Annual System Balancing Report pursuant to the GaBi Gas 2.0 ruling for GY 2024/2025

Table of contents

List of figures

List of tables

List of abbreviations and acronyms

BH	bank holiday
BGM	balancing group manager
BMWE	German Federal Ministry for Economic Affairs and Energy
DA	day-ahead
EEX	European Energy Exchange
Federal Network Agency	German national regulatory authority (*Bundesnetzagentur – BNetzA*)
GaBi Gas 2.1	administrative ruling on gas balancing handed down by the Federal Network Agency on 19 December 2014 (ref: BK7-14-020) amended by amendment decision dated 12 September 2025 (ref: BK7-24-01-008)
GTG	Gastransport Nord GmbH
GTS	Gasunie Transport Services B.V.
GUD	Gasunie Deutschland Transport Services GmbH
GY	gas year
IP	interconnection point
LTO	Long-Term Options
MAM	market area manager
MOL	merit order list
Network Code on Gas Balancing, BAL Code	Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks
NWG	Nowega GmbH
RoD	rest-of-the-day
SA	Saturday
SCB	Short-Call Balancing Services
STB	Short-Term Balancing Services
SU	Sunday
THE	Trading Hub Europe
TSO	transmission system operator
TTF	Title Transfer Facility
VIP	virtual interconnection point
WD	within-day

1 Introduction

Operative part 9(a) of the decision of Ruling Chamber 7 of the Federal Network Agency for Electricity, Gas, Telecommunications, Post and Railway (BNetzA) of 19 December 2014 on gas balancing (BK7-14-020), last amended by the decision of 12 September 2025 (BK7-24-01-008; GaBi Gas 2.1) obliges the market area manager (MAM) to submit an annual report to Ruling Chamber 7 of the BNetzA on the procurement and use of internal and external balancing gas.

As the fourth report of its kind, this annual report provides a comprehensive overview of the procurement and use of balancing services, as well as the associated costs and revenues in gas year (GY) 24/25.

In addition, this report examines the use of flexibility services in merit order rank (MOL) 4, particularly with regard to their effectiveness and economic efficiency.

The report also focuses on analysing the procurement and provision of balancing services in adjacent market areas, the aim being to transparently present the development of cross-border cooperation and its contribution to security of supply and network stability.

The aim of the report is to fulfil the regulatory transparency requirements and to provide a reliable basis for the regulatory authority to evaluate the measures implemented.

2 Internal balancing actions

This chapter describes the internal balancing actions in THE's market area. Internal balancing reduces the need for external balancing transactions that come with a fee, and should therefore be prioritised in accordance with regulatory requirements.

The following charts illustrate the positive and negative internal balancing actions taken across both gas qualities (high-CV and low-CV gas) for the individual months of GY 24/25.

The most extensive use of high-CV gas for positive internal balancing actions was recorded in September 2025, while the most extensive use of high-CV gas for negative internal balancing actions was recorded in December 2024. GY 23/24 had seen a peak in both directions in January 2024. In total, 60,906 GWh of high-CV gas for positive and 53,361 GWh of high-CV gas for negative internal balancing actions were used in GY 24/25. Compared to GY 23/24, the use of high-CV gas for positive balancing actions has increased by 23 % while the use of high-CV gas for negative balancing actions is up only 5 %.

The most extensive use of low-CV gas for positive and negative internal balancing actions was recorded in the month of March 2025. By comparison, GY 23/24 had seen the use of low-CV gas for positive internal balancing actions peak in January 2024, while the most extensive use of low-CV gas for negative internal balancing actions was recorded in the month of December 2023. In total, 5,193 GWh of low-CV gas for positive and 5,211 GWh of low-CV gas for negative internal balancing actions were used in GY 24/25. Compared to GY 23/24, the use of low-CV gas for positive and negative balancing actions fell by 14 % and 15 %, respectively. This fall is due to the market area conversion to high-CV gas, which coincides with a reduction in the available low-CV gas linepack.

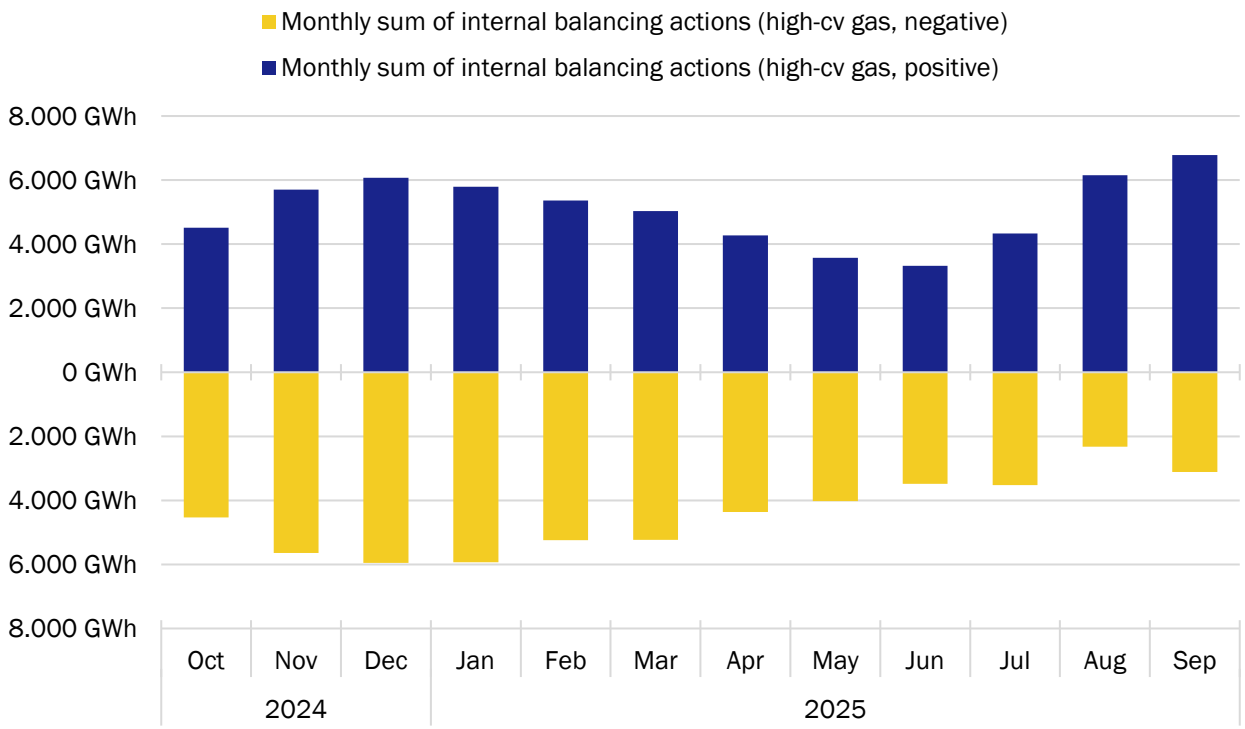

Figure 1: Use of high-CV gas for internal system balancing

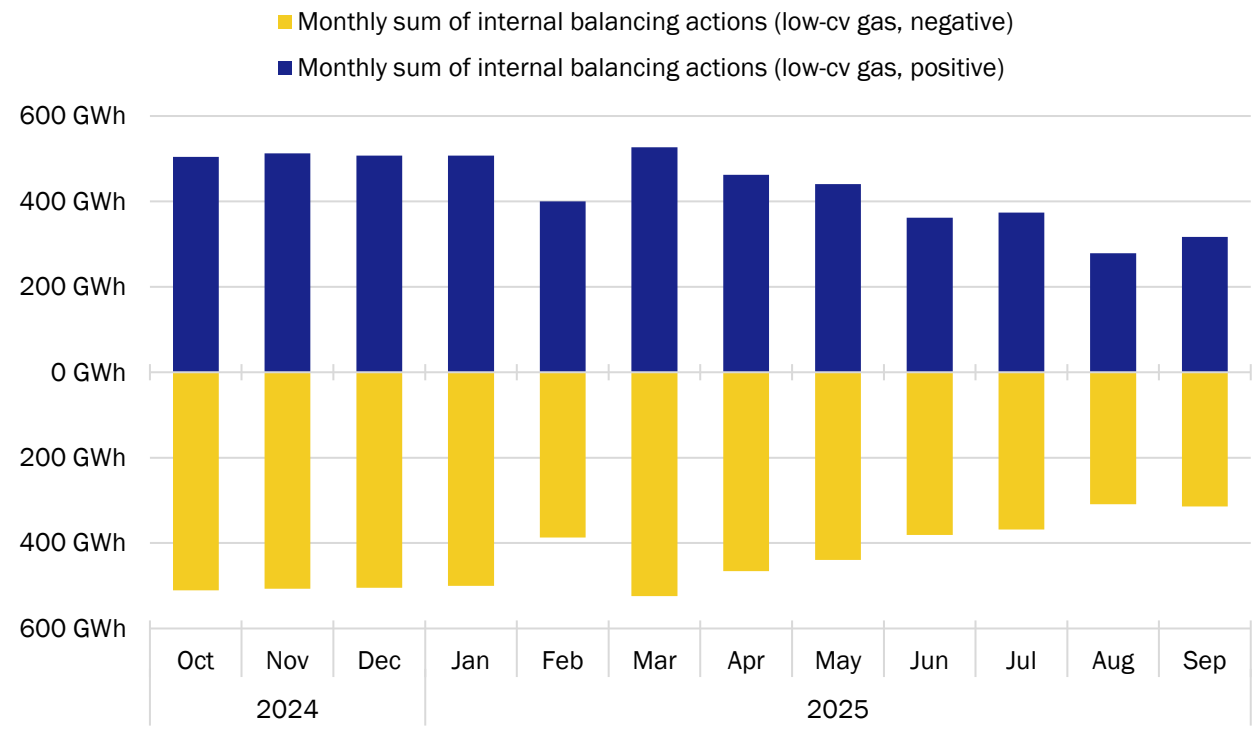

Figure 2: Use of low-CV gas for internal system balancing

3 External balancing actions and related procurement activities

3.1 Overview of SystemBuy and SystemSell transactions by MOL

3.1.1 General overview

Figure 3 provides an overview of external balancing for each of the months of GY 24/25.

A total of 59,161 GWh of balancing gas was bought and a total of 57,521 GWh of balancing gas was sold during GY 24/25. These quantities are the largest to date in the THE market area. In GY 23/24, a total of 32,588 GWh of balancing gas had been bought and 26,108 GWh of balancing gas had been sold in the THE market area. Total balancing gas quantities in GY 24/25 were almost twice as high as in the previous GY and 33% higher than in GY 22/23.

The sharp increase in quantities is due to high balancing requirements on the high-CV gas side and a significant oversupply of low-CV gas. The months of May to July saw a high level of balancing gas use that was unusual for the season and due to high entries on the low-CV gas side and subsequent conversion from low-CV to high-CV gas. The nomination behaviour of some balancing group managers in the summer, which is traditionally associated with low gas sales, must be seen as unusual, and THE contacted the relevant balancing group managers. Furthermore, THE filed a suspicious activity report with the Market Transparency Unit (MTS) and informed Ruling Chamber 7 of the BNetzA (responsible for regulating access

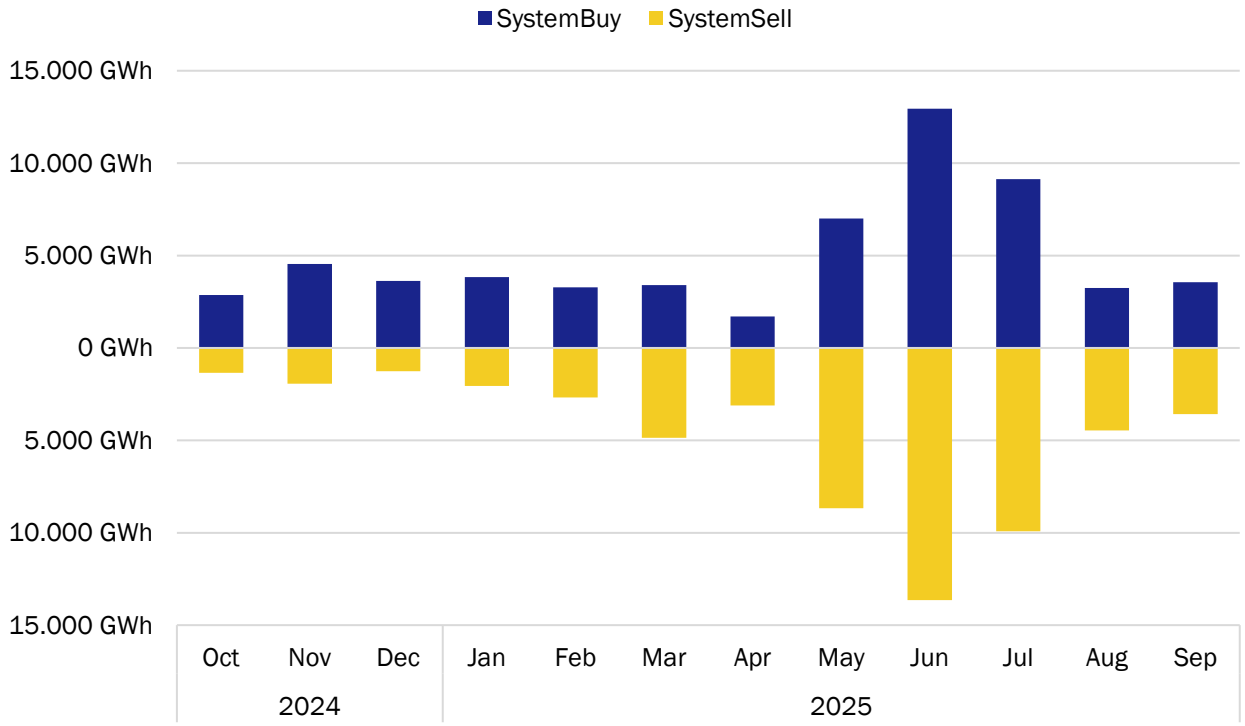

Figure 3: Use of high-CV and low-CV gas for external system balancing

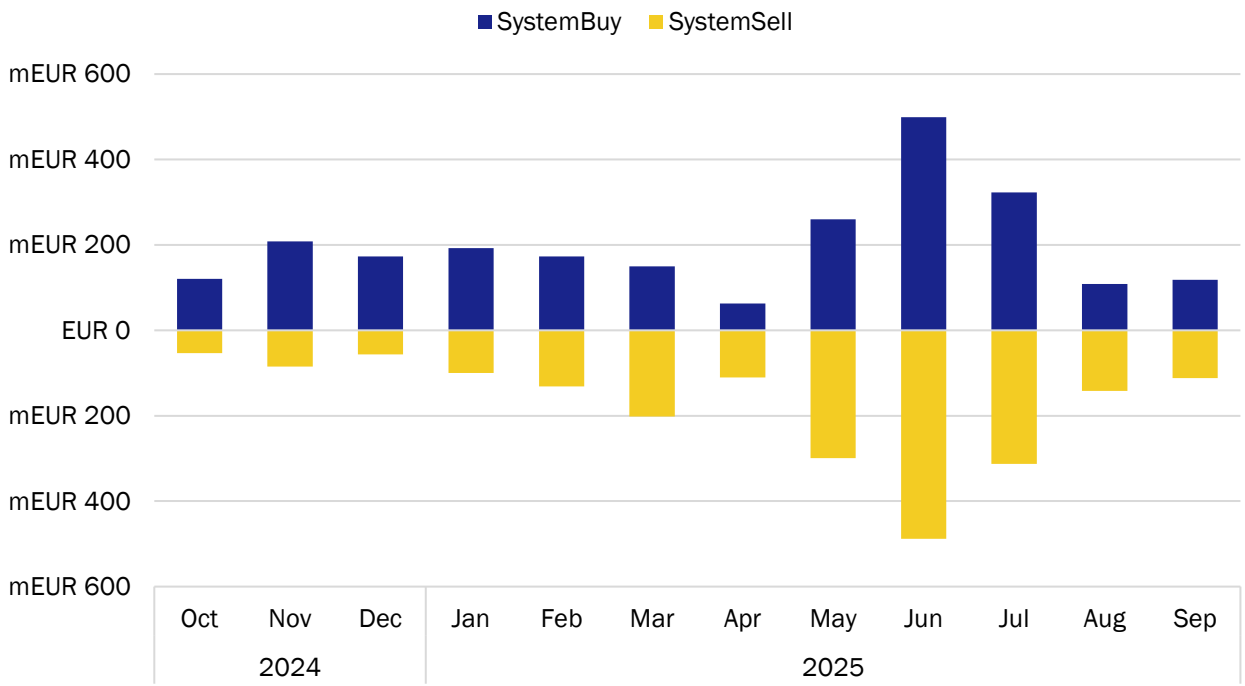

Figure 4: External system balancing costs and revenues for high-CV and low-CV gas

and connection to natural gas and hydrogen networks), whereupon the competent authorities launched investigations. These investigations were still ongoing at the time this report went to press. In addition, THE discussed possible courses of action with authorities, associations and market partners and took appropriate steps. For example, discussions are currently underway to amend Section 25 of the Balancing Group Contract within the framework of the Agreement on Cooperation between Operators of Gas Supply Networks (KoV). However, the MAM's options are limited, as it must operate within the regulatory framework.

