

Network Code on Gas Balancing

of Transmission Networks

An ENTSOG Network Code for comitology procedure

This document constitutes the Network Code on Gas Balancing of Transmission Networks developed by ENTSOG (hereafter the 'Network Code').

This Network Code was developed following the invitation letter of the European Commission to draft a network code on Gas Balancing in Transmission Systems which was received by ENTSOG on 4 November 2011. The development of such a code is based upon the Framework Guidelines on Gas Balancing in Transmission Systems published by ACER on 18 October 2011. The Network Code was submitted to ACER for its reasoned opinion on 26 October 2012 pursuant to Article 6(6) of Regulation (EC) No 715/2009.

Following the Opinion of ACER No 01-2013 of 25 January 2013 on the Network Code on Gas Balancing of Transmission Networks, ENTSOG has chosen to re-submit to ACER pursuant to Article 6(8) of Regulation (EC) No 715/2009 an amended Network Code which takes account of much of the feedback received from ACER and the European Commission during the three-month period of ACER review conducted pursuant to Article 6(7) of Regulation (EC) No 715/2009. The relevant changes constitute the adjustments delivered in cooperation with ACER at the working level as well as the further amendments made to reflect the matters of concern raised by the European Commission.

The Network Code is accompanied by the Explanatory Document (BAL501-13) which explains the changes made to the Network Code as compared to the version submitted to ACER on 26 October 2012. The Explanatory Document shall not be construed as part of the Network Code and is only published for information purposes without any commitment whatsoever from ENTSOG as to the final content of the Network Code.

The final content of this Network Code shall be subject to the outcome of the comitology procedure according to Article 5a(1) to (4) and Article 7 of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the European Commission as amended by Council Decision 2006/512/EC of 17 July 2006, as foreseen in Article 28(2) of Regulation (EC) No 715/2009.

COMMISSION REGULATION (EU) No [xx/xx]

of [xx/xx]

establishing a Network Code on Gas Balancing

of Transmission Networks

(Text with EEA relevance)

[THE EUROPEAN COMMISSION,]

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 715/2009 of the European Parliament and of the Council on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005⁽¹⁾, and in particular Article 6 thereof,

Whereas:

- (1) Regulation (EC) No 715/2009 sets non-discriminatory rules for access conditions to natural gas transmission systems with a view to ensuring the proper functioning of the internal market in gas.
- (2) In particular, Regulation (EC) No 715/2009 defines several tasks for ENTSOG. Amongst these is the development of European-wide network codes in the areas referred to in Article 8(6) to be applied by all transmission system operators for gas.
- (3) This Regulation has been adopted on the basis of Regulation (EC) No 715/2009 which it supplements and of which it forms an integral part. References to Regulation (EC) No 715/2009 in other legal acts shall be understood as also referring to this Regulation.
- (4) This Regulation establishing a Network Code on gas balancing of transmission networks was developed according to the procedure as set out in Article 6 of the Regulation (EC) No 715/2009. It further harmonises the rules laid down in Article 21 Regulation (EC) No 715/2009.
- (5) In addition to the protection of commercially sensitive information, under this Regulation the transmission system operator shall preserve the confidentiality of information and data submitted to it for the purpose of implementation of this Regulation and shall not disclose to third parties any of this information and data or part of it except and to the extent legally entitled to.

⁽¹⁾ OJ L 211, 14.8.2009, p. 36.

- (6) This Regulation includes relevant provisions regarding distribution systems that apply to distribution system operators with the aim to harmonise their roles where and to the extent necessary for the due implementation of these provisions.
- (7) The measures provided for in this Regulation are in accordance with the opinion of the Committee established pursuant to Article 51 of Directive 2009/73/EC concerning common rules for the internal market in natural gas ⁽¹⁾.

[HAS ADOPTED THIS REGULATION:]

⁽¹⁾ OJ L 211, 14.8.2009, p. 94.

CHAPTER I.
GENERAL PROVISIONS

Article 1.
Subject matter

1. This Regulation establishes a Network Code setting out provisions regarding gas balancing rules, including network-related rules on nominations procedure, rules for imbalance charges and rules for operational balancing between transmission system operators' transmission networks.
2. In the event of any conflict or inconsistency between the provisions of this Regulation and any provisions related to balancing set out in another regulation, the terms of this Regulation shall prevail.

Article 2.
Scope

1. This Regulation shall apply to gas balancing regimes within the borders of the European Union with the aim to facilitate gas trading across balancing zones towards greater market integration.
2. This Regulation shall where relevant apply to the entity responsible for keeping the transmission network in balance in accordance with and to the extent defined by the applicable national rules.
3. This Regulation shall not apply to emergencies where the transmission system operator shall implement specific measures defined under the applicable national rules or to reconciliation that would be necessary between the allocations and actual consumption subsequently determined.

Article 3.
Definitions

1. For the purposes of this Regulation, the definitions in Article 2 of Regulation (EC) No 715/2009 and Article 2 of Directive 2009/73/EC shall apply. In addition, the following definitions shall apply:
 - 1) 'allocation' means the quantity of gas attributed to a shipper by a transmission system operator as an input or an off-take expressed in kWh for the purpose of determining daily imbalance quantity.
 - 2) 'balancing action' means an action undertaken by the transmission system operator to change the gas flows onto and/or off the transmission network. Buying and selling of gas by the transmission system operator related to fuel gas for compressor stations and/or shrinkage shall not be considered as balancing actions under this Regulation.
 - 3) 'balancing activities' means all the activities undertaken by transmission system operators to fulfil the obligations set out in this Regulation which shall include but not be limited to balancing actions.
 - 4) 'balancing neutrality charge(s)' means charge(s) amounting to the difference between the amounts received or receivable and the amounts paid or payable by the transmission system operator due to performance of its balancing activities which is payable to or recoverable from the relevant shippers.
 - 5) 'balancing platform' means a trading platform where a transmission system operator shall be a trading participant to all trades.
 - 6) 'balancing service' means a service provided to a transmission system operator via a contract for flexible gas which is not a short term standardised product referred to in Article 9(3).

- 7) 'balancing zone' means an entry-exit system or a combination thereof to which a specific balancing regime is applicable. Distribution systems or part of them may be a part of a balancing zone.
- 8) 'base case' means a model for information provision for non daily metered off-takes where this information shall be a day ahead and within day forecasts.
- 9) 'confirmation notice' means the message issued by a transmission system operator notifying to the shipper the confirmed quantity on gas day D.
- 10) 'confirmed quantity' means the quantity of gas confirmed by a transmission system operator to be scheduled or rescheduled to flow on gas day D. At an interconnection point, the confirmed quantity will take into account processed quantity and the matching process used for comparing and aligning the gas quantity requested by shippers to be transported at both sides of an interconnection point.
- 11) 'daily imbalance charge' means an amount of money a shipper pays or receives in respect of a daily imbalance quantity.
- 12) 'daily imbalance quantity' means the difference in inputs and off-takes for a shipper's portfolio for a gas day.
- 13) 'daily metered' means an entry point or an exit point where the gas quantity is measured and collected once per gas day. This measurement excludes smart meters.
- 14) 'entry point' means a point where gas enters a balancing zone.
- 15) 'ENTSO' means the European Network of Transmission System Operators for Gas, an organisation for cooperation of the European transmission system operators established pursuant to Regulation (EC) No 715/2009.
- 16) 'exit point' means a point where gas exits a balancing zone.
- 17) 'flexible gas' means gas required to meet short term fluctuations in gas demand or supply.
- 18) 'forecasting party' means the party responsible for deriving the non daily metered derived forecast and subsequent allocation, where appropriate.
- 19) 'gas day' means the period from 5:00 to 5:00 UTC or, when daylight saving time is applied, from 4:00 to 4:00 UTC.
- 20) 'implied nomination flow rate' means respectively for a nomination the gas quantity to be transported divided by the number of hours in gas day D and for a re-nomination the remaining gas quantity to be transported from the time the re-nomination becomes effective divided by the remaining number of hours in gas day D from the time the re-nomination becomes effective.
- 21) 'input' means the quantity of gas which has entered or is due to enter the balancing zone at an entry point.
- 22) 'interconnection point' means a cross-border interconnection point, whether it is physical or virtual, between two (2) or more Member States as well as interconnection between adjacent entry-exit systems within the same Member States, in so far as these points are subject to booking procedures by shippers being active at that interconnection point.
- 23) 'intraday metered' means an entry point or an exit point where the gas quantity is measured and collected a minimum of two (2) times within the gas day. This measurement excludes smart meters.

