



# ACER-ENTSOG Report on the early implementation of the Balancing Network Code (BAL NC)

Final version

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## Executive Summary

The Madrid Forum of 6-7 May 2014 requested ENTSOG and ACER to follow up the implementation status of the Balancing Network Code and present that to the next Forum, with a particular focus on the interim measures planned.

Parties contributing to the report – ACER, ENTSOG, TSOs and NRAs – have cooperated and gathered the necessary information.

The report shows ongoing implementation in the Member States, despite that not all of them move at the same pace. Some countries still face low market liquidity and/ or need significant IT investments in order to comply with the provisions of the code. The report observes that most provisions are implemented at national level and examples of cross-border cooperation remain limited.

The report shares implementation practices and methods as well as indicative implementation dates. The detailed descriptions of the practices and methods shall support ongoing implementation work.

Based on the information collected the report concludes that:

- Two Member States have already implemented the BAL NC by end of 2014
- 13 Member States expect to be fully compliant with the code on either 1 October 2015 or 1 October 2016.
- Seven countries situated primarily in Central and Eastern Europe expect to implement the code by April 2019, applying interim measures.
- Cross-border cooperation primarily takes place between adjacent TSOs in the areas of nominations and Within-day obligations.
- Low market liquidity and significant new investments in IT systems are the main challenges towards full implementation of the provisions in the BAL NC.

## 1 Introduction and purpose

The Network Code on Gas Balancing of Transmission Networks (BAL NC) was published on 27 March 2014<sup>1</sup> and establishes rules for natural gas balancing in EU Member States including network-related rules on nomination procedures, imbalance charges, settlement processes associated with daily imbalance charges and provisions on operational balancing between TSOs' networks. The BAL NC shall apply to balancing zones within the borders of the EU, with the exception of those that hold a derogation on the basis of Article 49 of Directive 2009/73/EC.

The BAL NC will be applicable as from 1 October 2015, unless the national regulatory authority ('NRA') allows the transmission system operator (TSO), based on its justified request, to postpone its application until 1 October 2016. There is also the possibility to opt for interim measures up to five years<sup>2</sup> as from the entry into force of Regulation (EU) No 312/2014 (i.e. until 16 April 2019), under the conditions laid down in Chapter X of the BAL NC.

As requested by the 25<sup>th</sup> Madrid Forum (6-7 May 2014) ENTSOG (European Network of Transmission System Operators for Gas) and ACER (the Agency for the Cooperation of Energy Regulators) are cooperating to provide an overview of the implementation process. This report presents the current state of play regarding the (early) implementation of the BAL NC provisions in EU Member States, highlighting the main barriers to implementation that have been reported so far, the main implementation practices identified, and providing information about the national implementation plans towards the full application of the BAL NC in the different countries.

## 2 Information sources and data collection

The information sources for this report have been the joint responses from the NRAs and TSOs in the EU Member States to which the BAL NC shall apply. The tool used to collect that information has been a questionnaire, jointly prepared by ENTSOG and ACER, which contained a set of questions referring to the implementation of the specific provisions included in each Chapter of the BAL NC.

This questionnaire was submitted on 1 July 2014 to NRAs and TSOs from 22 EU Member States<sup>3</sup> (all except: Estonia, Latvia, Finland Malta and Cyprus which currently hold a derogation on the basis of Article 49 of Directive 2009/73/EC; and Lithuania). Responses were received until 8 August 2014 from all 22 Member States, jointly provided by the NRA and TSO(s) in each country. For Croatia, the questionnaire was only partially completed (3 questions answered)<sup>4</sup>. For the UK, two responses were received (one for Great Britain and another one for Northern Ireland). There were thus in total 23 responses (1 partial) to the questionnaire.

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<sup>1</sup> Commission Regulation (EU) No 312/2014 of 26 March 2014, OJ L 91, 27.3.2014.

<sup>2</sup> And additional 5 years for the case of the interim measure of a balancing platform, pursuant to Article 47(3) of the NC.

<sup>3</sup> The NRA from Luxembourg explained that, until the go-live of the BELUX market zone (integration of the H-gas market in LU with the Belgium H-gas market zone), Luxembourg holds derogation to Regulation 715/2009 according to article 30. Luxembourg will thus not apply the BAL NC according to article 2(2) until then. In this case, answers to this questionnaire are not applicable.

<sup>4</sup> It was not possible to include belated inputs sent by Croatia in early October.

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The following section of this report presents a summary of the results of the answers provided to each specific question by the NRAs and TSOs. Specific comments and explanations are shown where relevant. In any case, all detailed responses to the questionnaire for each country are showed in the annexes to the this report.

### **3 Evaluation of responses to the questionnaire**

#### **3.1 Implementation of the Balancing NC in Europe**

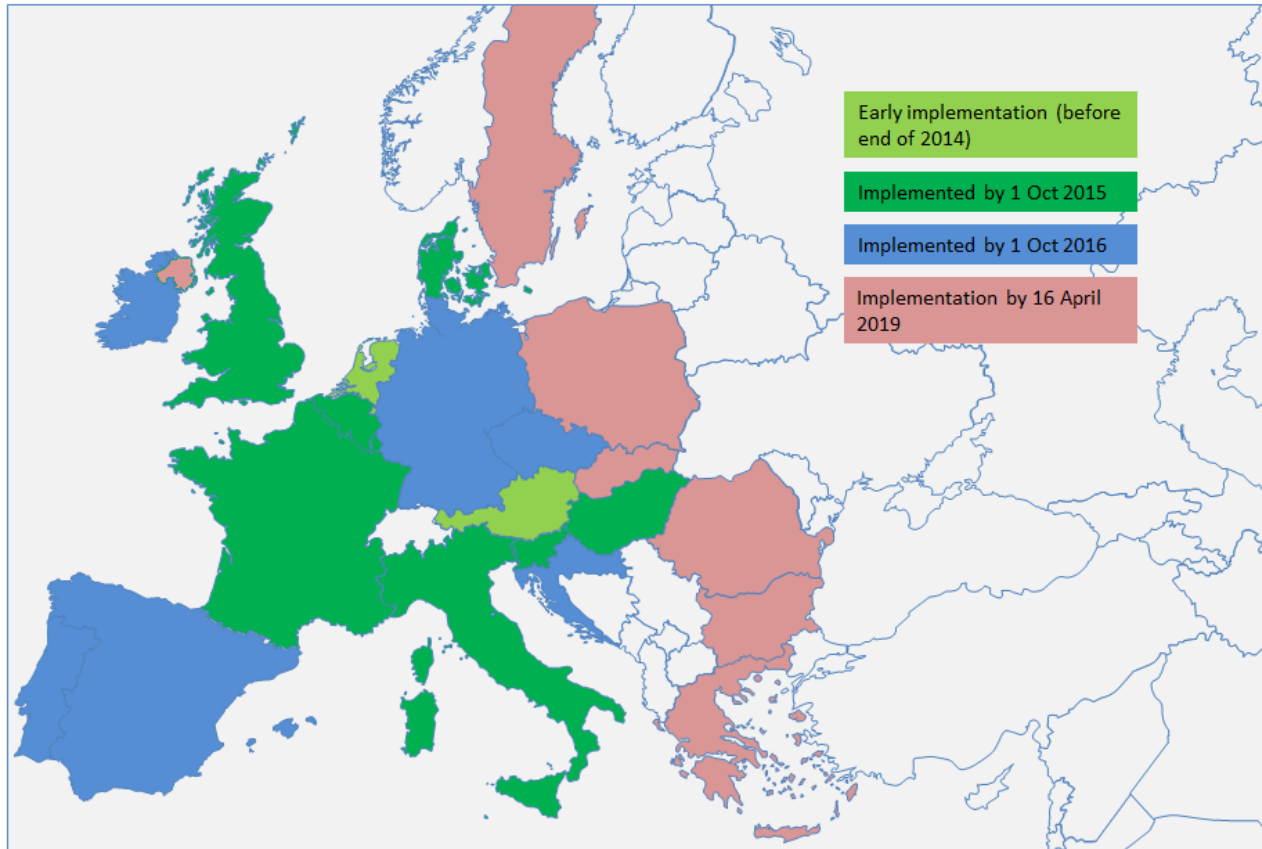
In terms of expected implementation of the BAL NC, significant differences between the various regions in Europe can be noted. Most Member States in North West and Southern Europe have already implemented or are clearly aiming for implementation in either 2015 or 2016 at the latest, whereas most Member States in Central and Eastern Europe opt for the 5 year implementation period which allow for the use of interim measures (Chapter X of the BAL NC).<sup>5</sup>

Many Member States are planning a staged implementation of the various provisions of the BAL NC. Where TSOs wish to apply for either a one-year extension or interim measures, this will necessitate approval by the NRA. In particular, the request to implement interim measures must be delivered to the NRA before October 2014. Map 1 illustrates the expected implementation dates for the Member States. Further details on the implementation dates can be seen in annex III, Table 1. The preliminary detailed implementation plans reported in each country can be found in Annex II.

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<sup>5</sup> At the time of the distribution of this questionnaire, there were still ongoing discussions regarding the exact date of the implementation in PT.

Map 1 : Expected implementation of the BAL NC



### 3.1.1 Implementation barriers reported

12 respondents declared to have identified (possible) issues, risks or barriers to the implementation of at least certain parts of the BAL NC.

Specific areas of concern reported are: potential lack of market liquidity (IT, PL, PT, SK, SE, UK-NI); challenging implementation timescales (GB, PT, SI); the presence of one main source and one main route for gas supplies and the low level of the local production (BG); concomitant changes in the system and industry developments (GB); DSO data provision towards the TSO, allocation rules on DSO networks and the profiled (non-daily metered) customers' forecasting methodology (HU); considerable improvements required in the TSO's IT system to manage the new business processes (IT); readiness of market participants to adapt to the new regime and to assume a central role in balancing activities (IT); required improvements of the metering and meter reading stations (for those which are not owned by the TSO) to comply with the gas day definition (IT); the gap between the obligation to accept unequal nominations (which might be significant due to transit volumes) and the liquidity of the market (SK); the homogenous application of the BAL NC on existing and new contracts (SK); and gathering all the necessary required information (SI). The response from RO referred to the delayed implementation of the Third Energy Package by neighbouring non-EU states as an additional difficulty in their case.

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### 3.1.2 Implementation practices

As a general implementation measure, respondents highlighted the engagement with stakeholders, market consultations, user group meetings and network users' task forces to discuss the preferred solutions when implementing the code.

## 3.2 Cross-border cooperation

The 25<sup>th</sup> Madrid Forum highlighted cross-border cooperation and invited “*ENTSOG and ACER to follow up the implementation by identifying potential issues, promoting the exchange of best practices at national level and supporting cross-border cooperation in the relevant areas*”. For this reason, in the questionnaire submitted to NRAs and TSOs one ad hoc question was dedicated to investigate cross-border activities planned and/or already performed for each chapter of the BAL NC.

Almost all respondents indicated that some level of cross-border cooperation is taking place with the adjacent TSO or NRA. This is also the case in Belgium and Luxembourg, who are aiming at integrating the two gas markets of their countries, which will be the first market integration of its kind between two European Member States. This merger will harmonise the rules between the two countries thereby facilitating the task of suppliers in both countries. The approach includes the establishment of a joint venture to manage the rules and mechanisms for commercial balancing of the integrated market but still allowing the national TSOs to continue to operate their respective networks. The merger is expected to be in place by October 2015.

The main themes that contain elements of cross-border cooperation are nominations and re-nominations; interconnection agreements and provisions for interconnection points; Short Term Standardised Products; implementation of a trading platform, gas day and units; trading possibilities within an adjacent market for balancing purposes.

Regarding Operational Balancing, some countries are already using the option to trade in adjacent balancing zones. This can be seen in Germany, where a market area manager (MAM) is procuring balancing gas at TTF in the Netherlands and other MAM is expecting to do so by October 2014. A number of Member States are also looking into this possibility, but foresee some difficulties with regards to the legal and regulatory framework when recovering balancing costs.

Concerning nominations, some Member States consult neighbouring countries when identifying whether harmonised nominations and re-nominations should be submitted at both sides of the Interconnection Point (Article 16(1)).

With regards to Within Day Obligations, most respondents highlighted extensive consultation with market participants and TSOs/NRAs in adjacent markets. Specific coordination practices were reported in AT, BE, DE, NL and SI.

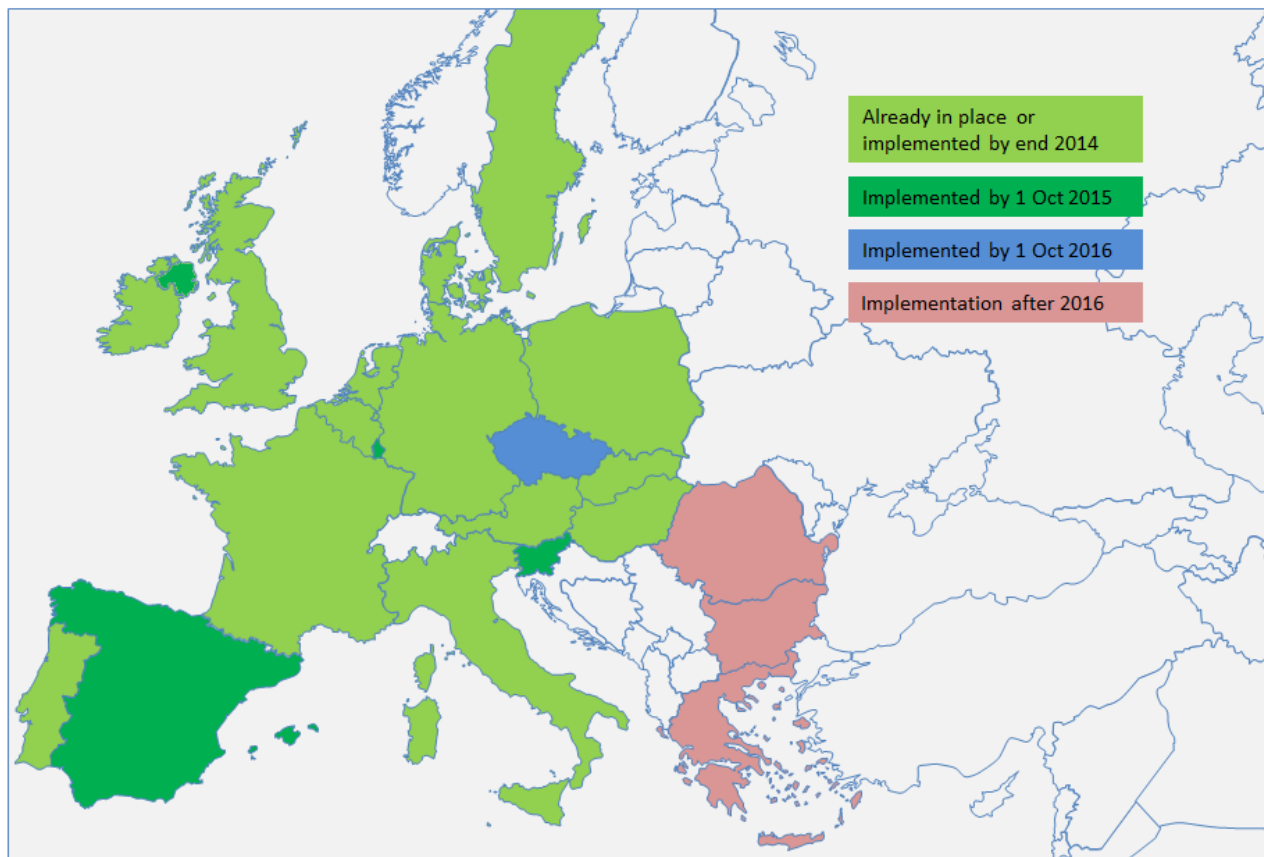
Cross-border cooperation is an area for development which will require further attention in future reviews of early implementation and implementation monitoring of the BAL NC.

