Evaluation report on the gas quality conversion mechanism

NetConnect Germany

simply gas

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bcm/a	billion cubic metres per year
BGM	Balancing group manager
FZK	Freely combinable capacity, i.e. capacity that is not subject to any transportation route restrictions or other restrictions as to its use (*“frei zuordenbare Kapazitäten”*)
GTS	Gas Transport Services B.V. (Dutch gas transmission system operator)
MAM	Market area manager
MOL	Merit order list
MBG	Master balancing group
NCG	NetConnect Germany GmbH & Co. KG
OGE	Open Grid Europe GmbH
TG	Thyssengas GmbH
TTF	Title Transfer Facility

Definitions

Virtual conversion quantity

The quantity converted and invoiced for each balancing group portfolio under the cross-quality balancing mechanism, i.e. if there are opposite balances for high CV gas and low CV gas in an MBG, the smaller of the two quantities is billed as the conversion quantity. Virtual conversion may also refer to the sum of the virtual conversion quantities determined for the individual balancing groups.

System-wide virtual conversion quantity

One of the alternative approaches for determining the actual overall conversion quantity: The sum of all inputs and offtakes across all balancing group portfolios with allocations for gas of both gas qualities is determined (separately) for each gas quality. If the resulting high CV and low CV balances are in opposite directions (different algebraic signs), then the smaller of the two quantities represents the system-wide virtual conversion quantity. From the quantity thus obtained the technical conversion quantities that have been converted exclusively for virtual conversion purposes must be deducted. In this calculation all balancing group portfolios comprising at least one subordinate balancing group for gas of a quality different from the gas quality of the master balancing group are taken into account. Both the master balancing group and the subordinate balancing group must be actively used, i.e. both must have been declared as receiving data for balancing purposes.

Commercial conversion measures

In order to apply a commercial value to the system-wide virtual conversion quantity the relevant figure is compared with the quantities delivered/received as part of external balancing actions on the day in question. For this purpose it is assumed that quality-specific balancing sales in the gas quality for which there is an over-supply and the quality-specific or locational balancing purchases in the quality for which there is an under-supply have been transacted for the purpose of commercial conversion, with the upper limit being represented by the system-wide virtual conversion quantity.

Physical conversion quantity

One of the alternative approaches for determining the actual overall conversion quantity: where balancing actions have been taken in opposite directions, i.e. where quality-specific (procurement criterion “Quality”) or locational balancing gas purchases have been made in one gas quality whereas quality-specific or locational balancing gas sales have been transacted in the other gas quality, the smaller of the two quantities represents the actual overall conversion quantity.

Actual overall conversion quantity

Umbrella term for the quantity determined according to either the “system-wide virtual” approach or the “physical” approach.

Technical conversion measures

This refers to the gas quantities technically converted by means of mixing plants owned by the transmission system operators OGE and TG. OGE operates mixing plants converting between both gas qualities (from high CV to low CV quality and vice versa), whereas the Thyssengas mixing plants convert high CV gas to low CV gas only.

1. Introduction

NCG has been operating a multi-quality market area since 1 April 2011. The rules for the gas quality conversion mechanism were laid down in an administrative ruling issued by the German federal regulator BNetzA on 28 March 2012 (Ref: BK7-11-002, so-called “KONNI Gas” decision).

The KONNI Gas ruling imposes upon NCG an obligation to submit an evaluation report on the development and evaluation of the conversion mechanism by 1 February every year. The present evaluation report describes the development of the conversion mechanism over the period since the multi-quality market area was launched and sets out the measures NCG currently plans to implement in relation thereto.

In the NCG market area mixing plants are used to technically convert gas both from and to high calorific value quality (“high CV gas”) and low calorific value quality (“low CV gas”). Where the conversion capacity of those plants is not sufficient to meet requirements, the market area manager has to revert to the balancing tools available and thus take commercial conversion measures. The conversion fee and the conversion neutrality charge serve to recover the costs incurred for such commercial conversion activities.

The conversion fee has been applied since 1 April 2011, and is set by NCG for a period of 6 months each (so-called conversion period, from 1 April to 30 September and from 1 October to 31 March, respectively). In addition to the conversion fee NCG may also apply a conversion neutrality charge, which is charged on the gas quantities physically delivered to the market area if the revenues generated from conversion fee payments are not sufficient to recover the costs NCG incurs for its commercial conversion activities.

This report is structured as described below:

The first part (chapter 2) examines the developments relating to the physical and technical fundamentals. Part 2 (chapter 3) describes the commercial aspects of the conversion mechanism and provides information on the evolution of the relevant costs and revenues including the current position of the conversion neutrality account. Part 3 (chapter 4) sets out the measures currently planned by NCG for the next conversion period (1 April to 30 September 2016) and details the changes NCG believes are necessary in the regulatory framework underlying the conversion mechanism.

2. Review and evaluation of physical and technical developments

2.1. Development of the virtual conversion quantities

Developments in previous conversion periods

In the first three conversion periods BGMs hardly used the virtual conversion mechanism. Only when the conversion fee was reduced to €0.70/MWh for the fourth conversion period did the virtual conversion quantities rise slightly. It was as the result of another reduction of the conversion fee down to €0.60/MWh in the fifth conversion period that we temporarily saw a significantly more active use of the virtual conversion mechanism, particularly in the period between April and the middle of June 2013. A consistently active use of the virtual conversion mechanism was not observed until the end of the eighth conversion period (1 October 2014 to 31 March 2015), with the conversion fee standing at €0.40/MWh. This development again accelerated notably after the conversion fee was reduced to €0.30/MWh for the subsequent period. Market participants now made active use of the options provided under the balancing regime to supply their low CV exit points using high CV gas deliveries (which is referred to as a conversion taking place “from high CV quality to low CV quality”). The evolution of the net virtual conversion quantity over time is shown for each period and fee level in Table 1.

Developments in the current conversion period and outlook

The conversion fee for the current conversion period (October 2015 to April 2016) was set at €0.30/MWh, compared to €0.40/MWh in the previous period. We do not yet have final data available that would allow us to describe the further development up to the end of the current conversion period; however, based on the preliminary data available, we would assume that the overall virtual conversion quantities will exceed those seen in the previous period.

