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Review and current developments

2021/2022 winter review

- **Gas storage levels**
  - Storage facilities in Germany only 70% full in October 2021 (levels not seen for years)
  - At this time, the Rehden storage facility has a filling level of just under 9%; there was practically no injection into storage in Rehden during the summer of 2021
- **Gas prices**
  - Steady increase since May 2021
  - The 100 EUR/MWh mark is exceeded at the beginning of October 2021
- **Average system balancing price**
  - Approx. 100 EUR/MWh (Oct 21- April 22) vs. 19.13 EUR/MWh in prior year
- **Nord Stream 2**
  - Completed but not put into operation

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Amendment of the Energy Industry Act (EnWG)

Overview

- **Amended EnWG defines minimum filling levels for gas storage facilities**
  - 1 October → 80%
  - 1 November → 90%
  - 1 February → 40%

Increased later by way of an Ordinance to 85 % and 95 %, respectively

- **EnWG provides for a graduated model for storage filling**
  - Initially market-based filling supplemented by SSBO tenders
  - Storage facilities can also be filled by THE (stage 3)
- **Gas storage neutrality charge introduced to cover costs**
  - THE's costs and revenues from storage activities are passed on to the network users
  - New charge (gas storage neutrality charge) is introduced for this purpose
- **Time limitation**
  - The Act expires on 1 April 2025
- **In early June, the Federal Ministry for Economic Affairs and Climate Action (BMWK) issues the Gas Storage Filling Ordinance (GasSpBefüllV)**

Implementation of EnWG 2022 by THE

- **Stage 1 SSBO product**
  - This product is designed as a "hybrid product" with two combined contract components (reporting date-based injection commitment and a partial quantity to be kept available for the MAM to call off at any time (call option)).
  - In 2022, THE issues two SSBO tenders, thus contracting approx. 84 TWh
  - THE announces first SSBO tender just four days after the amended EnWG comes into force
- **Storage facilities filled by THE**
  - THE starts injecting gas into the Rehden storage facility at the beginning of June 2022
  - In the following weeks and months, Rehden is followed by other storage facilities
  - On 31 October 2022, THE ends storage injection as scheduled
  - On 6 February 2023, THE announces that, in agreement with the authorities, storage capacities have been contracted for the 2023/2024 storage year, so that procured quantities can be kept in storage; at the beginning of April, THE announces that 37 TWh were left in storage at the end of the 2022/2023 storage year, and approx. 12.5 TWh were sold by THE by 31 March 2023

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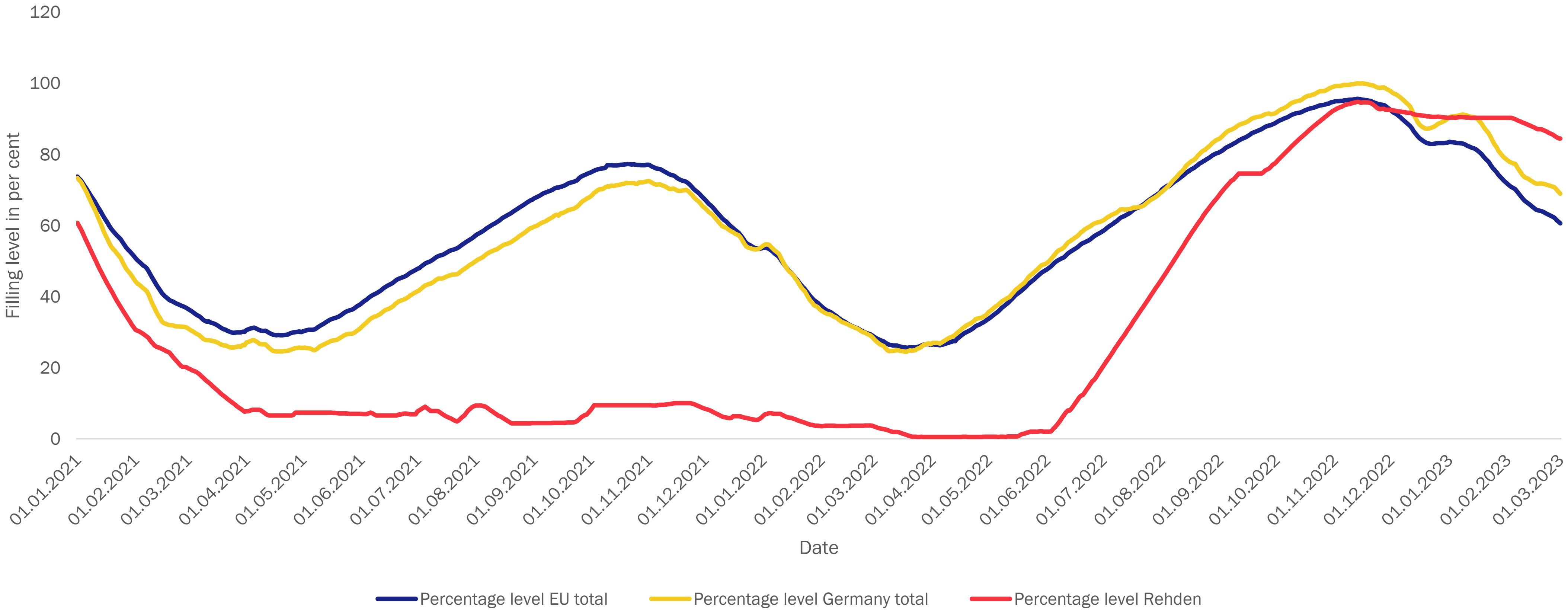
Storage levels until March 2023

