



The company and its tasks

Overview

THE profile

Company: Trading Hub Europe GmbH (THE)

Company headquarter: Düsseldorf (headquarter), Berlin

Employees: Approx. 110

THE is a cooperation of the German transmission network operators. The company is the sole market area manager and is subject to the regulation of the BNetzA

THE was formed on June 1, 2021, through the merger of the two predecessor companies GASPOOL and NCG. The background was the gas network access regulation amended in 2017.

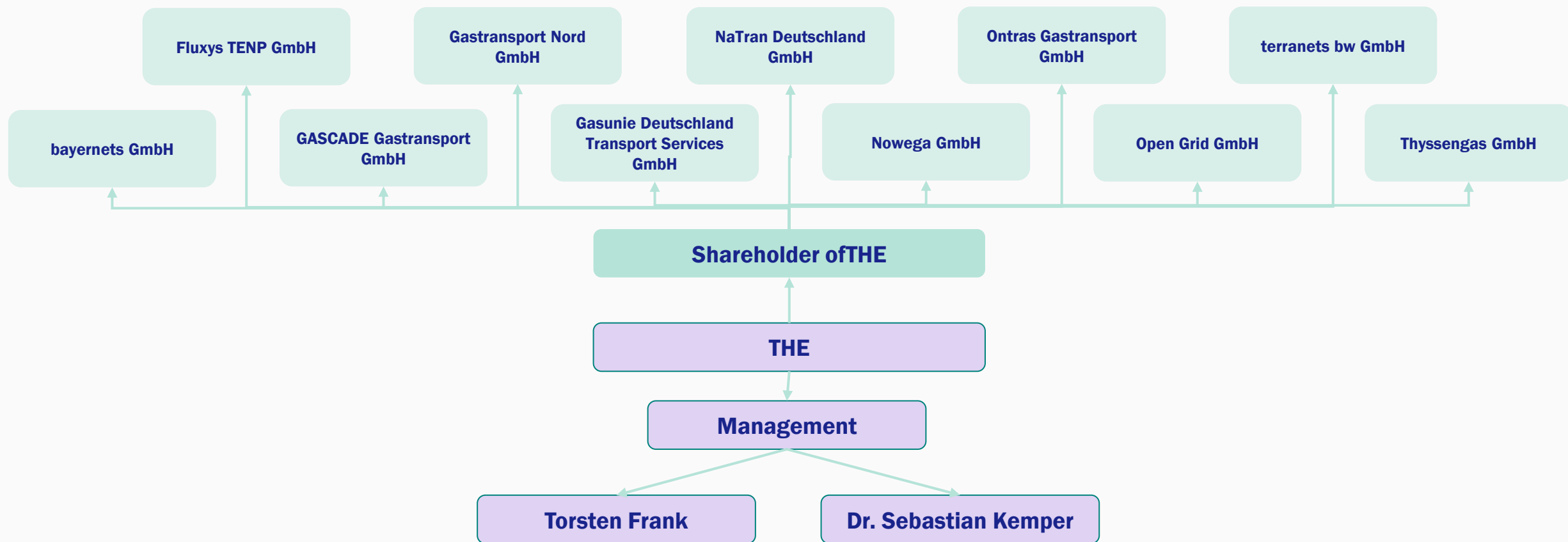
As of October 1, 2021, the unified German market area was created by merging the two remaining inner-German market areas.

A market area is a connection of hydraulically connected networks of different network operators.

The high-pressure pipeline system in the market area has a total length of around 40,000 km and connects more than 700 downstream networks.



Trading Hub Europe shareholder structure





Management

Torsten Frank

After studying law, Torsten Frank began his career in the energy industry in 2001.

His first activity took him to the main area of law of E.ON Ruhrgas. After founding the transport company, he held various management positions there before moving from today's Open Grid Europe to NetConnect Germany, where he built up and further developed the market area manager.

From February 2009 to May 2021 he was Managing Director of NetConnect Germany GmbH & Co. KG.

Dr. Sebastian Kemper

After completing his law studies and subsequent doctorate, Dr. Sebastian Kemper began his career in the energy industry in 2010.

He started his professional career at E.ON Ruhrgas AG. There he worked in the energy law team before joining GASPOOL in 2012, where he began as Head of Law and Regulation.

From January 2018 to May 2021 he was Managing Director of GASPOOL Balancing Services GmbH.

