

Network Code on Gas Balancing

Overview of the rules related with the planned integration of E natural gas and TGPS gas balancing area

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Network Codes for the gas market

CAM NC – Commission Regulation (EU) 2017/459, establishing a network code on capacity allocation mechanisms in gas transmission systems

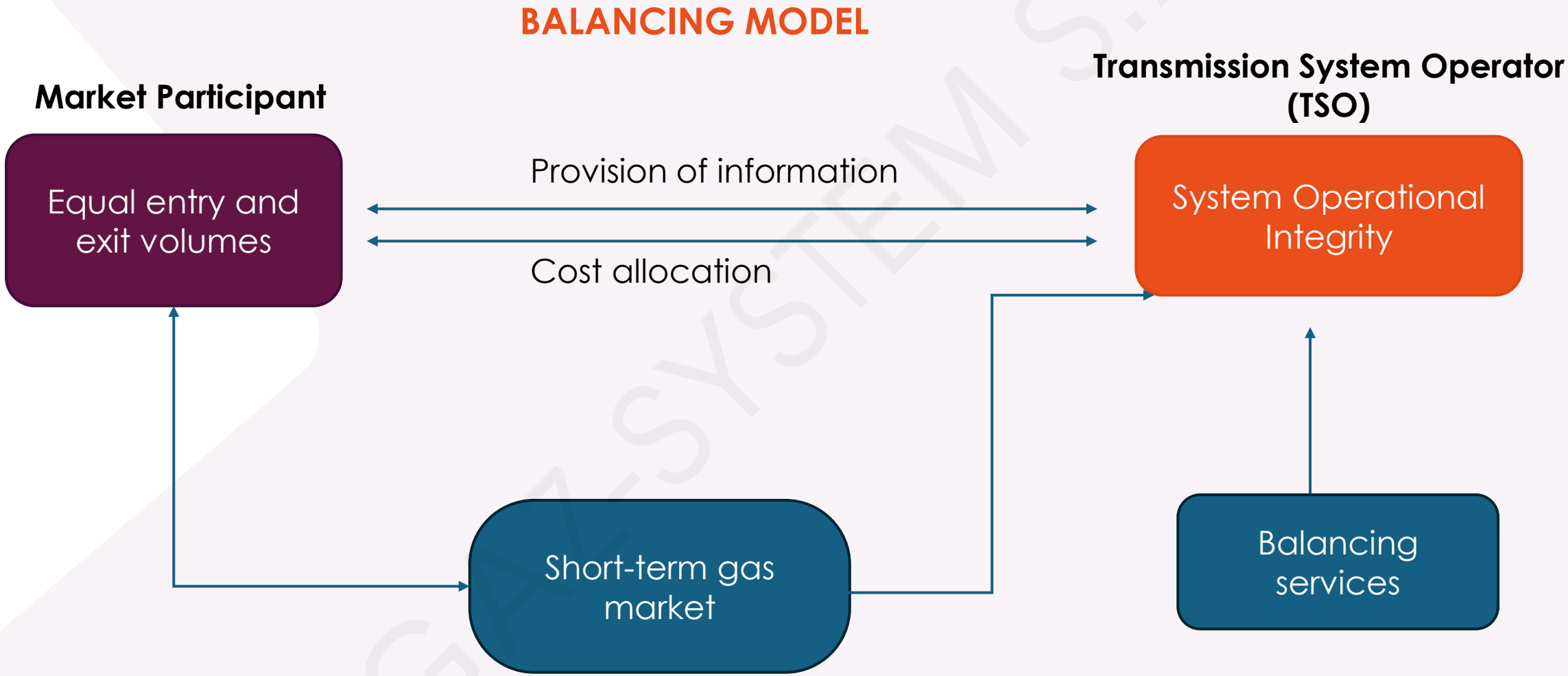
TAR NC – Commission Regulation (EU) 2017/460, establishing a network code on harmonised transmission tariff structures for gas