### 3.3 Balancing System (Chapter II of the BAL NC)

Trade notifications are introduced in order to allow for an efficient exchange of gas between shipper portfolios within a balancing zone. The introduction of trade notifications is therefore a key enabler for shippers to exchange gas at the virtual point and is essential in promoting the short term market for flexible gas. The majority of respondents have indicated that trade notifications are already implemented in the gas system. In case of mismatched quantities, the lesser rule is applied in a number of countries.

As shown by map 2 below, some countries are however still in the process of introducing trade notifications.

*Map 2: Implementation schedules of trade notifications*



#### 3.3.1 Implementation barriers reported

Only two respondents reported any barriers or complications associated with the introduction of trade notifications in their countries. RO mentioned that communication issues regarding the virtual trading point and the existing trading platforms is an obstacle for a speedy introduction,



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whereas BG sees problems in connection to market liquidity and stated that the operation of a platform allowing trading notifications requires a significant amount of time, without mentioning a concrete timeline.

### **3.3.2 Implementation practices**

The various practices of implementing trading notifications are outlined in annex IV, table 2.

## **3.4 Operational balancing (Chapter III of the BAL NC)**

The operational balancing chapter in the BAL NC describes the rules for transactions at trading platforms. They provide support for trading shippers and for TSOs to procure gas when balancing actions are needed. This chapter therefore stresses the use of Short Term Standardised Products (STSPs)<sup>6</sup> as a way of facilitating the trading process for shippers operating on different national markets. Most Member States are already offering or planning to offer STSPs in the near future.

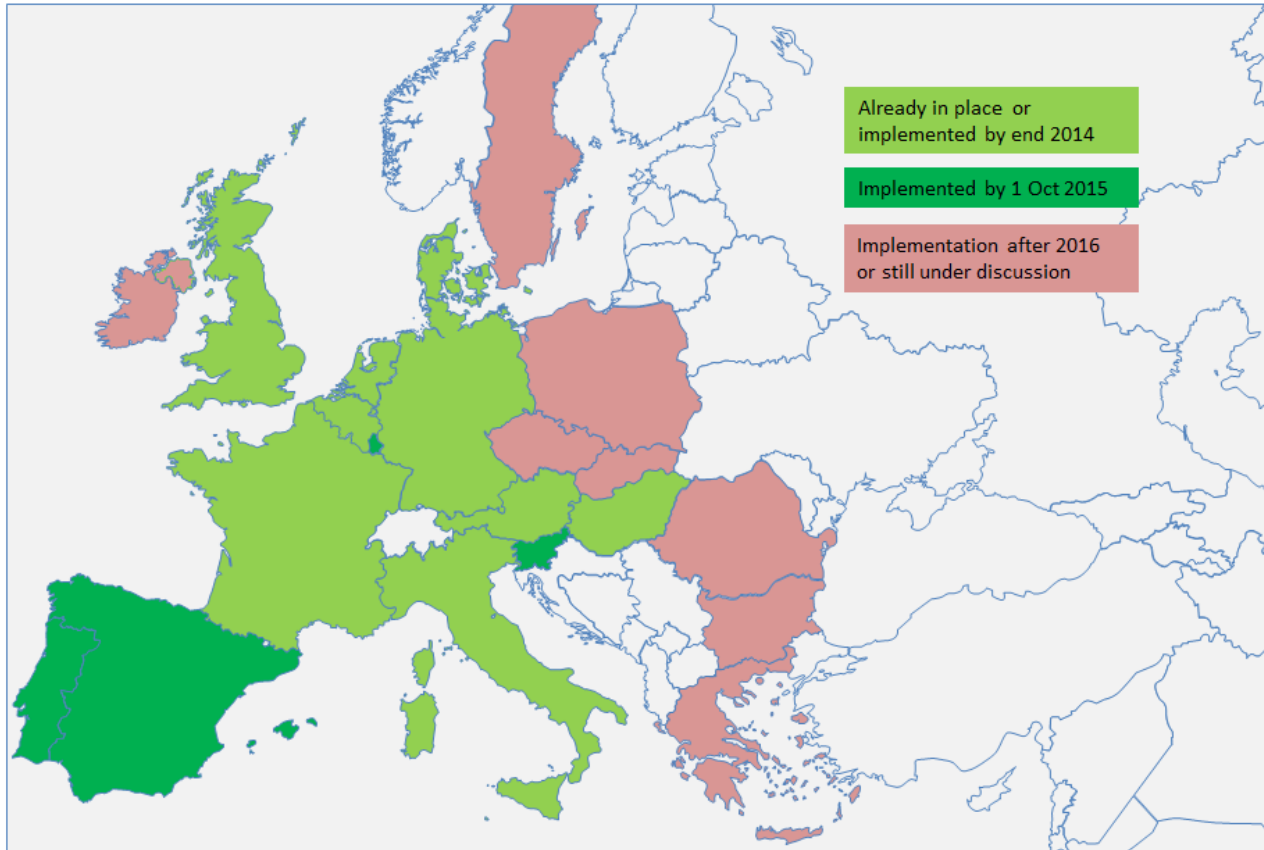
Whenever the use of STSPs is not sufficient to address the needs of the market or the network, the use of balancing services is permitted. Many respondents indicate that they still foresee the use of balancing services despite the introduction of STSPs. Where the market is not sufficiently liquid or when the STSPs will not be able to deliver what the market requests or as a backup for maintaining system stability, balancing services will still remain an option.

In order to offer STSPs a trading platform or a dedicated balancing platform is necessary. As illustrated by Map 3 below, the use of trading platforms is highly diversified in Europe. Whereas trading platforms are in place in most of North West Europe and Southern Europe, they are less common in the countries in Central and Eastern Europe as well as in those countries at the end of the gas networks.

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<sup>6</sup> STSPs are tradable products that both the TSO and shippers can trade.

*Map 3: Implementation of trading platform*



### 3.4.1 Implementation barriers reported

Seven respondents declared to have found or be facing or expecting barriers related to the implementation of STSPs: BG, DK, IE, PL, PT, SE and SK. The main barriers impeding the implementation of STSPs are reportedly low levels of market liquidity and the time and resources that are needed to establish a trading platform. Many of the same countries who foresee such types of barriers also predict the use of interim measures and the use of a balancing platform in order to stimulate the short term market.

Some Member States expect that STSPs may not always be able to address the needs of the market and foresee the use of balancing services. Respondents expect balancing services to be useful in cases where the products cannot provide an adequate response to keep the transmission network within its operational limits. Balancing services can be foreseen where imbalances occur and the current interconnection cannot satisfy the need for flexible gas, but can also be employed at some entry points of the transmission network, e.g. at some LNG terminals.

### 3.4.2 Implementation practices

Only two respondents are using incentives to balance and trade efficiently. In one case (GB) the NRA incentivises the TSO to balance and trade efficiently through the so-called Residual

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Balancing Incentives. In another case (HU), the TSO already takes a merit order into account while doing the balancing actions. Annex V, table 3 provides a list of the all products that are offered or planned to be offered in each Member State. Annex V, table 4 and 5 provides an overview of the Member States using balancing services and their characteristics.

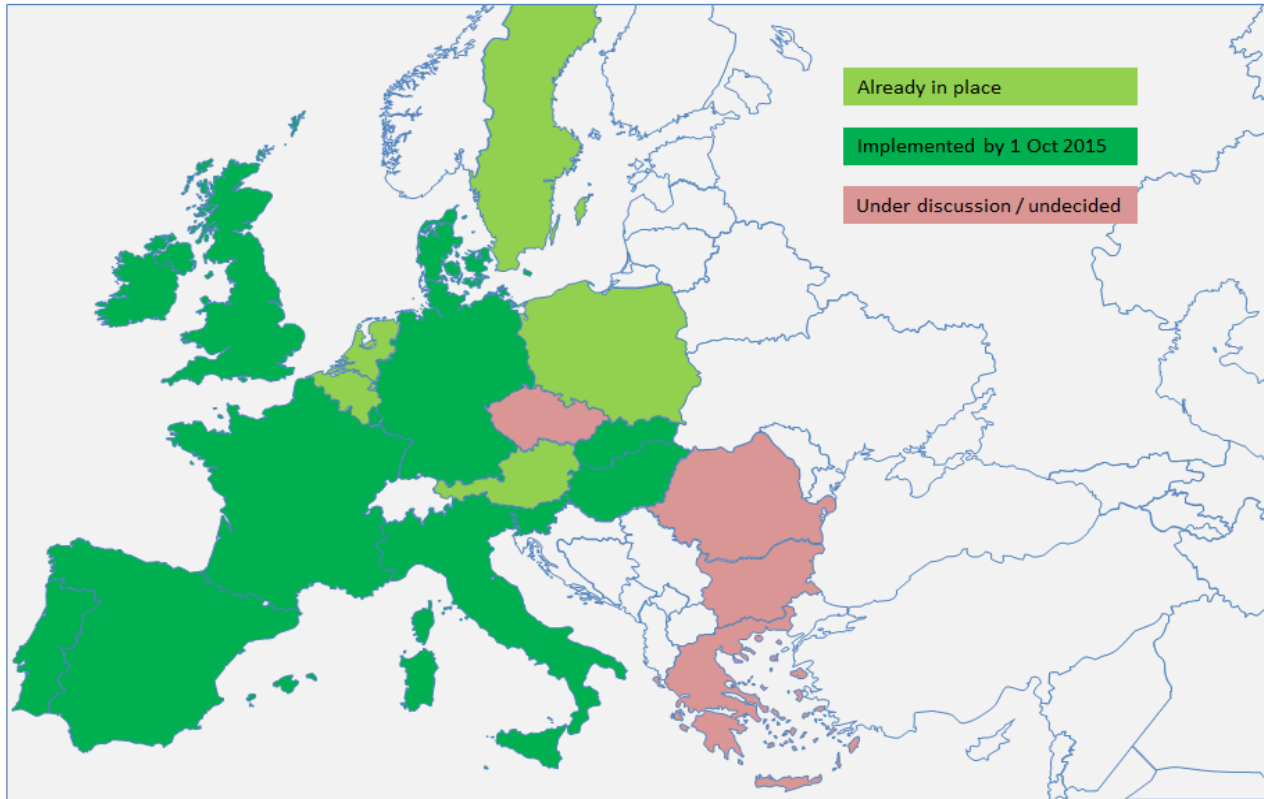
### **3.5 Nominations (Chapter IV of the BAL NC)**

Nominations are a central part of the BAL NC. The BAL NC sets out a set of basic nomination and re-nomination rules for shippers and for TSOs to follow when nominating and re-nominating gas quantities at Interconnection Points. As can be seen in the map below, the majority of the respondents indicate that they plan to have implement the provisions outlined in the BAL NC regarding nominations by 1 October 2015. Some countries have done a partial implementation whereas the rest of the respondents are still not fully compliant.

Some TSOs require network users to provide further information than the requirements set by the BAL NC. These requirements include non-binding information regarding intraday-metered consumers distributed to network users (FR); a programme of hourly inputs and offtakes for the whole balancing zone (NL); weekly forecast of supply at Eastern entry points with non-EU countries); or a forecast for the next three days (SE). Some countries (ES, IT) also require non-binding annual, monthly and weekly nomination programmes.

Map 4 below indicates the planned implementation of nominations across Europe.

*Map 4: Implementation of nomination provisions*



### 3.5.1 Implementation barriers reported

Respondents have indicated a number of challenges and issues that could complicate or delay an efficient implementation of nominations and re-nominations in the national balancing regime. Some countries stressed issues at interconnection points related to interoperability and interconnection agreements with neighbouring TSOs (BG, FR); others mentioned that necessary changes in the IT systems could pose a challenge (EL, HU, IT). Finally, one Member State (SK) bordering a non-EU country where the BAL NC is not implemented mentioned this as a potential challenge. In that case, significant imbalances and the lack of liquidity in the local market could impede an efficient use of STSPs in order to balance the system.

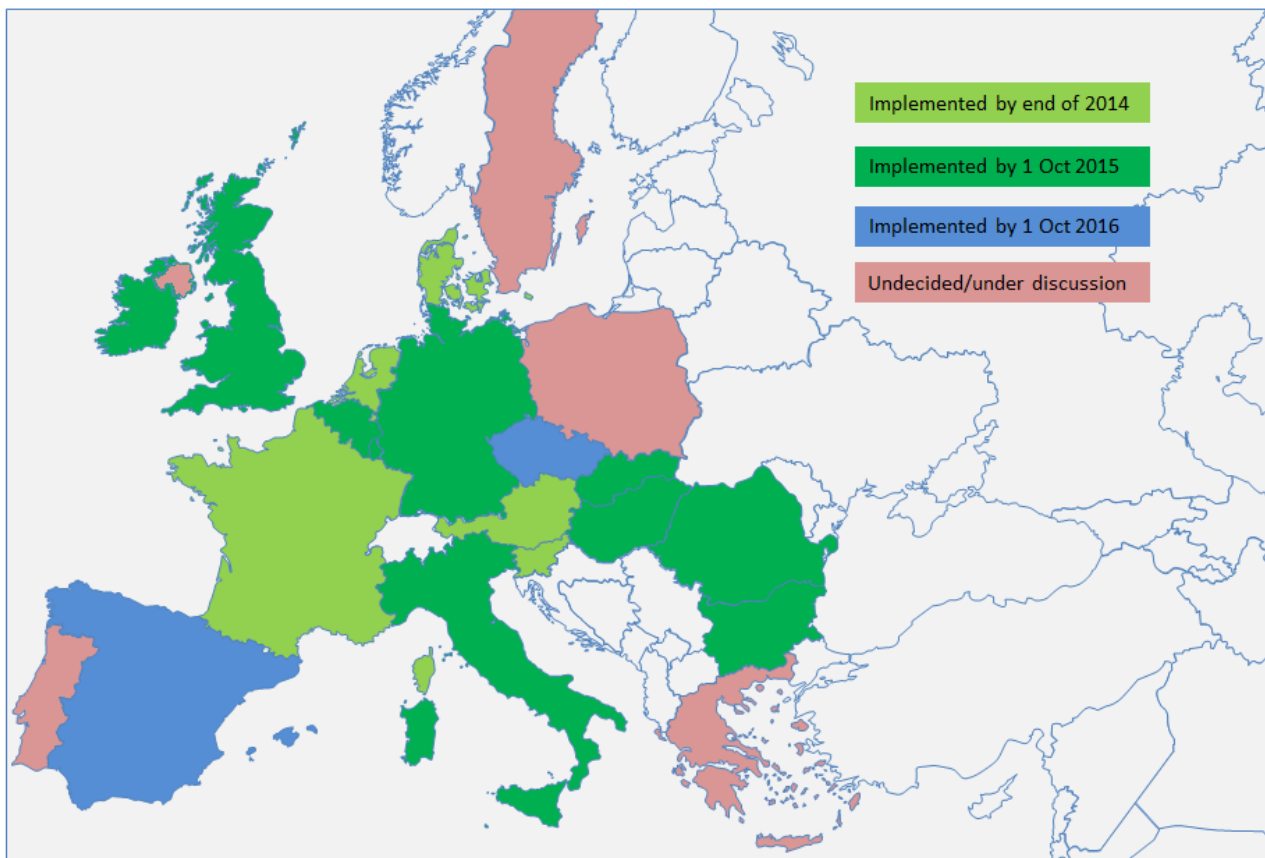
### 3.5.2 Implementation practices

National implementation schedules of nominations can be consulted in annex VI, table 6. The review of the implementation of this provision should be carried out after the implementation deadline of October 2015.