Considering current developments, we expect a net conversion quantity of 3.4m MWh from high CV to low CV quality by the end of this period. This number is based on the assumption that a quantity of 7.4m MWh will be converted from high CV to low CV quality, with a quantity of 4.0m MWh being

No.	Conversion period	Conversion fee €/MWh	Net virtual conversion quantity MWh	Direction of conversion (net)
1	April to October 2011	2.00	240,000	L→H
2	October to April 2012	1.50	100,000	L→H
3	April to October 2012	0.90	360,000	L→H
4	October to April 2013	0.70	3,000,000	L→H
5	April to October 2013	0.60	6,300,000	L→H
6	October to April 2014	0.60	920,000	L→H
7	April to October 2014	0.40	300,000	H→L
8	October to April 2015	0.40	2,100,000	H→L
9	April to October 2015	0.30	7,250,000	H→L

Table 1: Development of the virtual conversion quantity

converted in the opposite direction. The market shift from high CV to low CV quality in this period is expected to rise to around 8%.[1]

Figure 1 shows the virtual conversion quantities in each conversion period, dotted lines represent projected data.

The market shift figures for the previous periods and the (projected) market shifts in the current conversion period from October 2015 to April 2016 are shown in Figure 2 for each of the directions of conversion, dotted lines represent projected data.

