



Application for approval and implementation of a fee for submitting non-binding demand indications to the transmission system operators according to Art. 26 (11) NC CAM)

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I. Legal background

Chapter 5 of Regulation (EU) 2017/459 (NC CAM) describes the Incremental Capacity Process. Pursuant to Art.26 (11) NC CAM a transmission system operator (TSO) „may charge fees for activities resulting from the submission of non-binding demand indications “. Furthermore, it says that the fees „shall be subject to approval by the relevant national regulatory authority [...]“.

Accordingly, the German TSOs bayernets GmbH, Ferngas Netzgesellschaft mbH, Fluxys Deutschland GmbH, Fluxys TENP GmbH, GASCADE Gastransport GmbH, Gastransport Nord GmbH, Gasunie Deutschland Transport Services GmbH, GRTgaz Deutschland GmbH, Lubmin-Brandov Gastransport GmbH, NEL Gastransport GmbH, NOWEGA GmbH, ONTRAS Gastransport GmbH, OPAL Gastransport GmbH, Open Grid Europe GmbH, terranets bw GmbH, Thyssengas GmbH (hereinafter called the applicants), apply for the introduction of fees according to the principles described below.

II. Fee amount

The amount of such a fee „shall reflect the administrative costs for submitting demand indications“(Art. 26 (11) NC CAM). The applicants consider such fees to be as transparent and non-discriminatory as possible, because the TSOs incur internal and external expenses as a result of the submission of non-binding demand indications. The resulting minimum expense is used as the amount of a fee for the application for an incremental capacity project. In addition to the above-mentioned fees to be paid the TSOs incur expenses linked to the steps of the incremental capacity cycle. On the one hand these activities include expenses for the TSOs for, among other things, conducting technical studies including cost estimates, schedules, supplementary terms and conditions and offer levels. On the other hand, it includes the coordination with the national regulatory authority (BNetzA), between the German TSOs concerned and the adjacent European TSOs with their respective national regulatory authorities.

At the same time, it should also be avoided that a disproportionately high fee prevents interested shippers from participation on the incremental capacity process. Therefore, it must be ensured, that the market is under no circumstances withdrawn from a disproportionate amount of liquidity.

To reach these goals and to avoid a case-by-case analysis the applicants suggest considering the minimum expenses as administration costs that are incurred when submitting the project proposal for an incremental capacity project to the relevant national regulatory authority for examination (Art. 28 (1) NC CAM).

According to section 30.13 of the Annex to § 2 EnWGKostV, BNetzA can set a fee of at least 30,0000 € for decisions in connection with the incremental capacity process which is to be paid by the TSOs involved in the respective incremental project.



Therefore, the applicants propose that the requested fee pursuant to Art. 26(11) NC CAM to be set at 30,0000 €. The fee is to be collected per market area border, per type of request (incremental capacity or an upgrade of existing capacity products) and direction (entry or exit capacity) in the case of corresponding submissions of non-binding demand indications according to Art. 26(6) NC CAM. This approach is appropriate here since the scenarios to be considered increase exponentially within the framework of an incremental capacity process depending on the market area border, type of request and direction to be considered and these criteria were thus identified by the applicants as cost drivers. However, the amount of requested capacities does not represent a cost driver to be considered, because the execution of the work steps during the incremental capacity process are independent of it. For this reason, the applicants consider a capacity-related fee component as inappropriate.

If several companies have submitted a non-binding request according to Article 26 (6) NC CAM at the same market area border, the same type of request and the same direction, the fee of 30,000 € will be divided between the respective companies.

The paid fee will be reimbursed to the party requesting incremental capacity, if at least one offer level at the respective border which includes incremental capacity passes the economic test. If the findings within the market demand assessment report show that the requested capacity can be utilized in a different way, without the necessary following steps of the incremental capacity procedure, the charged fee will be reimbursed in total.

III. Implementation of the fee

The fee pursuant to Art. 26 (11) NC CAM shall be charged by the responsible TSO in each case, whereby the TSO shall be jointly determined by the TSOs for each market area border. The initial responsibility of the TSOs per border can be found in Annex 1. The current responsibility will always be available under the conditions of participation at www.fnb-gas-capacity.de. There is no provision for further settlement with the other participating TSOs.