- 24) 'linepack flexibility service' means a service provided by a transmission system operator to shippers to balance their inputs and off-takes over a period longer than a gas day.
- 25) 'liquidity' means the ability to quickly buy and/or sell reasonable volumes of gas without causing a significant change in price and without incurring significant trade costs.
- 26) 'non daily metered' means an entry point or an exit point where the gas quantity is measured and collected less frequently than once per gas day.
- 27) 'non daily metered derived forecast' means a forecast of a shipper's non daily metered off-takes for a gas day.
- 28) 'notification quantity' means the quantity of gas transferred between a transmission system operator and a shipper or shippers or portfolios, as appropriate.
- 29) 'off-take' means the quantity of gas which has exited or is due to exit from the balancing zone at an exit point.
- 30) 'portfolio' means the part of a shipper's inputs and off-takes to be treated completely independently under this Regulation. A transmission system operator may allow its shippers to have several portfolios.
- 31) 'processed quantity' means the quantity of gas that the transmission system operator is scheduling for flow, which takes into account the shipper's nomination (respectively re-nomination), contractual conditions and the capacity as defined under the relevant transport contract.
- 32) 're-nomination cycle' means the process carried out by the transmission system operator in order to provide the shipper with the confirmation notice following receipt of a re-nomination.
- 33) 'shipper' means a customer of a transmission system operator holding with such transmission system operator a legally binding agreement defining the respective rights and obligations related to at least balancing.
- 34) 'shipper's counterparty' means the shipper who delivers gas to or receives gas from a shipper at an interconnection point.
- 35) 'short term wholesale gas market' means a market for short term standardised products referred to in Article 9(3).
- 36) 'small adjustment' means a price that is used in the derivation of the marginal buy price and the marginal sell price both detailed in Article 25.
- 37) 'tolerance' means a reduction of a shipper's financial exposure to marginal sell price and marginal buy price.
- 38) 'tolerance level' means an amount of the daily imbalance quantity to which the weighted average price is applied instead of the marginal sell price or the marginal buy price.
- 39) 'trading participant' means a shipper or a transmission system operator that may trade on a trading platform on which the shipper or the transmission system operator is registered.
- 40) 'trading platform' means an electronic platform provided and operated by a trading platform operator by means of which trading participants may post and accept (including the right to revise and withdraw) bids and offers for flexible gas in accordance with the terms and conditions applicable on the trading platform and at which the transmission system operator trades for the purpose of undertaking balancing actions.
- 41) 'trading platform operator' means a party operating a trading platform.

- 42) 'UTC' means the used time reference defined and recommended by ITU-T.
 - 43) 'variant 1' means the model for information provision for non daily metered off-takes and for daily metered off-takes where this information shall be based on apportionment of measured flows during the gas day.
 - 44) 'variant 2' means the model for information provision for non daily metered off-takes where this information shall be a day ahead forecast. In this model transmission system operators are entitled not to provide an update of this forecast during the gas day since the shipper's daily imbalance quantity shall be based on this day ahead forecast for non daily metered off-takes.
 - 45) 'weighted average price' means the energy weighted average price of trades in title products referred to in Article 9(3) carried out at the virtual trading point in respect of a gas day.
 - 46) 'within day charge' means a charge levied or a payment made by a transmission system operator on or to its shipper as a result of a within day obligation.
 - 47) 'within day obligation' means a set of rules regarding shippers' inputs and off-takes within the gas day imposed by a transmission system operator on its shippers.
2. For the purpose of this Regulation:
 - 1) 'publish' refers to the process of disclosing information to make it available to the general public. Where pursuant to this Regulation a transmission system operator is required to send, provide or make available any information, the transmission system operator shall be treated as having satisfied such an obligation where it publishes such information on a website or another support, that can ensure the information is publicly available.

CHAPTER II.
BALANCING SYSTEM

Article 4.
General principle

1. The shippers shall take primary responsibility to balance their portfolios in order to minimise the need for transmission system operators to undertake balancing actions defined under this Regulation.
2. The balancing regime shall reflect genuine system needs, taking into account the resources available to transmission system operators and appropriately incentivise shippers to balance their portfolios efficiently.
3. Under this Regulation, any network user shall have the right to gain access to the transmission network, pursuant to the provisions of Directive 2009/73/EC and Regulation (EC) No 715/2009, subject to the terms and conditions of:
 - (a) a transport contract; or
 - (b) a legally binding agreement which enables this network user to submit trade notifications in accordance with Article 5.

Article 5.
Trade notifications and allocations

1. Gas transfer between two (2) portfolios within one (1) balancing zone shall be made through trade notifications (disposing and acquiring accordingly) submitted to the relevant transmission system operator in respect of the gas day.

2. The timing for submitting, withdrawing and amending trade notifications shall be defined by the transmission system operator in the relevant transport contract (or other legally binding arrangement, as relevant) with shippers taking into account the time, if any, for processing thereof. The transmission system operator shall enable the shippers to submit trade notifications as close as reasonably possible to the time when the trade notification becomes effective.
3. The transmission system operator shall minimise the time for processing which shall be no longer than thirty (30) minutes except where the time when the trade notification becomes effective permits to extend this time up to two (2) hours.
4. A trade notification shall provide at least the following information:
 - (a) the gas day for which gas is transferred;
 - (b) the identification of the portfolios concerned;
 - (c) whether it is a disposing or an acquiring trade notification;
 - (d) the notification quantity expressed in kWh/d for daily notification quantity or in kWh/h for hourly notification quantity, as required by the transmission system operator concerned.
5. If the transmission system operator receives a corresponding set of a disposing and an acquiring trade notifications and the notification quantities are equal then the transmission system operator shall allocate the notification quantity to the portfolios concerned:
 - (a) as an off-take to the portfolio of the shipper making the disposing trade notification; and
 - (b) as an input to the portfolio of the shipper making the acquiring trade notification.
6. Should the notification quantities referred to in Article 5(5) not be equal, the transmission system operator concerned shall either allocate the lower notification quantity specified in the relevant trade notification or shall reject both trade notifications. The applicable rule shall be defined by the transmission system operator in the applicable relevant transport contract (or other legally binding arrangement, as relevant).
7. Nothing shall prevent the intervention of a service provider acting on behalf of a shipper for the purpose of Article 5(5), subject to the prior approval of the relevant transmission system operator.
8. A shipper may make a trade notification on a gas day irrespective of whether any nomination was made by this shipper for that gas day.

CHAPTER III.

CROSS-BORDER COOPERATION

Article 6.

General provisions

Wherever and to the extent it is technically feasible and economically reasonable, the transmission system operators shall cooperate in order to integrate European gas markets by merging entry-exit systems or creating cross-border balancing zones or through other means such as market coupling.

Article 7.

Consultation process on proposals to integrate European gas market

1. The transmission system operators with common boundaries of their transmission networks shall consult the stakeholders on proposals for project development where opportunities to integrate balancing zones are identified.
2. In this process such transmission system operators shall consult stakeholders on options for cooperation.
3. The proposal(s) shall include an impact assessment of the expected costs and benefits and on the timeline for the completion.
4. Upon the closing of the consultation, within a reasonable period of time, the transmission system operators involved shall publish the result and send them to ENTSOG.
5. ENTSOG shall consolidate and compile these results to be shared with the relevant national regulatory authorities and the Agency.
6. In order to finalise the proposal(s) the relevant transmission system operators will work within ENTSOG in the light of comments, if any, made by ENTSOG, the national regulatory authorities involved and the Agency.
7. The relevant transmission system operators shall finalise and submit the final proposals for approval to the relevant national regulatory authorities and for information to the Agency and ENTSOG.
8. The submitted proposals could include:
 - (a) shipper-led cross-border portfolio balancing, which would allow shippers to net their imbalances between adjacent balancing zones;
 - (b) cross-border transmission system operator balancing, which would allow transmission system operators to act as intermediaries to facilitate access to flexible gas in adjacent markets; and
 - (c) a joint balancing platform for transmission system operators in adjacent balancing zones, which would allow transmission system operators to buy and sell balancing gas, where sufficient interconnection exists.
9. The national regulatory authorities involved in the process shall coordinate amongst themselves to reach the best outcome possible when providing a coordinated and consistent decision on this proposal within a reasonable period of time as from the submission by the transmission system operators referred to in Article 7(7) in accordance with the applicable national rules and defined procedure, if any, between these national regulatory authorities. Any decision shall be duly motivated and communicated to the transmission system operators concerned and made public by the national regulatory authority without undue delay.
10. The national regulatory authorities may seek an opinion or a recommendation from the Agency, based on the provisions of Regulation (EC) No 713/2009.
11. The requirements set forth in this Article shall not prevent in any case transmission system operators in a gas region (as defined in the European regional initiatives) from bringing forward or consulting on proposals regarding their cooperation referred to in Article 6.

Article 8.
ENTSOG review process

1. ENTSOG shall review the progress of the harmonisation of balancing rules in adjacent balancing zones assessing the existing level of harmonisation and changes or measures implemented in that respect, if any.
2. To conduct the assessment, ENTSOG shall involve the relevant stakeholders where and to the extent necessary.
3. Based on that assessment, ENTSOG shall publish on its website, within a reasonable period of time, a report containing the conclusions of the assessment together with recommendations, where relevant, on additional measures needed to further harmonise the existing balancing rules, which may facilitate the achievement of cross-border cooperation.
4. The first review process shall take place no later than two (2) years as from the entry into force of this Regulation. ENTSOG shall then conduct this review on a two (2)-year basis unless a lesser interval would be deemed appropriate by ENTSOG.
5. Such review shall be given due consideration by the transmission system operators when identifying opportunities to further integrate European gas markets.

