

## **FAQ Gas procurement neutrality charge and gas storage neutrality charge**

In accordance with the provisions of the Energy Industry Act (EnWG) and the Ordinance pursuant to Section 26 of the Energy Security Act on financial compensation through a netted price adjustment (Gas Price Adjustment Ordinance), Trading Hub Europe GmbH (THE) will charge two new neutrality charges as of 1 October 2022, which will be invoiced to the balancing group managers (BGM) in the market area.

The following are explanations that are as detailed as possible.

### Glossary:

BGM: balancing group manager; simplified also "energy trader".

SLP customers: typically household customers or smaller commercial enterprises whose daily consumption is estimated with a standard load profile, as these customers do not have a gas meter with hourly measurement.

RLM customers: typically large industrial customers, gas power plants, etc. These customers have gas meters that are read hourly, so the daily volume forecast can be made using these values.

## **Gas procurement neutrality charge**

### **Why is the gas procurement neutrality charge imposed?**

The background to the introduction of the gas procurement neutrality charge is the Gas Price Adjustment Ordinance issued by the Federal Government, which came into force on 9 August 2022. According to this ordinance, gas importers directly affected by a significant reduction in total gas import volumes are entitled to financial compensation for part of the additional costs of the replacement purchases, provided the gas procurement contracts were concluded before 1 May 2022. In principle, compensation claims for the affected additional costs will only exist from 1 October 2022. The gas importers are also entitled to submit applications to the market area manager for advance payments on the compensation claim for the following month (for the first time for October 2022) by the 15th working day of a month (for the first time in September 2022). Instalment payments are due within ten working days after submission of the application, but no earlier than on the 20th day of the month (first time in September 2022) preceding the month for which the instalment payment is requested (first time for October 2022). The eligible companies are entitled to compensation from THE, THE charges the corresponding costs to the balancing group managers in the market area via the gas procurement neutrality charge.

The levying of the gas procurement neutrality charge is regulated in the aforementioned ordinance. THE thus implements the Federal Government's ordinance by charging the gas procurement neutrality charge.

## **Has the amount of the gas procurement neutrality charge been agreed with the authorities?**

Yes, the amount of the gas procurement neutrality charge was discussed between THE, the BMWK and the BNetzA on the basis of the forecasts reported by the companies.

## **Why is the gas procurement neutrality charge set at 2.419 ct/kWh?**

According to the Federal Government's Gas Price Adjustment Ordinance, gas importers directly affected by a significant reduction in total gas import volumes are entitled to financial compensation for the additional costs of replacement purchases, provided the gas purchase contracts were concluded before 1 May 2022. Claims for compensation for the affected additional costs exist for the first time for the month of October 2022, i.e.: If additional costs due to replacement procurements occur in August, for example, there is no entitlement to financial compensation for this month.

The eligible companies had to report their possible claims to THE. The corresponding information was used for allocation planning, i.e. THE was able to determine the initial cost items to be applied based on the information provided by the eligible companies and also made a cost forecast. The aggregated costs were then "allocated" to the apportionable quantity so that the apportionment was determined.

The gas procurement neutrality charge was accordingly determined taking into account the forecast costs and revenues for the balancing period and the forecast exit quantity.

Against the background of the costs reported by the eligible companies, taking into account the forecast apportionable quantities (both related to the balancing period), the gas procurement neutrality charge is set at the corresponding level.

## **From when will the gas procurement neutrality charge be charged?**

As of October 1, 2022.

## **Which period applied?**

Pursuant to the Ordinance, the balancing period will commence at 6 a.m. on 1 October 2022 and end at 6 a.m. on 1 April 2024.

## **Which companies have made claims?**

Corresponding compensation claims had to be sent to the MAM within the deadline stipulated in the Gas Price Adjustment Ordinance. A total of 12 companies reported corresponding notifications and forecasts to THE.

## **Against whom is the claim directed?**

According to the Gas Price Adjustment Ordinance, the compensation claim is directed against the MAM.

