

Energie-Control Austria Executive Board Ordinance on Provisions for the Gas Market Model as amended in 2016 (2016 Gas Market Model Amendment Ordinance 2012)

(proliferated in FLG II no 171/2012, as amended in 2016, FLG II no XXX/2016; as of 1 October 2016)

In exercise of section 41 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011, *BGBl.* (Federal Law Gazette [FLG]) I no 107/2011, in conjunction with section 7 para. 1 *Energie-Control-Gesetz* (E-Control Act), FLG I no 110/2010, as published in FLG I no 107/2011, the following ordinance is issued:

Title 1

Principles

Scope of Application

Section 1. (1) The present Ordinance regulates system access and capacity management as well as balancing, clearing and settlement in the market areas east, Tyrol and Vorarlberg.

(2) The technical rules as set out in annex 2 are binding on all market participants.

Definitions

Section 2. (1) For the purpose of this Ordinance, the term

1. “balancing period” means the period of time for which imbalances of system users at entry, exit or metering points are calculated;
2. “booking” means the conclusion of system access contracts at bookable entry/exit points;
3. “bookable entry/exit point” means a bookable entry or exit point in the market area;
4. “day-ahead capacity” means daily capacity bookable on the day before delivery;
5. “firm capacity” means capacity that is guaranteed and may only be interrupted in cases of force majeure and planned maintenance;
6. “freely allocable capacity” means capacity that enables firm transports in the entire market area and gives access to the virtual trading point;
7. “gas day” means the period of time from 06.00 hrs on one calendar day until 06.00 hrs on the following calendar day;
8. “bundled capacity” means exit capacity and the corresponding entry capacity bookable by system users as one;
9. “bundled nomination” means a single nomination at a bundled entry/exit point;
10. “bundled entry/exit point” means a unit made up of a bookable exit point and a bookable entry point, connecting two neighbouring market areas, at which system users can book bundled capacity;
11. “cross-border interconnection point” means an interconnection point that connects a market area to another market area;
12. “flow commitment” means a contractual agreement of a system operator with a system user by which the latter commits to particular flows which are suitable and necessary to increase available freely allocable entry/exit capacity;
13. “online platform” means the platform pursuant to section 39 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011;
14. “physical balancing energy” means the amounts of balancing energy actually procured by the market area manager or the distribution area manager;
- 14a. “residual load” means the calculated difference between calculated overall supply to SLP consumers and supply to SLP consumers as calculated by aggregating standardised load profiles;
15. “rest of the day capacity” means capacity bookable on the day of delivery for the rest of that same day;

16. “SLP consumer” means a consumer that has an annual consumption of less than 400,000 kWh and has been assigned a standardised load profile by the competent distribution system operator;
- 16a. “balance sub-account” means an account that belongs to a balance group and enables assigning injection and withdrawal capacity to system users and/or a clear representation of infeed and takeoff;
- 16b. “Regulation (EU) No 984/2013” means Commission Regulation (EU) No 984/2013 of 14 October 2013 establishing a Network Code on Capacity Allocation Mechanisms in Gas Transmission Systems and supplementing Regulation (EC) No 715/2009 of the European Parliament and of the Council, OJ L 273, 15.10.2013;
17. “contracted maximum capacity”, aka “contracted capacity”, means the technical or, if specified, the contracted connection capacity, which must correspond to the actual capacity needs of the party entitled to system access;
18. “within day capacity” shall mean capacity bookable on the day of delivery for periods of time on that same day.

(2) In addition to the above, the definitions in section 7 Natural Gas Act 2011 and in Article 2 of Regulation (EC) No 715/2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005, OJ L 211, 14.08.2009, apply.

Title 2

Rules Governing the Eastern Market Area

Part 1

Access to the Network and Capacity Management

Chapter 1

Access to the Transmission Network

Capacity Offer

Section 3. (1) As a rule, the firm capacity offered by transmission system operators is freely allocable.

(2) In close cooperation with the transmission system operators and the distribution area manager, the market area manager shall evaluate and, where necessary, coordinate the below measures to increase the amount of announced firm freely allocable capacity in accordance with section 35 para. 1 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011 to the extent that is economically feasible for the overall network, in the following order:

1. Contractual arrangements with system users for flow commitments;
2. Offers for entry and exit capacity which are, notwithstanding para. 1 above, subject to certain allocation restrictions.

(3) Services according to para. 2 above shall be handled through the online platform in non-discriminatory and transparent procedures under appropriate conditions. The transmission system operators, in close cooperation with the market area manager and the distribution area manager, shall take the economically reasonable measures as referred to in para. 2 if they are shown by an examination to be possible and suitable for increasing the freely allocable capacity on offer. In examining economically reasonable measures to increase the offer of freely allocable capacity, the market area manager, the transmission system operators and the distribution area manager work together with the aim of keeping application of the measures referred to in para. 2 to a minimum. The transmission system operators shall notify the amount of available capacity determined on the basis of paras 1 to 3 to the regulatory authority prior to allocating capacity according to sections 6 and 7.

(4) To verify that network expansion adequately responds to capacity needs pursuant to section 35 para. 2 Natural Gas Act 2011, the transmission system operators shall cooperate with the market area manager to hold a standardised, binding open season procedure on the online platform, coordinate it with neighbouring system operators and publish its results.

Bundling of Capacity

Section 4. (1) Capacity products shall be bundled in accordance with the provisions of Regulation (EU) No 984/2013 where they concern cross-border interconnection points at transmission level.

(2) Where this serves to maximise the offer of bundled capacity, transmission system operators may offer bundled or unbundled capacity with allocation restrictions.

Combined Entry/Exit Points

Section 5. (1) Transmission system operators shall integrate the entry capacity at all cross-border interconnection points into combined entry points that make it possible for gas to be fed in on the basis of an entry capacity booking at a single entry point, as far as this is technically reasonable and economically feasible. Before such integration into combined entry points takes place, the market participants shall be consulted and the regulatory authority shall be notified.

- (2) Para. 1 above applies mutatis mutandis to exit capacity at cross-border interconnection points.
- (3) The obligation pursuant to section 3 remains unaffected thereby.

Capacity Allocation

Section 6. (1) The transmission system operators shall auction firm and interruptible entry and exit capacity through the online platform in accordance with the provisions of Regulation (EU) No 984/2013.

(2) To allocate interruptible capacity, transmission system operators may create categories that reflect the probability of interruptions.

Capacity Allocation and Use for Particular Purposes

Section 7. (1) Sections 4, 5, 6, 11 and 12 do not apply to exit capacity from the transmission network into the distribution network in the market area, into storage or for consumer supply, or to entry capacity into the transmission network from storage or from natural gas or biogas production. Instead, such capacity shall be allocated on a first come first serve basis. Bookings for such capacity shall be made by the distribution area manager or the connected storage system operator, consumer or producer of natural or biogenic gas.

- (2) Sections 13 and 14 apply mutatis mutandis to transmission-level system access for consumers.

Contract Duration

Section 8. At cross-border interconnection points, the shares of the technical annual capacity specified in Articles 6 to 8 of Regulation (EU) No 984/2013 shall be reserved and auctioned no earlier than in the annual auction for annual or quarterly capacity. Larger shares for individual cross-border interconnection points may be proposed in line with the results of a demand poll, to be conducted in a coordinated fashion by the transmission system operators, and after consultation of the adjacent transmission system operators. Such proposal requires approval by an official decision issued by the regulatory authority. Capacity contracts in existence at the time of entry into force of this Ordinance are exempted from this stipulation.

Online Platform for Capacity Offers

Section 9. The market area manager shall, in cooperation with the transmission system operators, organise the establishment and operation of an online platform through which capacity is allocated pursuant to section 6 (primary capacity platform) and traded by system users (secondary capacity platform).

(2) The operator of the online platform shall enable system users to handle primary capacity purchases and secondary capacity trading in an automated way, on a suitable scale for general business and in line with the provisions of Regulation (EU) No 984/2013.

(Para. 3 deleted by virtue of FLG II no. 276/2015)

(4) The information to be published on the online platform pursuant to section 39 paras 2 and 3 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011 shall be accessible to system users without having to register. Usage of the online platform shall be free of charge.

(5) To book capacity, system users must register; the registration process shall comply with the general terms and conditions of the operator of the online capacity allocation platform.

(6) Capacity at cross-border interconnection points that is bundled pursuant to section 4 may be allocated through other platforms that comply with the provisions of this Ordinance and of Regulation (EU) No 984/2013. Where this is the case, the regulatory authority shall be notified thereof in advance.

Secondary Market for Entry and Exit Capacity

Section 10. (1) System users may resell or sublet entry and exit capacity to third parties. Such reselling or subletting shall take place exclusively through the online platform (secondary capacity platform). The design of

the platform shall be such that anonymous information about the price at which capacity is traded is automatically published. Anonymity of pre-trading actions in relation to buyers, sellers and third parties must be safeguarded.

(Para. 2 deleted by virtue of FLG II no. 276/2015)

Nomination and Renomination

Section 11. (1) The responsibility for nominating and renominating lies with the balance responsible party of the balance group into which the system user has entered its capacity in accordance with section 23 para. 1.

(2) The balance responsible party shall nominate the gas volumes to be transported as usage of firm capacity at a bookable entry/exit point by 14.00 hrs on the day before transport. Should the transmission system operator not receive any nomination by this time, it shall assume that nothing has been nominated. Bundled nominations shall be handled in accordance with the applicable balancing rules.

(3) The nominating balance responsible party may replace its initial nomination by a renomination with a lead time of at least two hours on the full hour. Renomination shall be permitted up to 90% and down to 10% of the total firm capacity allocated to the balance group or balancing sub-account. Where original nominations were for at least 80% of the firm capacity allocated to the balance group or sub-account, renominations may extend nominations by up to half of the capacity not initially nominated. Where original nominations were for no more than 20% of the firm capacity allocated to the balance group or sub-account, renominations may reduce nominations by up to half of the capacity initially nominated. Acceptable renominations shall be rounded (half away from zero) to whole kilowatt hours per hour. Day-ahead and within-day capacity shall be left aside when calculating these renomination limits.

(4) The transmission system operator shall allocate first firm, then interruptible capacity products to the balance responsible parties' nominations and renominations. The reference time frame for such allocation, as well as for the limits in paras 3 and 7, is the hour.

(5) Should a renomination for firm capacity exceed the limits stated in para. 3 above, it shall be accepted to the extent of the booked capacity. The part of the renomination exceeding the limits shall be treated as a nomination for interruptible capacity and be interrupted first if congestion occurs.

(6) The renomination limits stated in paras 3 and 5 do not apply to system users whose average capacity rights during the past 365 days accounted for less than 10% of the technical annual capacity for one direction at the bookable entry/exit point if the following conditions are met. The balance group or sub-account into which the system user's capacity is entered:

1. accounts for less than 10% of the technical annual capacity for the relevant direction at the bookable entry/exit point; and
2. holds no capacity of a network user that does not comply with the first sentence of this paragraph.