As part of the review of the physical fulfilment of balancing products, violations were also identified among some market participants and corresponding contractual penalties were imposed.

The evaluation report for GY 24/25 outlines the effects on the gas conversion mechanism.

In monetary terms, GY 24/25 was a return to the usual balancing gas purchases, with spending for external system balancing (excluding capacity charges) totalling EUR 2,389 million for the full gas year (vs. EUR 1,142million in GY 23/24) while income from SystemSell transactions amounted to EUR 2,091 million (vs. EUR 846 million in GY 23/24:). Figure 4 provides an overview of the external system balancing costs and revenues for both high-CV and low-CV gas.

With capacity charges taken into consideration, balancing costs in GY 24/25 exceeded revenues by EUR 402.1 million. As in the previous gas year when balancing costs exceeded revenues by EUR 508.7 million, purchases again outweighed sales, resulting in a net purchase situation.

3.1.2 Areas and zones in THE market area

The THE market area is divided into the following areas and zones:

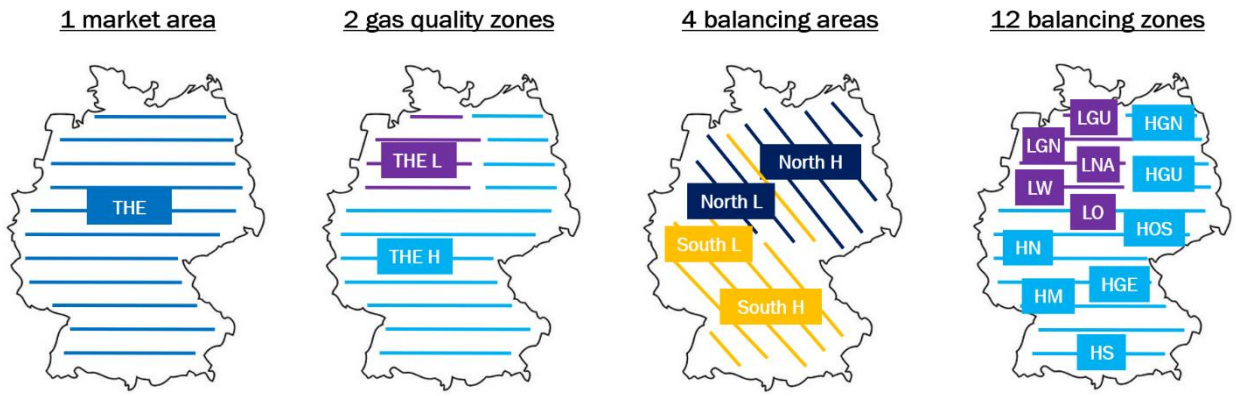

Figure 5: Areas and zones in the market area

The layout of the individual areas and zones is based on the list of points published on the THE website.

3.1.3 Product portfolio available for balancing actions

Our balancing actions and related procurement activities are conducted in keeping with regulatory requirements according to a defined merit order list (MOL) which focuses on the short-term, exchange-based procurement of the balancing gas quantities needed. In addition to the use of exchange-traded products, the MAM also concludes contracts for bilateral balancing products.

Figure 6 shows the products used in the THE market area in GY 24/25 as arranged by MOL and balancing criterion.

As regards the exchange-traded products, it should be noted that different order books are used for "day-ahead" (DA), "within-day" (WD), "Saturday" (SA), "Sunday" (SU) and "bank holiday" (BH), depending on the trading time or the delivery period. This differentiation is not made for the remainder of this report. The report only distinguishes between the product variants "day-ahead" (DA) and "rest of the day" (RoD) for daily products and "Hour" for hourly products. The DA product variant also includes all SA, SU and BH contracts for exchange-based transactions, while WD contracts are always allocated to the RoD product variant.

In MOL ranks 1 and 2, the MAM trades directly on the exchange. The MAM is authorised to use the EEX as a trading platform. For some time, THE only used the TTF trading point to procure gas for balancing purposes in an adjacent market area. It is also authorised to use the ICE trading platform.

In GY 23/24, the foundations were laid for using other adjacent European trading points to procure balancing gas at optimal prices, with due consideration for the relevant transportation costs. In November 2024, a test call order was successfully issued at the PEG trading point in the French TRF market area, and the existing portfolio of trading points consisting of the Dutch TTF and the trading points in Denmark (ETF) and Belgium (ZTP) was expanded to include another market area. For further details, see chapter 3.2 Procurement of gas for balancing purposes in adjacent market areas. All information on system balancing actions is published on the THE website.

For the products in MOL 4, tenders are organised via THE GmbH's Balancing Services Portal. These tenders are open to all pre-qualified providers. All tender invitations are announced on the THE website and the tender results are published. The prequalification rules, product descriptions and other contract documents can also be found on the THE website.

The North L (Hour) product originally planned for structuring purposes has not been introduced as yet. THE GmbH will inform market participants in good time of any changes in this regard.

3.1.4 Quantities supplied/received and associated costs by MOL

Below we describe the gas quantities supplied and received in the course of our external balancing actions in the THE market area in GY 24/25 as well as the associated costs and revenues, with the corresponding information being provided separately for SystemBuy balancing actions (purchases of gas for system balancing purposes) and SystemSell balancing actions (sales of gas for system balancing

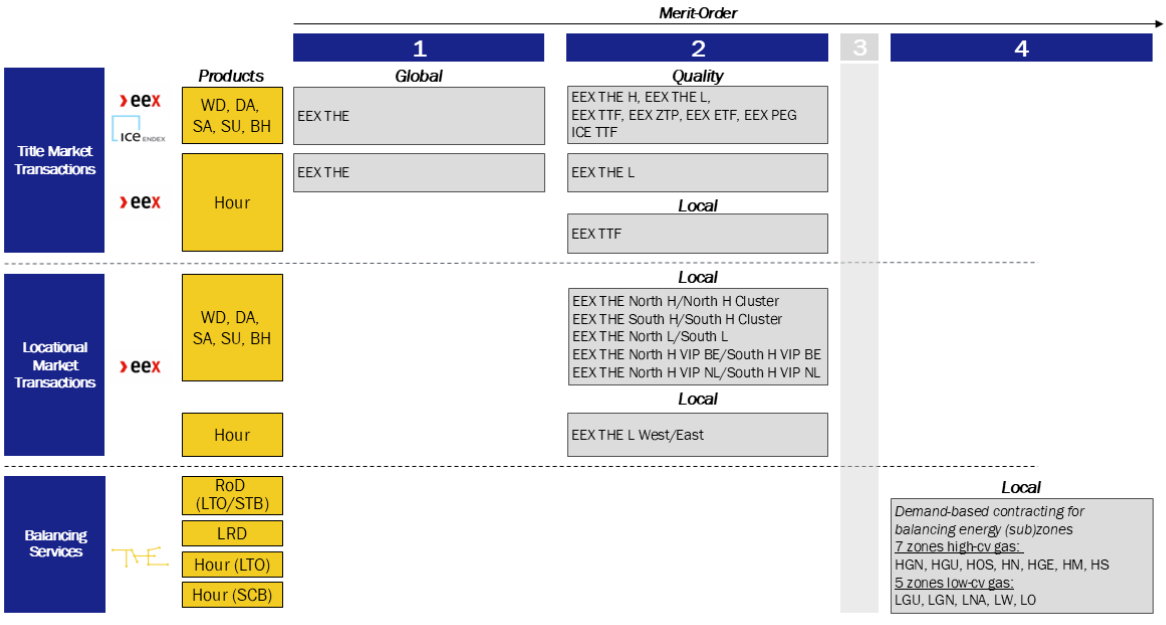

Figure 6: Overview of balancing products

purposes) as well as by MOL. A tabular overview of all MOL ranks can be found in the appendix to this document.

Figure 7 shows the balancing gas quantities we procured on a day-ahead and rest-of-day basis (product variants DA and RoD) by MOL, month and direction (SystemBuy/SystemSell) along with the associated costs and revenues[1].

99.7 % of the balancing gas quantities in the RoD/DA segment were procured on the exchange, with 5.4 % procured globally within MOL 1. External system balancing actions within MOL 1 are only an option if there is sufficient capacity for technical conversion between the high-CV gas and low-CV gas quality zones and if there are no conflicting quality-specific requirements. The proportion of MOL 2 quantities procured was 94.6 %.

Due to the adequate availability of MOL 1 and MOL 2 balancing products, there was no need to use long-term MOL 4 balancing products (LTO in the RoD product variant, see chapter 5.2) as part of regular RoD and DA procurement practice. In February, two call orders were issued for test purposes (see details on MOL deviations in this chapter 3.1 and on LTO test call orders in chapter 5.2.6).

Figure 7 also shows that the balancing gas was primarily deployed via MOL 2, with most of the quantities recorded on the procurement side as high-CV gas (55,461 GWh) and low-CV gas quantities dominating on the sales side (51,519 GWh). A comparison of the quantities deployed in MOL 2 shows that 51.2 % of the total MOL 2 quantities were purchased and 48.8 % were sold.

[1] Since DA quantities are normally procured between 02:00 and 03:00 hrs. in the morning and since trading between the 24-hour intra-day order book and the DA order book is purely price-optimised, this report largely dispenses with separate presentation of the quantities and costs/revenues for the DA and RoD product variants.

Figure 7: External balancing actions: quantities and costs/revenues by MOL (DA and RoD, by month)

Figure 8 shows the external system balancing actions used to meet **hourly structuring requirements** (**Hour product variant**) and the resulting costs and revenues. The quantities procured via products designed to meet hourly requirements in GY 24/25 totalled 699 GWh. During the same period, 1,430 GWh were sold via the Hour product. From 3 August 2025 onwards, it was no longer necessary to procure gas to meet hourly structuring requirements (see chapter 3.3.1 for details). It can be assumed that in future the use of the Hour product will be limited to the winter months. With the market area conversion making progress, structuring requirements are set to decrease significantly in the future. On the monetary side, EUR 36 million in costs for the use of Hour balancing products in the THE market area were more than offset by EUR 60 million in revenues in GY 24/25, so revenues exceeded costs by EUR 24 million, whereas the surplus generated in GY 23/24 amounted to only EUR 7 million.

As with the RoD and DA balancing requirements, the structuring requirements were also almost completely (96 %) met by exchange-based products (vs. 99 % in GY 23/24). With the exception of test call orders, balancing gas is only traded "over the counter" (products in MOL 4) if the products in MOL ranks 1 and 2 are not available or not sufficiently available (in actual practice especially when the exchange is unavailable) or are not suitable for meeting demand (see chapter 5.2.4). The SCB product with a particularly short lead time used for structuring purposes is also treated as an Hour product in the general analyses in this chapter (for details on the product design and the use of the SCB product, please refer to chapter 5.4).

Figure 9 shows the delivery rate called off in relation to the duration of the balancing action. The highest delivery rate was called off in the day-ahead segment for a period of 21 to 24 hours, with day-ahead trading being possible until 02:00 hrs. In the rest-of-the-day segment, the highest delivery rates were called off over periods of 17 to 20 hours and 9 to 12 hours.

A tabular overview of the costs and revenues per MOL rank can be found in the appendix.

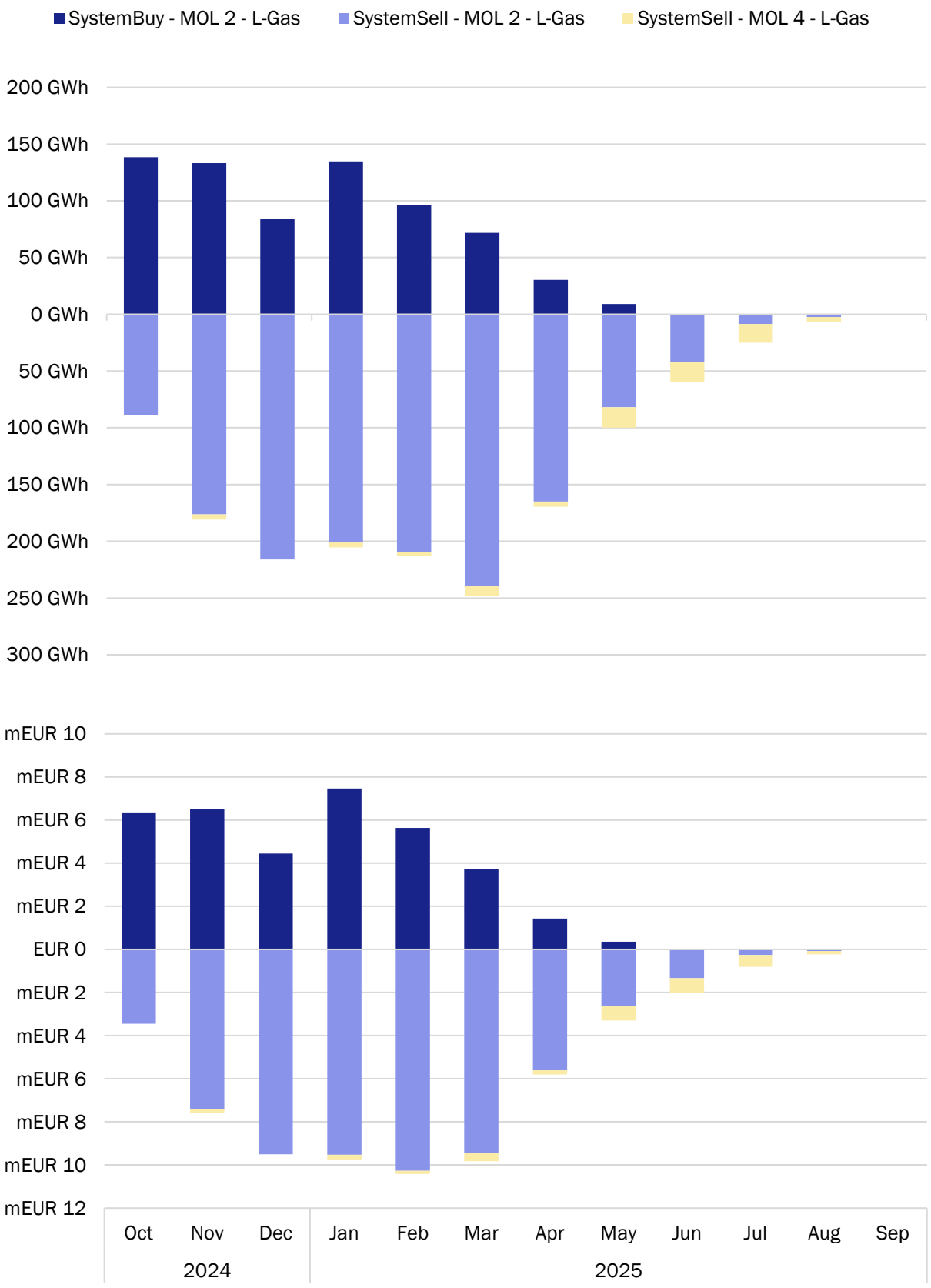

Figure 8: External balancing actions: quantities and costs/revenues by MOL (Hour, by month)

