragraph 1, §§ 37 c and 37 d, § 38, paragraph 1, § 40, paragraph 2, § 45, paragraphs 1 and 2, § 47, paragraph 6, § 54 and § 56, paragraph 2, contains the following provisions regarding entry into force:

**§ 25.** The Minister of Transport and Energy sets the date on which the Act enters force<sup>v</sup>.

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<sup>i</sup> The Act contains provisions implementing European Parliament and Council Directive 2003/55/EEC of 26 June 2003 on common rules for the internal market for natural gas and on repeal of Directive 98/30/EEC (EU Official Journal 2003, no. L 176, page 57).

<sup>ii</sup> § 1, points 3-8, 14-20 and 22-29 of the Act entered force on 1 August 2001, and §1, points 9-13 entered force on 1 October 2001 (cf. Executive Order no. 691 of 18 July 2001. § 1, points 1, 2, 21 and 30 and § 3 of the Act entered force on 1 January 2003 (cf. Executive Order no. 757 of 27 August 2001).

<sup>iii</sup> § 2 of the Act entered force on 1 July 2002 (cf. Executive Order no. 454 of 14 June 2002).

<sup>iv</sup> § 2, points 1- 41 and 43-50, and § 4, paragraphs 2-5 and 10-13 of the Act entered force on 1 July 2004 (cf. Executive Order no. 615 of 18 June 2004. §2, point 42, and § 4, paragraph 9, entered force on 1 October 2004 (cf. Executive Order no. 913 of 30 August 2004).

<sup>v</sup> The Act entered force on 1 January 2005 (cf. Executive Order no. 1483 of 23 December 2004).