### 3.6 Daily imbalance charges (Chapter V of the BAL NC)

The main purpose of the daily imbalance charge mechanism is to incentivise shippers to balance their inputs and offtakes. The objective is to induce shippers to trade to be as close to a balanced position as possible, in order to limit their individual exposure to a daily imbalance charge. The daily imbalance charge mechanism is calculated taking into account the sales and purchases of title products thereby determining a marginal sell and buy price of a given day plus a small adjustment. In cases where the marginal sell and buy prices cannot be calculated, a default rule can be applied. Map 5 below indicates when Member States expect to have the methodology of the daily imbalance charge implemented.

*Map 5: Planned implementation of the Daily Imbalance Charge mechanism*



\* UK-NI expects to refine the imbalance charges in case interim measures are implemented.

\*\* SE and SK plans to use article 49.2 in the BAL NC (Interim Measures) for calculating the daily imbalance charges: “the price derivation may be based upon an administered price, a proxy for a market price or a price derived from balancing platform trades”.

### 3.6.1 Implementation barriers reported

A number of issues were identified as potential barriers when setting the methodology of the daily imbalance charge by some respondents in countries with low levels of liquidity and inconsistent information provision. One major theme is the lack of market liquidity necessary to establish a market efficient imbalance charge. Another aspect was the Insufficient information provision regarding consumers without daily metering and inconsistent information exchange between TSOs and DSOs. Finally, some respondents had encountered difficulty in identifying the network users causing imbalance in the system, thereby complicating an efficient application of the daily imbalance charge methodology.

### 3.6.2 Implementation practices

Annex VII, table 7 describes how daily imbalance charges are established in various Member States and for examples on how a default rule can be defined in the absence of market price on a given Gas Day.

## 3.7 Within Day Obligations (Chapter VI of the BAL NC)

Within day obligations (WDOs)<sup>7</sup> is a tool can be applied to securely operate the network. The BAL NC provides for specific rules and their consequences relating to shippers' inputs and off-takes, which are derived to ensure flows consistent with those necessary to maintain system integrity during the gas day. WDOs may comprise either specific obligations or incentive mechanisms on shippers' behaviour to minimise the need for balancing actions for keeping the system within operational limits during the day.

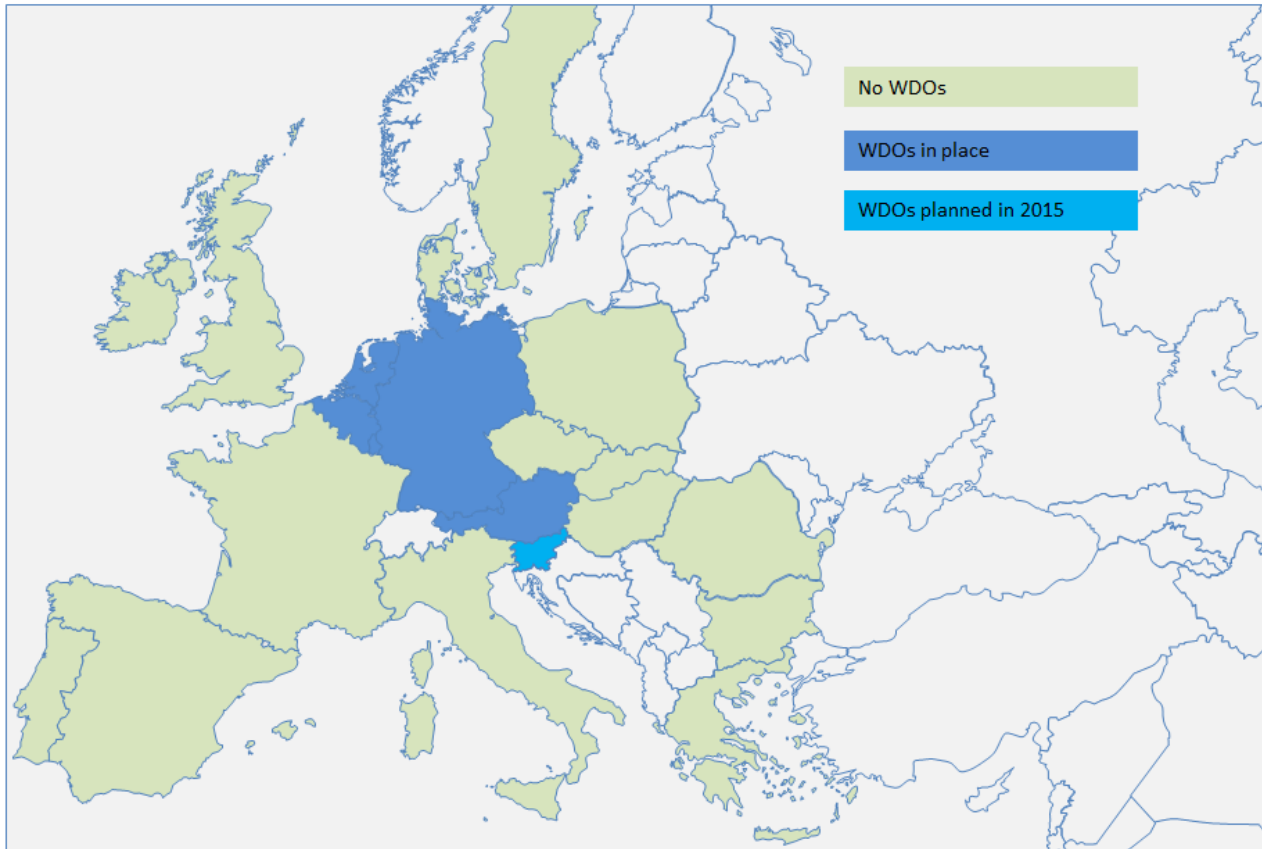
Six respondents declared to have WDOs already in place: AT, BE, DE, LU, NL and PT (only for power producers). SI is also planning to introduce WDOs in 2015. A characteristic from the WDOs offered is that it provides shippers with hourly information on their market balancing position, thereby providing an incentive for shippers to balance their portfolios. In case shippers are not in balance, the TSOs will trade on the market and transfer the costs to the shippers causing the imbalance.

The TSOs having WDOs reported no major changes when adapting their current systems to the requirements in the BAL NC. Most of them have consulted or will consult stakeholders on the content of the WDOs. Most TSOs also said that the within day charges would not affect the market price. Map 6 below illustrates the countries already having or are planning to implement WDOs.

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<sup>7</sup> As defined in Article 3 of the BAL NC, a Within Day Obligation (WDO) is a set of rules regarding network users' inputs and offtakes within the gas day imposed by a TSO on network users.

Map 6: List of countries using within day obligations



\* Portugal is using WDOs for power producers.

### 3.7.1 Implementation barriers reported

No major barriers were reported by those respondents who intend to change the existing WDOs or implement new ones.

### 3.7.2 Implementation practices identified

Annex VIII, table 8 provides a list of the implementation practices of WDOs.

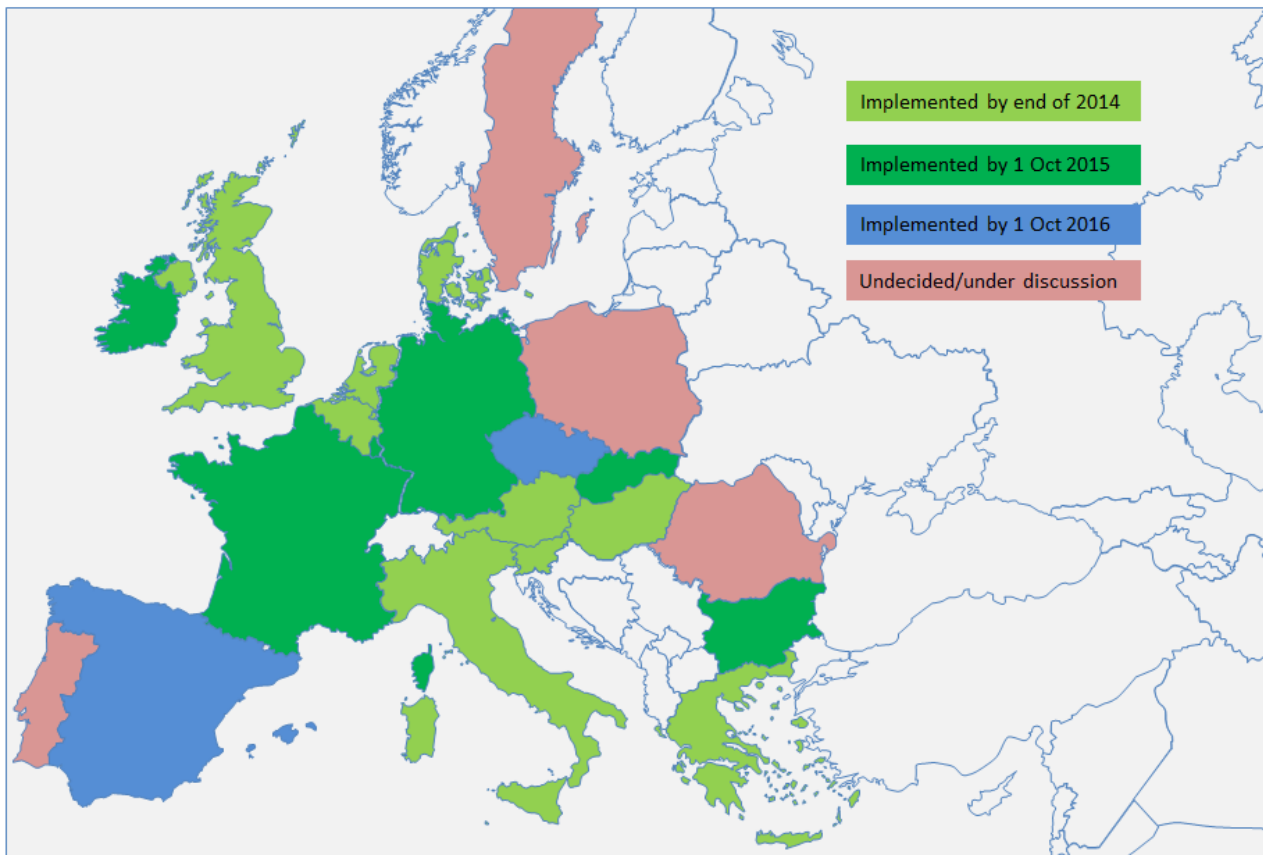
## 3.8 Neutrality (Chapter VII of the BAL NC)

As a principle, the BAL NC states that TSOs must remain cash neutral in respect of cash flows arising from their balancing activities. This means that the TSO shall pass any cost or revenues arising from balancing activities to the shippers. The TSO therefore has a settlement role to administer the financial flows associated with the balancing regime.

A number of respondents mentioned that either all or some of the provisions for neutrality are already in place. The majority of the remaining respondents stated that the neutrality charge

mechanism will be fully operational in due time along with the implementation of the other elements of the BAL NC. Map 7 below shows when countries expect to have their neutrality mechanisms fully implemented.

*Map 7: Implementation of neutrality mechanisms*



### 3.8.1 Implementation barriers reported

No issues have been experienced or are expected in a majority of the Member States. Only three Member States reported a number of barriers when setting up the neutrality charge mechanism: A respondent (BG) foresees some challenges when implementing the BAL NC in conjunction with a new tariff policy as part of the transition process towards a new tariff model. Another respondent (PL) also stated that current national legislation regarding tariffs could interfere when setting up the neutrality mechanism, but foresees this problem to be solved by 1 October 2015. Finally, a respondent (EI) expects some obstacles in terms of sufficiently incentivising network users to manage inputs and outputs. The identification of those network users who cause system imbalances can be challenging.



### 3.8.2 Implementation practices identified

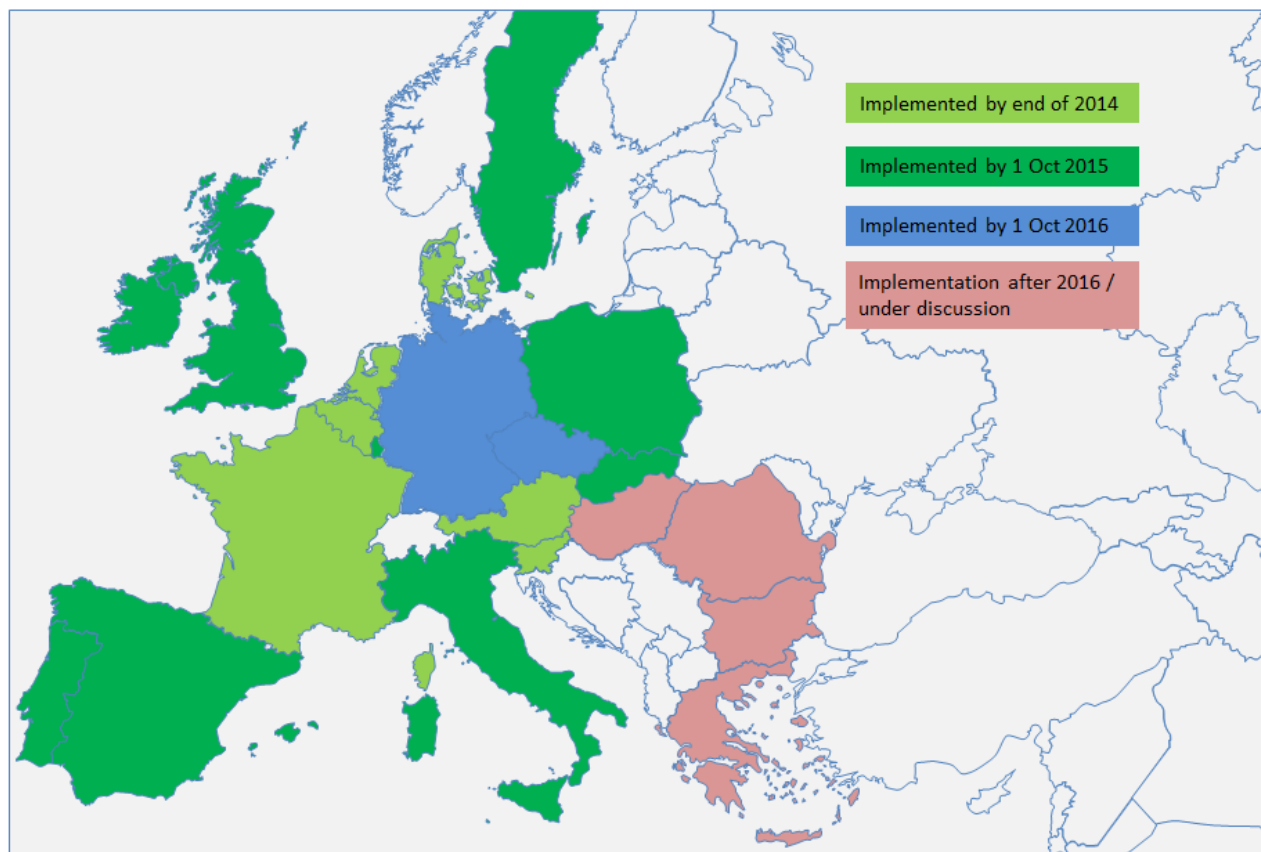
A number of countries described their method of calculating neutrality charges which can be seen in annex IX, table 9.

