

Introduction

Content:

The Ordinance regulates system access and balancing, clearing and settlement in accordance with section 41 Gas Act 2011, *BGBI.* (Federal Law Gazette, FLG) I no 107/2011, as last amended by the federal act in FLG I no. 108/2017, as well as with Commission Regulation 312/2014 establishing a Network Code on Gas Balancing of Transmission Networks, OJ L 91, 27.3.2014/15 (Gas BAL NC).

Alternatives:

None

Effects on Austria as a place for doing business:

Efficient and market-based mechanisms for capacity allocation in gas systems and for congestion management promote a competitive, integrated EU gas market and contribute to secure and cost-effective gas supply. Rules for balancing, clearing and settlement that are in line with European requirements increase harmonisation across borders and contribute to efficient market processes.

The Ordinance represents the next step in the evolution of the Austrian balancing, clearing and settlement system laid down in the Gas Market Model Ordinance (GMM Ordinance) 2012. It aims to establish an integrated balancing framework for the entire market area, without the systemic distinction between transmission and distribution, thereby reducing contractual and operative complexity. Further details about the advantages of the new balancing framework are available in a dedicated conclusions document published by the regulatory authority.¹

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 2011, 14.08.2009/36 (Gas Regulation).

Particulars of the legislative process:

The Ordinance is issued by the E-Control Executive Board in line with section 7 para. 1 *Energie-Control-Gesetz* (E-Control Act), FLG I no 110/2010, as last amended by the federal act in FLG I no 108/2017. 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. Given that the Ordinance also provides rules for within-day obligations pursuant to Article 24 Gas BAL NC, the consultation at the same time fulfils the public consultation requirement in Articles 26 and 27 Gas BAL NC.

¹ https://www.e-control.at/documents/1785851/1811597/2019-04-15+Zusammenfassung_Stakeholderprozess+BAL_WS07_postWS-Version+190415_EN.pdf/987e1471-9787-1bae-9a00-419d92e89b82?t=1555322357814

Explanatory notes

General comments

The Gas Act 2011, FLG I no 107/2011, as amended by the federal act in FLG I no 108/2017, and the GMM Ordinance 2012, FLG II no 171/2012, as amended by the ordinance in FLG II no 87/2018, issued on the basis of the Gas Act 2011, introduced a major turning point on system access and balancing, clearing and settlement from 1 January 2013. They laid a solid basis for the positive development of the Austrian gas market that has steadily evolved during the past years through a series of amendments to the GMM Ordinance 2012. To promote this evolution, further potentials must be exploited and needs must be addressed, and to this end, the gas market code must be adapted: the current balancing framework bears considerable contractual and operative complexity, in particular for market participants in the market area east; this is mainly rooted in the Austrian two-system construct that differentiates between ex-ante and ex-post balancing. There is potential for simplification here. In addition, both ACER and market participants have for some time criticised the Austrian balancing framework, arguing that it needed to be adjusted to fit with the Gas BAL NC. Overall, the balancing framework in Austria has been the object of much international scepticism. ACER has explicitly voiced criticism in the latest implementation monitoring reports on the Gas BAL NC. Also, section 41 para. 4 Gas Act 2011 requires that balancing rules at transmission and distribution level be harmonised.

The regulatory authority presented a first concept paper on how to address the above concerns in spring 2018. This presentation was the starting point of an extensive stakeholder process, during which the responses received were integrated and the concept was further developed. Between September 2018 and March 2019, seven workshops with industry representatives were held and the pertaining documents were published. Once the concept was finalised,² it served as a basis for the recast of the Ordinance.

In addition to rules for balancing, clearing and settlement, the GMM Ordinance 2020 also regulates system access, congestion management and licensing of balance responsible parties (BRPs).

The rules are generally valid for all Austrian market areas. However, the Tyrol and Vorarlberg market areas are not physically connected with the eastern market area; instead, they are downstream from a German market area.³ The Ordinance therefore contains rules specially designed to maintain the access to this upstream market area from Tyrol and Vorarlberg.

The Ordinance is based on section 41 Gas Act 2011 and on the Gas BAL NC. It must take into account the network codes adopted on the basis of Article 23 in conjunction with Article 6 Gas Regulation.

After an appropriate period, an evaluation process that involves market participants will be conducted to identify any adjustments which are necessary.

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https://www.e-control.at/documents/1785851/1811597/2019-04-15+Zusammenfassung_Stakeholderprozess+BAL_WS07_postWS-Version+190415_EN.pdf/987e1471-9787-1bae-9a00-419d92e89b82?t=1555322357814

³ At the moment, this is the NCG market area in Germany. However, Germany intends to merge market areas on 1 October 2021, i.e. it is not unlikely that this designation will change. Such a merger will entail some changes for the operative tasks of BRPs in Germany, and thus also for those in Tyrol and Vorarlberg. Apart from this, the merger is not expected to impact the Tyrol and Vorarlberg market areas.

Commentary on sections

Section 1: Scope

Based on section 41 para. 4 Gas Act 2011, the Ordinance harmonises balancing rules across the transmission and distribution networks. It also regulates system access, congestion management and licensing of BRPs.

Generally, the rules prescribed in the Ordinance are the same for the three Austrian market areas. In some instances, however, there are separate rules for Tyrol and Vorarlberg. This is necessary because these two market areas, instead of being physically connected to the eastern market area, are located downstream from a German market area. These separate rules are laid down in Title 6 of the Ordinance.

Section 2: Definitions

Para. 1: The definitions from section 7 Gas Act 2011, section 2 GMM Ordinance 2012, Article 2 Gas Regulation, Article 3 Commission Regulation 2017/459 (CAM NC) and Article 3 Gas BAL NC. On top of these, the Ordinance introduces additional elements to some existing definitions; these are only valid for the interpretation of the Ordinance.

Para. 2 item 2: The single clearing entity (SCE) ensures integrated market area balancing, i.e. it enables a harmonised balancing framework across the transmission and distribution networks in practice (section 41 para. 4 Gas Act 2011). To do so, it functions as clearing and settlement agent of the market areas under section 87 Gas Act 2011. Also, the market area manager uses the services of the SCE to fulfil its obligations under section 14 para. 1 item 14 Gas Act 2011 and to implement the provisions of section 41 para. 4 Gas Act 2011. In the Tyrol and Vorarlberg market areas, the balancing tasks of the SCE are limited to the activities of a clearing and settlement agent but do not go beyond.

Para. 2 item 11: Austrian Gas Grid Management AG has been appointed as the distribution area manager for the Tyrol, Vorarlberg and eastern market areas for an unlimited period of time (section 17 Gas Act 2011). For the eastern market area, it has also been appointed as market area manager, again for an unlimited period (section 13 Gas Act 2011). Such an appointment is not foreseen for Tyrol or Vorarlberg. Given that the official decisions (sections 13 and 17 Gas Act 2011) have appointed the same company for the two functions, these have already been merged (section 19 para. 2 Gas Act 2011). This is in line with the intention of the legislator (RV 1081 B1gNR 24. GP 16f). Since this company inhabits both roles and since harmonising the balancing framework across the transmission and distribution networks (section 41 para. 4 Gas Act 2011) dictates that synergies between the two similar task profiles be exploited, the Ordinance merges the two market roles into one: the market area and distribution area manager, or MADAM. This is a first step towards simplifying the historical market model and raising the efficiency of the related processes.

Para. 2 item 14: The Ordinance defines “SLP customers” as final customers whose distribution system operator (DSO) has attached a standard load profile (SLP) to them (section 3 Load Profile Ordinance). In addition, customers with meters under section 3 Load Profile Ordinance are also called “SLP customers” in the Ordinance.

Section 3: Technical rules

The technical rules that are laid down in annex 2 are an integral part of the Ordinance.

Section 4: Capacity offer

Para. 1: The basic principle of the entry/exit system states that it must be possible to transport gas from injection to withdrawal without having to determine a specific path for the transport (Article 13 Gas Regulation). This principle is honoured by way of freely allocable capacity. As a result, system users can nominate gas transports according to their needs and can trade gas after injection and before withdrawal. It is only through this possibility that the gas market becomes flexible. Already when determining available transport capacity, the transmission system operators (TSOs) must bear in mind that the capacity can be allocated freely and, where necessary, evaluate and arrange for measures to increase capacity pursuant to para. 2.

Para. 2: The MADAM must work with the TSOs to evaluate measures which aim at meeting all capacity needs at entry and exit points. The more capacity is available, the better, in principle, the chances for a competitive gas market. When evaluating possible measures, the MADAM and the TSOs must start with those that least interfere with the free allocability of capacity, gradually proceeding towards measures that would impact free allocability more and more strongly. Flow commitments and allocation restrictions should be used as sparingly as possible so that any impairment of competition and any discrimination

potential are kept to a minimum. An allocation restriction can manifest as dynamically allocable capacity, for instance; this is capacity that is only firm when used with particular entry/exit points, but is interruptible in all other cases, i.e. if combined with other entry/exit points or with the virtual trading point (VTP; section 2 para. 1 item 3 Gas System Charges Ordinance 2013, FLG II no 309/2012, as last amended by the ordinance in FLG II no 355/2018).

Para. 3: TSOs must handle flow commitments and allocation restrictions in a transparent and non-discriminatory manner. "Under appropriate conditions" means that e.g. the product size and contract durations must correspond to what is common practice on the market. If necessary, the TSO must take the measures referred to in para. 2. This ensures that the flexibility of the gas market is only impaired to the smallest extent possible. With this in mind, the MADAM and the TSOs must work together to minimise the use of such measures. "Available capacity" means the capacity determined pursuant to section 34 para. 2 Gas Act 2011.

Section 5: Capacity allocation

Issued on the basis of the Gas Regulation, the CAM NC provides for harmonised capacity allocation rules at transmission level. In particular, it comprises rules on standard capacity products and allocation mechanisms, along with provisions for the cooperation between the adjacent TSOs, so as to establish coordinated capacity marketing at interconnection points.

Para. 1: Transmission capacity must be allocated through the booking platform defined in Article 37 CAM NC. While the Austrian legislation already provides that capacity be allocated through an online platform (section 39 para. 1 Gas Act 2011) and that information about the market and distribution area must also be published there (section 39 paras 2 and 3 Gas Act 2011), the European rules take priority over national law.