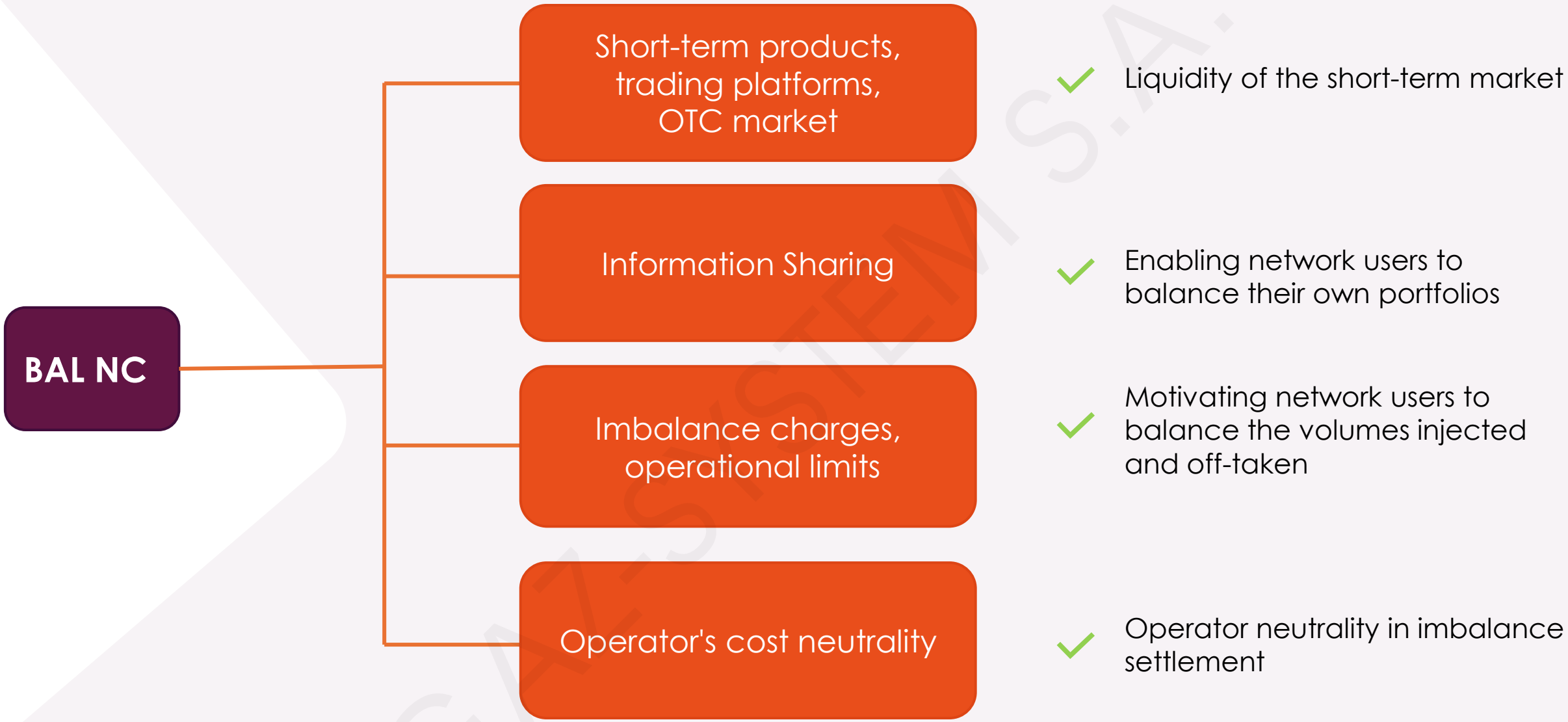
INT NC – Commission Regulation (EU) 2015/703, establishing a network code on interoperability and data exchange

BAL NC – Commission Regulation (EU) No 312/2014 establishing a network code on gas balancing in transmission networks

