

- **Press release**

Friday, May 10, 2019

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GASCADE and GRTgaz Deutschland appeal against unit price

Transmission system operators oppose stipulation of the Federal Network Agency

- **Düsseldorf.** The two transmission system operators GASCADE and GRTgaz Deutschland have filed an appeal with the Düsseldorf Higher Regional Court against the decision of the Federal Network Agency regarding the introduction of a unit postage stamp in the respective market areas and also submitted applications for interim relief. On April 10, the regulatory authority published the final stipulations in the Official Gazette setting out a uniform entry and exit tariff for all transmission system operators in both market areas as from January 1, 2020 (file ref. BK9-18/611-GP and BK9-18/610-NCG), which will be published on June 1, 2019 for the upcoming capacity auctions.

- “We believe that this is a case of prohibited cross-subsidization of national gas distribution to the detriment of cross-border transport,” said Nicolas Delaporte, Managing Director of GRTgaz Deutschland. “It will have a negative effect on the European Single Market and distort European competition conditions relating to gas trading.” “This stipulation of the Federal Network Agency represents the maximum intervention in the existing tariff system imaginable within the context of the transposition of the European provisions from the Network Code on Tariffs,” said GASCADE Managing Director Christoph von dem Bussche regarding the procedure. “Germany runs the risk of losing substantial transit flows and thus also liquidity on the German VTP on account of this considerable price increase,” said von dem Bussche.

The unit tariff is expected to be applied for the first time in the auction for annual capacities on the PRISMA capacity platform on July 1, 2019. According to forecasts by the Federal Network Agency, it will be 3.27 EUR/kWh/h/a in the GASPOOL market area and 4.21 EUR/kWh/h/a in the NCG market area – a price increase for GASCADE of 24% and for GRTgaz Deutschland of even 88%. However, GASCADE and GRTgaz Deutschland fear that the tariffs will be considerably higher.

As part of the stipulation procedure, GRTgaz Deutschland and GASCADE had, together with two other transmission system operators, put forward an alternative model which would reduce the cross-subsidization with four postage stamps instead of one. This model was rejected by the Federal Network Agency even though both storage operators and gas traders support it.

The two transmission system operators hope that their appeal will lead to the stipulations being quashed. The two transmission system operators also hope that their applications for interim relief will lead to the suspension of the implementation of the uniform postage stamp until a decision has been made on the main case and a return, for the time being, to the previous tariff system in the GASPOOL and NCG market area.



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GASCADE Gastransport GmbH operates a network of gas pipelines throughout Germany. The network company offers its customers cutting-edge, competitive transport services over its own long-distance high-pressure pipeline network of more than 2,400 kilometers in length in the heart of Europe.

As the necessary link between Eastern and Western Europe, GRTgaz Deutschland's network plays a key role in providing Southern Germany and France with gas. The network's central position contributes to the diversification of gas supply sources and helps increase the liquidity of the gas market by connecting the major European gas trading hubs of France and Austria with Germany.