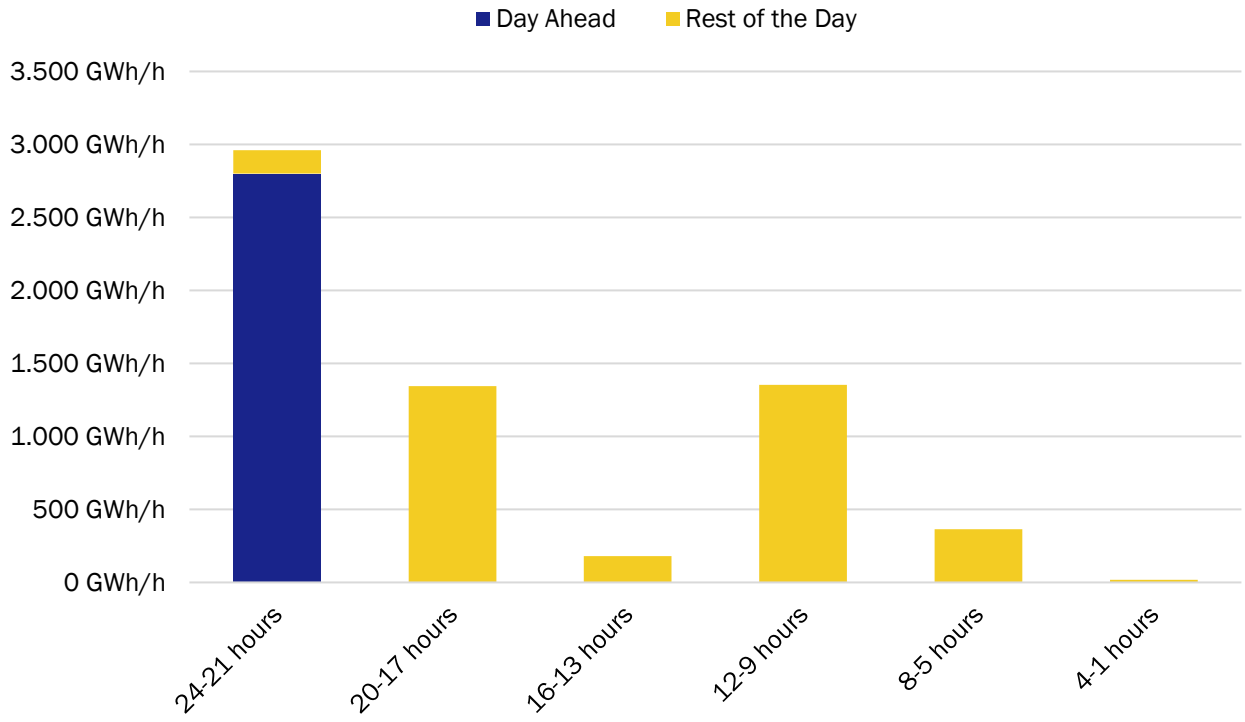

Figure 9: External balancing actions: Delivery rate in relation to duration of balancing action (DA and RoD)

3.1.5 Development of SystemBuy and SystemSell prices by MOL

In this chapter we provide information on the lowest ("min"), highest ("max") and average ("mean") monthly procurement prices we paid and received within each MOL rank to meet our respective SystemBuy and SystemSell balancing requirements.

On the high-CV gas side, the average price in MOL rank 1 for SystemBuy transactions was just over EUR 40/MWh at the start of GY 24/25, gradually increasing during the winter to over EUR 53/MWh in February. From then on, it fell steadily, reaching around EUR 34/MWh in May. After May, it moved sideways, reaching just under EUR 33/MWh at the end of September. It was only at the beginning and end of GY 23/24 that the mean MOL 2 price for SystemBuy transactions deviated slightly from the mean value of the MOL 1 price for SystemBuy transactions.

The mean MOL 1 price for SystemSell transactions on the high-CV gas side increased initially from just under EUR 40/MWh in October to just under EUR 51/MWh in February. In March, the mean MOL 1 price for SystemSell transactions dropped to approximately EUR 41/MWh and then declined gradually to approximately EUR 31/MWh in September. It was only in May and June that the mean MOL 2 price for SystemSell transactions deviated slightly as in SystemBuy transactions.

Over 80 % of the average volume-weighted procurement prices (buy/sell) for RoD and DA balancing gas actions in THE's market area were within a price corridor of ± EUR 2/MWh relative to the respective volume-weighted average prices on the gas exchange. For the year as a whole, 89 % was procured within

the aforementioned price corridor in MOL 1 (vs. 97 % in GY 23/24) and 82 % in MOL 2 (vs. 93 % in GY 23/24).

Figure 10 and Figure 11 show the procurement prices we paid and received for RoD, DA and Hour balancing actions separately for the high-CV gas and low-CV gas network areas (MOL 1, MOL 2 and MOL 4[2]) in GY 24/25.

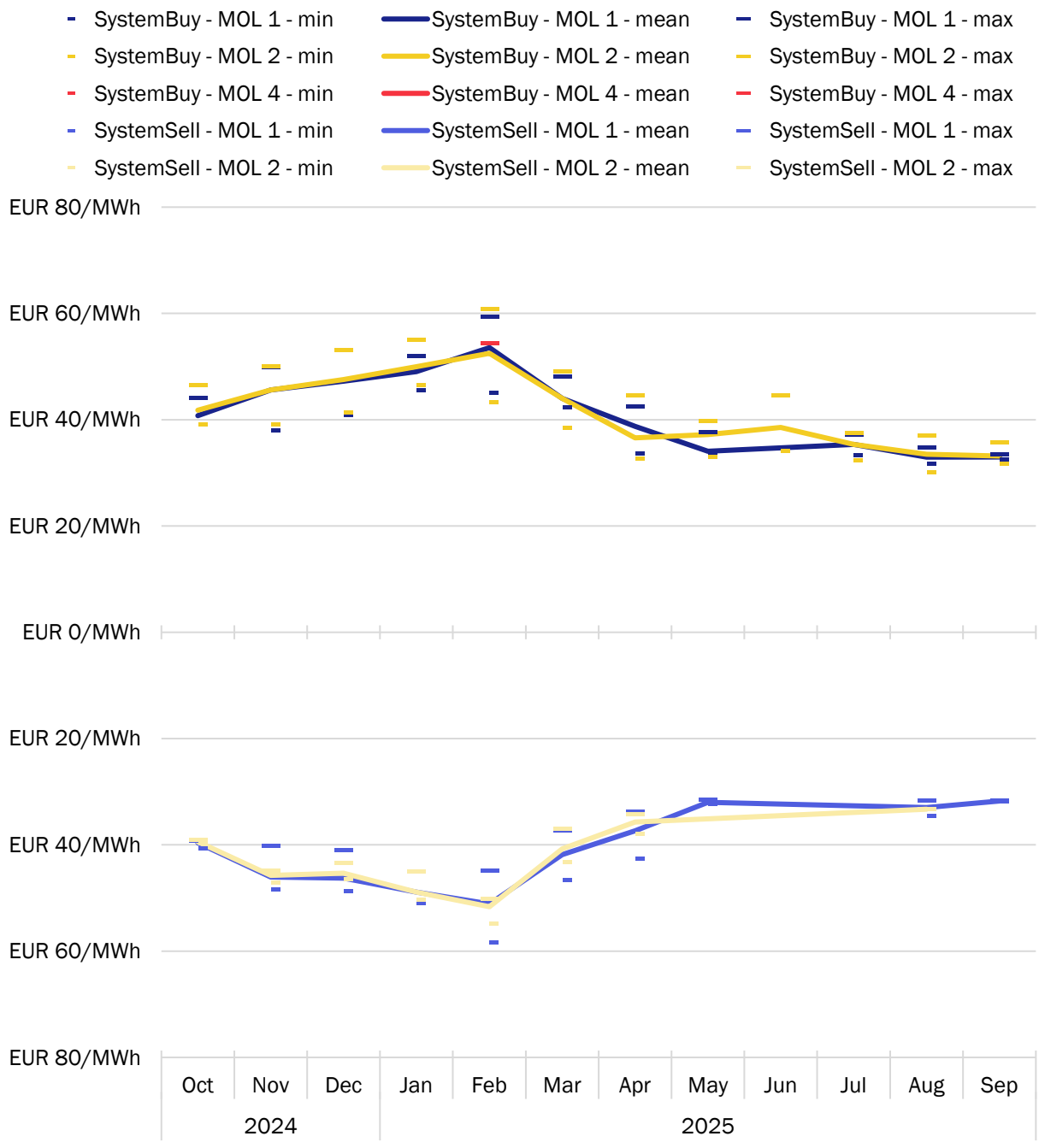

Figure 10: External balancing actions – high-CV gas prices (DA and RoD by MOL and month)

[2] The bilateral short-term balancing gas products in merit order rank 3 were discontinued as of 1 January 2018 (see section 8 of the System Balancing Report for GY 17/18); merit order rank 3 has therefore no longer been listed in the tables since the System Balancing Report for GY 18/19.

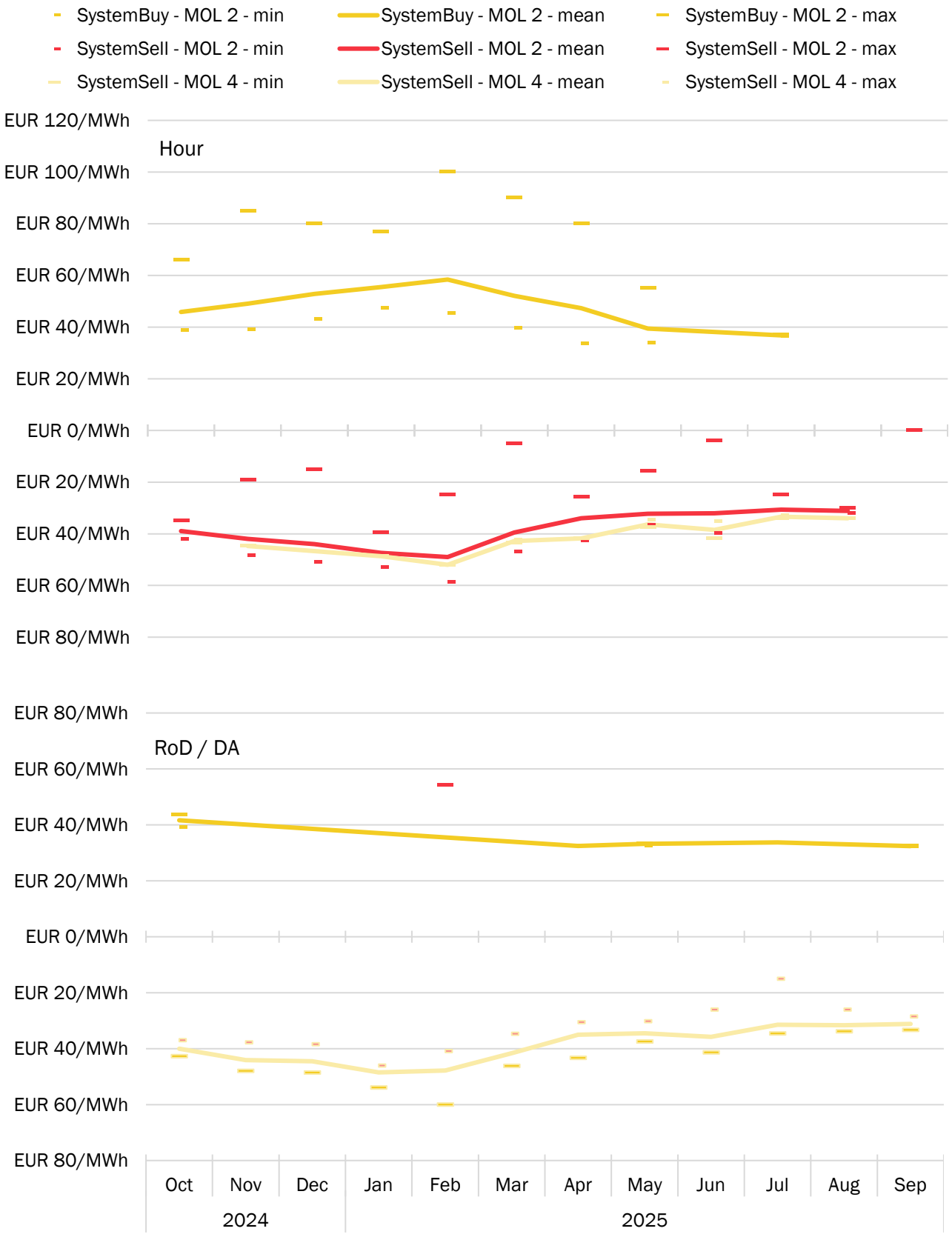

Figure 11: External balancing actions - low-CV gas prices (DA, RoD and Hour by MOL and month)

The price development on the low-CV gas side for DA and RoD system balancing in MOL 2 in SystemBuy transactions showed a downward trend, although low-CV gas quantities were bought in MOL 2 only in October 2024 and only in April, May, July and September 2025. In October, the average MOL 2 price in SystemBuy transactions peaked at just over EUR 41/MWh. During the course of the summer, it dropped to just under EUR 33/MWh at the end of September. The average price for system balancing in MOL 2 for SystemSell transactions was around EUR 40/MWh at the beginning of the gas year. After reaching over EUR 48/MWh in January, the price dropped during the course of the GY, reaching around EUR 31/MWh in September.

The development of the mean price for MOL 2 Hour products in SystemBuy transactions was similar to that for the SystemBuy RoD products for high-CV gas described above. It increased from over EUR 45/MWh in October to just over EUR 52/MWh in December, exceeding the EUR 58/MWh mark in February and then reaching approximately EUR 39/MWh in July. Towards the end of GY 24/25 in August and September, no purchases were made via the Hour product. For the Hour product in SystemSell transactions, the mean MOL 2 price reached levels of just under EUR 39/MWh at the beginning of the gas year, rising to over EUR 44/MWh over the course of the winter and to over EUR 48/MWh in February. From March onwards, the mean price fell again, reaching just over EUR 31/MWh at the end of the gas year, with no sales made in September. Hourly balancing frequently shows higher deviations from average prices, with even higher outlier prices occurring in some procurement situations.

3.1.6 Deviations from merit order

Our external balancing actions and related procurement activities are carried out in accordance with a pre-defined merit order set out in the GaBi Gas 2.1 ruling. In exceptional circumstances, however, the regulatory framework also permits deviations from this merit order. In particular, these include the issuance of test call orders pursuant to the LTO product description (see chapter 5.2). The following table shows the deviations from the MOL that occurred in the THE market area in GY 24/25[3]:

Date	MOL affected	MOL used	Reasons for deviation
6 February 2025	MOL 2 RoD	MOL 4	Based on two test call orders, contracted LTOs were called off in the RoD variant
14 November 2024	MOL 2 RoD	MOL 3 RoD	Based on one test call order, external balancing actions were taken via an adjacent market area. To prevent this procurement from having an impact on imbalance prices, the corresponding MOL values were set to the non-existent value MOL 3.