Day-ahead capacity does not count towards the share of firm capacity booked and/or allocated.

(7) Balance responsible parties may establish balancing sub-accounts. In this case, gas is nominated by the balance responsible party and counted towards the corresponding sub-account; nomination and renomination rules apply *mutatis mutandis*.

(8) Nominations shall be made for each flow direction separately. Bundled capacity shall be nominated through bundled nominations.

(9) The transmission system operator shall offer any capacity freed by the application of the renomination limits pursuant to paras 3 and 5 above as day-ahead capacity.

(10) Allocated day-ahead capacity shall be nominated by 20.00 hrs for the following day.

(11) Short-term capacity products (day-ahead, rest of the day, within day) shall be entered into balance groups without delay.

(12) System users whose capacity has been offered by the transmission system operator in accordance with section 6 para. 3 continue to be obliged to pay entry/exit charges.

(13) Where neighbouring system operators apply similar provisions at cross-border interconnection points, transmission system operators may deviate from the renomination limits pursuant to paras 3, 5 and 6 as well as the second sentence of para. 8 at such cross-border interconnection points if this is necessary to ensure compatibility with the neighbouring market area. In particular, bundling of capacity shall not be complicated. Advance notice of any such deviations and the grounds for them shall be given to the regulatory authority.

(14) Paras 1 through 13 also apply to contracts concluded before this Ordinance enters into force.

Long-Term Use-It-Or-Lose-It Mechanism

Section 12. (1) System users shall offer fully or partially unused firm capacity as secondary capacity on the online platform without delay or return it to the transmission system operator pursuant to point 2.2.4 of Annex I to Regulation (EC) No 715/2009 and pursuant to the general terms and conditions for transmission system access.

(2) Following a written notification, transmission system operators shall partially or fully withdraw systematically unused firm booked capacity from a system user and offer it on the primary capacity market if and to the extent that other system users request firm capacity at the relevant interconnection point, there is contractual congestion and the system user has not offered the unused capacity on the online platform or returned it pursuant to para. 1. Booked capacity is considered to be systematically unused if

1. both from 1 April until 30 September and from 1 October until 31 March, the balance responsible party has been using less than on average 80% of the capacity with an effective contract duration of more than one year that is allocated to its balance group or sub-account; or
2. the balance responsible party systematically nominates close to 100% of the capacity allocated to its balance group or sub-account and renominates downwards with a view to circumventing the rules laid down in section 11 para. 3.

If a network user has distributed its booked capacity among several balance groups or sub-accounts, it is the total capacity allocated to these balance groups or sub-accounts that counts when calculating whether the thresholds for systematically unused capacity pursuant to items 1 and 2 are met.

(3) Transmission system operators shall withdraw capacity for the remaining effective contract duration to the extent of the average non-use; where several network users have entered capacity to the same balance group or sub-account, withdrawal shall be proportionate to the capacity entered by each network user.

(4) Capacity shall not be withdrawn under para. 2 above if the system user, within 14 days following written notification of the capacity withdrawal, provides written proof confirming that

1. it has offered the capacity on the secondary market in accordance with para. 1, for a price that is not significantly higher than the original price payable to the transmission system operator for the corresponding primary capacity or has surrendered the capacity to the transmission system operator for the period and extent of non-use; or
2. it still needs all the capacity to meet existing contractual obligations, from gas procurement or supply contracts in particular.

(5) The transmission system operator shall inform the regulatory authority without delay when a situation as described in para. 2 arises, including information about the envisaged extent of capacity withdrawal pursuant to para. 3; if applicable, it shall also submit the proof provided under para. 4.

(6) The system user shall retain its rights and obligations under the capacity contract to the extent the capacity is not reallocated by the transmission system operator as primary capacity. As far as collateral is concerned, the relevant provisions in the general terms and conditions for transmission network access apply.

(7) Transmission system operators shall retain the information as referred to in paras 2 and 3 for each balance group or sub-account, particularly information about the allocated and actually used capacity, for a period of five years and make such information available to the regulatory authority upon request.

Chapter 2

Access to the Distribution Network

Applications for System Access and Capacity Expansion

Section 13. (1) Access to the distribution network is governed by the provisions of sections 27 et sqq. *Gaswirtschaftsgesetz* (Natural Gas Act) 2011. Applications for access to a system must contain at least the information listed in annex 1. System access contracts may specify any point in time within three years of signing the contract as starting point for system use. Where the system access contract states that system use will begin later than three months after contract signature, the name of the supplier in line with annex 1 point I item 1(h) may be omitted and instead be inserted during the enabling procedure according to the *Wechselverordnung* (Gas Switching Ordinance) 2014. System access contracts that state that system use will begin later than three months after contract signature may include non-discriminatory and factual conditions for guaranteeing capacity bookings; moreover, they shall fix adequate charges for (partial) non-use of the contractual capacity from the agreed time of use which reflect the degree of (partial) non-use. The provisions relating to the amount, reduction and payment security of such charges in chapter III point 1(4) in annex 1 apply mutatis mutandis.

(2) Once a distribution system operator has accepted a system access application, it shall proceed to send the system user the system access contract without delay.

(2a) The maximum capacity pursuant to chapter I point 1(c) in annex 1 can be changed once in twelve months, while taking into consideration any conditions agreed.

(3) Applications for capacity expansion pursuant to section 33 para. 2 Natural Gas Act 2011 must contain the same information as system access applications under para. 1. Handling of capacity expansion applications shall comply with the requirements set out in annex 1. Capacity expansion applications shall be processed in the same order they are filed.

(4) In cases where the undertaking that discharges the functions of a distribution system operator at the same time acts as consumer whose facility is connected to its own distribution system, the provisions on system access in chapters 2 and 3 apply mutatis mutandis. This does not apply to system operators' own use facilities which serve to operate the natural gas pipeline system.

Application for Admission to the System

Section 14. (1) For establishing first connections to a system or changing existing connections, parties entitled to system access shall apply to the distribution system operator. The distribution system operator is responsible for establishing an operational line from the connection point to the entry point or end of the distribution system. The distribution system operator's responsibilities include construction, maintenance and decommissioning of this connection. The construction of connection lines shall comply with the minimum requirements set out in annex 1.

(2) The distribution system operator shall connect the applicant's installation to its distribution system in accordance with the provisions of section 59 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011.

(3) Applications for admission to a system must contain at least the information listed in annex 1. Once a distribution system operator has accepted a system user's system admission application, it shall proceed to send the system user the system admission contract without delay. To the degree that system admission contracts with storage or production system operators impact operation of the distribution system, such contracts shall be concluded in accordance with the distribution area manager's instructions. Conclusion of a system admission contract does not entitle the party entitled to system access to use of the network.

(4) If other system users make use of a connection line within ten years of its being commissioned, the distribution system operator shall divide the system admission charge among the relevant system users so that the shares reflect their contracted maximum capacities at the time of cost division. The distribution system operator shall reimburse the excess charge collected resulting from such redistribution to the system users that paid for the construction, except in cases where the distribution system operator only charged a prorated share of the system admission charge from the start, anticipating that further connections would be made.

Capacity Management at Distribution Level

Section 15. (1) The distribution area manager shall fix the total maximum firm capacity to be booked at the internal interconnection points from each transmission system to the distribution network in the market area together with the relevant transmission system operator once a year for the following calendar year, in accordance with the capacity needs resulting from the approved long-term plan pursuant to section 22 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011. Transmission system operators shall permanently reserve the firm capacity booked in a year for the next year. Booking less annual capacity than has been permanently reserved is only permissible to the extent that a system operator can market the capacity elsewhere. The amount of firm capacity to be reserved shall be adjusted as part of the long-term planning process pursuant to section 22 Natural Gas Act 2011. For 2013, the booking results from section 170 para. 6 Natural Gas Act 2011.

(2) There shall be no capacity management and no congestion management at balance group level at the interface between the market area's transmission and distribution networks.

(3) Sections 8, 9 and 12 apply mutatis mutandis to system access at cross-border interconnection points in the distribution network. Entry/exit capacity offers and allocation at market area borders at distribution level are tasks of the distribution area manager. The distribution area manager shall allocate capacity to system access applications on a first come first serve basis through an online platform.

(4) In the case of distribution-level cross-border interconnection points that serve to supply part of the market area exclusively from an adjacent market area, the necessary capacity shall be booked by the distribution area manager.

Chapter 3

System Access for Storage System Operators and Producers of Natural or Biogenic Gas

System Access for Storage System Operators

Section 16. (1) Storage system operators shall set the maximum capacity to be reserved for injection into and withdrawal from storage together with the system operator to whose system the facility is or is to be connected once a year for the following calendar year. System operators shall permanently reserve the capacity booked in a year for the next year. If a storage system operator fails to comply with the system operator's call to book capacity within a reasonable deadline to be set by the system operator, the amount of capacity last booked by the storage system operator shall be again booked for the next year. Annual capacity bookings that fall short of what has been agreed for a year between the storage system operator and the system operator by more than 10% are only permissible to the extent that the capacity can be marketed elsewhere with the same financial effect. If a capacity expansion project has been initiated by a single storage system operator, the annual booking may only be reduced insofar as this is foreseen in the capacity expansion contract. To increase the annual booking beyond the reserved capacity, a system access application pursuant to section 13 must be filed.

(1a) Notwithstanding para. 1, storage system operators may fix the maximum capacity to be reserved for injection into and withdrawal from storage together with the system operator to whose system the facility is or is to be connected for a minimum duration of 15 years at a time. The obligation to reserve the booked capacity expires when the contract ends, unless an agreement for further capacity reservation is entered into no later than three years before the contract expires. Booking less capacity than has been contractually agreed is only permissible to the extent that the capacity can be marketed elsewhere with the same financial effect. If a capacity expansion project has been initiated by a single storage system operator, the booking may only be reduced insofar as this is foreseen in the capacity expansion contract. To increase the booking beyond the reserved capacity, a system access application for the contract duration of the reserved capacity pursuant to section 13 must be filed.

(2) The provisions of chapter 2 also apply to storage system operators whose facilities are connected at transmission level.

(3) The rights and obligations necessary for operation shall be agreed in contracts between the distribution area manager and the storage system operators whose facilities are connected at distribution level.

System Access for Producers of Natural or Biogenic Gas

Section 17. (1) Producers of natural or biogenic gas shall set the maximum capacity to be reserved for production together with the system operator to whose system their facility is or is to be connected once a year for the following calendar year. System operators shall permanently reserve the capacity booked in a year for the next year. If a producer of natural or biogenic gas fails to comply with the system operator's call to book capacity within a reasonable deadline to be set by the system operator, the amount of capacity last booked by the producer shall be again booked for the next year. 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 elsewhere with the same financial effect. To increase the annual booking beyond the reserved capacity, a system access application pursuant to section 13 must be filed.

