



Knowledge that helps you get ahead

Basic elements of the gas balancing regime

4 November 2025

Agenda

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- Legal and regulatory Basis

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- Neutrality charges and fees
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Introduction to THE

Gas Market Area Manager

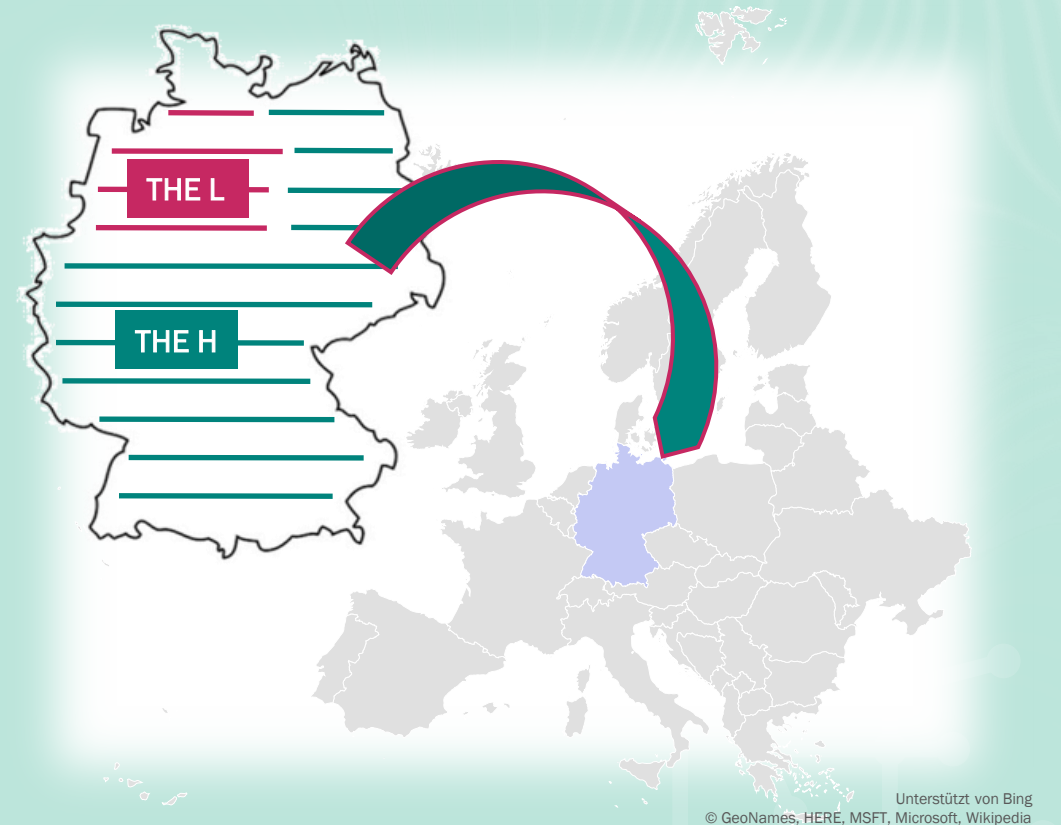
TRADING
HUB
EUROPE

Company overview

Profile

- Company: Trading Hub Europe GmbH ('THE')
- Registered offices: Düsseldorf (head office); Berlin
- Employees: approx. 110
- THE is a collaboration between the eleven largest gas transmission system operators in Germany. The company is the sole manager of a market area spanning all of the German gas transmission networks and is subject to regulation by the Federal Network Agency ('BNetzA').
- THE was formed on 1 June 2021 through the merger of its two predecessor organisations, GASPOOL and NetConnect Germany.
- Following the merger of the two remaining domestic German market areas GASPOOL and NetConnect Germany, the Germany-wide market area 'Trading Hub Europe' started operations on 1 October 2021.
- A market area is a combination of hydraulically connected networks and sub-networks managed by different network operators. It extends from the import points (or domestic entry point) to the exit points of the assigned end users.
- The high-pressure pipeline system in THE's market area has a total length of around 40,000 km and connects more than 700 downstream distribution networks.

The market area



Responsibilities and metrics

Main MAM responsibilities

- System balancing / deployment of balancing gas
- Provision and operation of the virtual trading point (VTP)
- Management of balancing groups, balancing subgroups and network balancing accounts
- Ensuring data exchange between market participants
- Publication of a wide range of information and billing data
- Support and management responsibilities in the event of extreme circumstances calling for solidarity in accordance with EU Regulation 2017/1938 (SoS Regulation)
- Since 2022: Assumption of tasks to ensure security of supply

Metrics

- High-pressure pipeline system covering the entire German market area with a total length of around 40,000 km
- More than 700 downstream networks connected
- 600 national and international balancing group managers
- Data hub for the gas industry in Germany and Europe
- Trading parties at the VTP: approx. 500 for H-gas, approx. 200 for L-gas



Legal and Regulatory Basis

Energy Economy Act (Energiewirtschaftsgesetz; EnWG):

- Fundamentals of network access and definition of the Market Area Manager (MAM)
- Since 2022, also supply security tasks of the MAM

Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks („BAL NC“)

Determination of the BNetzA on the „Basic model for the balancing regime in the gas sector“ (GaBi Gas 2.1):

- Handling of grid access in the market area and basics of balancing group contracts
- Principles of balancing and balancing group settlement (national implementation of NC BAL)
- Data provision
- Use of balancing gas, procurement of external balancing gas ,balancing gas costs and revenues
- Costs and revenues associated with the provision of balancing services

A photograph of an industrial facility, likely a refinery or chemical plant, at dusk. The scene features several tall, cylindrical storage tanks with metal ladders and walkways. The facility is illuminated by warm artificial lights, contrasting with the cool tones of the twilight sky. In the background, a dense forest of evergreen trees is visible. The overall atmosphere is one of industrial activity in a natural setting.

Basic elements of the balancing regime

Market partners

Market area manager (MAM)

- Manages the balancing groups (trader portfolios)
- Operates the virtual trading point (VTP)
- Maintains network stability by taking balancing actions, i.e. buying / selling additional gas (so-called balancing gas)
- Acts as the central hub for data flows between market partners

Trader (balancing group manager, BGM)

- Manages a portfolio (balancing group) for one or more suppliers (shippers)
- Provides a forecast for large consumers
- Ensures financial compensation for costs arising in the balancing group (incl. daily imbalance quantities and other fees)

Network operator (NO)

- Collects data at the physical exit and entry points of the gas network by means of metering or calculation methods
- Supplies metering data and consumption forecasts for households and small commercial users

Supplier (shipper)

- Uses pipeline networks to ship the gas
- Concludes entry and exit contracts

Basic elements of the balancing regime

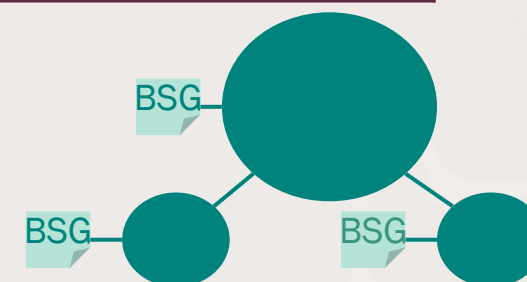
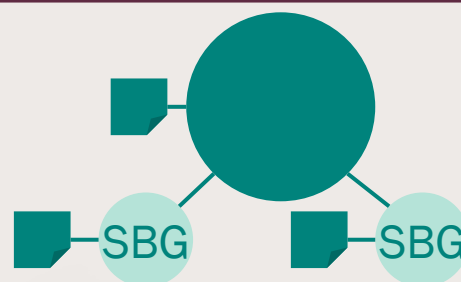
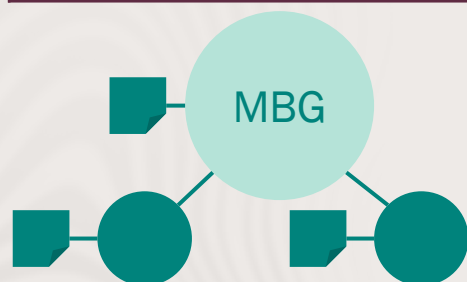
- Formation of balancing groups