Tasks and figures

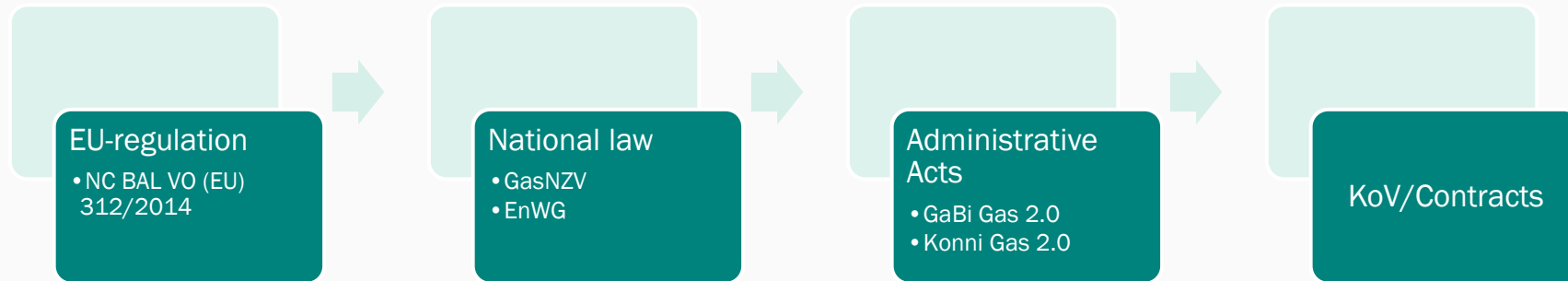
Tasks of MAM

- Balancing gas procurement
- Provision and operation of Virtual Trading Point (VTP)
- Management of balancing groups and network accounts
- Ensuring data exchange between market participants
- Publication of information and data
- Support and settlement tasks in the event of solidarity according to SOS regulation
- Since 2022: Taking on responsibilities for ensuring supply security

Figures

- The high-pressure pipeline system in the nationwide market area has a total length of approximately 40,000 km
- More than 700 downstream networks are connected
- 600 national und international balancing group managers
- Data hub for the gas industry in Germany and Europe
- Trading participants VTP (05/2025): 499 H-Gas, L-Gas 181

Regulated business of THE



Legal basis: European regulations, Energy Management Act, Gas Network Access Ordinance, administrative acts of the regulatory authority

According to §20 GasNZV, transmission system operators are required to form market areas. For the created market area, a market area manager must be appointed. The market area manager is then responsible for fulfilling the main tasks specified in §20 paragraph 1 sentence 3 GasNZV (balance group management, ancillary services management, and operating VHP). Due to this regulatory obligation, there is only one market area manager for all of Germany. Competition is therefore legally excluded. THE thus performs a legally mandated and legitimized monopolistic task. The Federal Network Agency, as the competent regulatory authority, has formulated rights and obligations through administrative acts toward the transmission system operators and THE. The basis for this is §29 EnWG in conjunction with §50 paragraph 1 no. 9 GasNZV. The relevant administrative acts of the Federal Network Agency for THE are therefore the GaBi Gas 2.0 and the Konni Gas 2.0 determinations. Thus, THE carries out regulated tasks.

Principle of cost and revenue neutrality

- The THE levies charges in EUR/MWh if the forecasted costs exceed the forecasted revenues, taking into account the creation of a liquidity buffer, before the start of the levy period of one year (from October 1 to September 30 of the following year). This is to ensure that the MAM is always equipped and remains equipped with sufficient financial resources.
- The consideration of all costs and revenues of THE, which are due to the accounting activities carried out, in the two accounting allocation accounts corresponds to the principles of cost and revenue neutrality according to Article 29 Paragraph 1 of the Network Code for Gas Accounting. This principle has been implemented in the regulation GaBi Gas 2.0.
- Finally, the market area manager should not incur any profits or losses from the balancing activities carried out.
- This legally and sovereignly regulates that the market area manager can perform his duties at any time.

Central location within Europe

Due to its central location in the middle of Europe, Trading Hub Europe has the potential.

- To become Europe's leading gas trading hub and
- a starting point for cross-border integration of the European gas markets.



Overview market participants

Market Area Manager (MAM)

- Administration of balance groups (trader portfolios)
- Operation of the Virtual Trading Point (VHP)
- Maintenance of grid stability through the purchase and sale of gas (so-called balancing energy)
- Center of data flows between market partners

Trader (Balancing Group Manager, BGM)

- Management of a portfolio (balance group) for one or more suppliers (transport customers)
- Forecasting large consumers
- Financial settlement of deviations occurring in the balance group (including balancing energy for imbalances)