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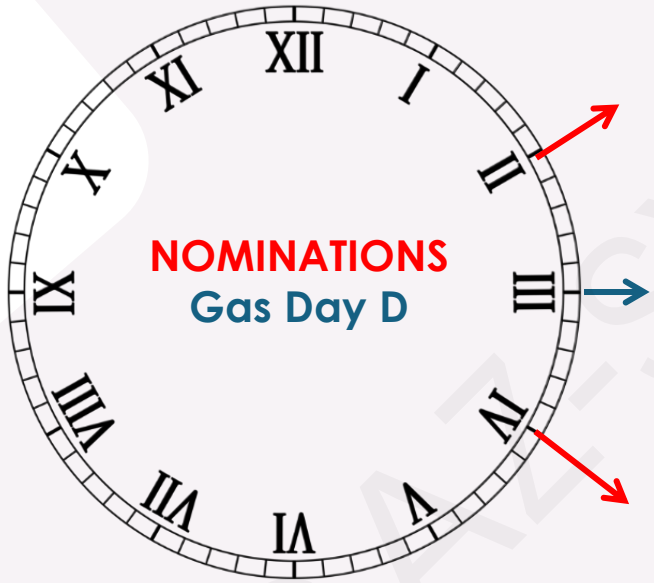
BAL NC – regulation coverage




BAL NC
Short-term products, trading platforms, OTC market
Information Sharing
Imbalance charges, operational limits
Operator's cost neutrality
Liquidity of the short-term market
Enabling network users to balance their own portfolios
Motivating network users to balance the volumes injected and off-taken
Operator neutrality in imbalance settlement

Procedure – nominations and renominations

- Day-Ahead Nominations
- Flexibility – the Shipper may modify nominations during the renomination process
- Communication in Edig@s format



14:00 D-1 **Nomination deadline** for Gas Day D

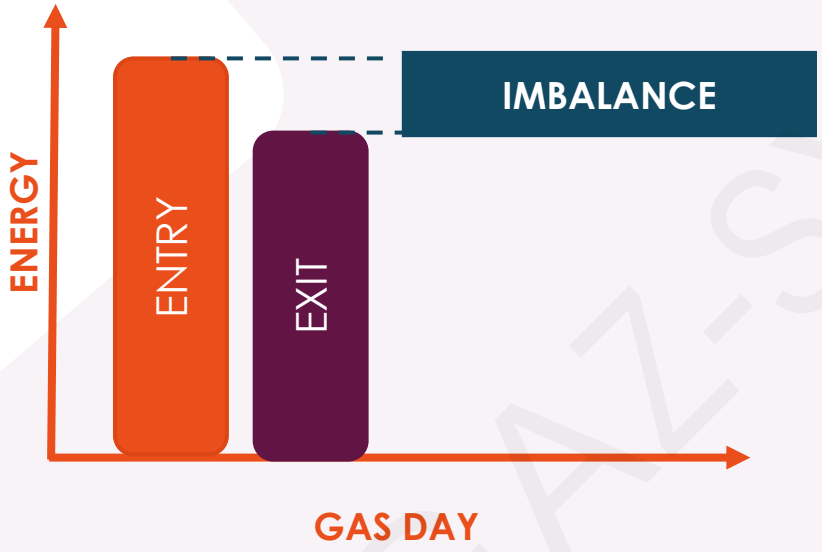
03:00 D **Last renomination deadline** for Day D

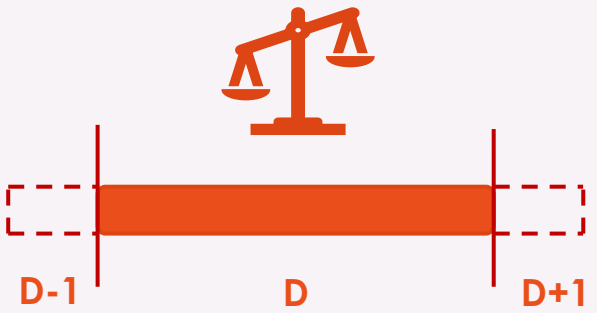
16:00 D-1

- Nomination accepted / rejected
- **Commencement of renomination procedure** For Gas Day D

Imbalance

- Market Participant (Shipper) responsible for balancing its position
- Balancing the quantities at the entry/exit ensures system stability