Para. 2: TSOs may create different categories of interruptible capacity that reflect the probability of interruption. They can implement this differentiation by way of ex-ante reductions or ex-post refunds. Theoretically, there is unlimited interruptible capacity, but the more such interruptible capacity has already been allocated, the higher the specific risk of interruption.

Para. 3: The CAM NC requires that the offer of firm, bundled capacity be maximised (Article 6(1)(a)). To reach this goal, all firm capacity must be bundled, including any firm capacity with allocation restrictions.

Section 6: Capacity conversion

Obligatory bundling of capacity at cross-border interconnection points creates a difficult situation for system users that already had contracted mismatched unbundled firm entry or exit capacity at one side of a bookable entry/exit point: it is no longer possible for them to book corresponding unbundled capacity on the other side of that point.

Para. 1: A capacity conversion service compensates such system users for the economic disadvantage that arises from having to buy bundled capacity that overlaps with their unbundled capacity on one side of the bookable entry/exit point due to the bundling regime (Article 21(3) CAM NC). The service is not available for overlapping bundled firm entry or exit capacity that was booked after this provision's entry into force.

Para. 2: Eligibility for the service hinges on the system user having successfully participated in an annual, quarterly or monthly auction for bundled freely allocable entry or exit capacity. Conversion is only possible for as much freely allocable entry or exit capacity as overlaps with the mismatched bundled capacity of the system user. Also, it is only possible for the duration for which it overlaps. Any mention of "twice-bought" or "overlapping" part of the capacity refers to the capacity purchased in the annual, quarterly or monthly auction as bundled freely allocable entry or exit capacity, i.e. the capacity acquired later. Capacity conversion does not affect the firm mismatched entry or exit capacity, which is why the charge for this capacity must always be paid in full.

If capacity conversion leads a system user to acquire a higher category of firm capacity, e.g. if dynamically allocable capacity is converted into freely allocable capacity, the positive difference between the rates for dynamically and freely allocable capacity must be paid as well.

Para. 3: The conversion is executed once the system user has successfully participated in an annual, quarterly or monthly auction for bundled freely allocable entry or exit capacity. To trigger conversion, the system user must notify the TSO within five working days of the annual, quarterly or monthly auction, using a form to be published by TSOs online. This deadline was originally shorter, but after the stakeholder process and discussion with the TSOs, it was extended to five working days. Before putting the form online, the TSOs must clear it with the regulatory authority. The TSO must confirm towards the system user that the capacity conversion service will apply (or reject the application) within three working days of having

received the filled-in form. The capacity that is returned by the system user as part of the capacity conversion process is offered in the following auctions by the TSOs.

Para. 4: The CAM NC (Article 21(3)) does not include provisions for how to handle capacity conversion in connection with incremental capacity pursuant to Articles 29 and 30 NC CAM. The Ordinance ensures that capacity conversion cannot turn a positive economic test result for a particular offer level into a negative one. The TSOs must assess whether this could be the case based on the capacity situation and must inform the regulatory authority at least four weeks before an auction is published.

Para. 5: Capacity conversion is only available for capacity that fulfils all the above criteria and that was purchased before 15 September 2017.

Section 7: Virtual interconnection points

The CAM NC (Article 19(9)) mandates that virtual interconnection points be established where the following conditions are met:

- (a) the total technical capacity at the virtual interconnection points is equal to or higher than the sum of the technical capacities at each of the interconnection points contributing to the virtual interconnection points;
- (b) they facilitate the economic and efficient use of the system including but not limited to rules set out in Article 16 CAM NC.

Para. 1: Before system operators implement virtual interconnection points, they must consult the market participants and notify the regulatory authority. This enables the regulatory authority to verify whether the conditions for establishing virtual interconnection points from the CAM NC are met. When assessing whether the virtual interconnection point facilitates the economic and efficient use of the system for users, the results of the relating consultation will be taken into account.

Para. 2: The CAM NC obliges the TSOs concerned to offer available capacities at the (physical) cross-border interconnection points through one virtual interconnection point (Article 19(9)).

Section 8: Nomination and renomination

Para. 1: The responsibility for nominating and renominating lies with the BRP of the balance group into which the system user has entered capacity in accordance with section 9.

Para. 2: The initial nomination must be made by 14.00 hrs, unless a network code imposes a different deadline, in which case the latter takes precedence over the former. If this happened, the Ordinance would have to be adjusted.

Para. 3: Particular lead times for renominations apply.

Para. 4: The rule that nominations are first allocated to firm capacity and then to interruptible capacity applies to renominations in the same way.

Para. 5: Using bundled products should be as simple as possible, and bundled nominations (Article 19(7) CAM NC) serve precisely this purpose. Of course, bundled nominations must still comply with the applicable balancing rules.

Para. 6: Day-ahead capacity must be nominated by 20.00 hrs. Such a late nomination deadline means that there is still enough time to trade even after day-ahead capacity is announced.

The stipulations under this paragraph also apply to contracts that were concluded before the Ordinance's entry into force.

Section 9: Entry of capacity to balance groups

System users must enter capacity into a balance group before it can be used. Please note that no capacity is needed to nominate gas at the VTP.

Para. 1: Only once capacity is entered to a balance group and the BRP is informed can the capacity actually be handled and used.

Para. 2: In the case of short-term capacity, i.e. daily and within-day products, there is not much time between booking and use. This is why it must be entered to balance groups right away.

Section 10: Transmission system access

Para. 1: Sections 5 through 9, 16 and 17 do not apply to exit capacity from the transmission network into the distribution network in the market area, into storage or towards final customers, or to entry capacity

into the transmission network from storage or from production of fossil or renewable gas. Only one market participant, e.g. the MADAM, can book capacity at these points; therefore, the listed provisions do not make sense here. As there is no potential for discrimination at these points, capacity is allocated on a first come, first served basis.

Para. 2: Sections 13 and 14 apply *mutatis mutandis* to any final customers connected at transmission level (cf. section 31 para. 4 Gas Act 2011).

Section 11: Applications for system access and capacity expansion

There are minimum requirements for applications for system access and capacity expansion. A list of the minimum requirements is available in Annex 1.

Para. 1: System access contracts must specify when system use will actually start, and this may be at any time within three years from signature. This basically means that capacity is reserved for the time in between. Besides, system access contracts must usually name the supplier that will service the connection. However, if system use will not start until more than three months after signature, it is not necessary to name the supplier (it might not yet be known). Instead, the supplier must be named when the connection is enabled under the Gas Switching Ordinance 2014. Special conditions for guaranteeing the capacity reservation can be agreed for contracts that foresee first use of the capacity more than three months later. In any case, there must be a penalty in case the capacity is not used or not fully used after all. The rules for capacity expansions in annex I (point III item 1 para. 4) apply *mutatis mutandis* for such conditions and payments. They are necessary to counterbalance the capacity reservation.

Para. 3: Short-term changes in a connection's use do not constitute a right to changing the contracted capacity (section 2 para. 1 item 14 Gas System Charges Ordinance 2013). More precisely, the contracted capacity can be increased several times per year (e.g. because a facility has been expanded or demand has otherwise increased); however, this increased capacity is then considered to be fixed for at least twelve months. This complies with the principle from the Gas System Charges Ordinance 2013. To limit the administrative effort involved, a change can only be made on the first of a month, and such changes may only be made if they do not contradict the agreed terms and conditions for system access or for capacity expansion (e.g. deadlines, cancellation modalities, penalties, minimum contract durations etc.). This way, individual system users cannot use changes to their contracted capacity to socialise their costs; after all, capacity is the main cost driver in the system charges.

Para. 4: Capacity expansion applications at distribution level are handled in line with the first come, first served principle.

Para. 5: DSOs that do not have to unbundle under section 106 Gas Act 2011 can act as final customers at the same time; they would then have to conclude system access contracts with themselves. Obviously, this is not legally possible, but they still have to apply the rules from chapters 2 and 3 *mutatis mutandis*. (This does not apply to the facilities they need to operate their system, such as pressure regulators.)

So, while there is no system access contract between the two parts of an integrated undertaking, in the interest of transparency there must be a system access data sheet that lists all the items prescribed for system access applications by annex I. To ensure that the undertaking's accounts correctly distinguish between network and non-network activities (section 8 Gas Act 2011), this includes internal invoices for the applicable grid charges. This should ensure transparency and non-discrimination for all system users, and it should avoid any preferential treatment of the DSO's own facilities.

Section 12: Application for admission to the system

There are particular requirements for establishing first connections to a system or changing existing connections (admission to the system).

Para. 3: System operators must conclude interconnection agreements in line with the specifications of the MADAM (section 67 para. 1 Gas Act 2011). For storage and production system operators, such agreements are desirable but not obligatory. Operation of the distribution system forms part of the MADAM's responsibilities. In the interest of secure and efficient system operation, the MADAM's right to prescribe specifications also holds for system admission contracts with storage and production system operators to the degree that they impact operation of the distribution system. Also, in order to be able to allocate and use capacity, a system access application is needed; an application for system admission is not sufficient and does not mean that any capacity is reserved.

Section 13: Capacity management in the distribution area

Paras 1 and 2: Only the MADAM can book capacity at internal interconnection points from the transmission into the distribution network, i.e. there is no need for auctions or for congestion management.

Para. 3: In some rare instances cross-border interconnection points are located at distribution level. At these, the long-term use-it-or-lose-it mechanism applies *mutatis mutandis*. This means that the provisions referred to also apply to system access at the cross-border interconnection points in the distribution network. However, the MADAM allocates capacity at distribution-level cross-border interconnection points on a first come, first served basis; this differs from allocation at transmission level.

Separately, the CAM NC provides that implicit capacity allocation methods can be applied (Article 2(5)). Implicit allocation methods are allocation methods where transmission capacity and a corresponding quantity of gas are allocated together. This is also possible for distribution-level cross-border interconnection points. In all cases, the NC requires upfront regulatory approval of implicit allocation methods.

Para. 4: Parts of the network area of Upper Austria are physically isolated from the rest of the eastern market area; they can only be supplied from the neighbouring German market area (Schärding, Ach). So far, this has prevented consumers in this area from being able to switch suppliers. The MADAM and the neighbouring German DSO have developed a solution that will enable these consumers to choose their supplier freely. In order for this solution to work, the MADAM in the eastern market area must have the right and obligation to book the necessary capacity. Suppliers must then make the gas quantities for customers in these network islands available at the VTP of the eastern market area.

