



European Union Agency for the Cooperation
of Energy Regulators

ACER

Towards completing the implementation of the EU gas balancing network code

Flash update report – Sixth edition

25 July 2022



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Executive summary

1 The European Union Agency for the Cooperation of Energy Regulators ('ACER', or 'the Agency') publishes this flash update report on the implementation of the gas balancing network code ('the Code') as a follow up of its monitoring activity. ACER has been reporting on the implementation of this network code since 2016 and this is the sixth report in the series. The 2022 report focuses on a sub-set of the balancing zones already analysed in the 2020 report, specifically:

- Those which had not terminated the interim measures by the legal deadline of April 2019 (Bulgaria, Greece, Ireland, and Slovakia) or had kept transitory measures (Portugal) after the legal deadline of 2016, and
- Those that had shown partial implementation of the Code (Finland and Romania).

2 In addition to the flash update report, the Agency makes available the Gas Balancing Dashboard, a visual monitoring tool based on transmission system operators' ('TSOs') data collected and provided to the Agency by the European Network of Transmission System Operators for Gas ('ENTSOG'). The dashboard facilitates the visualisation of the gas balancing activity across years and EU balancing zones, allowing an intuitive comparison between national balancing regimes through uniform indicators.

Status of transitory and interim measures

3 In drafting this report, the Agency has relied on information coming from the relevant national regulatory authorities.

4 Among the balancing zones that had retained interim measures after the April 2019 deadline, most (Bulgaria, Greece, and Ireland) ended them, with the exception of Slovakia. Specifically:

- **Bulgaria** has phased out the use of balancing services as an alternative to a balancing platform and uses trades on a national trading platform to set the cash out prices;
- **Greece** has phased out the balancing platform and has introduced a trading platform in March 2022, based on which cash out prices are set;
- **Ireland** has phased out the extensive use of tolerances;
- **Slovakia** has maintained the use of a balancing platform and an interim charge, based on the neighbouring Austrian market.

5 Thanks to the termination of interim measures, Bulgaria and Greece now show a high implementation level of the gas balancing network code; Ireland has further improved its implementation rate, which was already high; Slovakia shows no changes with respect to the partial implementation already assessed by the Agency in 2020.

Has implementation of the network code improved in the other selected zones?

6 Beside the balancing zones that had opted for interim measures, among the other balancing zones which had shown partial implementation of the Code or which had kept transitory measures, the Agency highlights that:

- **Finland** has reported increased TSO balancing via the trading platform and cash out prices set through it. The information provision is still restricted to network users only, thus transparency could be increased towards all. Overall, Finland has reached a high level of Code implementation.
- **Portugal** has started in March 2021 a national trading platform where short term standardised products can be traded. This represents a key milestone in the Code implementation and puts an end to the previously adopted transitory measures. Yet in practice, given the limited liquidity of the

national trading platform, prices are often still based on the neighbouring Spanish hub. For the same reason, balancing services still cover 73% of the total TSO balancing needs.

- **Romania** has reported no major change in the implementation of the Code, which remain partial. The information provision to network users is still incomplete and is envisaged to become Code-compliant in 2023. The use of balancing services for gas year 2020/2021 covers 7.6% of total TSO balancing.

7 Hence, overall the Agency recognises and welcomes the implementation progress compared to its 2020 monitoring report, although some structural market limitations persist that do not allow full realisation of the code implementation.

8 In next reporting, the Agency may analyse selected balancing indicators, relying on the Gas Balancing Dashboard, and assess how the improved implementation of the Code has affected the market¹.

What does ACER recommend?

9 The Agency recommends to:

- Increase transparency of the information provision also going beyond the minimum requirements of the Code in all zones where this can bring benefit (Bulgaria, Finland, Greece, Romania, and Slovakia). This will enable market parties to be informed and to take on proactive balancing responsibility, thanks to timely and accurate forecast and prompt information about TSO actions.
- Explore ways to allow markets to function more efficiently, hence benefitting the balancing activity too, in all cases where Code implementation is complete on paper but not fully effective in practice (Portugal), and in the case where interim measures are still in place (Slovakia). Better market functioning can be achieved, among others, via market or balancing zones mergers, e.g. in case where small zones lack sufficient liquidity. Since market and balancing zone mergers can be complex and costly, their convenience should be assessed in light of the balance of costs and benefits that they can ultimately deliver.

¹ This year flash update report does not analyse these market effects, but focuses on compliance checks.

