

## Press Release

Ratingen, 15 August 2011

### **NetConnect Germany lowers control energy levy and conversion fee**

As of 1 October 2011, NetConnect Germany (NCG) will reduce the balancing and control energy levy for its market area from 0.12 ct/kWh to 0.08 ct/kWh. At the same time the conversion fee charged since 1 April on the basis of a provisional ruling by the Federal Network Agency will go down from 2.00 EUR/MWh to 1.50 EUR/MWh (irrespective of direction).

Reduction of the control energy levy is possible not least because of structural improvements made by NCG in recent months. They include, for example, the new exchange-based control energy procurement for L-gas at the TTF virtual trading point in the Netherlands. Apart from improved control energy procurement, external control energy costs went down in relation to the previous year: The spread between control energy purchase and sales prices has generally decreased. Higher sales and lower purchase volumes of control energy against the background of higher gas prices on average likewise had a positive impact on the control energy levy account.

Further positive effects result from the extension of trading times at the EEX energy exchange and NCG's constant efforts to improve data quality in GABi-Gas processes. "We have succeeded in lowering for the first time the balancing and control energy levy from the start of the coming gas year. This is a positive signal for the market because, as a result, the cost of supplying end users in the NCG market area will fall. In particular, control energy procurement next winter will indicate the future trend," said the NCG management.

The conversion fee charged since the launch of the cross-quality market area, as required by the Federal Network Agency, will also be lowered. Conversion in Germany's first cross-quality market area was successfully started on 1 April 2011. However, the possibility of converting H-gas into L-gas or vice versa is still being used reticently by customers. Conversion has therefore occurred until now within the scope of technical conversion capacities.

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At the end of July, there were a total of 57 balancing group managers who linked their H-gas and L-gas balancing groups together for conversion for balancing purposes. The volume converted for balancing purposes in the period from April to July 2011 totalled approx. 435,000 MWh (provisional data). A final decision still has to be taken by the Federal Network Agency on the conversion fee system.

#### **NetConnect Germany**

NetConnect Germany offers a range of products and customer-friendly services for network operators and shippers across different market areas throughout Germany and handles the operational management of the market area cooperation between various partners. NCG's market area stretches from the North Sea down to the Alps. It is Germany's largest and most important market area, reaching around two thirds of all final users in Germany.

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