Table 1: Overview of deviations from merit order

[3] The MOL deviations are also always published on the MGV website. https://www.tradinghub.eu/en-gb/Publications/Balancing-gas/Merit-order-exceptions

3.2 Procurement of gas for balancing purposes in adjacent market areas

3.2.1 Procurement of gas for balancing purposes in adjacent market areas (pursuant to Article 9(3) of the BAL Code)

The option to procure gas for balancing purposes in adjacent market areas provides an appropriate way for us to balance our market area because it allows us to provide a targeted response, whether globally across our market area, in a specific gas quality and/or locally by trading e.g. title products for delivery at the Dutch Title Transfer Facility (TTF). We achieve this response by booking the required transportation capacity and nominating the corresponding flows at the relevant cross-border interconnection points (IPs) or virtual interconnection points (VIPs). The option to procure gas for balancing purposes in adjacent market areas therefore represents a suitable additional balancing tool complementing the product portfolio available for balancing actions in our own market area.

Under section 6(b)(bb) of the operative provisions of the GaBi Gas 2.1 ruling, permission has been given to procure gas for balancing purposes in an adjacent market area. This allows EEX or ICE Endex spot contracts for delivery at the TTF to be used for the THE market area. Since GY 23/24, the organisational requirements have been in place to use EEX spot market products also at the delivery points ZTP (Belgium) and ETF (Denmark). In GY 24/25, test quantities were procured for the first time on the EEX trading platform at the French trading point PEG in the French market area TRF. The trading point had already been integrated into the THE systems as part of the implementation of the requirements set out in Regulation (EU) 2017/1938 ('SoS Regulation').

3.2.2 Quantities supplied and associated costs

In GY 24/25, external balancing requirements were not only met by the MAM in its own market area but also at the Dutch TTF and the Belgian ZTP. The monthly quantities are shown in Figure 12 and, for the sake of completeness, also include small quantities that were procured on the ETF in the Danish market area due to maintenance work carried out by a network operator. The quantities procured or sold for test purposes at the PEG in France are also included, however, they are not shown separately as they are too insignificant. A total of 871 GWh was purchased and 2,521 GWh was sold. Of the quantities procured in an adjacent market area, the TTF accounted for 738 GWh or 85% of the quantities, while 134 GWh or 15% of the quantities was purchased at the Belgian ZTP. All sales in adjacent market areas were processed via the TTF.

Costs totalling EUR 31.7 million and revenues of EUR 80.7 million were recorded over the entire GY 24/25, with EUR 25.6 million or 80% of the costs attributable to the TTF (see Figure 13). Compared to GY 23/24, the quantities procured in the adjacent market area in the period under review were significantly higher (+950 %). The quantities sold were also significantly higher than in the previous gas year (+945 %).

3.2.3 Contracted transportation capacity and capacity utilisation

Transportation capacities were contracted for the employment of balancing gas in GY 24/25. Table 2 provides an overview of the terms and product type. The capacity booked was always firm freely allocable capacity. The day-ahead term is always 24 hours.

Network point	Direction	DA/WD	Booked capacity (MWh)	Capacity costs (EUR)
VIP DK-THE (GUD/ENN)	Entry	WithinDay	1	33.65
VIP France-Germany (GRT/GRTF)	Exit	DayAhead	1	32.61
VIP THE-ZTP (OGE/FLXB)	Entry	DayAhead	5,433	263,549.47
VIP THE-ZTP (OGE/FLXB)	Entry	WithinDay	3,605	68,911.34
VIP TTF-THE-H (GUD/GTS)	Entry	DayAhead	139,014	6,525,198.20
VIP TTF-THE-H (GUD/GTS)	Entry	WithinDay	52,897	1,439,090.75
VIP TTF-THE-L (TG/GTS)	Entry	WithinDay	261	6,668.24
VIP TTF-THE-L (TG/GTS)	Exit	DayAhead	250,018	8,526,985.85
VIP TTF-THE-L (TG/GTS)	Exit	WithinDay	11,028	344,383.80
Total			**462,258**	**17,174,853.91**

Table 2: Transportation capacities by product type and term

The capacity used over the entire period for system balancing purposes was 428,190 MWh (see Figure 14). Taking into account the total capacity of 462,258 MWh booked for system balancing purposes, this corresponds to a utilisation rate of 93% (vs. 77 % in GY 23/24).

The costs for the booked capacities are shown in Figure 15. The total costs for the capacities booked for system balancing purposes amounted to EUR 17.2 million (vs. EUR 0.5 million in GY 23/24).

3.2.4 Our approach to contracting transportation capacity

As required under sentence 3 of Article 9(3) of the Network Code on Gas Balancing (BAL Code), the MAM reviews the terms and conditions applicable to the trading of title products at the TTF and other trading hubs in adjacent market areas on an annual basis. For this purpose, we have examined the terms and conditions applicable to trades in the EEX TTF and ICE TTF order books and the EEX ETF and EEX ZTP order books as well as the relevant provisions governing our corresponding bookings/nominations, and have found them to be in order. Moreover, we conducted an initial review of the terms and conditions applicable to trades in the EEX PEG order book prior to the start of trading.

In addition, we have reviewed whether the conditions for procuring gas in adjacent market areas are still met. In our view the availability of this option is still necessary and appropriate. The requirements set out in sentence 3 of article 9(3) of the BAL Code are therefore satisfied.

We evaluate the applicable terms and price components relevant to our balancing-related procurement activities in adjacent market areas on an annual basis and adjust our procurement approach to reflect any changes in circumstances.

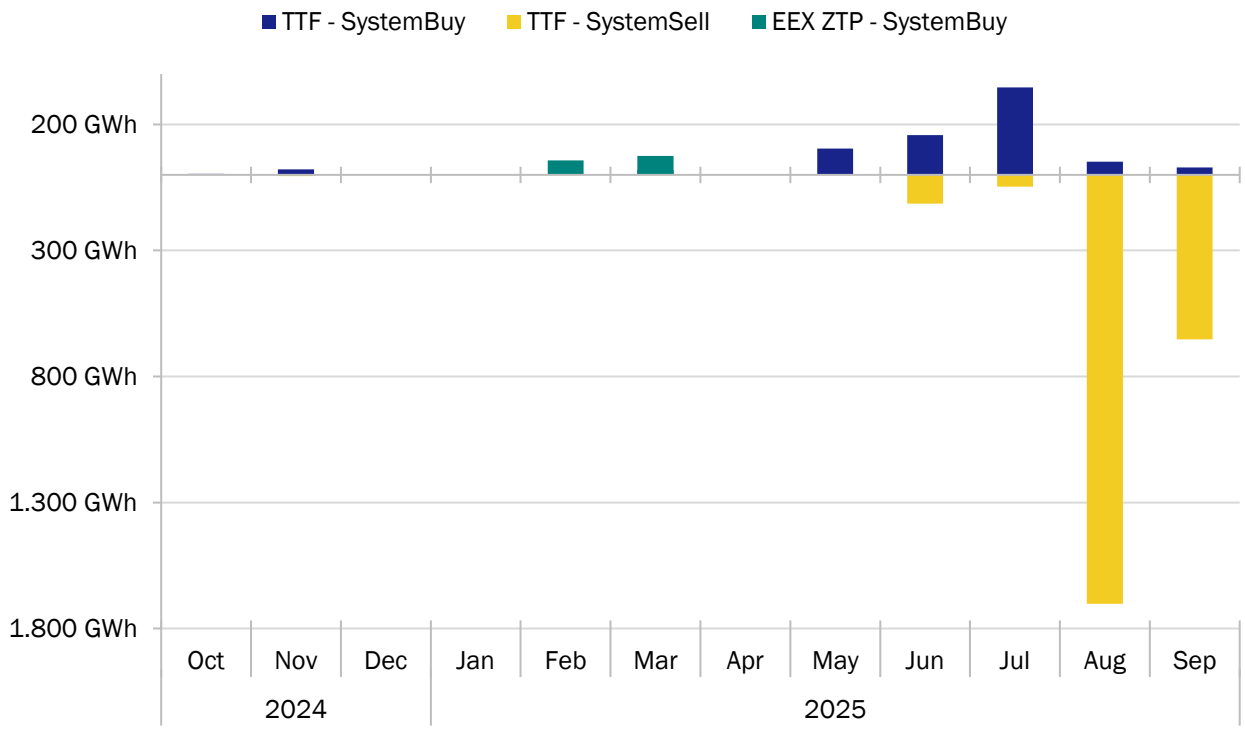

Figure 12: External balancing actions via TTF (quantities, DA and RoD by month)

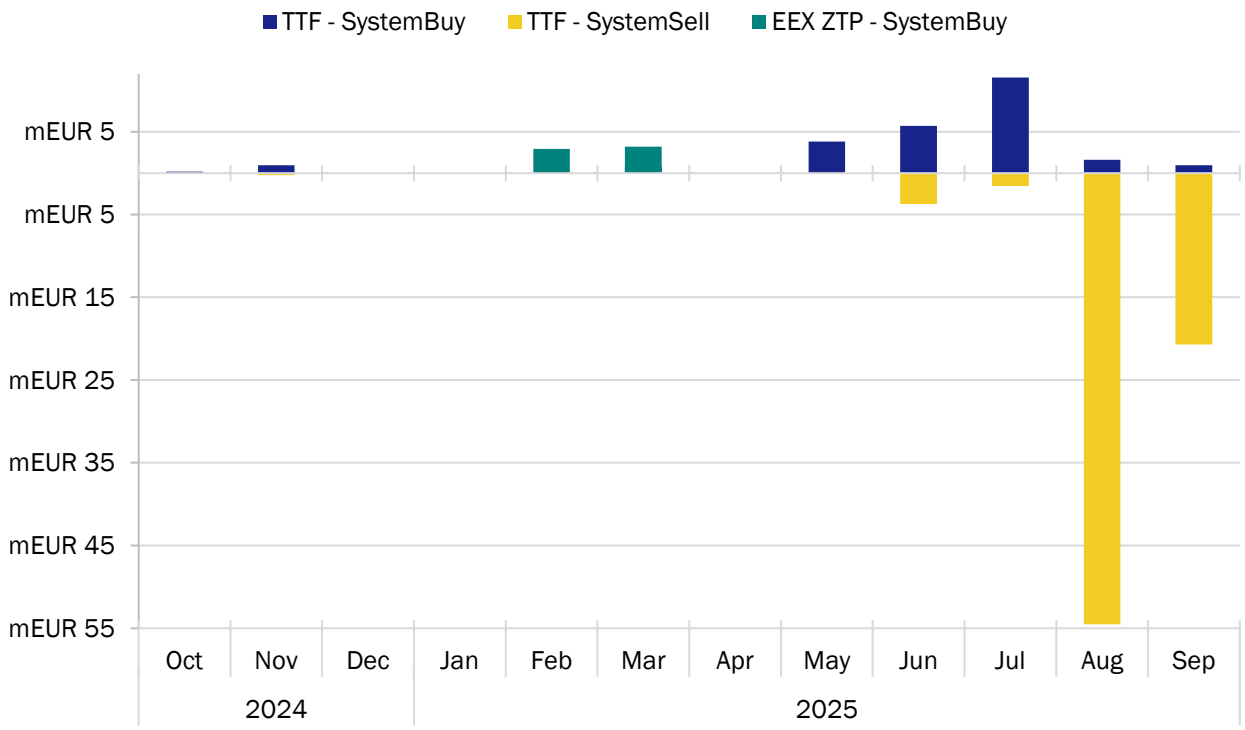

Figure 13: External balancing actions via TTF (costs and revenues; by month)

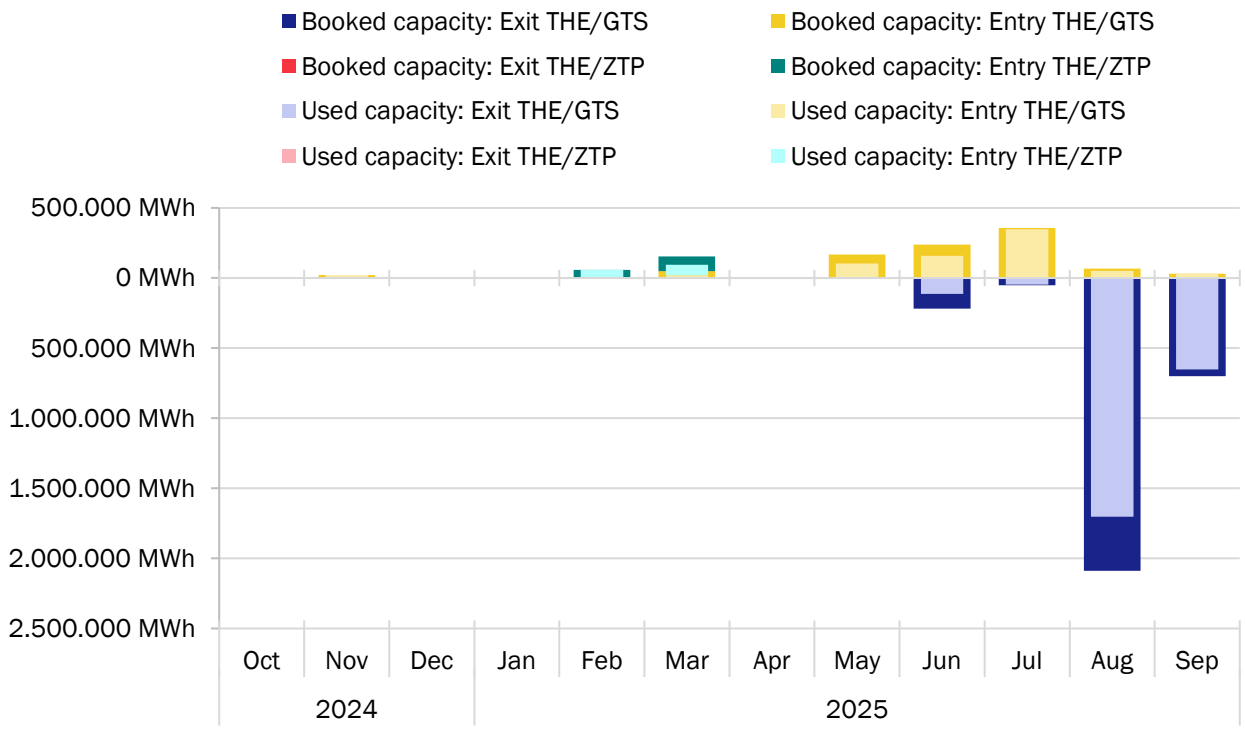

Figure 14: Contracted transportation capacity and capacity utilisation (by direction and day)

