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## Press release

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### NetConnect Germany publishes fees and charges applicable from October 2018

**Ratingen, 16 August 2018.** NetConnect Germany GmbH & Co. KG (NCG) has determined its balancing neutrality charges for the neutrality accounting period starting on 1 October 2018, with the SLP balancing neutrality charge set at 1.20 EUR/MWh and the RLM balancing neutrality charge set at 0.60 EUR/MWh for the NCG market area. For the conversion of gas from high CV to low CV quality (H to L) under the gas quality conversion mechanism the market area manager (MAM) will charge a conversion fee of 0.45 EUR/MWh. The conversion neutrality charge has been set at 0.15 EUR/MWh and the VTP fee at 0.0015 EUR/MWh.

Under the current gas balancing rules – governed by the so-called “GaBi Gas 2.0” decision issued by the German national regulatory authority – the MAMs are required to calculate and levy two separate balancing neutrality charges, one for gas supplies at non-daily metered “SLP” exit points and one for gas supplies at intraday-metered “RLM” exit points. The decision to apply an SLP balancing neutrality charge of 1.20 EUR/MWh and an RLM balancing neutrality charge of 0.60 EUR/MWh has been based on a projection of the expected development of the system balancing requirements in the NCG market area and the factors and circumstances driving these requirements, among other aspects. Especially the current balances of the two balancing neutrality accounts, which are due to the high procurement prices paid in the context of the balancing actions taken in late February and early March 2018 and the general increase in the balancing quantities supplied and received over the course of the current gas year, have made it necessary for NCG to raise the balancing neutrality charges to the current levels

NetConnect Germany handles the operational management of the market area cooperation between bayernets GmbH, Fluxys TENP GmbH, Thyssengas GmbH, Open Grid Europe GmbH, GRTgaz Deutschland GmbH and terranets bw GmbH. The NCG market area, which stretches from the North Sea coast down to the Alps, is the largest in Germany, with a high-pressure pipeline network totalling around 20,000 kilometres in length and connecting more than 500 downstream networks.

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this year. In addition, NCG believes that the likely future reductions in gas extraction from the Groningen gas field may bring additional general risks.

For the current neutrality accounting period running from October 2017 up to and including September 2018 there will be no balancing neutrality surplus for distribution in accordance with the GaBi Gas 2.0 rules.

According to the Federal Network Agency's so-called "Konni 2" decision that amended the regulator's earlier administrative ruling on the German gas quality conversion mechanism, the conversion fee is to be set at a level that ensures that market participants are sufficiently incentivised to engage in cross-quality gas trading whilst also ensuring that the MAM does not become the main party procuring the physical quantities of low CV gas needed to supply end users of low CV gas in its market area. Against this background NCG is keeping its incentive-based H-to-L conversion fee on the same level as last year, at 0.45 EUR/MWh.

The conversion neutrality charge, which is applied on all physical gas deliveries to the market area, may be levied in addition to the conversion fee to ensure that the costs the MAM incurs for its commercial and technical conversion activities can be fully recovered. In view of the current position of the NCG conversion neutrality account and based on the MAM's projections, NCG has decided to apply a conversion neutrality charge of 0.15 EUR/MWh in the next period.

No conversion neutrality surplus will be available for distribution for the neutrality accounting period from October 2017 up to and including September 2018.

The balancing neutrality charges, the conversion fee, the conversion neutrality charge and the VTP fee – which is levied on each nominated gas transfer effected at the virtual trading point (VTP) of the

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market area and charged to both the disposing and acquiring balancing group managers involved in the transfer – will each apply for a period of twelve months.

Also, please note that NCG intends requesting advance payments on account from balancing group managers with regard to balancing neutrality charges and conversion neutrality charges in the 2018/2019 gas year.

	<b>Until 30 September 2018</b>	<b>From 1 October 2018</b>
<b>Conversion fee (H to L)</b>	0.45 EUR/MWh	0.45 EUR/MWh
<b>Conversion neutrality charge</b>	0 EUR/MWh	0.15 EUR/MWh
<b>RLM balancing neutrality charge</b>	0 EUR/MWh	0.60 EUR/MWh
<b>SLP balancing neutrality charge</b>	0 EUR/MWh	1.20 EUR/MWh
<b>VTP fee</b>	0.0012 EUR/MWh	0.0015 EUR/MWh

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