
Press Release

NetConnect Germany publishes fees and charges for the next neutrality accounting period

Ratingen (Germany), 12 August 2016. NetConnect Germany GmbH & Co. KG (NCG) has determined its new balancing neutrality charges, with the SLP balancing neutrality charge being set at 0.8 €/MWh and the RLM balancing neutrality charge being set at 0 €/MWh from 1 October 2016. For the conversion of gas quantities from high calorific value quality (“high CV gas”) to low calorific value quality (“low CV gas”) the market area manager will apply a conversion fee of 0.453 €/MWh. For the conversion of gas quantities from low CV gas high CV gas the market area manager will apply a conversion fee of 0 €/MWh. The conversion neutrality charge, which is levied on physical inputs to the market area, will be charged at 0.15 €/MWh. The amount of the VTP fee has been determined at 0.0012 €/MWh.

Since 1 October 2015 the market area managers have been required to calculate and levy two separate balancing neutrality charges in accordance with the currently applicable 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), one for gas supplies to non-daily metered “SLP” exit points and one for intraday-metered “RLM” exit points. The decision to set the RLM balancing neutrality charge to zero whilst applying an SLP balancing neutrality charge of 0.8 €/MWh has been based on a projection of the expected development of system balancing requirements in the NCG market area and their underlying causes, among other factors.

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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In relation to the gas quality conversion mechanism NCG has observed that market participants have been making increasing use of the conversion service offered in its market area, especially for the conversion of gas quantities from high CV to low CV quality. In view of current events and foreseeable market developments concerning the supply situation for low CV gas, NCG took action early on to reflect this trend, among other things by formally notifying the regulator Bundesnetzagentur on 27 January 2016 of the market area manager's intention to extend the phase-out period for the conversion fee with a view to retaining the conversion fee for the conversion direction from high CV to low CV quality in the neutrality accounting period starting on 1 October 2016.

In order to take account of the projected development of the conversion mechanism overall, the current balance of the conversion neutrality account and the changed market environment for low CV gas, the conversion fee charged for the conversion of gas quantities from high CV to low CV quality has therefore been set at 0.453 €/MWh. The conversion fee for the conversion of gas quantities from low CV to high CV quality will be set to 0 €/MWh from 1 October 2016 in line with the fee cap applicable from that date, as required under the so-called "Konni Gas" ruling which introduced the gas quality conversion mechanism for multi-quality market areas. The conversion neutrality charge, which is levied on physical inputs to the market area, will continue to be charged at 0.15 €/MWh as is the case in the current validity period.

The balancing neutrality charges and the VTP fee are set annually for a period of one year each; the new conversion fee and conversion neutrality charge will each apply for a period of six months.

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	Until 30 September 2016	From 1 October 2016
Conversion fee H to L	0.453 €/MWh	0.453 €/MWh
Conversion fee L to H	0.453 €/MWh	0 €/MWh
Conversion neutrality charge	0.15 €/MWh	0.15 €/MWh
SLP balancing neutrality charge	0.8 €/MWh	0.8 €/MWh
RLM balancing neutrality charge	0.4 €/MWh	0 €/MWh
VTP fee	0.001 €/MWh	0.0012 €/MWh

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