Section 14: System access for storage system operators

Para. 1: There are rules for how storage system operators and system operators agree on the maximum capacity to be reserved. System operators must permanently reserve the firm or standard capacity that a storage system operator has booked in one year for the next year. There is generally no limit to interruptible capacity, so a similar obligation to permanently reserve it is not necessary.

Booking less firm capacity than has been contractually agreed is only permissible to the extent that it can be marketed in the market area with the same financial effect. If a storage project has triggered network capacity expansion, reducing an annual capacity booking is only admissible insofar as this is foreseen in the capacity expansion contract. Again, this limitation does not apply to interruptible capacity, for the same reasons as above. Other principles of offering and handling interruptible capacity at storage points and the rules on the system utilisation charge for storage system operators under the most recent version of the Gas System Charges Ordinance 2013 are not affected.

Para. 2: As an alternative to the process described in paragraph 1, there is the option to conclude system access contracts with fixed terms of at least 15 years. For these, the booked firm or standard capacity cannot be reduced by up to 10% each year. But like above, capacity can only be reduced insofar as the system operator can market it in the market area with the same financial effect. Storage system operators whose facility is already connected to the network can adjust their system access contract accordingly. At the end of the contract's fixed term, the system operator does not continue to reserve the capacity, unless the storage system operator and system operator have concluded a follow-up agreement at least three years before the first agreement expires.

Para. 3: The rules from section 11 (system access applications and capacity expansion) and section 12 (system admission application) also apply to storage system operators whose facilities are connected at transmission level.

Para. 4: The rights and obligations necessary for operation must be agreed in contracts between the storage system operators and the MADAM.

Section 15: System access for producers of fossil or renewable gas

Para. 1: There are rules on how producers as defined in section 7 para. 1 item 52 Gas Act 2011 or producers of renewable gas and system operators agree on the maximum capacity needed. System operators are obligated to permanently reserve the capacity booked in a year for the next year; this applies to both firm and interruptible capacity. Annual capacity bookings that fall short of the permanently reserved capacity by more than 10% are only permissible to the extent that the capacity can be marketed in the market area with the same financial effect. Also, increasing existing capacity bookings through contracts of at least one month and up to two years does not raise the basis for calculating the capacity reduction allowed each year. This means more flexible capacity management, as mid-term capacity increases do not have an immediate

impact on the acceptable amount of capacity reductions. It also means that system operators do not have to permanently reserve the capacity for these mid-term increases. For renewable gas producers, there is a threshold below which the rules for capacity reductions do not apply. This threshold is 10,000 kWh/h of capacity contracted with the DSO, enabling small facilities (in particular biogas plant) to terminate their system connection more quickly.

Para. 2: The rights and obligations necessary for operation must be agreed in contracts between the producers of fossil or renewable gas and the MADAM.

Section 16: Day-ahead UIOLI

The Ordinance restructures the existing day-ahead UIOLI rules but does not add new ones compared to the previous version.

Para. 1: The renomination limits ensure that a certain share of capacity can always be offered on the market as firm day-ahead capacity in both directions. The relevant unit for checking whether the nomination and renomination rules are complied with is the balance group or the balance sub-account. Also, only the firm capacity allocated is relevant for these limits because there is basically unlimited interruptible capacity.

Para. 2: It should be impossible to circumvent the renomination limits. Thus, the share of a (re)nomination exceeding the permissible limits is treated as a (re)nomination of interruptible capacity and will be interrupted first. This way, transport customers cannot reap unjustified benefits from disregarding the renomination limits.

Para. 3: System users whose total capacity bookings at the respective bookable entry/exit point account for less than 10% of the technical annual capacity announced are exempted from the renomination limits. This exception is based on the consideration that system users with small portfolios have less portfolio effect and, at the same time, in many cases have less flexibility at their disposal. The time period for checking compliance with the (re)nomination rules is 365 days (not 12 months). Whether a system user is exempted from the renomination limits or not must be determined for each direction of gas flow separately (i.e. a user might be subject to the limits in one direction but exempt from them in the other). An exemption only applies if the system user in question does not join its capacity with that of a non-exempted system user and if the balance group or sub-account as a whole does not on average hold 10% or more of the booking point's technical annual capacity. The renomination limits do not apply to day-ahead capacity; this is to protect small system users from having to comply with the limits for an entire year just because of an isolated large day-ahead booking.

Para. 4: Balance sub-accounts are admissible. In terms of entering capacity into balance groups or sub-accounts, the BRPs' possibilities also include the following (without circumventing renomination limits):

- Several system users may enter capacity into the same sub-account and/or balance group;
- Each system user may enter capacity into several balance groups and/or sub-accounts (even with several BRPs).

Para. 5: The TSO must market any capacity that becomes available because of the renomination limits as daily capacity under Article 9(5) CAM NC.

Para. 6: TSOs can adjust their operations where this is necessary to coordinate with the neighbouring market area. Please note that this option is only available if the neighbouring TSOs apply rules that are similar to those in paras 1 to 3. The TSO must give advance notice of any adjustments to the regulatory authority and explain why they are necessary.

Para. 7: If the renomination limits pursuant to paras 1 to 3 have been applied to a system user's capacity and the TSO has then offered the capacity pursuant to para. 5, the system user must still pay the full entry/exit charges.

Para. 8: Paras 1 to 7 also apply to capacity contracts that were concluded before the Ordinance's entry into force.

Section 17: Long-term UIOLI

The Commission Decision of 24 August 2012 on amending Annex I to the Gas Regulation changed the congestion management rules for contractual congestions. This Decision assumes that capacity is (re)nominated by the system user. However, in the Austrian balancing framework, this is a responsibility of the BRP. Transposing the European Commission's Decision thus serves to both improve transparency and adapt the system to the Austrian situation.

When checking for systematically unused capacity under long-term UIOLI, the relevant unit is the balance group or the balance sub-account (in the first version of the GMM Ordinance 2012, it was still the system user). Please note that several system users may use the same balance group or sub-account and may jointly use the capacity entered. System users cannot circumvent the rules by splitting their booked capacity between several balance groups or sub-accounts. Neither is it possible to circumvent the rules by not entering capacity into any balance group: all booked capacity at market area entry/exit points must be entered into balance groups (section 23 para. 1).

Para. 1: If a system user intends not to use its capacity, it can not only offer it on the secondary market but also return it to the TSO. This is a result of the possibility to return booked firm capacity that has been part of the approved general terms and conditions for transmission network access since 1 October 2013.

Para. 2: Returning (parts of) the capacity to the TSO eliminates the risk of it being withdrawn, regardless of whether the TSO can market it elsewhere.

The term “effective contract duration” covers both long-term contracts for more than one year and series of annual contracts for up to 15 years, based on the capacity allocation mechanisms from the CAM NC.

Where a system user has entered its capacity into more than one balance group or balance sub-account, it is the whole of such capacity that counts for checking whether capacity is systematically unused (last sentence in paragraph 2). This ensures that the rules in items 1 and 2 cannot be circumvented.

Para. 3: If a balance group or a balance sub-account is used by several system users, the TSO has no means of knowing which of them actually use their capacity or not. This is why withdrawals always refer to all system users that are part of the balance group or sub-account. Any withdrawals are distributed among the system users in the same proportion as the capacity they have entered to the balance group or sub-account. The overall capacity withdrawn reflects how much capacity goes unused on average. Please note that in the case of para. 2 item 2, the average non-use is calculated from the most recent renominated capacity.

Para. 5: The TSO must inform the regulatory authority of the existence and extent of any capacity non-use that occurs. Likewise, the TSO must inform the regulatory authority if the system user has provided any evidence of secondary market offers received for the unused capacity or if it has manifested that the capacity contracts are needed to honour contractual obligations (i.e. that the capacity cannot be withdrawn).

Para. 6: The second sentence refers to the general terms and conditions for transmission network access. Any withdrawn capacity is marketed as primary capacity by way of standard capacity products in line with the CAM NC allocation rules.

Section 18: Principles

Para. 1: The Austrian framework is based on the principle of integrated daily balancing. “Integrated daily balancing” means a single balancing zone in which the same rules apply for all entry/exit points (across transmission and distribution) and a single operational balancing system. This principle replaces the previous split between ex-ante and ex-post balancing.

Para. 2: The Austrian balancing framework revolves around balance groups. All market area entries and exits must be assigned to a balance group (however, please cf. the explanatory notes on the exemption in section 26 para. 4). To achieve this, all system users must be either BRPs or balance group members. Further details are provided in section 19.

Para. 3: In line with the BAL NC, the BRPs are responsible for keeping their groups in balance. They are also financially responsible for any imbalances in their groups, i.e. they must pay any applicable imbalance charges. (Though balance group members may have differing rules in their balance groups internally.) If a balance group contains final customers, consumption forecasts are needed for the balance group to be able to function properly; these are drawn up primarily by the BRP. The members must support their BRP in carrying out its duties (cf. the explanatory notes on section 19 para. 4).

Para. 4: As provided for in the BAL NC, balancing is exercised on the basis of energy units (kWh) and the balancing period is the gas day (from 6:00 hrs to 6:00 hrs on the next day).

Para. 5: Gas must be traded and transferred at the VTP. This increases liquidity and facilitates administration of a market area that spans transmission and distribution. Please note that gas in storage is not considered to be inside the market area because it is withdrawn from the grid when it is injected into storage (this is similar to exiting gas at a cross-border interconnection point, i.e. it must be accounted for in balancing). The instruction to trade at the VTP thus does not apply to gas in storage. This is compatible with the provisions on concentrating trade and transferring ownership in the Gas Act 2011: neither

section 68 nor the definitions in section 7 state that gas is exclusively traded at the VTP, i.e. there is an implicit possibility for exemptions.

Section 19: Balance group membership

Para. 1: The MADAM plays a pivotal role as information provider for market participants and as coordinator (cf. also the explanatory notes on section 37). In these functions, it must make sure that each BRP and each balance group have a unique ID.