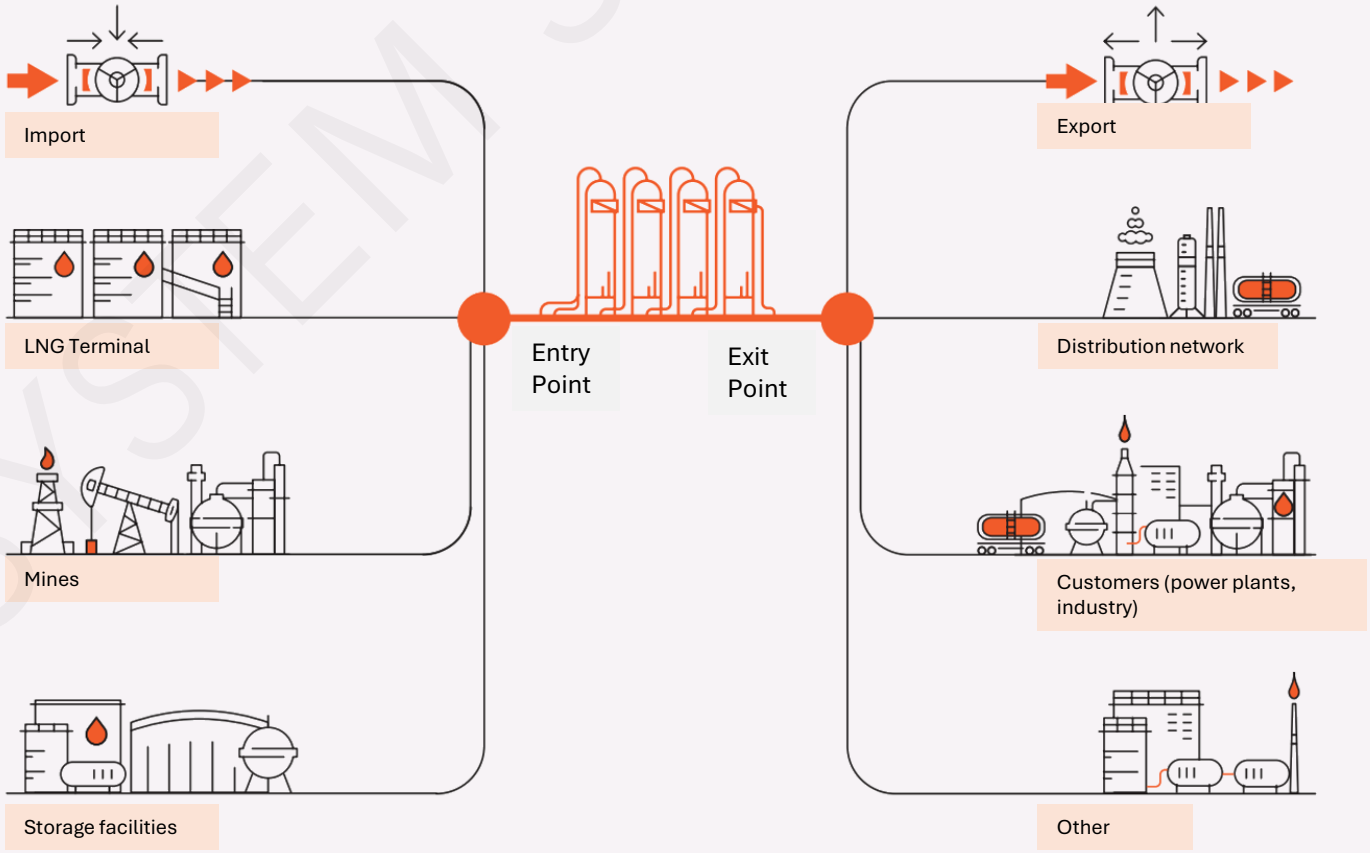




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Operator's scope of activity

- Monitoring of system parameters
- Identification of the risk of imbalance
- Individual analysis of balancing areas
- Aggregate Shipper imbalance
- Use of short-term products and trading platforms



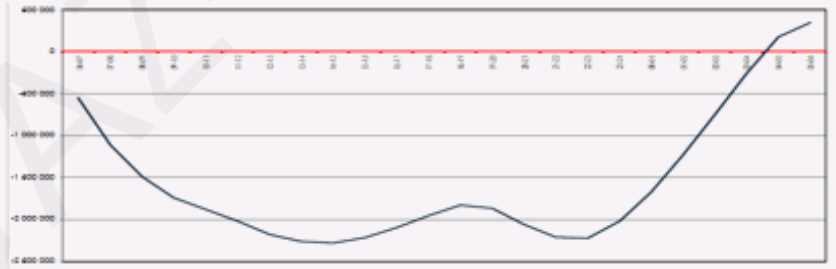
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Determination of imbalance