The following process steps for charging the above fee are proposed by the applicants:

1. All companies requesting at the market area border will receive an invoice - after the completeness and admissibility of the request has been established - for the full fee of 30,000 €. The invoice with a payment term of 14 calendar days will be issued by the responsible TSO.
2. After the payment deadline expires, the TSOs involved shall evaluate which non-binding requests will be considered for further steps pursuant to Chapter V NC CAM because of the payments received within the deadline.
3. Depending on the number of incoming payments (per market area border, type of request and direction), the individual fees are calculated for each company.



4. Fees paid in excess will be reimbursed after the market demand assessment report. The reimbursement will be made per company.
5. After the start of the planning phase pursuant to Art. 27 NC CAM, a reimbursement pursuant to Art. 26 (11) Sentence 3 NC CAM is only possible if the economic test is successful (for at least one offer level).
6. The reimbursement according to Art. 26 (11) Sentence 3 NC CAM takes place per company and is independent of the actual booking by the petitioner.



IV. Case examples

1. Several shipper-requests between two market areas per border

- Two separate shippers state one or more non-binding requests in accordance with Art. 26 (6) NC CAM for incremental capacity between two adjacent market areas (figure 1). The fee in accordance with Art. 26 (11) NC CAM in the amount of 30.000€ is billed to each shipper individually and needs to be paid within 14 calendar days.
Following scenarios can occur after the payment due date has passed and at least one request will be considered within the market demand assessment report (MDAR) in accordance with Art. 26 NC CAM.:
- Case example 1: Only one shipper pays the total amount of the invoice. In which case only the request for incremental capacity of the shipper which paid the amount is considered within the MDAR in accordance with Art. 26 NC CAM. The shipper is reimbursed after the positive outcome of the economic test.
- Case example 2: Both shippers pay the full amount of the invoice, and each shipper is then reimbursed for 15.000 € after the MDAR. Hereford the total collected fees do not exceed 30.000€.

Initial situation	Case example 1	Case example 2
Demand indications MA1 → MA2: <ul style="list-style-type: none"> Shipper 1: 100 MW Shipper 1: 200 MW Shipper 2: 300 MW <u>Invoice:</u> <ul style="list-style-type: none"> Shipper 1: 30.000 € Shipper 2: 30.000 € 	<u>Payments:</u> <ul style="list-style-type: none"> Either shipper 1 or shipper 2 pay <u>Reimbursement:</u> <ul style="list-style-type: none"> None 	<u>Payments:</u> <ul style="list-style-type: none"> Shipper 1 pays → all demand indications are valid Shipper 2 pays → all demand indications are valid <u>Reimbursement :</u> <ul style="list-style-type: none"> Shipper 1: 15.000 € Shipper 2: 15.000 €

Figure 1: Example 1

2. Several shipper-requests per market area border in opposite directions between the market areas

- Three individual shippers state one or more non-binding requests for incremental capacity in accordance with Art. 26 (6) between two adjacent market areas which differ in the direction between those two market areas (Figure 2). The fee in accordance with Art. 26 (11) NC CAM in the amount of 30.000€ is billed to each shipper individually and needs to be paid within 14



calendar days. Following scenarios can occur after the payment due date has passed and at least one request will be considered within the market demand assessment report (MDAR) in accordance with Art. 26 NC CAM.:

- In case example 1 no reimbursement takes place. However, two different outcomes are possible:
 - a) Shipper 1 pays the total amount of the invoice. Therefore, only the request for a capacity upgrade between the two market areas will be considered within the MDAR.
 - b) The full amount of the invoice is only paid by either shipper 2 or shipper 3. Only the request for incremental capacity of the shipper who paid the full amount of the invoice will be considered within the MDAR.
- In case example 2 a reimbursement of 15.000€ to shipper 2 and shipper 3 takes place after the MDAR. Two different outcomes can occur:
 - a) All invoices are paid and all requests for incremental capacity are considered within the MDAR. Shipper 1 needs to pay 30.000€ (no reimbursement), because the fee needs to be paid for each direction. However, shipper 2 and shipper 3 only need to pay 15.000€ each and therefore will be reimbursed 15.000€ each.
 - b) Only shipper 2 and shipper 3 pay the full amount of the invoice. Therefore, only the requests for incremental capacity of shipper 2 and shipper 3 will be considered within the MDAR and the fee in the amount of 30.000€ is equally split between the two shippers (Reimbursement of 15.000€ to shipper 2 as well as shipper 3).