Para. 2: A market participant may be member of several balance groups at the same time. If a balance group is dissolved, the regulatory authority assigns its members to new balance groups. If several metering points of a balance group member are part of the same balance group, this does not establish multiple membership. The respective member is counted as only one member of this balance group.

Para. 3: Direct balance group members that intend to take up an activity listed in section 19 para. 3 must inform their BRP in due time, so that the latter can adjust its system and so that any necessary liability rules can be agreed.

Para. 4: Though it is the BRP that is ultimately responsible for managing the balance group (cf. section 18 para. 3), the balance group members must support it in exercising its duties. How exactly this manifests must be agreed between the BRP and the balance group members.

Section 20: Balance responsible parties

Para. 1: There are provisions on the relationship between BRPs and balance group members. Also, BRPs must send the relevant member data to the MADAM, the SCE and the relevant system operator.

Para. 2: BRPs must keep a record in their systems of the capacity entered by their balance group members and submit the respective schedules and nominations. Balance group members must inform their BRP of the type and quantity of the capacity booked without undue delay. Cf. also the explanatory notes on section 9.

Paras 3, 4 and 5: The BRP is the sole contractual partner of the SCE, and it is financially responsible for its balance groups. How charges are distributed among the balance group members and which services are provided by the BRP are a matter for internal agreement between the BRP and the members. However, all balance group members must be treated equally.

Section 21: Allocation components

Para. 1: The SCE has a number of crucial responsibilities in the integrated Austrian balancing framework (section 18 para. 1). It must provide the infrastructure needed to fulfil these responsibilities. This includes a secure and resilient IT system for the information about quantities and allocations that is needed in clearing (cf. section 46 para. 5) and settlement. Further details are laid down as part of the proceedings pursuant to section 85 Gas Act 2011 in conjunction with section 170a Gas Act 2011.

Also, hourly time series of the allocation components listed represent the daily imbalances of the balance groups (section 22 para. 1).

Paras 2 and 3: At market area cross-border interconnection points, at distribution-level market area entry/exit points and at the VTP, quantities are “allocated as nominated” (section 67 para. 4 Gas Act 2011).

Para. 4: Quantities are metered and then allocated uniformly across all hours of the day. This distribution is done either by the system operators before they submit their data or by the SCE immediately after.

Para. 5: Quantities are allocated uniformly across all hours of the day. The BAL NC base case (Article 3 item 19) applies, i.e. allocations do not necessarily match the (non-binding) SLP consumption forecasts under section 36.

Para. 6: For final customers that have a load meter but whose contracted capacity does not exceed 300,000 kWh/h, the default is for quantities to be allocated uniformly across all hours of the day (same as in para. 4). However, the SCE must offer the BRPs the option of hourly allocations (same as in para. 7) for these metering points. In practice, the relating processes should cause as little extra effort as possible, i.e. if chosen, these metering points are simply handled together with allocations under para. 7. Also, switching between constant and hourly allocation is only possible once a year. If a metering point with hourly allocation under this paragraph is switched over to another supplier, the default option applies again, i.e. quantities with the new supplier are again allocated uniformly across all hours of the day. If further details must be specified, the SCE lays them down in its general terms and conditions or they are introduced through the gas market code.

Para. 7: For final customers that have a load meter and a contracted capacity beyond 300,000 kWh/h, the default is hourly allocation of metered quantities. The system operators must provide this hourly information. The 300,000 kWh/h threshold (and the relative tolerance level for within-day obligations under section 23) is based on a comprehensive technical and commercial analysis that was conducted and discussed as part of the stakeholder process that preceded the Ordinance.⁴

Section 22: Daily imbalance price

Para. 1: The daily imbalance is the net imbalance that results from all entries and all exits of a balance group on a given gas day. A linepack flexibility service (cf. Article 43(2)(a) Gas BAL NC) is not foreseen.

Paras 2 and 3: As foreseen in the Gas BAL NC, the applicable price is derived from the marginal prices for standard products for balancing actions traded at the VTP's gas exchange (cf. the explanatory notes on section 28) or the VTP's weighted average reference price, plus the small adjustment. The small adjustment is 3% at the moment and will be evaluated on the basis of first experience. PEGAS CEGH Gas Exchange is currently the only trading platform in the eastern market area that fulfils the Gas BAL NC's requirements, i.e. this is where the prices for products under section 28 para. 1 item 1 come from. Should another platform fulfil the requirements in the future, the rules will have to be adjusted accordingly.

During the consultation of the draft Ordinance, it was suggested that the prices of standard or flexibility products from the merit order list (section 29 para. 1 items 1 and 2) should be factored into the daily imbalance price as well. Please note that this would not be compatible with the Gas BAL NC. In fact, the NC prescribes that the applicable price must rely on standard short-term products for delivery at the VTP (Article 22). Though the Gas BAL NC enables the regulatory authority to approve inclusion of locational products (Article 22(5)), the standard and flexibility products from the merit order list (section 29 para. 1 items 1 and 2 of the Ordinance) do not fulfil the conditions for locational products from the Gas BAL NC (Article 7 and 10). They can thus not be included in the prices used to calculate the daily imbalance price. However, if the market participants were to develop a concept that reflects the merit order products through exchange products with separate, locational order books and to coordinate it with the operators of the VTPs, the regulatory authority would be open to checking whether these transactions could and should be included in the prices used to calculate the daily imbalance price in line with Article 22(5) Gas BAL NC.

Please note that if a member state were to request the application of a solidarity measure pursuant to the Gas SoS Regulation (Article 13) and if Austria were to provide such solidarity measure, this would not constitute a balancing action under section 28. Cf. also section 26 para. 6.

Para. 4: It must be possible to calculate the applicable daily imbalance price in all cases. Even if no balancing energy was procured during a particular gas day, and even if there were no reference price for that day (which is unlikely but theoretically possible), the last available reference price would be used (e.g. the one for the previous day). Together with the small adjustment, this would then result in the applicable daily imbalance price for the gas day.

Section 23: Within-day obligations

Para. 1: In addition to commercial balancing (section 22), the Austrian framework provides for within-day obligations (cf. Article 24 Gas BAL NC). This is meant to incentivise BRPs to contribute to minimising overall balancing costs and safeguarding system integrity. The system agents made their case for within-day obligations based on the requirements from the Gas BAL NC during the stakeholder process that preceded the Ordinance, when it was publicly discussed and the discussions were recorded. For further details, please refer to chapter 5.3 of the conclusions paper for developing the Austrian balancing framework.⁵ Please note that the WDO fee only applies on days during which opposing balancing actions were taken, and that the quantity upon which the fee is based is capped with the opposing quantity (if e.g. 100 units of positive balancing energy and 70 units of negative balancing energy were procured, the condition of opposing balancing actions would be fulfilled and the quantity would be 70 units).

⁴ For the eastern market area: https://www.e-control.at/documents/1785851/1811582/UPDATE+2018-12-04_Technische_Analyse_Bilanzierung_neu_UPDATE.cleaned.pdf/e263fb14-c865-9424-b83a-8e5e68217050?t=1544171844373 (German only)

For the Tyrol/Vorarlberg market areas: https://www.e-control.at/documents/1785851/0/2019-08-12_Bilanzierung_neu_AGGM_MGTuV.pdf/389610e8-9b5c-92cc-9879-5b08dfb410b2?t=1567678442818 (German only)
⁵ https://www.e-control.at/documents/1785851/1811597/2019-04-15+Zusammenfassung_Stakeholderprozess+BAL_WS07_postWS-Version+190415_EN.pdf/987e1471-9787-1bae-9a00-419d92e89b82?t=1555322357814

Para. 2: The hourly imbalances are calculated by netting the allocations that are also used for clearing under section 24. The 4% tolerance level for exits towards final customers is based on comprehensive technical and commercial analyses.⁶ It is a conservative level that promotes a gradual development of the system with minimal risks. Combining this level with the exits to final customers results in the tolerances available for each hour of a gas day and for each direction (i.e. for accrued positive and negative hourly imbalances).

Some responses to the consultation that preceded the Ordinance pointed out that preliminary information about the balance group position was based on the preliminary calorific value, and that they can differ from the allocations that are used for clearing and for calculating the hourly imbalances for the WDO fee. Even so, using clearing allocations for all calculations, from daily imbalance to clearing fee, is really the only consistent approach and the only way to guarantee that clearing and settlement are indeed cost reflective. Linepack cannot be used as additional leeway to make up for this possible difference, as all of the linepack that is available for within-day fluctuations is already assigned to the BRPs as part of their tolerance. However, BRPs are of course free to reserve part of their individual tolerance as cushion for their calorific value differences.

Para. 3: The WDO fee only applies to the part of the accrued hourly imbalance that exceeds the tolerance (cf. step 4 in the example below).

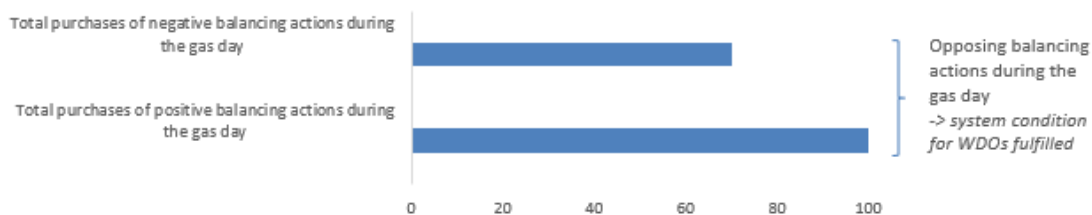
Para. 4: As explained above, the WDO fee only applies if opposing balancing energy had to be procured on the same gas day. The WDO price is the spread between the weighted average prices for balancing energy sold and bought during that day. Please note that only short-term standardised products according to section 28 para. 2 item 1 are factored into the calculation to ensure consistency with section 22. In any case, the WDO price cannot be negative.

Para. 5: The total WDO fee collected from all BRPs for a gas day must not exceed the costs for balancing energy that had to be purchased during that day. If necessary, the BRPs' WDO fee would be prorated to ensure that the cap is respected. The costs for balancing energy are calculated by multiplying the WDO price by the quantity of opposing balancing actions (i.e. 70 units in the example from para. 1).

Para. 6: The evaluation focuses on the tolerance level, but it also includes an assessment of whether the allocation limits should or could be adjusted (cf. the Gas BAL NC). There must be coordination with the regulatory authority about how exactly the evaluation will be conducted, and the relevant provisions of the Gas BAL NC must be respected.