(2) The rights and obligations necessary for operation shall be agreed in contracts between the distribution area manager and the producers of natural or biogenic gas whose facilities are connected at distribution level.

Part 2

Balancing, Clearing and Settlement

Chapter 1

Basic Principles of the Balancing Regime

Section 18. (1) All system users that are active in the eastern market area must be part of a balance group that is registered with the market area manager. A balance group brings together the infeed and off-take of one or more system users in the market area and offsets them against each other. Balance groups can only be established by balance responsible parties submitting corresponding statements to the market area manager.

(2) The market area manager is responsible for clearing of all nominated or scheduled gas volumes. Responsibility for clearing of physical deviations of actual consumption from consumption schedules, of cross-border interconnection points in the distribution network, of the special balance groups for distribution systems

and of deviations between scheduled and actual biogenic gas feed-in lies with the clearing and settlement agent. Clearing shall be executed per balance group and in energy units (kWh or MWh).

(3) All balance groups and their direct members shall have access to the market area's virtual trading point.

(4) Balance responsible parties shall take measures that are suitable to ensure that volumes fed in and volumes taken off in their balance groups during a balancing period are properly balanced. They bear economic responsibility vis-a-vis the market area manager and the clearing and settlement agent for their balance groups' imbalances.

(5) The market area's balancing (measurement) period is the gas day. Supply to system users with a balancing period that corresponds to the gas day shall be constant throughout the gas day (24 equal hourly amounts, or 23/25 equal hourly amounts on the clock change days between normal and summer time). Any renominations shall also be constant for the rest of the gas day.

(6) Notwithstanding para. 5 above, the balancing (measurement) period for system users with a contracted capacity of more than 10,000 kWh/h per entry/exit/metering point is one hour.

(7) System users with a contracted capacity between 10,000 kWh/h and 50,000 kWh/h per entry/exit/metering point whose meter readings are available to the distribution system operator online may opt for daily balancing in accordance with para. 5 above. Declarations for one or the other balancing period shall be considered system access applications pursuant to section 13. A system user's balancing period can be changed once in twelve months; the distribution system operator shall inform the concerned supplier thereof without delay.

(7a) Online transmission of meter readings in accordance with para. 7 shall comply with the general terms and conditions of the distribution area manager.

(8) Balance responsible parties shall draw up separate consumption schedules for system users under paras 5 and 7 on the one hand and those under para. 6 on the other hand. They shall submit their schedules and nominations to the relevant contract partners in the market area with a lead time of at least two hours. Balance responsible parties must submit individual schedules for large consumers with a contracted maximum capacity of more than 50,000 kWh/h.

(9) Gas can only be traded and transferred between balance groups at the virtual trading point. Trading after the end of the balancing period is not admissible.

(10) Balancing energy shall be procured primarily through trade in standardised products pursuant to section 33 para. 1 on the gas exchange at the virtual trading point.

Registration in the Market Area

Section 19. (1) The market area manager shall organise the balance groups and assign a unique ID to each balance responsible party and each balance group; these IDs must be quoted in all communications, including data transfer, between the contract parties.

(2) The market area manager shall conclude contracts with the balance responsible parties based on the approved general terms and conditions pursuant to section 16 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011. In addition, the market area manager shall conclude contracts on behalf and for account of the operator of the virtual trading point with the balance responsible parties based on the approved general terms and conditions pursuant to section 31 para. 3 Natural Gas Act 2011. The operator of the virtual trading point shall authorise the market area manager to conclude contracts on its behalf and for its account. The balance responsible parties shall conclude all contracts necessary for them to be admitted to exchange trading.

(3) If a balance responsible party's balance group also handles gas at distribution level, this shall be notified to the market area manager at the time of registering the balance group or, if the balance group has already been registered, as a prerequisite for taking up such activity.

(4) Where situations as described in para. 3 arise, the market area manager shall conclude contracts with the balance responsible parties on behalf and for account of the distribution area manager, based on the approved general terms and conditions pursuant to section 26 Natural Gas Act 2011. If natural gas for consumers is involved, the market area manager shall conclude additional contracts with the balance responsible parties, on behalf and for account of the clearing and settlement agent, based on the approved general terms and conditions pursuant to section 88 Natural Gas Act 2011. The clearing and settlement agent and the distribution area manager shall authorise the market area manager to conclude contracts on their behalf and for their account. The market area manager shall inform them about the conclusion of contracts. The market area manager shall only conclude contracts with balance responsible parties after the due diligence analysis pursuant to para. 8 has been concluded.

(5) Within five working days of receiving a complete application and the due diligence pursuant to para. 8 having been concluded, the market area manager shall submit a contract offer to the applicant.

(6) The market area manager shall offer contract conclusion pursuant to paras 2 to 4 on the online platform. The necessary information and the pertaining documents shall be available through the online platform as well.

(7) Prior to concluding contracts with the operator of the virtual trading point, balance responsible parties must fulfil all prerequisites for taking balancing actions through the natural gas exchange at the virtual trading point which are listed in the general terms and conditions of the operator of the virtual trading point.

(8) The clearing and settlement agent shall perform a due diligence analysis; this shall be updated on a regular basis, at least once a year after the annual accounts have become available. The clearing and settlement agent may request collateral from balance responsible parties.

(9) Before taking up activities, balance responsible parties shall prove to their contract partners that they can execute data exchange, scheduling and nomination procedures in accordance with the formats, interfaces, communication channels, security standards and contents defined in section 34 at all times. For this purpose, the market area manager shall coordinate a dry run with the relevant contract partners in the market area.

(10) Once all necessary contracts and documents are available and the dry run pursuant to para. 9 has been successfully concluded, the market area manager shall inform the regulatory authority in writing that the prerequisites for taking up activities as a balance responsible party are fulfilled.

(11) Balance responsible parties of balance groups in existence at the time when this Ordinance enters into force shall renew their existing contracts with the distribution area manager and the clearing and settlement agent. Also contracts with the market area manager and the operator of the virtual trading point must be concluded; if they have already been concluded, they must be renewed.

(12) Should any of the contracts to be concluded by balance responsible parties pursuant to paras 2 through 4 subsequently cease to be effective, the affected contract partner shall immediately inform the market area manager, the operator of the virtual trading point, the distribution area manager and the clearing and settlement agent thereof.

Chapter 2

Functioning of Balance Groups

Balance Group Membership

Section 20. (1) Balance groups may have the following types of members:

1. Consumers;
2. Natural gas undertakings;
3. Producers.

(2) Membership is established either by contracts with a balance responsible party (direct membership) or by contracts with suppliers that are balance group members (indirect membership). Indirect balance group members do not have any direct contractual relationship with the balance responsible party. While system users may be members of several balance groups, a metering point can only belong to one balance group.

(3) Insofar as balance group members have one or more metering points, balance group membership is established through such metering points.

(4) If direct balance group members intend to

1. conclude contracts with the clearing and settlement agent regarding the supply of positive or negative balancing energy;
2. make flow commitments towards a transmission system operator or the distribution area manager; or
3. execute energy trades through an energy exchange or an energy exchange's clearing house,

they shall inform their balance responsible party in due time of their intention to conclude such contracts. Balance group members may only make or accept offers for concluding such contracts subject to the agreement of the balance responsible party. The balance responsible party may only withhold its agreement if there is reason to believe that a contract would endanger the fulfilment of tasks and obligations by the balance responsible party or the direct balance group member. Such reason shall be stated in writing. If, in a direct balance group member's energy trades through an energy exchange, the balance group member defaults, execution, costs and liability are transferred to the member's balance group.

(5) Direct balance group members shall support their balance responsible parties in fulfilling their tasks and obligations. This duty to support particularly applies to

1. contributing to forecasting infeed and/or off-take of natural or biogenic gas, as well as submitting the necessary schedules and nominations to the balance responsible party;
2. submitting the data that are a crucial prerequisite for the balance responsible party to fulfil the tasks and obligations listed in section 91 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011 to the extent necessary for this purpose, subject to section 7 *Datenschutzgesetz* (Data Protection Act) 2000;
3. abiding by the gas specification pursuant to point 2 in annex 2 when injecting into the market area; and
4. providing the data necessary for preparing the long-term plan and the network development plan.

(6) Balance responsible parties shall conclude agreements about the participation in and handling of the merit order list pursuant to para. 31 with all those load-metered consumers in their balance group that have a contracted capacity of more than 10,000 kWh/h and intend to participate in the merit order mechanism.

Balance Responsible Parties

Section 21. (1) Where balance responsible parties represent balance group members in executing their tasks and obligations under in section 91 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011, they act as indirect representatives. Direct representation only applies if such has been agreed in an individual case. Balance responsible parties shall provide the market area manager, the distribution area manager and the system operators with information about the identity and other data relating to balance group members to the extent that this is necessary for them to be able to fulfil their tasks and obligations.

(2) Capacity entered into a balance group by balance group members pursuant to section 23 is administered by the balance responsible party.

Compensation and Remuneration of Balance Responsible Parties

Section 22. (1) Balance responsible parties shall pay, for all balance group members, the imbalance charges pursuant to section 32 and the clearing fee pursuant to section 89 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011 to the clearing and settlement agent, as well as the transaction costs of the operator of the virtual trading point based on the approved general terms and conditions pursuant to section 31 para. 3 Natural Gas Act 2011 to that party, and shall charge these on to their balance group members in line with the principle of causation. In addition, balance responsible parties shall pay the balancing incentive markup pursuant to section 26 to the market area manager.

(2) How exactly these costs are passed on shall be agreed between each balance responsible party and its direct balance group members. Discriminatory treatment of individual members is not admissible. This also applies to assigned members.

(3) The balance responsible parties' fee for their services shall be agreed between each balance responsible party and its direct balance group members.

Entry of Capacity to Balance Groups

Section 23. (1) To enable nomination or scheduling of gas volumes at entry/exit points in the market area, the capacity booked at these points must be entered into a balance group in due time. Based on the entry/exit contract concluded between the system operator and the system user, the latter enters all booked entry/exit capacity at market area borders to a balance group by informing the system operator thereof, making reference to the balance group's ID. System users may split their booked capacity into several parts with different amounts and enter such parts into different balance groups and sub-accounts. System users must be either balance responsible party of the balance groups to which they want to enter capacity or direct balance group members of these balance groups in accordance with section 20 para. 2.

(2) Balancing activities at the virtual trading point do not require separate information regarding the entry of capacity.

Special Balance Groups

Section 24. (1) System operators shall establish special balance groups for the purpose of determining system losses and own consumption. The system operators shall nominate balance responsible parties for these balance groups. In addition, several system operators may establish joint such special balance groups, in particular with a view to the procurement of energy to cover network losses. Special balance groups cannot contain metering points of consumers.