## 3.9 Information provision (Chapter VIII of the BAL NC)

The BAL NC outlines a number of provisions regarding the information that the TSO shall provide to shippers during the gas day. These requirements cover Non Daily Metered Offtakes (NDM), Intraday Metered Offtakes (IDM), and Daily Metered offtakes (DM). Chapter VIII in the BAL NC identifies three information models that can be applied by Member States in order to provide the forecasts and updates necessary for network users to balance their portfolios efficiently.

As can be seen from Map 8 below, the implementation schedules show a divers picture of countries having different expectations of when all the relevant provisions would be implemented.

*Map 8: Implementation of information provisions*



\* Denmark will implement the IDMS/DMS part by 1<sup>st</sup> October 2015

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A table with the information models in place or planned to be applied in the different countries is included in annex X.

### **3.9.1 Implementation barriers reported**

Respondents highlighted a number of challenges regarding new IT and SCADA and upgrading metering systems, which could prolong the implementation of the information provision chapter. Some respondents also highlighted that the national DSOs' information was not always deemed consistent and reliable and questioned the DSOs' ability to deliver information at the right time.

### **3.9.2 Implementation practices**

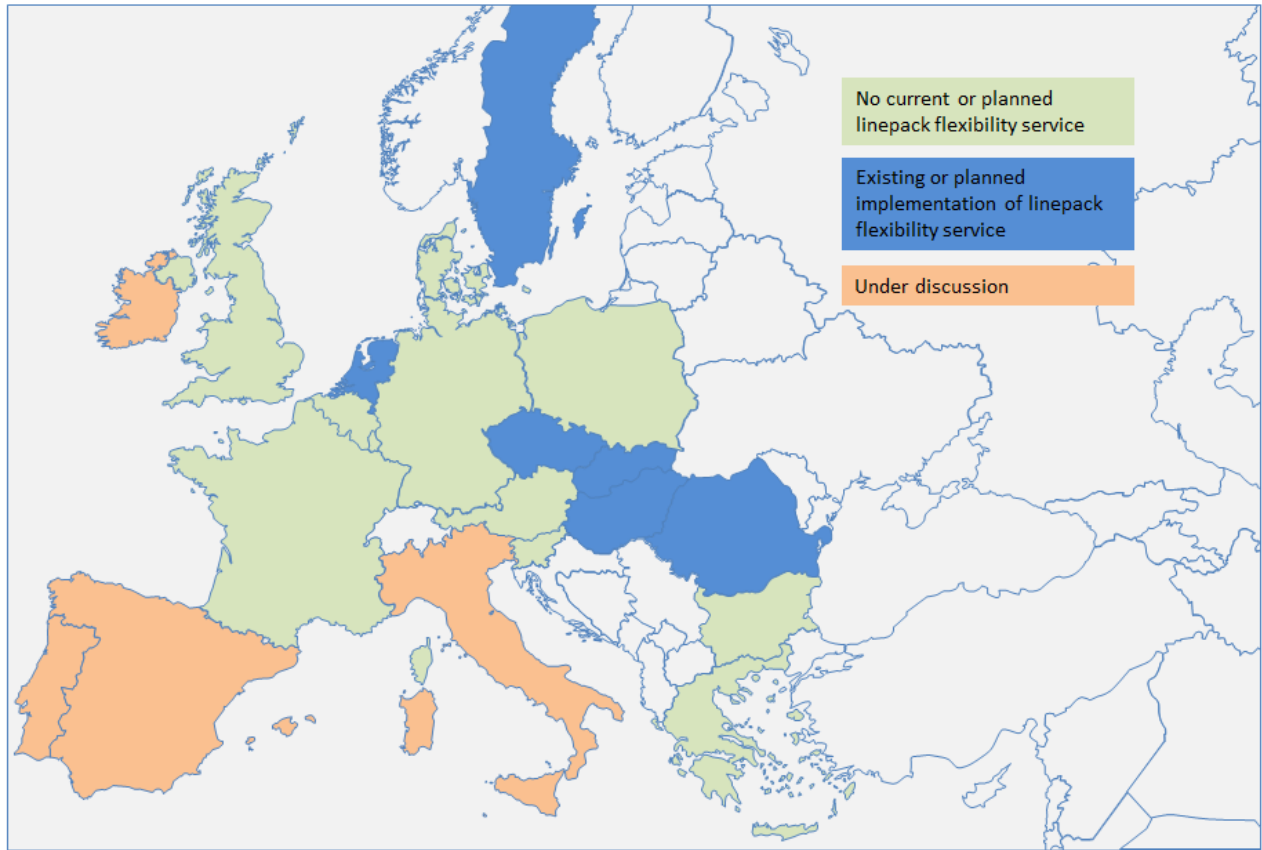
A list with the information models being used as well as several detailed implementation practices are outlined in annex, table 10 and table 11. This area requires a review after the implementation deadline and ongoing attention on the efforts made by the DSOs to deliver the required information.

## **3.10 Linepack flexibility service (Chapter IX of the BAL NC)**

The BAL NC provides the possibility to offer a linepack flexibility service to shippers on condition that the main terms and conditions are approved by the NRA. This service shall be consistent with the responsibility of the shippers to balance their inputs and off-takes throughout the gas day.

As can be seen in Map 9, a number of Member States are already offering or planning to offer linepack service in their systems. Four countries are still contemplating the use of linepack flexibility service.

*Map 9: Implementation of linepack flexibility service*



\* Luxembourg offers currently a linepack flexibility service, but this option will not be offered when the BELUX project goes live.

### 3.10.1 Implementation barriers reported

Two respondents highlighted potential issues or barriers for the introduction of such service. In one instance (HU), the use of flexibility service should be clearly delimited from operational balancing and an incentive mechanism should be in place. In another case (PT) linepack availability is dependent on the information model that is established.

### 3.10.2 Implementation practices

Two respondents provided insights into the implementation practices of the linepack flexibility service. Network users (in NL) are allowed to use a linepack flexibility service (LFS). At the end of the day any daily imbalance is stored in the LFS. Shippers are charged 0,4% of the volume weighted average gas price on the gas market of the past 72 hour per kWh used from the LFS. In HU, the TSO is working on a physical parking and lending service.

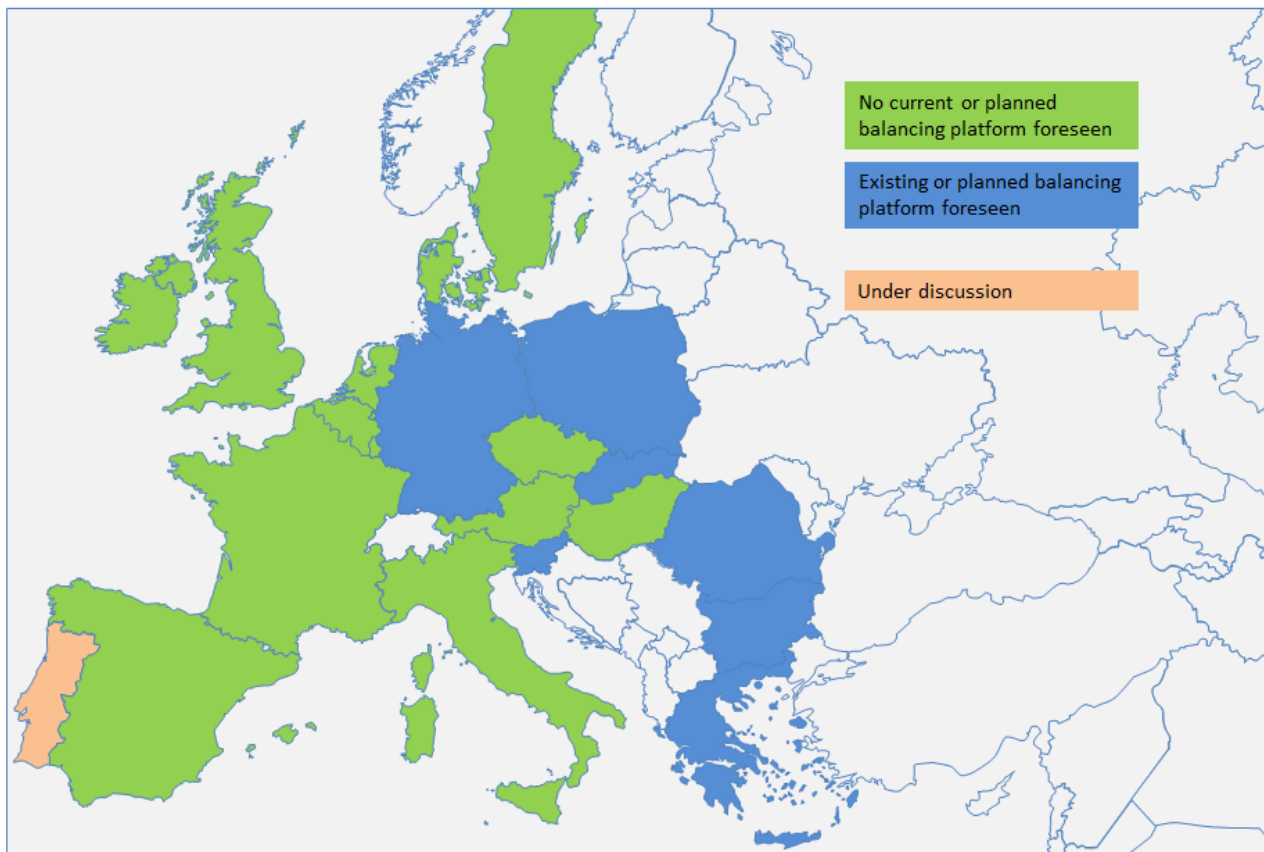
### 3.11 Interim measures (Chapter X of the BAL NC)

As mentioned earlier, Member States can apply interim measures in order to develop a more liquid and competitive short term market. These intermediate steps can consist of establishing a balancing platform and apply tolerances in order to reduce shipper's financial exposure with regards to the daily imbalance quantity for the gas day. Implementation of the interim measures shall be accompanied by an annual report submitted to the NRA outlining the reasons for the application of the interim measures and the potential continued usage of these.

At least 8 Member States have indicated a planned use of interim measures. These countries correlate with the countries in map 1 who indicate that implementation is expected in April 2019.

Map 10 below provides an overview of the current or planned used of balancing platforms in Europe. Map 11 shows the Member States expecting to use an interim daily balancing charge whereas Map 12 depicts the envisaged use of tolerances as an interim measure. Map 13 shows Member States envisaging implementing an alternative to a balancing platform.

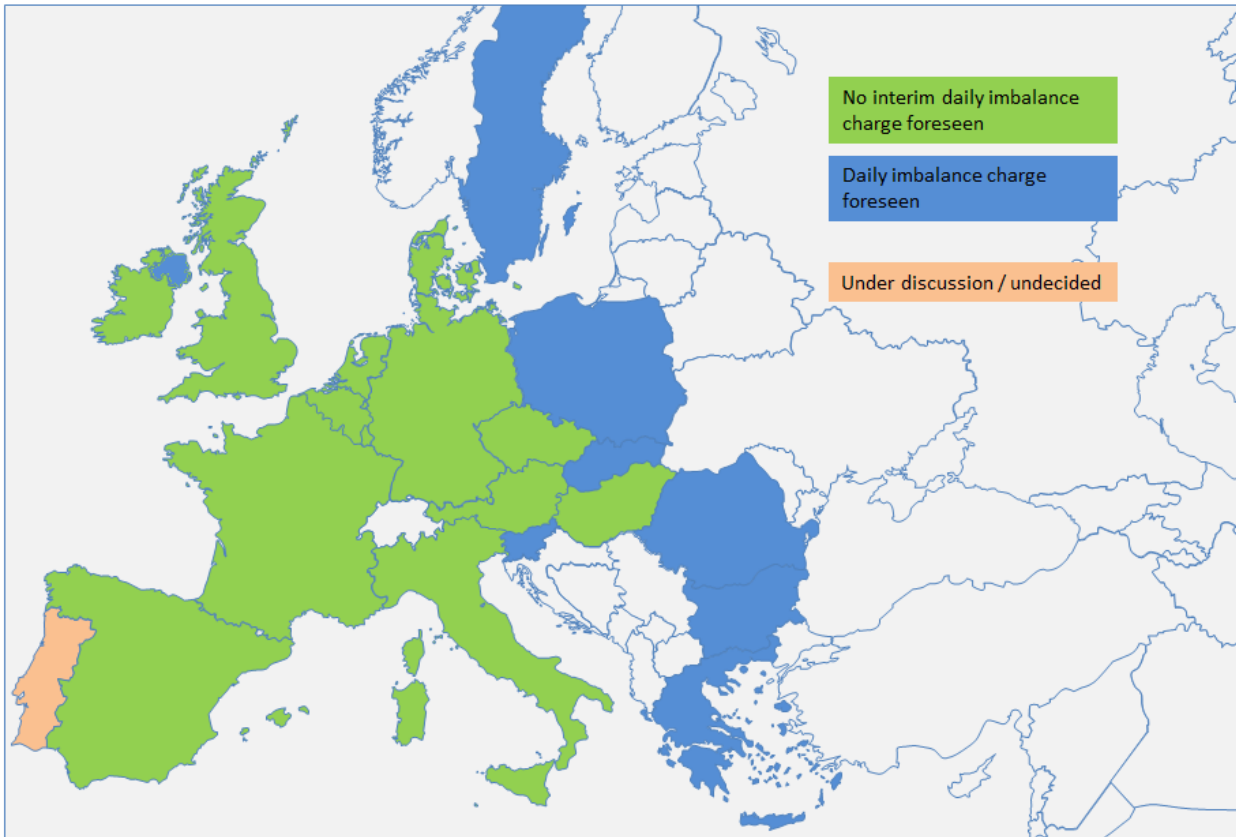
*Map 10: Interim measures - overview of current or planned use of balancing platform*



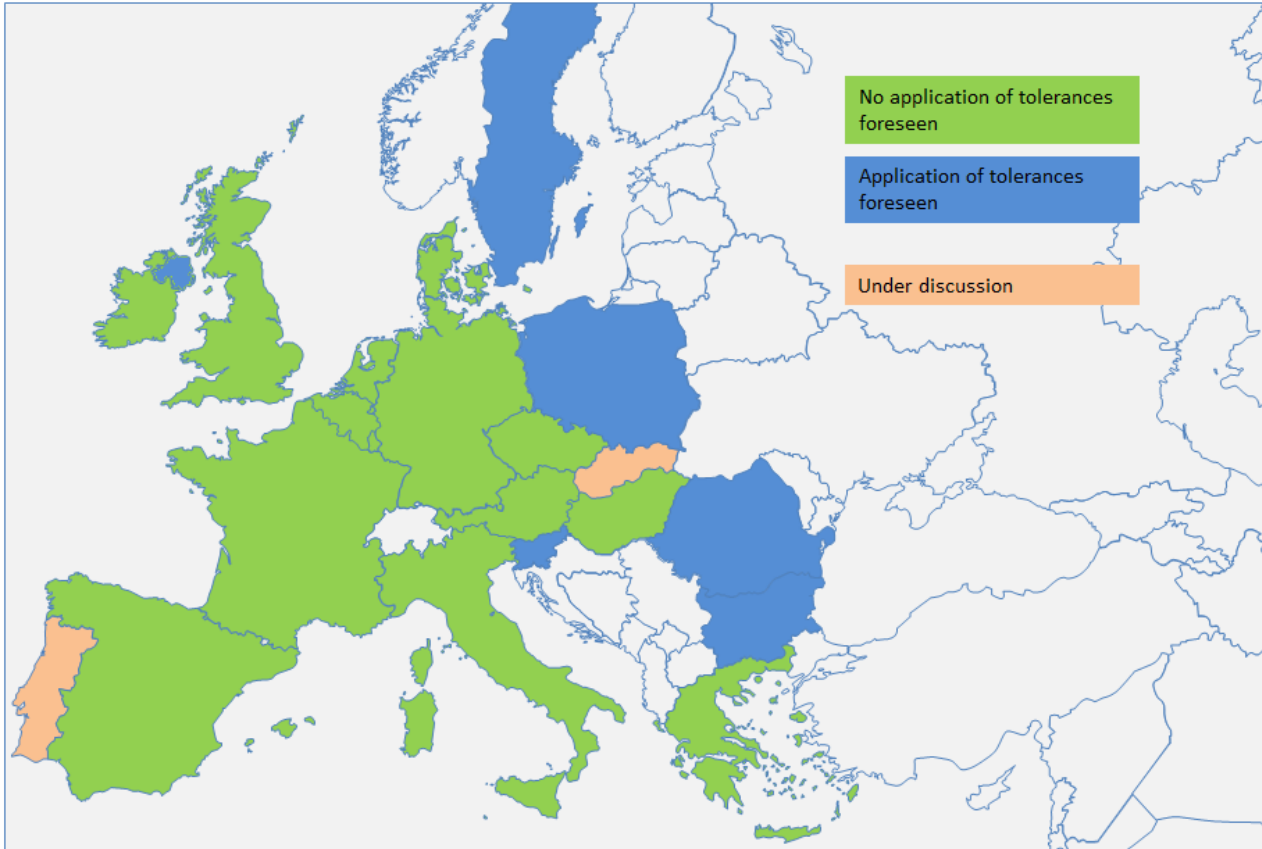
\* It is relevant to point out that the above map should be looked at in conjunction with map 3 in section 3.4 (implementation of a trading platform, page 11). The existence of a trading platform fulfilling all conditions in Article 10 of the BAL NC makes in principle unnecessary to establish a dedicated balancing platform. It is

noted that most countries where a balancing platform is existing or planned do not have a trading platform in place, except in Germany.