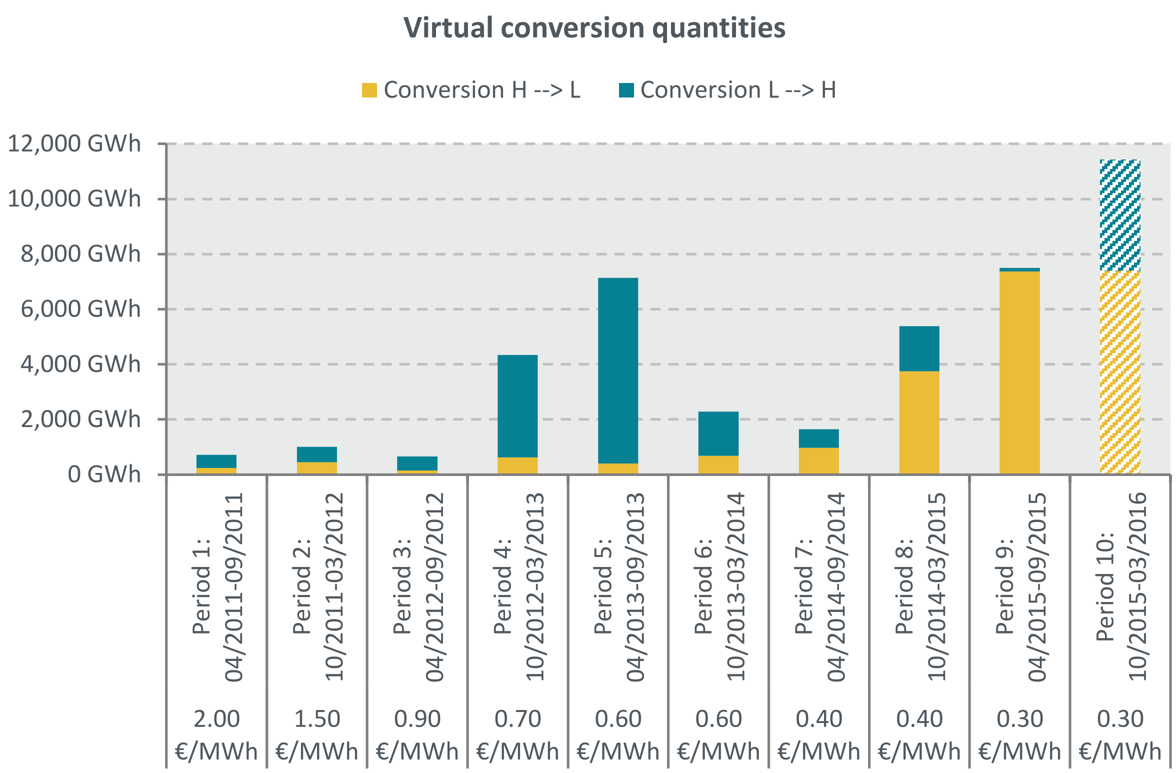

Figure 1: Development of virtual conversion quantities

[1] Based on projections up to April 2016

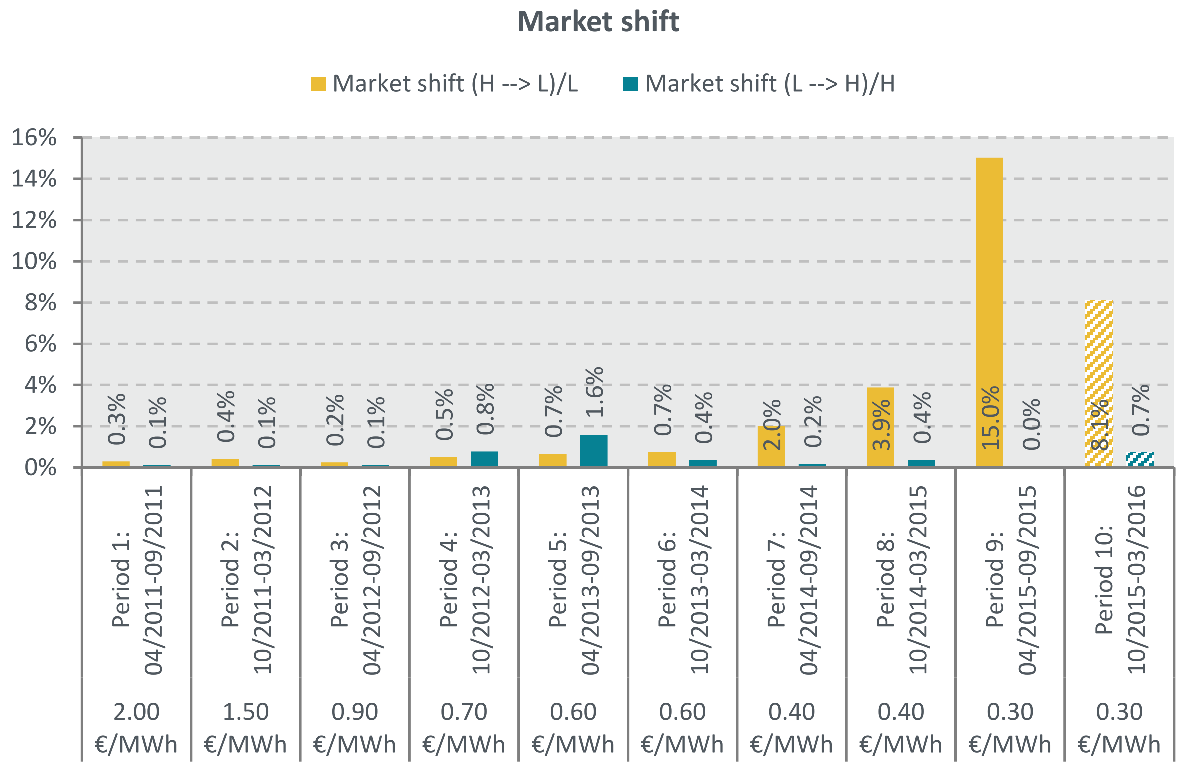

Figure 2: Market shifts since 1 April 2011

2.2. Review of the actual overall conversion quantities

According to BNetzA's KONNI Gas ruling, the daily market shift between the two gas qualities which needs to be counterbalanced through technical and/or commercial measures may be determined following a system-wide virtual approach or a physical approach.

Due to the availability of technical conversion facilities in its market area NCG has decided to follow the system-wide virtual approach in determining the overall conversion quantities. Under this approach the actual overall conversion quantities are determined by aggregating all inputs and offtakes delivered to and from all actively used linked balancing groups separately for each gas quality. Figure 3 shows the actual overall conversion quantities in each conversion period – with dotted lines representing projected data. Due to netting effects the actual overall conversion quantities are lower than the virtual conversion quantities previously considered. Netting effects result from the mutual offsetting of inputs and offtakes when calculating the sums for the entire market area in each gas quality.

Actual conversion is only deemed to have taken place where opposite balances have been determined for the different gas qualities (e.g. an oversupply to the high CV system and an undersupply in the low CV system). Based on the data currently available and considering the developments seen to date, we expect a sharp rise in the (net) actual overall conversion quantity up to 4m MWh (from high CV to low CV quality) by the end of the current conversion period.

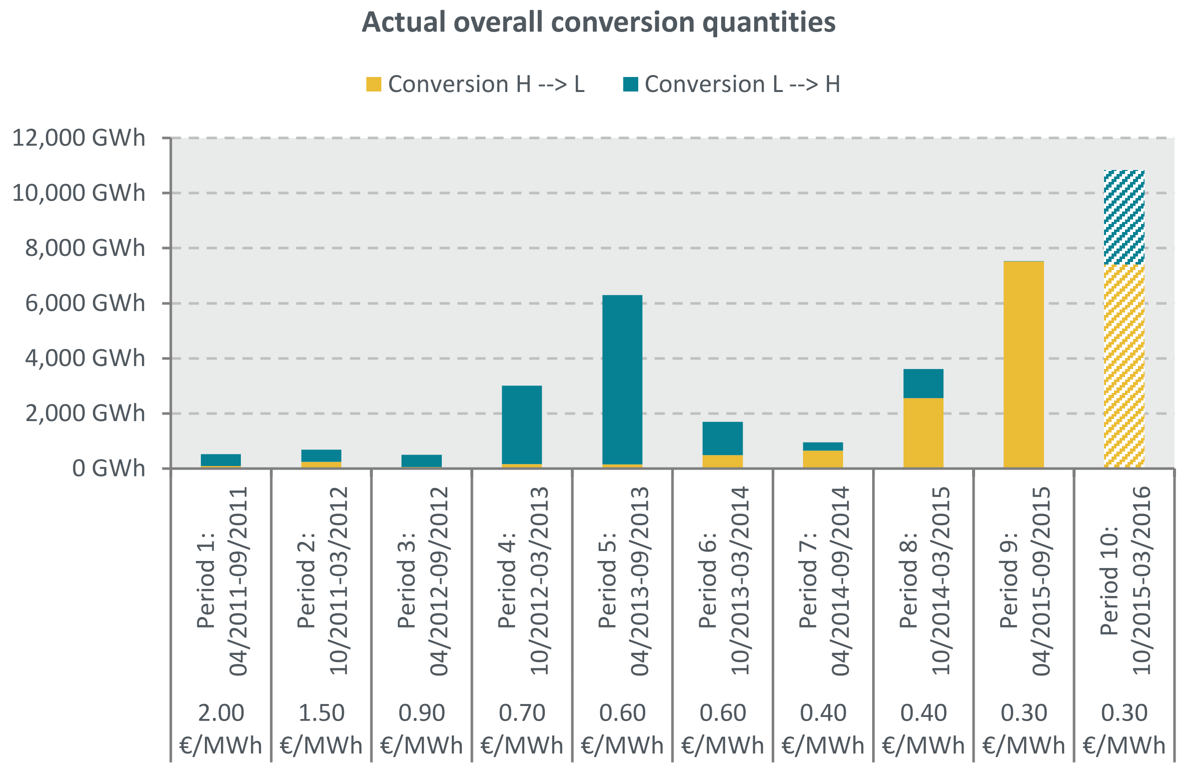

Figure 3: Development of the actual overall conversion quantities

2.3. Technical conversion quantities

At present, OGE and TG own technical conversion facilities in the NCG market area. OGE's Werne gas mixing plant is capable of adding both low CV gas to the high CV system and high CV gas to the low CV system. OGE's Scheidt mixing plant adds low CV gas to the high CV system. TG, in contrast, has a gas-air mixing plant located in Broichweiden. The facility adds air to high CV gas in order to obtain low CV gas. No third-party conversion facilities are currently used. So far, the use of the OGE and TG mixing plants has not generated any additional costs that would need to be recovered through the conversion fee. The utilisation of the technical mixing plants is shown in Figure 4.