(2) Balance responsible parties of balance groups under para. 1 above and of the clearing and settlement agent's special balance group do not require a formal licence to carry out their activities. To establish the special balance groups, distribution system operators shall conclude contracts with the clearing and settlement agent, transmission system operators shall conclude contracts with the market area manager and the operator of the virtual trading point, and the clearing and settlement agent shall conclude a contract with the market area

manager; such contracts shall contain provisions on the rights and obligations connected with each party's tasks. Should several system operators form a joint special balance group, the group's appointed balance responsible party shall conclude contracts with the clearing and settlement agent or market area manager, as may be the case, and with the operator of the virtual trading point, as well as any contracts necessary for it to be admitted to exchange trading.

(3) The special balance groups shall draw up schedules and nominations for losses and own consumption. Should several system operators form a joint special balance group, the group's balance responsible party shall inform the clearing and settlement agent or market area manager, as may be the case, of the participating system operators.

(4) The losses schedule shall build on the known overall network losses and the own consumption during the previous year. These account for a percentage of the total energy supplied through each system and must be calculated in line with the following principles:

1. The system operator(s) shall use precise, metered values for schedules and nominations.
2. Should no meter readings be available or should meter reading not be economically feasible, values from the previous year or the best possible estimates shall be used for schedules and nominations.
3. Should the data available to the system operator(s) from own calculations be more accurate, these shall be used for schedules and nominations.
4. Should construction works create the need for the system operator(s) to empty and refill parts of the system(s), the volumes required shall be determined accurately and be included in the schedules or nominations.

(5) System losses and own consumption shall be covered by purchasing at market prices.

(6) A losses schedule in accordance with the general terms and conditions of the clearing and settlement agent shall be submitted to the clearing and settlement agent in advance either on a monthly basis, together with the aggregate meter readings, or on a daily basis.

(7) Where several distribution system operators have formed a joint special balance group, the balance responsible party of such balance group may send the clearing and settlement agent, after consulting with the latter, either overall or separate schedules and nominations for each distribution system operator; similarly, balance responsible parties of joint special balance groups at transmission level may opt for sending either overall or separate schedules and nominations to the market area manager after consulting with the latter.

(8) The special balance groups shall verify whether the calculation model for determining system losses and own consumption is accurate each year and, if necessary, adjust it.

Information and Data Exchange Among Market Participants

Section 25. (1) Market participants shall fulfil their information provision obligations in a timely manner.

(2) All data shall be sent in the formats specified in section 34.

(3) The market area manager shall, without limitations,

1. publish the market area's position based on recent information on the online platform each hour;
2. send each balance group's feed-ins, off-takes and imbalances according to nominations and renominations to the relevant balance responsible party;
3. publish all relevant capacity information at the market area's entry/exit points on the online platform;
4. publish the imbalance prices for deviations between consumer schedules and meter readings on the online platform;
5. publish the aggregate consumption forecasts for SLP consumers in the market area on the online platform;
6. publish the storage data pursuant to para. 10 item 2 on the online platform;
7. publish the amount and calculation method of the balancing incentive markup on the online platform;
8. publish a list of the registered balance groups, their balance responsible parties and their activity or non-activity in the distribution area;
9. publish the aggregate TSO data about the available linepack in the transmission network each hour.

(4) The distribution area manager shall, without limitations,

1. send each balance group's allocated nominations and schedules at distribution-level entry and exit points at market area borders to the market area manager;
2. send each supplier's aggregate forecasts for SLP consumers to the relevant balance responsible party and supplier, and send the total over all SLP consumption forecasts to the market area manager;

3. send production and storage schedules for each balance group to the market area manager;
 4. send each balance group's consumer schedules to the market area manager and the clearing and settlement agent, differentiating between schedules for consumers under section 18 paras 5 and 7 on the one hand and those under section 18 para. 6 on the other;
 5. send the nominations for the internal interconnection points from the transmission to the distribution network to the relevant transmission system operators;
 6. send the biogas injection schedules to the clearing and settlement agent;
 7. send the nominations for cross-border interconnection points in the distribution network to the clearing and settlement agent;
 8. submit the meter readings relating to consumers with a contracted capacity of more than 50,000 kWh/h (large consumers) to the relevant suppliers on an hourly basis.
- (5) The clearing and settlement agent shall, without limitations,
1. send the imbalance prices calculated pursuant to section 32 to the market area manager;
 2. send the standardised load profiles to the market area manager, the distribution system operators and the distribution area manager;
 3. publish the amount and calculation method of the neutrality charge pursuant to section 32 para. 6 on the online platform.
- (6) Balance responsible parties shall, for each balance group separately and without limitations,
1. send the nominations and schedules for input and off-take at each entry and exit point to the transmission system operator, and for each entry and exit point at market area borders in the distribution network to the distribution area manager;
 2. send the storage schedules and nominations to the relevant storage system operator;
 3. send the production schedules to the relevant producer of natural or biogenic gas;
 4. send the trade nominations to the operator of the virtual trading point;
 5. send consumer schedules to the distribution area manager, as overall schedules for system users under section 18 paras 5 and 7 and as overall schedules for system users under section 18 para. 6. Where system users with a contracted maximum capacity of more than 50,000 kWh/h are concerned, individual schedules must be submitted to the distribution area manager.
- (7) Transmission system operators shall, without limitations,
1. send each balance group's allocated entry and exit nominations at each entry/exit point to the market area manager;
 2. send hourly information pursuant to section 29 regarding the linepack available to the market area at transmission level to the market area manager;
 3. send all relevant data about capacity at the market area's entry/exit points to the market area manager so that it can be published;
 4. send nominations for own consumption to the market area manager.
- (8) Distribution system operators shall, without limitations,
1. send information about the standardised load profiles assigned to the consumers in a balance group to the group's balance responsible party if it so requests;
 2. draw up the consumption forecasts for SLP consumers in accordance with section 28 and send them to the distribution area manager, or send the necessary underlying data (consumption during the previous year relating to each supplier, standardised load profile type and temperature zone, taking into consideration any changes to the system access situation on a daily basis) to the distribution area manager to that it can draw up the SLP consumption forecasts;
 3. submit meter readings of system users whose facilities are equipped with load meters separately for each supplier to the clearing and settlement agent, the distribution area manager and the relevant supplier on a daily basis. Such meter readings shall be submitted to consumers if they request so;
 4. submit the meter readings of system users with load meters to the distribution area manager without delay if they are available online;
 5. submit meter readings relating to the consumption of system users (aggregated for each supplier), to biogenic gas production facilities, to distribution-level cross-border interconnection points, to total storage and production movements, and to transfers of gas between systems in the distribution area to the clearing and settlement agent and the distribution area manager at least on a monthly basis.
- (9) The operator of the virtual trading point shall, without limitations, send each balance group's net trade volumes at the virtual trading point to the market area manager.

- (10) Storage system operators shall, without limitations,
1. send each balance group's allocated schedules, separately for input and off-take and as overall schedule for each storage point, to the distribution area manager for storage sites connected at distribution level and to the transmission system operator for storage sites connected at transmission level;
 2. send information about the gas volumes injected and withdrawn, the available capacity and the working gas volume to the market area manager and the distribution area manager on a daily basis.
- (11) Producers of natural or biogenic gas shall, without limitations, send each balance group's allocated production schedules, as well as overall schedules for each production point, to the distribution area manager.
- (12) Suppliers shall, without limitations,
1. draw up consumption forecasts for the SLP consumers assigned to them, both as overall schedule and in hourly intervals, and send these to their balance responsible parties in due time;
 2. draw up consumption forecasts for the load-metered customers assigned to them, both as overall schedule and in hourly intervals, and send these to their relevant balance responsible parties in due time.
- (13) Direct balance group members shall, without limitations, submit the data specified in section 20 para. 5 item 1.

Chapter 3

Balancing and Clearing

Balancing and Clearing by the Market Area Manager

Section 26. (1) Balancing and clearing of all natural gas in the market area, except for the discrepancies between consumer schedules and their actual consumption, the special balance group for distribution systems and discrepancies between biogas production schedules and metered biogas input, lie with the market area manager.

(2) Balancing and clearing shall be executed for each balance group separately; it relies on the allocated nominations or schedules at the entry/exit points to and from the market area according to annex 3, which the market area manager receives from the transmission system operators and the distribution area manager on an hourly basis, as well as the netted hourly volumes of trades at the virtual trading point and the submitted consumer schedules.

(3) Discrepancies between nominated and metered values shall be offset among the network operators by way of operational balancing agreements. At entry/exit points where no operational balancing agreements are in place yet, such discrepancies shall be borne by the system operators. Balance responsible parties shall assume that confirmed nominated volumes correspond to allocated volumes.

(4) The market area manager nets the volumes nominated for each balance group and inform the balance responsible parties of any imbalances over the day. Should a balance responsible party fail to renominate and thereby to eliminate any daily imbalances in the balance group within one hour, gas shall be purchased or sold at the virtual trading point to ensure that the group is in balance. The market area manager may extend the one-hour reaction period. Any such extension shall be made public through the online platform. Exchange transactions at the virtual trading point are executed on behalf and for account of the balance responsible party, at the purchase/selling price applicable at that time. This provision does not apply to the clearing and settlement agent's special balance group.

(5) Transactions according to para. 4 above shall not be made if the balance group's imbalance over the day is less than the minimum trade size at the exchange of 1 MWh/h. Should it be impossible to balance the group by the end of the day due to the lead times at the virtual trading point, the imbalance for that gas day (D) shall be taken into account in clearing the next gas day (D+1).

(6) The market area manager shall collect a balancing incentive markup from the balance responsible parties to account for within-day balancing of the hourly imbalances in each balance group. The market area manager's, clearing and settlement agent's and system operators' special balance groups are exempt from payment of the balancing incentive markup. The amount of the markup shall reflect the cost involved in within-day balancing pursuant to para. 7. The market area manager shall recalculate this markup at least annually, based on the gas needed for offsetting hourly imbalances during the previous twelve months and the costs connected to purchasing it. Such calculation shall be based on the general terms and conditions of the market area manager; it shall take into account the market area's position. The resulting balancing incentive markup shall be notified to the regulatory authority and published on the online platform. The market area manager shall send the regulatory authority an annual report on the within-day balancing measures that were taken to uphold system integrity. The balancing incentive markup shall be charged monthly, within five working days after the end of the month in question.

(7) The market area manager shall calculate the market area's position on an hourly basis. While allowing for a certain time lag and employing linepack pursuant to section 29, the market area manager shall procure any physical balancing energy needed for within-day balancing of the transmission network from the natural gas exchange at the virtual trading point, on its own behalf and for its own account. Should this be insufficient to ensure network stability, the market area manager may impose within-day obligations on those balance groups that are causing the hourly imbalances and therefore endanger system stability.

Clearing by the Clearing and Settlement Agent

Section 27. (1) Balancing and clearing of discrepancies between consumer schedules and their actual consumption, the special balance group for distribution systems, the cross-border interconnection points at distribution level and discrepancies between biogas production schedules and metered biogas input lie with the clearing and settlement agent. Any consumption that arises from the unauthorised use of system services without the metering point having been assigned to a balance group shall be registered in the special balance group for distribution systems.

