

Energy Surcharge - FAQ:

(FAQs in bold will also be published on the Lineas website)

1. Why an energy surcharge? Did Lineas not hedge its energy cost?

- When Lineas negotiated freight contracts with its customers in late 2021, nobody could anticipate the energy price explosion and later the high volatility of energy markets.
- Therefore, Lineas introduced an Energy Surcharge in April 2022.
- The base for the energy surcharge has been the market price for electricity and has been based on the price that electricity is traded at on the Leipzig Energy Exchange (“EEX”).
- Over the last months, the increases and volatility of the energy market affect Lineas differently in the different markets and on different lines. This depends on the local model of energy supply, e.g. in France energy is part of increased railpath costs through the Infraprovider. In Germany, we procure energy from the market. In Belgium, we purchase from the state provider, but they hedge a high share at a fixed price.
- An energy price of up to 100 EUR per MWh is part of our base offer. The energy surcharge only applies to costs that are based on an electricity purchasing cost over 100 EUR per MWh. The value accounts for potential hedging effects or subventions.
- In 2023, hedging conditions are worse compared to 2022. Many 2023 contracts were signed in the second half of 2022, when the purchasing price for electricity was high.
- In the cause of 2023, we have faced cost developments that were increasingly decoupled from the actual “EEX” market price. This included surcharges on us from rail freight providers and interventions from the governments. Therefore, we need to adapt the model in 2023/24.

2. What activities does Lineas use to limit the raise of energy cost?

- Lineas works with several providers depending on the country of operation. We are partly free to hedge our energy cost and are partly obliged to buy through the Infraprovider of a country. Purchasing conditions vary per country.
- Our railway partners (subcos) have introduced their own energy surcharge which has increased our cost. As these charges were mostly levied on Lineas in the cause of 2023, we have not passed them on directly yet.
- On top of our own hedging, the government of Germany has passed legislation to support companies in case of high energy cost. These subsidies work for Lineas like a hedging and are included in the energy surcharge.
- For 2024, we are currently negotiating the purchasing conditions.

3. How do we differentiate the energy surcharge (as different countries and lines have different energy costs)?

Lineas operates in 4 countries (BE, DE, FR and the NL) while subcontracting other Rail freight partners in various other countries in Eastern, Northern and Southern Europe.

Lineas implemented in 2022 a model that reflected the additional cost per country. For all international traffic, Lineas has been using a weighted basket based on the different countries' energy share.

This model has become less reliable, especially on lines where we pay surcharges ourselves. Therefore, we change the model to reflect the actual energy cost on a line base.

We change the model in October 2023 for Intermodal traffic and in January 2024 for all traffic.

4. When did we actually start charging the surcharge to the customer?

The energy surcharge was introduced for traffic starting on April 1st, 2022. Surcharge grids have been updated for 2023 to reflect the purchasing conditions and subsidy schemes.

The model is being revised to accommodate the changing purchasing situation and will be changed for Intermodal traffic in October 2023 and Conventional traffic in January 2024.

5. Is the Energy Surcharge linked to the entire transport cost for our customers or just to the portion operated by Lineas?

It is linked to the entire transport cost. Subcontractors now also widely apply surcharges for energy. Our Energy Surcharge is in place to offset this extra cost. Whether high energy cost is paid directly by Lineas, or by the subcontractor and then passed on to Lineas, has the same effect.

6. Where can we/customers track the monthly evolution of this energy surcharge?

On our website www.lineas.net, in the document library. Or via the sales manager.

7. Can the surcharge grids be changed?

Lineas has stated from the beginning to preserve the right to make changes to the grid in accordance with changes in the market. Lineas will give the client prior notice hereof.

As hedging and purchasing situations have changed, the surcharge grids for 2023 were published in December 2022 and after legislation was passed in Germany and France, the grids were adjusted in February 2023.

The model is changed in October 2023 for Intermodal traffic and in January 2024 for conventional traffic. It is based on the actual energy cost per line. This follows the development that the cost for Lineas is increasingly decoupled from the energy market price and depends on regional purchasing conditions.

8. Is the energy surcharge applied on Value-Added-Services and penalties?

The surcharge is applied to transportation revenues. This includes revenues from rail transportation and road transportation. It is not applied to handling charges or penalties. The energy surcharge does apply for VAS services that are transportation services (e.g. shunting a train to siding).