

Press release

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## Bundesnetzagentur decides not to veto extended application of gas quality conversion fee

Berlin (Germany). GASPOOL Balancing Services GmbH welcomes the decision by the German national regulatory authority Bundesnetzagentur not to veto the market area manager's intention to extend the phase-out period for the gas quality conversion fee by six months which was formally notified to the regulator on 26 January 2016. The regulator's decision was announced by Bundesnetzagentur on 9 May 2016 (ref: BK7-11-002).

The fee cap applicable in the market area GASPOOL for the conversion of gas quantities from high calorific value quality ("high CV gas") to low calorific value quality ("low CV gas") will thus remain unchanged at €0.441/MWh until 31 March 2017. For the conversion of gas quantities from low CV to high CV quality, however, the fee phase-out will continue as initially provided by the regulator, which means that no conversion fee will be levied for use of the virtual conversion mechanism in this direction from October 2016. For both directions of conversion the option to apply an additional conversion neutrality charge will remain in place.

The administrative ruling on the gas quality conversion mechanism, the so-called "Konni Gas" decision, permits for the fee cap not to be reduced to zero after four years in exceptional circumstances. The market environment for low CV gas has undergone fundamental changes over the past few years. Especially the unforeseen cutbacks in low CV gas production output in the Netherlands imposed in the wake of increased earthquake activities in the region around Groningen have been considered to constitute exceptional circumstances by GASPOOL and its shareholders, who believe that it is absolutely essential that the conversion fee be retained in view of this development. Retention of the fee is to ensure that there continues to be an incentive for traders and suppliers to procure gas in the quality they need and to deliver it to the appropriate market area.

A link to the first notification on implementation of the Konni Gas ruling issued by Bundesnetzagentur can be found in the "News" section of our <u>website</u>.

About GASPOOL

GASPOOL Balancing Services GmbH is a Berlin-based joint venture of GASCADE Gastransport GmbH, Gastransport Nord GmbH, Gasunie Deutschland Transport Services GmbH, Nowega GmbH and ONTRAS Gastransport GmbH.

The object of the company is the operation of the GASPOOL market area in Germany, which connects around 350 downstream natural gas transportation networks. Following the integration of the market area H-Gas Norddeutschland, Jordgas Transport GmbH also joined the market area cooperation.