EU, Germany and Rehden



Source: Gas Infrastructure Europe

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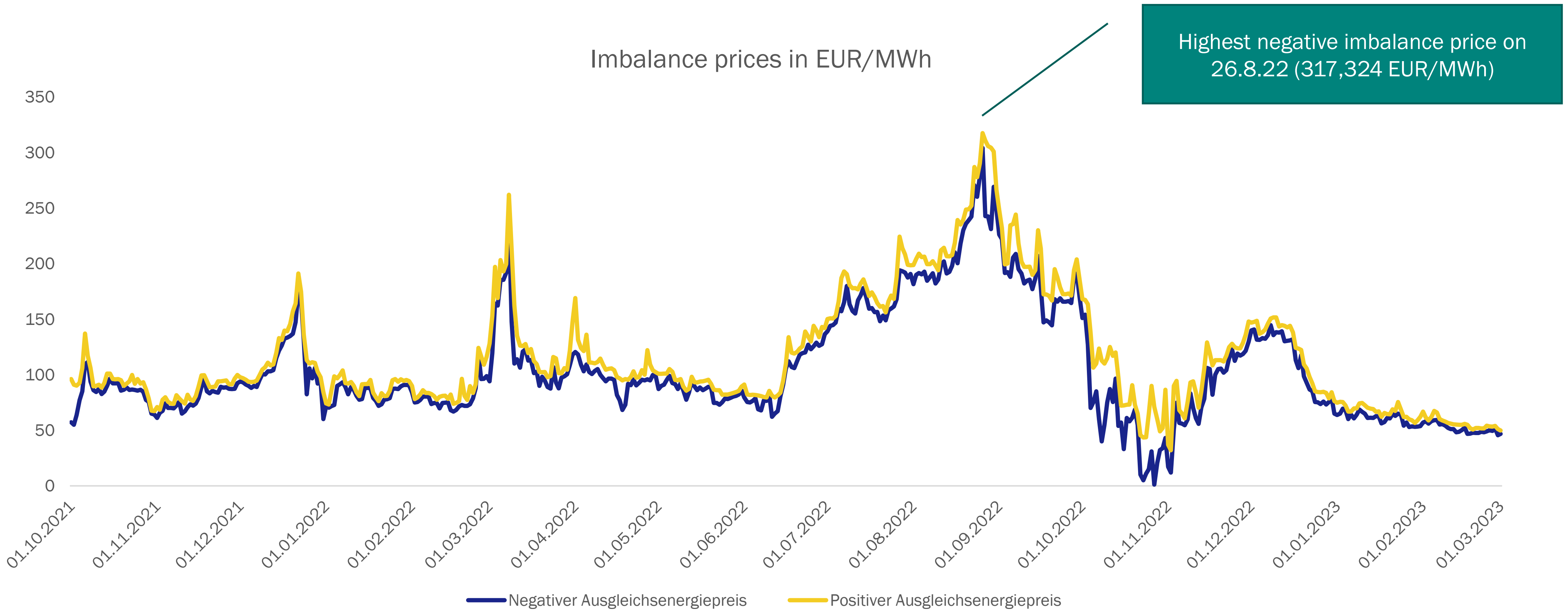
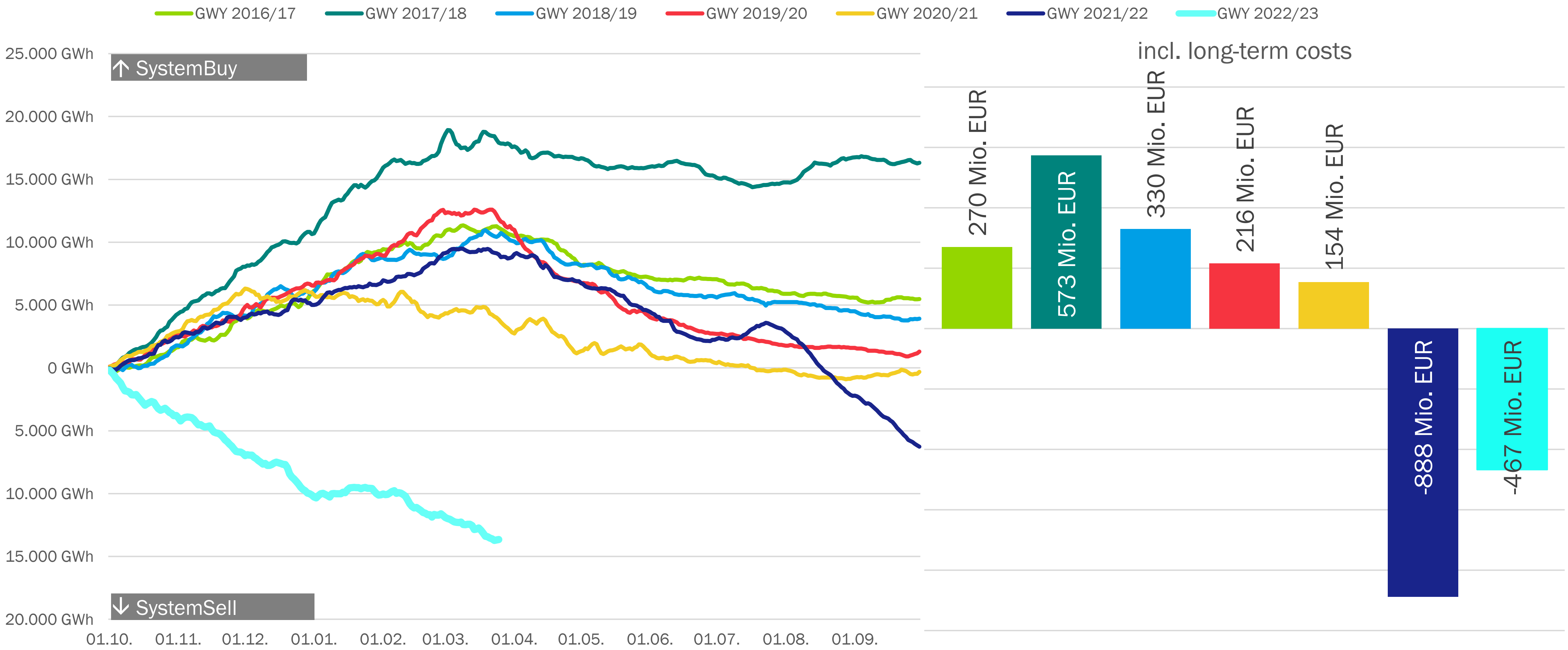
Development of imbalance prices
(October 2021 – March 2023)