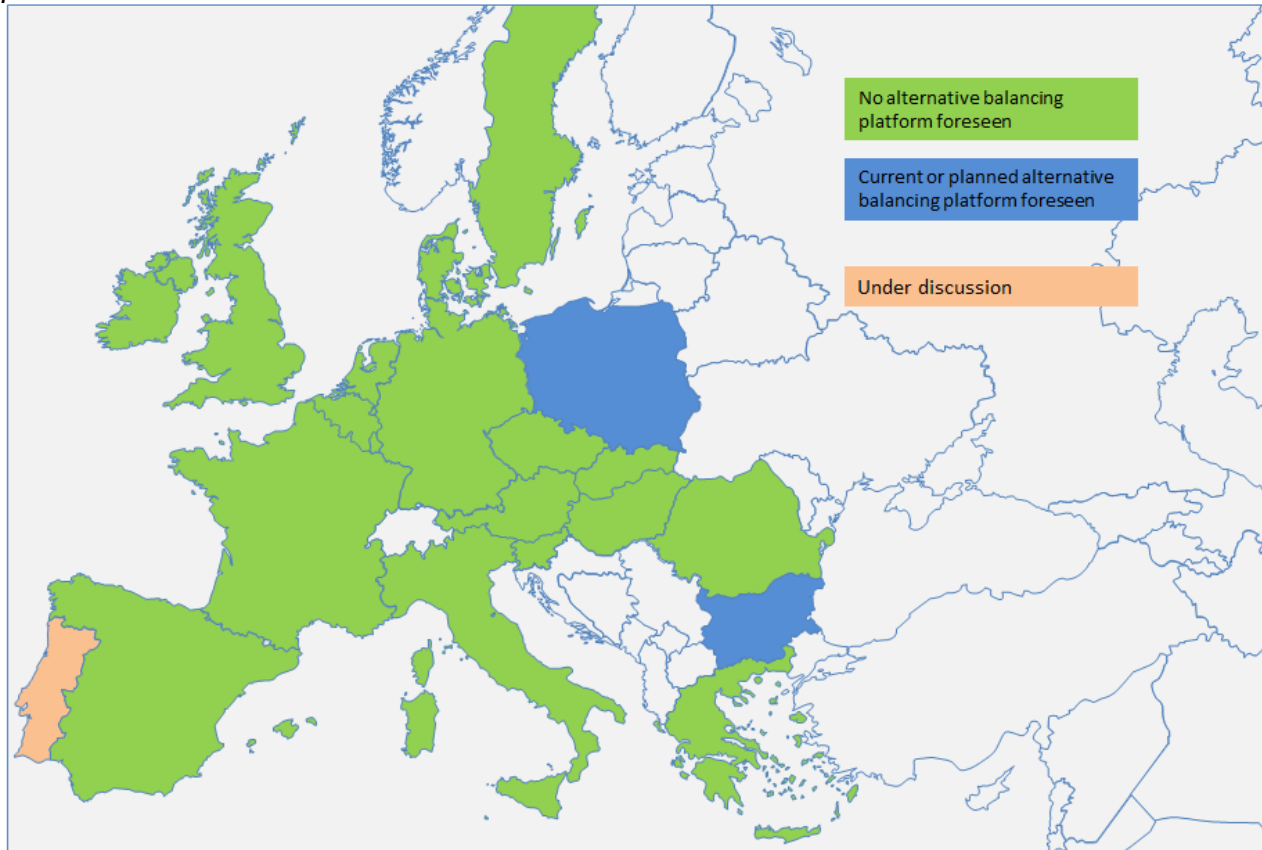
Map 11: Interim measures - overview of current or planned use of interim daily imbalance charges



Map 12: Interim measures - overview of planned application of tolerances



*Map 13: Interim measure - overview of current or planned use of an alternative to a balancing platform*



### 3.11.1 Implementation barriers reported

The main reasoning for not implementing all elements of the BAL NC before 2015 or 2016 is mainly due to lack of liquidity in the market. The use of interim measures therefore aim to ease and facilitate the transfer from a non-liquid market into a market where network users are responsible for balancing their own portfolios and where the intention is to limit TSO trade to residual balancing.

### 3.11.2 Implementation practices

A number of Member States expect to use balancing platforms in order to stimulate liquidity in the short term market. In the absence of a well-functioning trading platform, the expectation is that the balancing platform will help facilitate the new role for network users to balance their own portfolios. Annex XI, table 12 provides a full list of the Member States expecting to apply for a balancing platform.

The usage of an interim balancing charge is also foreseen in some Member States. This will compensate for the lack of a liquid market or a trading platform and incentivise network users to

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be in balance at the end of the day. Please see Annex XI, Table 13 for a list of countries who envisage this feature.

Some Member States also expect to apply tolerances. Annex XI, Table 14 provides a view of countries who envisage implementing tolerances as a temporary interim measure. A list of Member States who expect to implement an alternative to a balancing platform can be seen in Annex XI, Table 15.



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## 4 Conclusions and way forward

This report demonstrates that the implementation of the BAL NC is well under way in most countries in Europe. TSOs and NRAs have been engaging in extensive discussions involving market participants in order to assure the best possible framework for implementing the code.

Most of the provisions of the code will be implemented on a national basis and do not require international cooperation per se. However, as mentioned in chapter 3.2, some cross-border cooperation does take place where it is practicable and feasible and is in accordance with the BAL NC.

The report also proves that there are still a number of barriers and challenges that need to be addressed and overcome to assure an efficient implementation. Respondents particularly highlight the lack of liquidity in the local market and substantial IT investments as primary obstacles for an efficient implementation. Some Member States are therefore planning to apply for the interim measures which allows for a longer implementation period and the possibility to deploy a number of tools to ease the process towards full compliance with the provisions in the BAL NC. In those cases there should be a clear identification of the existing issues and the detailed steps planned in order to improve the current situation and move from the interim measures to the full implementation of the BAL NC (Article 46 (1) (d)).

As mentioned throughout this document, tables of methodologies, procedures and practices can be found in the annexes of this report. This information could help not only to overcome potential obstacles, but could also provide practical insight for market participants in Europe who are affected by the BAL NC.

ACER and ENTSOG have elaborated this report in close cooperation with TSOs and NRAs who have both been highly cooperative and provided ample responses to the questionnaire. The goal has been to identify challenges, share implementation practices and provide guidance with the aim of creating a knowledge framework and thereby ease the implementation of the BAL NC.

ACER and ENTSOG will build on this experience and continue to coordinate their efforts in following up the early implementation of the BAL NC until it becomes legally binding in October 2015. Such coordination in close cooperation with key actors and relevant stakeholders will enhance the possibility of successful implementation of the network code with the aim of creating a more coherent internal gas market in Europe.

## Annex I: List of abbreviations and country codes

Acronym	Definition
ACER	Agency for the Cooperation of Energy Regulators
ENTSOG	European Network of Transmission System Operators for Gas
NRA	National Regulatory Authority
TSO	Transmission System Operator
EC	European Commission
EU	European Union
MS	Member State
BAL NC	Balancing Network Code
IP	Interconnection Point
WDO(s)	Within Day Obligation(s)
MAM	Market Area Manager
STSP(s)	Short-Term Standardised Product(s)
DM / NDM	Daily metered / Non-daily metered

Acronym	Country
AT	Austria
BE	Belgium
BG	Bulgaria
CZ	Czech Republic
DE	Germany
DK	Denmark
EE	Estonia
ES	Spain
FI	Finland
FR	France
EL	Greece
UK-GB	Great Britain
HR	Croatia
HU	Hungary

Acronym	Country
IE	Republic of Ireland
IT	Italy
LT	Lithuania
LU	Luxembourg
LV	Latvia
UK-NI	Northern Ireland
NL	Netherlands
PL	Poland
PT	Portugal
RO	Romania
SE	Sweden
SI	Slovenia
SK	Slovakia
UK	United Kingdom

## Annex II: National implementation plans

### Austria

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
Implementation of the NC principles on TS level with the new Austrian gas market model	1 Jan 2013	Yes, further coordination with neighboring countries.	both

## Belgium

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
1 Introduction of Entry-Exit Model with system-wide within day obligations	1/10/2012	Yes, with all	Both
2 Introduction of Recommendation document for WDO to CREG Approval of Recommendation document for WDO by CREG	29/4/2014 September 2014	Yes, with all	Both
3 Introduction of Fluxys Belgium designation as Forecasting Party Fluxys Belgium designated as Forecasting Party	29/4/2014 September 2014	No	Both
4 Compliancy of nomination and matching process	1/7/2014	Yes, all TSOs	Both
5 Modification of Daily Imbalance Charge	1/10/2015	Yes, Luxembourg in the framework of the BeLux market integration	Both
6 Introduction of Neutrality Charge	1/10/2015	Yes, Luxembourg in the framework of the BeLux market integration	Both

## Bulgaria

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
1. Planned measure – the terms and conditions for market balancing are envisaged in the Draft Rules on natural gas trading.	2015	Yes, with Greece and Romania	NRA and TSO
2. Planned measure – the introduction of temporary measures under art. 46-50 is envisaged, namely annual report, balancing platform, imbalance charge and eligible deviation in the Draft Rules on natural gas trading.	2015	No	NRA and TSO
3. Implemented measure – submission of balancing nominations by the users to the TSO, which is envisaged in the Contract of Bulgartransgaz EAD for natural gas transmission through the gas transmission networks.	01.01.2014	No	TSO
4. Implemented measure – TSO sends to the customers a Notification to replenish/reduce the linepack, which is envisaged in the Contract of Bulgartransgaz EAD for natural gas transmission through the gas transmission networks.	01.01.2014	No	TSO

## Croatia

Main milestones planned/achieved according to the chapters of BAL NC	Expected deadline/Timing	Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)	Who is responsible (NRA; TSO; both)
<i>Discussion between responsible parties is ongoing. Full implementation by 1. Oct 2016</i>	-	-	NRA, TSO and market operator

## Czech Republic

Main milestones planned/achieved according to the chapters of BAL NC	Expected deadline/Timing	Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)	Who is responsible (NRA; TSO; both)
<i>Discussion on national level is ongoing. Specific milestones and their timing will be determined.</i>	-	-	-

## Denmark

Main milestones planned/achieved according to the chapters of BAL NC	Expected deadline/Timing	Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)	Who is responsible (NRA; TSO; both)
1. Implementation of the vast majority of the changes required from the Balancing Network Code.	1 <sup>st</sup> October 2014	No	Energinet.dk based on methodology approval from DERA.
2. Implementation of the final rules for providing nDMS data plus any minor understanding changes.	1 <sup>st</sup> October 2015	No	Energinet.dk with possible follow-up approval from DERA.



## France

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
1 Marginal price	1 May 2014		both
2. Balancing system	already implemented BAL NC provisions		
3. Operational Balancing	1 Oct 2015		
4. Nominations	1 Oct 2015		both
5. Neutrality Arrangements	1 Oct 2015		
6. Information Provision	End of 2014		

## Germany

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both):</b>  <b>NRA: determination proceedings for redesigning the basic model for the balancing regime</b>  <b>TSO: implementation of the determination proceedings</b>
1. Balancing system	1 Oct 2015	Every adjacent country will be informed via a circulated implementation-document regarding the second phase of consultation and every country will have the opportunity for comments just as during the first consultation.	both
2. Operational balancing	1 Oct 2015		both
3. Nominations	1 Oct 2015		both
4. Daily imbalance charge	1 Oct 2015		both
5. Within day obligations	1 Oct 2016		both
6. Neutrality arrangements	1 Oct 2015		both
7. Information provision	1 Oct 2016		both
8. Linepack flexibility service	Not applicable		
9. Interim measure: existing balancing platforms	16 April 2019		both

## Great Britain

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
1. Modification 0489 Information Provision	1st October 2015	No	Both
2. Modification 0493 Nominations	1st October 2015	No	Both
3. Modification 0494 Imbalance Charges	1st October 2015	No	Both
4. Information System supporting changes	1st October 2015	No	TSO

## Greece

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
1. Change of Gas Day	01.11.2015	Bulgaria, Turkey (not required by BAL NC)	Both
2. Change of units / reference conditions (from MWh/Day (0°C/ 0°C) to kWh/Day (0°C / 25°C)	01.11.2015	Bulgaria, Turkey (not required by BAL NC)	TSO
3. Trade notifications / allocations	16.04.2019		Both
4. Definition of short – term standardized products	01.07.2016		Both
5. Balancing services	Already in place		
6. Trading platform	16.04.2019		Both, plus relevant national authorities
7. Information regarding nominations / re-nominations at IP	01.11.2015 (concerns only the IP)	Bulgaria, Turkey (not required by BAL NC)	Both
8. Nomination / Re-nomination procedure at IP	16.04.2019	Bulgaria, Turkey (not required by BAL NC)	Both
9. Daily imbalance quantity calculation	Already in place		
10. Applicable price / Daily imbalance charge	01.01.2016		Both
11. Balancing neutrality cash - flow	Already in place		
12. Credit risk arrangements	01.01.2016		Both
13. Information provision	Full implementation by 01.04.2015 (part of the requirements fulfilled already)		TSO
14. Balancing Platform	01.01.2016		Both