CHAPTER IV.
OPERATIONAL BALANCING

Article 9.
General provisions

1. The transmission system operator shall undertake balancing actions in order to:
 - (a) maintain the transmission network within its operational limits;
 - (b) achieve an end of day linepack position in the transmission network different from the one anticipated on the basis of expected inputs and off-takes for that gas day, consistent with economic and efficient operation of the transmission network.
2. While undertaking balancing actions the transmission system operator shall consider at least the following information in respect of a balancing zone:
 - (a) the transmission system operator's own estimates of demand of gas over and within the gas day for which the balancing action(s) is(are) considered;
 - (b) nomination and allocation information and measured gas flows;
 - (c) distribution of gas in the transmission network(s).
3. For the purpose of this Regulation, the short term standardised products are defined and detailed hereafter, namely: title products, locational products, temporal products and temporal locational products.
4. The transmission system operator shall undertake balancing actions through:
 - (a) the buying or selling of short term standardised products on a trading platform; and/or
 - (b) the use of balancing services.
5. While undertaking balancing actions the transmission system operator shall take into account the following principles:

- (a) the balancing actions shall be undertaken on a non-discriminatory basis;
- (b) the balancing actions shall have regard to any obligation upon transmission system operators to operate an economic and efficient transmission network.

Article 10.
Merit order

1. Subject to the principles set forth in Article 9(5), when deciding upon the appropriate balancing actions to undertake, the transmission system operator shall:
 - (a) prioritise the use of title products where and to the extent appropriate over any other available short term standardised products.
 - (b) use locational products when, in order to keep the transmission network within its operational limits, gas flow changes are needed at specific entry and/or exit points and/or to start from a specific period of time within the gas day.
 - (c) use temporal products when, in order to keep the transmission network within its operational limits, gas flow changes are needed within a specific period of time within the gas day. The transmission system operator shall only use a temporal product when in its discretion under defined circumstances it would be more economic and efficient than the buying and selling of a combination of title products or locational products.
 - (d) use temporal locational products when, in order to keep the transmission network within its operational limits, gas flow changes are needed at specific entry and/or exit points and within a specific period of time within the gas day. The transmission system operator shall only use a temporal locational product when in its discretion under defined circumstances it would be more economic and efficient than the buying and selling of a combination of locational products.
 - (e) only use balancing services where short term standardised products will not or are not likely to provide, upon assessment of the transmission system operator concerned, the response necessary to keep the transmission network within its operational limits.
2. While trading in short term standardised products, the transmission system operator shall prioritise the use of within day products over day ahead products where and to the extent appropriate.
3. If prices in the adjacent balancing zone are frequently more favourable than those in the transmission system operator's own balancing zone(s) then the transmission system operator may seek approval from its own national regulatory authority to trade and have the gas transported to and from such an adjacent balancing zone as an alternative to trading title products and/or locational products in its own balancing zone(s). When deciding on granting the approval, the national regulatory authority may consider alternative solutions to improve the functioning of the domestic market. The applicable terms and conditions shall be reconsidered on an annual basis by the transmission system operator and the national regulatory authority. The use of this balancing action shall not limit the access and use by the shippers of capacity at the interconnection point concerned.

4. The transmission system operator shall publish on a yearly basis the information with regard to the costs, frequency and quantity of the balancing actions undertaken in accordance with each of the requirements set out in Article 10(1)(a) to (e).

Article 11.
Trading platform

1. For the purpose of procurement of short term standardised products, the transmission system operator shall trade on a trading platform that meets all the following criteria:
 - (a) provides sufficient support throughout the gas day to both the shippers to trade in and the transmission system operators to undertake appropriate balancing actions through trade in the relevant short term standardised products;
 - (b) provides transparent and non-discriminatory access;
 - (c) provides services on an equal treatment basis;
 - (d) ensures anonymous trading at least until a transaction is concluded;
 - (e) provides a detailed overview of the current bids and offers to all trading participants;
 - (f) ensures that all trades are duly notified to the transmission system operator.
2. The relevant transmission system operator shall endeavour to ensure that the criteria set forth in Article 11(1) are met on at least one (1) trading platform.
3. Where the requirements set out in Article 11(2) cannot be fulfilled, the relevant transmission system operator shall take the necessary measures towards the establishment of a balancing platform as set forth in Article 51.
4. As soon as reasonably possible after each trade is concluded, the trading platform operator shall make available to the relevant trading participants sufficient details to confirm the trade.
5. The trading participant shall be responsible for submitting the trade notification to the relevant transmission system operator as defined in Article 5 unless the responsibility is assigned to a trading platform operator or a third party in accordance with the applicable rules of the trading platform.
6. The trading platform operator shall:
 - (a) publish the evolution of the marginal buy price and the marginal sell price as soon as reasonably possible after each trade; or
 - (b) provide the relevant transmission system operator with the relevant information as soon as reasonably possible where the transmission system operator elects to publish the evolution of the marginal buy price and the marginal sell price. The transmission system operator shall publish this information as soon as reasonably possible after its receipt.

Where there is more than one (1) trading platform operator in the same balancing zone Article 11(6)(b) shall apply.

7. The trading platform operator shall only allow a trade on this trading platform provided the trading participants are entitled to make trade notifications.

8. The transmission system operator shall immediately inform the trading platform operator of shipper's losing the right to make trade notifications pursuant to the applicable contractual arrangement in force which shall result in the suspension of the shipper's right to trade on the trading platform, without prejudice to the other remedies that could be available in such case to the trading platform operator under the applicable rules of the trading platform.

Article 12.

Short term standardised products

1. The short term standardised products shall be traded for delivery on a within day or day ahead basis seven (7) days a week in accordance with the applicable rules of the trading platform as defined between the trading platform operator and the relevant transmission system operator.
2. The originating trading participant is the trading participant that posts a bid or an offer to trade on the trading platform and the accepting trading participant is the trading participant that accepts it.
3. Where a title product is traded, the following conditions shall be met by the trading participants:
 - (a) one (1) trading participant makes an acquiring trade notification and the other makes a disposing trade notification;
 - (b) both trade notifications shall specify the gas quantity transferred from the trading participant who makes a disposing trade notification to the trading participant who makes an acquiring trade notification;
 - (c) where an hourly notification quantity is used, it shall be applied flat to all the remaining hours of the gas day from a specified start time and shall be equal to zero for all the hours before this start time.
4. Where a locational product is traded, the following conditions shall be met by the trading participants:
 - (a) the transmission system operator shall determine the relevant entry and/or exit points (or groups thereof) that can be used;
 - (b) all the conditions specified for title product in Article 12(3) are fulfilled;
 - (c) the originating trading participant modifies the quantity of gas to be delivered and/or off-taken to/from the transmission network at the specified entry and/or exit point(s) by an amount equal to the notification quantity and provides evidence to the transmission system operator;
 - (d) nothing shall prevent the trading platform operator and the transmission system operator to agree to use another mechanism to identify the trading participant having the obligation referred to in Article 12(4)(c).
5. Where a temporal product is traded, the following conditions shall be met by the trading participants:
 - (a) the conditions specified in Article 12(3)(a) and (b) are fulfilled;

- (b) an hourly notification quantity shall be applied to the hours of the gas day from a specified start time up to a specified end time and shall be equal to zero for all the hours before the start time and zero for all the hours after the end time.
6. Where a temporal locational product is traded, the conditions specified in Article 12(4)(a), (c), and (d) and Article 12(5) are fulfilled.
 7. When establishing the short term standardised products, the transmission system operators from adjacent balancing zones shall coordinate among themselves to define the relevant products.

Article 13.
Balancing service(-s)

1. The transmission system operator may procure balancing services for those situations in which short term standardised products will not or are not likely to provide, upon assessment of the transmission system operator concerned, the response necessary to keep the transmission network within its operational limits or in the absence of liquidity of short term standardised products.
2. For the purpose of undertaking balancing actions through the use of balancing services, the transmission system operator shall consider when procuring these balancing services at least the following:
 - (a) how balancing services will keep the transmission network within its operational limits;
 - (b) the response time of the balancing services compared to the response times of any available short term standardised products;
 - (c) the estimated cost of the procurement and use of balancing services compared to the estimated cost of use of any available short term standardised products;
 - (d) the location at which the gas needs to be delivered;
 - (e) the transmission system operator's gas quality requirements;
 - (f) to what extent the procurement and use of balancing services may affect the liquidity of the short term wholesale gas market.
3. Balancing services shall be procured in a market based manner, through a transparent and non-discriminatory public tender procedure in accordance with the applicable national rules, in particular:
 - (a) Prior to any commitment to contract for a balancing service, the transmission system operator shall publish a non-restrictive call for tender indicating the purpose, scope and related instructions to tenderers, to enable them to participate in the tender process.
 - (b) The results shall be published without prejudice to the protection of commercially sensitive information and individual results shall be disclosed to each tenderer.
 - (c) A procedure other than a public tender may be approved by the national regulatory authority for the procurement of balancing services under specific circumstances in accordance with the applicable national rules.

4. Unless a decision by the competent national regulatory authority allows for a longer duration of a balancing service, the duration of a balancing service shall not exceed one (1) year and the starting date shall occur within a twelve (12)-month period from the related binding commitment of the contracting parties.
5. The transmission system operator shall review the use of its balancing services each year as from the entry into force of this Regulation in order to assess whether available short term standardised products would better meet the transmission system operator's operational requirements and whether the use of balancing services could be reduced for the next year.
6. The transmission system operator shall publish on a yearly basis the information with regard to the balancing services procured and the related costs incurred.