The example below illustrates how within-day obligations work in the Austrian balancing framework. Each step is explained separately.

Step 1: Checking whether opposing balancing energy was procured



The example from the explanatory notes above is a case of opposing balancing energy procurement: 100 units of positive balancing energy and 70 units of negative balancing energy were procured during the same day. The WDO quantity is thus 70 units.

The system condition for WDOs is fulfilled. The next step thus involves looking at the entries and exits of each balance group.

Step 2: Calculating each BG's tolerance level and hourly imbalances

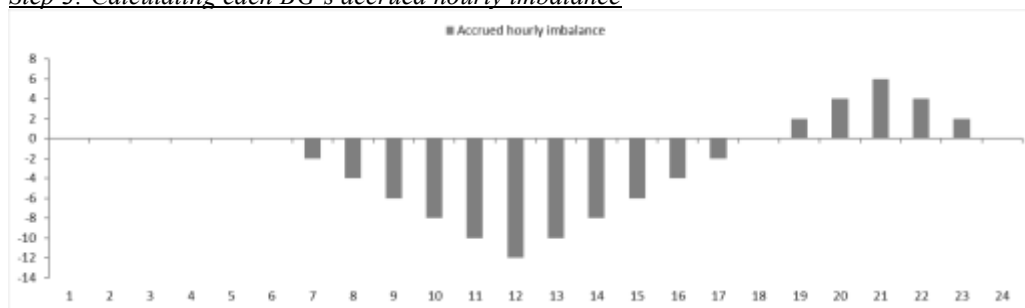
⁶ The conclusions paper mentioned above also provides details on this issue.

Hour	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	Σ
Σ Entry to BG	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	240
Σ Exit from BG	-10	-10	-10	-10	-10	-10	-12	-12	-12	-12	-12	-12	-8	-8	-8	-8	-8	-8	-8	-8	-8	-8	-12	-12	-240
...out of these, to consumers	-3	-3	-4	-2	-3	-4	-4	-4	-4	-8	-8	-8	-3	-3	-3	-3	-3	-3	-4	-5	-4	-4	-3	-3	-88
Hourly imbalance: Σ entry - Σ exit	0	0	0	0	0	0	-2	-2	-2	-2	-2	-2	2	2	2	2	2	2	2	2	2	-2	-2	-2	0
Tolerance (4% of daily exits towards consumers)	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4



The BG's tolerance level is 4% of its daily exits towards final customers. In the example, this is 4% times 100, i.e. 4. This is the range within which the BG should stay always, i.e. during each hour. To calculate the hourly imbalance, we net the BG's entries and exits for each hour.

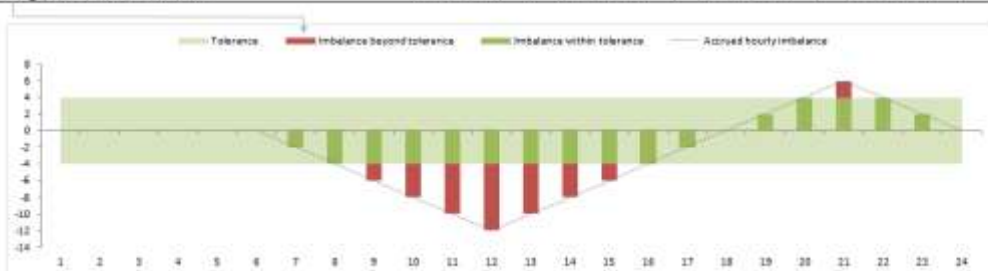
Step 3: Calculating each BG's accrued hourly imbalance



For each hour, the BG's hourly imbalances for this and all previous hours of the gas day are added up.

Step 4: Checking whether the BG's accrued hourly imbalance exceeds its tolerance

Hour	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	Σ
Σ Entry to BG	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	10	240
Σ Exit from BG	-10	-10	-10	-10	-10	-10	-12	-12	-12	-12	-12	-12	-8	-8	-8	-8	-8	-8	-8	-8	-8	-8	-12	-12	-240
...out of these, to consumers	-3	-3	-4	-2	-3	-4	-4	-4	-4	-8	-8	-8	-3	-3	-3	-3	-3	-3	-4	-5	-4	-4	-3	-3	-88
Hourly imbalance: Σ entry - Σ exit	0	0	0	0	0	0	-2	-2	-2	-2	-2	-2	2	2	2	2	2	2	2	2	2	-2	-2	-2	0
Tolerance (4% of daily exits towards consumers)	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4	±4
Accrued hourly imbalance	0	0	0	0	0	0	-2	-4	-6	-8	-10	-12	-10	-8	-6	-4	-2	0	2	4	6	4	2	0	0
Overhang → basis for WDO fee calculation	0	0	0	0	0	0	0	0	0	2	4	6	8	6	4	2	0	0	0	0	0	2	0	0	0



Now, the BG's tolerance (in the example, 4) is subtracted from the accrued hourly imbalance. Any quantities beyond the tolerance (shown in red in the example) are subject to the WDO fee, payable by the group's BG.

Step 5: Calculating the WDO price and fee

The example BRP must pay a WDO fee for 34 hours (the total accrued imbalances beyond the tolerance, shown in red above). Assuming

- weighted average costs of positive balancing energy during the gas day of 26 EUR/MWh; and

- weighted average costs of negative balancing energy during the gas day of 22 EUR/MWh, the spread, i.e. the WDO price, is 4 EUR/MWh. Multiplying the WDO price by the quantity means a WDO fee of 136 EUR for the example BRP.

In any case, the total WDO fee collected from all BRPs cannot exceed the costs resulting from opposing balancing energy procurement. This would be the costs for 70 units in our example; multiplied by the WDO price of 4 EUR/MWh, we arrive at a WDO cap of 280 EUR.

Section 24: Clearing and settlement

Para. 1: The SCE publishes a clearing calendar that lists all deadlines for the first and second clearings of each month. In drawing up this calendar, the entity must take into account the needs of the market participants (in particular those of the DSOs and BRPs/suppliers) (para. 7). If the actual calorific values are to be applied in line with OVGW regulation GO110, we expect that the deadlines will be extended.

Para. 2: The first clearing is based on the clearing allocations (i.e. the final allocations under the Gas BAL NC). According to the clearing calendar, these are available soon after the end of a month. The clearing for each month details the clearing information for each day.

Para. 3: The second clearing serves to correct the results of the first clearing if the clearing allocations have changed in light of meter readings. This applies for all types of allocation under section 21 para. 1. The consultation version of the Ordinance limited the second clearing to SLP allocations, but after considering all responses received, the limitation was lifted. Regardless, analyses will be conducted to verify the data quality of LM allocations and the DSOs are encouraged to optimise their relating processes.

DSOs must provide their data as absolute values, not as differences (section 32 para. 9 item 9). Even if the daily imbalance quantity (section 22) or the WDO quantity (section 23) should change due to the second clearing, the imbalance prices and WDO price are not adjusted; they result from the balancing actions under section 28, i.e. the second clearing does not concern them. The elements that can be changed due to the second clearing are: the daily imbalance quantity (section 22), the WDO quantity (section 23), the neutrality charge for balancing (section 25), and the clearing fee (para. 4).

Para. 4: The clearing fee is also settled in this step (section 89 Gas Act 2011). The amount of the clearing fee and the relevant quantity are defined by the regulatory authority in its ordinance under section 89 Gas Act 2011. While this ordinance is issued after the GMM Ordinance, it is done in time before the latter comes into force.

Para. 5: Under the previous balancing framework (GMM Ordinance 2012), ex-ante risk management was achieved via the clearing house at the gas exchange: any imbalances were offset at the exchange on behalf and for account of the BRP. Additional ex-ante measures were not necessary. Ex post, explicit risk management took place, based on historical data. The new balancing framework provides for direct commercial transactions between BRP and the SCE, and applies to all market players (from suppliers to transit shippers). In an integrated framework, the transaction sums might be higher than under the current framework, which is why the SCE needs a more sophisticated risk management system. Such a risk management system must adequately respond to risks without going too far and be able to react to recent developments and risks quickly (on a daily or even within-day scale). The risk management system should also leverage any cooperative synergies between the system agents and be easy to understand for market players. In addition, alternative security approaches (e.g. earmarking gas in storage to avoid BRP curtailment) should be assessed and possibly integrated. This could have a range of implications for operations and it would require coordination between the system agents, which is why it is enabled as an additional possibility to be explored by the agents depending on the market participants' interest. Should this emerge as a more concrete option, the market participants must be consulted broadly and the result must be laid down in the SCE's general terms and conditions.

Para. 6: Retroactive settlement can be used to correct all allocation types from section 21 para. 1, and it refers to all elements of a balance group's clearing and settlement, i.e. the daily imbalance quantity (section 22), the WDO quantity (section 23), the neutrality charge (section 25), and the clearing fee (para. 4). While previously, gas unaccounted for was distributed among all balance groups, retroactive settlement under the new framework does not automatically imply that other BRPs' settlement must be corrected as well. If there are effects on the network operators' technical balance groups, their technical network balancing (section 26) must be adjusted. Retroactive settlement means an additional effort for the SCE and the involved market participants (system operators, BRPs and members etc.). This is why the SCE may establish a relating charge. This also works as an incentive for market participants to comply with processes and rules. We assume that such a charge would be a fixed amount payable by the entity that triggers the retroactive

settlement. However, if this entity can provide evidence that it has not caused the need for retroactive settlement itself, the charge should be waived (cf. the explanatory notes on para. 1). The SCE should establish guidelines to ensure that this is handled in an efficient and non-discriminatory way. Market participants are of course free to re-distribute this charge internally, but this is not within the scope of the Ordinance. Should such a charge materialise, the market participants must be consulted broadly and the result must be laid down in the SCE's general terms and conditions.

Para. 7: The SCE must lay down the rhythm, settlement, payment modalities and risk management in its general terms and conditions. These must first be consulted with the market participants and then require regulatory approval.

