
Press Release

Target model for the procurement of balancing gas and services is showing good results in the NCG market area

Ratingen (Germany), 1 October 2014. The target model for a harmonised procurement of balancing gas and services, which NetConnect Germany (NCG) has been applying since 1 October 2013, has proven to be a success in the NCG market area. As prescribed by the target model, the gas quantities NCG requires to physically balance the system are primarily procured through trades in the wholesale markets.

The success of the target model in the NCG market area is clearly reflected in the procurement situation for balancing gas and services: around 97% of the balancing gas quantities required in the NCG market area are currently procured on the exchange. Thanks to the introduction of quality-specific order books, quality-specific requirements can also be met in this way. In January 2014 – three months after the introduction of the target model – the exchange-traded share reached around 90%. What is more, the liquidity for trades transacted through the quality-specific order books has been rising steadily. “Only during the nights and on weekends it seems that the liquidity for trading in the quality-specific order books needs to improve further,” says Torsten Frank, director of NCG and spokesman for the company's management.

Since the target model was introduced the procurement prices for balancing gas and services have remained at a constant level, mostly moving in a range that reflects the spread between the charges for positive and negative energy imbalances incurred within balancing groups. To date, no large price outliers have been observed.

In addition to procuring balancing gas on the exchange in its market area, NCG continues to trade the balancing gas it requires for the low calorific value gas part of the market area on the Dutch Title Transfer Facility (TTF). NCG's bilateral Balancing Platform also remains an important tool to ensure system stability, particularly for balancing requirements at specific points or zones.

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. Its gas market area, which stretches from the North Sea coast down to the Alps, is the largest German market area, with around two thirds of all end-user gas volumes in Germany being transported via the NCG market area.

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