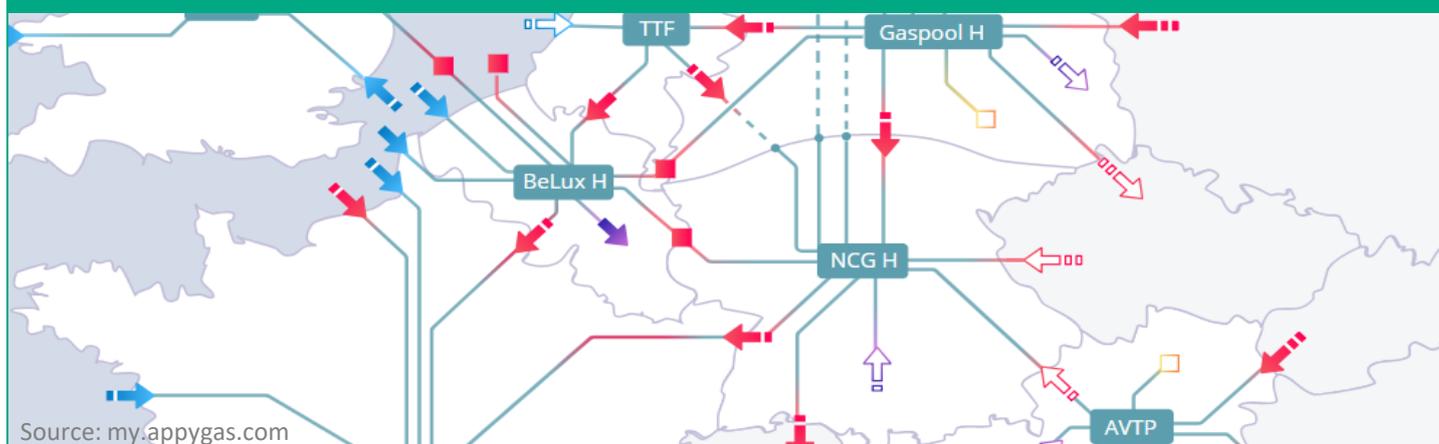


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Source: my.appygas.com

## One step forward – two steps back

The BNetzA will soon adopt the REGENT, AMELIE, MARGRIT and BEATE 2.0 determinations. They are expected to enter into force on 1 January 2020. In doing so, the Authority is implementing the European Network Code on Harmonized Transmission Tariff Structures for Gas (NC TAR), which aims at harmonising the tariff structures of transmission system operators throughout Europe. The favoured and therefore expected introduction of a uniform postage stamp for all entry and exit points in a market area has been the subject of heated debates in the market. In this interview, the managing director of GRTgaz Deutschland, Nicolas Delaporte, comments on this topic and explains why this is about to reverse many achievements of the gas market in the recent past.

*During the consultation process, the postage stamp has been subject of heated debates between all market participants. With the imminent publication of the BNetzA determinations, do you expect market participants to calm down?*

We do not expect market participants to calm down. The opposite is true. The postage stamp means a huge redistribution of transport fees. For example, our network charges at the entry and exit points Waidhaus, Medelsheim, Oberkappel and Gernsheim will almost double from currently € 2.23/(kWh/h)/a for freely allocable capacity (FZK) to € 4.21. It doesn't look any better at our VIP France-Germany with its current exit fees of 2.56 € (FZK). Our customers will have to pay twice the price for the same service. In France, gas consumers are not excited to pay more so as to relieve their German neighbours. This is certainly true also in Austria and the Czech Republic. It just seems arbitrary and unfair. German tariffs at interconnection points will become more expensive, and domestic transport will become cheaper.

For these reasons, we expect market players, both customers and TSOs, to take the determinations to court.

### At a glance!

#### 1 REGENT

determines a uniform postage stamp as the reference price methodology for the market areas NCG and Gaspool. Feed-in of green gases is exempted; storage receives a discount of 75%. Conditional products may be discounted, too, but no further than the least discounted interruptible products. Market area conversion charges for the switch to H-gas are distributed nationwide.

#### 2 AMELIE

flanks REGENT and governs, if very vaguely, the financial compensation between network operators required to make the postage stamp system work.