Section 25: Neutrality of the SCE

Para. 1: The Gas BAL NC specifies that commercial and physical balancing may not result in profits or losses for the entity responsible for clearing and settlement. The neutrality charge for balancing translates this principle into practice by compensating any relating overhang or shortfall. Please note that for balancing actions, both their actual use (unit rate) and their availability (capacity rate) must be taken into account (section 29 para. 15).

Para. 2: The SCE must try to balance the costs and revenues expected from the settlement of imbalances and the neutrality charge. It may keep an adequate additional liquidity reserve.

Para. 3: Please note that the SCE's check against the neutrality mandate in para. 2 may also result in overhangs from the neutrality account being disbursed.

Para. 4: The quantity that is relevant for the neutrality charge is determined in line with the Gas BAL NC: it reflects the extent to which a BRP uses exit points, i.e. its balance group's exit nominations at market area cross-border interconnection points (including those at distribution level, section 21 para. 1 item 1) and exits to final customers (section 21 item 6). These quantities are summed up for the month in question. This system both ensures that the EU rules are respected and eliminates any risk of double charging to the detriment of BRPs.

Section 26: Technical network balancing

Para. 1: Clearing and settlement refers to balance groups; with reference to system operators, technical network balancing is carried out. This only applies to DSOs, because the technical network balancing of transmission networks lies entirely with the TSOs (cf. para. 11). The DSOs must provide all the necessary data to the SCE in the granularity and rhythm needed. The individual data items are listed in point III of annex 2. Alternatively, the DSOs may agree with the MADAM that the latter compiles the necessary data and passes them on to the SCE.

Para. 2: Wherever possible, technical network balancing uses the data that are also used to clear BRPs under section 24. In addition, the DSOs must provide the SCE with the allocation components listed in point III of annex 2 (unless the entity already has them) and the aggregated exits towards final customers calculated with the weighted actual calorific value. These data must be submitted in line with the deadlines from the clearing calendar (section 24 para. 1). Please note, however, that this provision enters into force under the conditions mentioned in section 47 para. 2: Aggregated exits towards final customers calculated with the weighted actual calorific value (item 1) must only be submitted starting on 1 January 2023, and only if the ordinance issued pursuant to section 70 Gas Act 2011 provides for a uniform calorific value per market area at that time (i.e. if the status quo continues). If, however, the ordinance provides for an actual calorific value per calorific value area, the provision does not enter into force.

Para. 3: The MADAM and the relevant DSOs can agree to net the OBAs of each system user across their networks. This enables netting beyond the network area and is in the interest of storage and production system operators. OBAs should be offset as quickly as possible.

Para. 4: Technical network balancing generally encompasses two elements: the calorific value difference (item 1) and any gas unaccounted for (item 2). Like above, the calorific value difference (item 1) will only be calculated from 1 January 2023 and only if the ordinance under section 70 Gas Act 2011 provides for a uniform calorific value per market area. Otherwise, i.e. if the ordinance foresees that the actual calorific value for each calorific value area apply, the need for calculating the difference is eliminated. Any and all residual differences (metering divergencies, system losses, unmetered own consumption) would be part of

the gas unaccounted for (item 2). For further details, please see chapter 5.7 of the conclusions document on redesigning the Austrian balancing framework.⁷

Para. 5: The organisational units that enable technical network balancing are the technical balance groups, i.e. all allocation components must be recorded through them. The resulting differences are the clearing elements listed in item 3. Normally, final customers cannot be part of technical balance groups, though there is one exception (para. 4): if a final customer facility's supply contract and its metering point's membership in a balance group have been terminated (i.e. if there is no basis for providing system services any longer), but it has been impossible for the system operator to disconnect the facility from the network right away, the metering point may be temporarily assigned to a technical balance group (until it can be disconnected). This does not concern cases where a metering point is retroactively assigned to a balance group after a final customer has voiced such a wish (cf. point 3.2.1 in the annex to the Gas Switching Ordinance 2014). Detailed rules on how system operators can pass on the cost for energy consumed as part of grid services without assignment to a balance group can be laid down in the general terms and conditions for the distribution network to facilitate legal enforceability for the system operators. The system operator must terminate this situation as quickly as possible and must take all reasonable measures to be compensated by the final customer for the gas used while it lasted.

Para. 6: The system operators only need dedicated contracts with the operator of the VTP for their technical balance groups if they do not form a joint technical balance group. This option, i.e. forming a joint group, is maintained to enable joint procurement of energy to cover grid losses.

Though the corresponding legal basis has not yet been created, we assume that another technical "solidarity" balance group would be formed if a member state were to request the application of a solidarity measure pursuant to the Gas SoS Regulation (Article 13) and if Austria were to provide such solidarity measure. This was already possible under the GMM Ordinance 2012. To provide solidarity, the MADAM may accept offers for standard and flexibility products from the merit order list (section 28 para. 2 items 2 and 3), while respecting the sequence laid down in the Ordinance (section 28 para. 2) and the GMM Ordinance 2012 (section 27 para. 9). In terms of settlement, the SCE directly charges the BRP named by the applying member state. It would thus be a question of costs for orders from the merit order list, and as such would be without the scope of the balancing framework. The MADAM and SCE must cooperate and ensure that everything is handled efficiently.

Para. 7: The elements are calculated once a month for each day, following the rhythm of the clearing calendar. The (most recent) clearing allocations must be used and the same rhythm as for BRP clearing applies, including for the correction for any difference between allocations for SLP customers used in the first clearing and the later meter readings.

Para. 8: The applicable price for technical network balancing is the CEGHIX for the relevant gas day. This applies both for initial clearing and any later corrections, and it applies to all allocation components. Section 22 para. 4 applies *mutatis mutandis*.

Para. 11: There are factual differences between technical network balancing at transmission level and at distribution level. Transferring responsibility for technical network balancing of the transmission level to the SCE would not unlock any advantages. This is why TSOs are responsible for their own technical network balancing. The revised balancing framework ensures that all distribution-side needs in terms of data provision, data granularity and data provision rhythm are addressed, i.e. that the SCE receives the requisite data. The net nominations are offset in kind: any positive net nominations must be promptly returned to the MADAM, and any negative net nominations must be promptly returned by the MADAM to the TSO. To be able to calculate the net nominations, the MADAM needs to nominate transfers between the transmission and the distribution network with the TSO (cf. the information provision requirement in section 32 para. 10 item 8).

Section 27: Linepack

The system operators make available as much gas as they can for transmission and distribution linepack. The MADAM can use this gas to offset any short-term pressure fluctuations and any market area imbalances that it needs to control until its balancing actions become available. Within the contractual limits, linepack use is free of charge.

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https://www.e-control.at/documents/1785851/1811597/2019-04-15+Zusammenfassung_Stakeholderprozess+BAL_WS07_postWS-Version+190415_EN.pdf/987e1471-9787-1bae-9a00-419d92e89b82?t=1555322357814

Para. 4: The TSOs must notify the MADAM and make available all available linepack for the distribution area, unless the gas is needed for the operation of the transmission lines or for complying with their TSO tasks. Technical limits and contractual arrangements between MADAM and the system operators determine the maximum injection and withdrawal rates for linepack.

Para. 5: The TSOs and the MADAM must keep adequate records about the available linepack and its use. Physical offsetting of differences between the TSOs covers three elements: linepack use; differences from OBA accounts at internal interconnection points; and net nominations (section 26 para. 10). The operational details for how to efficiently handle these elements must be agreed between the TSOs and the MADAM.

Section 28: Balancing energy procurement

The MADAM uses market-based instruments to procure balancing energy. These instruments include standardised products at the gas exchange, standardised products from the MOL and flexibility products from the MOL. They are listed in order of priority; only if the first instrument does not deliver sufficient offers to maintain system integrity can the MADAM use the next instrument (cf. section 29 para. 11). The standard products from the MOL (section 29 para. 2 item 1) may include products that are made available as part of the market making function (section 29 para. 15); where this is the case, the offers are accepted based solely on their energy price.

Section 29: Merit order list

The second- and third-listed instruments in section 28 para. 2, i.e. MOL and Flex-MOL, are served by balancing energy offers from an online platform run by the SCE. Their administration, their acceptance by the MADAM, and the further steps to be taken if there are insufficient offers are subject to specific rules.

The main difference between the second-listed instrument (MOL, section 29 para. 2 item 1) and the third-listed instrument (Flex-MOL, section 29 para. 2 item 2) is that the latter allows final customers with a contracted capacity above 10,000 kWh/h to participate (section 30 para. 2). This is mainly interesting for industrial customers.

Example: If the market area is short and the MADAM needs gas for balancing, industrial customers from the third-listed instrument that are ready to reduce their gas consumption could deposit a corresponding offer on the balancing market via their BRP.

For standard products from the MOL, the MADAM always has the option to accept them partially; for flexibility products, the balancing energy supplier can exclude this option. This accounts for the fact that offering balancing energy might only make sense for industrial customers if they provide it during a certain period of time (e.g. because machinery needs to be ramped up or down, threshold temperatures need to be reached in boilers or furnaces etc.).

Please also note that all balancing energy providers must be registered on the SCE's online platform. Interested market participants should get in touch with the SCE and register in due time, so that they can offer balancing energy when it is needed.

Para. 14: A balancing energy provider's actions must trigger the desired effect in the network for the balancing energy price to be paid. This means that its balance group position must be neutral at all times; otherwise, it could offer positive balancing energy (which the SCE would normally buy at above-market prices) that would make it short. If this were the case, the balancing energy price would be paid only for the part of the balancing energy that had the desired effect in the overall network. The balance group's imbalance would be handled under section 22. For instance, if a BRP in a neutral position were to offer 100 units of positive balancing energy but were to realise only 80 of them physically and cover the residual 20 by accepting a 20 unit imbalance, it would only receive the balancing energy price for 80 units. The 20 residual units would be treated like all other imbalances, i.e. the day's imbalance price (section 22 para. 3) would apply. More detailed rules must be laid down in the SCE's general terms and conditions.

Para. 15: The Ordinance creates a legal basis for reserving balancing capacity. This could be necessary in situations of predictable congestion or to ensure that there are sufficient balancing energy offers all through winter. Before concluding any such contracts, the MADAM must conduct comprehensive need analyses and must communicate them to the regulatory authority; after all, such contracts involve costs (in particular costs for reserving the capacity) and relate to products that would only be used after the options for standardised products at the VTP's gas exchange have been exhausted.

