

Introduction

Content:

The Ordinance contains clarifications, details and transitional provisions regarding the balancing framework provided for in section 41 Gas Act 2011 and established by the Gas Market Model Ordinance 2020. It also postpones entry into force of the main provisions of that ordinance by one year.

Alternatives:

None

Effects on Austria as a place for doing business:

Efficient and market-based mechanisms for capacity allocation in gas systems and the relating balancing regime promote a competitive, integrated EU gas market and contribute to secure and cost-effective gas supply.

Financial effects:

No impact on the budget of the state or the federal provinces

Union legislation framework:

The Ordinance transposes the Gas BAL NC and lays the groundwork for more efficient market processes. The rules at European and at national level aim to further develop the gas market and increase liquidity. The Gas BAL NC is based on Article 6(11) Regulation 715/2009 on conditions for access to the natural gas transmission networks and repealing Regulation 1775/2005, OJ L 211/36, 14.08.2009 (Gas Regulation).

Particulars of the legislative process:

The Ordinance is issued pursuant to section 7 para. 1 *Energie-Control-Gesetz* (E-Control Act) by the Executive Board of E-Control. Pursuant to section 41 para. 1 Gas Act 2011, a public consultation was held on the intended rules; in addition, pursuant to section 19 E-Control Act, the Ordinance was presented to the Regulatory Advisory Council.

Explanatory notes

General comments

The Gas Market Model Ordinance 2020 established an integrated balancing framework for the entire market area, without the systemic distinction between transmission and distribution, thereby reducing contractual and operative complexity.

The present Ordinance further develops that framework and adjusts its entry into force to the reality of today's gas markets.

Commentary on sections

Section 21 para. 6

Until October 2019, the MADAM cooperated with the distribution system operators when an LM customer opted for daily instead of hourly balancing; the new provision ensures that they continue to cooperate when customers decide to use hourly instead of daily allocations. This is the most efficient solution for balance responsible parties.

In addition, the MADAM, the suppliers and the distribution system operators represented in the Natural Gas and District Heat Association have found that there is no need for end customers with contracted capacities below 25 MWh/h to be able to switch between daily and hourly allocations. Creating this, albeit theoretical, option for such smaller customers would mean investing considerable additional effort to ensure that the MADAM could still determine the BG status at all times; since this is an unnecessary option, the Ordinance now provides that only customers with contracted capacities above 25 MWh/h can opt for hourly allocations.

<This paragraph concerns a linguistic adjustment that is not relevant for the English version.>

Section 24 para. 6 and section 47 para. 4

The Ordinance clarifies that the maximum period of time granted to the single clearing entity for retroactive settlement is three years. This provision enters into force without delay, thereby ensuring that past clearings can swiftly take place in an orderly fashion and on a firm legal basis. It applies both for the clearing by the clearing and settlement agent under the Gas Market Model Ordinance 2012 and to the clearing by the single clearing entity under the Gas Market Model Ordinance 2020. If any corrections should become necessary after the last second clearing for the transitional period under section 46 para. 1 has been concluded, the competent body is always the single clearing entity.

Section 32 para. 3 item 6

The Ordinance now provides that schedules for LM customers with contracted capacities above 25 MWh/h that have opted for hourly allocations must also be submitted; the MADAM needs this information both to optimise system operation and to calculate the BG position, because hourly forecasts are not possible for this consumer group.

Section 32 para. 9 items 3, 5 and 6

If the MADAM is to produce good and reliable information about the BG position in the course of a day, it needs comprehensive input. This includes allocations per metering point about any supplier and balance group switches by end customers. Discussions with the MADAM have revealed that the number of end customers with contracted capacities above 10 MWh/h is just below the threshold where handling forecasts for individual consumers would become impossible. In the interest of creating the best possible BG position information, the Ordinance provides that the MADAM must receive this input as well. (Smaller consumers are taken into consideration via simplified methods.)

Section 32 para. 9 item 9

The Ordinance clarifies that the information under this item is to be sent to balance responsible parties (instead of suppliers, which are mentioned in the referenced items 3, 5 and 8); they hold the relevant market role in the balancing framework for renewable gas injections.

Section 32 para. 10 item 6

The Ordinance clarifies that these values are metered or calculated.

Section 33 para. 5 and section 37 para. 4

The Ordinance undertakes formal clarifications: proof relating to the execution of data exchange and nomination procedures must be provided before a balance responsible party can take up activities (section 37 para. 7), but it is not a registration requirement per se. However, the due diligence under section 37 para. 6 is.

Section 46 para. 1

The Ordinance clarifies that the first and second clearings for periods before the Ordinance enters into force are the responsibility of the clearing and settlement agents that are active before the new market model is put into practice.

Section 46 paras 2 and 3 and section 47 paras 1 and 2

The Covid-19 pandemic has caused delays in designating the single clearing entity pursuant to section 85 Gas Act 2011, and thus also in implementing the new balancing framework. E-Control informed market participants in August 2020 that entry into force of the Gas Market Model Ordinance 2020 would be postponed. The Ordinance now specifies that the new balancing framework applies from 1 October 2022 (section 47 para. 1). By the same token, the provisions relating to the use of actual calorific values is postponed by one year, i.e. to 1 January 2024 (section 47 para. 2). This gives market participants enough time to prepare and execute the transition.

The changes to the entry into force in section 47 paras 1 and 2 also entail that the dates in the transitional provisions (section 46 paras 2 and 3) had to be adjusted.

Section 46 para. 4

The Ordinance now clarifies that market participants are both allowed and obliged to submit the necessary data even before the Ordinance comes into force. This includes e.g. past meter readings in aggregate form or per entry/exit point, per other metered point, and per metering point, which the distribution system operators must submit to the MADAM so it can calibrate its models and perform dry runs over several months, if necessary. Such preparatory measures are necessary in the interest of an effective implementation of the Ordinance; now, the requisite legal basis has been created.

Section 46 para. 6

The transition from clearing by the clearing and settlement agent (Gas Market Model Ordinance 2012) to clearing by the single clearing entity (Gas Market Model Ordinance 2020) might have financial implications for balance responsible parties; the Ordinance minimises these.

Once the only remaining task of the clearing and settlement agent under section 46 para. 1 is the second clearing for periods before the new market model is put in place, the amount of necessary collateral held by the clearing and settlement agent will dramatically drop. Considering that the market participants must also place collateral with the single clearing entity, the revised general terms and conditions will enable them to reduce their collateral with the clearing and settlement agent to an adequate level, thereby minimising the funds bound in this way.

Section 46 para. 7

Integrated balancing also means merging the financial elements of ex-ante and ex-post balancing. The Ordinance provides clear instructions for this, determining that the result of the balancing incentive markup (positive or negative) is transferred to the neutrality account run by the single clearing entity.

Point II of annex 2

The reference to the proper OVGW regulation is updated.

Point III of annex 2

Preparatory talks with the Natural Gas and District Heat Association and the distribution system operators have resulted in a need to adjust the details in this annex. The Ordinance now clarifies that the type of calorific value to be used always follows this ranking: (1) metered calorific value; (ii) calculated (continuously simulated) calorific value; (iii) monthly calorific value of the upstream system operator. By way of example, the weighted actual calorific value mentioned in line 10 (linepack swings) is merely the minimum requirement; any more precise calorific value would be even better.

Point IV of annex 2

System operators that do not continuously simulate actual calorific values at grid levels 2 and 3 themselves may delegate this task to the MADAM, who then conducts it in line with the technical rules.