- Imbalance is the difference between supply and consumption of gaseous fuel
- Daily Imbalance Volume

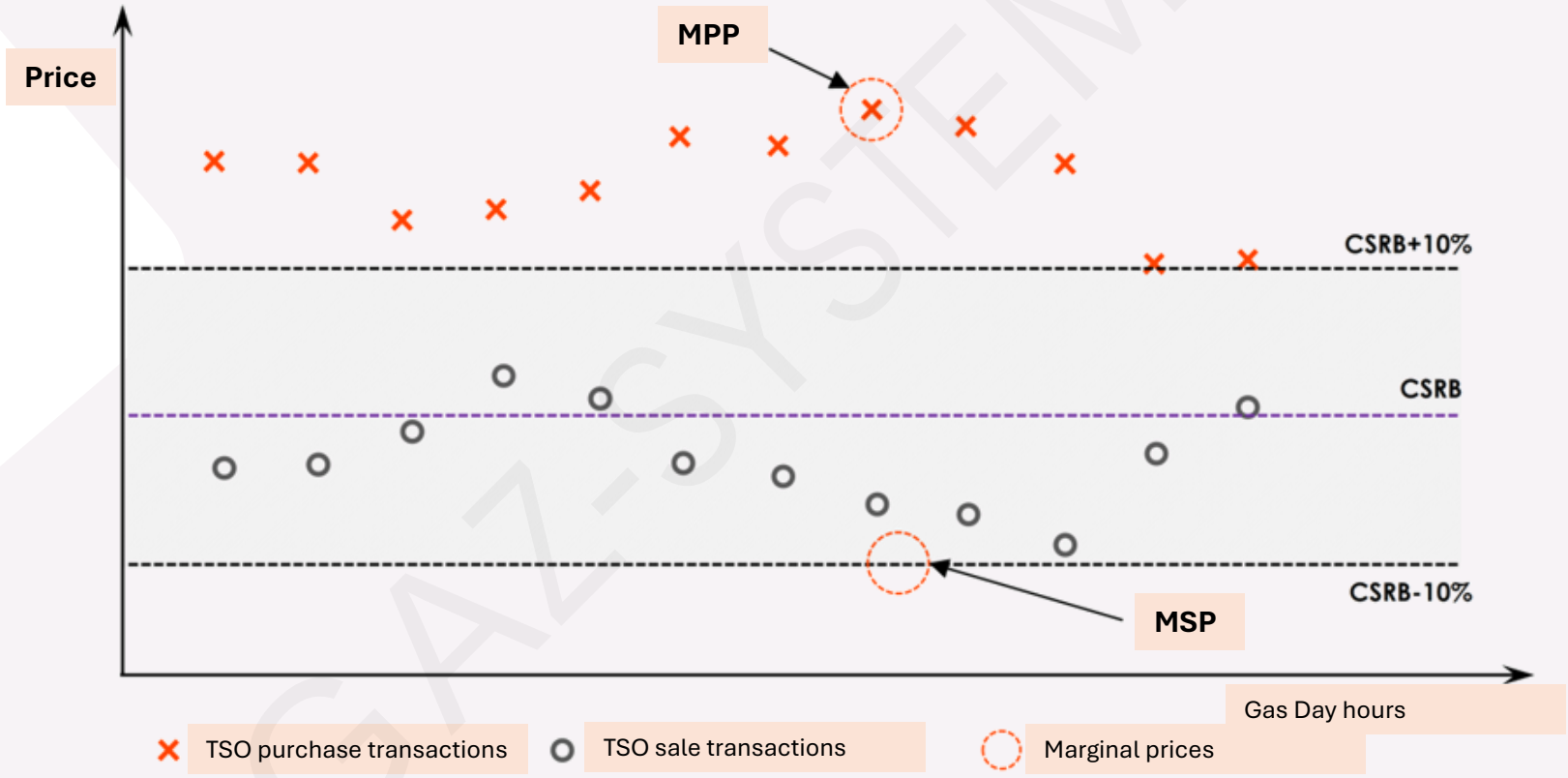


$$DIN = \sum A_{WE} - \sum A_{Wy}$$



Imbalance settlement prices

- Imbalance charges – marginal prices
- Marginal prices depend on concluded transactions and prices on the Polish Power Exchange (TGE)