Summary tables assessing implementation²

Bulgaria

Key features	Evaluation	Comments
Short-term wholesale market enabling		Trade notifications are processed within 30 min. Current and forecasted aggregate imbalance position of the network users is available on the website and is updated every hour: https://www.bulgartransgaz.bg/en/pages/aggregate-imbalance-198.html
TSO's use of the short-term balancing market		Information about balancing actions is available, with monthly breakdown: https://bulgartransgaz.bg/en/pages/balansirane-143.html Prices of balancing actions are not made available. The trading platform is available as of 1 January 2020: http://balkangashub.bg/en A second trading platform is available, but not used by the TSO.
How a daily cash out regime is delivered		The cash out prices are set based on the trading platform trades. The small adjustment is 8% as of 1 October 2018.
How the TSO's neutrality is ensured		The neutrality charges are cleared every 6 months: https://bulgartransgaz.bg/en/pages/balansirane-143.html
The termination of interim measures		Interim measures terminated (tolerances removed in 2019, interim imbalance charge in 2020).
Overall		

² The summary tables in this section derive from the extensive country assessment sheets that the National Regulatory Authorities have sent to ACER. The extensive country assessment sheets assign a numerical score to each relevant Code provision (according to the methodology developed in the technical annex II of the ACER report 2016:

https://www.acer.europa.eu/en/Gas/Framework%20guidelines_and_network%20codes/Documents/Annex%20II-IV_2016_11_07_for_publication.pdf, updated by the methodological note issued in 2020: https://www.acer.europa.eu/Official_documents/Publications/BAL_IMR%202020_Country%20Assessment%20and%20Methodological/Methodological%20note_for_vol-II.pdf).

The summary tables group the relevant Code articles, and respective scores, into five key areas (listed in the first column of the table). The Code main areas get a colour code based on the implementation level of the relevant articles it contains: a green label if 81-100% of the total score available is reached (high implementation), orange if 51-80% (partial implementation), or red if 0-50% (low implementation). Overall implementation label takes stock of all key implementation areas, with the same logic.

Greece

Key features	Evaluation	Comments
Short-term wholesale market enabling		<p>In January 2021, RAE has appointed the TSO as the forecasting party of the Greek national natural gas system.</p> <p>Since 21 March 2022 anonymous transactions on the trading platform, are submitted to the TSO as trade notifications on the virtual trading point and are processed within 30 minutes:</p> <p>https://www.enexgroup.gr/web/guest/trading-rulebooks</p> <p>Aggregate network imbalance forecast is not provided, but the TSO, being the forecasting party, is working on providing it according to the Code.</p>
TSO's use of the short-term balancing market		<p>TSO is using the trading platform as the first gas source in order to buy and sell balancing gas. The market is aware, with daily updates, of all relevant balancing trades (volumes and unit prices):</p> <ul style="list-style-type: none"> Short term standardised products: https://www.desfa.gr/regulated-services/transmission/pliroforisimetaforas-page/info1 Balancing services: https://www.desfa.gr/regulated-services/balancing/costs Imbalance charge: https://www.desfa.gr/en/regulated-services/balancing/daily-price <p>Balancing services are used as an option if the TSO fails to purchase gas through the trading platform. Balancing services amounted to 3.5% of the total TSO transactions for balancing in gas year 2020/2021.</p> <p>The procurement of balancing services is based on the provisions of the annual balancing plan and approved by RAE: https://www.desfa.gr/en/regulated-services/balancing/annual-planning</p>
How a daily cash out regime is delivered		<p>Cash out prices are set using trading platform trades</p> <p>(Article 53A of the Greek Network Code: https://www.desfa.gr/userfiles/pdflist/DERY/Network%20Code%207th%20Amendment%20-%20Unofficial%20Translation.pdf)</p> <p>The small adjustment is the largest allowed by the Code: 10%.</p>
How the TSO's neutrality is ensured		<p>Net balancing neutrality costs of each month are distributed back to the users proportionately to the total throughput of each user:</p> <p>https://www.desfa.gr/userfiles/pdflist/DERY/Network%20Code%207th%20Amendment%20-%20Unofficial%20Translation.pdf</p>
The termination of interim measures		<p>No interim measures are in force since the operation of the trading platform (21 March 2022), according to RAE's decision 1060/29.12.2021, Article 110.</p>
Overall		