(2) Clearing of system users under section 18 para. 6 shall be based on the consumer schedules submitted by the balance responsible parties and the network operators' meter readings for each hour.

(3) Clearing of system users under section 18 paras 5 and 7 shall be based on the consumer schedules submitted by the balance responsible parties and the network operators' meter readings for entire days.

(4) Clearing of the distribution-level cross-border interconnection points and of the special balance groups in the distribution network in accordance with section 24, as well as for biogas injections, shall follow a daily rhythm. Clearing of entries and exits at distribution-level cross-border interconnection points shall be based on metered hourly values. Where an operational balancing agreement with the adjacent system operator is in place, the balance responsible parties shall assume that confirmed nominated volumes correspond to allocated volumes.

(5) Financial settlement shall make reference to the volumes determined in accordance with paras 2 through 4 and the imbalance prices determined in accordance with section 32 and shall take place on a monthly basis, within three working days after the end of clearing for the month in question. The end of clearing corresponds to the deadline by which system operators must submit the relevant data to the clearing and settlement agent; this deadline is published by the clearing and settlement agent.

(6) The distribution area manager shall primarily use the market area's linepack as in section 29 to balance deviations of the aggregate consumption schedules from actual consumption. If needed, the distribution area manager may also procure gas pursuant to paras 8 and 9.

(7) Balance responsible parties shall submit the consumer schedules of their balance groups, taking into consideration the consumption forecasts for SLP consumers which they have drawn up themselves or which have been drawn up and sent to them by the distribution area manager in accordance with section 28 para. 1. Customers with standardised load profiles shall be cleared in accordance with the consumption data submitted by the distribution system operators based on actually metered temperatures.

(8) The distribution area manager shall calculate the actual or forecast position of the distribution area for each hour and procure the physical balancing energy needed for the secure operation of the distribution network, primarily on the natural gas exchange at the virtual trading point and on behalf and for account of the clearing and settlement agent.

(9) The instruments to be used for procuring balancing energy are, in order of priority:

1. trade in standardised products on the gas exchange at the virtual trading point;
2. procurement of standardised products from the merit order list pursuant to section 31 para. 2 item 1;
3. procurement of flexibility products from the merit order list pursuant to section 31 para. 2 item 2.

Should the first priority instrument present no offers for balancing energy for the period of time considered relevant by the distribution area manager or should the distribution area manager need locational or short-term products to maintain operational security of the distribution network, it may use offers from the second instrument in the priority order, and so on.

(10) The imbalances calculated for each balance group in accordance with paras 2 and 3 above shall be corrected using actually metered or read annual consumption and production values no later than 14 months after clearing pursuant to para. 5 has taken place.

(11) Residual load shall be calculated and distributed by the clearing and settlement agent based on the aggregated data on overall supply to SLP consumers submitted by each distribution system operator in the clearing and the supply to SLP consumers as aggregated from SLPs. The distribution system operators shall

aggregate the synthetic load profiles to calculate supply to all SLP consumers for all suppliers in their network area.

Standardised Load Profiles

Section 28. (1) The distribution area manager shall cooperate with the relevant distribution system operator to draw up consumption forecasts for SLP consumers for each network area, supplier and type of standardised load profile, based on the standardised load profiles submitted by the clearing and settlement agent and using adequate temperature forecasts, by noon each day for the next day.

(2) The distribution area manager shall update the forecasts for SLP consumers pursuant to para. 1 thrice a gas day before 24.00 hrs, using recent temperature forecasts and cooperating with the distribution system operators concerned.

Interconnection Agreements and Linepack

Section 29. (1) The interconnection agreements to be concluded in accordance with section 67 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011 shall ensure the efficient deployment of linepack to control the network.

(2) The market area manager shall use the data provided by the transmission system operators and the distribution area manager each hour in accordance with para. 7 below to calculate how much linepack is available in the market area.

(3) The market area manager shall use the linepack at transmission level and, in coordination with the distribution area manager, that at distribution level to balance the transmission network until the balancing energy it has procured becomes physically available.

(4) In addition to the linepack at distribution level and following advance coordination with the market area manager, the distribution area manager may use the linepack at transmission level to balance short-term pressure fluctuations in the distribution network until the balancing energy it has procured at the virtual trading point becomes physically available. While maintaining network integrity, transmission system operators shall make the maximum technically possible linepack volume and the maximum injection and withdrawal rates of the linepack in the transmission lines available to the distribution area manager, via the market area manager, and shall send a monthly report, relating to the previous month, on the hourly available volume and the available injection and withdrawal rates of linepack at transmission level, as well as the linepack volume made available, including calculations, technical parameters, load flow assumptions and actual load flows, to the regulatory authority.

(5) The transmission system operators shall record use of transmission linepack in an account. The distribution area manager shall record use of the linepack in the distribution area in an account. The distribution area manager shall commit to offsetting the linepack and OBA accounts by way of distribution linepack or purchases of balancing energy in accordance with section 27 para. 9 in coordination with the market area manager without undue delay. The transmission system operators shall commit to offsetting the linepack account by way of transmission linepack or purchases of balancing energy at the virtual trading point in coordination with the distribution area manager without undue delay.

(6) There shall be no separate compensation for the availability and deployment of linepack from interconnection agreements, neither bilaterally between the transmission system operators nor between the transmission system operators and the distribution system operators, nor from the market manager, the distribution area manager or clearing and settlement agent. The availability and deployment of linepack from interconnection agreements shall be recorded as foreseen in such agreements. Where tolerance levels are exceeded, the OBA accounts shall be offset without undue delay. Linepack from interconnection agreements that is used for the distribution area shall be recorded in accounts established for this purpose by the clearing and settlement agent. Where linepack from interconnection agreements is purchased on the gas exchange at the virtual trading point or through the merit order list, such purchases shall be executed on behalf and for account of the clearing and settlement agent.

(7) All transmission system operators and the distribution area manager shall inform the market area manager about the linepack that can be made available to the market area, after considering their own linepack needs, on an hourly basis and whenever requested to do so. The market area manager shall inform the distribution area manager about the linepack available for the distribution area, after considering the linepack needs at transmission level, on an hourly basis. This communication shall at least include information about

1. the maximum hourly positive and negative linepack capacity at transmission level for use in the distribution area;
2. the available linepack volume;

3. the planned use of the distribution linepack by the market area manager during each hour.

(8) The rights and obligations necessary for the implementation of the deployment of linepack shall be laid down in contracts between the market area manager, transmission system operators, distribution area manager and distribution system operators.

Chapter 4 Settlement Rules

Prerequisites for Balancing Energy Providers

Section 30. (1) Balance group members that have registered as balancing energy providers for the merit order list in line with the prerequisites laid down in the general terms and conditions of the clearing and settlement agent may offer balancing energy pursuant to section 31, subject to the agreement of their balance responsible party in accordance with section 20 para. 4. As part of the registration process, balance group members must prove that they have at their disposal appropriate flexibility instruments such as gas in storage with injection/withdrawal capacity, gas at entry/exit points to and from the market area or consumers with contracted maximum capacities of more than 10,000 kWh/h whose consumption is metered online and whose data is transmitted to the distribution area manager online. Balancing energy providers shall inform the clearing and settlement agent about the points at which they will offer balancing energy.

(2) The clearing and settlement agent shall keep an up-to-date list of registered balancing energy providers and send it to the distribution area manager after each update.

(3) Balancing energy providers may start offering balancing energy in accordance with para. 1 two days after they have been registered with the clearing and settlement agent and the distribution area manager has noted at which points balancing energy will be offered.

(4) Balancing energy providers shall commit to actually injecting/withdrawing the balancing energy procured by the distribution area manager pursuant to para. 1 into/from the market area.

Merit Order List

Section 31. (1) The balancing energy providers on the merit order list must technically ensure that upon the distribution area manager accepting their offer, balancing energy is actually fed into the network or withdrawn from it to the extent, with the load, at the entry/exit point and with the lead time specified in their offer.

(2) Balancing energy providers may place their offers for input or off-take solely on the online platform provided by the clearing and settlement agent. Offers shall state the ID assigned to the provider's balance group by the market area manager, the hour(s) of the day, the lead time and the amount of capacity for which the offer is made, the energy price offered and the entry/exit or metering point concerned. The offers shall state fixed prices. The offers shall differentiate between:

1. offers for standard products made by each balancing energy provider with a lead time of 30 minutes, a minimum duration of one hour and a minimum size of one MWh/h;
2. block offers made by each balancing energy provider with a lead time to be chosen by the provider and a minimum size of one MWh/h.

(3) Offers shall be made by 16.00 hrs (gate closure) for the following gas day; on days before Saturdays, Sundays and statutory holidays, they shall be made for the time up to and including the next working day. After gate closure, the offers are binding on the providers and cannot be changed or withdrawn anymore. Under exceptional, reasoned circumstances, such as in the case of technical difficulties, subsequent weekend days and holidays or where insufficient offers have been received, the clearing and settlement agent may postpone gate closure after having informed market participants.

(4) Should the distribution area manager arrive at the opinion that the available balancing energy offers are insufficient, it shall inform the clearing and settlement agent thereof without delay and state the reasons for its view.

(5) The clearing and settlement agent shall then reopen the market, set a new gate closure time and inform all balancing energy providers. Such information is an invitation to the balancing energy providers to make new offers in addition to those that have become binding in accordance with para. 3 above.

(6) If requested so by the distribution area manager, the clearing and settlement agent shall keep the market open for new offers continuously. The clearing and settlement agent shall inform the balancing energy providers of such continuous market opening in advance. In continuous market situations, the offers submitted shall be

sent to the distribution area manager at the times set and published by the clearing and settlement agent. Offers submitted up to these times may not be changed or withdrawn afterwards.

(7) The clearing and settlement agent shall separate the offers under para. 2 item 1 into offers for positive (input) and negative (off-take) balancing energy and sort them by their energy price. Of two offers with the same price, the one for the larger volume comes first. Of two offers with the same price and volume, the one received earlier comes first. The clearing and settlement agent shall assign a unique number to each offer.

(7a) The clearing and settlement agent shall separate the offers under para. 2 item 2 into offers for positive (input) and negative (off-take) balancing energy and sort them by their energy price and lead time. Of two offers with the same price, the one with the shorter lead time comes first. Of two offers with the same price and lead time, the one for the larger volume comes first. Of two offers with the same price, lead time and volume, the one received earlier comes first. The clearing and settlement agent shall assign a unique number to each offer.

(8) The clearing and settlement agent shall send the merit order list drawn up pursuant to sections 7 and 7a to the distribution area manager immediately after gate closure. The distribution area manager shall then accept the providers' offers for positive or negative balancing energy as needed, following the order pursuant to section 27 para. 9 and the merit order list, where applicable. The distribution area manager may accept offers from the list for at least 1 MWh/h and up to the entire volume on offer, in discrete steps of 1 MWh/h. For offers under para. 2 item 2, balancing energy providers may exclude the distribution area manager's right to accept in discrete steps up to the entire volume on offer.