Since March 2015, there has been a considerable decline in the technical conversion capability for the conversion of gas from high CV to low CV quality, most notably at the Werne gas mixing plant. It is assumed that this development can be attributed to the increased technical conversion activities in the Dutch gas transmission system, where high CV gas is converted to low CV gas through the addition of nitrogen. As nitrogen is added, the Wobbe Index of the low CV gas received from the Netherlands rises, which results in a higher calorific value. This in turn limits the high CV to low CV conversion capability of the Werne mixing plant. In view of the expected decline in Dutch low CV gas production volumes from the Groningen gas field, we assume that the conversion capability of the Werne mixing plant will continue to be subject to limitations.

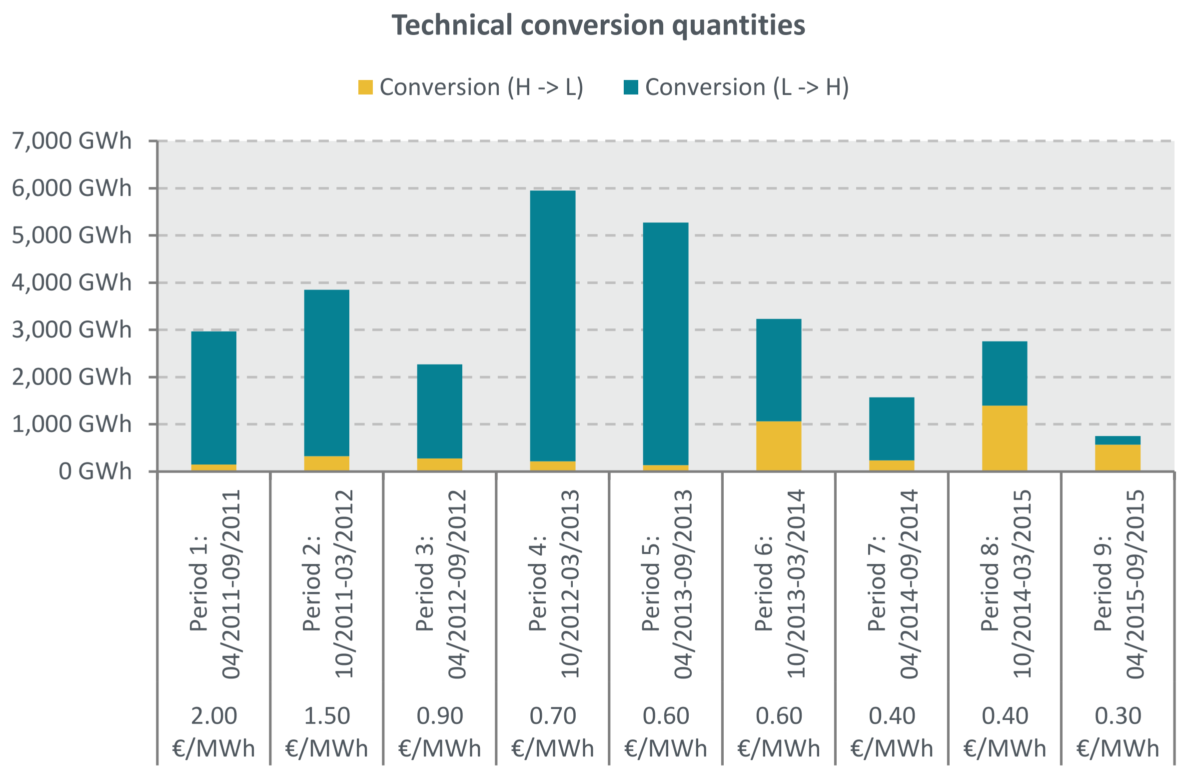

Figure 4: Development of the technical conversion quantities

2.4. Use of commercial conversion measures

Approach for calculating the commercial conversion quantities

Commercial conversion measures need to be taken in situations where using the technical conversion facilities is not sufficient to counterbalance market shifts (regardless of the direction).

The first step in determining the quantity converted through commercial conversion measures is to calculate the sums of the balancing volumes sold in the gas quality for which there is an oversupply and the balancing volumes purchased in the gas quality for which there is an undersupply, respectively. In view of the fact that for “Global” system balancing actions the gas quality is no relevant criterion, only purchases/sales made to meet “Quality” or “Local” balancing requirements (MOL ranks 2 and 3) are taken into account for the purpose of calculating the overall commercial conversion quantity. Where the above calculations show that balancing actions have been taken in opposite directions in the two different gas qualities (e.g. sales of high CV gas and purchases of low CV gas) the relevant figure is compared with the direction of the overall conversion quantity previously determined. If the relevant direction of the different balancing actions corresponds to the direction in which the actual conversion quantity has been converted, then the smaller of the two values represents the quantity converted through commercial conversion measures in each direction.

Where even within one gas quality balancing actions have been taken in opposite directions, the actual overall sell/buy figure is used, i.e. where there is an oversupply in the market area and gas has been both sold and purchased on that day only the gas quantities sold in the relevant gas quality are taken into account, and not offset by the quantities bought in that quality. Any netting between quantities of the same quality would result in reduced sell or buy quantities, which would not reflect the actual balancing actions taken. The quantity thus obtained is increased by the relevant buy quantity in the other gas quality, which is determined according to the same rules. Hence, assuming that balancing actions have been taken accordingly, the maximum value for each day is twice the actual overall conversion quantity as determined under the system-wide virtual approach, representing sales and purchases in the different gas qualities in equal parts.

Developments over all conversion periods and outlook

Due to large-scale use of the virtual conversion mechanism by market participants NCG has had to take commercial conversion measures practically on a daily basis since the end of the eighth conversion period (since March 2015). The sum of all commercial conversion measures, which consisted of purchases of low CV gas and sales of high CV gas, rose to a level of 9,740 GWh in the ninth conversion period. This represents a 7-fold increase in balancing volumes compared to the previous period. Figure 5 summarises the quantities used in commercial conversion measures in each of the conversion periods and provides a graphical illustration of their development.