Section 30: Qualification for participation in the merit order list

Balancing energy providers must fulfil a number of requirements to be able to participate in the merit order list.

Paras 2 and 3: There are particular requirements for participation in the Flex-MOL (section 28 para. 2 item 3).

Section 31: Curtailment of balance groups

The eastern market area in Austria handles large transit volumes, which implies risks for Austrian consumers. To protect them, the balancing framework features a mechanism that allows for handling critical situations at times when market-based measures no longer work efficiently. Curtailing balance groups is a last resort option, and it is not linked to any system service interruptions that originate in the capacity model. Instead, the MADAM primarily curtails the balance groups with the largest imbalance quantities (i.e. the largest contributors to the market area's overall imbalance). This is calculated from the preliminary daily imbalance quantity (section 33 para. 2) and the large consumer schedules (section 32 para. 3 item 5). Like previously, the available information is used to arrive at a comprehensive assessment of the overall daily position to the greatest possible extent. The specifics are laid down in the MADAM's general terms and conditions.

Section 32: Information and data exchange among market participants

Paras 1 and 2: Market participants must communicate to third parties or publish certain data and information. Inter alia, this includes the process for developing the technical documentation of business processes, data formats and data exchange on www.ebutilities.at. All of it is laid down in the gas market code.

Some of the rules merit further explanation.

Para. 3: Large consumer schedules are not necessary for balancing, but the MADAM needs them to operate the system properly. This is why BRPs must submit schedules for each of their large consumers, i.e. those with a contracted capacity above 50,000 kWh/h (item 5). However, these schedules are not used to clear and settle daily imbalance quantities. To ensure that they are robust enough for system operation decisions, there is an obligation in the MADAM's general terms and conditions for BRPs to submit large consumer schedules each hour. The MADAM and the BRP may agree that large consumer schedules can be submitted in aggregated form per location and per system user. In this context, a "location" might encompass an entire municipality (if it makes sense from a grid operation point of view). This is in line with the definition of large consumers in the context of energy intervention measures (cf. the explanatory notes on section 1 of the Gas Intervention Data Ordinance 2017). Please also note that nominations are not mandatory for renewable gas injection; instead, these are balanced and cleared using actual allocations (like LM points).

Para. 5 item 4: This item refers to section 26 para. 10; details are to be agreed between the TSOs, the DSOs and the MADAM. The TSOs should only have to submit data that the MADAM needs to fulfil its tasks and which neither the MADAM nor the DSOs already have in sufficient granularity and rhythm. In the end, the MADAM must be able to continuously check whether technical network balancing and commercial balancing are coherent and to make any technical adjustments necessary.

Para. 5 item 5: The MADAM must continuously simulate and interpret calorific values; for this purpose, transfers between transmission and distribution level based on actual calorific values are of great importance. The TSOs must cooperate with the MADAM and the DSOs and provide any data which the MADAM needs to fulfil its tasks and which neither the MADAM nor the DSOs already have in sufficient granularity and rhythm.

Para. 5 item 6: At the moment, no final customers and no renewable gas producers are connected to the transmission network. The relating data provision rules are thus not detailed. When this situation changes, rules similar to those for DSOs will apply.

Para. 6 item 4: Cooperation between the SSOs, the DSOs and the MADAM should enable efficient continuous simulation and interpretation of calorific values by the MADAM (similar to para. 5 item 5). If it is not the SSOs that take meter readings at storage points, an agreement with the relevant system agent (e.g. the system operator) must be concluded.

Para. 7 item 3: Cooperation between the producers, the DSOs and the MADAM should enable efficient continuous simulation and interpretation of calorific values by the MADAM (similar to para. 5 item 5). Please note that biogas and synthetic gas production has not yet reached levels that are relevant for system operation; we thus refrain from imposing comprehensive transparency requirements (which are largely in place for natural gas producers). When the level of biogas and synthetic gas reaches a relevant threshold, the provisions will be adjusted.

Para. 9 item 2: The necessary basic information includes: the annual consumption during the previous year, per supplier, the SLP type, temperature zone, and any changes to the system access situation on a daily basis.

Paras 9, 3 and 4: The preliminary allocations for final customers with load meters are sent to the MADAM each hour/online and are a crucial element in calculating the balance group position during the day (section 33 para. 2). These allocations are not used for clearing under section 24. The data must be provided as aggregates per supplier (except in the case of large consumers); the MADAM then aggregates at balance group level.

Para. 9 item 5: The updated allocations for final customers with load meters are a crucial element in calculating the balance group position (section 33 para. 3). They comply with the information to be provided on D+1 according to the Gas BAL NC (Article 37). These allocations are not used for clearing under section 24. The data must be provided per supplier; the MADAM then aggregates at balance group level. For updates to the allocations for final customers with SLPs, s. para. 10 item 7.

Para. 9 items 6 and 7: The clearing allocations for final LM or SLP customers are the basis for the first clearing (section 24 para. 2) and the calculation of the clearing data on the balance group position (section 33 para. 4).

Para. 9 item 9: The final allocations for LM or SLP customers result from meter reading. If the SCE finds that these differ from the allocations under items 6 and 7, these differences are accounted for during the second clearing (section 24 para. 3) and in the data provision under section 33 para. 5.

Para. 9 item 10: Together with the data from para 5 item 4, the information mentioned here enables the MADAM to continuously check whether technical network balancing and commercial balancing are coherent and to make any technical adjustments necessary.

Para. 9 item 11: The MADAM needs solid data to be able to continuously simulate and interpret calorific values. This includes structural data (geometric/hydraulic data about the lines etc.) and dynamic data (pressure and throughput, topology status, etc.) in the necessary granularity and rhythm. The MADAM's general terms and conditions specify exactly which data must be provided. Distribution systems are a special case, given that the calorific value is registered at all entry/exit points; unnecessary data provision must be avoided.

Para. 10 item 5: The information on the balance group position that is provided during the day should be as comprehensive as possible (section 33 para. 2), but hourly information is only available for LM consumers with contracted capacities above 10,000 kWh/h (para. 9 item 3). This gap is closed by calculations done by the MADAM. The initial concepts for this calculation were discussed during the stakeholder process that preceded the Ordinance and are further developed thereafter.

Para. 10 item 6: Actual calorific values must be applied at all interconnection points, which is why continuous monitoring of the actual calorific value, based on the corresponding simulations, is crucial particularly for network level 1. The MADAM and the system operators must agree on an appropriate data provision rhythm; this must in any case be chosen so that DSOs receive the required information in due time and in the requisite granularity. Please note that there already is a comprehensive online data exchange process between the MADAM and the DSOs. The actual calorific values are relevant for technical network balancing; also, exits to final customers should make reference to actual calorific values per calorific value district from 1 January 2023. Close cooperation between the MADAM and the DSOs will be necessary. The DSOs must reflect the results of the monitoring and all its components in their processes.

Para. 10 item 7: The updated allocations for final customers with SLPs are a crucial element in calculating the balance group position (section 33 para. 3). They comply with the information to be provided on D+1 according to the Gas BAL NC (Article 37). These allocations are not used for clearing under section 24. The data must be provided per supplier; the SCE or the MADAM then aggregates at balance group level.

Para. 11 item 2: According to section 32, both the SCE and the MADAM receive and administer allocation data. They must cooperate to verify whether these data match and to ensure that the quantities calculated are correct. The SCE must provide this information to the MADAM, enabling it to ensure publication of correct data (sections 33 and 43). If the SCE uses the option under section 46 para. 5, the responsibility for handling aggregated allocation data and the calculation of quantities is transferred to the MADAM. Where this is the case, the obligation for the SCE from this paragraph is void.

Para. 11 item 3: When declaring the position of the neutrality account, it must be clear whether the information relies on preliminary or final data. This information must correspond to the market participants' information requirements.

Section 33: Balance group position

Para. 1: The BRPs receive information of different quality levels: preliminary, updated, relevant for the first clearing, and relevant for the second clearing (section 32). All information must be clearly marked as corresponding to one of these levels. BRPs also receive information about the quantities of all elements of the first and second clearings: daily imbalance quantity, WDO quantity, quantities relevant for charges and fees etc.

Information about the balance group position must be integrated with information about the market area position (section 34) in a user-friendly manner to enable BRPs to e.g. immediately judge their own BG position vs. the position of the market area.

Para. 2: Preliminary information about the BG position must enable a solid interpretation based on the data available so that BGs can adjust their daily imbalance quantity (section 22) and their hourly imbalances (section 23). The MADAM and the market participants should cooperate to define the details of this information provision process and lay down the results in the MADAM's general terms and conditions. Please note that this information is always based on preliminary data, i.e. it is non-binding and does not pre-empt the final daily imbalance quantities and hourly imbalances of a balance group.

Section 34: Market area position

Since the market area position does not relate to individual balance groups but to the entire market area, aggregated data must be published. The MADAM can only publish this if it receives the input data in due time and in the requisite granularity. If this is the case, information can be provided in the course of the day.

Section 35: Formats for data exchange and nominations

Nominations and other data exchange must utilise certain data formats and communication channels. This is further specified in the gas market code. Inter alia, this includes the process for developing the technical documentation of business processes, data formats and data exchange on www.eutilities.at and the switching processes as documented through EnergyLink.

Section 36: Standard load profiles

The DSOs must cooperate with the MADAM so that the latter can draw up SLP consumption forecasts (based on the SLPs submitted by the SCE). The MADAM in turn provides the data to the BRPs and updates it three times per gas day. BRPs may also draw up their own forecasts and use them for their scheduling. The forecasts are not used in the clearing under section 24.

Section 37: Licensing of balance responsible parties

Paras 1 to 5: The MADAM is a one-stop shop for new market participants and future BRPs. It is the central point of contact for questions regarding licensing, capacity management and balancing and, in general, is also the central information platform. With regard to contract organisation and the resulting relations with other institutions (the operator of the VTP, distribution area manager and SCE), the MADAM acts as the authorised agent and as first-level support. Even so, all details are to be handled directly by the contractual parties.

Para. 6: Cf. the explanatory notes on section 24 para. 5.

Para. 7: It is not necessary to provide proof during the licensing process already, but it must be present before operations can start.

Para. 10: Given the MADAM's central role for licensing in the market area, it is also responsible for licensing suppliers.

