

Press release

NetConnect Germany publishes fees and charges applicable from October 2019

Ratingen, 15 August 2019. NetConnect Germany GmbH & Co. KG (NCG) has determined its balancing neutrality charges for the neutrality accounting period starting on 1 October 2019, with the SLP balancing neutrality charge as well as the RLM balancing neutrality charge set at 0.1 EUR/MWh for the NCG market area. For the conversion of gas from high CV to low CV quality (H to L) under the gas quality conversion mechanism the market area manager (MAM) will charge a conversion fee of 0.45 EUR/MWh. The conversion neutrality charge has been set at 0 EUR/MWh and the VTP fee at 0.0014 EUR/MWh.

Under the current gas balancing rules – governed by the so-called “GaBi Gas 2.0” decision issued by the German national regulatory authority – the MAMs are required to calculate and levy two separate balancing neutrality charges, one for gas supplies at non-daily metered “SLP” exit points and one for gas supplies at intraday-metered “RLM” exit points. The decision to apply an SLP balancing neutrality charge of 0.1 EUR/MWh and an RLM balancing neutrality charge of 0.1 EUR/MWh has been based on the current position of the corresponding balancing neutrality accounts as well as on a projection of the expected development of the system balancing requirements in the NCG market area.

For the current neutrality accounting period running from October 2018 up to and including September 2019 there will be no balancing neutrality surplus for distribution in accordance with the GaBi Gas 2.0 rules.

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. The NCG market area, which stretches from the North Sea coast down to the Alps, is the largest in Germany, with a high-pressure pipeline network totalling around 20,000 kilometres in length and connecting more than 500 downstream networks.

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According to the Federal Network Agency's so-called "Konni 2" decision that amended the regulator's earlier administrative ruling on the German gas quality conversion mechanism, the conversion fee is to be set at a level that ensures that market participants are sufficiently incentivised to engage in cross-quality gas trading whilst also ensuring that the MAM does not become the main party procuring the physical quantities of low CV gas needed to supply end users of low CV gas in its market area. Against this background NCG is keeping its incentive-based H-to-L conversion fee at 0.45 EUR/MWh.

The conversion neutrality charge, which is applied on all physical gas deliveries to the market area, may be levied in addition to the conversion fee to ensure that the costs the MAM incurs for its commercial and technical conversion activities can be fully recovered. In view of the current position of the NCG conversion neutrality account and based on the MAM's projections, NCG has decided to apply a conversion neutrality charge of 0 EUR/MWh in the next period.

No conversion neutrality surplus will be available for distribution for the neutrality accounting period from October 2018 up to and including September 2019.

The balancing neutrality charges, the conversion fee, the conversion neutrality charge and the VTP fee – which is levied on each nominated gas transfer effected at the virtual trading point (VTP) of the market area and charged to both the disposing and acquiring balancing group managers involved in the transfer – will each apply for a period of twelve months.

NCG will not request advance payments on account from balancing group managers with regard to the balancing neutrality charges in the 2019/2020 gas year.

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	Until 30 September 2019	From 1 October 2019
Conversion fee (H to L)	0.45 EUR/MWh	0.45 EUR/MWh
Conversion neutrality charge	0.15 EUR/MWh	0 EUR/MWh
RLM balancing neutrality charge	0.60 EUR/MWh	0.1 EUR/MWh
SLP balancing neutrality charge	1.20 EUR/MWh	0.1 EUR/MWh
VTP fee	0.0015 EUR/MWh	0.0014 EUR/MWh

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