Balancing actions per GY

Cumulated gas quantities and costs



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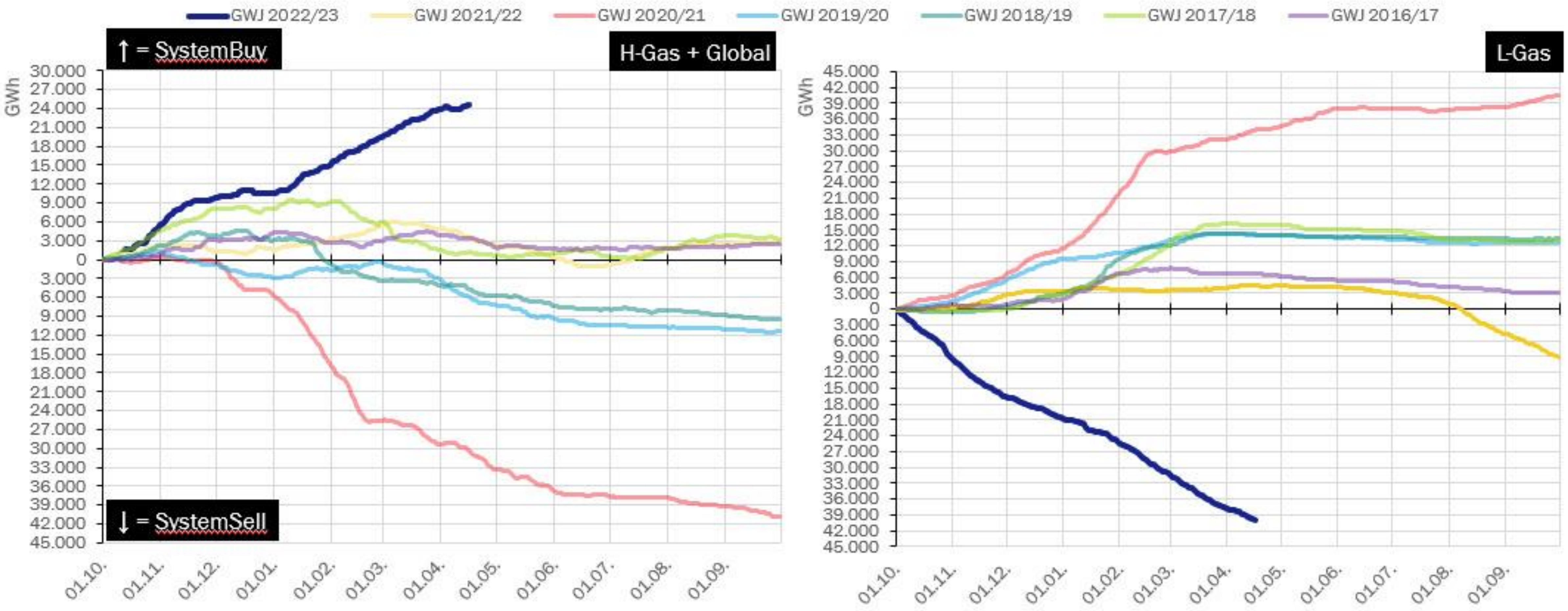
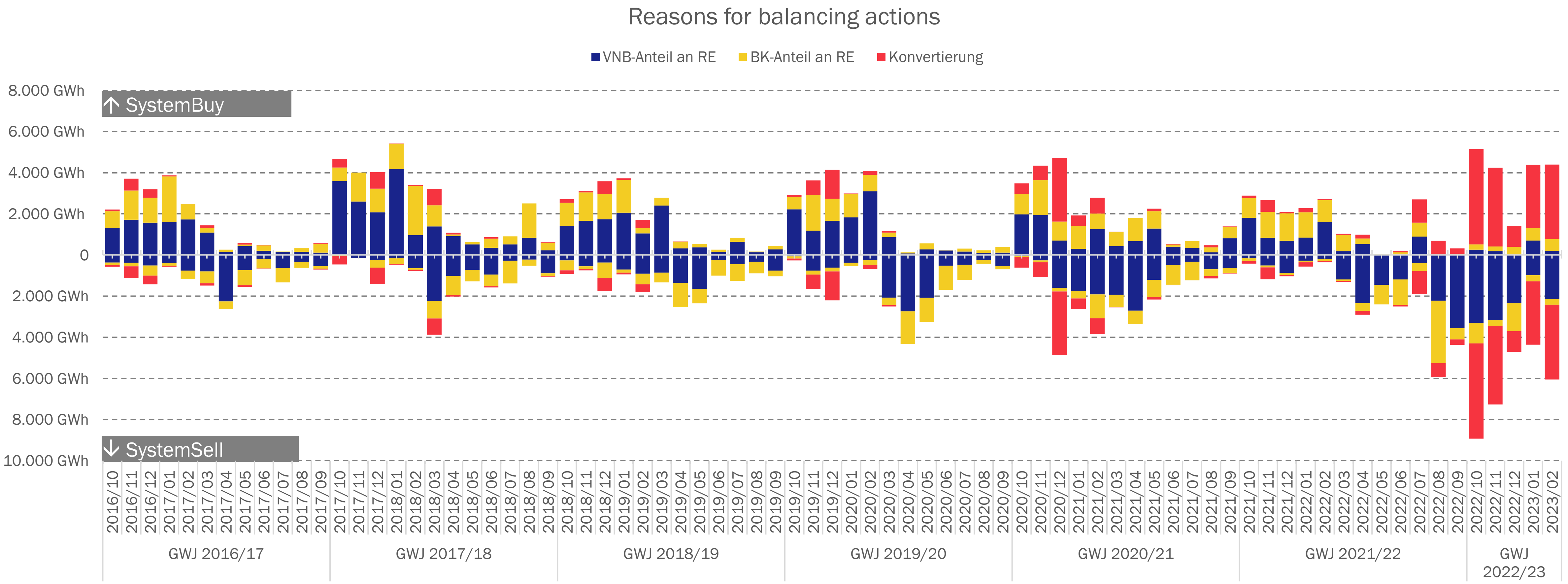
Cumulative use of balancing actions