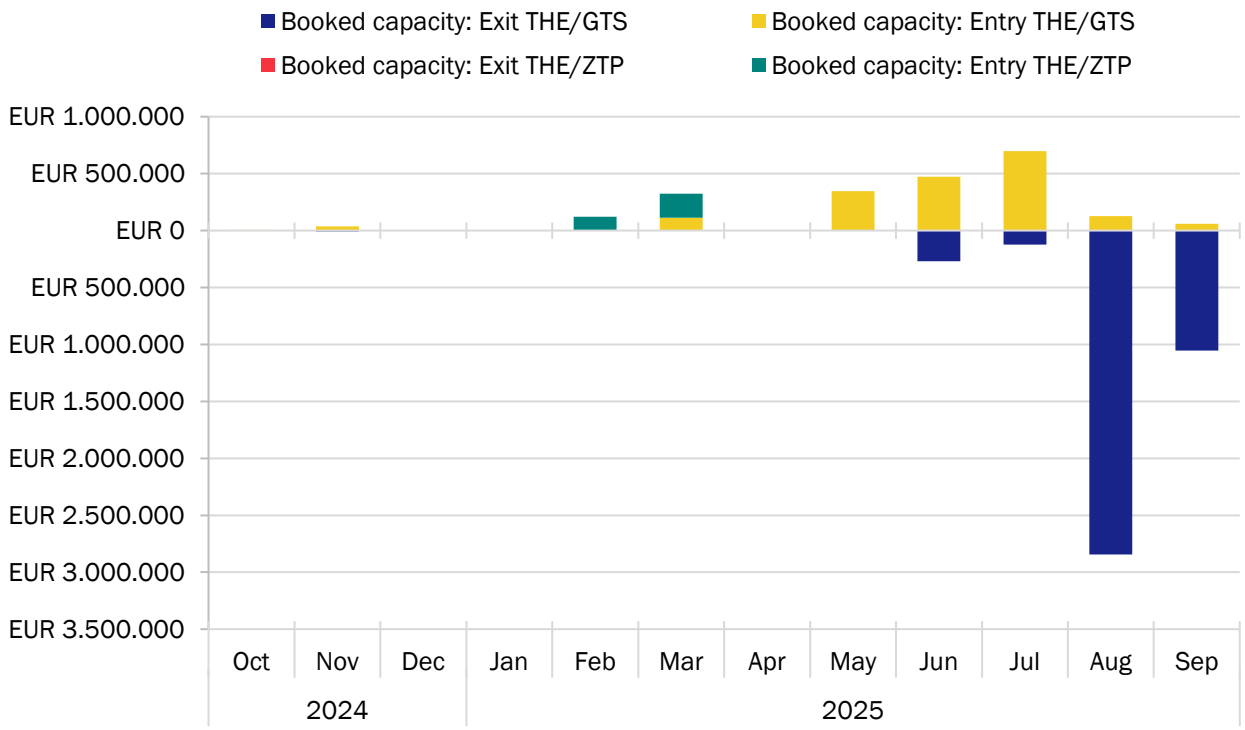

Figure 15: Costs for contracted transportation capacity (by direction and month)

3.2.5 Calculation methodology used to calculate transportation markups and markdowns

According to the last sentence of section 6(b)(bb) of the operative provisions of the GaBi Gas 2.1 ruling, the transportation costs incurred for the receipt or supply of gas from or to an adjacent market area have to be appropriately taken into account by the MAM. The resulting transportation markups and markdowns are included in the MAM's calculations in addition to the relevant commodity costs or revenues incurred or generated in the adjacent market area when determining the applicable positive and negative daily imbalance prices.

Separate monthly transportation markups and markdowns are calculated for SystemBuy and SystemSell balancing transaction directions, respectively. For SystemBuy transactions the MAM applies a transportation markup and for SystemSell transactions a transportation markdown. The calculated markups and markdowns determined for each of the above-mentioned market areas are published on the THE website for the respective delivery months.

The methodology used for calculating the transportation markups and markdowns is described in detail in the document "Calculation methodology of the transportation markups and markdowns", which is available on the THE website[4].

3.3 Number of trades executed for balancing purposes (pursuant to Article 9(4) of the BAL Code)

Below we provide an overview of our monthly trading activities in the THE market area for balancing purposes (in accordance with Article 9(4) of the BAL Code) in GY 24/25 by MOL rank[5]. Within MOL 2, trading transactions in the own market area and in an adjacent market area are also shown separately.

3.3.1 Our approach to determining the number of trades executed for balancing purposes

We have determined the number of trades executed to meet our balancing requirements on the basis of the data published for the THE market area for each hour of each gas day based on defined balancing criteria. Where several trades were entered into for the same term in response to the same balancing criterion, these are shown as a single trade. Where several trades were entered into for the same hour but in response to different balancing criteria, these are treated as individual trades. The trades thus determined are then summed up over the relevant period of analysis. Figure 16 and Figure 17 show the number of call orders for balancing products of the DA/RoD and Hour product types. In GY 24/25, there were no trading transactions involving the Hour product after 3 August 2025. Due to the structurally strong oversupply status of the low-CV gas network, it was possible to cover the hours of high sales at the beginning of the gas day by the baseline inflow quantities, while the evening hours with lower sales were

[4] Link to document: Calculation methodology for transportation markups and markdowns
[5] For MOL 3 see footnote 2

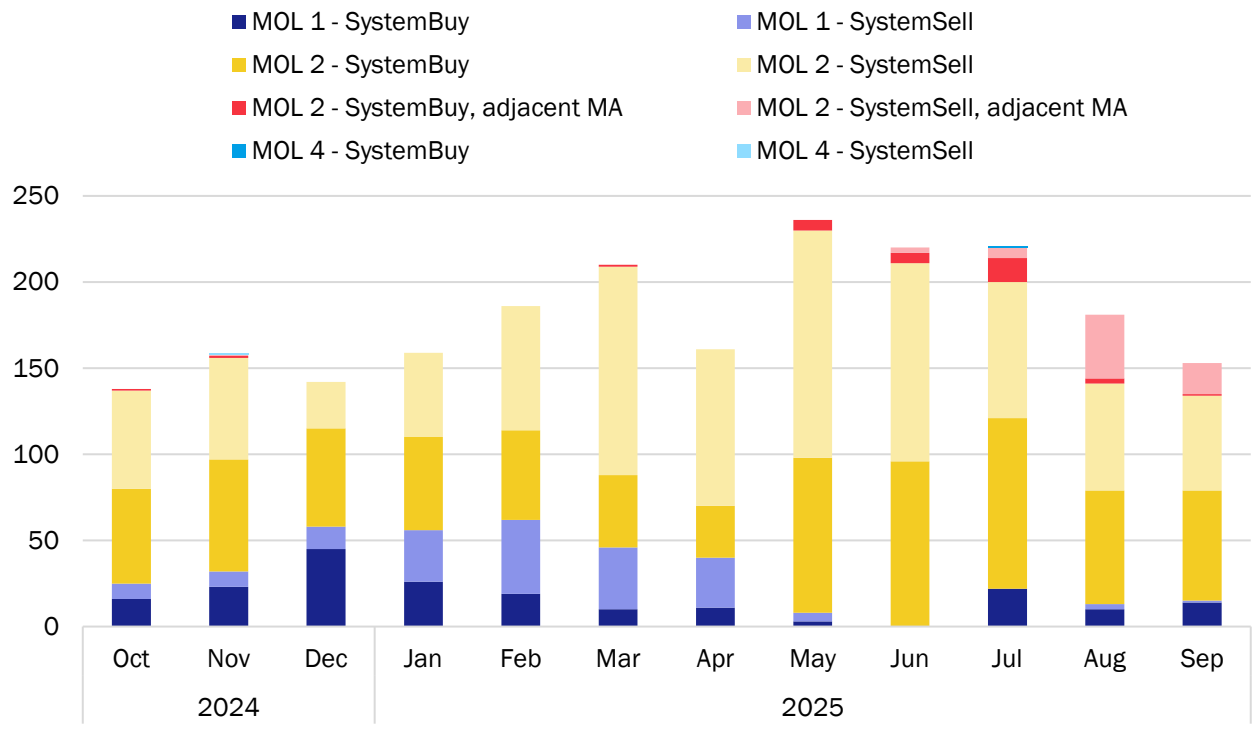

Figure 16: Number of trades (DA and RoD, by month)

covered by the RoD product as required. In the current situation, it can be assumed that in future procurement will concentrate on the winter months when sales are higher.

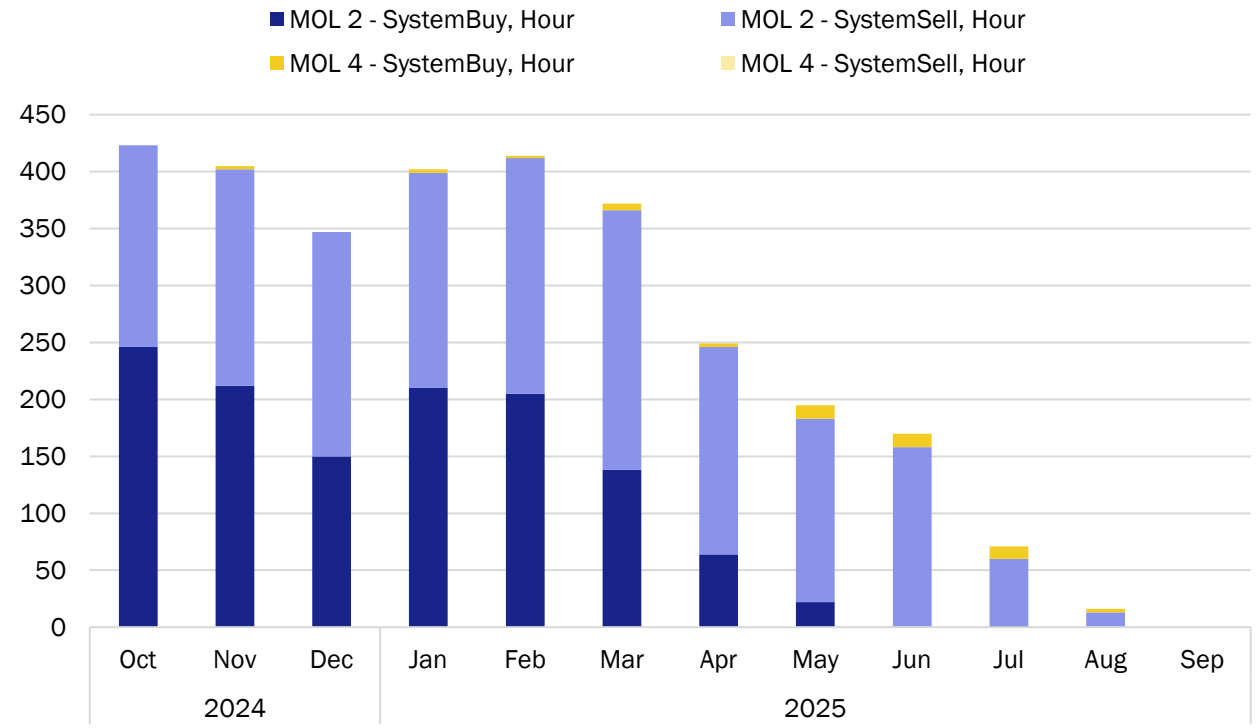

Figure 17: Number of trades (Hour, by month)

4 Effect and application of within-day obligation rules

4.1 Preliminary remark

Pursuant to the GaBi Gas 2.1 ruling, the system of within-day obligations applies in the THE market area.

This chapter looks at the development of our within-day balancing actions carried out in opposite directions (i.e. gas days on which we have had to act on both sides of the market by both buying and selling gas for balancing purposes) as well as the evolution of the within-day flexibility quantities and within-day flexibility charges.

The instrument of within-day obligations is intended to incentivise the BGMs to strive for a balanced balancing group even during the gas day. For this purpose, hourly deviations between entry and exit quantities in the balancing group are recorded and aggregated over the day. If a defined limit is exceeded, these hourly quantities (referred to as a "flexibility quantity") can be billed. However, billing will only take place if the MAM has also incurred costs on this day due to balancing gas transactions in the opposite direction in merit order rank (MOL) 1. For all RLM customers, the BGMs receive an hourly tolerance of 7.5 % of the daily RLM quantity offtaken, so that not every forecast inaccuracy potentially leads to billing. There is no tolerance for all other data series.

4.2 Within-day balancing actions in opposite directions by MOL

From a cumulative perspective, GY 24/25 is characterised by a significant oversupply of low-CV gas coinciding with a conversion surplus in the direction from low-CV gas to high-CV gas.

Figure 18 shows the within-day system balancing actions taken in opposite directions per merit order rank (within MOL 1 and within MOL 2 for each gas quality) for GY 24/25[6], with February 2025 showing the most extensive system balancing actions in opposite directions while no system balancing actions in opposite directions were taken in June and September 2025.

There is no clear systematic relationship between balancing actions in opposite directions, which can develop differently from year to year and within years, depending on the behaviour of market participants. The availability of network-related measures (especially swaps), which can only be taken by network operators on an ‘as available’ basis, can also have an effect on system balancing in opposite directions.

[6] The chart summarises the DA and RoD system balancing actions, see footnote 1.

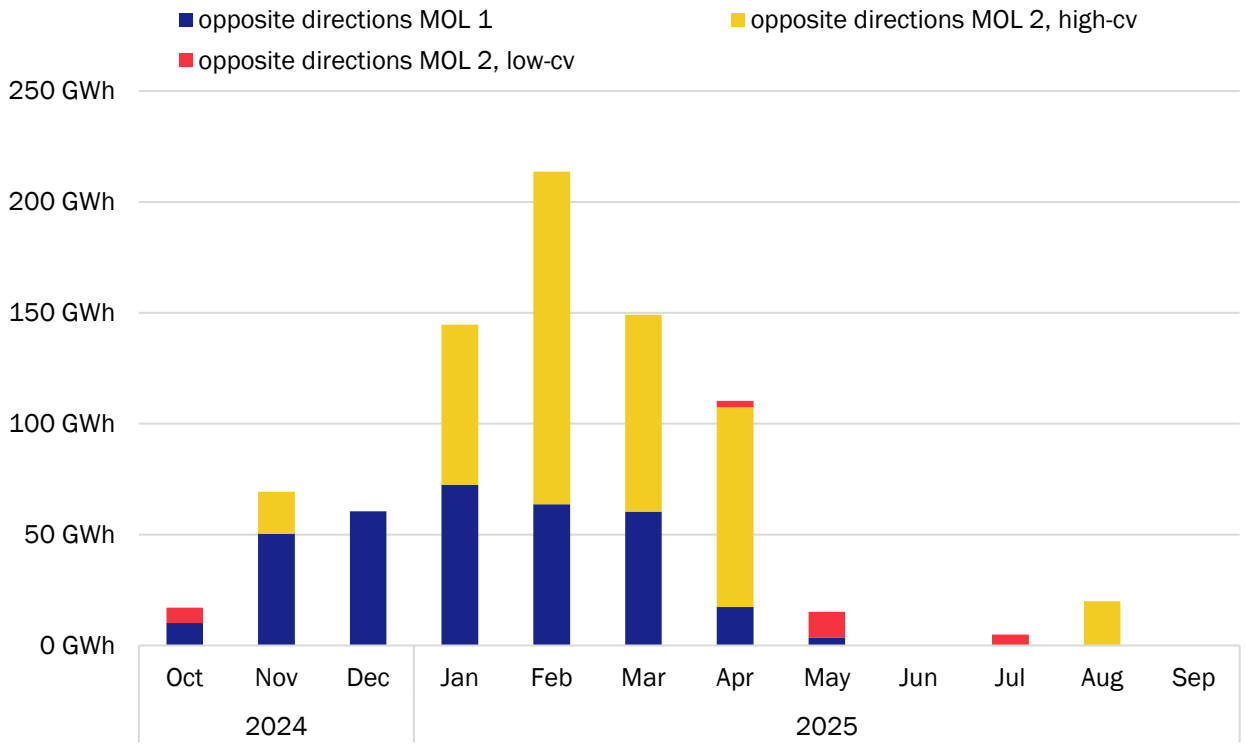

Figure 18: Within-day system balancing in opposite directions

4.3 Development of aggregate flexibility quantities

The “within-day flexibility quantity” represents the daily sum of the cumulative hourly imbalances outside the applicable tolerance limits as they have been determined for a balancing group. On this quantity the MAM levies a “within-day flexibility charge”, which is determined based on the average price difference between the corresponding balancing transactions effected in opposite directions within MOL 1 on the gas day in question. The within-day flexibility quantities are therefore only invoiced on gas days on which balancing actions have been taken in opposite directions within MOL 1.