*Article 14.
Incentives*

1. The relevant national regulatory authority may incentivise the transmission system operators to promote the transmission system operator's efficient undertaking of balancing actions and/or to maximise the undertaking of balancing actions through the trade in short term standardised products, in order to foster the liquidity of the short term wholesale gas market.
2. The transmission system operator may submit to the competent national regulatory authority for approval in accordance with the applicable national rules an incentive mechanism that shall be consistent with the general principles set out in this Regulation.
3. Prior to submitting the proposal referred to in Article 14(2), the transmission system operator may consult the relevant stakeholders upon the transmission system operator's own initiative or upon the national regulatory authority's request.
4. The incentive mechanisms shall:
 - (a) be based on the transmission system operator's performance via capped payments to the transmission system operator for outperformance and by the transmission system operator for underperformance, that are measured against predetermined performance targets which may include but not be limited to costs targets;
 - (b) take into account the means available to the transmission system operator to control the performance;
 - (c) ensure that its application accurately reflects the allocation of responsibilities between the acting parties;
 - (d) be adapted to the current state of development of the relevant gas market where it is to be implemented;
 - (e) be subject to a regular review by the transmission system operator together with the relevant national regulatory authority to evaluate where and to what extent changes thereto may be needed.

CHAPTER V.
NOMINATIONS

Article 15.
General provisions

1. The gas quantity to be specified in the nomination (respectively re-nomination) shall be defined by the transmission system operator either in kWh/d for daily nominations (respectively re-nominations) or in kWh/h for hourly nominations (respectively re-nominations).
2. For the purpose of balancing activities, the transmission system operator may require shippers to provide further information on nominations (respectively re-nominations) in addition to the requirements set forth in this Regulation, including but not limited to an accurate, updated and sufficiently detailed forecast of the expected inputs and off-takes in accordance with the specific need(s) of the transmission system operator for the balancing activities concerned.
3. Provisions of Article 16 to 19 regarding nominations (respectively re-nominations) for unbundled capacity products shall apply to single nominations (respectively re-nominations) for bundled capacity products, *mutatis mutandis*. Transmission system operators shall cooperate for the purpose of implementing nomination (respectively re-nomination) rules for bundled capacity products at interconnection points.

Article 16.
Information provision regarding nominations (respectively re-nominations) at interconnection points

Nominations (respectively re-nominations) provided by shippers to the transmission system operators with regard to interconnection points shall contain at least the following information:

1. interconnection point identification;
2. direction of gas flow;
3. shipper identification or, if applicable, its portfolio identification;
4. shipper's counterparty identification or, if applicable, its portfolio identification;
5. start and end time of gas flow for which the nomination (respectively re-nomination) is submitted;
6. gas day D;
7. the gas quantity requested to be transported.

Article 17.
Nomination procedure at interconnection points

1. Shipper may submit to the transmission system operator the nomination(s) for gas day D no later than the nomination deadline on gas day D-1. For the purpose of this Regulation, the nomination deadline shall be 13:00 UTC or, when daylight saving time is applied, 12:00 UTC on gas day D-1.
2. The last nomination received by the transmission system operator from a shipper before the nomination deadline shall be taken into account by the transmission system operator.
3. The transmission system operator shall send the confirmation notice to the respective shippers no later than the confirmation deadline on gas day D-1. For the purpose of this Regulation, the

confirmation deadline shall be 15:00 UTC or, when daylight saving time is applied, 14:00 UTC on gas day D-1.

4. The transmission system operators at either side of the interconnection point may agree to offer a pre-nomination cycle within which:
 - (a) shippers are not obliged to submit nominations;
 - (b) shippers may submit to transmission system operators the nominations for gas day D no later than 12:00 UTC or, when daylight saving time is applied, 11:00 UTC on gas day D-1;
 - (c) the transmission system operator shall send the message regarding the processed quantities to the respective shippers no later than 12:30 UTC or, when daylight saving time is applied, 11:30 UTC on gas day D-1.
5. In the absence of valid nominations sent by the shippers before the nomination deadline, the respective transmission system operators shall apply the default nomination rule agreed between these transmission system operators. The default nomination rule in force at an interconnection point shall be made available to the shippers of the transmission system operators.

Article 18.

Re-nomination procedure at interconnection points

1. Shippers may submit re-nominations within the re-nomination period which starts immediately after the confirmation deadline and ends no earlier than three (3) hours before the end of gas day D. The transmission system operator shall start a re-nomination cycle at the start of every hour within the re-nomination period.
2. The last re-nomination received by the transmission system operator from a shipper before the re-nomination cycle starts shall be taken into account by the transmission system operator in the re-nomination cycle.
3. The transmission system operator shall send the confirmation notice to the respective shippers within two (2) hours from the start of each re-nomination cycle. The start time of the effective gas flow change shall be two (2) hours from the start of the re-nomination cycle, unless:
 - (a) a later time is requested by the shipper; or
 - (b) an earlier time is allowed by the transmission system operator.
4. For the purpose of this Regulation, it shall be assumed that any change to the gas flow occurs at the start of each hour.

Article 19.

Specific provisions at interconnection points

1. Where daily and hourly nominations (respectively re-nominations) co-exist at an interconnection point, the relevant transmission system operators or national regulatory authorities (as appropriate) may consult the relevant stakeholders for the purpose of identifying whether harmonised nominations (respectively re-nominations) should be submitted at both sides of this interconnection point. This consultation shall consider at least the following:
 - (a) financial impact on transmission system operators and shippers;

- (b) impact on cross-border trade;
 - (c) impact on the daily balancing regime at the interconnection point(s).
2. Following this consultation, the proposed changes, if any, shall be approved by the relevant national regulatory authorities in accordance with the applicable national rules and defined procedure, if any, between these national regulatory authorities within a reasonable period of time. Once the proposed changes are approved, subject to the applicable national rules the transmission system operators shall amend accordingly the existing interconnection agreements and the transport contracts (or other legally binding arrangements, as relevant) to the extent affected and publish such changes.

Article 20.

*Rejection of nominations (respectively re-nominations) or
amendment of the requested gas quantity at interconnection points*

1. The transmission system operator may reject:
- (a) a nomination (respectively re-nomination) as soon as reasonably possible and no later than 2 (two) hours after the nomination deadline (respectively a re-nomination cycle starts) in the following cases:
 - (1) it does not comply with the requirements as to its content; and/or
 - (2) it is submitted by an entity other than a shipper; and/or
 - (3) in the case of daily nominations (respectively re-nominations) it results in a negative implied nomination flow rate; and/or
 - (4) it exceeds the shipper's allocated capacity;
 - (b) a re-nomination as soon as reasonably possible and no later than 2 (two) hours after a re-nomination cycle starts in the following additional cases:
 - (1) it exceeds the shipper's allocated capacity for the remaining hours, unless this re-nomination is submitted in order to request interruptible capacity, where offered by the transmission system operator; and/or
 - (2) in the case of hourly re-nominations it results in an expected gas flow change before the end of the re-nomination cycle.
2. The transmission system operator shall not reject a shipper's nomination (respectively re-nomination) on the sole ground that this shipper's intended inputs are not equal to its intended off-takes.
3. In case a re-nomination is rejected, the transmission system operator shall use the shipper's last confirmed quantity, if any.
4. Without prejudice to the specific terms and conditions applicable to interruptible capacity, the terms and conditions (be they part of the applicable national rules or legally binding agreements between the transmission system operator and shipper) according to which the transmission system operator may amend the gas quantity requested under a nomination (respectively re-nomination) shall principally only be admissible in exceptional events or in emergency situations when there is an evident danger to system security and stability.

5. If the transmission system operator or relevant national regulatory authority considers that the terms and conditions (including, where applicable, compensation arrangements) are to be amended so that they reflect the requirement set out in Article 20(4) then the transmission system operator shall consult or shall be requested to consult stakeholders on such amendments and submit a proposal to the relevant national regulatory authority for approval.

Article 21.

Nomination (respectively re-nomination) procedure at non-interconnection points

1. The transmission system operator shall determine at which non-interconnection points nominations (respectively re-nominations) are required.
2. Where nominations (respectively re-nominations) are required at non-interconnection points the following principles shall apply:
 - (a) shippers shall be entitled to submit re-nominations for the gas day, considering the technical flexibility of these points;
 - (b) the transmission system operator shall confirm or reject the submitted nominations (respectively re-nominations) as soon as reasonably possible as from their receipt.

CHAPTER VI.

DAILY IMBALANCE CHARGES

Article 22.

General provisions

1. Shippers shall be bound to pay or entitled to receive (as appropriate) daily imbalance charges in relation to their daily imbalance quantity for each gas day.
2. Daily imbalance charges shall be identified separately on the transmission system operator's invoice to shippers.
3. A daily imbalance charge is applied in a balancing zone.
4. The daily imbalance charge shall be cost reflective and shall take account of the prices associated with transmission system operator's balancing actions, if any, and of the small adjustment, in order to provide incentives for shippers to balance their portfolio(s).

Article 23.

Daily imbalance charge calculation methodology

1. The transmission system operator shall submit its daily imbalance charge calculation methodology to the competent national regulatory authority for approval in accordance with the applicable national rules.
2. Once approved, the daily imbalance charge calculation methodology shall be published on a relevant website. Any update thereof shall be made available in a timely manner.
3. The daily imbalance charge calculation methodology shall define:
 - (a) the calculation of the daily imbalance quantity referred to in Article 24;
 - (b) the derivation of the applicable marginal sell price, marginal buy price and the calculation of the small adjustment, referred to in Article 25; and

(c) any other parameter that may be necessary.

Article 24.