Net quantities, annual comparison by gas quality



Reasons for balancing actions

DSO/BGM share of balancing actions per month



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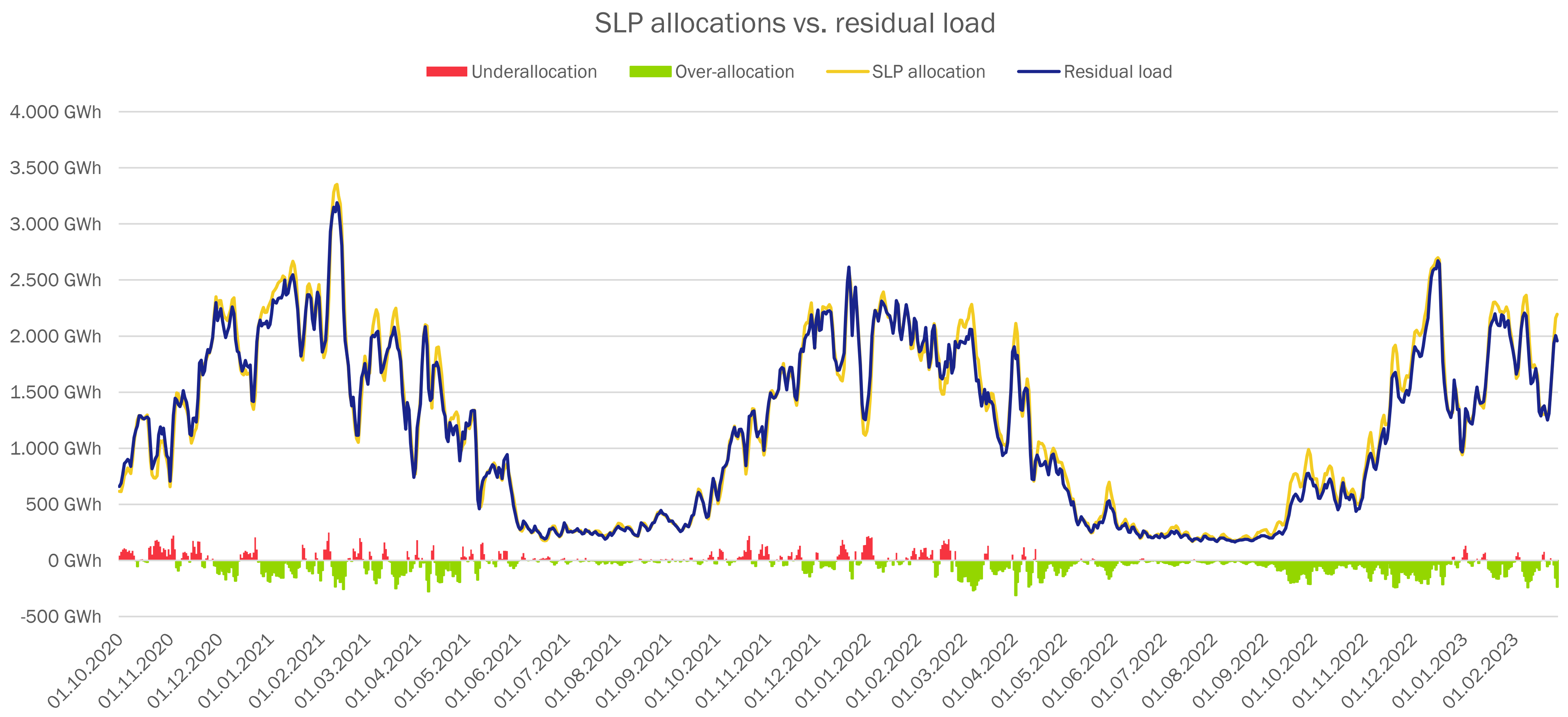
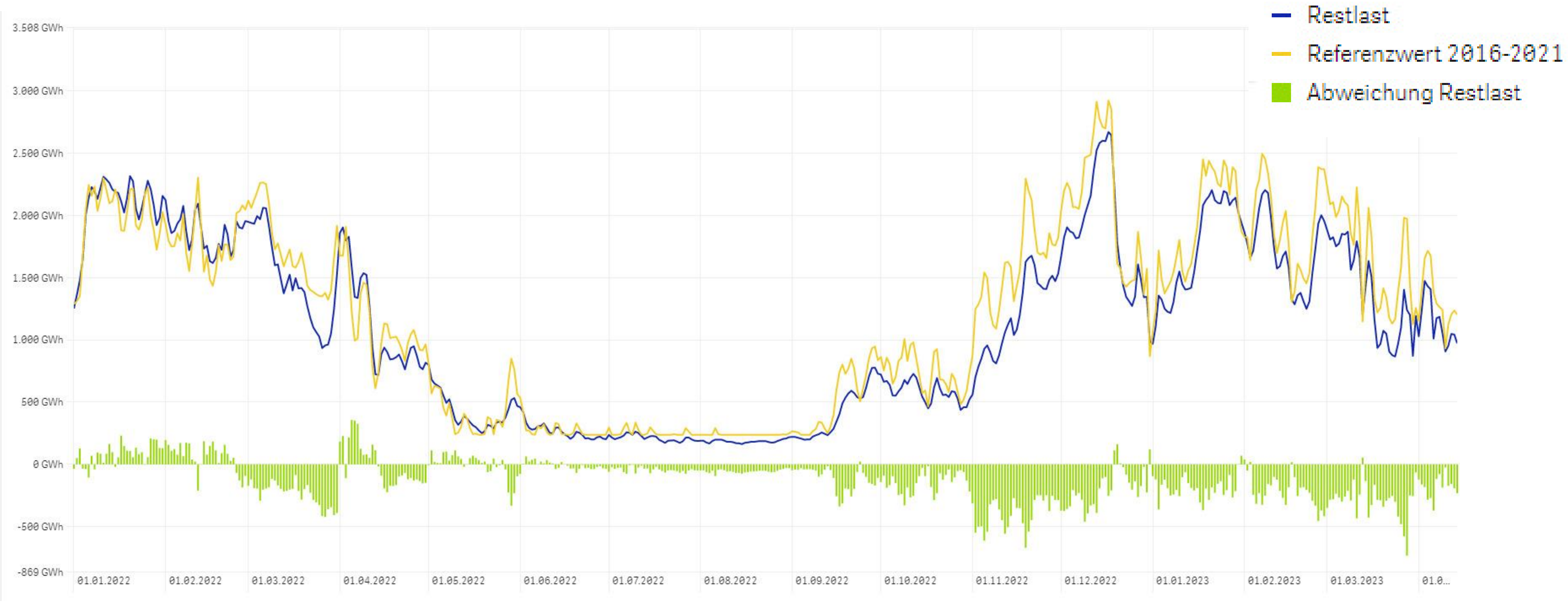
SLP allocations vs. residual load