#### 3 MARGIT & BEATE 2.0

determine multipliers for non-yearly standard capacity products. These are:

- 1,1 for quarterly
- 1,25 for monthly
- 1,4 for daily
- 2,0 for within day standard products

*Doesn't BNetzA deserve some support? Is it even possible to find a reference price methodology that satisfies all market participants?*

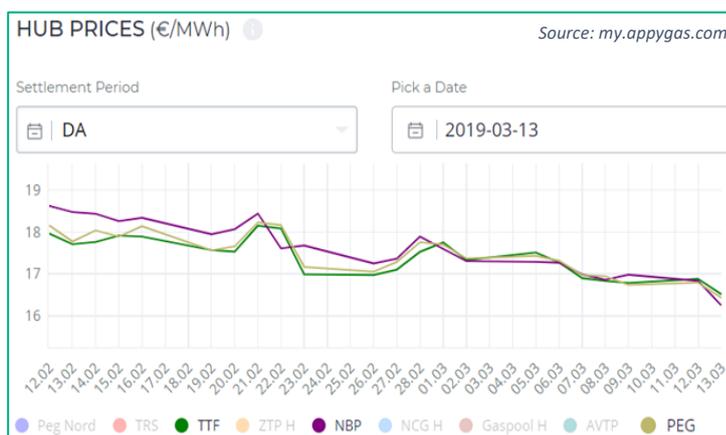
It is true that the application of a single reference price methodology for a whole market area necessarily creates winners and losers. This is precisely why a regulator can be expected to seek a consensual solution. GRTgaz Deutschland and three other TSOs have asked Frontier Economics to develop alternative models. We then presented the BNetzA with a four-stamp model, which we consider a reasonable compromise. Our fees would still increase dramatically to € 4.19 for entry and € 3.68 for exit capacity. But we believe that the market would have accepted this model.

*Opponents of this four-stamp model argue that transit flows have been far too cheap in the past.*

This argument is wholly unfounded. Let's look at the facts. Germany is often criticised for its high number of TSOs. But the variety of TSOs has grown historically from both regional and supraregional structures. The network of GRTgaz Deutschland is primarily designed to bring natural gas from one market area to another. Gas surpluses or shortages are balanced at the Virtual Trading Point (VTP). GRTgaz Deutschland, like other TSOs at the supraregional level, has in the past performed its part very cost-effectively. Its access to the VTP, which is usually interruptible, is justified by the services it provides to the market area free of charge, such as compressor capacity and line pack.

*Are there any further developments to be named because of the introduction of the postage stamp?*

We are worried about a stalling integration of the European gas market. Over the past decade, the expansion of gas infrastructure and the European rules set out in the NC CAM and CMP have resulted in a strong convergence in hub prices. The prices at TTF, Zeebrugge, PEG, Gaspool or NCG are very close together. This is also due to the low transaction costs including transport to get from one market area to another. High entry and exit fees at interconnection points will reverse this development and isolate the two German market areas. Transport volumes between market areas will shrink, market pricing will become less efficient, and hub prices will diverge as spreads widen. We are turning back progress on the creation of a European gas market.



*Mr Delaporte, thank you for the interview.*

## VIP Introduction

Since March 1, 2019, three new Virtual Interconnection Points (VIPs) have emerged. They connect NCG with the market areas in Austria, Czechia and France. The VIPs with Austria and Czechia are operated by OGE, while the VIP with France is operated by GRTgaz Deutschland. To arrange for the introduction of VIPs, GRTgaz Deutschland has published new supplementary terms and conditions, which can be found [here](#). From now on, bookings are only possible at the new points, for which new prices apply, too. An overview of all changes can be found in the [market communication on our website](#). Coinciding with the introduction of VIP, GRTgaz Deutschland is now also allowing over-nomination if DZK is not yet sold out.

### Mini Grid-Quiz – Test your knowledge!

By how much will the network fees of GRTgaz Deutschland increase due to the introduction of a postage stamp in the market area of NetConnect Germany on 1 January 2020?

- a) [about 20%](#)
- b) [about 50%](#)
- c) [about 90%](#)

Click on the right answer and win a bottle of Crémant!

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