Figure 19 shows the aggregate within-day flexibility quantities in GY 24/25 for each month. Compared to the previous GY 23/24, they have increased by 21 % (see Annual System Balancing Report for GY 22/23). This gas year also saw within-day balancing actions in opposite directions in merit order rank 1. Figure 20 shows the resulting flexibility cost contributions greater than EUR 0/MWh. The number of days for which a viable flexibility cost contribution was calculated was 21, which is the same as in the previous gas year. While these days are comparatively few in number, they remain erratically distributed, making the flexibility cost contribution a suitable way of creating incentives. The level of the flexibility cost contributions calculated in each case is determined by the price difference between the purchase and sales prices.

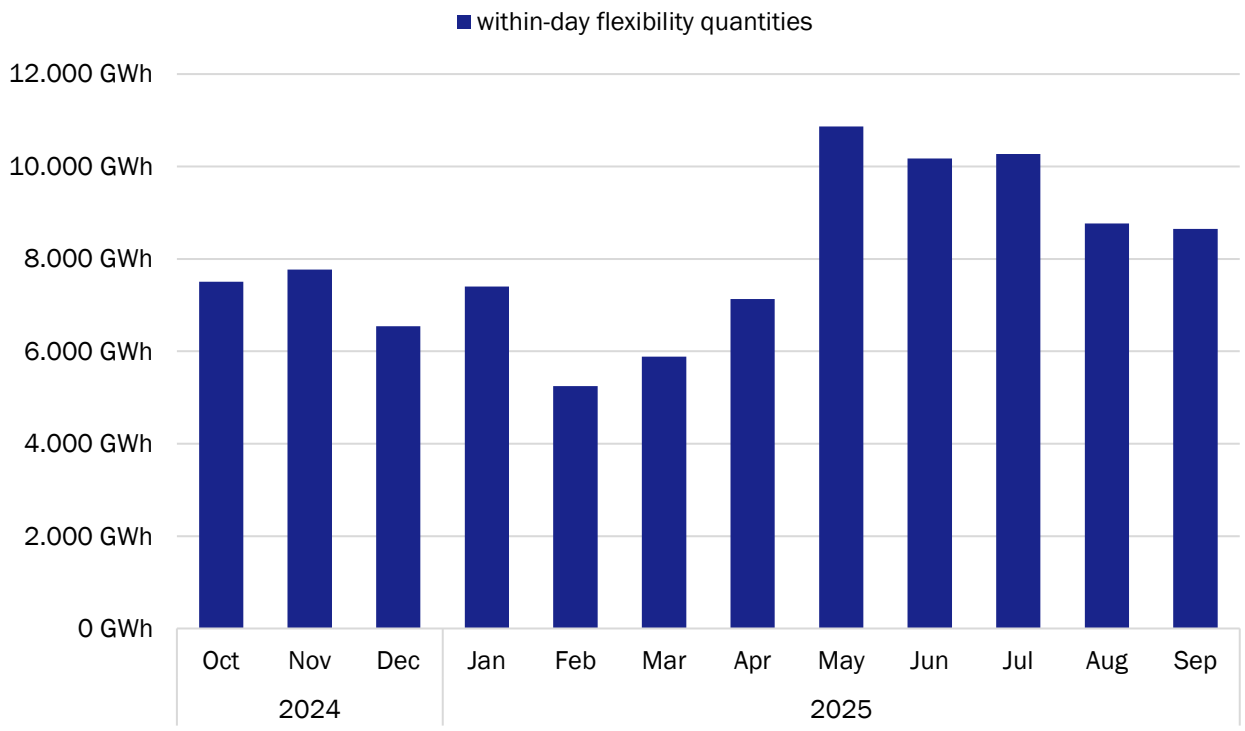

Figure 19: Virtual within-day flexibility quantities

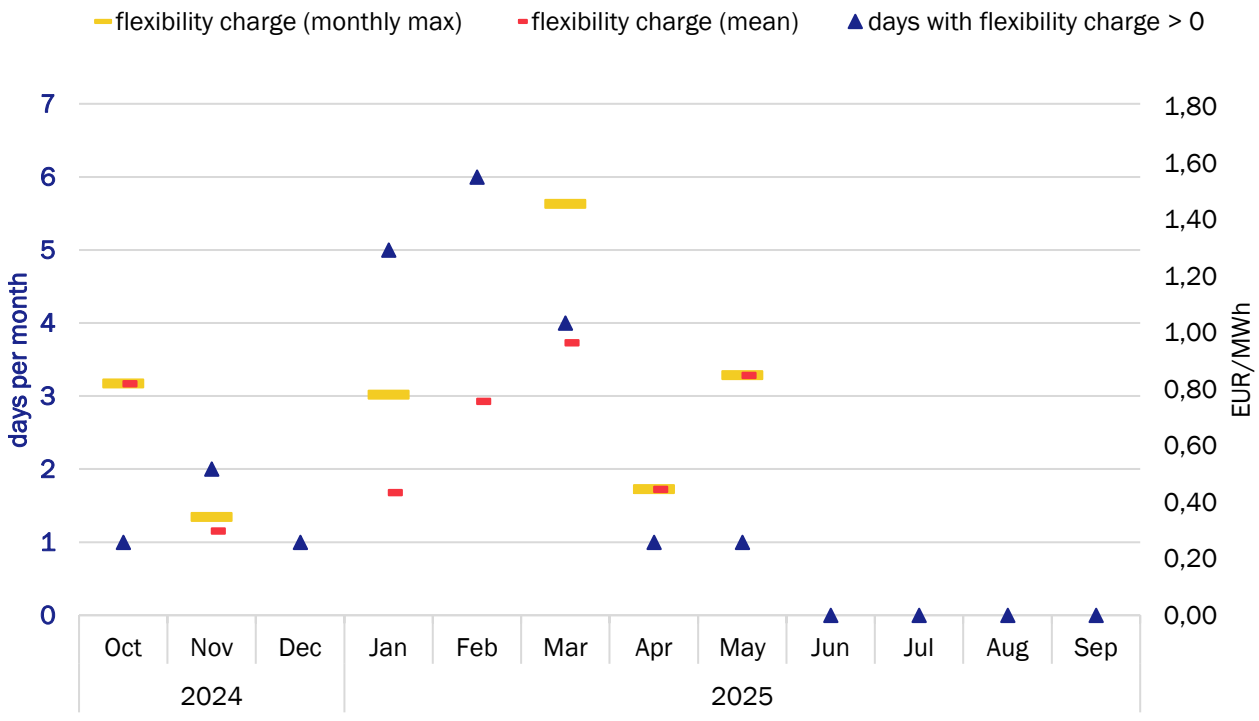

Figure 20: Within-day flexibility charges greater than EUR 0/MWh

5 Procurement and use of balancing services (MOL 4)

5.1 Introduction

MOL 4 products are used to hedge any balancing requirements in case the relevant requirements cannot be met via the exchange.

The following chapters provide an overview of the design of the different products, the tenders carried out and how the products are used. They also contain a review of reduction options in accordance with Article 8(6) of the BAL Code.

5.2 Long-term options

5.2.1 Product description

The bilateral Long-Term Options (LTO) balancing product serves to procure long-term reserves to help meet our balancing requirements, and it awards the MAM the right to buy or sell (as the case may be) gas to or from the relevant provider at any time throughout the agreed contract period. There are two product variants in the THE market area. In the LTO RoD product, the commodity charge payable by the MAM to the provider since 1 October 2024 in the event of a call order corresponds to the volume-weighted average gas price. This is the hourly volume-weighted average gas price for the corresponding gas day at the time of the call, provided by EEX and last accessed and published[7] by the MAM two minutes after each full hour.

Where an LTO is contracted on an **RoD basis**, the relevant provider has an obligation to supply or receive a specified gas quantity at a constant hourly rate on a specified gas day on receiving an instruction to this effect from the MAM (this instruction is referred to as a "call order"), starting from the hour stated in the call order up until the end of the relevant gas day. This product variant is put out to tender on a zone-specific basis and serves to increase supply security in accordance with the BMWE policy paper (see chapter 5.6).

Table 3 provides an overview of the current product parameters of the RoD product variant.

[7] https://www.tradinghub.eu/en-gb/Publications/Prices/Imbalance-Prices

LTO parameters	Specifications
Product variant	Rest of the Day (RoD)
Product category	Locational
Bid delivery rate	10 MWh/h per lot (minimum) (thereafter increments of whole numbers up to 1,000 MWh/h max.)
Price	Capacity charge and commodity charge when call order is issued
Required service availability	Every gas day during the entire contract period (up to the maximum number of call days)
Call criterion	Exhaustion/technical unavailability of the higher merit order ranks
Lead time	3 hours

Table 3: LTO RoD product parameters

The **Hour product variant** serves to provide a long-term back-up for balancing purposes to help structure gas flows in the tendered balancing zones, with the option of calling off the delivery rate held by the provider on an hourly basis for the entire contract period.

The following table provides an overview of the current product parameters of the Hour product variant:

LTO parameters	Specifications
Product variant	Hour
Product category	Locational
Bid delivery rate	10 MWh/h per lot
Price	Capacity charge and commodity charge
Required service availability	Every hour throughout the entire contract periods
Lead time	3 hours

Table 4: LTO Hour product parameters

The contracting of LTOs – both in the **RoD product variant and** in the **Hour product variant** – takes place as part of a transparent tender process. The gas requirements to be put out to tender in each case are published beforehand as required under the GaBi Gas 2.1 ruling and the BAL Code. Bids for LTO contracts may be submitted by all BGMs who have successfully prequalified as a provider of balancing gas. Each LTO provider may specify a capacity charge that will be applied throughout the relevant contract period so as to remunerate them for procuring their availability to supply (SystemBuy) or receive (SystemSell) gas.

5.2.2 Tendering and use of RoD LTOs

Contract period	Balancing zone	Total required (MWh/h)	Offered delivery rate (MWh/h)	Contracted delivery rate (MWh/h)[9]	Capacity charge (EUR)[10]
January 2025	HM, HS, HOS, LW. LO, LGU, LNA	---	---	---	---
February 2025	HM, HS, HOS, LW. LO, LGU, LNA	14,476	80,104	14,490	25,258,781
March 2025	HM, HS, HOS, LW. LO, LGU, LNA	14,476	78,007	14,490	28,800,240

Table 5: THE tender for LTO RoD (SystemBuy)[11]

The requirements put out to tender for the various LTO contract periods for the RoD product variant and the associated tender results are listed below[8].

The tender results are shown in Table 5.

The tendered requirements were fully met.

The contracted LTOs in the RoD product variant were only called off as part of test call orders in GY 24/25. The quantities called off as well as the associated costs and revenues are shown in the table below:

Month	SystemBuy quantity called off [MWh]	SystemBuy amount [EUR]	SystemSell quantity called off [MWh]	SystemSell amount [EUR]
February 2025	330	17,917.02	0	0.00

Table 6: LTO RoD: quantities supplied/received

5.2.3 Review of options for reducing our use of LTO RoD pursuant to Article 8 (6) of the BAL Code

LTOs in the RoD product variant are a zone-specific balancing product and as such serve to ensure availability of gas in all balancing zones on a long-term basis. The required LTO reserves to be put out to tender are determined on the basis of the measures to improve security of supply as set out by the BMWE in its policy paper of 16 December 2015 (see chapter 5.6). The total supply capacities to be secured via LTOs in the RoD product variant are determined according to a logic agreed with the BMWE on the basis of historical data and are therefore subject to fluctuations.

We currently assume that the LTO quantities will continue to be put out to tender in the same way as before. Following the reduction of gas storage targets, LTO quantities for the coming GY 25/26 were again put out to tender for January for the first time in two gas years.

[8] Any special LTO tenders are described separately in chapter 5.2.7.
[9] Deviations between the stated requirements and the contracted service are due to the batch sizes offered.
[10] The performance prizes awarded per lot are published on the MGV website.
[11] A breakdown of the requirements and contracted services for the individual RE zones can be found in the appendix.

However, in the light of the latest developments (especially the Russian war of aggression against Ukraine, which was still ongoing at the time of going to press, and new statutory measures to ensure security of supply), it may be necessary to adjust the quantities put out to tender.

5.2.4 Tendering and use of Hour LTOs

The following provides an overview for the individual contract periods of the hourly balancing requirements LTOs in the Hour product variant and the tender results for each balancing zone.

Contract period	Direction	Balancing zone	Total required (MWh/h)	Offered delivery rate (MWh/h)	Contracted delivery rate (MWh/h)	Capacity charge (EUR)
Q4 2024	SystemBuy	low-CV West	500	4,000	500	628,940.00

Table 7: LTO Hour contracts for low-CV West: SystemBuy (summary)

Contract period	Direction	Balancing zone	Total required (MWh/h)	Offered delivery rate (MWh/h)	Contracted delivery rate (MWh/h)	Capacity charge (EUR)
Q4 2024	SystemSell	low-CV West	500	4,300	500	446,004.00

Table 8: LTO Hour contracts for low-CV: SystemSell (summary)

The Hour product variant is used for hedging structuring requirements over the long term. The Hour product variant was put out to tender until 1 January 2025. From this date onwards, the need for balancing actions taken for long-term structuring purposes has decreased because the conversion from low-CV gas to high-CV gas is progressing according to plan.

No call orders were issued in GY 24/25.

5.2.5 Review of options for reducing our use of Long-term Options (Hour) pursuant to Article 8(6) of the BAL Code

The LTOs contracted on an houry basis are currently the only fallback option in MOL 4 when the exchange is down or the products traded on EEX and used for structuring purposes are only available in insufficient quantities. The lead times specified for the “NextHour” spot contract traded on ICE Endex for delivery at the TTF are so short as to make it impossible to meet the (re)nomination deadlines applicable at the VIPs, which means that the product cannot be used to meet our structuring requirements.

Therefore, it would only be possible for THE to refrain from securing additional reserves for structuring purposes via MOL 4 if it was ensured that the existing MOL 2 balancing products offered on the exchange for the delivery of gas in individual hours were available at all times under any scenario. Given the maintenance windows of the exchange that continued to occur also in GY 24/25 (usually at least one hour) and the unscheduled exchange downtimes that sometimes occur, we cannot currently do without this additional security. Table 9 provides an overview of the maintenance windows and downtimes of the exchange. This information was made available by the exchange.

Date	scheduled/unscheduled	Duration (mins.)
15 October 2024	scheduled	120
13 November 2024	unscheduled	71
11 February 2025	scheduled	55
11 March 2025	scheduled	110
8 April 2025	scheduled	105
19/20 April 2025	unscheduled	370
7 May 2025	unscheduled	107
12 August 2025	scheduled	100
6 September 2025	unscheduled	113
16 September 2025	scheduled	135

Table 9: Exchange downtimes (Source: EEX)

Given the reduced demand for balancing actions taken for the purpose of structuring low-CV gas flows, the tendering of the LTO Hour product can be limited to the maintenance periods scheduled for the storage facilities when the SCB product is not available.

As regards the supply capacities to be secured via MOL 4 to structure gas flows in the low-CV network in our market area, we currently generally expect the requirements to be gradually reduced as the gas quality switchover process progresses.