## **How high are the claims reported so far and what is the cost position with this?**

In total, the 12 companies have reported around 34 billion as a forecast value to THE. This does not yet represent an audited claim; the actual values of the companies will only be substantiated by the further monthly and audited values in the reports to THE. These may be higher or lower. The value stated is a forecast value.

## **Can the companies concerned/ additional companies continue to report costs?**

According to the Gas Price Adjustment Ordinance, compensation claims can be asserted if a notification is made within the regulated period that a company may have such claims and a forecast is made by the fifth working day of a month (for the first time within 4 working days of the Ordinance coming into force) of the expected amount of the compensation claims for the remaining part of the balancing period.

The reported cost items may therefore change.

## **What are THE's assumption of apportionable quantities?**

In accordance with the Gas Price Adjustment Ordinance, the gas procurement neutrality charge is charged by THE to the balancing group manager (BGM) on the gas quantities physically withdrawn daily from a balancing group for exit points with recording power measurement (RLM) and for exit points with standard load profiles (SLP).

The corresponding forecast was carried out by THE.

THE forecasts the apportionable quantity on the basis of historical values, taking into account current developments.

Further information will be provided in the calculation basis document, which will be published by 1 October 2022 at the latest.

## **Does the MAM apportion the costs?**

In accordance with the Gas Price Adjustment Ordinance, the MAM is entitled to pass on the costs incurred in connection with the payment of the compensation to the balancing group managers in the market area via the gas procurement neutrality charge.

### **On which quantities is the gas procurement neutrality charge charged?**

In accordance with the Gas Price Adjustment Ordinance, the gas procurement neutrality charge is charged by THE to the balancing group manager on the gas quantities physically withdrawn daily from a balancing group for withdrawal points with recording power metering (RLM) and for withdrawal points with standard load profiles (SLP).

### **Will the gas procurement neutrality charge be settled in a separate statement or will the statement be part of the balancing group statement?**

Yes, the gas procurement neutrality charge is billed in a separate statement. Down payments on the gas procurement neutrality charge are not provided for according to the Gas Price Adjustment Ordinance.

### **When is the gas procurement neutrality charge billed?**

The gas procurement neutrality charge will be settled monthly when the data relevant to settlement for the respective month has been finally determined, i.e. when the corresponding clearing procedures have been completed.

The first settlement of the gas procurement neutrality charge of THE vis-à-vis the balancing group manager will be carried out in December 2022 for the performance month October 2022.

### **Will the BGM pass on the neutrality charge to their end customers accordingly? When will the neutrality charge reach the end consumers?**

THE settles the gas procurement neutrality charge with the balancing group managers in the market area. THE cannot answer to what extent they pass on the resulting costs. However, it seems possible that the balancing group managers pass on the gas procurement neutrality charge accordingly. This concerns the contractual relationship between, for example, a supplier and its customer. Therefore, details have to be agreed upon between the relevant contracting parties. THE has no influence on this.

### **Will the MGV publish some kind of calculation basis document?**

According to the Gas Price Adjustment Ordinance, all costs and revenues arising in the context of the measures taken pursuant to section 26 of the Energy Conservation Act must be determined in a transparent, non-discriminatory manner that is comprehensible to knowledgeable third parties.

A corresponding calculation basis document will be published by THE at the latest at the beginning of the period of validity of the gas procurement levy.

THE will also publish a corresponding neutrality account. The publication will take place for the first time on 1 October and will be updated monthly.

### **When will the next adjustment of the gas procurement neutrality charge take place?**

According to the Gas Price Adjustment Ordinance, the MAM may adjust the gas procurement neutrality charge by taking into account the current balance of the neutrality account and the remaining period of the period. The interval between two adjustments shall be at least three months. The adjustment shall take effect at the beginning of the month after next after the month in which the market area manager has published it by the 15th calendar day.