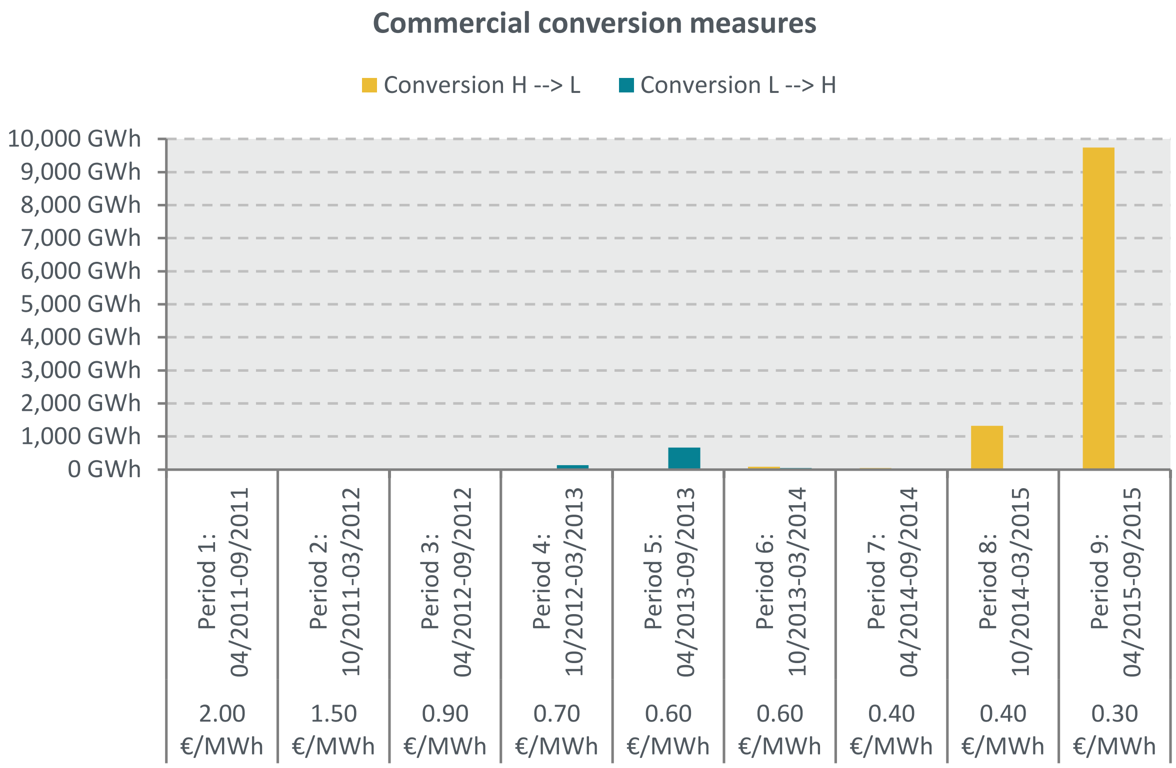

Figure 5: Commercial conversion measures

There is no reliable way to project the commercial conversion measures that will need to be taken until the end of the current conversion period given that the need for such measures at any given point in time depends directly on the use of the virtual conversion mechanism by market participants, the conversion capabilities of the mixing plants and the current physical state of the network. Another major factor is the demand estimation for non-daily metered end users carried out by the respective network operators, which can significantly influence the gas quantities physically delivered to the market area by BGMs and therefore have a massive impact on the required system balancing actions, and thus indirectly on the actual conversion quantities.

2.5. Development of total physical inputs across all balancing groups

According to the KONNI Gas ruling the MAM may levy a conversion neutrality charge on BGMs if the costs incurred under the conversion mechanism cannot be recovered through the revenues generated from conversion fee payments. The conversion neutrality charge is applied on all physical inputs as allocated to the balancing groups for each day, with only balancing groups of the type "FZK" (i.e. freely combinable capacity that is not subject to any transportation route restrictions) being taken into account. Purely virtual inputs to the market area, such as trades on the virtual trading point, are not taken into account.

The conversion neutrality charge is levied on the following entry allocation groups:

- Inputs of the type “Entryso”
- Biogas inputs of the type “Entry Biogas physisch”
- Hydrogen inputs of the type “Entry Wasserstoff physisch”

Figure 6 shows the physical gas deliveries across all balancing groups of the type “FZK” in each conversion period – with dotted lines representing projected data. As can be seen in the chart, the inputs made in each period show a typical summer/winter profile. For the current conversion period final data are only available for October 2015, with preliminary data being available up to December 2015.

