
Press Release

NetConnect Germany determines balancing neutrality charges according to GaBi Gas 2.0 on 0 EUR/MWh

Ratingen (Germany), 13 August 2015. NetConnect Germany GmbH & Co. KG (NCG) has determined its new balancing neutrality charges, with both the SLP balancing neutrality charge and the RLM balancing neutrality charge being set at 0 EUR/MWh. The VTP fee will be kept on the same level as in the previous validity period, i.e. 0,001 EUR/MWh (0,1 ct/MWh). For the conversion of gas quantities from high CV quality to low CV quality and vice versa the market area manager will continue to charge a conversion fee of 0,3 EUR/MWh. Again, no conversion neutrality charge will be levied.

Under the new administrative ruling on gas balancing issued by the German federal regulator Bundesnetzagentur (implementation of the Network Code on Gas Balancing of Transmission Networks, so-called “GaBi Gas 2.0” decision) the market area managers are required to calculate and levy two separate balancing neutrality charges, one for non-daily metered SLP exit points and one for intraday-metered RLM exit points. The current single balancing neutrality charge, which is levied on relevant offtakes at SLP exit points and RLM exit points with a flat allocation profile (so-called “RLMmT” exit points) pursuant to the previous administrative ruling “GABI Gas”, will no longer be applied. NCG's decision to set both the SLP and RLM balancing neutrality charges to zero is a reflection of positive market developments. Given the projected evolution of the causes of system imbalances and the resulting balancing requirements in the NCG market area it will not be necessary for NCG to levy either of the two balancing neutrality charges.

Analyses carried out by NCG have shown that the conversion options provided in the market area are increasingly used by market participants. Since March of this year there has been a marked increase in this trend, which can primarily be observed for the conversion of gas quantities from high CV quality to low CV quality. However, in view of the current balance of the conversion neutrality account and given the projected future

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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evolution of the quantities converted under the virtual conversion service specifically and the development of the conversion mechanism in general, NCG is in a position to keep the conversion fee on its current low level (for both directions of conversion). As a result, the conversion fee will continue to stay below the applicable fee cap set by the German regulator (from 1 October 2015: 0.453 €/MWh).

The balancing neutrality charges, the conversion fee and the conversion neutrality charge will each apply for a period of six months; the VTP fee, which is charged for each nominated transfer of gas quantities to both the disposing and the acquiring balancing group managers, is set annually for a period of one year.

“The amounts we have decided to apply for the individual fees and charges are the result of very detailed projections. In view of the fact that the German balancing regime has been further developed following the GaBi 2.0 ruling and given that we are now applying separate SLP and RLM balancing neutrality charges for the first time, but also in light of the changes we have seen in the behaviour of market participants when it comes to the use of the gas quality conversion mechanism, we are going to observe future developments very carefully so that we will be able to respond appropriately when determining the level of future fees and charges. We believe that the fees and charges applicable from 1 October 2015 we have now determined will deliver the right market signals”, comments NCG director Torsten Frank.

	Until 30 September 2015	From 1 October 2015
Conversion fee	0.3 EUR/MWh	0,3 EUR/MWh
Conversion neutrality charge	0 EUR/MWh	0 EUR/MWh
Current balancing neutrality charge	0,04 ct/kWh	n/a
New SLP balancing neutrality charge	n/a	0 EUR/MWh
New RLM balancing neutrality charge	n/a	0 EUR/MWh
VTP fee	0.1 ct/MWh (=0,001 EUR/MWh)	0,001 EUR/MWh

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