(9) The distribution area manager must accept offers in the order given on the merit order list. Should this be impossible due to network congestion or technical difficulties, and should system control and balancing energy management be insufficient, the distribution area manager may take the following measures:

1. Deviating from the order of the merit order list when accepting balancing energy offers;
2. Accepting offers for positive and negative balancing energy at the same time if these can be executed at different locations.

(10) If the distribution area manager deviates from the order of the merit order list, it shall inform the clearing and settlement agent, the balancing energy providers that were skipped and the regulatory authority of its grounds and reasons for doing so within three working days.

(11) The distribution area manager accepts offers for the balancing energy needed on behalf and for account of the clearing and settlement agent. The distribution area manager shall ensure that the balancing energy it has procured is actually taken up by the network or can be taken off. Acceptance of an offer establishes a contract between the clearing and settlement agent and the provider. Offers shall be accepted in units of one full hour that start at the full hour; a lead time of 30 minutes applies for accepting offers under para. 2 item 1, while the selected lead time applies for offers under para. 2 item 2, for accepting temporal and locational offers at entry/exit points in the distribution area or at remote-metered consumers' facilities. If the distribution area manager accepts offers longer in advance and fails to cancel by e-mail when the lead time is reached, acceptance is binding.

(12) Balancing energy offers are accepted by sending an e-mail to the balancing energy provider, to the e-mail address stated on the merit order list. The balancing energy provider must provide a phone number at which a person who is technically responsible and authorised to enter into contracts can be contacted by the distribution area manager and the balance responsible party during the entire time of the submitted offer. Such technically responsible and authorised person shall receive the e-mail with the acceptance message in copy at the same time.

(13) The balancing energy purchased by the distribution area manager shall be recorded in the balance group for balancing energy and in the provider's balance group for the purpose of determining imbalance charges pursuant to section 87 para. 4 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011.

(14) Should there be insufficient or no balancing energy offers, the clearing and settlement agent may introduce a market maker. The capacity to be reserved by the market maker shall be fixed by the distribution area manager. The introduction and management of a market maker shall comply with the general terms and conditions of the clearing and settlement agent and be notified to the regulatory authority.

Calculation of Imbalance Prices

Section 32. (1) The clearing and settlement agent shall calculate market-based imbalance prices for the purpose of settling the discrepancies between consumer schedules and their actual consumption, the special balance group for distribution systems, and discrepancies between production schedules and metered input of biogenic gas.

(2) Settlement of system users under section 18 para. 6 shall make use of a volume-weighted average price for each hour, based on the balancing energy procured by the distribution area manager on the gas exchange at

the virtual trading point and the offers it has accepted from the merit order list. These prices shall be adjusted by a markup of 3% for positive and an offset of 3% for negative balancing energy, to be applied to the volume-weighted average hourly price. If the distribution area manager has not procured balancing energy, the last available price at which the distribution area manager has concluded a deal on the spot market at the gas exchange at the virtual trading point shall be used for the hour of the imbalance and adjusted for the applicable markup or offset to arrive at the imbalance price. If the gas exchange at the virtual trading point has not arrived at a price for that day, the last available hourly imbalance price shall be used.

(3) The imbalance prices for system users under section 18 paras 5 and 7 shall be calculated from the balancing energy purchased by the distribution area manager on the gas exchange at the virtual trading point and the offers it has accepted from the merit order list. For purchases, the marginal buy price shall be used; for sales, the marginal sell price. If, in case of positive balancing energy, the distribution area manager has not purchased balancing energy during a day, or, in the case of negative balancing energy, has not sold any, the volume-weighted spot price index for the relevant delivery period that is published by the gas exchange at the virtual trading point shall be used as the imbalance price. These prices shall be adjusted for a markup of 10% for positive and an offset of 10% for negative balancing energy, to be applied to the price index.

(4) Settlement of distribution-level cross-border interconnection points, of the special balance groups for the distribution systems and of discrepancies between scheduled and metered inputs of biogenic gas shall make use of the volume-weighted spot price index for the relevant delivery period that is published by the gas exchange at the virtual trading point. If no price is arrived at for that delivery period, the last volume-weighted price index for spot products that was published by the gas exchange at the virtual trading point applies.

(5) Imbalance prices shall be stated in cent/kWh and rounded away from zero to at least three decimal places.

(6) Should clearing of imbalances by the clearing and settlement agent result in an overhang or a shortfall, an amount that corresponds to such overhang or shortfall, corrected for forecast developments, shall be passed on to balance responsible parties by way of a neutrality charge reflective of the volumes of network users according to section 18 paras 5 and 7, based on the provisions in the general terms and conditions of the clearing and settlement agent. Such charge shall form a part of the imbalance charges and shall be stated in cent/kWh. The clearing and settlement agent shall fix the amount of this neutrality charge for a three-month time period.

(7) All costs and revenues of the clearing and settlement agent, the underlying imbalance volumes and the forecast discrepancies on which the neutrality charge is based shall be submitted and reasoned to the regulatory authority whenever changes to the neutrality charge are introduced, even without request.

Chapter 5

Virtual Trading Point

Section 33. (1) The operator of the virtual trading point shall develop the products needed by the market area manager and distribution area manager to maintain network balance.

(2) Market participants that wish to trade on the gas exchange at the virtual trading point must be members of a balance group in the market area, must have the agreement of their balance responsible party, must have concluded a contract with the operator of the virtual trading point, and must be admitted to exchange trading in accordance with the criteria published on the website of the operator of the virtual trading point.

Chapter 7

Formats for Data Exchange, Schedules and Nominations

Section 34. (1) Data, schedules and nominations shall be recorded and transmitted in the below formats; balance responsible parties shall support at least one of these formats:

1. Edig@s;
2. KISS-A;
3. MSCONS.

(2) In addition to the formats listed in para. 1 and if agreed by the contract parties, information may be exchanged through a web-based platform.

(3) All schedules and nominations must contain hourly information.

(4) The smallest unit for schedules and nominations between the market participants in the market area is 1 kWh. Nominations and schedules containing information in MWh may use no more than three decimal places; those containing information in kWh may contain no decimal places. Numbers shall be rounded away from zero.

(5) If corresponding schedules or nominations do not match, the lower value nominated or scheduled shall apply (“lesser rule”).

Title 3

Tyrol and Vorarlberg Market Areas

Part 1

Principles

Section 35. (1) With respect to partial or full supply of customers in the Tyrol and Vorarlberg market areas, to entries and exits at cross-border interconnection points and to cross-border balancing, operation and cooperation with the adjacent market areas shall be kept simple and straightforward.

(2) The clearing and settlement agent and the distribution area manager shall conclude the contracts necessary to implement the stipulations under this Title with the system operators and the market area managers of the adjacent market areas.

(3) Unless provided otherwise in this Title, the provisions of Titles 1 and 2 of this Ordinance apply.

Capacity Management

Section 36. (1) The distribution area manager shall book the capacity resulting from the procedure conducted under para. 3 below at the individual exit points from the adjacent upstream market area to the distribution systems in the Tyrol and Vorarlberg market areas.

(2) There shall be no capacity management and no congestion management at balance group level at the cross-border interconnection points between the adjoining upstream systems on the one hand and the distribution systems in the Tyrol and Vorarlberg market areas on the other.

(3) Heeding the principles of economic efficiency and security of supply, the distribution area manager shall each year conduct a non-discriminatory, transparent procedure to determine the need for a five-year term for entry capacity at each entry point from the adjoining upstream market area into the Tyrol and Vorarlberg market areas and for the capacity needs pursuant to section 15 para. 3. Capacity bookings pursuant to para. 1 above shall be based on the results of such procedures.

Part 2

Balancing, Clearing and Settlement

Chapter 1

Basic Principles of the Balancing Regime

Section 37. (1) All system users that are active in the Tyrol or Vorarlberg market areas must be part of a balance group that is registered with the clearing and settlement agent. A balance group brings together the input and off-take of one or more system users in the market area and offsets them against each other. For every balance group a balance responsible party shall be nominated to the clearing and settlement agent. A balance responsible party may establish several balance groups.

(2) All balance groups and their direct members shall have access to the virtual trading point of the adjacent upstream market area. For this purpose, balance responsible parties shall name one balance group or balancing sub-account in the adjacent upstream market area that corresponds to their balance group in the Tyrol and Vorarlberg market areas.

(3) The balance responsible parties cause the gas assigned to their balance groups to supply consumers in the Tyrol or Vorarlberg market areas and for exits at cross-border interconnection points to be transferred from their corresponding balance group or balancing sub-account into the clearing and settlement agent’s balance group at the virtual trading point in the adjacent upstream market area to the extent recorded in each balance group’s consumer and cross-border schedules.

(4) Clearing of the physical discrepancies between the gas transferred in accordance with para. 3, actual input of biogenic gas and deviations at cross-border interconnection points on the one hand and actual consumption on the other hand lies with the clearing and settlement agent. It shall be done for each balance group separately in accordance with section 41 paras 2 and 3 and in energy units. Any consumption that arises

from the unauthorised use of system services without the metering point having been assigned to a balance group shall be registered in the special balance group for distribution systems.

(5) The balancing (measurement) period in the Tyrol and Vorarlberg market areas is the gas day. The transfer of gas between balance groups as described in section 37 para. 3 for the purpose of supplying consumers with a balancing period that corresponds to the gas day shall be constant throughout the gas day (24 equal hourly amounts, or 23/25 equal hourly amounts on the clock change days between normal and summer time). Any renominations shall also be constant for the rest of the gas day.

(6) Notwithstanding para. 5 above, the balancing (measurement) period for system users with a contracted capacity of more than 10,000 kWh/h per entry/exit/metering point is one hour. The transfer of gas between balance groups as described in section 37 para. 3 for the purpose of supplying consumers with hourly balancing shall be executed for each hour in accordance with the forecast consumption.

(7) System users with a contracted capacity between 10,000 kWh/h and 50,000 kWh/h per entry/exit/metering point whose meter readings are available to the distribution system operator online may opt for daily balancing in accordance with para. 5 above. Online meter data submission shall comply with the general terms and conditions of the distribution area manager. Declarations for one or the other balancing period shall be considered system access applications pursuant to section 13. A system user's balancing period can be changed once in twelve months.

(8) Balance responsible parties shall draw up separate consumption schedules for system users under paras 5 and 7 on the one hand and those under para. 6 on the other hand. They shall submit schedules to the relevant market area's distribution area manager with a lead time of at least 150 minutes. Balance responsible parties must submit individual schedules for large consumers with a contracted maximum capacity of more than 50,000 kWh/h.

(9) Gas can only be traded and transferred between balance groups at the virtual trading point of the adjacent upstream market area by way of the corresponding market areas or balancing sub-accounts.