- Balancing group contracts provide the basis for the supply of gas to end users or gas trading in the market area, in other words without a valid balancing group contract, companies cannot do business (or ship gas) in the THE market area
- The virtual transportation of all gas quantities is handled via balancing groups
- The entry and exit points booked through entry and exit contracts are assigned to the balancing group
- Consumption levels and forecasts are allocated to the balancing group as data series (types), e.g.
 - Consumption forecast for a household customer (SLP data series) → allocation on D-1
 - Entry into market area (EntrySO data series) → allocation on D+1
- Admission to the market area is possible at any time
- THE manages all balancing group processes and BGM invoicing

Main principles of the gas network access model

- Overview of balance group types

	Master Balancing Group	Subordinate Balancing Group	Balancing Subgroup
Access to VTP	✓	✓	✓
Nomination of entries and exits	✓	✓	✓
Allocations by network operator	✓	✓	✓
Allocations visible to higher-level BG	-	✗	✓
Daily imbalance risk	✓	✗	✗
Assignment to multiple BGs is possible	-	✓	✗

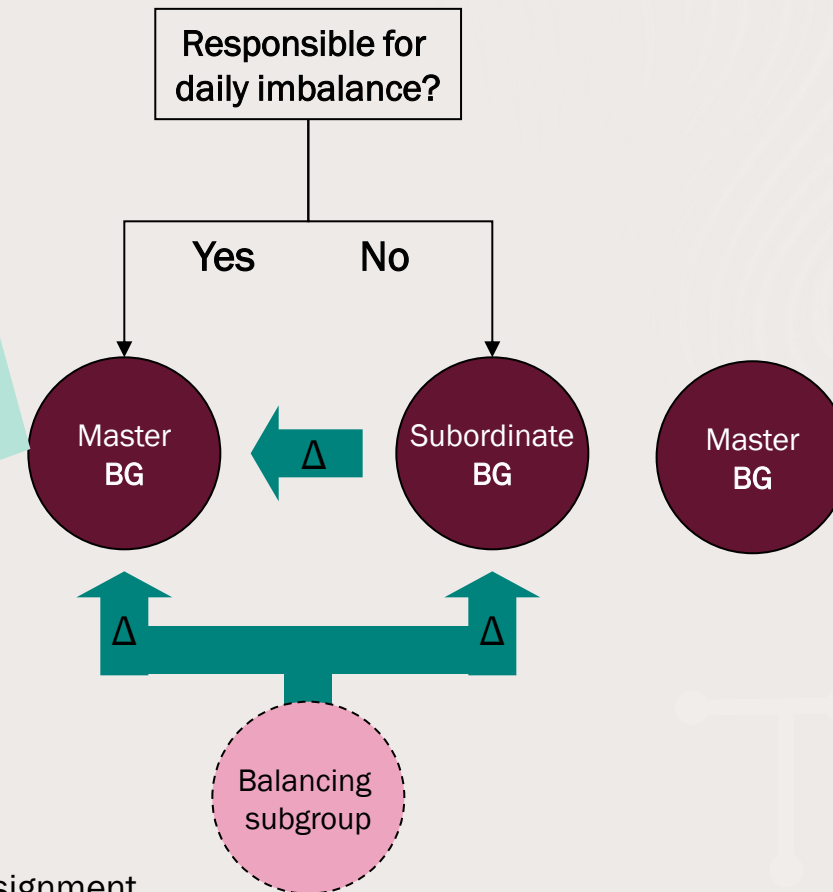


Main principles of the gas network access model

- Master balancing groups

Master balancing group

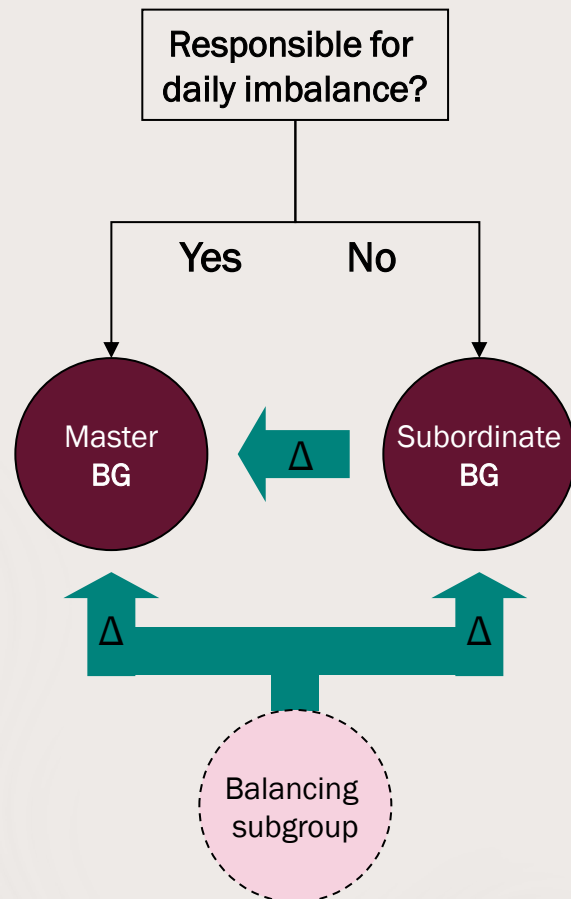
- BGR operates its 'own' BG at the virtual point
 - Entries and exits have to be nominated
- The balancing group is not assigned to any other BG
 - Daily imbalance risk is borne by BGR
- Entries and exits are not visible to third parties
- Further SBGs and BSGs may be assigned



Δ = Assignment; deviation assignment

Main principles of the gas network access model

- Subordinate balancing group



Subordinate balancing group

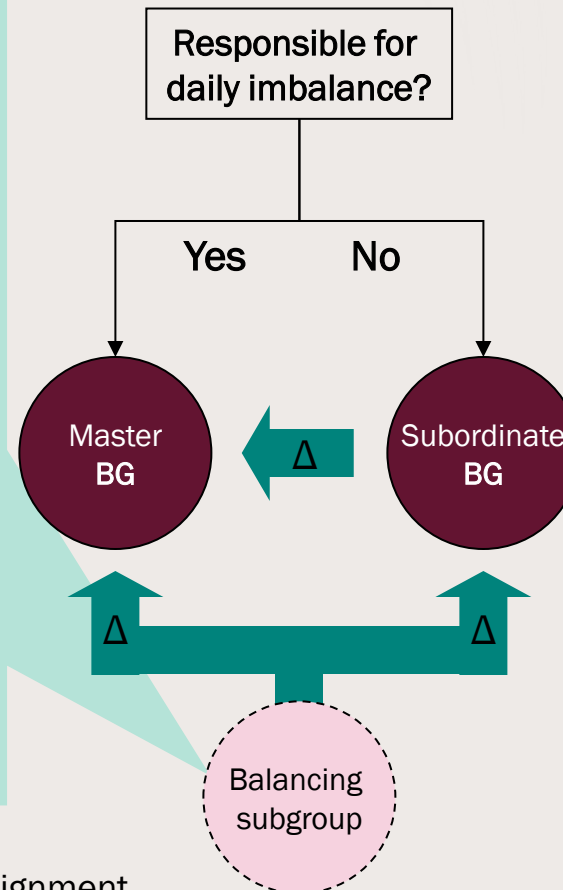
- BGR operates its 'own' BG at the virtual point
 - Entries and exits have to be nominated
- Deviations are settled with the MAM in a designated MBG
 - **Imbalance risk is transferred to an MBG**
- Entries and exits are not visible to third parties
 - The MBG only receives the daily imbalance quantities from the MAM
- Otherwise, all rights and obligations of a BG apply

Main principles of the gas network access model

- Balancing subgroups

Balancing subgroup

- Agent does not operate its own (subordinate) balancing groups, but joins a BG
- Account aggregates booked capacities at entry or exit points
- Deviations are settled in the assigned BG
 - Imbalance risk is transferred to an assigned BG
- Nominations between BSG are possible
- Agent transfers all rights and obligations to the assigned BG
 - assigned BGM has full insight into volume flows and must approve third-party deliveries



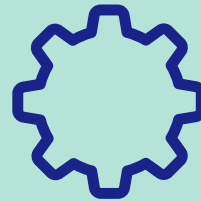
Δ = Assignment; deviation assignment

Registration process (1/2)



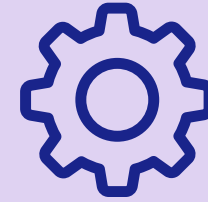
Customer portal

Register on THE's [Customer Portal](#). Click on 'Apply for admission' and, in the following window, select the role of balancing group manager and the application type 'User access for a new market partner'.



Admission form

Enter details into admission form.