SLP allocations and residual load per gas day



Residual load vs. temperature-adjusted residual load



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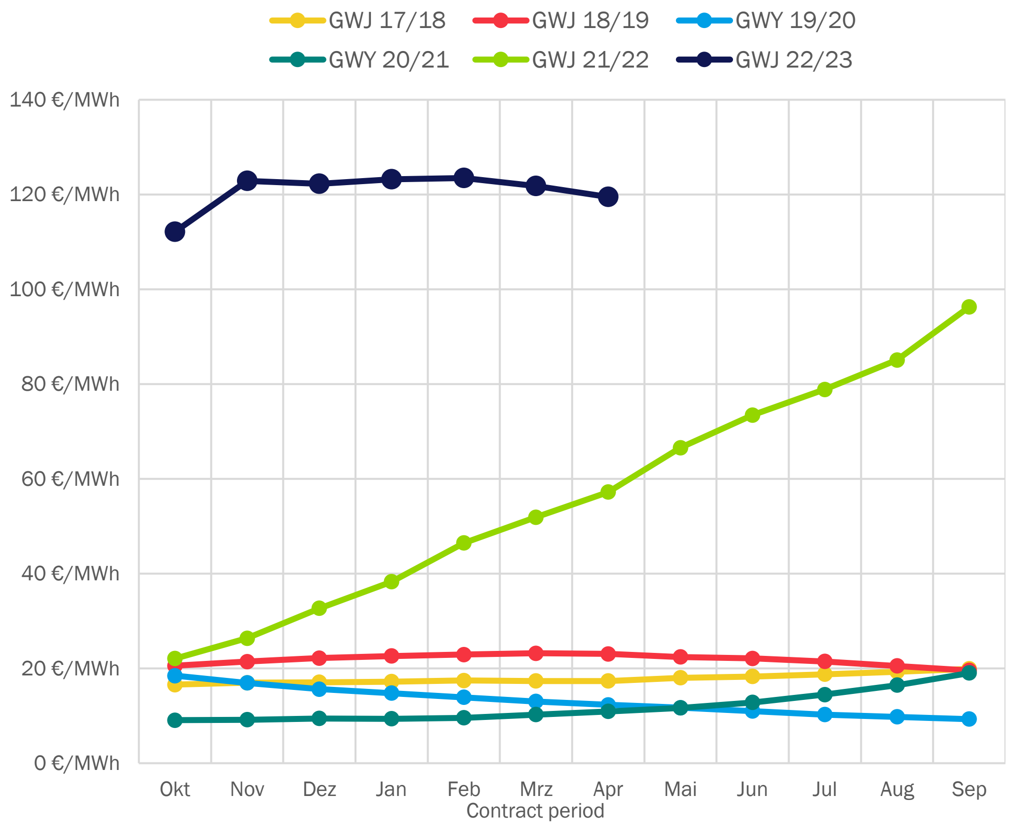
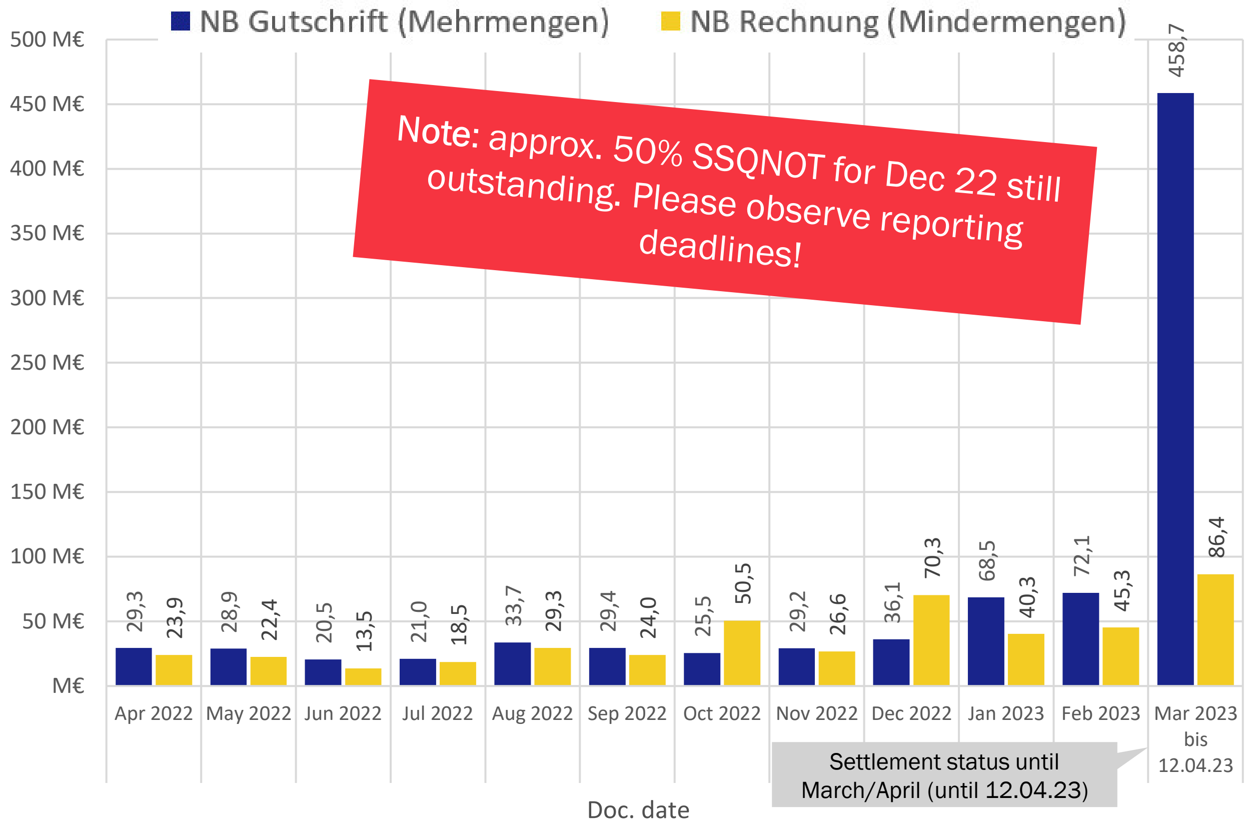
Current invoicing of reconciliation quantities: Strong price increase and high positive reconciliation quantities

SLP reconciliation quantity prices



Invoicing of reconciliation quantities (12 months)



- Extreme spot market prices in 2022 result in high SLP reconciliation quantity prices (prices for positive/negative reconciliation quantities are based on a "12-month average gas price" at the EEX and are used with a one-month delay).
- In 2022, there is a significant increase in positive reconciliation quantities (SLP over-allocation in network balancing accounts).