(10) Residual load shall be calculated and distributed by the clearing and settlement agent based on the aggregated data on overall supply to SLP consumers submitted by each distribution system operator in the clearing and the supply to SLP consumers as aggregated from SLPs. The distribution system operators shall aggregate the synthetic load profiles to calculate supply to all SLP consumers for all suppliers in their network area.

Registration in the Tyrol and Vorarlberg Market Areas

Section 38. (1) The clearing and settlement agent shall organise the balance groups and assign an ID to each contract partner and each balance group that is unique throughout the Tyrol and Vorarlberg market areas; such ID shall be quoted in all communications, including data transfer, between the contract parties.

(2) The clearing and settlement agent shall conclude contracts with the balance responsible parties based on the approved general terms and conditions pursuant to section 88 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011. The clearing and settlement agent shall conclude additional contracts with the balance responsible parties, on behalf and for account of the distribution area manager, based on the approved general terms and conditions pursuant to section 26 Natural Gas Act 2011. The distribution area manager shall authorise the clearing and settlement agent to conclude contracts on its behalf and for its account. The clearing and settlement agent shall inform the distribution area manager about the conclusion of contracts. The clearing and settlement agent shall only conclude contracts with the balance responsible parties after the due diligence analysis pursuant to para. 4 has been concluded.

(3) Within five working days of receiving a complete application, the clearing and settlement agent shall submit a contract offer to the applicant.

(4) The clearing and settlement agent shall perform a due diligence analysis; this shall be updated on a regular basis, at least once a year after the annual accounts have become available. The clearing and settlement agent may request collateral from balance responsible parties.

(5) Before taking up activities, balance responsible parties shall prove to their contract partners that they can execute data exchange, scheduling and nomination procedures in accordance with the formats, interfaces, communication channels, security standards and contents defined in section 34 at all times. For this purpose, the clearing and settlement agent shall coordinate a dry run with the relevant contract partners.

(6) Once all necessary contracts and documents are available and the dry run pursuant to para. 5 has been successfully concluded, the clearing and settlement agent shall inform the regulatory authority in writing that the prerequisites for taking up activities as a balance responsible party are fulfilled.

(7) To establish and register balance groups and balancing sub-accounts in the adjacent upstream market area, the legal framework and provisions applicable in such market area must be complied with.

Chapter 2

Functioning of Balance Groups

Balance Group Membership

Section 39. (1) Balance groups may have the following types of members:

1. Consumers;
2. Natural gas undertakings;
3. Producers.

(2) Membership is established either by contracts with a balance responsible party (direct membership) or by contracts with suppliers that are balance group members (indirect membership). Indirect balance group members do not have any direct contractual relationship with the balance responsible party.

(3) Insofar as balance group members have one or more metering points, balance group membership is established through such metering points. A balance group member's metering point may be assigned to one balance group only.

(4) If direct balance group members intend to

1. conclude contracts with the clearing and settlement agent regarding the supply of positive or negative balancing energy;
2. make flow commitments towards the distribution area manager; or
3. trade energy at an energy exchange or an energy exchange's clearing house on behalf and for account of the balance responsible party,

they shall inform their balance responsible party of their intention to conclude such contracts. Balance group members may only make or accept offers for concluding such contracts subject to the agreement of their balance responsible party. The balance responsible party may only withhold its agreement if there is reason to believe that a contract would endanger the fulfilment of tasks and obligations by the balance responsible party or the direct balance group member. Such reason shall be stated in writing.

(5) Direct balance group members shall support their balance responsible parties in fulfilling their tasks and obligations. This duty to support particularly applies to

1. contributing to forecasting infeed and/or off-take of natural or biogenic gas, as well as submitting the necessary schedules and nominations to the balance responsible party;
2. submitting the data that are a crucial prerequisite for the balance responsible party to fulfil the tasks and obligations listed in section 91 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011 to the extent necessary for this purpose, subject to section 7 *Datenschutzgesetz* (Data Protection Act) 2000;
3. abiding by the gas specification pursuant to point 2 of annex 2 when injecting into the market area.

(6) Balance responsible parties shall conclude agreements about the participation in and handling of the merit order list pursuant to para. 31 with all load-metered consumers in their balance group that have a contracted capacity of more than 10,000 kWh/h and intend to participate in the merit order mechanism.

Balance Responsible Parties

Section 40. (1) Where balance responsible parties represent balance group members in executing their tasks and obligations stated in section 91 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011, they act as indirect representatives. Direct representation only applies if such has been agreed in an individual case.

(2) Balance responsible parties shall provide the distribution area manager and the system operators with information about the identity and other data relating to the balance group members to the extent that this is necessary for them to be able to fulfil their tasks and obligations.

Chapter 3

Balancing, Clearing and Settlement in the Tyrol and Vorarlberg Market Areas

Balancing

Section 41. (1) The clearing and settlement agent shall determine and invoice balancing energy to the balance groups based on

1. the difference between the inputs entered to a balance group and that balance group's consumers' actual consumption, separated into the groups specified in paras 2 and 3 below, and the allocated gas at cross-

border interconnection points, while netting imbalances over the Tyrol and Vorarlberg market areas. Where special balance groups pursuant to section 24 are concerned, the inputs and off-takes of distribution systems are included in the calculation as well;

2. the costs and revenues from balancing energy procurement as well as the costs and revenues from financial settlement of imbalances from the balancing accounts beyond the tolerance levels set therein in accordance with section 43 para. 5.

(2) Clearing of consumers under section 37 para. 6 shall be based on the amounts of gas transferred by balance responsible parties in accordance with section 37 para. 3, considering any further inputs and off-takes to and from the balance groups and deducting the consumer schedules submitted by the balance responsible parties with reference to consumers under section 37 paras 5 and 7 and the hourly consumption metered by the system operators.

(3) Clearing of consumers under section 37 paras 5 and 7 shall be based on the consumer schedules submitted by the balance responsible parties and the daily consumption metered by system operators.

(4) Financial settlement shall make reference to the volumes determined in accordance with paras 2 and 3 and the imbalance prices determined in accordance with section 44 and shall take place on a monthly basis, within three working days after the end of clearing for the month in question. The end of clearing corresponds to the deadline by which system operators must submit the relevant data to the clearing and settlement agent; this deadline is published by the clearing and settlement agent.

(5) The distribution area manager shall primarily use the linepack of the Tyrol and Vorarlberg market areas pursuant to section 43 to balance any deviations of actual consumption in the market area from the gas volumes transferred by balance responsible parties in accordance with section 37 para. 3. If needed, the distribution area manager may also procure or sell gas pursuant to para. 8.

(6) The distribution area manager shall submit the consumption forecasts for SLP consumers pursuant to section 42 para. 1 to the affected balance responsible parties.

(7) When drawing up schedules for consumers as defined in section 37 paras 5 and 7, balance responsible parties shall make use of the forecasts for SLP consumers received from the distribution area manager in accordance with para. 6 or of their own such forecasts. SLP customers shall be cleared in accordance with the aggregate consumption data submitted by the distribution system operators based on actually metered temperatures.

(8) The distribution area manager shall calculate the actual or forecast position of the distribution area for each hour and procure the physical balancing energy needed for the secure operation of the network in the distribution area, considering para. 5 and on behalf and for account of the clearing and settlement agent, aiming to keep the aggregate hourly deviations of the gas volumes transferred by the balance responsible parties in accordance with section 37 para. 3 from the meter readings at the cross-border interconnection points below the thresholds defined for the balancing accounts pursuant to section 43 para. 1. Where necessary, the distribution area manager may request that the clearing and settlement agent draw up a merit order list pursuant to section 31.

(9) The imbalances calculated for each balance group in accordance with paras 2 and 3 above shall be corrected using actually metered or read annual consumption and production values no later than 14 months after clearing pursuant to para. 4 has taken place.

(10) With reference to load-metered consumers whose consumption information is available to distribution system operators online, the latter shall submit the data received to the affected suppliers, the clearing and settlement agent and the distribution area manager without undue delay and at least on a daily basis.

(11) The balance responsible party's entries and exits at cross-border interconnection points shall be cleared hourly, based on metered hourly values. Where an operational balancing agreement with the adjacent system operator is in place, the balance responsible parties shall assume that confirmed nominated volumes correspond to allocated volumes, unless the limits laid down in the operational balancing agreement have been violated.

(12) The provisions on the merit order list from section 31 apply *mutatis mutandis*. Notwithstanding this, the lead time for the distribution area manager to call offers for balancing energy in Tyrol or Vorarlberg is 180 minutes.

Standardised Load Profiles

Section 42. (1) The distribution area manager shall cooperate with the relevant distribution system operators to draw up forecasts of SLP consumers for each network area, supplier and type of standardised load profile, using adequate temperature forecasts, by noon each day for the next day and send such forecasts to the balance responsible parties concerned in aggregate format.

(2) The distribution area manager shall update the forecasts for SLP consumers pursuant to para. 1 thrice a gas day before 24.00 hrs, using recent temperature forecasts and cooperating with the distribution system operators concerned, and shall send such updated forecasts to the balance responsible parties concerned.

Interconnection Agreements

Section 43. (1) The distribution system operators in the Tyrol and Vorarlberg market areas shall conclude interconnection agreements with the adjoining system operators, taking into consideration the requirements set in section 67 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011. Such agreements shall foresee the creation of operational balancing accounts to facilitate the mutual provision of linepack between the distribution system operators in the Tyrol and Vorarlberg market areas and the adjacent system operators in line with technical requirements and possibilities. The agreements shall also foresee appropriate penalties for exceeding the account limits.

(2) The distribution system operators shall operate the cross-border interconnection points in line with the specifications made by the distribution area manager.

(3) The distribution area manager shall coordinate with the system operators adjacent to the Tyrol and Vorarlberg market areas regarding the mutual provision of linepack with the aim of financially optimising the deployment of physical balancing energy on both sides. The distribution system operators in the Tyrol and Vorarlberg market areas shall include provisions to this end in the interconnection agreements pursuant to section 43 para. 1 for use by the distribution area manager.

(4) The distribution area manager shall calculate the position of the balancing accounts and ensure that their limits are respected. For this purpose, the distribution system operators in the Tyrol and Vorarlberg market areas shall provide the distribution area manager with the readings from all entry and exit points to and from their market areas online.

(5) The mutual provision of linepack between the adjacent networks and the distribution systems in the Tyrol and Vorarlberg market areas, which corresponds to the amounts registered in the balancing accounts, shall be registered by the clearing and settlement agent in dedicated accounts.

(6) The distribution system operators shall pass the charges for exceeding the limits of the balancing accounts pursuant to para. 1 on to the competent clearing and settlement agent, enclosing proof of the excess situation. The clearing and settlement agent in turn shall include these payments in the neutrality charge pursuant to section 44 para. 6.