Original documents

The originals requested must then be sent by post.

Registration process (2/2)



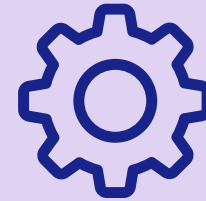
Review of documents

Documents are reviewed by THE.
THE will request any missing
documents or additional information
required.



Admission

Following document review, THE will
advise that the account has been
activated and make the relevant login
details available.



Use

Further MAM tasks

- Extracts

Receive declarations

- NOs submit their declarations for the following month in advance
- MAM processes the declarations and forwards them to BGM
- Declarations can be corrected

Receive allocations

- NOs submit allocations for various data series types on a daily and monthly basis
- The allocations are verified by MAM and forwarded to BGM

NBA management

- MAM sets up network balancing account (NBA) for each NO and each gas quality in the market area
- NBA number is communicated to NO
- MAM is responsible for NBA management, i.e. processing & booking allocations, plausibility checks, determining the NBA balance, plausibility checks for reconciliation quantities

Data series types

Entry data series types

- EntrySO – Entries at cross-border IP/production site
- EntrySP – Entries from storage facility into a network
- EntryNKP – Entries at system interconnection point
- EntryVTP – Entry nomination at VTP
- Entry Wasserstoff – Hydrogen entries
- EntryBiogas – Biogas entries

Exit data series types

- RLMoT – Exit to industrial customer
- RLMmT – Exit to industrial customer
- SLPsyn – Exit to household customer
- SLPana – Exit to household customer
- ExitSO – Exit to cross-border IP
- ExitSP – Exit from pipeline network into a storage facility
- ExitVTP – Exit nomination at VTP

Declarations (1/2)

1

Definition of 'declaration'

- Binding request by NO to MAM to submit a data series in the daily allocation process for a balancing group

2

Data format

- TSIMSG
- Declarations may also be made via the Customer Portal

3

Data series types that need to be declared

- SLPsyn, SLPana, RLMoT, RLMmT (RLM not subject to declaration for TSOs)

4

Need for declaration

- MAM prepares IT system for receipt of allocation notifications
- MAM checks incoming allocations
- Allows substitute values to be created for SLP allocations
- BGM can run a check incl. plausibility checking

Declarations (2/2)

5

Dispatch of declarations

- NO to MAM on M-M+17BD
- MAM to BGM on M-M+18BD (since October 2020: until 12 noon)

October 2020 clarification: "If due to calendar peculiarities (e.g. an accumulation of public holidays within a given month) the 18th BD of a month is also the last BD of the month preceding the delivery month or if the month preceding the delivery month has only 17 BDs, the NO will send the complete declaration list to the MAM by the 16th BD of the month preceding the delivery month, if so requested by the MAM.

6

Declaration changes for the future

- Via TSIMSG or Customer Portal
- SLP until 18.00 hrs. for day after tomorrow
- RLM until 18.00 hrs. for tomorrow

7

Declaration changes with a retroactive effect

- Retroactive changes to declarations can be made for RLM quantities
- Retroactive changes to declarations can be made within the clearing window – in conjunction with an allocation clearing process

Allocations

1

Definition of 'allocation'

- The act of assigning gas quantities to a balancing group

2

SLP allocations

- Made according to selected SLP method (synthetic or analytical)
- Applied to exit points for which ideal consumption is assumed

3

RLM allocations

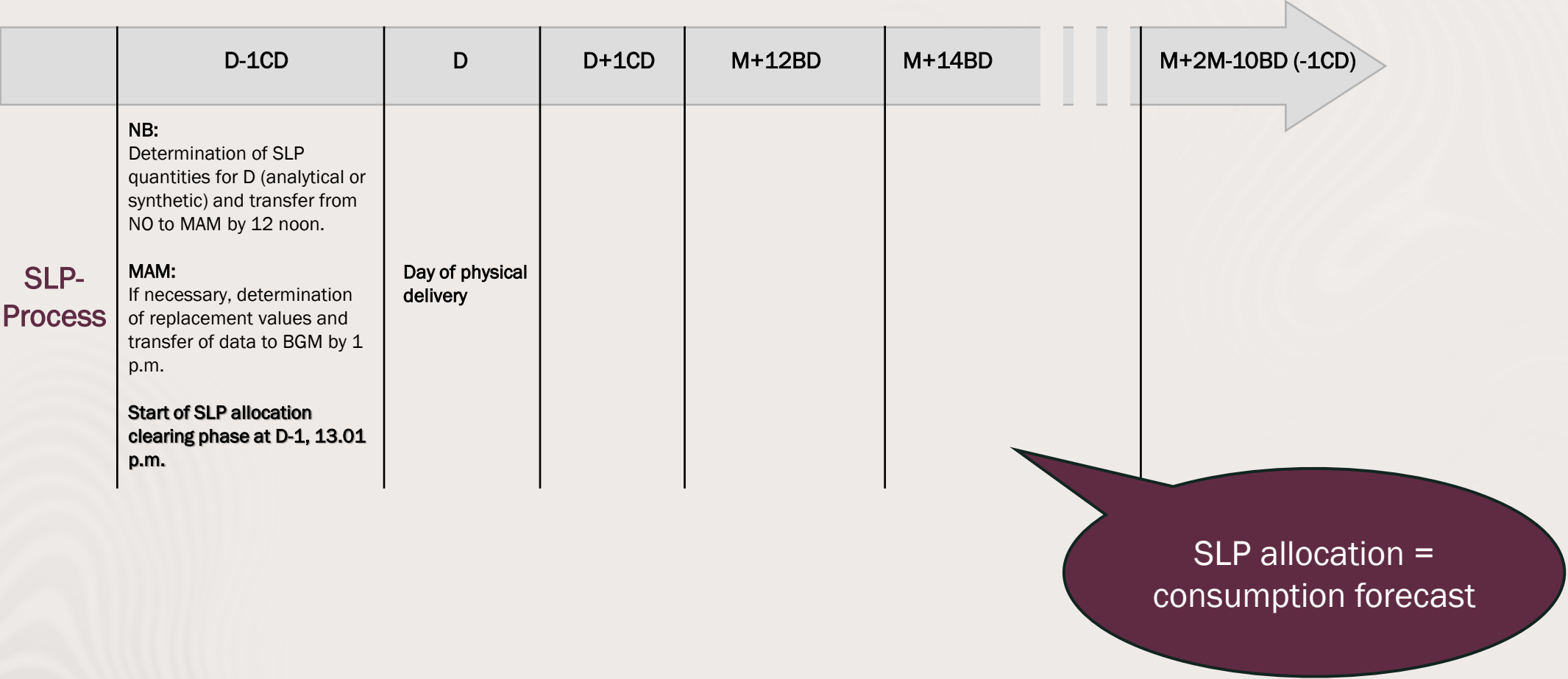
- RLM allocation with a daily band (RLMmT) → Allocated as measured, no allocation req. for each single hour
- RLM allocation without a daily band (RLMoT) → Allocated as measured, allocation req. for each single hour