Daily imbalance quantity calculation

1. The transmission system operator shall calculate a daily imbalance quantity for each shipper in accordance with the following formula:

$$\text{daily imbalance quantity} = \text{inputs} - \text{off-takes}$$

2. Where a linepack flexibility service is offered and/or any arrangement whereby shippers provide gas to cover shrinkage gas, including gas in kind, the daily imbalance quantity calculation shall be adapted accordingly.
3. Where the sum of a shipper's inputs for the gas day is equal to the sum of its off-takes for this gas day then a shipper is deemed balanced for this gas day.
4. Where the sum of a shipper's inputs for the gas day is not equal to the sum of its off-takes for this gas day then a shipper is deemed imbalanced for this gas day and daily imbalance charges shall be applied in accordance with Article 26.
5. The transmission system operator shall provide a shipper with an initial and the final daily imbalance quantity in accordance with Article 40.
6. The daily imbalance charge shall be based on the final daily imbalance quantity.

Article 25.

Applicable price

1. For the purpose of daily imbalance charge calculation as provided in Article 26 the applicable price shall be determined as follows:
 - (a) marginal sell price where the daily imbalance quantity is positive (i.e. the shipper's inputs for that gas day exceed its off-takes for that gas day), or
 - (b) marginal buy price where the daily imbalance quantity is negative (i.e. the shipper's off-takes for that gas day exceed its inputs for that gas day).
2. A marginal sell price and a marginal buy price shall be calculated for each gas day pursuant to the following:
 - (a) A marginal sell price is the lower of:
 - (1) the lowest price of any trades in title products in which the transmission system operator is involved in respect of the gas day; or
 - (2) the weighted average price of gas in respect of that gas day, minus a small adjustment.
 - (b) A marginal buy price is the higher of:
 - (1) the highest price of any trades in title products in which the transmission system operator is involved in respect of the gas day; or
 - (2) the weighted average price of gas in respect of that gas day, plus a small adjustment.

- (c) A default rule shall be defined in case Article 25(2)(a) and (b) do not allow for the derivation of a marginal sell price and/or a marginal buy price.
 - (d) Subject to the approval of the competent national regulatory authority in accordance with the applicable national rules the price of locational products may be taken into account for the purpose of determining the marginal sell price, the marginal buy price and the weighted average price, where proposed by the transmission system operator with corresponding consideration of the extent of the transmission system operator's use of locational products.
3. For the purpose of determining the marginal sell price, the marginal buy price and the weighted average price, the related trades shall be made on trading platforms that are pre-identified by transmission system operators and approved by national regulatory authorities.
 4. The small adjustment shall:
 - (a) incentivise shippers to balance their inputs and off-takes;
 - (b) be designed and applied in a non-discriminatory manner in order to:
 - (1) not deter market entry;
 - (2) not impede the development of competitive markets;
 - (c) not have a detrimental impact on cross-border trade;
 - (d) not result in shippers' excessive financial exposure to daily imbalance charges.
 5. The value of the small adjustment may differ for determining the marginal buy price and the marginal sell price. The values of the small adjustment shall not exceed ten (10) percent of the weighted average price unless the transmission system operator concerned can justify otherwise to the competent national regulatory authority and have it approved pursuant to Article 23.

Article 26.
Daily imbalance charge

1. To calculate daily imbalance charges for each shipper, the transmission system operator shall multiply a shipper's daily imbalance quantity by the applicable price derived in accordance with Article 25.
2. Daily imbalance charges shall be applied as follows:
 - (a) if a shipper's daily imbalance quantity for the gas day is positive then this shipper shall be deemed to have sold gas to the transmission system operator equivalent to the daily imbalance quantity and therefore shall be entitled to receive a credit in respect of daily imbalance charges from the transmission system operator; and
 - (b) if a shipper's daily imbalance quantity for the gas day is negative then this shipper shall be deemed to have purchased gas from the transmission system operator equivalent to the daily imbalance quantity and therefore shall be obliged to pay daily imbalance charges to the transmission system operator.

CHAPTER VII.
WITHIN DAY OBLIGATIONS

Article 27.
General provisions

1. Where shippers have to be incentivised to manage their within day position in order to reduce the need for a transmission system operator to undertake balancing actions to manage the transmission network's position within the gas day and ensure its transmission network remains within its operational limits, this transmission system operator may apply rules regarding shippers' actual inputs and/or off-takes during the gas day. These rules will be referred to as within day obligations under this Regulation.
2. Within day obligations shall only be used for the purpose of ensuring the system integrity of transmission network and minimising the transmission system operator's need to undertake balancing actions as described in Article 27(1).
3. In a balancing zone where more than one (1) transmission system operator is active, this Chapter shall be understood as referring to all the transmission system operators within that balancing zone.
4. Where the transmission system operator is required to provide information to shippers to enable them to manage their exposures, it shall be provided to them regularly. Where applicable, this information shall be provided based upon a request submitted by each shipper once.

Article 28.
Transmission system operator's within day obligations requirements and procedure of approval

1. There are three (3) types of within day obligations, each incentivising the shipper for a specific objective as described in this Article:

(a) System-wide within day obligation

The rules of such a type of within day obligations referred to hereafter as a system-wide within day obligation are designed to incentivise shippers to keep the transmission network of the transmission system operator within its operational limits.

The applicable rules shall set forth the following:

- (1) the operational limits of the transmission network within which the transmission network has to remain;
- (2) the actions the shippers can undertake to keep the transmission network within the operational limits;
- (3) the consequential balancing actions of the transmission system operator where the operational limits of the transmission network are approached or reached;
- (4) the attribution of costs and/or revenues to shippers and/or consequences on within day position of these shippers resulting from balancing actions undertaken by the transmission system operator;
- (5) the related charge shall be based on the individual within day position of each shipper.

(b) Portfolio within day obligation

The rules of such a type of within day obligations referred to hereafter as a portfolio within day obligation are designed to incentivise shippers to keep the shipper's position during the gas day within a pre-defined range.

The applicable rules shall set forth the following:

- (1) for each portfolio the range in which this portfolio has to stay within;
- (2) how the ranges referred to above are determined;
- (3) the consequences for shippers not staying within the defined range and, where appropriate, details of how any corresponding charge is derived;
- (4) the related charge shall be based on the individual within day position of each shipper.

(c) Entry-exit point within day obligation

The rules of such a type of within day obligations referred to hereafter as an entry-exit point within day obligation are designed to incentivise shippers to limit gas flow and/or gas flow variation under specific conditions at specific entry-exit points.

The applicable rules shall set forth the following:

- (1) the limits in gas flow and/or gas flow variation;
- (2) the entry and/or exit point or groups of entry and/or exit points to which such limits apply;
- (3) the conditions under which such limits shall apply;
- (4) the consequences of not complying with such limits.

This obligation is additional to any other agreements with end users containing, amongst other things, localised specific restrictions and obligations regarding the physical gas flow.

2. Any within day obligation shall meet the following criteria:

- (a) a within day obligation and related within day charge, if any, shall not pose any undue barriers on cross-border trade and new shippers' entering the relevant market;
- (b) a within day obligation shall only be applied where the shippers are provided with adequate information before a potential within day charge is applied regarding their inputs and/or off-takes and have reasonable means to respond to manage their exposure;
- (c) the main costs to be incurred by the shippers in relation to their balancing obligations shall relate to their position at the end of the gas day;
- (d) to the extent possible, within day charges shall be reflective of the costs of the transmission system operator for the undertaking of any associated balancing actions;
- (e) a within day obligation will not result in shippers being financially settled to a position of zero during the gas day;

- (f) the benefits of introducing a within day obligation in terms of economic and efficient operation of the transmission network outweigh any potential negative impacts thereof, including hub liquidity.
3. The transmission system operator may propose to the national regulatory authority a within day obligation that combines features of the different types described in Article 28(1) provided the proposal meets the criteria referred to in Article 28(2).
 4. The transmission system operator may propose different within day obligation to distinct categories of entry or exit points with the aim to better incentivise different categories of shippers and avoid cross subsidies.
 5. The transmission system operator shall consult stakeholders, including the relevant national regulatory authorities, distribution system operators where they are affected and transmission system operators in adjacent balancing zones, on any within day obligation it proposes to introduce, including the methodology and assumptions used in arriving at the conclusion that it meets the criteria referred to in Article 28(2).
 6. Following the consultation process, the transmission system operator shall produce a recommendation document which shall include the finalised proposal and be published, subject to any confidentiality obligations the transmission system operator may be bound by.
 7. The recommendation document shall be sent by the transmission system operator to the competent national regulatory authority for approval under the process set out in Article 29 and to ENTSOG for information.
 8. The recommendation document referred to in Article 28(6) and (7) shall include an analysis of:
 - (a) the necessity to incentivise shippers to manage inputs and off-takes during the gas day in order to ensure system integrity and to minimise the need for the transmission system operator to undertake balancing actions taking into account the transmission network's characteristics and the flexibility available to the transmission system operator through buying or selling of short term standardised products or use of balancing services in accordance with Chapter IV;
 - (b) the information available to enable shippers to manage in a timely manner their within day positions;
 - (c) the expected financial impacts on shippers;
 - (d) the effect on new shippers' entering the relevant market, including any undue negative impact thereon;
 - (e) the effect on cross-border trade, including the potential impact on balancing in adjacent balancing zones;
 - (f) the impact on the short term wholesale gas market, including the liquidity thereof;
 - (g) the within day obligation not being discriminatory.

Article 29.