5.2.6 LTO test call orders

The MAM is entitled to issue test call orders on RoD and Hour LTO contracts (MOL 4) in accordance with section 9.4 of the Long-Term Options product description. The purpose of these LTO test call orders is to verify whether balancing providers comply with their contractual communication and fulfilment obligations in order to ensure security of supply and warrant that the contracted balancing services are rendered in conformity with the agreed contracts.

The LTO providers to whom a test call order is to be issued are selected on a non-discriminatory basis according to pre-defined criteria agreed with the Federal Network Agency. A test call order to a provider can be issued in particular where considerable time has passed since an LTO call order was last issued to the provider, if it the provider is a new provider or if there is evidence indicating that the provider may not duly comply with its obligations on receiving a call order. No advance notice of a test call order is given to the providers affected; instead, test call orders are treated as a deviation from the prescribed merit order and are published as such on an ex-post basis on the website. In addition, test call orders are only carried out in situations where we have an actual balancing requirement in the relevant direction.

In GY 24/25, two LTO test call orders were issued with the same number of providers. Both call orders were issued for the LTO RoD product variant for SystemBuy transactions. The call orders were duly honoured.

5.2.7 Special LTO tenders

No special LTO tenders were carried out in GY 24/25.

5.3 Short-Term Balancing Services

5.3.1 Product description

The Short-Term Balancing Services (STB) product is a non-standardised, short-term balancing product in MOL 4.

The STB product involves the supply of gas quantities to, or the receipt of gas quantities from, the MAM at a constant hourly delivery rate from the specified hour until the end of the gas day[12]. It can only be offered by prequalified providers of balancing gas as part of short-term tenders. The call order is issued in the event of short-term local supply bottlenecks after the previous merit order ranks have been exhausted.

Balancing gas providers can also use the STB product to offer real-time flexibilities in consumption by industrial end users, which they cannot offer securely via the LTO product due to its fixed product parameters (in particular the lead time of 3 hours from the time of the call order). The most important product parameters are summarised in Table 10.

STB parameters	Specifications
Product variant	Rest of the Day (RoD)
Product category	Locational
Bid delivery rate	10 MWh/h per lot (minimum) (thereafter in increments of whole numbers up to 1,000 MWh/h max.)
Price	Commodity charge
Required service availability	Short-term as per specified period
Call criterion	In case of short-term local supply constraints after exhaustion or technical unavailability of the higher merit order ranks
Call lead time	Flexible, can be selected by provider (1 to 23 hours)

Table 10: STB product parameters

5.3.2 Tendering and use

As a rule, the STB product is only used when there are short-term local supply bottlenecks or when higher merit order ranks are unavailable for technical reasons, and only if it the use of this product is urgently necessary to maintain security of supply. There was no tender for the STB product in the THE market area in GY 24/25.

[12] On the days of the time change, it is a maximum of 23 and 25 hours, respectively.

5.4 Short-Call Balancing Services

5.4.1 Product description

The Short-Call Balancing Services (SCB) product is a flexibility service at merit order rank (MOL) 4 with a particularly short lead time, which is used for structuring purposes.

The balancing requirements to be met via the SCB product are put out to tender in the low-CV gas East (LO), low-CV gas GTG (LGN) and low-CV gas Nowega (LNA) balancing zones on a monthly basis. The tenders are open to pre-qualified balancing providers who can provide the required delivery rates according to the product specifications at storage points (e.g. storage Epe-L) or exit points to industrial customers in the low-CV gas balancing zones. The call order is issued as and when required with a lead time of no more than 60 minutes and coordinated directly between the MAM or (possibly) the network operator involved and the storage operator or industrial customer.

The contractual framework for service provision at storage points is shown in Figure 21:

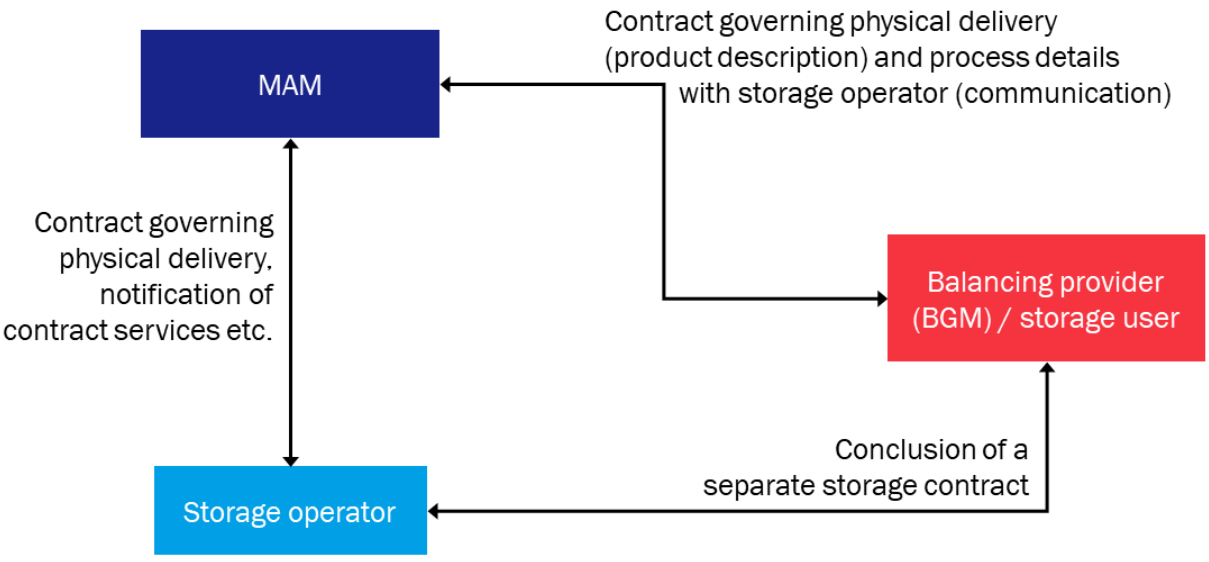

Figure 21: Contractual framework for SCB services offered at storage points

Since 1 October 2024, the commodity charge payable by MAM to the provider in the event of a call order involving the SCB product has corresponded to the volume-weighted average gas price. This is the hourly volume-weighted average gas price[13] for the relevant gas day at the time of the call order, provided by the EEX and last obtained and published by the MAM two minutes after every full hour.

The current product specifications are shown in Table 11.

[13] https://www.tradinghub.eu/en-gb/Publications/Prices/Imbalance-Prices

SCB parameters	Characterisation
Product variant	Hourly
Product category	Locational
Bid delivery rate	10 MWh/h per lot
Point of delivery	At storage points or exit points to industrial customers in the relevant low-CV balancing zones
Price	Capacity charges for provision and labour price for call-offs
Required service availability	No more than 12 call orders per lot per gas day during the contract period, limited to a total of 60 call orders per month
Call lead time	60 minutes (max.)
Call	Directly coordinated between MAM or (possibility) network operator and storage operator or industrial customer (no nomination process), where applicable taking into account a specified minimum call rate
Call criterion	Structuring needs requiring a lead time of less than 3 hours

Table 11: SCB product parameters

5.4.2 Tendering and use

The capacity costs and commodity charges resulting from the monthly tenders for the SCB product are shown in the following tables for each call direction (Table 12 and Table 13).

Capacity charges have tended to decrease over the course of the summer and they and even rose above winter levels at the end of GY 24/25. The differences between contracted capacity and actual demand in May and August 2025 are due to maintenance work at a storage facility.

The SCB product was called off in the SystemSell direction on a total of 19 days in GY 24/25 (vs. nine days in GY 23/24). It was not used in the SystemSell direction (vs. one day in GY 23/24).

Table 14 shows the quantities used in the SCB call orders per month in detail for GY 24/25. In Figure 22 they are shown as a year-on-year comparison.

Contract period	Total required (MWh/h)	Offered delivery rate (MWh/h)	Contracted delivery rate (MWh/h)	Capacity costs[14] (EUR)
Oct. 2024	2,140	5,610 .00	2,140	1,118,936.00
Nov. 2024	2,140	4,000	2,140	1,063,361.00
Dec. 2024	2,450	6,000	2,450	1,534,047.00
Jan. 2025	2,330	5,810	2,330	1,552,815.00
Feb. 2025	2,330	5,720	2,330	1,644,060.00
Mar. 2025	2,330	5,520	2,330	1,803,061,40
Apr. 2025	2,000	6,870	2,000	1,071,625.00
May 2025	1,700	6,180	1,600	510,350.00
Jun. 2025	1,600	5,950	1,600	276,944.00
Jul. 2025	1,600	6,090	1,600	262,589.00
Aug. 2025	1,600	3,370	1,600	256,550.00
Sep. 2025	1,760	5,020	1,760	442,469.00

Table 12: SCB contracts: SystemBuy (summary)

[14] The capacity charges per lot are published on the MAM website.

Contract period	Total required (MWh/h)	Offered delivery rate (MWh/h)	Contracted delivery rate (MWh/h)	Capacity costs (EUR)
Oct. 2024	1,890	3,780	1,890	3,634,389.00
Nov. 2024	1,890	2,230	1,890	3,981,138.00
Dec. 2024	1,980	3,980	1,980	4,266,239.00
Jan. 2025	1,700	3,420	1,700	3,003,148.00
Feb. 2025	1,700	3,390	1,700	2,604,184.00
Mar. 2025	1,700	3,340	1,700	2,688,708.00
Apr. 2025	1,500	2,420	1,500	1,421,386.00
May 2025	1,500	3,230	1,500	2,145,176,80
Jun. 2025	1,500	3,200	1,500	1,337,738.00
Jul. 2025	1,500	3,130	1,500	1,255,765.00
Aug. 2025	1,800	1,810	1,750	5,461,207.00
Sep. 2025	1,800	1,900	1,800	5,598,270.00

Table 13: SCB contracts: SystemSell (summary)

Month	SystemBuy quantity called off [MWh]	SystemBuy amount [EUR]	SystemSell quantity called off [MWh]	SystemSell amount [EUR]
Oct. 2024	0	0.00	0	0,00
Nov. 2024	0	0.00	4,500	201,082.50
Dec. 2024	0	0.00	0	0.00
Jan. 2025	0	0.00	4,500	219,096.00
Feb. 2025	0	0.00	3,000	155,979.00
Mar. 2025	0	0.00	9,000	385,276.50
Apr. 2025	0	0.00	4,500	187,843.50
May 2025	0	0.00	18,000	655,272.00
Jun. 2025	0	0.00	18,000	692,271.00
Jul. 2025	0	0.00	16,500	550,765.50
Aug. 2025	0	0.00	4,350	147,726.00
Sep. 2025	0	0.00	0	0.00

Table 14: Use of SCB: Quantities supplied/received

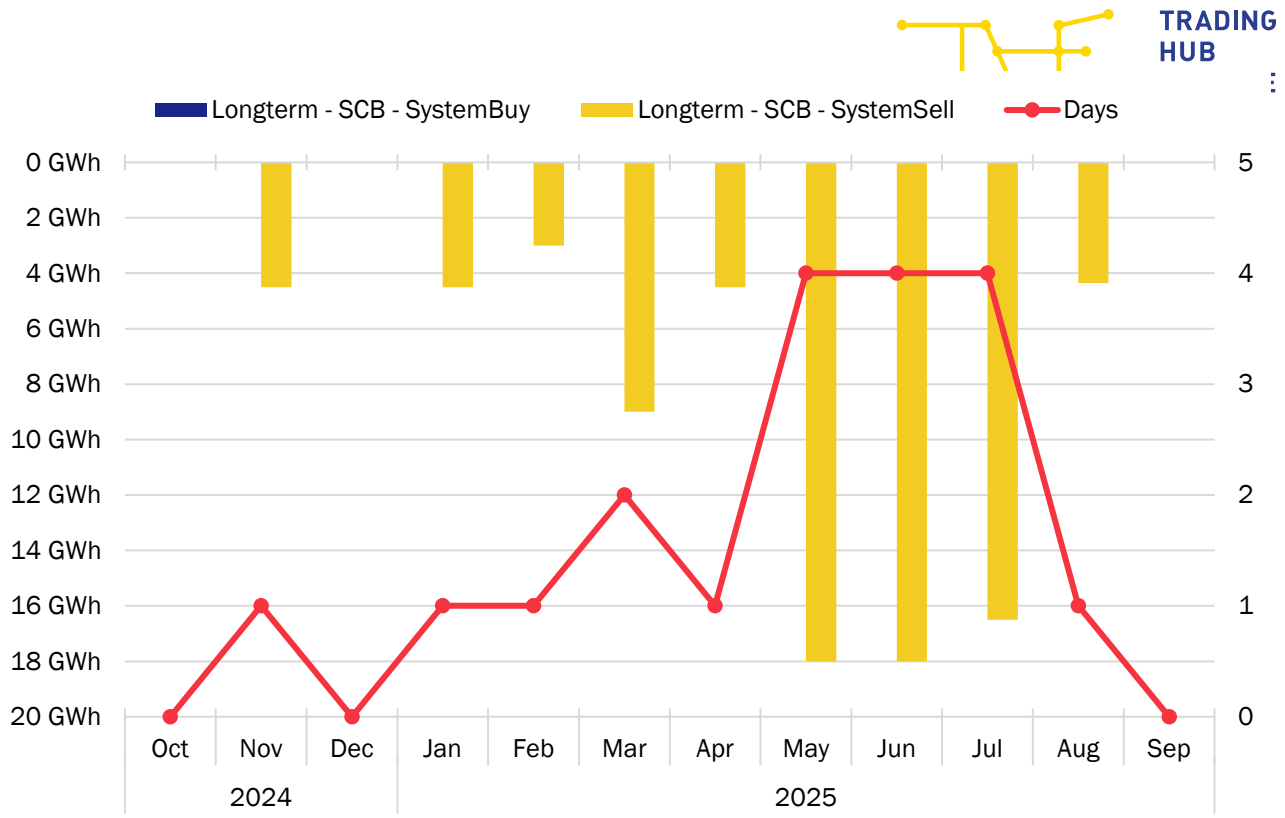

Figure 22: Use of SCB: Called-off quantities (by month)

5.4.3 Review of options for reducing our use of SCB pursuant to Article 8(6) of the BAL Code

External balancing requirements in the low-CV gas network of the THE market area can only be forecast to a limited extent with the lead time of three hours that applies to the other balancing products. In the past, short-term structuring requirements that require a shorter lead time were largely covered by the linepack of the low-CV gas network and by bilateral agreements between the German gas TSOs and the Dutch company GTS as part of their consultations on network operation. However, the linepack in the low-CV gas network area is not always sufficient to meet such structuring requirements, and structuring requirements can also only be taken into account as part of bilateral arrangements on an availability basis. The SCB product was introduced in May 2020 and has since been used regularly to ensure that these short-term balancing requirements can be met, even against the backdrop of the ongoing market area conversion. As the market area conversion is still underway and given the experiences with the high renominations in GY 24/25, there is still a need for the product.

5.5 LRD product

5.5.1 Product description

The Load Reduction (LRD) balancing product places a special focus on activating the disconnection potential of industrial consumers for balancing actions and thus enables industrial consumers to offer their demand-side potential to the MAM at any time. However, the bid is not submitted directly via the industrial consumer, but via the BGM as a pre-qualified provider of balancing gas. Bids can be submitted by the provider directly on THE's Balancing Services Portal. In addition, providers have the option of sending bids to THE and thus to the Balancing Services Portal via an electronic data interface.

The provider can choose the lot size (from 1 MWh/h), the lead time and the price model (daily price on call or commodity charge in EUR/MWh).

In addition, the provider can select whether, in the event of a bid being called up for the gas day in question, call orders should also be submitted for subsequent gas days (D+1 to D+7). In the event of a call order, the MAM would always call off the entire bid.