4

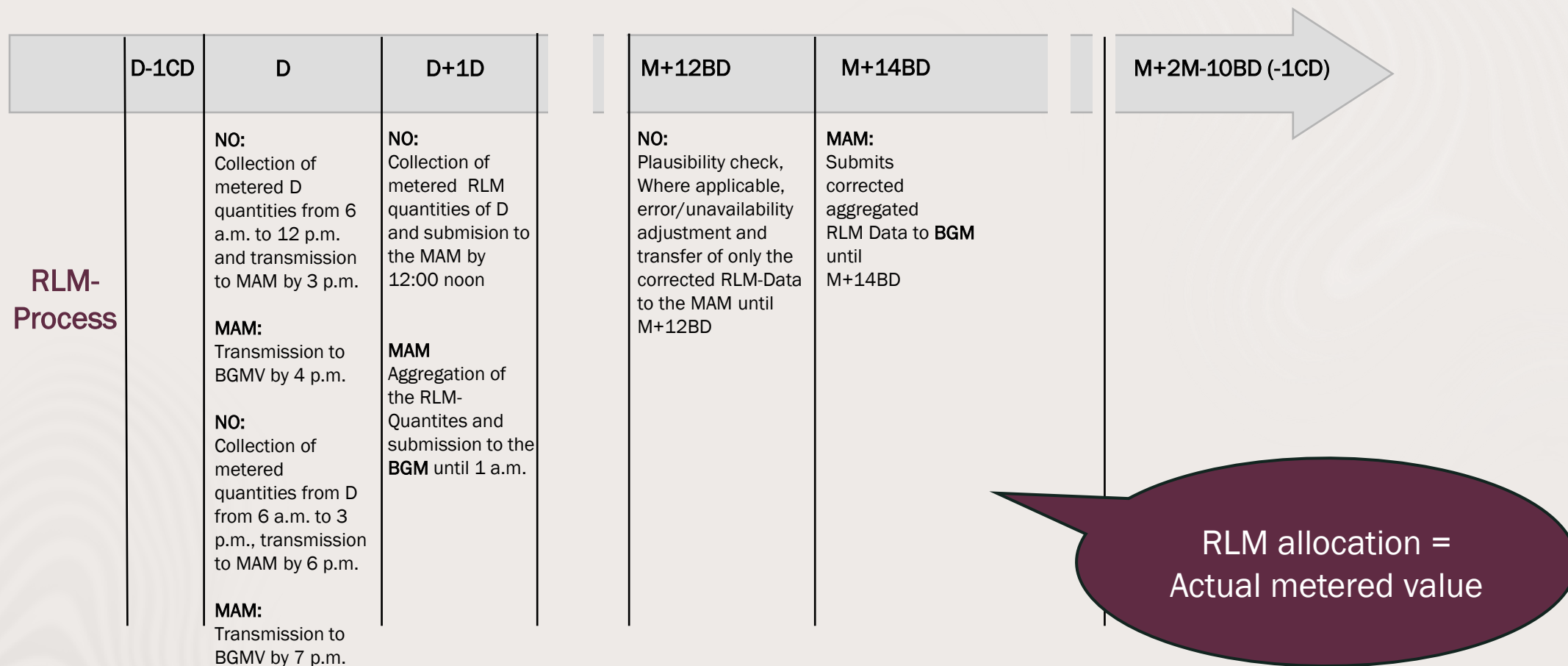
EntrySo/ ExitSO and EntrySP/ExitSP allocations

- Allocated as nominated

SLP allocation process



RLM-allocation process



Process requirements for allocation clearing (1/2)

	SLP	RLM
Reason for clearing	- Default substitute value procedure to eliminate outliers before gas balancing and before any system balancing actions are caused <u>No</u> ex-post improvement of the allocation <u>No</u> elimination of nomination errors of the BGM - Deviations between allocation and consumption are compensated through reconciliation quantity mechanism	Settlement of deviations between allocation quantity and network utilisation quantity
Deadlines	- After deadline: No correction of allocation data - Deadline: D-1, from 13.01 to M+2M-10BD (-1CD)	- After deadline: No correction of allocation data - Deadline: M+15BD to M+2M-10BD (-1CD)
Limit values	- Allocation of day D for each data series type, and BG must exceed the allocation of day D-1 by 100% or more <u>or</u> fall short of it by 50% or more <u>and</u> deviate by at least 25,000 kWh - Example: Allocation D = 50,000 kWh; allocation D-1= 25,000 kWh → allocation clearing is possible	Minimum difference of 500 kWh per month
Exceptions Limit values	- No checking of clearing limits for first-time SLP declaration and missing allocation - No checking of clearing limits in the event of zero allocation during the month - Creation of default substitute value by MAM; technical problems encountered by the MAM	Technical problems encountered by MAM

Process requirements for allocation clearing (2/2)

	SLP	RLM
Objection	Objection to participation only possible in justified cases	Objection to participation only possible in justified cases
Clearing number	- Clearing cannot take place without a valid clearing number - Clearing number must be requested from the MAM (customer portal) - Clearing number can only be applied for by BGM - Daily clearing number only	- Clearing cannot take place without a valid clearing number - Clearing number must be requested from MAM (Customer Portal) - Clearing number can only be requested by BGM - Daily or monthly clearing number
Clearing ALOCAT	- Clearing cannot take place without Clearing ALOCAT - Clearing ALOCAT must include clearing number - Clearing ALOCAT can only be sent by the NO to the MAM	- Clearing cannot take place without Clearing ALOCAT - Clearing ALOCAT must contain clearing number - Clearing ALOCAT can only be sent by the NO to the MAM

Two-part clearing process → Both the NO and the BGM must be involved

Exception: NO Clearing for RLMs

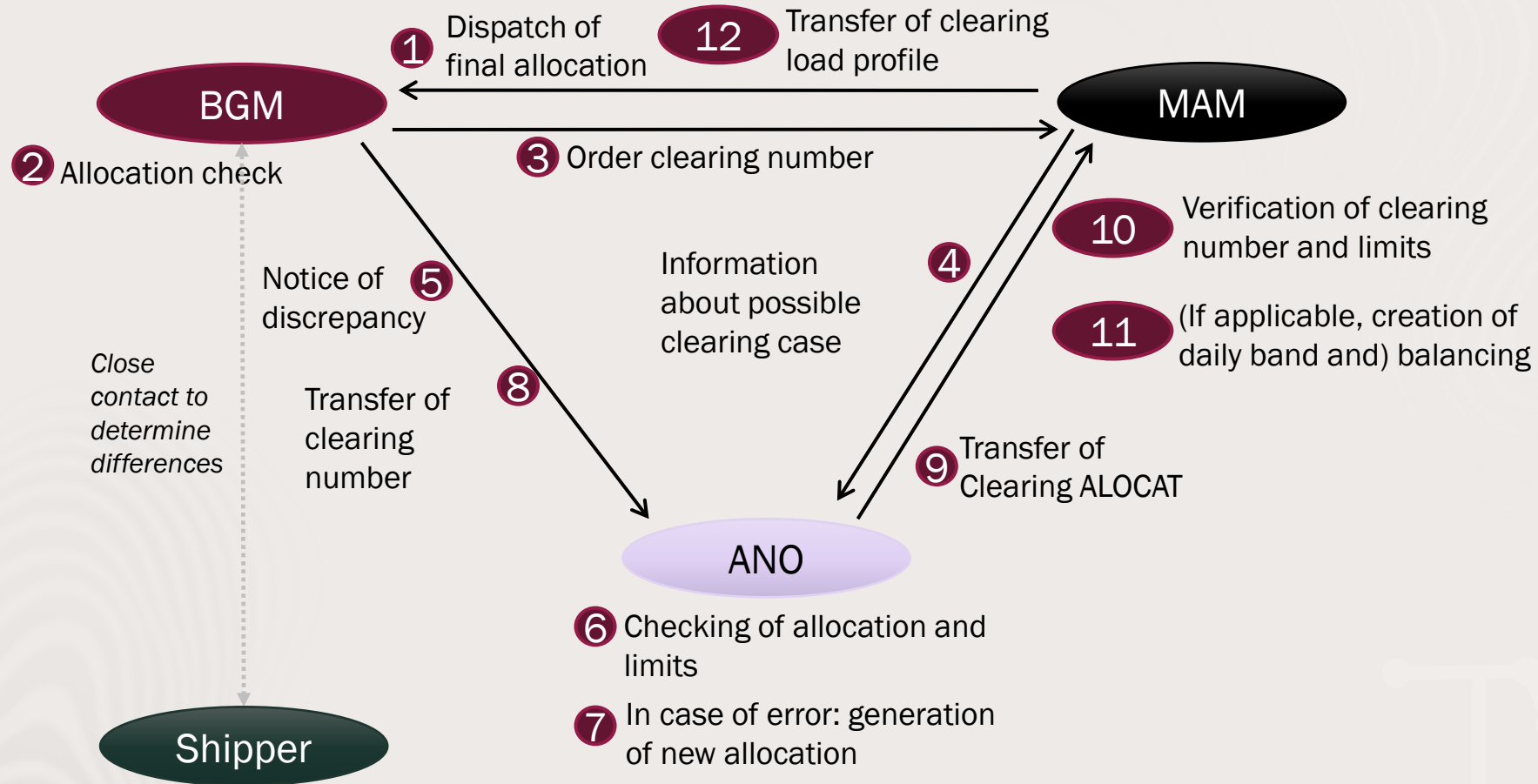
Network operator clearing for RLM exit points

Background

- Network operators can independently apply for a clearing number for RLM exit points and thus do the clearing without involving the BGM
- However, regular clearing must be prioritised
- A network operator (NO) may initiate an NO clearing process only if a BGM does not respond
- Differences between the NO clearing value and the original allocation are settled with the BGM at the price for RLM quantity differences