National regulatory authority decision making

1. A proposal to either implement or amend a within day obligation can be made at any time by the transmission system operator.
2. The transmission system operator's proposal provided in accordance with Article 28 shall be submitted to the competent national regulatory authority to seek approval in accordance with the timeframe applicable, if any, and according to the applicable procedure defined under the applicable national rules. The motivated decision shall be made available to the transmission system operator concerned and made publicly available in accordance with the applicable national rules.
3. In deciding whether or not to approve a within day obligation, the national regulatory authority shall consider whether this within day obligation meets the criteria referred to in Article 28(2).
4. Where the national regulatory authority of an adjacent balancing zone has a concern that the within day obligation proposed by the transmission system operator may adversely impact on cross-border trade, it may seek an opinion or a recommendation from the Agency, based on the provisions of Regulation (EC) No 713/2009.
5. The Agency shall monitor the balancing provisions, including within day obligations, and may request the competent national regulatory authority to review any obligation it approved that does not comply with the criteria referred to in Article 28(2).

Article 30.

Existing within day obligation(-s)

Where the transmission system operator has existing within day obligation(s) at the date of entry into force of this Regulation, within six (6) months from such date this transmission system operator shall:

1. consult the relevant stakeholders, including the relevant national regulatory authorities and transmission system operators in adjacent balancing zones regarding such existing within day obligations in accordance with Article 28(5);
2. publish the recommendation document in accordance with Article 28(6) to (8); and
3. submit such existing within day obligation(s) in order to seek approval from the competent national regulatory authority in accordance with Article 29 to continue its(their) use.

CHAPTER VIII.

NEUTRALITY ARRANGEMENTS

Article 31.

Principles of neutrality mechanism

1. The transmission system operator shall not gain or lose by the payment and receipt of daily imbalance charges, within day charges, balancing actions charges and other charges related to its balancing activities.
2. Therefore, the transmission system operator shall pass to shippers:
 - (a) any costs and revenues arising from daily imbalance charges and within day charges;

- (b) any costs and revenues arising from the balancing actions undertaken by the transmission system operator pursuant to Article 10, unless the relevant national regulatory authority considers these costs and revenues as incurred inefficiently in accordance with the applicable national rules. This consideration shall be based upon an assessment which:
- (1) shall demonstrate to what extent the transmission system operator could have reasonably mitigated the costs incurred when undertaking the balancing action; and
 - (2) shall be made with regard to the information, the time and the tools available to the transmission system operator at the moment it decided to undertake the balancing action;
- (c) any other costs and revenues related to the balancing activities undertaken by the transmission system operator, unless the relevant national regulatory authority considers these costs and revenues as incurred inefficiently in accordance with the applicable national rules.
3. Where an incentive to promote efficient undertaking of balancing actions is implemented, the aggregate financial loss shall be limited to the transmission system operator's inefficiently incurred costs and revenues.
 4. Transmission system operators shall publish the relevant data regarding the aggregate charges specified in Article 31(1) and the aggregate balancing neutrality charges, at least at the same frequency as the respective charges are invoiced to shippers, but no less than once per month.
 5. Notwithstanding Article 31(1) and (2), the transmission system operator in its balancing role may be subject to an incentive mechanism as referred to in Article 14.

Article 32.
Balancing neutrality cash flows

1. The balancing neutrality charges shall be paid by or to the shipper concerned.
2. The apportionment of balancing neutrality charges to a shipper shall be related to the extent this shipper makes use of the relevant entry and/or exit point(s) concerned or the transmission network under the related methodology.
3. Balancing neutrality charges shall be identified separately when invoiced to shippers and this invoice shall be accompanied by sufficient supporting information defined in the methodology referred to in this Article.
4. The methodology for balancing neutrality charges calculation and apportionment amongst the shippers, including the credit risk management rules, shall be approved by the competent national regulatory authority and published.
5. In the case of variant 2 application, where the balancing neutrality charge may be based on forecasted costs and revenues, the transmission system operator's methodology for balancing neutrality charges shall provide rules for a separate balancing neutrality charge in respect of non daily metered off-takes.
6. Where relevant, the transmission system operator's methodology for balancing neutrality charges may provide rules for the division of the balancing neutrality charge components and the

subsequent apportionment of such sums amongst the shippers in order to reduce cross subsidies.

Article 33.

Credit risk management arrangements

1. The transmission system operator shall be entitled to take necessary measures and impose relevant contractual requirements, including financial security, on shippers to mitigate their default in payment regarding any payment due for the charges referred to in Article 31 and 32.
2. The contractual requirements shall be on an equal treatment basis, proportionate to the purpose and defined in the methodology referred to in Article 32(4).
3. In case of a default attributable to a shipper, the transmission system operator shall not be liable to bear any loss incurred provided the measures and requirements referred to Article 33(1) and (2) were duly implemented and such loss shall be recovered in accordance with the methodology referred to in Article 32(4).

CHAPTER IX.

INFORMATION PROVISION

Article 34.

Information provided by transmission system operators to shippers

1. The information provided to shippers by the transmission system operator shall refer to the following:
 - (a) the overall status of the transmission network in accordance with point 3.4(5) of the Annex I to Regulation (EC) No 715/2009;
 - (b) the transmission system operator's balancing actions referred to in Chapter IV;
 - (c) the shipper's inputs and off-takes for the gas day referred to in Article 35 to 45.
2. The information flows provided under this Regulation:
 - (a) aim to support the daily balancing regime;
 - (b) seek to be a suite of information to support the shipper in balancing each of its portfolio(s).

Article 35.

General provisions

1. The information provided by the transmission system operator to the shippers not foreseen under point 3.1.1 of the Annex I to Regulation (EC) No 715/2009 shall be:
 - (a) on the transmission system operator's website or other system providing the information in electronic format;
 - (b) accessible to the shippers free of charge;
 - (c) in a user-friendly manner;
 - (d) clear, quantifiable and easily accessible;
 - (e) on a non-discriminatory basis;

- (f) in consistent units (either in kWh or kWh/d and kWh/h);
 - (g) in the official language(s) of the Member State and in English.
2. Where a measured quantity cannot be obtained from a meter, a replacement value may be used. This measure shall be used as an alternative reference without any further warranty from the transmission system operator.
 3. For the purpose of this Regulation, providing access to the information shall not be construed as giving any specific warranty other than the availability of this information in a defined format and device and the related access of the shippers to this information under normal conditions of use. In no circumstances shall the transmission system operators be liable to provide any further warranty, in particular as to the IT system of the shippers.
 4. One model for information provision (base case, variant 1 or variant 2) shall be applied per balancing zone once approved by the competent national regulatory authority. For information provision for intraday metered inputs and off-takes, the same rules apply to all models.
 5. For balancing zones where variant 2 is sought to be applied after the entry into force of this Regulation, a prior market consultation shall be conducted by the transmission system operator or national regulatory authority as relevant.

Article 36.

Intraday metered inputs and off-takes with allocation equal to confirmed quantity

For those intraday metered inputs and off-takes to the balancing zone where a shipper's allocation equals its confirmed quantity, the transmission system operator shall not be obliged to provide information other than the confirmed quantity.

Article 37.

Intraday metered inputs and off-takes with allocation not equal to confirmed quantity

1. On gas day D, the transmission system operator shall provide shippers with a minimum of two (2) updates of their measured flows for at least the aggregate intraday metered inputs and off-takes other than those covered under Article 36 from either of the two (2) options as decided by the transmission system operator:
 - (a) each update covers gas flows from the beginning of this gas day D; or
 - (b) each update covers incremental gas flow after that reported in the previous update.
2. The first update or the first updates (as appropriate) shall cover at least four (4) hours of gas flows within gas day D. This(these) update(s) shall be provided as soon as reasonably possible after the gas flow but within four (4) hours and no later than 17:00 UTC or, when daylight saving time is applied, 16:00 UTC.
3. The time of the second update provision shall be defined upon approval by the competent national regulatory authority and published by the transmission system operator.
4. The transmission system operator may request the shippers to indicate which of the information referred to in Article 37(1) they have access to. Based on the response received, this transmission system operator shall provide the shipper with the part of information it does not have access to, in accordance with Article 37(1) to (3).

5. Where the transmission system operator is not responsible for apportioning the gas quantities between shippers as part of the allocation process, as an exception to Article 37(1), it shall provide at least aggregate inputs and off-takes (i.e. not per shipper) a minimum of two (2) times per gas day D on that gas day D.

*Article 38.
Daily metered off-takes*

1. Where variant 1 is applied, on gas day D the transmission system operator shall provide shippers with a minimum of two (2) updates of their apportionment of measured flows for at least the aggregate daily metered off-takes from either of the two (2) options as decided by the transmission system operator:
 - (a) each update covers gas flows from the beginning of this gas day D; or
 - (b) each update covers incremental gas flow after that reported in the previous update.
2. Each update shall be provided within two (2) hours from the end of the final hour of gas flows.

*Article 39.
Non daily metered off-takes*

1. Where base case is applied:
 - (a) On gas day D-1, the transmission system operator shall provide the shippers with a non daily metered derived forecast for gas day D no later than 12:00 UTC or, when daylight saving time is applied, 11:00 UTC.
 - (b) On gas day D, the transmission system operator shall provide the shippers with a minimum of two (2) updates of their non daily metered derived forecast.
 - (1) The first updated non daily metered derived forecast shall be provided no later than 13:00 UTC or, when daylight saving time is applied, 12:00 UTC.
 - (2) The time of the second updated non daily metered derived forecast provision shall be defined upon approval by the competent national regulatory authority and published by the transmission system operator. This shall take into consideration the following:
 - a. accessibility to short term standardised products on a trading platform;
 - b. accuracy of the non daily metered derived forecast as compared to the time of its provision;
 - c. time when the re-nomination period ends, as provided in Article 18(1);
 - d. time of the first updated non daily metered derived forecast provision.
2. Where variant 1 is applied:
 - (a) On gas day D, the transmission system operator shall provide shippers with a minimum of two (2) updates of their apportionment of measured flows for at least the aggregate non daily metered off-takes as referred to in Article 38.