## Hungary

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
1 Full compliance 1/a Trading Platform in place	1 October 2015 1 July 2010	No In case of interest	Hungarian Energy and Public Utility Regulatory Authority, FGSZ

## Italy

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
1. Trade notifications have already been introduced. Some adaptations are however required to be fully in line with the BAL NC provisions (e.g. units)	1 October 2015	This is an internal measure. No need for coordination with adjacent countries	NRA/TSO/ Platform Operator /MS
2. Introduction of the Short Term Standardised Products and of the merit order in the TSO's balancing actions: Title products and Locational products have already been introduced.	1 October 2015	The coordination with the neighbouring countries, Austria and Slovenia, is envisaged according to the provision of the BAL NC.	Both
3. A Trading Platform is already in place. Some improvements are required for the procurement of Short term Standardized Products (in particular for Locational products) as envisaged by the BAL NC	1 October 2015	This is an internal measure. No need for coordination with adjacent countries	NRA/ Platform Operator/ MS
4. Introduction of the nomination and re-nomination process according to the BAL NC	By 1 October 2015 with possible minor adaptations in the subsequent months	The coordination with the neighbouring countries, Austria and Slovenia, is envisaged.	TSO
5. Introduction of the Marginal Sell and Marginal Buy Prices	1 October 2015	This is an internal measure. No need for coordination with adjacent countries	NRA

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
6. Introduction of the information provision measures	1 October 2015 with possible minor adaptations in the subsequent months	This is an internal measure. No need for coordination with adjacent countries	Both
7. Introduction of an incentives system to be applied to the TSO to promote efficient balancing actions	1 October 2015	This is an internal measure. No need for coordination with adjacent countries	Both

## Luxembourg

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
1 Cooperation with Fluxys to create a common balancing zone based on the existing E/E model of Fluxys with system-wide within day obligations	1/10/2015	Yes, with Germany (operational aspects on IP Remich) and with Belgium	Both
2 Introduction of Creos Luxembourg designation as Forecasting Party	1/10/2015	Yes, with Belgium	Both
3 Compliance of nomination and matching process	1/10/2015	Yes, all TSOs	Both
4 Modification of Daily Imbalance Charge	1/10/2015	Yes, with Belgium in the framework of the BeLux market integration	Both
5 Introduction of Neutrality Charge	1/10/2015	Yes, with Belgium in the framework of the BeLux market integration	Both



## Netherlands

Main milestones planned/achieved according to the chapters of BAL NC	Expected deadline/Timing	Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)	Who is responsible (NRA; TSO; both)
<i>Implementation finished</i>	<i>3<sup>rd</sup> June 2014</i>	<i>Not applicable</i>	<i>both</i>

## Northern Ireland

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
Provision of Trade Notifications at UK-NI BP: Shipper to Shipper Trading Functionality	October 2015	No	TSO
Required information in relation to offtakes and inputs (Chapter VI Within Day obligations)	2016	No	TSO
Balancing Services (Chapter X)	Already in use	No	TSO
Rules for Noms and Renoms at IP (Chapter IV)	October 2015	Yes UK and ROI	TSO
Refinement of imbalance tolerance arrangements (Chapter V)	October 2015	No	TSO
Neutrality Arrangements (Chapter VII)	Already in Place	No	TSO
Review of Information Provisions (Chapter VIII)	2016	No	TSO

## Poland

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
Allocations of input and off-takes after the gas day	2005	All necessary details coordinated.	TSO with approval of NRA
Publication of information according to Regulation 715 – Chapter VIII, Article 33	Started in 2011	No	TSO
Trade notifications and allocations (according to Chapter II)	January 2013	No	TSO with approval of NRA
Daily imbalance quantity calculation , daily imbalance charge (Chapter V, Article 21 and Article 23)	January 2013	No	TSO with approval of NRA
Nominations (fully compliance with Chapter IV)	November 2013	All necessary details coordinated (units, gas day, matching).	TSO with approval of NRA
Balancing platform (according to Article 47)	January 2014	No	TSO with approval of NRA
Information provision (according to Article 34, 35, 36 of Chapter VIII)	1 October 2015	No	both
Neutrality arrangements (Chapter VII)	1 October 2016	No	both
No tolerances with regard to daily imbalance quantity (Chapter V) ; Tolerances implemented as the interim measure (Chapter X-Article 50)	1 October 2018	No	both

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
Trading platform for short term standardized products -according to chapter III Article 10;	1 October 2020	No	both
Applicable price for the purpose of daily imbalance charge (chapter V, article 22)	1 October 2020	No	both

## Portugal

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
Nomination and renomination procedures (Chapter IV)	1 October 2015	Yes (Spain and France, in the South GRI)	Both
Revision (at national level) of <i>Metering, Data Acquisition and Information Provision Guide</i> for natural gas sector (Chapter VIII)	2015	No	NRA; TSO, LSO, SSO and DSOs.
Creation of an Iberian Hub	2015	Yes (Spain)	NRA; TSO; OMIE.

## Republic of Ireland

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
1. BAL NC with exception of Chapter 3 'Operational Balancing'	1 October 2015	UK	Both
2. BAL NC inclusive of Chapter 3 'Operational Balancing'	1 October 2016	UK	both

## Romania

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
<p>Phase I: The TSO has submitted to the NRA an amendment proposal to the Romanian Network Code based on following principles defined in the BAL-NC:</p> <ul style="list-style-type: none"> <li>- The network users shall take primary the responsibility to balance their portfolios by matching their inputs in and offtakes from the NTS during the relevant balancing period (gas day);</li> <li>- Stating that the role of the TSO in gas balancing is a residual one by providing incentives, encourages Network Users to balance their inputs and offtakes;</li> <li>- Introduction of the entry-exit system and virtual trading point (VTP);</li> <li>- Introduction of the daily balancing regime;</li> <li>- Introduction of daily nominations and renominations;</li> </ul>	Submitted to NRA on 15.07.2014		both
<p>Phase II: During this phase following chapters will be revised:</p> <ul style="list-style-type: none"> <li>- rules for access to the NTS</li> <li>- rules for capacity reservation</li> </ul>	Submission deadline to NRA on 31.12.2014	Hungary, Bulgaria, Moldova, Ukraine	both
Elaboration of the Interim Measures Report according to chapter 10 of the BAL-NC	Submission deadline to NRA on 15.10.2014		TSO

## Slovakia

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
<i>National implementation plan is in process of preparation.</i>	-	-	-



## Slovenia

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
1. Balancing services	1 Oct 2015		both
2. Daily imbalance charges	1 Oct 2015		both

## Spain

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
1. Nomination/renomination provisions	1 November 2015	Yes, with both, Portugal and France	Both
2. Trade notifications (of transactions at the hub)	1 January 2015	No coordination is envisaged on a first step but Portugal and France are informed of the progress via the South Gas Regional Initiative	Both
3. Development of a trading platform (hub)	1 January 2015	No coordination is envisaged on a first step but Portugal and France are informed about the progress via the South Gas Regional Initiative. In particular, Portugal is involved in the working group created by the Ministry for this purpose.	Ministry of Industry is effectively leading this development, with the cooperation of the NRA and some stakeholders
4. Implementation of the daily imbalance charges	1 October 2016	No coordination is envisaged on a first step but Portugal and France are informed about the progress via the South Gas Regional Initiative.	Both
5. Implementation of the methodology for the calculation of the neutrality charges	1 October 2016	No coordination is envisaged on a first step but Portugal and France are informed about the progress via the South Gas Regional Initiative.	Both

<b>Main milestones planned/achieved according to the chapters of BAL NC</b>	<b>Expected deadline/Timing</b>	<b>Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)</b>	<b>Who is responsible (NRA; TSO; both)</b>
6. Information provision	1 November 2015	No coordination is envisaged on a first step but Portugal and France are informed about the progress via the South Gas Regional Initiative.	Both
7. Linepack flexibility	Under study	No coordination is envisaged	Both

## Sweden

Main milestones planned/achieved according to the chapters of BAL NC	Expected deadline/Timing	Is it envisaged the coordination with neighboring countries? (If yes, which countries are involved?)	Who is responsible (NRA; TSO; both)
<i>Some parts of the national legislation need to be rewritten to be in harmony with the BAL NC</i>	-	-	-

## Annex III: Implementation timelines

*Table 1: Expected implementation date*

<b>Member State</b>	<b>Expected implementation date</b>
2 countries: Austria, the Netherlands*	<i>Up to 31 December 2014</i>
8 countries: Belgium, Denmark, France, Great Britain, Hungary, Italy, Luxembourg, Slovenia	<i>Up to 1 October 2015</i>
5 countries: Czech Republic**, Germany***, Hungary, Ireland, Spain	<i>Up to 1 October 2016</i>
8 countries: Bulgaria, Greece, Northern Ireland, Poland, Romania, Slovakia, Sweden, Portugal****	<i>Up to 16 April 2019 (interim measures)</i>

\* The Netherlands implemented the BAL NC on 1 July 2014, whereas Austria reported to be already compliant.

\*\* Czech Republic will implement the BAL NC by 1 July 2016

\*\*\* Germany will implement the NC by 1 October 2016 except for the use of a balancing platform as an interim measure for 5 years.

\*\*\*\* Still undecided if Portugal will implement in 2016 or will go for interim measures until 2019.

## Annex IV: Balancing system

Table 2: Examples of practises for submitting trade notifications

Member State	Description
AT	The initial trading notifications shall be sent to the operator of the VTP by 2pm with the possibility to amend and renominate the trade notifications for every full hour with two hours lead time. Trade notifications can be sent on a 24/7 basis with an hourly matching process.
BE	Shippers can send trade notifications, these notifications are accepted until 30 minutes before the considered hour.
DE	Trade Notifications were already introduced. In case of a mismatch the Lesser-of Rule applies. Details are laid down in the Balancing Group Contract (see Article 19.10). In addition, the Common Business Practice CBP 2003-002/02 "Harmonisation of the Nomination and Matching Process" applies. Details of the matching process: It is recommended to submit day-ahead nominations of title transfers by 14:00 hrs on D-1. However, day-ahead nominations and re-nominations of trades are accepted until 04:00 hrs. on D-1, i.e. as long as a minimum lead time of at least two full hours prior to the start of gas day D is met. Day-ahead nominations and re-nominations are matched for the first time at 14:05 hrs on D-1. Thereafter, regular matching is performed automatically by the system on an hourly basis at xx:05 hrs until 04:05 hrs on D-1. In addition, the matching process may be triggered manually at any time depending on operational requirements. Intraday nominations and re-nominations of trades are accepted if they are submitted with a lead time of at least two full hours from the next full hour. Intraday matching starts at 05:12 on gas day D. Thereafter, intraday nominations and re-nominations are matched automatically by the system every 15 minutes at xx:27 hrs, xx:42 hrs, xx:57 hrs, and again at xx:12 hrs in the market area of NetConnect Germany. The intraday GASPOOL nominations and re-nominations are matched automatically by the system every hour at xx:01. In addition, in intraday business matching may also be triggered manually at any time depending on operational requirements.
DK	Already today, Energinet.dk provides all shippers with information about what they have bought or sold to Energinet.dk. Therefore, there are no plans to introduce new changes to the existing rules.

<p>ES</p>	<p>OTC trade notifications are already introduced, notification of trading at the hub will be introduced in January 2015.</p> <p>OTC trade notifications can be sent at any time the day before the gas day and till 3 hours before the end of the gas day. Schedule for notifications of transactions at the hub is under study.</p> <p>Rejection in case of mismatched quantities.</p>																														
<p>GB</p>	<p>Where a mismatch occurs then both the acquiring and disposing trade notifications will be rejected.</p> <p>The On-the-day commodity market (OCM) opens for trading from 08:00 day-ahead until 03:35 on the day following the gas day.</p>																														
<p>HU</p>	<p>Trade notifications can be submitted (withdrawn, amended) as follows:</p> <table border="0"> <tr> <td>Day-ahead</td> <td>title</td> <td>product:</td> <td>08.00-22.00</td> <td>D-1</td> <td>for</td> <td>the</td> <td>gas</td> <td>day</td> <td>D</td> </tr> <tr> <td>Within-day</td> <td>title</td> <td>product:</td> <td>06.00-06.00</td> <td>D</td> <td>for</td> <td>the</td> <td>gas</td> <td>day</td> <td>D</td> </tr> <tr> <td>Ex post</td> <td>title</td> <td>product:</td> <td>06.00-10.00</td> <td>D+1</td> <td>for</td> <td>the</td> <td>gas</td> <td>day</td> <td>D</td> </tr> </table> <p>For mismatched quantities, the lesser rule applies.</p>	Day-ahead	title	product:	08.00-22.00	D-1	for	the	gas	day	D	Within-day	title	product:	06.00-06.00	D	for	the	gas	day	D	Ex post	title	product:	06.00-10.00	D+1	for	the	gas	day	D
Day-ahead	title	product:	08.00-22.00	D-1	for	the	gas	day	D																						
Within-day	title	product:	06.00-06.00	D	for	the	gas	day	D																						
Ex post	title	product:	06.00-10.00	D+1	for	the	gas	day	D																						
<p>IT</p>	<p>Yes, we have already introduced trade notifications, however some adaptations might be required to properly fulfil all the BAL NC requirements (e.g. notifications in kWh). Currently the trade notifications are submitted by the Trading Platform Operator at the end of each trading session. Continuous trading on the Platform as well as trade notification as soon as a transaction is concluded is under consideration and will be defined by the TSO in cooperation with the Trading Platform Operator.</p>																														
<p>NL</p>	<p>Trade notifications are implemented as nominations on the virtual point TTF. 30 minutes lead-time. Renominations with 30 minutes lead-time. On mismatch lesser rule is applied.</p>																														
<p>PL</p>	<p>The calendar for submitting, withdrawing and amending trade notifications is the same as for nominations. Lower notification quantity applied in case of mismatched quantities.</p>																														

SE	Yes, trades between the network users are possible if a notification to the TSO is made at least two hours in advance by both counterparties.
SK	The trade notifications are already introduced. The trade notifications are submitted by network users in form of nominations for title transfers. Submission for title transfer nomination – 15:00 SK local time (UTC + 2 hours summer time, UTC + 1 hour winter time) Submission for title transfer confirmation – 18:00 SK local time (UTC + 2 hours summer time, UTC + 1 hour winter time) Re-nomination of title transfer nomination (amendment) – 2 hours lead time. In case of mismatched quantities “lesser rule” is applied.



## Annex IV: Operational balancing (STSPs, Balancing services, VTP)

Table 3: Short Term Standardised Products offered\*

Type of product	Member State where it is offered	Member State where it is planned or under study
Title products	AT, BE, FR, DE, UK-GB, IT, LU, NL, SI, ES, RO	BG,
Locational products	DE*, UK-GB, IT, SI, ES, RO	BG, FR,
Temporal products	AT, DK, NL, RO	UK-GB
Temporal locational products	-	-
All the above products	HU	EL
Flexibility services	DE, UK-NI	
Other products	PL***	

(\*) In CZ, IE and SI, the type of products that will be offered is still to be determined. In PT, it is still under discussion and the STSPs are to be defined in coordination with Enagás, taking in consideration NRA's opinion and considering the result of NRA's public consultation on the 'Models for Market Integration' ongoing until 15 September 2014. In SE there are no plans for short term standardised products in the near future.

(\*\*) In DE, locational market transactions can be made via procurement quality specific + local via own exchange, via exchange in adjacent market areas or via bilateral platforms.