Interaction of market partners using the example of SLP Clearing



Balancing group invoicing



Further tasks of the MAM

- Extracts

Balancing group invoicing

Quantity reconciliation process management

- Reconciliation quantities are determined by the NO and then settled between NO and Shipper and NO and MAM
- Quantities are required by the MAM for NBA management
- Revenues and costs are posted to the balancing neutrality account
- Reconciliation quantities prices are published by the MAM

Balancing neutrality charge account management

- To cover the expected shortfall from the use of balancing actions and imbalance quantities, balancing neutrality charges are levied, among other things
- MAM is obliged to levy two separate charges (SLP/RLM) and to set up and publish separate accounts

Balancing group invoicing

The following items are invoiced as part of balancing group invoicing process:

- Imbalance quantities for any undersupply/oversupply within the day
- Within-day flexibility charge for undersupply/oversupply within the hour
- Balancing neutrality charge (RLM/SLP)
- Price for quantity difference for negative/positive quantity differences
- H->L conversion fee
- Conversion neutrality charge

Balancing group invoicing takes place monthly from M+2M-10BD to M+2M, i.e. 2 months after the delivery month

- Example: The balancing group invoice for the delivery month April 2025 is prepared at the end of June 2025

Imbalance quantities in the daily balancing regime

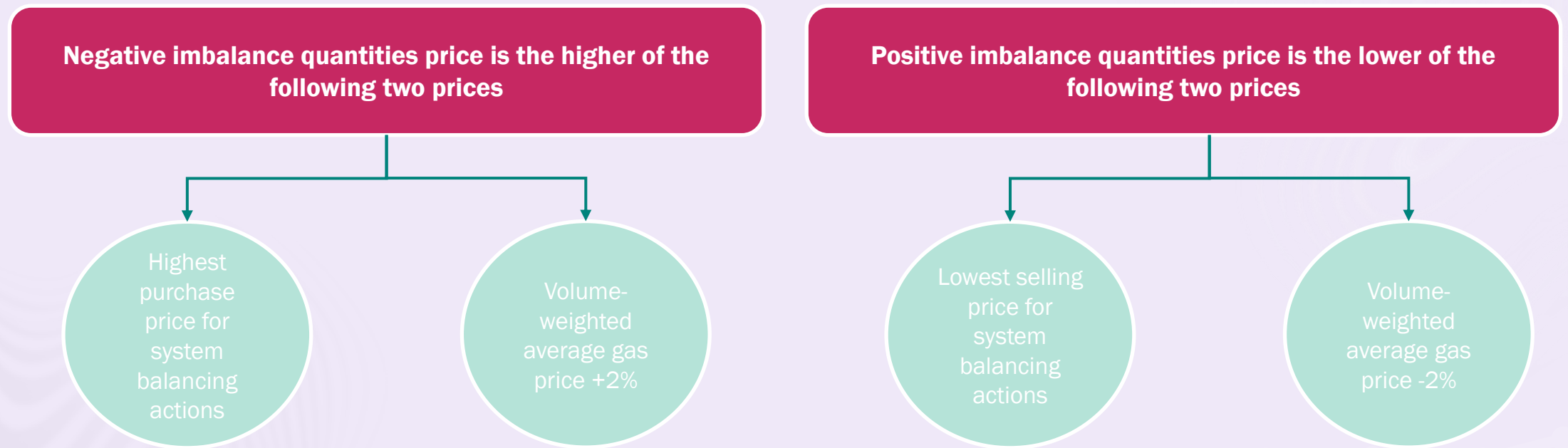
General information

- Imbalance quantities accrued are invoiced by the MAM to the BGM
- There is daily balancing of allocation quantities
- As part of the balancing process, the inputs and offtakes assigned to the balancing group are compared
- The BGM is liable for deviations between inputs and offtakes
- Excess quantities (inputs > offtakes) are remunerated as positive imbalance quantities by the MAM; shortfall quantities are invoiced.
- Note: Physical imbalances in the market area are compensated by the MAM in the form of system balancing actions

Please note that the German "positiver Ausgleichsenergiepreis" is translated as "negative imbalance price" and "negativer Ausgleichsenergiepreis" as "positive imbalance price" in English.

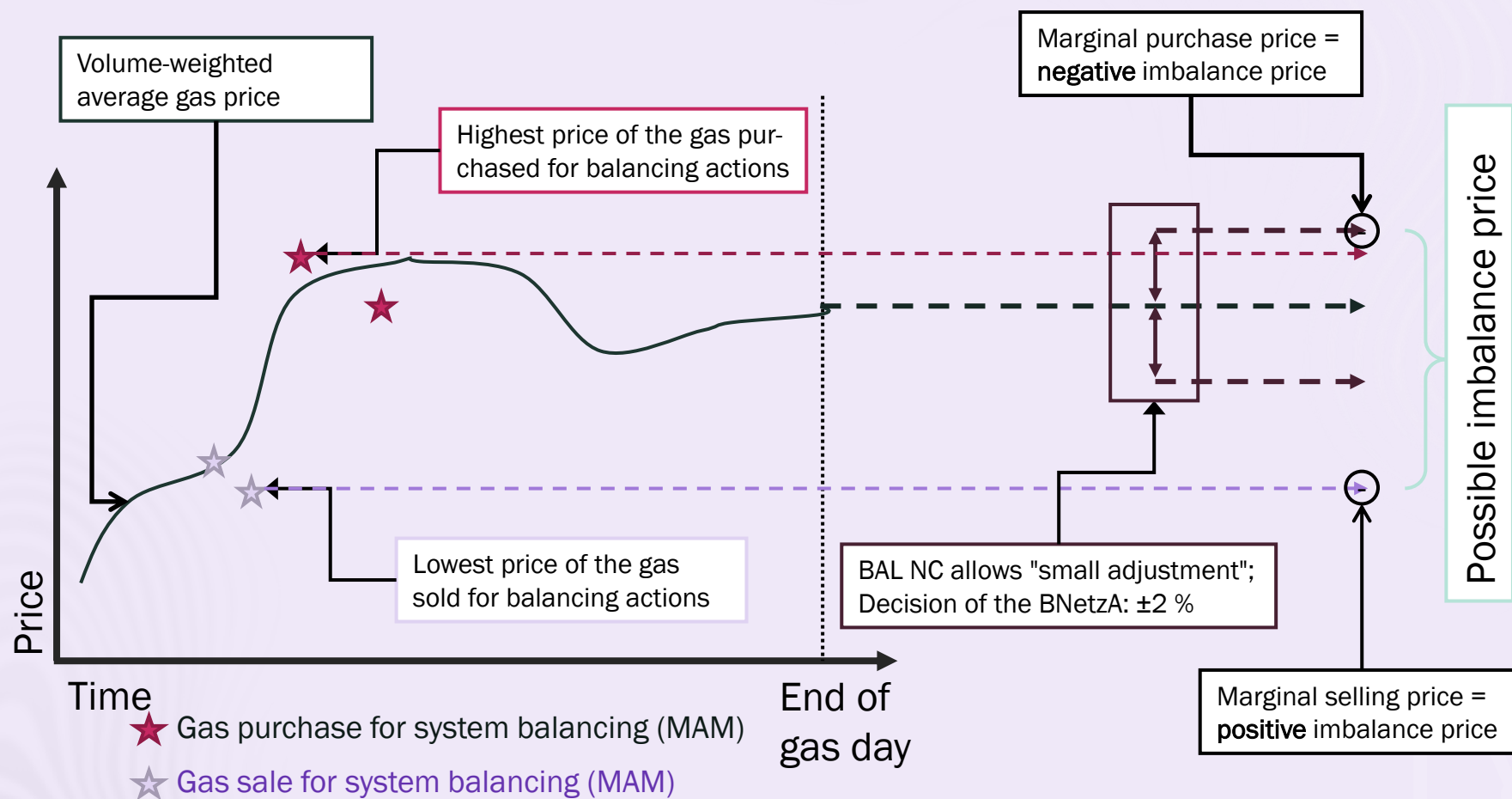
Imbalance quantities in the daily balancing regime

- Price determination



Please note that the German "positiver Ausgleichsenergiepreis" is translated as "negative imbalance price" and "negativer Ausgleichsenergiepreis" as "positive imbalance price" in English.

Imbalance quantities: Price determination chart



Please note that the German "positiver Ausgleichsenergiepreis" is translated as "negative imbalance price" and "negativer Ausgleichsenergiepreis" as "positive imbalance price" in English.