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Cost-neutral balancing mechanism

- **Financial neutrality of the balancing operator**
- The cost-neutral balancing mechanism approved by the President of the Energy Regulatory Office (URE) comprises:
  - Rules on settlements between the operator and market participants
  - Rules on financial guarantees

Revenues from balancing **>** **Costs** of balancing

Return of positive difference between revenues and costs to the market

Revenues from balancing **<** **Costs** of balancing

Fee payable to the market to offset the **negative difference** between revenues and costs



Gas Balancing at GAZ-SYSTEM

Security of gas transmission system

Shipper's duties

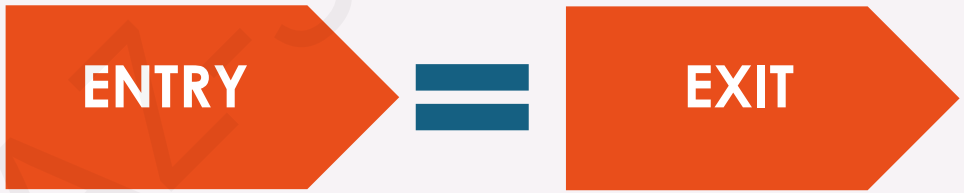
Shippers are obliged to balance their own portfolios and inject gas volumes into the system that can be off-taken by their trading partners

Shippers are incentivised to maintain balance through set marginal prices

TSO's duties

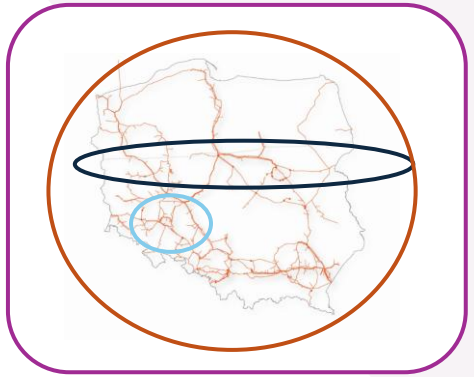
The TSO reports the Shipper's balancing position twice per day

Settlement of Shipper imbalances, in accordance with the MPP and MSP respectively



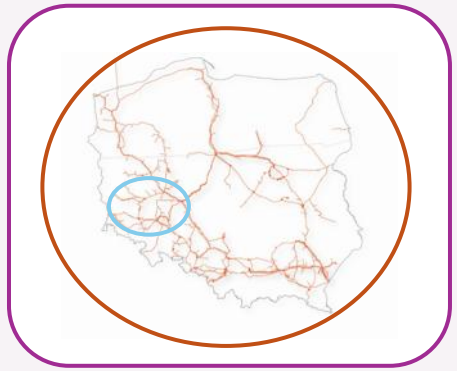
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Implementation of BAL NC in Poland



E, **TGPS** (combined with E from 2027), **Lw**

2027



Balancing areas

Nominations

Allocations

Trading platform → TGE

Trading window → **Gas Day-Ahead Market (DAMg) 09:00-15:30**

Gas Intra-Day Market (IDMg): 08:00 -20:00

OTC market → **24/7**

Marginal Price Spread → 10% → Marginal Buy Price / Marginal Sell Price

Intra-day contract settlement

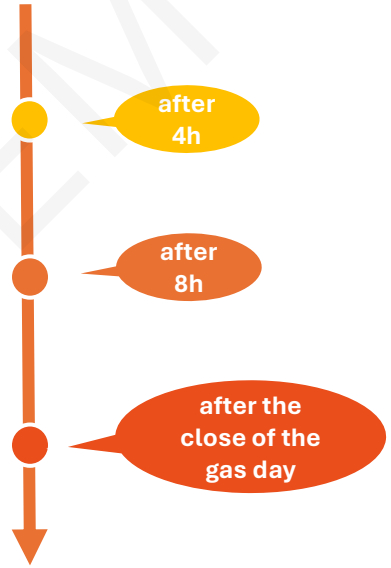
Nominations

- ✓ First nomination must be submitted by 14:00 on day D-1
- ✓ Renominations at every full hour
- ✓ TSO approves nominations within 2 hours
- ✓ Final renomination may be submitted by 3:00 on day D