Finland

Key features	Evaluation	Comments
Short-term wholesale market enabling		<p>The GET Baltic trading platform is available. It administrates the electronic trading system for trading spot and forward natural gas products with physical delivery in the market areas located in Lithuania, Latvia, Estonia and Finland:</p> <p>https://www.getbaltic.com/en/</p> <p>Information regarding balancing is provided, only to the system users, in the TSO's portal:</p> <p>https://gasgridportal.fi/</p> <p>(Section 10.2 of the national rules</p> <p>https://gasgrid.fi/wp-content/uploads/Rules-for-gas-transmission-3.0_clean_non-binding-English-version.pdf)</p> <p>The TSO shall process and confirm new trade notifications received at half-hour intervals starting from 13:00 UTC (daylight saving time) or 12:00 UTC (summer time) on the day preceding the gas day.</p>
TSO's use of the short-term balancing market		<p>According to the market rules, the TSO uses the trading platform as a primary tool for balancing the gas system. The balancing services will be used as a secondary option if the short term standardised products are not liquid enough.</p> <p>In practice, in gas year 2020/2021 there was no need to use balancing services thanks to the flexibility given by the Imatra balancing account.</p> <p>The TSO plans to increase the level of transparency concerning balancing action costs.</p>
How a daily cash out regime is delivered		<p>The small adjustment has been increased from 3% to 10%.</p>
How the TSO's neutrality is ensured		<p>The neutrality charging principle can be found behind the following link:</p> <p>https://gasgrid.fi/wp-content/uploads/Terms-and-conditions-of-balance-management-2.0-unofficial-english-translation.pdf</p>
Overall		

Ireland

Key features	Evaluation	Comments
Short-term wholesale market enabling		<p>Ireland removed all tolerances since 30 September 2020.</p> <p>A 25% tolerance at renewable gas entry points is in place. Ireland currently has only one renewable gas entry point and it is on the distribution system. However, the entry point equates to 0.0041% of overall entry allocations in gas year 2020/2021.</p> <p>Information on shippers' end-of-day imbalance position and forecast, alongside other system related information, is available at: https://www.gasnetworks.ie/corporate/gas-regulation/transparency-and-publicat/dashboard-reporting/</p>
TSO's use of the short-term balancing market		<p>Information on balancing action costs is available at: https://www.gasnetworks.ie/corporate/gas-regulation/transparency-and-publicat/dashboard-reporting/</p> <p>There is no use of balancing services.</p>
How a daily cash out regime is delivered		<p>The trading platform went live on 1 October 2017. Marex Spectron (formerly 'EBI') is the operator: https://www.marexspectron.com/</p> <p>The cash out prices are set by reference to trading platform trades.</p> <p>The small adjustment is 3.5%.</p>
How the TSO's neutrality is ensured		<p>Neutrality principles apply not only to balancing, but also to the costs of the provision of shrinkage gas³.</p>
The termination of interim measures		<p>No interim measures apply anymore.</p>
Overall		

³ Shrinkage covers compressor fuel usage, calorific value losses, and unaccounted gas after measuring inputs and outputs of the system.

Portugal

Key features	Evaluation	Comments
Short-term wholesale market enabling		<p>Information on the status of the system (updated hourly): https://www.ign.ren.pt/existencias1</p> <p>Information on aggregate user imbalances (updated daily): https://www.ign.ren.pt/web/guest/desequilibrios-diarios</p> <p>Balancing actions are reported daily: https://www.ign.ren.pt/web/guest/aco-es-de-compensacao-do-gtg</p> <p>Trade notifications: up to 120 minutes for day ahead (but in practice 30 minutes); 30 minutes for within day.</p>
TSO's use of the short-term balancing market		<p>Short-term standardised products are defined by national regulation, compatible with the Spanish market rules, thus enabling MIBGAS trading platform (https://www.mibgas.es/en) to use similar market procedures at both virtual trading points, but independently.</p> <p>The merit order for balancing actions by the TSO is defined in national regulation (Article 33 of the national grid operation code - Code nor. 341/2021417/2016: https://dre.pt/dre/detalhe/regulamento/341-2021-161377990)</p> <p>The TSO uses title products as primary tool, then locational products (if title products do not provide an adequate response for balancing needs) and, last, balancing services.</p> <p>From January to May 2022, the TSO resorted to balancing services for 73% of total balancing volumes.</p>
How a daily cash out regime is delivered		<p>Since March 2021, with the start of the trading platform for the Portuguese virtual trading point, the cash out price for imbalances is defined taking into account the transactions occurring there.</p> <p>Information on daily cash out prices: https://www.ign.ren.pt/precos-diarios</p> <p>Backup price for days with no transactions: from 1 July 2022 onwards, the Spanish price (including the applicable transmission tariffs) will apply in case of absence of trading in the Portuguese virtual trading point.</p> <p>In practice, nearly 50% of the days between January and May 2022 the cash out price has been set based on the Spanish virtual trading point.</p> <p>The small adjustment is 3%.</p>
How the TSO's neutrality is ensured		<p>The neutrality charge data is published by the TSO in the website: https://www.ign.ren.pt/neutralidade</p>
Overall		