Section 38: Principles

Paras 1 and 2: Operation in the Tyrol and Vorarlberg market areas and cooperation with the adjacent NetConnect Germany (NCG) market area for the purpose of supplying final customers must be simple and straightforward. Cross-border balancing must be established between Tyrol and Vorarlberg (para. 1).

Para. 3: The rules from sections 1 through 37 also apply for Tyrol and Vorarlberg, unless there are differing provisions in sections 38 through 45.

Section 39: System access and capacity management

Para. 1: There are no transmission lines in Tyrol or Vorarlberg (annex 2 to the Gas Act 2011), which is why the rules for TSOs do not apply.

Paras 2 and 3: Capacity at the exit points of the upstream systems to the distribution networks in Tyrol and Vorarlberg is exclusively booked by the MADAM.

Section 40: Balancing

Para. 1: There are no transmission lines (annex 2 Gas Act 2011) in the Tyrol and Vorarlberg market areas. Integrated balancing (section 18 para. 1) in these market areas is thus limited to the distribution systems.

Para. 2: After licensing (section 45), the VTP can be accessed by way of the corresponding balance group or balancing sub-account in the upstream market area in Germany.

Para. 3: The BRP transfers the gas that is necessary for it to maintain a neutral position (section 41) into the SCE's balance group at the VTP in the upstream market area in Germany. The quantity must take account of forecast consumption by the BG's final customers, any exits at cross-border interconnection points, and any forecast injection of renewable gases in the Tyrol and Vorarlberg market areas. For gas to be transferred by the upstream system operators at the exit points into the distribution systems in Tyrol and Vorarlberg, it must be nominated with a lead time of two hours. The quantity at the VTP should thus be known more than two hours ahead. This is why the BRP should announce the necessary quantity at the VTP, based on its forecasts, to the MADAM with a lead time of 2.5 hours; for this purpose, overall time series for each market area are sufficient.

Para. 4: Balance groups must be established and licensed in compliance with the legal and organisational provisions applicable in the upstream German market area.

Para. 5: The MADAM is responsible for executing the physical transport of the gas transferred by the BRPs to the SCE from the upstream German market area into Tyrol or Vorarlberg, based on the capacity bookings (section 39 para. 2).

Para. 6: When handling the transports under para. 5, the MADAM also takes into consideration the forecast total consumption in the Tyrol and Vorarlberg market areas and the actual exits at cross-border interconnection points in these market areas. The transports thus include balancing energy needed to offset physical imbalances.

Para. 7: The system enables BRPs in the Tyrol and Vorarlberg market areas to use exclusively the VTP in the upstream German market area.

Section 41: Commercial balancing

Para. 1: The Tyrol and Vorarlberg market areas require dedicated rules for commercial balancing also (cf. also the explanatory notes on section 40 paras 3 and 7).

Para. 2: The methodology for calculating the daily imbalance quantity is adjusted to fit with the circumstances in Tyrol and Vorarlberg. Please note that commercial balancing works across the Tyrol and Vorarlberg market areas, i.e. all allocation components are netted across them.

Paras 3 and 4: Balancing energy for Tyrol and Vorarlberg is exclusively procured at the VTP of the upstream German market area. The marginal prices and the weighted average price are thus taken from that market area.

Para. 5: The tolerance levels for Tyrol and Vorarlberg have been set following a comprehensive analysis commissioned by the regulatory authority and conducted by Austria Gas Grid Management AG with similar methods as for the eastern market area. The results of this analysis are available on the E-Control website.⁸ As is the case for daily imbalance quantities, the Tyrol and Vorarlberg market areas are handled as one in respect of within-day obligations.

Para. 6: Tyrol and Vorarlberg are also administered as one in respect of the neutrality charge for balancing. Any costs and revenues arising from settling imbalances in OBAs are also taken into account here (section 41 para. 1).

Para. 7: Cf. the explanatory notes on paras 3 and 4.

⁸https://www.e-control.at/en/marktteilnehmer/gas/weiterentwicklung-bilanzierungsmodell#p_id_com_liferay_journal_content_web_portlet_JournalContentPortlet_INSTANCE_UzXcJMVu8tDZ

Section 42: Interconnection agreements

This provision regulates how transmission and distribution linepack is used and handled mutually provided between the system operators in the Tyrol and Vorarlberg distribution areas and the upstream system operators. Use of linepack is free of charge within the contractually agreed limits.

Section 43: Balancing actions

The merit order for balancing actions in Tyrol and Vorarlberg is set up according to dedicated rules. Further details determine how and when the MADAM procures balancing actions (standardised products under section 28 para. 2 item 1) on behalf and for account of the SCE in the upstream German market area.

Section 44: Information provision and transparency

Generally, the provisions from sections 32 through 34 also apply in Tyrol and Vorarlberg. The only deviations are due to the different system in these market areas. The interaction between the market participants in these deviating cases are listed in detail.

Section 45: Licensing of balance responsible parties

In the market area east, the balance groups are organised by the MADAM, which also assigns unique identifiers to all BRPs. It executes the functions of both market area manager and distribution area manager, thus contributing to a harmonised balancing framework for transmission and distribution (section 41 para. 4 Gas Act 2011) and to efficient market processes (section 6 Gas Act 2011) together with the SCE. To exploit further synergies for BRPs that are active both in Tyrol/Vorarlberg and the eastern market area, balance groups in the Tyrol and Vorarlberg market areas are organised and unique identifiers are assigned by the MADAM also. Identifiers that have already been assigned remain valid so that changes on part of the BRPs are minimised.

Section 46: Transitional provisions

Para. 1: For periods before 1 October 2021, the first and second clearing continues to be handled in accordance with the rules that applied under the previous balancing framework, i.e. before the Ordinance's entry into force.

Para. 2: This provision clarifies how any remaining shortfalls or overhangs from clearing up to 1 October 2021 are handled.

Paras 3 and 4: The integration of balancing across transmission and distribution in the eastern market area means a more efficient distribution of tasks among the system agents. The system agents must support each other, provide information and submit data with reference to all tasks that are transferred from one system agent to another and to newly created tasks. This ensures that the new balancing framework is put into practice as smoothly as possible.

Para. 5: The SCE (nominated pursuant to section 85 Gas Act 2011 in conjunction with section 170a Gas Act 2011) may organise the provision and administration of allocation data that it handles in executing its tasks under the Ordinance in the way that it finds most effective and efficient. This is relevant even in the application process for the SCE function (section 85 Gas Act 2011): an efficient, secure and reliable data concept is considered an advantage. The concept that emerges as the best option in the competitive tender procedure is thus enforced legally. Also, this ensures that all relevant information about the data flows to be handled is known immediately once the SCE is appointed, i.e. it can already be taken into account in the revision of the gas market code, general terms and conditions etc. More precisely, the SCE would not have to have its own allocation data bank. Instead, section 32 would be adapted and the responsibility for administering allocation data would pass to the MADAM. The latter receives all allocation data from the system agents through channels that already exist or are in line with the gas market code and administers them. The responsibility of the system agents ends with their submission of the data to the MADAM. The MADAM is thus also responsible for data security and integrity. In addition (and without relation to the transitional provision), the MADAM runs an online platform through which it provides all relevant quantity data to the BRPs. If the MADAM receives all allocation data directly, it can immediately calculate the sums. It is not necessary for the SCE to repeat this operation. Instead, the MADAM must grant the SCE access to these data, so that it can use them for clearing and settlement. The responsibility for the correctness of the quantities displayed etc. remains with the MADAM. In addition, the SCE must have direct access to

the underlying allocation data. The SCE and the MADAM must cooperate closely in this process; the details of this data exchange and access are to be agreed between them and any other involved system agents.

Section 47: Entry into force

Para. 1: The Ordinance enters into force on 1 October 2021, at the beginning of the gas day, i.e. at 6:00 hrs. Any exceptions are listed in paras 2 and 3.

Para. 2: The revision of the calorific value issue is currently being prepared. In the end, actual calorific values will be used; this is crucial for integrating renewable gases into the existing system. The OVGW is currently revising the technical rules and envisages the revision to come into effect on 1 January 2023. The current Gas System Charges Ordinance 2013 (section 70 Gas Act 2011) still provides for a uniform calorific value for the entire market area; for a switch to actual values, it must be amended as well. If this happens and actual calorific values apply from 1 January 2023, accounting for the calorific value difference during technical network balancing (section 26 para. 4 item 1) will be obsolete, as will the DSOs' relating data provision (section 26 para. 2). Technical balance groups would then only have to be cleared for the component in section 26 para. 4 item 2. To avoid any unnecessary efforts for the system operators springing from the Ordinance, the relating rules would only come into force on 1 January 2023 and only if the ordinance issued pursuant to section 70 Gas Act 2011 still provides for a uniform calorific value per market area, i.e. if actual calorific values would not in the end apply. If actual values indeed apply from 1 January 2023, additional information must be provided (section 32 para. 9 item 13) and published (section 34 para. 1 item 9). The link to the ordinance under section 70 Gas Act 2011 at that time ensures that no unnecessary effort is created.

Para. 3: Three provisions that mainly serve to integrate transmission and distribution balancing and to provide ad-hoc solidarity through market-based measures under the Gas SoS Regulation (Article 13) come into force early, on 1 January 2020. Before the revised market model is implemented on 1 October 2021, mentions of the MADAM are to be read to refer to the market area manager or the distribution area manager, as applicable, and mentions of the SCE are to be understood to refer to the clearing and settlement agent.

Annex 1: System access, system admission and capacity expansion

Applications for system access, system admission and capacity expansion must at least include the information items listed in the annex. The prescribed contents of system access contracts apply to all system users. Any missing data must be added later. The requirements in the annex have remained largely unchanged from the GMM Ordinance 2012, while comments received during the consultation have been taken into account.

Annex 2: Technical rules

The annex specifies which technical rules apply and how energy quantities and the applicable calorific values are calculated. The planned switch to actual calorific values by way of an adjustment to the technical rules and an amendment of the ordinance under section 70 Gas Act 2011 is addressed also (cf. the explanatory notes on section 47 para. 2). Rules for preliminary calorific values and for the transparent publication of the calculation methodology, the calorific value areas and the applicable calorific values are laid down to prepare for the switch from 1 January 2023.