Display of final imbalance prices

Final imbalance prices

Table filter							
From date	10/01/2025	to	10/15/2025	X	✓		
Gasday	Negative imbalance price (EUR/MWh)	Positive imbalance price (EUR/MWh)	Price System Buy (EUR/MWh)	Price System Sell (EUR/MWh)	VTP-Index (EUR/MWh)	VTP-Index + 2 % (EUR/MWh)	VTP-Index - 2 % (EUR/MWh)
15/10/2025	33.500	29.600	33.500	29.600	32.724	33.378	32.070
14/10/2025	33.182	29.300	32.875	29.300	32.531	33.182	31.880
13/10/2025	34.000	29.678	34.000	29.678	32.992	33.652	32.332
12/10/2025	33.263	31.000	33.000	31.000	32.611	33.263	31.959
11/10/2025	33.194	30.300	33.100	30.300	32.543	33.194	31.892
10/10/2025	33.568	31.600	33.500	31.600	32.910	33.568	32.252
09/10/2025	34.072	31.025	33.900	31.025	33.404	34.072	32.736
08/10/2025	34.683	30.300	34.650	30.300	34.003	34.683	33.323
07/10/2025	35.150	32.500	35.150	32.500	33.996	34.676	33.316
06/10/2025	35.025	31.983	35.025	33.250	32.636	33.289	31.983

Tradinghub.eu >
Publications >Prices>
Imbalance-Prices

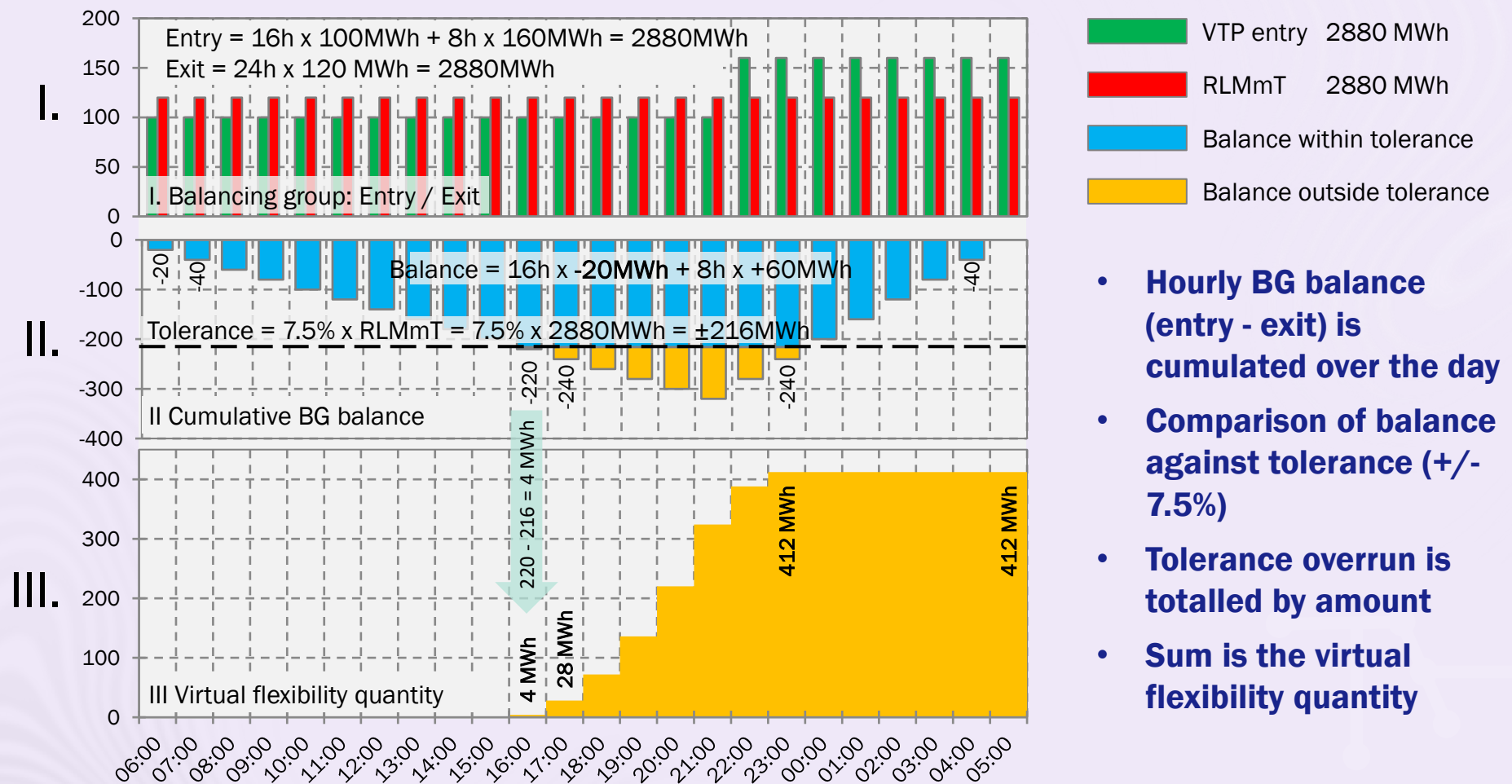
Please note that the German "positiver Ausgleichsenergiepreis" is translated as "negative imbalance price" and "negativer Ausgleichsenergiepreis" as "positive imbalance price" in English.

Within-day flexibility charge

General information

- On 1 October 2016, an incentive system for traders was introduced to ensure that inputs and offtakes are kept in balance during the day
- A tolerance of 7.5% of the daily volume is granted for RLM exit points - the tolerance is applied as a band in each hour
- The hourly imbalances between inputs and offtakes are accumulated over the day and compared with the tolerance band every hour
- The quantities exceeding the tolerance band per hour are totalled as a virtual flexibility quantity, and a within-day flexibility charge per MWh is due for the totalised virtual flexibility quantity
- The within-day flexibility charge is only levied if costs are incurred for the MAM as a result of an opposing use of system balancing actions, i.e. both the purchase and sale of gas for system balancing on one day
- The amount of the within-day flexibility charge is calculated as half of the difference between the volume-weighted average prices for the purchase / sale for the gas day

Within-day flexibility charge – Calculation example (1/2)



- **Hourly BG balance (entry - exit) is cumulated over the day**
- **Comparison of balance against tolerance (+/- 7.5%)**
- **Tolerance overrun is totalled by amount**
- **Sum is the virtual flexibility quantity**

Within-day flexibility charge – Calculation example (2/2)

Day D	Price	System balancing actions	Costs (+) / Revenues (-)
Purchase	€ 30	250 MWh	€ 7,500
Purchase	€ 50	250 MWh	€ 12,500
Purchase subtotal		500 MWh	€ 20,000
Sale	€ 25	- 60 MWh	€ 1,500
Sale	€ 12.5	- 40 MWh	€ 500
Sale subtotal		- 100 MWh	€ 2,000

Av. price of gas purchased for system balancing: $\text{€ } 20,000 / 500 \text{ MWh} = \text{€ } 40 / \text{MWh}$

Av. price of gas sold for system balancing: $\text{€ } 2,000 / 100 \text{ MWh} = \text{€ } 20 / \text{MWh}$

Within-day flexibility charge (never negative: otherwise 0):

$$\frac{1}{2} \times (\text{purchase price} - \text{sales price}) = \frac{1}{2} \times (\text{€ } 40 / \text{MWh} - \text{€ } 20 / \text{MWh}) = \text{€ } 10 / \text{MWh}$$