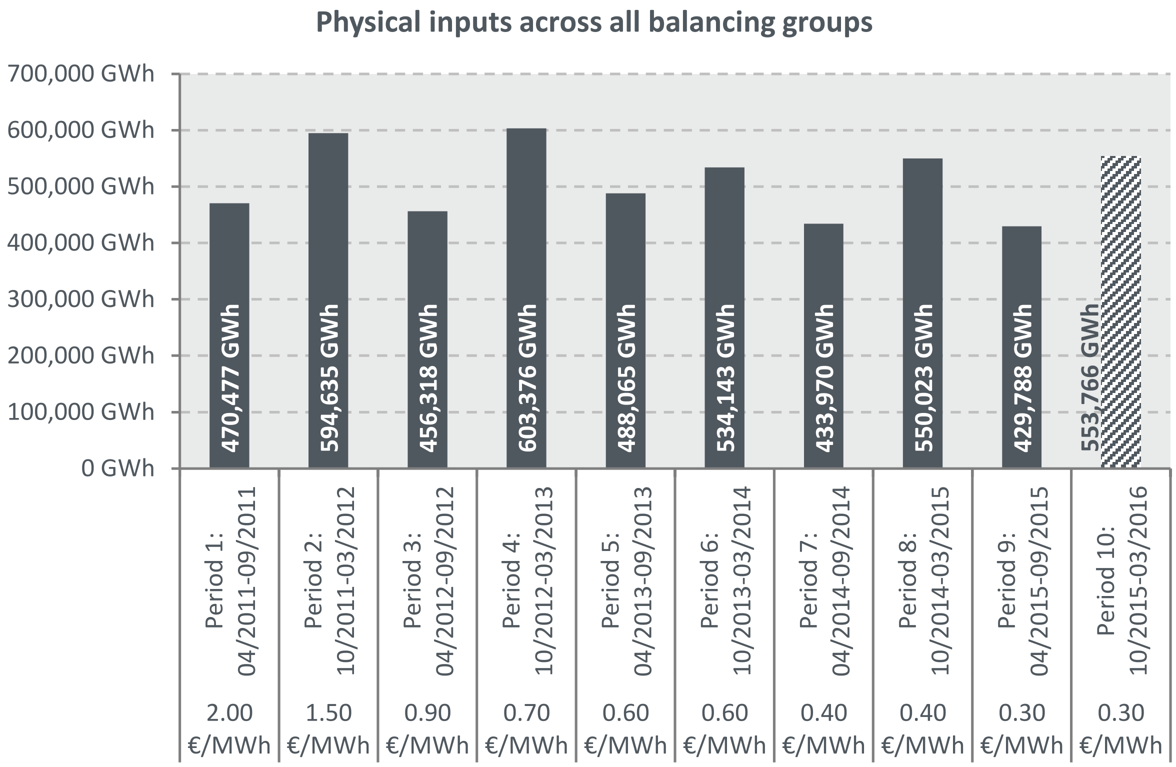

Figure 6: Development of the physical gas deliveries

3. Commercial assessment

3.1. Revenues and costs under the conversion mechanism

Approach for calculating the revenue and cost items

The level of the revenues earned under the conversion mechanism is determined by the conversion fees charged to BGMs for their individual virtual conversion quantities. To date no revenues have been generated from commercial conversion measures. Generally, such revenue could result from positive price differences between simultaneous sales and purchases of balancing volumes (SystemSell commodity price less SystemBuy commodity price).

The conversion costs generally comprise the commodity costs incurred through purchases and sales of balancing volumes in opposite directions, plus a proportion of the availability costs incurred for long-term balancing services, which are apportioned between the balancing neutrality account and the conversion neutrality account.

In order to calculate the commodity costs, the quantities converted through commercial conversion measures are first determined for each day. Subsequently, the weighted average price of balancing purchases and sales is calculated for the relevant direction of conversion. In order to do so the price difference between quality-specific balancing sales (SystemSell) and balancing purchases (SystemBuy) is multiplied by the net quantity converted through commercial conversion measures (i.e. the absolute amount of commercial conversion measures according to sec. 2.4 in one direction) on the day in question.

The next step is to calculate the allocation key which is used to apportion the costs incurred for long-term availability contracts for balancing gas and services and the costs incurred for capacity bookings contracted to procure low CV gas volumes on the Dutch TTF to the conversion mechanism. The costs for capacity bookings have been taken into account under the conversion mechanism since April 2015. In order to allocate the relevant cost items first the proportion of balancing volumes used for conversion purposes (commercial conversion quantities) is determined in relation to the total balancing requirements on the day in question. This gives the allocation key. Then the availability contract costs for keeping balancing services available (per quarter) are distributed proportionally over all days within the quarter. Costs for capacity bookings are also calculated on a daily basis. Following this, the allocation key is applied to the daily costs thus determined for the purpose of allocating the relevant proportional costs to the conversion mechanism.

The notable rise in the costs attributable to the conversion mechanism is reflected in the increased use of the virtual conversion options by market participants since March 2015. Figure 7 compares the monthly revenues from conversion fee payments against the total costs incurred under the conversion mechanism.

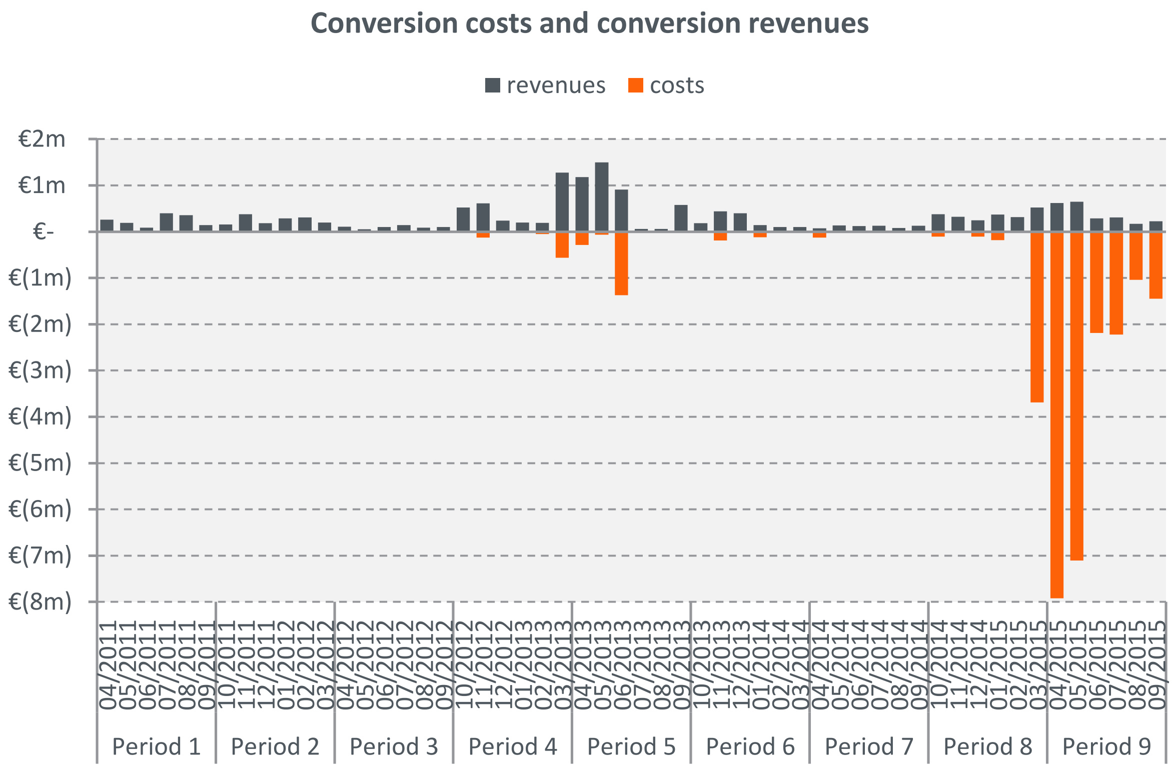

Figure 7: Conversion costs and revenues

3.2. Current position of the conversion neutrality account

As required under the KONNI Gas ruling, the MAMs have published the current position of the conversion neutrality account on a monthly basis since October 2012 (cf. Figure 8). The balance of the conversion neutrality account is published together with the balance of the balancing neutrality account by the 10th business day of the third month following each delivery month.