3. Where variant 2 is applied:
 - (a) On gas day D-1, the transmission system operator shall provide shippers with a non daily metered derived forecast for gas day D as referred to in Article 39(1)(a).

Article 40.

Shipper's inputs and off-takes after the gas day

1. No later than the end of the next gas day, the transmission system operator shall provide each shipper with an initial allocation for its inputs and off-takes and an initial daily imbalance quantity.
 - (a) For base case and variant 1, all gas delivered to the distribution system shall be allocated taking into account, where relevant, shrinkage gas, connected distribution systems, etc.
 - (b) For variant 2, the non daily metered off-takes shall equal the non daily metered derived forecast provided day ahead.
 - (c) For variant 1, an initial allocation and an initial daily imbalance quantity shall be considered the final allocation and the final daily imbalance quantity.
2. Where an interim measure referred to in Articles 51 to 55 applies, an initial allocation and an initial daily imbalance quantity can be provided within three (3) gas days after gas day D in case it would not be technically or operationally feasible to comply with Article 40(1).
3. The transmission system operator shall provide each shipper with the final allocation for its inputs and off-takes and the final daily imbalance quantity within a period of time defined under the applicable national rules.

Article 41.

Cost benefit analysis

1. Within two (2) years as from the entry into force of this Regulation, transmission system operators shall assess the costs and benefits of:
 - (a) increasing the frequency in information provision to shippers; and
 - (b) reducing the related timelines of information provision; and
 - (c) improving the accuracy of the information provided.

This cost benefit analysis shall specify the breakdown of costs and benefits among the categories of entities involved.

2. The transmission system operator shall consult the stakeholders on this assessment, in cooperation with the relevant distribution system operators where they are affected.
3. On the basis of the consultation results, the competent national regulatory authority shall decide on any relevant changes assessed in Article 41(1) of the provision of information to the shippers.

Article 42.

Information from distribution system operator(s) and forecasting party(-ies): general provisions

1. Each distribution system operator associated to a balancing zone and relevant forecasting party(-ies) shall provide the transmission system operators with the information necessary for such

transmission system operators for the purpose of information provision to the shippers under this Regulation.

This shall include inputs and off-takes on the distribution system regardless whether that system is a part of the balancing zone or not.

2. The relevant information, its format and the procedure for its provision shall be defined in cooperation between the transmission system operator, the distribution system operator(s) and forecasting party(-ies), as relevant, to ensure the due provision of information by the transmission system operator to the shippers under this Chapter, in particular the criteria set out in Article 35(1).
3. This information shall be provided to a transmission system operator in the same format as defined under the applicable national rules and shall be consistent with the format used by the transmission system operator concerned to provide the information to the shippers.
4. The transmission system operator and/or distribution system operator and/or forecasting party may propose an incentive mechanism regarding the provision of an accurate non daily metered derived forecast which shall meet the criteria set out for the transmission system operator in Article 14(4) and be subject to the competent national regulatory authority approval.
5. The competent national regulatory authority shall designate the forecasting party(-ies) in a balancing zone after prior consultation with the transmission system operators and distribution system operators concerned. It may be a transmission system operator, distribution system operator or a third party.

Article 43.

Information obligations of the distribution system operator(s) towards the transmission system operator

The distribution system operator shall provide the transmission system operator with information on the intraday and daily metered inputs and off-takes on the distribution system consistent with the information requirements set out in Articles 37, 38 and 40. This information shall be provided to the transmission system operator within the time sufficient for the transmission system operator to provide the information to shippers.

Article 44.

Information obligations of the distribution system operator(s) towards the forecasting party(-ies)

1. Distribution system operators are responsible for providing the forecasting party with sufficient and updated information for the purpose of the non daily metered derived forecast methodology application as set forth in Article 45(2). This information shall be provided in a timely manner in accordance with the timelines defined by the forecasting party(-ies) to be consistent with its needs.
2. The provisions of Article 44(1) shall also apply to variant 1.

Article 45.

Information obligations of the forecasting party(-ies)

1. The forecasting party(-ies) shall provide the transmission system operator with non daily metered derived forecast(s) and subsequent allocations consistent with the information requirements set out in Article 39 and Article 40. This information shall be provided to the

transmission system operator within the time sufficient for the transmission system operator to provide the information to shippers and for day ahead and within day non daily metered derived forecast(s) no later than one (1) hour before the deadlines referred to in Article 39(1)(a) and (b) unless a later time sufficient for the transmission system operator to provide this information to the shippers is agreed by the transmission system operator and the forecasting party.

2. The non daily metered derived forecast methodology shall be based on a statistical demand model, with each non daily metered off-take assigned with a load profile, i.e. a formula of the variation in gas demand versus variables such as temperature, day of week, customer type and holiday seasons. The methodology shall be subject to consultation before its adoption.
3. A report on the accuracy of the non daily metered derived forecast shall be published by the forecasting party at least every 2 (two) years.
4. Where relevant, transmission system operators shall provide the relevant data regarding gas flows within the time sufficient for the forecasting party to comply with its obligations under this Article.
5. The provisions of Article 45(2) to (4) shall also apply to variant 1.

CHAPTER X.

LINEPACK FLEXIBILITY SERVICE

Article 46.

General provisions

1. Transmission system operators may offer the provision of a linepack flexibility service to shippers once the related terms and conditions are approved by the competent national regulatory authority.
2. The terms and conditions applicable to a linepack flexibility service shall be consistent with the main responsibility of a shipper to balance its inputs and off-takes over the gas day.
3. The linepack flexibility service shall be limited to the level of linepack flexibility available in the transmission network and deemed not required for carrying out its function of transmission according to the concerned transmission system operator's evaluation.
4. Gas delivered to and off-taken from the transmission network by these shippers under this service shall be taken into account for the purpose of calculation of their daily imbalance quantity.
5. The neutrality mechanism set forth in Chapter VIII shall not apply to linepack flexibility service unless otherwise approved by the competent national regulatory authority.
6. Shippers shall notify the transmission system operator concerned of the use of a linepack flexibility service by submitting nominations (respectively re-nominations).
7. The transmission system operator may not require the shippers to fulfil the requirement referred to in Article 46(6), where based on the assessment of the difference in consequences between the fulfilment and absence of such a requirement:
 - (a) it does not undermine the development of the short term wholesale gas market; and

- (b) the transmission system operator has sufficient information to provide an accurate allocation of the use of a linepack flexibility service the following gas day.

Article 47.

Conditions for provision of linepack flexibility service

Linepack flexibility service shall be allowed to be provided once all the following criteria are met:

1. the transmission system operators shall not need to enter into any contracts with any other infrastructure provider, such as storage facilities or supply terminal, for the purpose of provision of a linepack flexibility service;
2. the revenues generated by the transmission system operators from the provision of a linepack flexibility service shall at least be equal to the costs incurred or to be incurred in providing this service;
3. linepack flexibility service shall be offered on a transparent and non-discriminatory basis and can be offered using competitive mechanisms;
4. transmission system operators shall not charge, either directly or indirectly, a shipper for any costs incurred by the provision of a linepack flexibility service, should this shipper not contract for it;
5. transmission system operators shall prioritise the reduction of within day obligations over the provision of a linepack flexibility service; and
6. the provision of a linepack flexibility service shall not have a detrimental impact on cross-border trade.

CHAPTER XI.

FINAL PROVISIONS

Article 48.

Implementation

1. Transmission system operators shall comply with the provisions of this Regulation within a twelve (12)-month period as from its entry into force which shall include the adaption of all relevant contractual terms and conditions to this Regulation, except where and to the extent specific derogations and exemptions referred to in Article 30 of Regulation (EC) No 715/2009 or interim measures referred to below are implemented.
2. Notwithstanding Article 48(1), a national regulatory authority may on request of a transmission system operator, issued within a reasonable period of time in accordance with the applicable national rules as from the entry into force of this Regulation, grant to the transmission system operator an additional twelve (12)-month period for the compliance with its provisions provided no interim measure(s) detailed in Articles 51 to 55 is(are) implemented by this transmission system operator. In such case the national regulatory authority concerned may request from the Agency an opinion pursuant to Regulation (EC) No 713/2009 which will be duly considered by this national regulatory authority while granting this additional twelve (12)-month period. The national regulatory authority's motivated decision shall be notified to the requesting transmission system operator within a reasonable period of time necessary for the due

implementation of this Regulation as from its entry into force and shall be made publicly available.

Article 49.