Initial situation	Case example 1 a and b	Case example 2 a and b
Demand indication MA1 → MA2: • Shipper 1: 200 MW Demand indications MA2 → MA1 • Shipper 2: 300 MW • Shipper 3: 100 MW <u>Invoice:</u> • Shipper 1: 30.000 € • Shipper 2: 30.000 € • Shipper 3: 30.000 €	<u>Payments:</u> a. Shipper 1 pays → only demand indication MA1 → MA2 is valid b. Shipper 2 or 3 pays → only demand indication MA2 → MA1 is valid <u>Reimbursement:</u> • None	<u>Payments:</u> a. All shippers pay → all demand indications are valid b. Shipper 1 and 2 pay → only demand indication MA2 → MA1 is valid <u>Reimbursement:</u> • Shipper 2: 15.000 € • Shipper 3: 15.000 €

Figure 2: Example 2



3. Several requests from shippers between two market area borders for a capacity upgrade and incremental capacity

Three different shippers make at least one non-binding request pursuant to Art. 26(6) NC CAM between two neighbouring market area borders, with different types of requests (see Figure 3). While the shipper 1 requests incremental capacity, the other shipper request for an upgrade of capacity products from DZK to FZK.

The invoice for the fee according to Art. 26 (11) NC CAM in the amount of 30,000 € with a payment term of 14 calendar days is sent to all shippers involved. After the payment period has expired, there are the following constellations of incoming payments, which lead to at least one request being considered in the market demand assessment according to Art. 26 NC CAM:

- In case example 1, no reimbursements are made, whereby a distinction must be made between:
 - a) The invoice will only be paid by shipper 1. Thus, only the request for incremental capacity from market area border 1 to market area border 2 is further considered.
 - b) The invoice will only be paid by shipper 2 or shipper 3. Thus, only the request of shipper 2 or 3 for a capacity upgrade from DZK to FZK is further considered.
- In case example 2, a reimbursement of 15,000 € is made to shipper 2 and shipper 3 after the MDAR. A distinction can be made between:
 - a) All invoices issued will be paid and all requests from the shippers will be considered. Since the fee due is calculated per request type shipper 1 bears the entire fee of 30,000 € (for requesting incremental capacity) and receives no reimbursement, while shipper 2 and shipper 3 pay a fee of 15,000 € each (reimbursement of 15,000 € each to shipper 2 and shipper 3) for the upgrade of existing capacity product.
 - b) The invoices are only paid by shipper 2 and shipper 3. Consequently, only the requests of shipper 2 and shipper 3 for an upgrade of existing capacity products will continue to be considered and the fee will be shared equally (reimbursement of 15,000 € each to shipper 2 and shipper 3).



Initial situation	Case example 1 a and b	Case example 2 a and b
<p>Demand indications MA1 → MA2:</p> <ul style="list-style-type: none"> • Shipper 1: Incremental Capacity of 200 MW • Shipper 2: Upgrade of 100 MW DZK to FZK • Shipper 3: Upgrade of 300 MW DZK to FZK <p><u>Invoice:</u></p> <ul style="list-style-type: none"> • Shipper 1: 30.000 € • Shipper 2: 30.000 € • Shipper 3: 30.000 € 	<p><u>Payments:</u></p> <ul style="list-style-type: none"> a. Shipper 1 pays → only demand indication for incremental capacity is valid b. Shipper 2 or 3 pay → only demand indication for the Upgrade is valid <p><u>Reimbursement:</u></p> <ul style="list-style-type: none"> • None 	<p><u>Payments:</u></p> <ul style="list-style-type: none"> a. Shipper 1+2+3 pay → all demand indications are valid b. Shipper 2 and 3 pay → only demand indication for the Upgrade is valid <p><u>Reimbursement:</u></p> <ul style="list-style-type: none"> • Shipper 2: 15.000 € • Shipper 3: 15.000 €

Figure 3: Example 3



Annex 1: List of TSO who are responsible for the invoice of the fee

This table shows the initial responsible TSO. The current responsibility will always be available under the conditions of participation at www.fnb-gas-capacity.de.

Market Area border	TSO
Norway	Thyssengas
Denmark	GUD
Netherlands	GUD
BeLux	OGE
France	GRTD
Switzerland	Fluxys TENP
Austria – MG Ost	OGE
Austria – MG Tirol	bayernets
Austria – Vorarlberg	terranets
Czech Republic	GASCADE
Poland – TGPS	GASCADE
Poland - E-Gas Transmission	ONTRAS
Russian Federation	GASCADE