At the date of this report, the most recent balance of the conversion neutrality account based on final data was -€14,730,114 at the end of October 2015. This compares to a balance of +€10,481,946 a year earlier. The above account balance is the result of a considerable increase in commercial conversion measures since March 2015 and low revenues from conversion fees invoiced to BGMs.

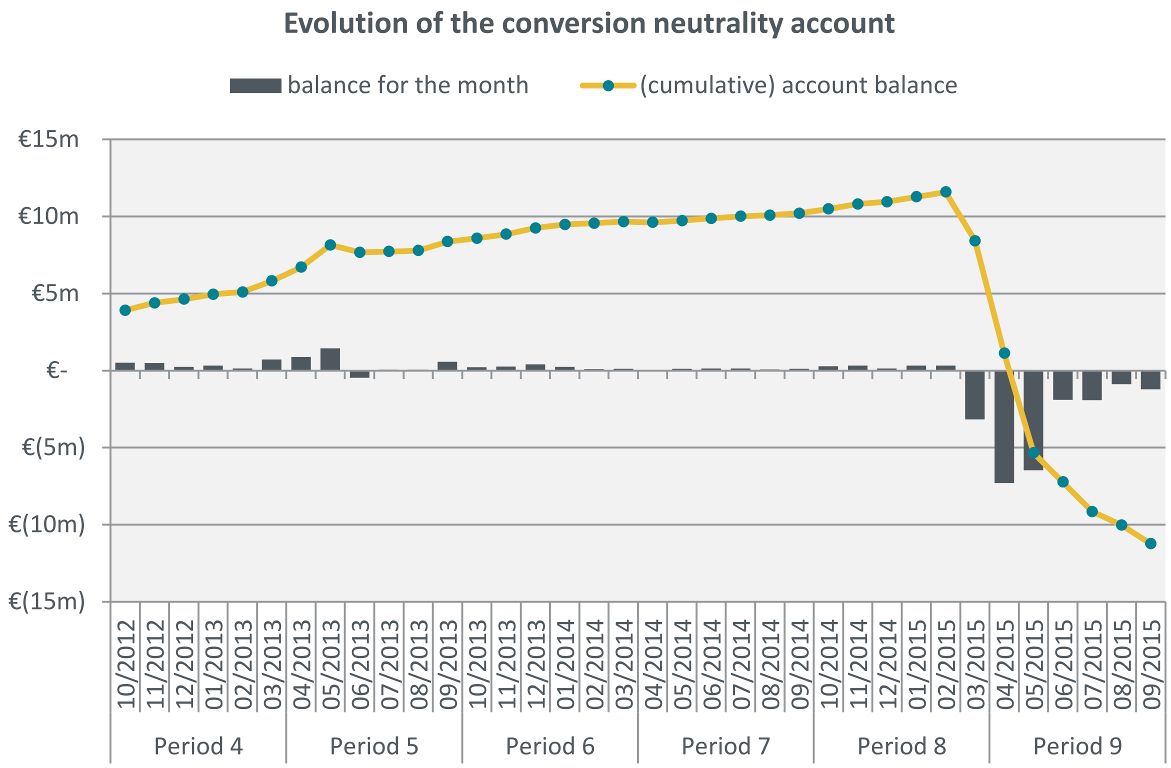

Figure 8: Evolution of the conversion neutrality account balance since October 2012

4. Evaluation of the conversion mechanism

Until the end of the eighth conversion period (October 2014 to March 2015) market participants did not make active use of the opportunities provided by the multi-quality market area on a notable scale, despite the conversion fee going down constantly over successive conversion periods.

Massive use of the virtual conversion options (most notably from high CV to low CV quality) was not observed until the end of the eighth conversion period, when the conversion fee was again lowered significantly to €0.30/MWh for the ninth (April 2015 to September 2015) and tenth (October 2015 to March 2016) conversion periods.

Due to the limited technical conversion capability of the mixing plants in the NCG market area, which have been impacted by the increased addition of nitrogen in the Dutch transmission system since Q1 2015, the technical conversion activities needed to reduce simultaneous system imbalances in the high and low CV gas systems have been restricted considerably. As a result, NCG has had to take commercial conversion measures almost daily in order to counterbalance the quality-specific system imbalances arising in the networks affected.

Over the course of the last and the current conversion period this has led to a significant rise in costs for commercial conversion measures, which in turn resulted in a large deficit in the conversion neutrality account (at October 2015).

Given the developments seen to date under the conversion mechanism and in view of the developments expected for the future, NCG considers the following measures to be necessary:

4.1. Measures planned before 1 October 2016: raising the conversion fee

Under the KONNI Gas ruling, NCG is required in its capacity as market area manager to ensure that neither permanent costs nor permanent revenues will arise under the conversion mechanism (“cost/revenue neutrality”). The conversion fee is levied to recover the efficient costs incurred in counterbalancing cross-quality inputs and offtakes which are made without regard to the gas quality needed, and to guide the delivery behaviour of the shippers active in the market area.

Considering the negative balance determined for the conversion neutrality account in the current conversion period (-€14,730,114 at October 2015) and in view of the recent developments, which make it seem likely that the virtual conversion quantities – and in their wake the commercial conversion volumes and thus the associated costs – will continue to rise, NCG believes that it is reasonable to raise the conversion fee, which currently stands at €0.30/MWh, in order to levy a higher conversion fee in the next conversion period (1 April 2016 to 1 October 2016), of which measure NCG intends to give notice to BNetzA under sentence 3 of section 5(2) of the standard contract terms set out in the KONNI Gas ruling. The exact level of the conversion fee will be published at least six weeks before the start of the new conversion period, in compliance with the applicable notice periods outlined in the KONNI Gas ruling.