At present, therefore, no information can be given as to whether an adjustment will be made or when an adjustment would be made.

## **Gas storage neutrality charge**

### **Why is the gas storage neutrality charge imposed?**

The background to the survey is the amended Energy Industry Act, which provides for filling level specifications for gas storage facilities.

### **Why is the gas storage neutrality charge set at 0.59 EUR/MWh?**

The gas storage neutrality charge will be collected by THE for the first time from 1 October 2022.

In accordance with the specifications, the entire period of validity of the corresponding legal basis (i.e. until 31 March 2025) for determining the costs and revenues will be taken into account by the MAM when determining the gas storage neutrality charge. In particular, against the background of the forecast costs and revenues and the resulting price spread, the gas storage neutrality charge is set at the level specified.

### **How long is the period for which the gas storage neutrality charge is determined?**

The period for the gas storage neutrality charge will generally be 6 months. This does not apply to the first and last evy periods, for which a three-month period will be applied.

The background to the three-month periods (first and last) is, in particular, uncertainties regarding cost forecasts and THE's decision not to apply an additional liquidity buffer.

The first period will begin on 1 October 2022, the last period on 1 January 2025. In the period in between, the period will always begin on 1 January and 1 July of a year.

### **On which quantities is the gas storage neutrality charge is charged?**

The gas storage neutrality charge is charged on all SLP allocation quantities, RLM allocation quantities and allocation exit quantities at cross-border interconnection points and virtual interconnection points.

### **Is the neutrality charge different in terms of amount for RLM, SLP etc.?**

No, the gas storage neutrality charge is a uniform 0.59 EUR/MWh.

### **To whom will THE invoice the gas storage neutrality charge?**

THE will carry out the settlement to the BGM in the market area.

### **Will the BKVs pass on the neutrality charge to the end customers?**

THE cannot provide any information on this. THE settles the neutrality charge with the balancing group managers in the market area.

### **When is the gas storage neutrality charge billed?**

The BGM will be invoiced on a monthly basis in a separate invoice after submission of the final data, i.e. after completion of the clearing procedures. THE is entitled to charge the BGM an appropriate down payment.

THE will not make use of this option for the time being.

### **There is only one ExitSo time series, i.e. with this one both quantities of border crossing points and storage are recorded. How is a distinction made?**

The corresponding regulations have been drawn up across the associations and included in the cooperation agreement and the relevant guidelines.

When using exit points at storage facilities, the balancing group manager must conclude separately identified balancing groups (balancing group exempt from storage neutrality charge) with the MAM and the supplier must include or allocate its capacities at these exit points or these market locations in these balancing groups.

Network operators with at least one exit point at border crossings shall ensure that these exit points are not allocated to a separately marked balancing group (balancing group exempt from storage neutrality charge).

From the time when the time series type for injection into a storage facility (ExitSP) is applicable, the determination of the exit quantities from the network into the storage facility that are exempt from storage levies is carried out via this time series.

### **Are there any distributions of surpluses planned?**

If surpluses on the gas storage neutrality account are determined within the period of validity of the law, they can be distributed to the BGM under certain conditions.

At the end of the statutory period, the neutrality account must be balanced at 0. Remaining costs would be settled vis-à-vis the BGM, remaining surpluses would be distributed to the BGM.

### **Does THE publish and, if so, when does it publish a calculation basis and system for forecasting the gas storage neutrality charge?**

THE will publish a corresponding calculation basis document.

The publication will take place before the start of the period of validity of the levy, i.e. on 30 September 2022 at the latest.

### **When will the corresponding neutrality account be published?**

The balance of the neutrality account (cost and revenue items) is published as soon as all final values required for the publication of a settlement month are available.

The account is updated monthly.

The first publication of the neutrality account is scheduled for 1 October, i.e. THE will publish a corresponding start value here.

### **When will the gas storage neutrality charge valid from 1.1.2023 be published?**

The gas storage neutrality charge is generally published six weeks before the start of the respective period.