Interim measures: general provisions

1. In the absence of sufficient liquidity of the short term wholesale gas market, suitable interim measures shall be implemented by the transmission system operators. Balancing actions undertaken by the transmission system operator in case of interim measures shall foster the liquidity of the short term wholesale gas market to the extent possible.
2. The interim measures referred to in Article 49(1) shall be in accordance with a roadmap, referred to in Article 50(4), developed by each transmission system operator.
3. The implementation of the roadmap is subject to the prior approval by the competent national regulatory authority pursuant to the process set out in Article 50.
4. The resort to an interim measure is without prejudice to the implementation of any other interim measure(s) as an alternative or additionally, provided that such measures aim at promoting competition and liquidity of the short term wholesale gas market and are consistent with the general principles set out in this Regulation.
5. The roadmap shall foresee the termination of the interim measures no later than five (5) years as from the entry into force of this Regulation.

Article 50.

Interim measures: annual report

1. Where interim measures are implemented, every twelve (12) months, the transmission system operators concerned shall submit for the approval of the competent national regulatory authority a report updating the appropriate parts of the roadmap, if necessary, in order to justify the reasons of implementing or continuing to implement interim measures.
2. The first report shall be submitted to the competent national regulatory authority within three (3) months as from the entry into force of this Regulation.
3. The report shall provide rationale for the application of interim measure(s) and shall propose a roadmap to evolve the interim measure(s) where appropriate.
4. The mentioned report shall include:
 - (a) the roadmap including at least:
 - (1) the interim measure(s) to be applied;
 - (2) identification of sequencing of incremental measures designed to remove the interim measure(s), including the criteria for making these steps and an assessment of the related timings;
 - (b) a description of the state of development and the current liquidity of the short term wholesale gas market including, where available to the transmission system operator, but not limited to:

- (1) the amount of transactions concluded at the hub and the amount of transactions in general;
 - (2) the bid/offer spreads and the volumes of bids and offers;
 - (3) the number of participants having access to the short term wholesale gas market;
 - (4) the number of participants having been active on the short term wholesale gas market during a given period of time;
- (c) an explanation why the interim measure(s) are needed due to the state of development of the short term wholesale gas market referred to in Article 50(4)(b) and an assessment of how the interim measure(s) will increase the liquidity of the short term wholesale gas market.
5. Before submitting the report with the roadmap proposal, the transmission system operator shall consult the relevant stakeholders on the proposed roadmap and the relevant part of the report.
 6. The report shall also be sent to the Agency for information in parallel, for the purpose of the overall monitoring of the reports of the transmission system operators pursuant to Regulation (EC) No 715/2009. Upon receipt of the report sent by a transmission system operator, the Agency may provide a reasoned opinion to the competent national regulatory authority within six (6) months regarding the roadmap proposal if deemed necessary or if requested by the national regulatory authority concerned in line with Regulation (EC) No 713/2009.
 7. Within a reasonable period of time in accordance with the applicable national rules from the receipt of the report, the competent national regulatory authority, taking full account of the Agency's opinion, if any, shall approve the roadmap proposal or may require the transmission system operator to modify a proposal therein. The motivated decision shall be addressed to the transmission system operator and made publicly available.
 8. Where the modification is required, based on the competent national regulatory authority motivated decision an amended roadmap shall be proposed by the transmission system operator and resubmitted for the final approval to the competent national regulatory authority and subsequent adoption.
 9. While taking the decision on the roadmap proposal, the competent national regulatory authority shall take into account the effect of the roadmap proposal on balancing regimes' harmonisation, the facilitation of market integration and ensure non-discrimination, effective competition and the efficient functioning of the gas market.
 10. The approval referred to in Article 50(7) shall be notified to the transmission system operator and the Agency without undue delay. The Agency may request the competent national regulatory authority to amend its approval decision, should the decision be not sufficiently reasoned or failing to duly consider an opinion issued in respect thereof.

Article 51.

Balancing platform

1. Where the short term wholesale gas market has or is anticipated to have insufficient liquidity or where temporal products and locational products required by the transmission system operator cannot reasonably be procured on this market, a balancing platform shall be established for the purpose of transmission system operator balancing.

2. The transmission system operators shall consider whether a joint balancing platform may be implemented for adjacent balancing zones in the framework of the cross-border cooperation defined in Chapter III or where there is sufficient interconnection capacity and such joint balancing platform is deemed efficient to be implemented. A joint balancing platform shall be established and operated by the transmission system operators concerned through the contractual arrangements for the due functioning and cooperation.

Article 52.

Alternative to a balancing platform

1. Where the transmission system operator proves that as a result of insufficient interconnection capacity between balancing zones a balancing platform cannot increase the liquidity of the short term wholesale gas market and cannot enable the transmission system operator to undertake efficient balancing actions, it may seek approval from the competent national regulatory authority referred to in Article 50 for the alternative to a balancing platform.
2. In the case referred to in Article 52(1), the transmission system operator shall seek, via its roadmap referred to in Article 50, approval from the competent national regulatory authority to enter into a contract for balancing services.
3. In addition to the approval referred to in Article 52(2), the terms and conditions of such contractual arrangements to be entered into as well as the applicable prices and duration shall be approved by the competent national regulatory authority within a reasonable period of time in accordance with the applicable national rules upon submission by the transmission system operator and subsequently published.

Article 53.

Release of surplus transmission system operator's flexibility

1. Where long term contracts for the procurement of flexibility (including those with a term of more than one (1) year) that are in force at the date of entry into force of this Regulation provide the transmission system operator with a right to off-take or deliver specified volumes of gas, the transmission system operator shall aim to reduce these amounts of flexibility.
2. While determining the amount of surplus flexibility available for input or off-take under long term contracts in force, the transmission system operator shall consider the use of the short term standardised products.
3. The surplus flexibility may be released either:
 - (a) pursuant to the terms and conditions of the existing contract where it contains relevant provisions permitting to reduce the gas quantity committed upon and/or to terminate the existing contract; or
 - (b) as follows in the absence of such contractual rights:
 - (1) the contract remains in force until its termination pursuant to the applicable terms and conditions;
 - (2) the contracting parties shall consider additional arrangements in order to release back to the market any surplus gas not required for balancing purposes to give access to the other shippers to greater amounts of flexibility.

4. Where the contracts in force provide for reducing the flexibility by amounts consistent with the surplus availability, the transmission system operator shall reduce such flexibility as soon as reasonably possible as from the entry into force of this Regulation or as soon as the existence of the surplus can be established.
5. ENTSOG shall consult the stakeholders on rules of procedure to apply for the release of surplus flexibility referred to in Article 53(3)(b), namely on further details of each option, the circumstances relevant to their use and the financial aspects. ENTSOG shall finish this consultation within six (6) months as from the entry into force of this Regulation. The results of the consultation shall be published thereafter.
6. Transmission system operators shall consult the relevant stakeholders on specific proposals to be implemented as interim measures for release of any surplus flexibility under long term contracts in force, taking due consideration of ENTSOG consultation results.
7. Transmission system operators shall publish information on its balancing actions undertaken pursuant to the long term contracts in force.
8. The competent national regulatory authority may set targets for the proportion by which these long term contracts should be reduced in order to increase the liquidity of the short term wholesale gas market.

Article 54.

Interim imbalance cash-out price determination

1. Where interim measures referred to in Article 51 to 53 are necessary, the price derivation may be calculated in accordance with the related roadmap referred to in Article 50 which shall substitute the daily imbalance charge calculation methodology.
2. In that case, the price derivation may be based upon an administered price, a proxy for a market price or derived from balancing platform trades.
3. The proxy for a market price shall seek to satisfy the conditions set forth in Article 25(4). The design of this proxy shall consider the potential risk for market manipulation.

Article 55.

Tolerance

1. Tolerances may only be applied in case shippers do not have access to:
 - (a) a short term wholesale gas market that has sufficient liquidity or short term flexible gas; or
 - (b) sufficient information regarding their inputs and off-takes.
2. Tolerances shall be applied:
 - (a) with regard to shippers' daily imbalance quantity;
 - (b) on a transparent and non-discriminatory basis;
 - (c) only to the extent necessary and for the minimum duration required.

3. The application of tolerances may reduce a shipper's financial exposure to the marginal sell price or the marginal buy price (as appropriate) in respect of a part of or all the shipper's daily imbalance quantity for the gas day.
4. Tolerance level shall be the maximum quantity of gas to be bought or sold by each shipper at a weighted average price. If there is a remaining quantity of gas that constitutes each shipper's daily imbalance quantity which exceeds the tolerance level, it shall be sold or bought at marginal sell price or marginal buy price (as appropriate).
5. The design of the tolerance level shall:
 - (a) reflect the transmission network's flexibility and shipper's needs;
 - (b) reflect the level of risk to the shipper in managing the balancing of its inputs and off-takes;
 - (c) not undermine the development of the short term wholesale gas market;
 - (d) not result in an increase of the transmission system operator's balancing actions' costs that are unduly excessive.
6. Tolerance level shall be calculated on the basis of each shipper's inputs and off-takes, excluding trades at the virtual trading point, for each gas day. The subcategories shall be defined under the applicable national rules.
7. The tolerance level applicable for a non daily metered off-take defined under the applicable national rules shall be based upon the difference between the relevant non daily metered derived forecast and the allocation for non daily metered off-take.
8. Tolerance level may include a component calculated taking into account the application of the non daily metered derived forecast deviation which is the amount by which the relevant non daily metered derived forecast:
 - (a) exceeds the allocation for non daily metered off-take in case the daily imbalance quantity is positive;
 - (b) is less than the allocation for non daily metered off-take in case the daily imbalance quantity is negative.

Article 56.
Entry into force

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Union.

It shall apply as from its entry into force.

This Regulation shall be binding in its entirety and directly applicable in all Member States.