4.2. Measures planned after 1 October 2016: retaining the conversion fee

NCG is of the view that the market for low CV gas has undergone massive changes in the period since the KONNI Gas ruling was consulted and handed down by BNetzA in 2011/2012 which make it necessary to reassess the current regulatory framework for multi-quality gas market areas.

According to the Gas Network Development Plan (NDP) published by the German gas transmission system operators, around 60% of hourly demand for low CV gas is provided under import contracts delivering gas from the Netherlands. The remaining share of hourly demand must be supplied by storage facilities (some 25%) and German gas production. The analyses carried out in the NDP further show that the projected hourly demand of German end users consuming low CV gas is only just secured even today. The following risk factors are seen to have the largest potential impact on the security of the low CV gas supply:

- Decline in natural gas production volumes (low CV gas) in Germany:

  Current projections made by the German association of oil and gas producers (WEG; Wirtschaftsverband Erdöl- und Erdgasgewinnung e.V.) show a clear decline in the German production volumes for low CV gas, which, when compared to the 2011 projections, is even more pronounced than was assumed when the KONNI Gas ruling was drafted. Also, experience in recent years has shown that planned production capacities have regularly not been reached. WEG has therefore resorted to factoring in a safety margin of 10%, by which the projected indigenous production volumes are revised downwards, which is also reflected in the NDP.

- Decline in natural gas production volumes (low CV gas) in the Netherlands:

  Production rates at the Groningen gas field in the Netherlands have plummeted since 2013, from around 53.8 bcm/a in 2013 to current levels of no more than around 28.2 bcm/a (in 2015). This drop in production, which corresponds to a decrease of nearly 50% over a period of two years, was not foreseeable at the time the draft KONNI Gas ruling was published in 2011, either.

  The cutbacks in production in the Groningen area have been implemented to respond to a rise in the frequency of earthquakes that have increasingly been shaking the region, which means they are a long-term factor to account for. In December 2014, the Dutch Ministry of Economic Affairs ordered for annual production to be scaled down to 39.4 bcm/a for the 2015 calendar year and the 2015/2016 gas year because of the earthquakes. In June 2015, this production limit was further lowered to 30 and 33 bcm/a for the 2015 calendar year and the 2015/2016 gas year, respectively. In a decision of 18 November 2015 the "Raad van State" in part repealed the requirements for gas extraction imposed by the Dutch Ministry of Economic Affairs and set a new limit for the 2015/2016 gas year which capped production at 27 bcm, with the added proviso that production might be ramped up again to 33 bcm if the average temperature in 2015/2016 remains below the average temperature observed in

2012, and subject to the condition that at least 15 bcm of low CV gas are supplied by the technical conversion facilities used by GTS.

The current caps on production only apply to the Groningen natural gas field and only until 2016. It can be assumed, however, that the production limits will impact the entire natural gas production activities in the Netherlands. According to statements made by the Dutch Ministry of Economic Affairs, the studies conducted to date have shown that the number and magnitude of the earthquakes can be related to the extraction of natural gas from the Groningen field. So it can be expected that existing long-term supply contracts will neither be renewed nor expanded in scope, with even less room for new long-term supply contracts.

NCG believes that the expected further decline in gas production volumes in the Netherlands can only be managed if additional technical conversion facilities are used or if deliveries to low CV gas customers under existing supply contracts are gradually discontinued or reduced. Given that the build-up of new technical conversion facilities involves additional costs, NCG is of the view that there will be a financial incentive for the Netherlands to further reduce long-term supply commitments.

- Gas quality switchover process

  In the long run, the only way to relax the tight supply situation for low CV gas described above is to permanently convert supply areas from low CV to high CV quality, which would reduce the dependence on natural gas from the Netherlands. Updated plans for the associated switchover projects are published on a regular basis by the German gas transmission system operators in their NDP. According to the most recent plans available, the number of appliances to be converted each year is generally planned to increase steadily by some 100,000 devices a year until reaching a "plateau" stage with around 400,000 devices a year in 2020. Until the plateau stage is reached in 2020, the relevant service providers will first need to build up the necessary resources (e.g. an appropriate number of certifications and an appropriate number of qualified fitters). In the period between 2020 and 2030 the market for low CV gas will then be reduced gradually by some 6-7 GWh/h each year.

  Due to the complexity of the logistical operations involved and in view of the limited capacity (currently) available for the switchover projects planned, it would be unrealistic to expect that implementation of the switchover process in Germany can be accelerated significantly. Creating new technical conversion capacity beyond the level currently available by means of additional investment, which is a possible approach, does not appear to be a reasonable option as it is doubtful whether the construction permits for the required plants would be granted, given their limited useful lives in the context of the ongoing switchover process. That is why this option is not considered in the NDP either.

In the view of NCG the above points show clearly that there is a risk that the security of the low CV gas supply in Germany cannot be fully maintained until all gas quality switchover projects are completed. Financial incentives will therefore be required to ensure that traders continue to purchase low CV gas, or that they will at least not reduce their take under existing supply contracts, as producers will only continue to provide the required supplies of low CV gas if there is a demand for this. NCG considers that only a sufficiently high conversion fee will provide such an incentive.

If the conversion fee were to be discontinued or set at a lower level than necessary, market participants currently importing low CV gas, alongside all other balancing group managers, would no longer have a financial incentive to deliver low CV gas to their balancing groups as needed because the alternative to simply source high CV gas would not have any negative consequences (at least from a balancing perspective). This, NCG believes, would result in insufficient low CV gas storage inventories, on the one hand, and in a reduction of long-term supply contract takes for low CV gas, on the other hand, which in turn would lead to a further decline in low CV gas production in the Netherlands.

Such a situation would pose a threat to supply security in the low CV gas sector and could not be counterbalanced by NCG by means of system balancing actions as NCG would also have to rely on physical quantities of low CV gas being available either from storage facilities or in the Netherlands.

For the above reasons NCG intends to formally notify BNetzA of its intention to continue to apply the conversion fee in the period from 1 October 2016 to 31 March 2017 in accordance with paragraph 4.3.1.5(6) of the KONNI Gas ruling and section [5] of the standard contract terms provided in that ruling. Furthermore, NCG will submit a recommendation to BNetzA to permanently retain the conversion fee beyond 1 April 2017, and to amend the KONNI Gas ruling accordingly.