Romania

Key features	Evaluation	Comments
Short-term wholesale market enabling		<p>Information provision on non-daily metered offtakes has not yet been implemented according to the Code, but is envisaged to be implemented after from 2023.</p> <p>Details of each balancing action taken are published: http://www.transgaz.ro/en/clients/operational-data/balancing-actions-ots</p> <p>The two market operators active as trading platforms are:</p> <ul style="list-style-type: none"> OPCOM: https://www.opcom.ro/pp/home.php BRM: http://www.brm.ro/ <p>Each market operator offers short-term standardised products.</p> <p>Information on system status (daily and intraday linepack and imbalance) is published:</p> <ul style="list-style-type: none"> http://www.transgaz.ro/index.php/en/clients/operational-data/line-pack http://www.transgaz.ro/en/line-pack-intraday https://transgaz.ro/en/clients/operational-data/neutrality-account-nu-daily-imbalances
TSO's use of the short-term balancing market		<p>Balancing is ensured through title short-term standardised products. The same title products are sold in the two operational platforms.</p> <p>In gas year 2020/2021, balancing services covered 7.6% of total TSO balancing activity.</p> <p>TSO intends to procure balancing services also for the gas year 2022/2023.</p>
How a daily cash out regime is delivered		<p>A high share of initial network users' imbalance activity is still cleared in a restricted market at a capped price and not exposed to the cash out prices of the trading platforms, as it should be according to the Code.</p> <p>The small adjustment is 10%.</p>
How the TSO's neutrality is ensured		<p>According to ANRE, neutrality is fully implemented.</p> <p>The value of the neutrality account is apportioned to the users at the end of each settlement period, based on the neutrality rate determined.</p> <p>The neutrality rates paid by or to the users are proportional to the quantity of natural gas transported during the settlement period by the each user.</p>
Overall		

Slovakia

Key features	Evaluation	Comments
Short-term wholesale market enabling		<p>Eustream publishes the projection of the end-of-day aggregate system imbalance. The data is updated hourly: https://tis.eustream.sk/TisWeb/#/?nav=bal.sysimb</p> <p>Old legacy contracts present re-nomination restrictions and they need to always be balanced. In gas year 2020/2021, this accounted for 93 % of quantities allocated at all entry points.</p> <p>Trade notifications are processed within 120 minutes.</p> <p>The balancing activity does not cover the distribution network.</p>
TSO's use of the short-term balancing market		<p>In gas year 2020/2021, the Slovak TSO Eustream organized 19 balancing auctions for balancing services out of which 3 were not successful. From May 2022, the Slovak TSO have ceased to use the balancing services due to lack of interest from potential providers. Since then, the TSO is relying on its own balancing resources (linepack).</p> <p>Eustream discloses information for the running month, auction history and yearly summary: https://www.eustream.sk/files/en/transparency/gas-legislation/bal-nc/eus_neutrality_account.pdf https://tis.eustream.sk/TisWeb/#/?nav=bal.bp.bba</p>
How a daily cash out regime is delivered		<p>The small adjustment is 7%.</p> <p>Prices are based on the balancing platform trades, or, in their absence, on the Austrian market Central European Gas Hub ('CEGH'). The methodology for the calculation of the price applied to determine the interim imbalance charge can be found in the Price Decision, paragraph 4.2: https://www.eustream.sk/files/archiv/EUS_price_decision_2017_0068_220101.pdf</p>
How the TSO's neutrality is ensured		<p>The general principles of the methodology are available at: https://www.eustream.sk/files/docs/eng/price_decision_2017.pdf</p>
The termination of interim measures		<p>The last annual update of the report on interim measures was published (in Slovak) in 2021: https://www.urso.gov.sk/00012021p-eu</p> <p>Eustream plans to operate the balancing platform and to keep the interim imbalance charge until April 2024.</p>
Overall		