(\*\*\*) In PL, the following products are currently offered:in the Balancing Services Market:

- Gas delivery (by network user) at the Virtual Exit Point (WD)
- Gas off-take (by network user) at the Virtual Entry Point (WP)
- Gas delivery (by network user) at Physical Entry Point (LD)
- Gas off-take (by the network user) at Physical Exit Point (LP)
- Gas delivery reduction at an Physical Entry Point and off-take of the same quantity of gas from TSO at the Virtual Entry Point (LZ)

*Table 4: Use of balancing services*

<b>Member State</b>	<b>Balancing services</b>
DE, LU, UK-NI (3)	Already possible to use balancing services
BG, CZ, PL, IE, SK, SI (6)	Use of balancing services foreseen
AT, BE, DK, EL, ES, FR, UK-GB, IT, HU, LU, NL, RO, SE (13)	No plan to use balancing services

*Table 5: Characteristics of balancing services*

<b>Member State</b>	<b>Characteristic of balancing service offered</b>
DE	<i>In Long Term Options, the Bidder promises its availability to supply (System Buy) and/or offtake (System Sell) gas quantities at a constant hourly flow rate on any given gas day throughout the Performance Period upon receiving a call order (with a lead time of 3 hours) by the MAM, starting from the call order hour, i.e. the hour from which the Bidder is required to perform under the bid, up to the end of the gas day in question, i.e. for a maximum of 24 hours per gas day and a minimum of 1 hour per gas day. The Bidder has to declare a balancing zone or physical entry and/or exit point when he offers his bid with and receives a demand charge for the provision of the option when his bid is accepted. In Flexibility Services, the Bidder provides intraday system flexibility services by temporarily and physically delivering within-day L gas and H gas quantities needed to cover system short positions or receiving within-day L gas and H gas quantities needed to clear system long positions. In the GASPOOL market area the flexibility product is a combined "borrowing/parking product" which is characterized by no transfer of ownership of the natural gas.</i>
EL	<i>The TSO (DESFA) holds limited storage capacity at Revythoussa LNG terminal tanks, in order to store the LNG quantities required for balancing actions. The said quantities will be re-gasified by the TSO, in case certain operational limits of the NGTS are violated.</i>
EI	<i>The TSO foresees the use of an annual tender process to procure the necessary balancing services.</i>
RO	<i>Presently the TSO has daily/monthly natural gas acquisition from current production based on yearly contract with domestic producer; part of the acquired volume is stored at the UGS during the summer period and can be used during the cold season; additionally the TSO intends to promote in the gas market the concept of buying/selling balancing gas at a marginal price; TSO balancing include locational or temporal actions to resolve specific system constraints to ensure that NTS stays within its acceptable physical operational limits.</i>
SK	<i>Storage services in the balancing zone of the TSO.</i>
ES	<i>Balancing services are under analysis, some possibilities have been mentioned, as users storing gas on behalf of the operator or the operator itself owning and storing gas for short periods of time, but no decision has been taken yet and other possible options are being explored.</i>

*Table 6: Members States' implementation of a trading platform*

<b>Member State</b>	<b>Trading platform currently in place</b>	<b>Name of trading platform</b>	<b>Date for introduction of trading platform</b>
AT	Yes	CEGH	Already in place
BE	Yes	ICE-Endex	Already in place
BG	No	N/A	Foreseen in 2017
CZ	No	N/A	Discussion ongoing
DE	Yes	EEX	Already in place
DK	Yes	Gaspoint Nordic	Already in place
EI	No	N/A	Not foreseen – intention is to trade in adjacent balancing zone
EL	No	N/A	Not foreseen
ES	No	N/A	Expected in 2015**
FR	Yes	Powernext	Already in place
GB	Yes	Eurolight Gas Trading Platform (OCM)	Already in place

HU	Yes	FGSZ	Already in place
IT	Yes	GME Trading platform	Already in place
LU	No	ICE-Endex	Expected in 2015
NI	No	N/A	Not foreseen
NL	Yes	N/A	Already in place
PL	No*	Polish power exchange	Date unknown for full compliance BAL NC
PT	No	N/A	Expected in 2015**
RO	No*		Date unknown for full compliance BAL NC
SI	No	N/A	Expected in 2015
SK	No	N/A	Under consideration

\* *The trading platforms in Poland and Romania do not comply with all the criteria in Article 10.1 in the BAL NC*

\*\* *In ES and PT there is at present no trading platform in place but the involved parties are pursuing the implementation of a common trading platform in the Portuguese and the Spanish balancing zones with the support of the Portuguese and the Spanish Governments as from 1 January 2015.*

## Annex VI: Nominations

*Table 6: Various Member States' nomination schedules*

Member State	Nomination schedules
DE	TSOs basically fulfil the nomination and matching schedules according to articles 12-18 of the NC BAL. Currently the timer scheduled jobs are set to a nomination deadline at 14:00 (CET) with a confirmation until 18:00 (CET). Renomination is possible until 4:00 (CET) at day D (if renomination is allowed, because some products must not be renominated due to national regulation [cf. §5 (10) KARLA Gas]). Differences in schedules can be easily adapted to the NC.
LU	At present, the nomination deadline is 13h on gas day D-1, the nomination is confirmed by 17h the same day. Renominations are taken into account for the full hour + 2h, the 2 hours being needed for exchanging information between TSOs from the neighbouring countries. Within BELUX area, nomination and renomination schedules will be as in Belgium.
NL	Day-ahead nominations required, generally renominations have a two hour leadtime, where possible leadtime is decreased to 30 minutes.
SK	Almost all provisions for nomination/re-nomination schedules are in line with the BAL NC (daily nominations in kWh/d, information contained in the submitted nominations / re-nominations, default rule in the absence of a valid nomination before the nomination deadline, two hour lead time for re-nominations, we start the re-nomination cycle at the start of every hour within the re-nomination period...). The only difference is the deadline for the nomination (currently 15:00h SK local time (UTC + 2 hours summer time, UTC + 1 hour winter time) and confirmation deadline – 18:00 SK local time (UTC + 2 hours summer time, UTC + 1 hour winter time).

## Annex VII: Daily imbalance charge

Table 7: Various Members States' daily imbalance charge methodology

Member State	Daily imbalance charge methodology	Potential default rule (Art. 22.4)
AT	<p>According to Article 4 (1) of the BAL NC, network users are responsible to balance their balancing portfolios. The market area manager calculates the netted volumes nominated for each balance group and informs the balance responsible parties of any imbalances over the day. Should the relevant balance responsible party fail to renominate and thereby eliminate any daily imbalances in the balance group within a given period, gas shall be purchased or sold at the virtual trading point to ensure that the group is in balance. Exchange transactions at the virtual trading point shall be executed on behalf and for account of the balance responsible party, at the purchase/selling price applicable at that time.</p>	
BE	<p>At the end of the gasday, Fluxys Belgium will settle all grid users to zero. Grid Users can either be long or short, but are also "causer" or "helper" of the end-of-day market imbalance. A "causer" is a grid user whose end-of day position is in the same direction of the market imbalance. A "helper" is a grid user whose end-of day position is in the opposite direction of the market imbalance, so this grid users makes it easier for the TSO to balance its system and reduces the quantity to purchase or to sell.</p> <p>A marginal sell price and a marginal buy price shall be calculated for each gas day pursuant to the following:</p> <p>(a) a marginal sell price is the lower of:</p> <p>(i) the lowest price of any sales of title products in which the transmission system operator is involved in respect of the gas day; or</p> <p>(ii) the weighted average price of gas in respect of that gas day, minus a small</p>	<p>It will always be possible to calculate the marginal price as there is always at least a weighted average price. If for whatever reason no weighted average price is available, the previous available weighted average price will be taken into account.</p>

	<p>adjustment.</p> <p>(b) a marginal buy price is the higher of:</p> <p>(i) the highest price of any purchases of title products in which the transmission system operator is involved in respect of the gas day; or</p> <p>(ii) the weighted average price of gas in respect of that gas day, plus a small adjustment.</p> <p>In case the grid user is a “helper” of the market imbalance, the small adjustment will be equal to 0%. In case the grid user is a “causer” of the market imbalance, the small adjustment will be equal to 5%.</p>	
<p>BG</p>	<p>A methodology for calculating imbalance charges will be developed by the entity responsible for balancing according to Rules for natural gas trading. It will be approved by the NRA and announced on the website of the TSO. It is foreseen for the imbalance charges to reflect as accurately as possible the costs in order to avoid cross-subsidisation among network users and not hinder the entry of new market participants. It is envisaged for the TSO to be responsible for balancing the residual amount of imbalance in the transmission network in order to maintain the integrity of the system; the TSO to have the right to take action to balance when deemed necessary in order to ensure the physical balance of the transmission system; maintain the integrity of the system by supplying quantities of gas in the system or extracting gas from the system. Any imbalance between the gas volumes supplied by the network user at entry points during the gas day D and the gas volumes drawn from the same user at exit points in the same gas day D, is subject to settlement of imbalances between the network user and Bulgartransgaz EAD, according to the draft methodology. The balancing model will represent a daily balance, which uses tolerance and financial</p>	

	<p>clearing of the arising imbalance. Tolerances will be determined on a daily basis for each month for which the contract is in force for the transfer of the respective user as + / -5% of the nominated monthly transmission quantities divided by the number of days in the month. Bulgartransgaz will notify each network user for a tolerance provided.</p>	
DE	<p>The differential quantity between inputs and off-takes (imbalance quantity) shall be multiplied by a negative or positive imbalance price. The daily imbalance quantity shall be established for each (master) balancing group on the basis of the net balance between daily inputs and off-takes. If arise in this regard, these shall be settled using the positive imbalance price (for short supply) and the negative imbalance price (for surplus supply). Two price elements must be taken into account in the new system for both prices pursuant to Article 22 (2) of the Network Code.</p> <p>As a consequence and in contrast with the previous system there will be different (market area specific) imbalance prices in the two market areas NCG and GASPOOL. This is because it is foreseeable that often both prices for procuring the balancing gas (first price element) and the prices on the trading markets (second price element) in the market areas will vary. The exact derivation of the two price elements is currently discussed in the implementation process and remain an open point for the moment. This includes also the discussion of the necessity and if needed the height of the small adjustment.</p>	<p>Yes, a default rule will be defined in case that a derivation of the marginal prices is not applicable. It's foreseen to use the respective marginal sell price and marginal buy price of the day before.</p>



DK	<p>The price calculation is as described in the NC BAL. The small adjustment will be set at around 0.5 per cent of the neutral gas price (average exchange price) which makes Energinet.dk's green zone slightly more expensive than Gaspoint Nordic's trading fee, at almost any gas price. The function of the small adjustment is to incentivize shippers to adjust their balance through trading via Gaspoint Nordic, rather than using Energinet.dk as balance provider.</p>	<p>If there have not been any trades when Energinet.dk has tried to trade in the market, the neutral gas price will be used as reference price. The neutral gas price will be the energy-weighted price of all trades for the within-day product at Gaspoint Nordic.</p>
EL	<p>Imposition of scalable penalties related to the violation of certain imbalance tolerance limits.</p>	
FR	<p>The calculation of the small adjustment takes into account the liquidity of the market place and the tolerance level (the more the tolerance level will decrease, the less important will be the small adjustment).</p>	<p>Yes (D-1 average price). As an interim measure until the implementation of a single market zone TIGF+GRTgaz Sud, TIGF will use a price based on the adjacent market (GRTgaz Sud)</p>
GB	<p>Small adjustments are required when the TSO does not trade within a day and a default marginal price is applied. The TSO publishes a default system marginal price by no later than August each year which is applicable for the forthcoming gas year (October to September). Subject to approval by the NRA, the methodology for calculating imbalance charges will be:</p> <p>System Marginal Buy Price is the greater of:</p> <ul style="list-style-type: none"> <li>(i) the System Average Price plus the Default System Marginal Price; and</li> <li>(ii) the price in pence/kWh which is equal to the highest Balancing Action Offer Price in relation to a Market Balancing Buy Action taken for that Day;</li> </ul> <p>System Marginal Sell Price is the lesser of:</p> <ul style="list-style-type: none"> <li>(i) the System Average Price less the Default System Marginal Price; and</li> <li>(ii) the price in pence/kWh which is equal to the lowest Balancing Action Offer Price in relation to a Market</li> </ul>	<p>GB utilises a default marginal price already (equivalent to the small adjustment). As mentioned in Q 5.2, the GB TSO publishes a default system marginal price by no later than August each year which is applicable for the forthcoming gas year (October to September). The small adjustment for GB currently outturns at between 1-2% of the System Average Price.</p> <p>Calculation</p> <p>Default System Marginal Price =</p> $\frac{\{\text{Annual Compressor Fuel Cost (£)} \times 100\}}{\text{Total System Demand (TWh)} \times 10} + \text{Average Forecast NTS Capacity Charges (pence/kWh)}$

	<p>Balancing Sell Action taken for that Day;</p> <p>The calculation for SMBP and SMSP contains the System Average Price (SAP) – “the price in pence/kWh calculated as the sum of all Balancing Transaction Charges divided by the sum of all Market and Non-Trading System Transaction Quantities for all Balancing Transactions respectively effected in respect of that Day.” In the Balancing Code the equivalent of SAP is referred to as the ‘Weighted Average Price.’</p>	
HU	Same as in the BAL NC, with 10% small adjustment.	The preceding marginal price shall apply.
IT	The daily imbalance charges will be calculated according to the provisions of the BAL NC. Concerning the small adjustment this is expected to be designed according to the best practice at European level in the view to provide appropriate economic incentives to the network users to procure their balancing resources on the market.	
LU	From 1/10/2015 within BELUX zone, similar practice as Belgium, depending on consultation to be held in 2015	
NL	All daily imbalances at the end of the day will be charged as part of a linepack flexibility service. For each kWh imbalance a shipper will pay 0,4% of the weighted average market price of the last 72 hours.	
NI	Chapter V gives the rules for Daily Imbalance charges which would apply if a trading platform approach is being delivered. This is not recommended for UK-NI, though it is worth noting that UK-NI Shippers are already subject to Imbalance Charges which are based on NBP prices. These would be retained, subject to some refinement of the imbalance tolerance arrangements (assuming Interim Measures are adopted) to reflect the requirements of the Balancing Code as well as the introduction of Entry Capacity into UK-NI.	

RO	The TSO intends to use as imbalance charge a marginal selling/buying price (neutral price $\pm$ small adjustment). The small adjustment is added or deducted from the neutral price related to the imbalance position of the network users (long or short position).	
SI	the methodology currently used by the TSO for daily imbalance charges will be improved with provisions of the BAL NC.	
SE	they plan to use article 49.2 for calculating the daily imbalance charges "the price derivation may be based upon an administered price, a proxy for a market price or a price derived from balancing platform trades".	