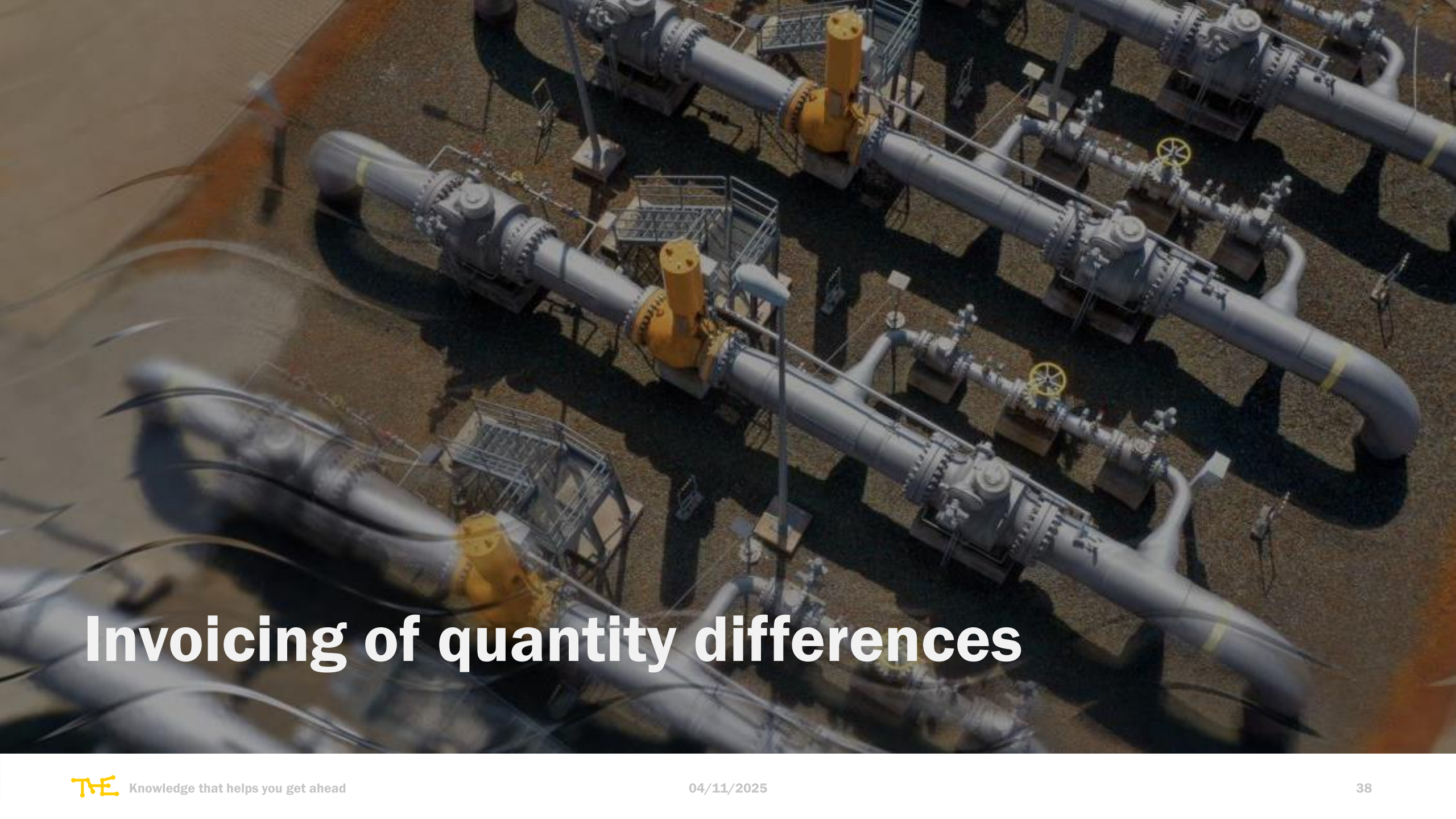
Final within-day flexibility charge

Trading Hub Europe >
Publications > Prices >
Within-day flexibility
charge

Final flexibility charge

Table filter ▶

Date	Flexibility balancing quantity (MWh)	Flexibility balancing costs (EUR)	Flexibility charge (EUR/MWh)
15/10/2025	0	0.0000	0.0000
14/10/2025	0	0.0000	0.0000
13/10/2025	0	0.0000	0.0000
12/10/2025	0	0.0000	0.0000
11/10/2025	0	0.0000	0.0000
10/10/2025	0	0.0000	0.0000

An aerial photograph of an industrial facility, likely a refinery or chemical plant. The image shows a complex network of large, grey metal pipes running across a brown, gravelly ground. Several large, yellow, cylindrical valves are visible, connected to the pipes. There are also smaller pipes, valves, and some structural steel frameworks. The lighting suggests a bright, sunny day, with shadows cast by the equipment.

Invoicing of quantity differences

Invoicing of quantity differences

- The RLM quantity differences are invoiced once a month for each single day via balancing group invoices
- The RLM quantity differences can include
 - (i) Revised allocation based on balancing CV
 - (ii) Revised allocation based on billing CV
- If the MAM does not receive an allocation which has been revised using a billing CV (ii) or receives no M+12 notification at all, the value from (i) or the value from the D+1 message is used for both values
- The difference between the two allocations is invoiced at the quantity difference price between BGM and MAM
- The BGMs then invoice the relevant shippers



Prices for quantity differences

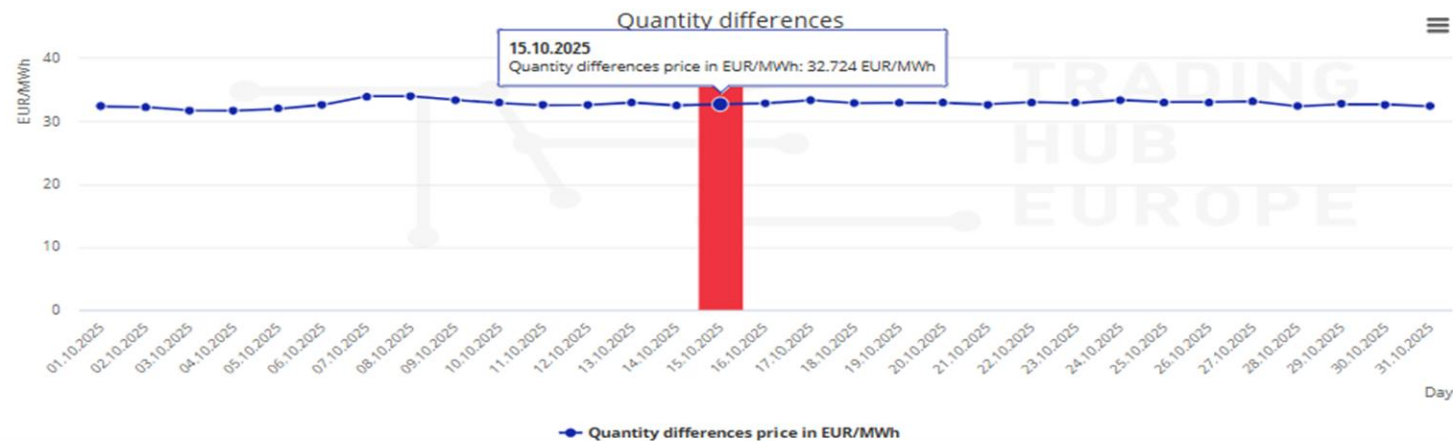
Quantity differences



Chart filter

Month

Oktober 2025



Trading Hub Europe >
Publications > Prices >
Price for quantity
differences

Neutrality charges and fees



MAM fees, neutrality charges and prices

VTP fee (Euro/MWh) is due for each nominated transfer at the VTP and is charged to both the acquiring and the disposing BGM.

Imbalance quantities: imbalance quantity fees (Euro/MWh) are payable in the event of imbalances (under & over-supplies) in the balancing group recorded on a daily basis

Within-day flexibility charge: The within-day flexibility charge (Euro/MWh) is payable in the event of hourly over or under-supplies, taking into account any tolerance

RLM balancing neutrality charge: The RLM balancing neutrality charge (Euro/MWh) is levied if RLM exit points are supplied.

SLP balancing neutrality charge: The SLP balancing neutrality charge (Euro/MWh) is levied if SLP exit points are supplied.

Fee for quantity differences: Quantity differences resulting from a quantity allocation based on the balancing CV and a quantity allocation based on the billing CV for RLM exit points of a balancing group are invoiced at the price for quantity differences (Euro/MWh).

Conversion fee: There is a fee (Euro/MWh) for cross-quality balancing (for the conversion from H-gas to L-gas). There is no conversion fee for the conversion from L-gas to H-gas.

Conversion neutrality charge: Since 1 October 2012, the Federal Network Agency has decided that a conversion neutrality charge on physical inputs can be levied in addition to the conversion fee if the revenue from the conversion fee is not sufficient to cover the costs incurred by the conversion.

Fees and neutrality charges – Complete overview

Fees and neutrality charges

In this section, the market area manager publishes its current fees and charges.

RLM balancing neutrality charge

According to GaBi Gas 2.0, an RLM balancing neutrality charge is levied to cover the expected shortfall from the balancing actions and imbalance quantities. This balancing neutrality charge must be borne by balancing group managers serving RLM exit points.