Operational allocations

- ✓ Twice during the gas day and once after the close of the gas day
- ✓ Allocation obligation when there is more than one CA (capacity allocation) at the customer's point
- ✓ Allocations are based on metering readings

Information about the imbalance

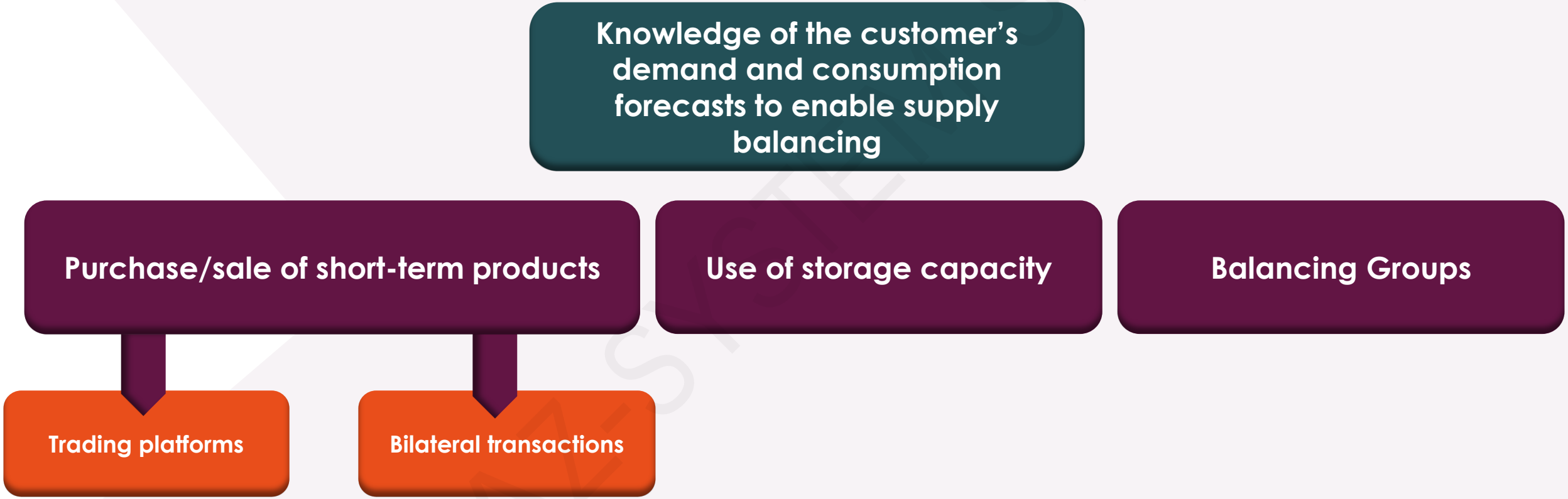


Operational Transmission Reports

- ✓ Include operational settlements & operational imbalances
- ✓ Reported on the basis of operative data

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Shipper's actions to achieve balance



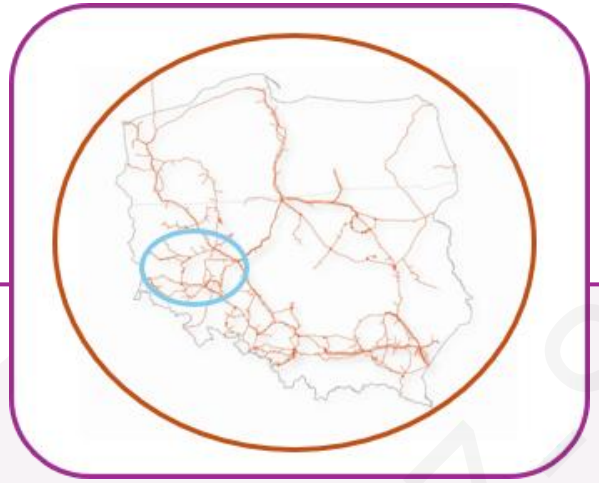
Integration of E and TGPS gas balancing areas

Abolishment of the Interconnection Point (PWP)

Single Network Code

Abolishment of TGEsgtID

New VIP THE-PL



Simplification of system users' portfolio balancing

GAZ system



Thank you
for your attention