The complete product description is available for download on the THE website.

5.5.2 Tendering and use of LRD products

The LRD product was not used in GY 24/25 as there was no demand.

5.6 Supply security measures in accordance with the BMWE policy paper

On 16 December 2015 the BMWE published a policy paper on measures to enhance natural gas supply security, calling on the MAM to implement two measures aimed at strengthening the balancing market.

One of these measures was to increase the contract volumes for the existing LTO balancing product, the other measure was to launch a demand side management (DSM) product, also to be contracted on a long-term basis. The separate DSM product was merged with the LTO product with effect from 1 January 2018 and is no longer available as an independent balancing product. Since then, the BMWE policy paper has been implemented exclusively via the LTO product (RoD product variant).

As in previous years, the tenders issued to ensure implementation of the BMWE policy paper were coordinated with the BMWE and the Federal Network Agency. The total delivery rates to be held available for supply security purposes were calculated according to the logic agreed with the BMWE and the Federal Network Agency. The allocation of the required reserves to the individual balancing zones was performed by the gas TSOs operating in the market area.

6 Locational balancing products

Zone-specific balancing products are used to meet external balancing requirements that relate to a specific balancing zone. Trading participants and providers trading zone-specific balancing products have an obligation to cause a physical effect in the relevant balancing zone. Zone-specific balancing products used for structuring purposes are delivered on an hourly basis in an exactly specified delivery hour (Hour product variant). For other local products, delivery can be arranged on an RoD or DA basis.

Our use of Hour balancing products for the purpose of structuring gas flows in the low-CV West and low-CV East balancing zones during the gas day is described in chapter 3.1. The quantities called off via MOL 4 (LTO and SCB) are shown in chapters 5.2 and 5.4, respectively.

In GY 24/25 no locational balancing products with RoD and/or DA delivery were used in the THE market area within MOL 2. Call orders issued in MOL 4 were only test call orders.

7 Allocation of costs to the balancing neutrality accounts

Below we describe the methodology we use to allocate our balancing costs between the balancing neutrality accounts currently in place; we also provide a review of whether the way in which we determine the applicable annual allocation keys continues to be appropriate, which is an annual requirement under the GaBi Gas 2.1 ruling.

All system balancing costs that can be divided between the balancing neutrality accounts in accordance with the cost causation principle based on the corresponding imbalances determined for network operators' network balancing accounts or BGMs' balancing groups are allocated using the applicable daily allocation key. Annual allocation keys are applied if the relevant cost items (e.g. capacity charges payable under LTO contracts) cannot clearly be allocated according to causation. As a rule, the applicable annual allocation key is calculated as the mean of all daily allocation keys applicable during the relevant gas year. This mean may be calculated using either an arithmetic or a volume-weighted approach.

In the THE market area the arithmetic approach is applied: We consider the determination of an arithmetic mean to be an appropriate approach as the balancing quantities procured for each day cannot directly be related to the cost and revenue items that are allocated to the individual balancing neutrality accounts based on the annual allocation key. Compared with the arithmetic approach, the application of a volume-weighted mean would increase complexity without providing a better measure of causation.

Figure 23 shows the costs and revenues per neutrality charge account resulting from the allocation logic described above.

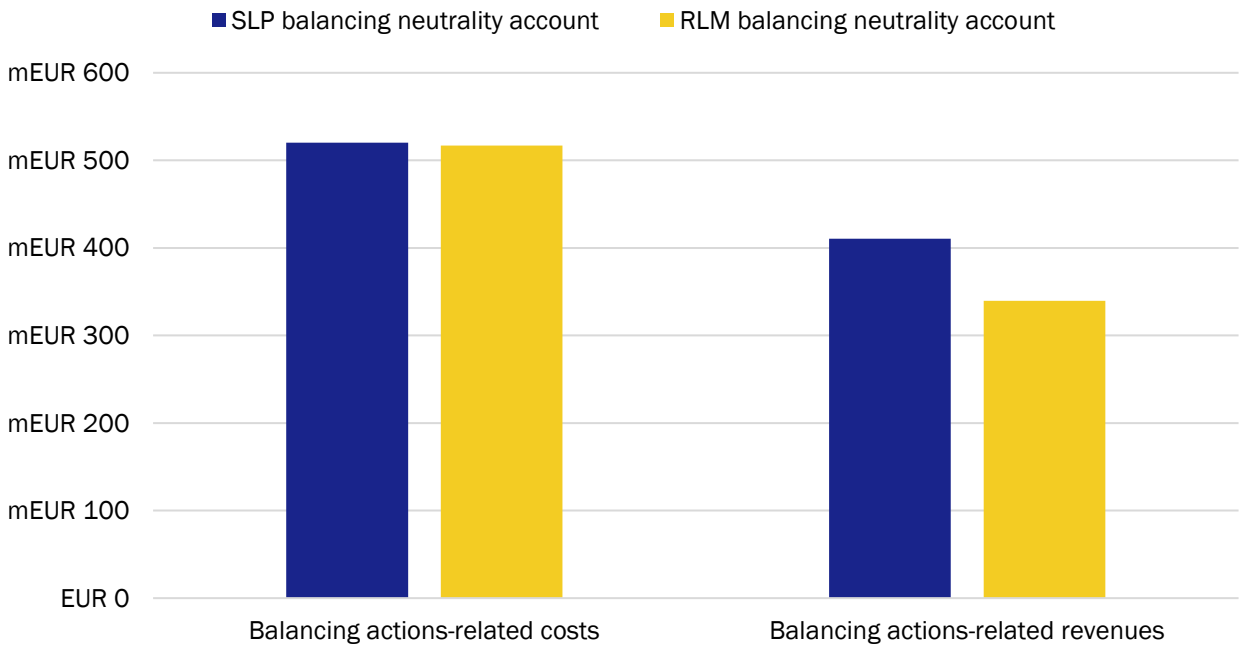

Figure 23: Costs and revenues from balancing gas per neutrality charge account[15]

[15] The costs and revenues shown for the months of July to September 2025 have been calculated on a provisional basis and were not yet finalised at the time this report was drawn up.

8 Development of fees and charges levied in market area

Table 15 shows the fees and neutrality charges in accordance with GaBi Gas 2.1 and Konni Gas in the market area for the periods from 1 October 2024 up to and including 30 September 2025 and from 1 October 2025 up to and including 30 September 2025, respectively.

Fees/neutrality charges	from 1 October 2024	from 1 October 2025
Conversion fee (H->L)	EUR 0/MWh	EUR 0/MWh
Conversion fee (L->H)	none / no longer applied according to Konni Gas	none / no longer applied according to Konni Gas
Conversion neutrality charge	EUR 0/MWh	EUR 0.18/MWh
RLM balancing neutrality charge	EUR 0/MWh	EUR 0/MWh
SLP balancing neutrality charge	EUR 0/MWh	EUR 0/MWh

Table 15: Fees and neutrality charges in the market area

The SLP and RLM balancing neutrality charges were set by the MAM at EUR 0/MWh.

For the neutrality charge period of the pervious gas year (October 2023 up to and including September 2024, the 'surplus period') THE generated a surplus in accordance with GaBi Gas 2.1 in the RLM balancing neutrality charge account, which under consideration of the liquidity buffer, exceeded the projected deficit for the upcoming neutrality charge period. This surplus was distributed to the balancing group managers in February 2025 in accordance with the GaBi Gas 2.1 ruling and on the basis of the contractual provisions following receipt of all the final data for the potential surplus period. The total amount distributed was just under one billion euros. Master balancing group managers and direct payers received 0.2108 ct/kWh for the RLM withdrawal volume relevant for balancing purposes. There were no further surpluses. Since the RLM balancing neutrality charge was EUR 0/MWh in the surplus period, the amount was distributed or offset in accordance with level 2. The distribution was for the RLMoT and RLMmT data series types.

There were no distributions for the SLP balancing neutrality charge account or for the conversion neutrality account.

Like the conversion fee, the conversion neutrality charge serves to cover the commercial and technical conversion costs. A change in the conversion behaviour of market participants was already observed in the previous year. Conversion is taking place almost exclusively in the direction from low-CV gas to high-CV gas. Particularly in the light of the high conversion quantities in the summer of 2025 in the conversion direction from low-CV to high-CV gas and the resulting balancing requirement, the conversion neutrality charge was set at EUR 0.18/MWh. Further information can be found in the Evaluation Report on the Gas Quality Conversion Mechanism for GY 24/25.

More detailed information on how the fees and charges are calculated can be found in the calculation documents for the conversion fee and the conversion neutrality charge[16] and for the balancing neutrality

[16] Basis of calculation document conversion fee and conversion neutrality charge (www.tradinghub.eu)

charges[17]. More details on the risks related to our external balancing actions and how they factored into the calculation of the balancing neutrality charges can also be found in the relevant calculation document.

[17] Basis of calculation document balancing neutrality charges and liquidity buffer (www.tradinghub.eu)

9 Summary

In GY 24/25, as in previous years, THE engaged in system balancing transactions almost exclusively via the EEX's spot market books. A total of 59,161 GWh of balancing gas was purchased in GY 24/25 (vs. 32,588 GWh in GY 23/24) and 57,521 GWh was sold (vs. 26,108 GWh in GY 23/24). These quantities represent new record highs for the THE market area.

Total expenditure on external balancing transactions (excluding capacity charges) amounted to EUR 2,389 million for the full gas year (vs. EUR 1,142 million in GY 23/24:), while income from external balancing actions amounted to EUR 2,091 million in GY 24/25 (vs. EUR 846 million in GY 23/24).

Like GY 23/24, GY 24/25 was dominated by gas purchases for system balancing purposes, making it a rather typical gas year. For GY 24/25 as a whole, balancing gas sales were 120 % above the previous gas year, while purchases were 81 % higher. Prices continued to fall, as they did in GY 22/23. The average VTP price was around EUR 40/MWh, which was above the VTP price in GY 23/24 (EUR 34/MWh). The combination of high sales quantities of low-CV gas and falling prices coupled with high purchase volumes of high-CV gas meant that the system balancing costs, including capacity charges, exceeded revenues by EUR 402.1 million.

In GY 24/25, very small gas quantities were used for test purposes at the trading hub in France (PEG), which further increases the MAM's options for price-optimised gas procurement in the future. Compared to the previous gas year, significantly more price-optimised balancing gas was sold at the TTF, which was a consequence of the oversupply of low-CV gas. The Belgian hub (ZTP) was also used for external system balancing transactions in this gas year, with 15% of the quantity procured in an adjacent market area coming from there, while all other quantities, and thus the majority, were procured at the TTF.

Due to the progress of the market area conversion and the high oversupply of low-CV gas, use of Hour products on the exchange has declined sharply since the summer and even came to a halt in September. In the current situation, it can be assumed that procurement will concentrate on the winter months when sales are higher.

As in the previous gas year, a within-day flexibility charge was levied on 21 days in GY 24/25 due to system balancing transactions in the opposite direction during the day. The SCB product had to be used more frequently for very short-term structuring on the low-CV gas side than in the previous gas year, while it was no longer necessary to tender the LTO Hour product from January 2025 onwards. As in the previous gas years, the LTO RoD product was only called off for test purposes.

The LRD product in merit order rank 4 introduced in GY 22/23 was again not utilised in GY 24/25.

Appendix to the system balancing report for the THE market area

Overview of balancing costs and revenues in GY 24/25

Balancing costs/revenues	Costs (SystemBuy)	Revenues (SystemSell)
MOL 1	**138,016,294**	**138,778,435**
DA	38,764,061	5,319,254
RoD	99,252,233	133,459,181,
MOL 2	**2,250,072,531**	**1,948,170,657**
DA	1,163,274,981	1,307,833,286
RoD	1,050,827,378	580,834,629
Hour	35,970,172	59,502,743
MOL 4	**17,917**	**3,195,312**
RoD[18]	17,917	0
Hour (LTO)	0	0
Hour (SCB)	0	3,195,312
Total	**2,388,106,742**	**2,090,144,404**

Table 16: Balancing costs/revenues by MOL (DA, RoD and Hour; commodity charges only)[19]

Balancing costs	Capacity charge (SystemBuy)	Capacity charge (SystemSell)
Long-term options, RoD	54,086,021	0
Long-term options, Hour	1,152,074	916,004
Short-call balancing services	12,118,972	39,651,569
Total	**67,357,068**	**40,567,573**

Table 17: Costs from MOL 4 contracts (capacity charges only)

[18] The costs are made up of STB and LTO RoD commodity charges.
[19] The bilateral short-term balancing products in MOL 3 were discontinued as of 1 January 2018 (see section 8 of the System Balancing Report for GY 17/18); MOL 3 has therefore no longer been listed in the tables since the System Balancing Report for GY 18/19.

Overview of balancing gas quantities in GY 24/25

Balancing gas quantities [MWh]	Quantities (SystemBuy)	Quantities (SystemSell)
MOL 1	**3,000,882**	**3,133,097**
DA	788,088	127,374
RoD	2,212,794	3,005,723
MOL 2	**56,158,873**	**54,304,980**
DA	28,948,592	37,341,657
RoD	26,511,983	15,533,587
Hour	698,298	1,429,736
MOL 4	**330**	**82,350**
RoD[20]	330	0
Hour (LTO)	0	0
Hour (SCB)	0	82,350
Total	**118,320,170**	**115,040,854**

Table 18: Balancing gas quantities by MOL (DA, RoD and Hour)

Tender results for LTO RoD per balancing zone

Contract period	Total required (MWh/h)	Offered delivery rate (MWh/h)	Contracted delivery rate (MWh/h)	Capacity charge (EUR)	Avg. commodity charge surcharge (EUR/MWh)
Feb. 2025	7,962	47,428	7,970	14,293,771.82	0.00
Mar. 2025	7,962	46,551	7,970	16,526,637.48	0.00

Table 19: LTO RoD contracts – SystemBuy (summary per contract period, HS zone)

Contract period	Total required (MWh/h)	Offered delivery rate (MWh/h)	Contracted delivery rate (MWh/h)	Capacity charge (EUR)	Avg. commodity charge surcharge (EUR/MWh)
Feb. 2025	1,737	11,886	1,740	1,224,384.00	0.00
Mar. 2025	1,737	11,676	1,740	1,355,568.00	0.00

Table 20: LTO RoD contracts – SystemBuy (summary per contract period, HM zone)

[20] The quantities include STB and LTO RoD calls.

Contract period	Total required (MWh/h)	Offered delivery rate (MWh/h)	Contracted delivery rate (MWh/h)	Capacity charge (EUR)	Avg. commodity charge surcharge (EUR/MWh)
Feb. 2025	1,737	13,591	1,740	948,884.00	0.00
Mar. 2025	1,737	13,191	1,740	1,030,705.00	0.00

Table 21: LTO RoD contracts – SystemBuy (summary per contract period, HOS zone)

Contract period	Total required [21] (MWh/h)	Offered delivery rate (MWh/h)	Contracted delivery rate (MWh/h)	Capacity charge (EUR)	Avg. commodity charge surcharge (EUR/MWh)
Feb. 2025	3,040	7,199	3,040	8,818,741	0.00
Mar. 2025	3,040	6,589	3,040	9,887,330	0.00

Table 21: LTO RoD contracts – SystemBuy (summary per contract period, low-CV gas: LW, LO, LGN, LGU & LNA zones)

[21] The balancing requirement for the provision of low-CV gas volumes was tendered jointly for the balancing zones low-CV West and low-CV East.

Trading Hub Europe GmbH
EUREF-Campus 1
40472 Düsseldorf

regulatory-affairs
@tradinghub.eu
T +49 (0) 211 542000 – 404
F +49 (0) 211 542000 – 418
www.tradinghub.eu