The RLM balancing neutrality charge applicable from 1 October 2025 is 0 EUR/MWh.

SLP balancing neutrality charge

According to GaBi Gas 2.0, an SLP balancing neutrality charge is levied to cover the expected shortfall from the balancing actions and imbalance quantities. This balancing neutrality charge must be borne by balancing group managers serving SLP exit points.

The SLP balancing neutrality charge applicable from 1 October 2025 is 0 EUR/MWh.

VTP fee

Following the ruling of the Federal Network Agency (ref. BK7-11-003), the market area manager has been entitled since 1 October 2011 to charge a fee for the use of the Virtual Trading Point.

The VTP fee is due for each nominated transfer of gas quantities at the Virtual Trading Point and is payable by both the acquiring and the disposing balancing group managers.

The Federal Network Agency requires the market area manager to set the amount of the fee to cover the costs incurred directly and indirectly through the Virtual Trading Point.

The VTP fee valid from 1 October 2025 is 0.00198 EUR/MWh.

Conversion fee (H-L)

According to the "Konni Gas 2.0" ruling of the Federal Network Agency (BK7-16-050), the market area manager is entitled to charge an incentive-based conversion fee for the conversion from high CV gas to low CV gas.

There is no fee for the conversion from low CV gas to high CV gas.

The conversion fee applicable from 1 October 2024 is 0 EUR/MWh.

Conversion neutrality charge

In order to cover the costs incurred by the market area manager in the multi-quality market area following the conversion measures, the market area manager may levy a conversion neutrality charge. The conversion neutrality charge can be levied on all physical input quantities introduced into a balancing group on a given day.

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charges

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Balancing neutrality charges and charge accounts

Balancing neutrality charges

- MAM is obliged to specify two separate balancing neutrality charges for SLP and RLM exit points
- Balancing neutrality charges are paid on exit quantities affecting the balance
- No charge is levied for other exit quantities
- Duration of the charge period: 1 GWY

Balancing neutrality charge accounts

- Costs and revenues from imbalance quantities and the invoicing of quantity differences as well as revenues from within day flexibility charges are allocated to the RLM account
- Costs and revenues from the invoicing of SLP reconciliation quantities and the network balancing account system (NKA) are allocated to the SLP account
- Costs and revenues from the use of external system balancing actions are allocated according to a distribution key
 - Determination of the cumulative balances of the BG and NBA
 - Procurement costs are allocated to undersupplies, revenues from sales are allocated to oversupplies
 - A quantity key is used if the direction is the same
 - Allocation of provisioning costs according to the averaged allocation key

Conversion neutrality charge and conversion fee

- Conversion fee for the direction from H-gas to L-gas applies for an unlimited period of time
- Companies (BGMs) must connect H-gas and L-gas BGs
- BGMs pay an incentive-based fee in the direction from H-gas to L-gas – there is no conversion fee in the direction from L-gas to H-gas
- The conversion fee is determined on an ex-ante basis before the respective period of validity
- The MAM incurs costs from third-party blending facilities, transport conversion and/or system balancing actions in opposite direction
- The majority of the costs are covered by a conversion neutrality charge, which is levied on all input quantities

Thank you.



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Back up: Introduction to the conversion system

General information

Gas in Germany comes in two different qualities:

- High-energy gas (H-gas) with a high calorific value
- Low-energy gas (L-gas) with a low calorific value

The gas qualities are transported in separate pipeline systems, but can be traded across linkeded balancing groups in multi-quality gas trades

If the gas withdrawn from the system at an exit point has a different quality to the gas injected at an entry point, a conversion is deemed to have taken place.

- Gas can be 'converted' by means of blending facilities, multi-quality transportation via the Netherlands and/or the reversed use of system balancing actions

Conversion is governed by two determinations by the Federal Network Agency:

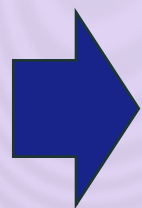
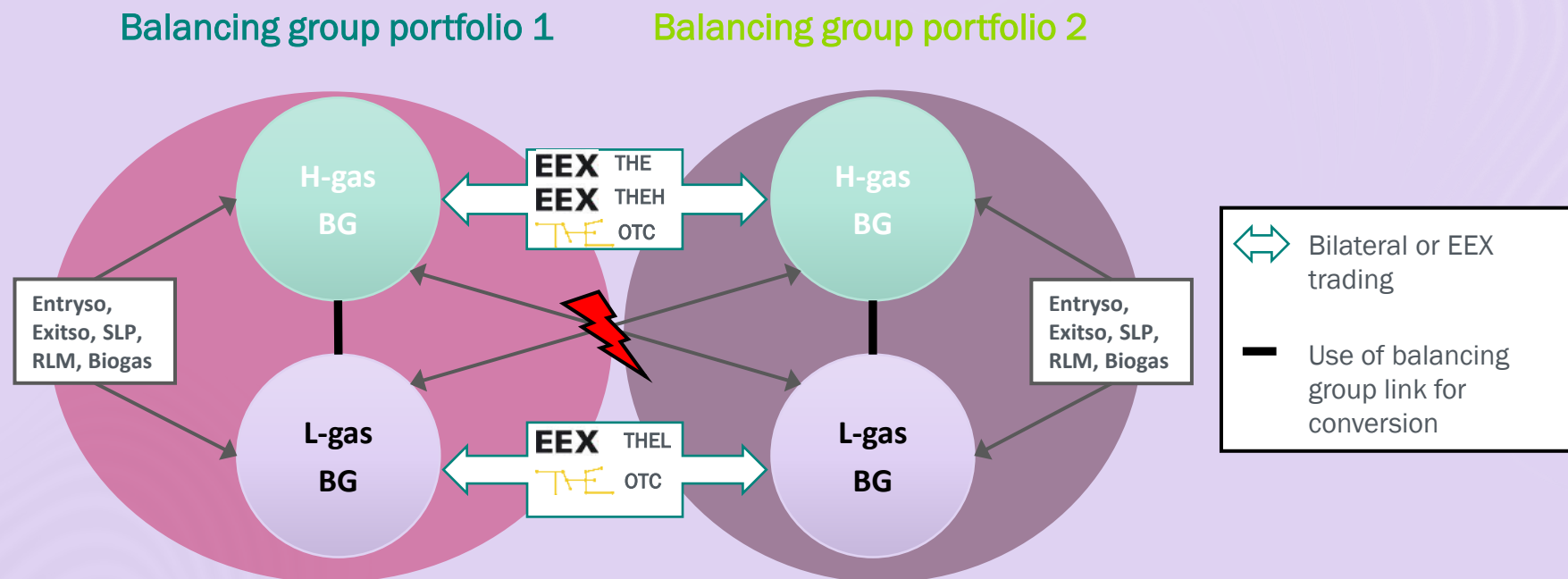
- 'Determination on the introduction of a conversion system in multi-quality gas market areas' dated 27 March 2012 (Ref. BK7-11-002, also known as the 'Konni Gas' ruling)
- 'Determination on the adjustment of the conversion system in multi-quality gas market areas' dated 21 December 2016 (Ref. BK7-16-050, also known as the adjustment to the 'Konni Gas' ruling)

Multi-quality trading 1/2

- A company's H-gas and L-gas balancing groups have to be linked
- Transfer at the VTP is only possible for gases that have the exact same quality (i.e. not directly between H-gas and L-gas balancing groups)
- EEX trading involving the THE VTP as the place of performance is possible for the H-gas or L-gas balancing group
- Daily balances recorded in opposite directions across interlinked balancing groups of different qualities can (currently) only be invoiced with the option of a conversion fee in the direction from H-gas to L-gas
- The remaining daily balance is invoiced as an energy imbalance quantity



Multi-quality trading 2/2



If there is an oversupply of H-gas and an undersupply of L-gas in the daily balance of the balancing group portfolios, the conversion fee is charged for the lower balance.

Transparency rules for the MAM

The MAM must publish the following no later than five working days after the end of each month:

- Provisional monthly balance of the conversion neutrality account
- Provisional information on the scope and price of commercial and technical conversion measures

The MAM must also publish the aggregated daily virtual conversion quantities based on the provisional allocation data for each conversion direction.

All publications based on provisional data must be updated once the final data is available.

The MAM must also disclose the amount of the liquidity buffer as part of the publication of the conversion neutrality account.