



**Statement of the basis of the
balancing neutrality charges applied
in the period 1 October 2018 to 30 September 2019**

- Neutrality arrangements are such that GASPOOL neither gains nor loses:
 - deficits are recovered through neutrality charges
 - surplus amounts are distributed to balancing group managers (BGMs)
 - funds only serve to finance the balancing regime, not to cover general operating expenses (office rent, salaries etc.)
- Neutrality accounting period = 12 months.
- GASPOOL estimates costs and revenues for each neutrality accounting period including a financial buffer for liquidity requirements (liquidity buffer).
- Deficit/surplus is calculated separately for RLM and SLP neutrality accounts.
- Quantities attributable to each account in each neutrality accounting period are projected using historical data.

- Analysis of relevant quantities, mainly:
 - system balancing volumes are considered separately for each gas quality and merit order rank
 - projection of energy imbalance quantities (positive and negative imbalances)
 - projection of trends for network balancing accounts (positive and negative imbalances), reconciliation quantities
- Price forecast:
 - based on spot price forecasts for relevant trading hubs
 - historical price trends are factored in (separately for each merit order rank and gas quality)
 - prices realised by GASPOOL in its trading activities are compared against relevant spot curves
 - short-term fixed costs are taken into account (e.g. capacity charges for flexibility services)
 - => standard prices are derived for each quantity parameter using stochastic methods
- Two scenarios (base case and risk-adjusted scenario) are developed for RLM and SLP account, respectively

- Revenue estimate for the period 1 October 2018 to 30 September 2019:
 - RLM: €121.3m
 - SLP: €268.8m
- Cost estimate for the period 1 October 2018 to 30 September 2019:
 - RLM: €147.0m
 - SLP: €316.7m

- Creation of risk reserves to manage future risks and to stabilise balancing neutrality charges
- Internal risk assessment carried out by GASPOOL
 - quantity risk
 - price risk
 - portfolio risk
 - other risks (e.g. defaults/insolvency)
- Hedge against financing-related effects (cash flow)
 - tax effects (VAT)
 - invoicing framework and terms of payment
 - Period of performance differs from invoicing and payment periods (e.g. balancing group invoices, quantity reconciliation)
 - payment practices of customers
- Based on current knowledge and new facts from GY 2017/2018 (risks actually realised, changes in risk exposure), risk reserves are not sufficient to cover GY 2018/2019
 - Liquidity buffer for RLM will be reduced by €11.9m to €104.1m
 - Liquidity buffer for SLP will be increased by €54,2m to €367.9m
 - Combined Liquidity buffer will be increased by €42.3m to €472.0m

- Balance of RLM neutrality account at the end of the neutrality accounting period (GY 2018/2019) is expected to be negative after liquidity buffer is deducted
→ RLM neutrality charge required: 0.26 €/MWh
- Balance of SLP neutrality account at the end of the neutrality accounting period (GY 2018/2019) is expected to be negative after liquidity buffer is deducted
→ SLP neutrality charge required: 0.73 €/MWh

www.gaspool.de