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Further topics from GY 2022/2023

- **KoV XIII.1 enters into force on 1 October 2022**
  - The new KoV (Cooperation Agreement) had become necessary following the various statutory changes regarding security of supply.
- **Over-allocation in SLP area**
  - BNetzA has asked network operators to monitor their network balancing account (NBA) balances for systematic over-allocation and to take countermeasures if this is the case.
- **Keep in Balance AG**
  - In August 2021, Keep in Balance AG (a fully owned subsidiary of THE) was appointed by E-Control as the Balancing Entity for the Austrian gas market. The other contender, an Austrian company, has appealed against the decision. Proceedings are still ongoing.

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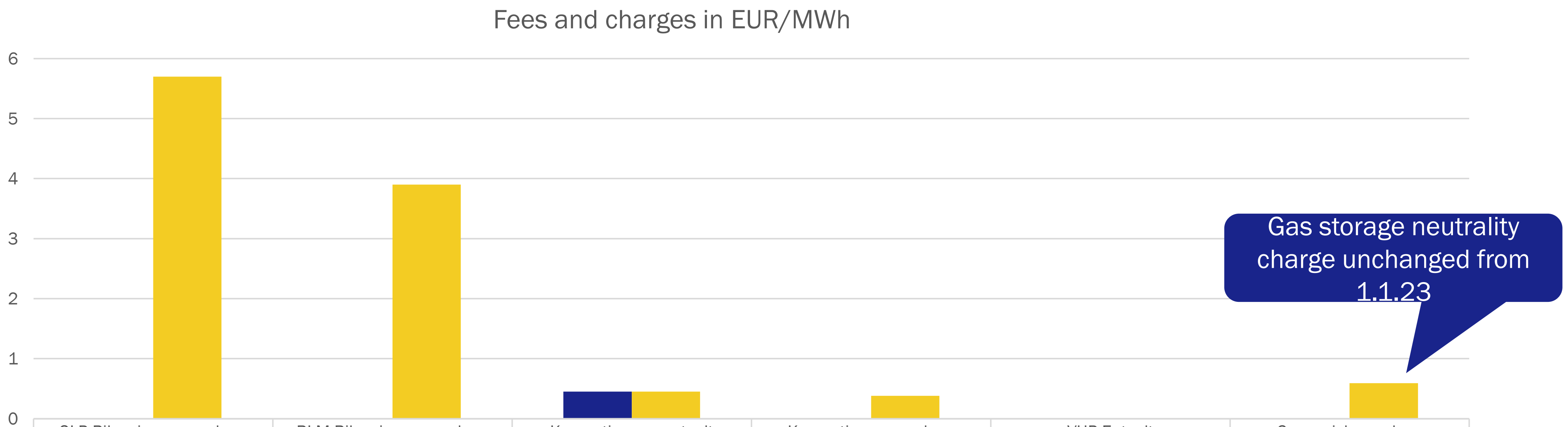
Development of fees and charges



	SLP Bilanzierungsumlage	RLM Bilanzierungsumlage	Konvertierungsentgelt	Konvertierungsumlage	VHP Entgelt	Gasspeicherumlage
Until 1.10.2022	0	0	0,45	0	0,001	
From 1.10.2022	5,7	3,9	0,45	0,38	0,00148	0,59

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Current developments

- **Gas supply in Germany is stable**
  - Security of supply is guaranteed
  - A gas shortage situation was prevented last winter
- **Current storage levels are significantly higher than in 2021**
  - The overall average storage level is high (64% on 04.04.23)
- **Gas consumption down**
  - Overall, less gas was consumed in the current winter (approx. 7 - 12%)
- **Wholesale prices**
  - Wholesale prices have fallen in recent weeks and have settled at 45-50 EUR/MWh
  - Nevertheless, gas prices are expected to remain volatile at a higher price level than in previous years
- **Federal Network Agency discontinues publication of indicators until further notice; the Situation Report is published once a week**

Source: Federal Network Agency "Gas supply indicators, retrieved on 12.4.2023

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Trading Hub Europe GmbH

Head office:
Kaiserswerther Straße 115
40880 Ratingen

Berlin office:
Anna-Louisa-Karsch-Straße 2
10178 Berlin

www.tradinghub.eu

Managing Director

Dr Thomas Becker, Jörg Ehmke,
Torsten Frank, Dr Sebastian Kemper

Düsseldorf Local Court, HRB 93885