## Annex VIII: Within day obligations

Table 8: Description of WDOs

Member State	Description
AT	The market area manager collects a balancing incentive markup from the balance responsible parties to cover for within-day balancing of the hourly imbalances in each balance group. The current markup is 0.1 Cent/kWh up to 700,000 kWh per gas day, for exceeding volumes a markup of 0.4 Cent/kWh applies.
BE	<p>Every TSO in Europe is using WDOs (art. 25). Fluxys Belgium opted for a Market Based Balancing system using System-Wide WDO. During the gas day, as long as the market balancing position (aggregate of all grid users' positions) remains within the predefined upper and lower market threshold (within day obligation), there is no intervention by Fluxys Belgium. All shippers receive on an hourly basis information on the market balancing position and on their own balancing position together with forecasting data for the rest of the day. In case the market balancing position goes beyond the upper (or lower) market threshold, Fluxys Belgium instantly settles proportionally in respect of the grid user(s) causing said market excess or market shortfall via their grid user balancing position.</p> <p>Fluxys Belgium initiates a sale (or purchase) transaction on the commodity market for the quantity of the market excess (or shortfall) and settles in cash that quantity with the grid user(s) contributing to such imbalance in proportion of their individual contribution. This transaction, once concluded, will set the reference price used at</p>

	<p>that time for refunding or charging shippers who caused the market excess or shortfall hence reflecting the market value for that residual natural gas at that time.</p>
DE	<p>In addition to the daily balancing system, an hourly incentive system concerning the balancing portfolios is applied in which all physical and virtual entry and exit points are monitored on an hourly basis. For the majority of exit points the actual quantities are, either ex ante or ex post, converted into identical hourly quantities over the gas day (daily balancing bands). The system is intended to provide targeted incentives for intraday profiling of transported gas quantities of a balancing group. Payments made as part of the hourly incentive system do not affect settlement of daily balancing. At the end of each hour within a gas day, the market operator balances the entries into the balancing group with the relevant exits from the balancing group during this hour as part of the hourly incentive system. The shipper shall pay a profiling fee in €/MWh to the balancing group network operator for any surplus supply or short supply (hourly deviation) remaining after balancing.</p> <p>Depending on the type of entry and exit point, the relevant quantities are determined according to different rules, tolerances are granted in some cases. The following groups must be differentiated for participation in the hourly system. This procedure applies on the one hand to the entry and exit points at the border between market areas, entry and exit points at cross border points, virtual entry and exit points, entry points from domestic production facilities and entry and exit points from storage facilities. On the other hand this group also includes RLM exit points to specific large-scale consumers (RLM exit points with an exit capacity booking or reserved power of more than 300 MWh/h). RLM exit points with an exit capacity booking or reserved power of less than 300 MWh/h belong to the first group. Since balancing for exit points to large-scale consumers with an exit capacity booking or reserved power of more than 300 MWh/h is performed on the basis of actual offtake, there is a risk of unscheduled differences. As not every risk of imbalance can be eliminated even with the utmost care, a tolerance of +/- 2% for the hourly quantities exited and metered is granted to the balancing group manager for the quantities exited at the exit points to that kind of large-scale consumers. In addition the balancing group manager is exempt from the system and balancing energy contribution (“neutrality charge”) for any exit quantities of this group. In the case of other RLM exit points (RLM exit points with an exit capacity booking or reserved power of less than 300 MWh/h), the hourly proportion of the daily actual offtake quantity distributed over the entire gas day is relevant for the hourly consideration. With regard to these quantities, the balancing group manager is granted a tolerance of +/- 15% of the daily balancing band quantity to be entered into the balance on an hourly basis. Since granting this extensive tolerance may cause demand for external system energy, balancing group managers are involved in the system and balancing energy contribution with regard to offtake quantities for large-scale consumers with an exit capacity booking or reserved power of less than 300 MWh/h.</p>
UK-GB	<p>Although at present the GB TSO does not utilise WDOs, there are contractual terms for entry and exit connections which limit the rate of change of gas flows, and notice periods are required to a change in the notified rates. If there is such a requirement in the future to introduce WDOs, the GB TSO will need to submit a proposal to the NRA for approval.</p>

LU	Within the current situation (stand-alone system), WDOs per shipper (balancing portfolio within day obligation) are in place in Luxembourg. From 01.10.2015 within the BELUX market zone, there will be a Market Based Balancing system using System-Wide WDOs (see response from Belgium).
NL	WDOs are implemented according to the network codes. The TSO will buy or sell gas on the within day market to keep the system within operational limits. The costs the TSO incurs will be paid for by the shippers who have caused the imbalance.
PT	At present, there are WDOs in place for the electricity power producers. However those obligations do not go beyond information provision (nominations with an hourly profile).

## Annex IX: Neutrality

Table 9: Neutrality mechanisms

Member State	Description of neutrality charge mechanism
AT	Neutrality is already in place. The income from structuring fee is foreseen to cover the Market Area Manager's (MAM) cost for balancing energy. The MAM shall recalculate this markup at least annually. Any revenues will lead to a reduction of the markup for all network users.
BE	Tariff calculated ex ante, includes all balancing costs and applicable on either all domestic exit points or all exit points, currently under discussion at national level.
BG	The clearance account is envisaged to be cleared annually through a correction component in the imbalance price for the next period. This component will be calculated as the quotient between annual accumulated clearance account balance and the estimated quantities expected total annual imbalance subject to financial clearance (by all users of the transmission network).
DE	<p>In accordance with Article 30 (2) and (5) of the NC BAL, provision shall be made for separate neutrality charges for balancing in respect of non-daily metered (SLP) and intraday metered off-takes (RLM). It is necessary to determine a methodology for calculation that serves as the basis for the forecasted costs and revenues of the gas balancing regime, observing neutrality of costs and revenues vis-à-vis the market area managers. The neutrality charges for balancing for the SLP and RLM off-takes shall be borne by the balancing group managers who supply SLP exit points or RLM exit points. No charge shall be imposed for other off-takes (storage facilities, cross-border interconnection points etc.). The respective neutrality charge for balancing shall be imposed on the basis of the off-take quantity relevant for balancing at the exit point in euros per MWh. The market area manager in each market shall set up a separate neutrality charge account for both neutrality charges for balancing; the costs and revenues for the off-take-specific balancing gas and imbalance gas shall be posted to these accounts. The costs and revenues for balancing gas and imbalance gas shall be posted to the respective neutrality charge accounts:</p> <ul style="list-style-type: none"> <li>- The costs and revenues from negative/positive imbalance gas and the costs and revenues from the within day obligations shall be allocated to the RLM neutrality charge account.</li> <li>- The costs and revenues from the settlement of network accounts and therefore from SLP reconciliation shall be allocated to the SLP neutrality charge account.</li> </ul> <p>The costs and revenues from the procurement or sale of external balancing gas shall be divided between the RLM and SLP neutrality charge accounts according to a not yet determined distribution formula. The exact allocation of costs and revenues to the respective neutrality charge account is one of the subjects under discussion in the current implementation process.</p>
DK	According to national legislation for TSOs, the TSO is under a strict cost plus regime and cannot build up equity but has to repay over-recovery from transmission service to users via the transmission tariffs in respect of

	individual entry/exit points and in a way that is transparent and non-discriminatory. The neutrality principle for balancing (which is already an element in the transmission services) will be integrated into the existing neutrality principle for the TSO.
EL	The current scheme already covers most of the provisions of the BAL NC (ex-post (end-of-year) calculation of a “neutrality amount” and apportionment between Network Users on the basis of gas quantity transmitted by them during said year). Changes to the existing scheme have not been considered yet.
FR	Monthly cash out based on delivered quantities; network users breakdown being assessed, possibly taking into account a segmentation amongst NDM and IM consumers.
GB	<p>Any costs incurred (charged to or reimbursed to the Network Users) by the GB TSO in its residual balancer role are recovered through ‘Balancing Neutrality’. The balancing neutrality charge to be recovered or credited is the difference between the amounts received and the amounts payable by National Grid in respect of all the applicable balancing charges.</p> <p>For each balancing period [gas day] GB TSO calculates;</p> <ul style="list-style-type: none"> <li>- A net neutrality amount, which equates to all balancing payments made by National Grid less all receipts due to the GB TSO as part of the system clearing process (this can be a positive or negative value).</li> <li>- A neutrality unit price, which equates to the net neutrality amount divided by the sum of the total physical gas throughput (all system inputs and outputs) for all network users.</li> <li>- A network user’s proportion of the neutrality costs (or revenues) shall be calculated by multiplying the neutrality unit price by the network user’s total physical gas throughput (system inputs and outputs) in the balancing period.</li> </ul> <p>Further details in UNC TPD Section F System Clearing, Balancing Charges and Neutrality.</p>
HU	The neutrality pool shall contain the cost of balancing gas and the cost of clearing house. The apportionment among network users is done in proportion with the daily imbalance position of each network user.
IT	The regulatory framework in force foresees that the TSO shall be cost neutral in relation to its balancing activity. In this respect any difference arising from TSO buying and selling gas for balancing activities is covered through a dedicated “Fund for Reconciliation” by Cassa Conguaglio per il Settore Elettrico. Through the above Fund the TSO is also covered by any other unsolved debt related to balancing.



## Annex X: Information provision

Table 10: Model for information provision

Member States	Information provision model
DK, UK-GB, UK-NI, PL, IE, IT, ES	Base case
BE, LU, NL, SE	Variant 1
DE	Variant 2
SI, HU, PT, RO, CZ	No final decision taken yet
AT, BG, EL, SK	Not applicable / no answer

Table 11: Overview of the information models used by Member States (base case, variant 1, variant 2).

Country	Information model	Implementation practice
BE	Variant 1	<p>Network users are provided with the following hourly information which is provided within 30 minutes after the hour:</p> <ul style="list-style-type: none"> <li>- individual and market position based on hourly allocations in the past and confirmations and forecast in the future for all hours of the gasday;</li> <li>- individual and market hourly settlements (past: allocations / future: confirmations &amp; forecast);</li> <li>- detailed hourly allocations per ( Interconnection points, storage, terminalling, trading point, power plants, industrial clients and public distribution).</li> </ul>
DE	Variant 2	<p>In respect of the non-daily metered “SLP” (standard load profile) customers, balancing group managers will be provided by the market area manager on D-1 13:00 p.m. with the forecast for the day of delivery D. On D they will be cashed out against this forecast. To be able to provide the balancing group managers with that data the market area managers need to receive it from the several DSOs – who are actually calculating the forecasts – by 12:00 p.m. on D-1. The reason for implementation of this model is to facilitate the supply of SLP customers. This has led to a high increase of traders and competition on the market.</p>
GB	Base case	<p>Great Britain: the base case model is currently already operating in GB. The GB TSO has raised a modification 0489 for an additional NDM forecast to fully meet the requirements of the base case model.</p>

IT	<i>Base case</i>	<p>The Italian system intends to apply the Base Case model. This model is deemed the most appropriate for a daily balancing system where within day obligations do not apply. Compared to variant 1 it provides to the Network Users meaningful information regarding the forecast of the Non Daily Metered (NDM) off-takes at the end of the day instead of two apportionment of this forecast. With respect to the Variant 2, the Base Case allows the TSO to provide the most accurate and updated forecast elaborated during the gas day instead of only one day-ahead forecast. The current system is under evaluation and envisages to provide the following information to the Network Users:</p> <p>Gas Day D-1</p> <ul style="list-style-type: none"> <li>• No later than 13.00 CET,             <ul style="list-style-type: none"> <li>○ the NDM forecast for the Network users off-takes</li> </ul> </li> </ul> <p>Gas Day D</p> <ul style="list-style-type: none"> <li>• No later than 14.00 CET,             <ul style="list-style-type: none"> <li>○ the first update of NDM forecast for the Network users off-takes</li> <li>○ the Network Users' intra-daily metered inputs and off-takes in the period from 06.00 to 12.00</li> </ul> </li> <li>• No later than 18.00 CET             <ul style="list-style-type: none"> <li>○ the second update of NDM forecast for the Network users off-takes</li> <li>○ the Network Users' intra-daily metered inputs and off-takes in the period from 06.00 to 16.00</li> </ul> </li> </ul> <p>Gas Day D+1</p> <ul style="list-style-type: none"> <li>• No later than 13.00 CET             <ul style="list-style-type: none"> <li>○ the Network Users initial allocation per point for their inputs and off-takes on Day D and initial daily imbalance quantity</li> </ul> </li> </ul>
LU	<i>Variant 1</i>	<p>Within the BELUX market zone, information provision within the players in LU needs to be adapted. The preparation phase is ongoing, with intensive work with the DSOs to obtain hourly data per shipper to be forwarded to Creos and then to the balancing operator of the zone. The final information flow is expected to be similar as Fluxys Belgium. Network users are provided with following hourly information which is provided within 30 minutes after the hour:</p> <ul style="list-style-type: none"> <li>- individual and market position based on hourly allocations in the past and confirmations and forecast in the future for all hours of the gas day;</li> <li>- individual and market hourly settlements (past: allocations – future: confirmations and forecast);</li> </ul> <p>detailed hourly allocations per (Interconnection points, storage, terminalling, trading point, power plants, industrial clients and public distribution).</p>

## Annex XI: Interim measures

Table 12: Planned use of balancing platform

No use of a balancing platform	Planned use of a balancing platform	Under evaluation
AT, BE, DK, ES, UK-GB, FR, IT	BG*, DE, EL, UK-NI, PL*, RO, SK, SE	PT

\* 2 countries envisage the use of an alternative to a balancing platform: In BG an alternative form of balancing platform is currently used and in PL this is envisaged for L gas, due to lack of market liquidity and lack of technical possibilities of system balancing (e.g. lack of storages). It is not envisaged or planned in the other countries.

Table 13: Planned use of interim daily imbalance charge mechanism

Member State	Reasoning for use of interim daily charge mechanism
BG	<i>It is foreseen in Rules on gas trading and will be implemented till the end of 2015.</i>
EL	<i>As long as balancing services are used (para 3.5) the applied price will be based on the relevant LNG supply price. Until the operation of the balancing platform.</i>
NI	<i>UK-NI Shippers are already subject to Imbalance Charges which are based on NBP prices. These would be retained, subject to some refinement of the imbalance tolerance arrangements to reflect the requirements of the Balancing Code as well as the introduction of Entry Capacity into UK-NI.</i>
PL	<i>The reason is lack of market liquidity. Interim imbalance charge will be applicable as long as the market is not liquid enough. Expected timeline: until 1 October 2016 (TSO opinion).</i>
RO	<i>The reasoning is to incentivise the network users to balance their daily portfolios. A methodology and time schedule is under development.</i>
SK	<i>The reasoning is limited liquidity / no trading platform. The expected timeline is to start as of 1 October 2015 at the latest and end by 16 April 2019.</i>
SI	<i>The subject interim measures will be part of the new Network Code of national TSO Plinovodi. It is now in preparation and is expected to be issued in the year 2014 and confirmed by the NRA.</i>

Table 14: Tolerances

<b>Member State</b>	<b>Reasoning for applying tolerances</b>
BG	<i>It is foreseen in Rules on gas trading and will be implemented till the end of 2015.</i>
HU	<i>There is no tolerance for the end-of-day balancing position</i>
NI	<i>We foresee the phased introduction of market based balancing rules by allowing shippers to have imbalance tolerances at least initially. Depending on how the market develops it may be appropriate to phase out tolerances, and this is also something which the TSOs would need to keep under review. However, the use of interim measures and the provision of tolerances would be highly beneficial for UK-NI shippers in managing the transition from a small, relatively simple market to a new EU compliant gas transmission regime.</i>
PL	<i>Tolerances are required by national regulations. Expected timeline: after 1 October 2015 (when BAL NC shall apply) the amended Transmission Network Code will be consulted with market participants and submitted to NRA for approval. After the administrative process of TNC approval tolerances shall disappear.</i>
SI	<i>The subject tolerances will be part of the new Network Code of national TSO Plinovodi. It is now in preparation and is expected to be issued in the year 2014 and confirmed by the NRA.</i>

Table 15: Use of an alternative to a balancing platform

<i>No use of a balancing platform</i>	<i>Planned use of an alternative to a balancing platform</i>	<i>Under evaluation</i>
AT, BE, CZ, DE, DK, EI, ES, UK-GB, FR, IT, EL, UK-NI, RO, SI, SK, SE	BG, PL	PT