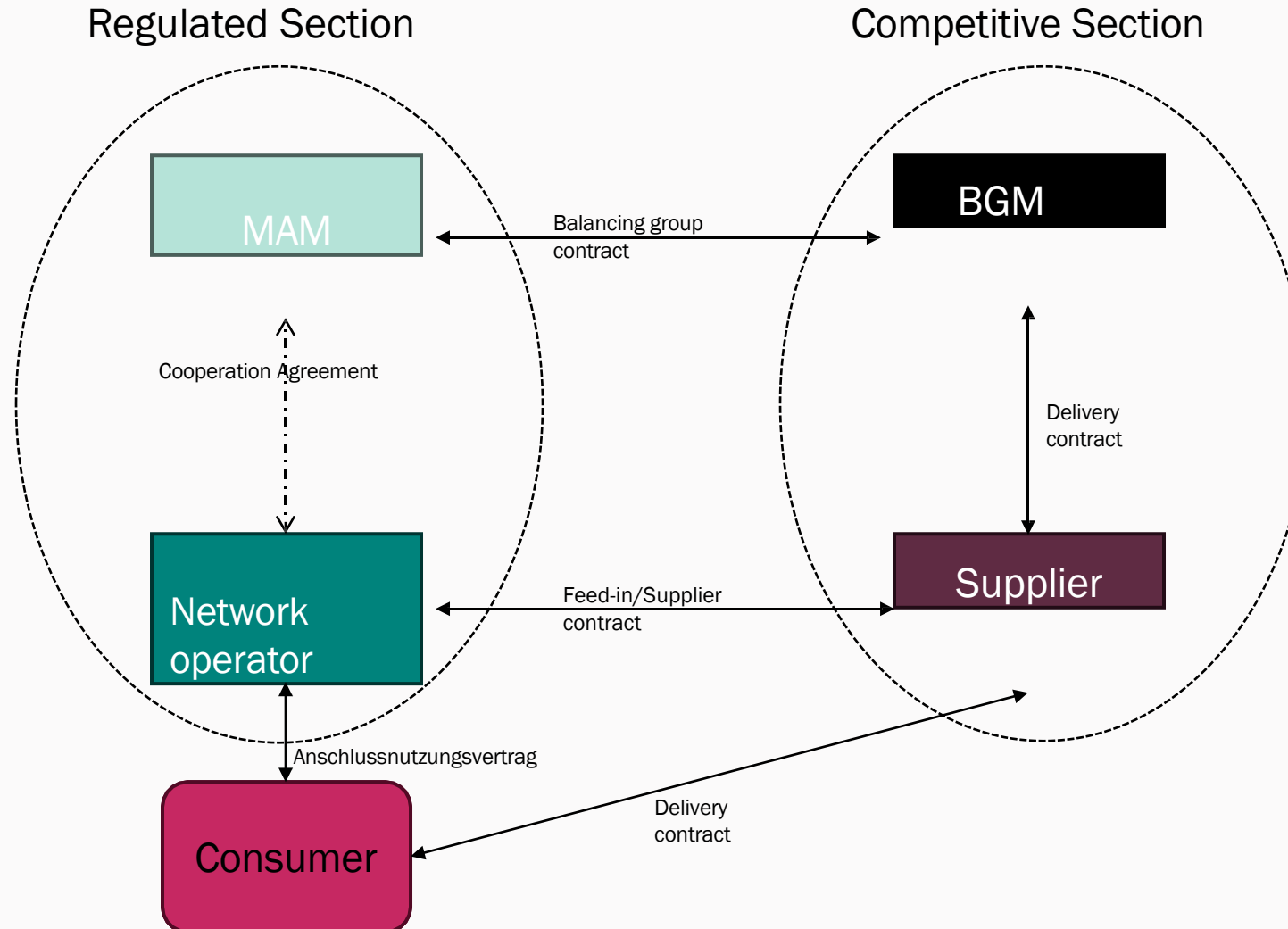
Network Operator

- Determination of data at physical extraction and injection points of the gas network by measurement or calculation.
- Delivery of measurement data as well as consumption forecasts for households and small businesses.

Supplier

- Use of the networks for the transport of gas
- Input and output contracts

Contractual relationships of market participants



Main tasks of THE

**Balancing gas
management**

**Balancing
group
management**

**Operation of
Virtual Trading
Point (VTP)**



Security of supply

Balancing gas procurement

- The MAM is responsible for the physical balancing of the networks in its market area (known as the use of balancing energy).
- Balancing energy is mainly generated by...
 - Deviations in the forecast of household consumption/industrial consumption
 - Deviations in gas quality during feed-in and use (known as conversion)
- The first priority is the use/exchange of gas quantities in the networks of the transmission system operators (known as internal balancing energy; free of charge for THE).
- If this is not sufficient, physical balancing is achieved through the purchase and sale of additional gas volumes (so-called external balancing energy).
- Balancing energy is procured in accordance with the GaBi Gas 2.0 specification according to a defined call sequence (MOL) with priority given to exchange-traded balancing energy procurement.
- Only in the event of non/insufficient availability on the exchange or specific network-related requirements can pre-contracted long-term products (so-called LTO) and/or flexibility services be used.

Balancing group management

- Balancing group contracts form the basis for supplying end customers or trading in the market area, i.e. without a valid balancing group contract, companies cannot operate in the THE market area (including transportation).
- All (virtual) transportation of gas volumes is handled via balancing groups.
 - Consumption and consumption forecasts are recorded in the balancing group, e.g.
 - Purchases/sales at the virtual trading point
 - Measured consumption of large customers/power plants (known as RLM)
 - Consumption forecasts by network operators (for household customers and small businesses, known as SLP)
 - Feed-in/feed-out at border crossing points/storage facilities
- Imbalances between feed-in and feed-out are monetarily evaluated at the end of the gas day (balancing energy) and billed monthly.

Operation of Virtual Trading Point (VTP)

- The actual gas trading takes place via the VTP.
- The VTP is a fictitious delivery point that serves as a transfer point for the processing of gas deliveries within a market area.
- The VTP is not assigned to any physical entry or exit point and enables buyers and sellers of gas to buy or sell natural gas even without booking capacity (virtual quantity transfer between balancing groups).
- Customers who have feed-in capacity in the market area can use it to bring gas to the VTP, and those who have withdrawal capacity can use it to transport gas away from the VTP.
- Transactions carried out on the exchange are also fulfilled on the VTP (by the exchange)
- A valid balancing group contract is required to use the VTP
- A cost-neutral usage fee is charged and billed by the MAM

Security of Supply

Filling level specifications for gas storages

- Since 2022, THE has been taking on tasks related to increasing security of supply in Germany.

Cost neutrality through apportionment system

SLP Neutrality Account

Revenue from balancing gas sales

Costs of buying balancing gas

Standby costs

Reconciliation

Network account settlement

SLP allocation

SLP neutrality charge

RLM Neutrality Account

Revenue from balancing gas sales

Costs of buying balancing gas

Standby costs

Balancing energy & Flexibility cost

Differential quantity billing

RLM neutrality charge

Konni Neutrality Account

Revenue from balancing gas sales

Costs of buying balancing gas

Standby costs

Capacity costs

Technical conversion plants

Conversion fee

Conversion charge

Distribution proportionate according to model specifications

Support in cases of solidarity

- Objective: solidarity-based support between EU member states to protect their particularly vulnerable customer groups from the effects of extreme gas shortages in the event of a crisis.
- In connection with European crisis preparedness ((EU) Regulation 2017/1938, known as the SoS Regulation), Germany has already concluded bilateral solidarity agreements (DK, AT). Further agreements with neighboring EU member states are currently being negotiated.
- In Germany, the solidarity mechanisms are to be integrated into the context of national crisis management in accordance with the Energy Security Act (EnSiG) and the Gas Security Ordinance (GasSV).
- In the event that Germany requests solidarity from a neighboring country, THE procures the quantities in these countries on behalf of the federal government and/or assists in transporting these quantities to Germany.
- In the event that Germany is called upon for solidarity by a neighboring country, the BMWF, BNetzA as the federal load distributor, and THE have developed a gas security platform (SiPla) for setting and retrieving market-based offers and for handling government obligations in the event of solidarity.
 - The platform is also to be used in the event of a national gas shortage (EnSiG).

Areas of application for the Gas Safety Platform

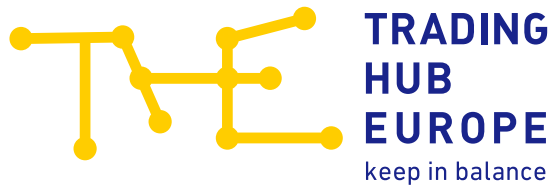
Areas of application for the online platform operated by THE:

- Scenario 1: Procurement of gas volumes in a national gas shortage situation (EnSiG).
- Scenario 2: Procurement of gas volumes on the basis of market-based offers at the request of (German-connected) member states (SOS-VO).
- Scenario 3: Non-market-based procurement of gas volumes at the request of (German-connected) Member States (SOS Regulation).

The purpose of the online platform is to post market-based offers and handle government obligations in cases of solidarity or crisis.

- Identification and procurement of gas volumes in a national gas shortage situation quickly, effectively, and with as little impact as possible (scenario 1).
- A phased approach requires Member States to first exhaust all market-based and other measures provided for in the emergency plan (scenario 2); only then should Member States connected by pipelines be able to request non-market-based solidarity offers (scenario 3).

Vielen Dank für Ihre Aufmerksamkeit



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