(7) The rights and obligations necessary for the implementation of the deployment of linepack shall be laid down in contracts between the distribution area manager and the distribution system operators in the Tyrol and Vorarlberg market areas.

Calculation of Imbalance Prices

Section 44. (1) The clearing and settlement agent shall calculate market-based imbalance prices for the purpose of settling the discrepancies between consumer schedules and their actual consumption, the cross-border interconnection points, the special balance group for distribution systems and discrepancies between production schedules and metered input of biogenic gas.

(2) Settlement of system users under section 37 para. 6 and of cross-border interconnection points shall make use of a volume-weighted average price for each hour, based on the balancing energy procured by the distribution area manager on the gas exchange at the virtual trading point in the upstream market area and the offers it has accepted from the merit order list. These prices shall be adjusted by a markup of 3% for positive and an offset of 3% for negative balancing energy, to be applied to the volume-weighted average hourly price. If the distribution area manager has not procured balancing energy, the last available price at which the distribution area manager has concluded a deal on the spot market at the gas exchange at the virtual trading point in the upstream market area shall be used for the hour of the imbalance and adjusted for the applicable markup or offset to arrive at the imbalance price. If the gas exchange at the virtual trading point in the upstream market area has not arrived at a price for that day, the last available hourly imbalance price shall be used.

(3) The imbalance prices for system users under section 37 paras 5 and 7 shall be calculated from the balancing energy purchased by the distribution area manager on the gas exchange at the virtual trading point in the upstream market area and the offers it has accepted from the merit order list. For purchases, the marginal buy price shall be used; for sales, the marginal sell price. If, in case of positive balancing energy, the distribution area manager has not purchased balancing energy during a day, or, in the case of negative balancing energy, has not sold any, the volume-weighted spot price index for the relevant delivery period that is published by the gas exchange at the virtual trading point in the upstream market area shall be used as the imbalance price. These

prices shall be adjusted for a markup of 10% for positive and an offset of 10% for negative balancing energy, to be applied to the price index.

(4) Settlement of the special balance groups for the distribution systems, and of the discrepancies between scheduled and metered inputs of biogenic gas shall make use of the volume-weighted spot price index for the relevant delivery period that is published by the gas exchange at the virtual trading point of the upstream market area. If no price is arrived at for that delivery period, the last volume-weighted price index for spot products that was published by the gas exchange at the virtual trading point in the upstream market area applies.

(5) Imbalance prices shall be stated in cent/kWh and rounded away from zero to at least three decimal places.

(6) Should clearing of imbalances by the clearing and settlement agent result in an overhang or a shortfall, an amount that corresponds to such overhang or shortfall, corrected for forecast developments, shall be passed on to balance responsible parties by way of a neutrality charge reflective of the volumes of network users according to section 37 paras 5 and 7, based on the provisions in the general terms and conditions of the clearing and settlement agent. Such charge shall form a part of the imbalance charges and must be stated in cent/kWh. The clearing and settlement agent shall fix the amount of this neutrality charge for a three-month time period. In addition to the above, the neutrality charge shall also offset any costs or revenues related to financial settlement of a balancing account's imbalances that exceed the tolerance levels specified in accordance with section 41 para. 1 item 2.

Schedules and Nominations

Section 45. (1) For each of their balance groups, balance responsible parties shall notify consumer and cross-border schedules pursuant to section 37 para. 3 as hourly time series to the distribution area manager.

(2) The transfer of gas from balance responsible parties to the distribution area manager in accordance with section 37 para. 3 shall comply with the rules in place at the virtual trading point in the adjacent upstream market area for transferring gas between balance groups by way of nominations.

(3) The distribution area manager shall cause the gas received from the balance responsible parties in accordance with section 37 para. 3 to be transported into the Tyrol and Vorarlberg market areas, while the risk for these operations shall be borne by the balance responsible parties.

(4) The distribution area manager shall forecast total consumption in the Tyrol and Vorarlberg market areas and consider cross-border schedules under section 37 para. 3, and shall nominate the corresponding exits with the adjacent upstream system operators.

Title 4

Final Provisions

Transitional Provisions

Section 46. (1) The order for assessing measures in accordance with section 3 para. 2 does not apply in the case of changes under section 170 para. 6 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011.

(2) Notwithstanding section 32 para. 6, the neutrality charge shall be calculated on a monthly basis until 31 March 2013.

(3) Provided that the contractual prerequisites are fulfilled, the distribution area manager shall start booking exit capacity from the adjacent upstream market area into the Tyrol and Vorarlberg Market areas pursuant to section 36 para. 1 on 1 January 2013, but in any case no later than upon entry into force of Title 3.

(4) Notwithstanding section 44 para. 5, the neutrality charge shall be calculated on a monthly basis until 31 December 2013.

(Paras 5 through 7 cease to be in force at 06.00 hrs on 28 February 2013.)

(8) The nomination and renomination rules in section 11 paras 3, 5, 6, 9 and 10 shall apply to nominations and renominations starting on 1 October 2013.

Entry Into Force

Section 47. (1) This Ordinance comes into force on 1 January 2013 unless otherwise provided in paras 2 and 3 below.

(2) Notwithstanding para. 1 above, section 6 paras 1 and 3, sections 9 and 10 and section 11 paras 3, 5, 6, 7, 8 and 10 enter into force on 1 April 2013.

(3) Notwithstanding para. 1 above, the stipulations contained in Title 3, with the exception of section 36 para. 1, enter into force on 1 October 2013.

(4) Section 46 paras 5 through 7 of this Ordinance as amended by the *Gas-Marktmodell-Verordnung Novelle 2012* (Gas Market Model [Amendment] Ordinance 2012) come into force on 1 January 2013 and cease to be in force at 06.00 hrs on 28 February 2013.

(5) Section 9 para. 5, section 11, section 15 para. 3, section 18 paras 2 and 7a, section 19 para. 12, section 23 para. 1, section 24 paras 1 through 4 and 7, section 25 para. 4 items 2, 6 and 7, section 25 para. 8 item 5, section 26 paras 1, 4 and 6, section 27 paras 4, 5 and 10, section 28 para. 2, section 32 paras 2 and 4 to 6, section 46 para. 8 and annex 1 point III (1)(1), as amended by the Gas Market Model (Amendment) Ordinance 2013, FLG no 88/2013, come into force on 1 April 2013, unless otherwise provided in paras 6 and 7.

(6) Section 9 para. 5, section 11, section 35 para. 2, section 37 paras 6 and 7, section 41 para. 4, section 42 and section 44 paras 3 through 5 of the Gas Market Model Ordinance 2012, FLG II no 171/2012, cease to be in force at the end of 30 March 2013.

(7) Section 26 para. 5 as amended by the Gas Market Model (Amendment) Ordinance 2013, FLG no 88/2013, come into force on 1 June 2013. Section 18 paras 6 and 7, section 35 para. 2, section 37 paras 6 and 7, section 41 para. 4, section 42 and section 44 paras 3 to 5 as amended by the Gas Market Model (Amendment) Ordinance 2013, FLG II no 88/2013, enter into force on 1 October 2013.

(8) Section 19 para. 2, section 25 para. 4 item 2, section 25 para. 8 item 2, section 28, section 32 paras 2 and 3, and section 44 as amended by the 2nd Gas Market Model (Amendment) Ordinance 2013, FLG II no 270/2013 enter into force on 1 October 2013. Section 25 para. 4 item 8 as amended by the 2nd Gas Market Model (Amendment) Ordinance 2013, FLG II no 270/2013, come into force on 1 January 2014. The words “without delay” in section 25 para. 8 item 3 cease to be in force at the end of 1 October 2013, and the words “that are read every day” at the end of 31 December 2013.

(9) Section 2 para. 1 item 16a, section 12, section 13 paras 1 and 2a, section 13 para. 4, section 14 para. 3, section 16 paras 1 and 1a, section 17 para. 1, section 18 para. 7, section 24 paras 1, 2 and 5, section 26 para. 6, section 27 paras 1 and 4, section 37 para. 4, section 41 paras 8, 11 and 12, section 43 paras. 1 and 6, section 44 paras 1, 2 and 4, and section 47 para. 9, as amended by the Gas Market Model (Amendment) Ordinance 2014, FLG II no 234/2014, come into force at 06.00 hrs on 1 October 2014.

(10) Section 2 para. 1 item 16b, section 4, section 6, section 8, section 9 and section 26 para. 6 as amended by the Gas Market Model (Amendment) Ordinance 2015, FLG II no 276/2015 enter into force at 06.00 hrs on 1 November 2015. All other provisions of this Amendment enter into force at 06.00 hrs on 1 October 2015.

(11) Section 11 para. 6 item 2, section 25 para. 3 item 4, section 29 para. 5, section 31 paras 3, 6 and 13, section 32 paras 6 and 7, section 35 paras 1 and 2, section 36 para. 3, section 37 paras 3, 4 and 8, section 41 para. 1 item 1 and para. 11, section 43 paras 1, 3, 4 and 5, section 44 paras 1, 2 and 6, and section 45 paras 1 and 4 as well as point I of Annex 1 and points 3 and 4 of Annex 2 as amended by the Gas Market Model (Amendment) Ordinance 2016, FLG II no XXX/2016, enter into force at 06.00 hrs on 1 October 2016. All other provisions of this amendment enter into force at 06.00 hrs on 1 April 2017.

Annex 1

System Access, System Admission and Capacity Expansion

I. System Access

1. End-user system access applications must contain at least the following information:

- (a) Identification of the facility to be supplied (exact address and customer name);
- (b) Supply start date; where fixed-term contracts have been concluded, start and end date of supply must be stated;
- (c) Maximum capacity in kWh/h. This is the technical or contractual capacity of the connection, which corresponds to the actual capacity needs of the party entitled to system access;
- (d) Forecast annual consumption in kWh;
- (e) Consumer category: household - business (up to 50,000 kWh/h) - industry (above 50,000 kWh/h) - power stations (up to 50,000 kWh/h) - power stations (above 50,000 kWh/h);
- (f) Purpose of the connection (multiple options possible): space heating - water heating - cooking - processing;

- (g) Minimum desired and maximum allowed pressure at the desired withdrawal point in bar;
- (h) Supplier;
- (i) Metering point reference number at the withdrawal point (where new metering points are concerned, the distribution system operator shall assign a metering point reference number before forwarding the system access application);
- (j) Where consumption is strictly seasonal, an indication of the months when there will be consumption;
- (k) A note stating that the system access application is made in accordance with the general terms and conditions of the distribution network.

[Please note: It is recommended for the system operators' forms to state that the maximum transport capacity in accordance with (c) above is the contracted maximum capacity and therefore constitutes the basis for determining the minimum capacity and detecting any excessive capacity use of load-metered customers in accordance with the ordinance pursuant to section 70 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011.]

2. System access applications of injecting parties and storage system operators must contain at least the following information:

- (a) Supply start date; where fixed-term contracts have been concluded, start and end date of supply must be stated;
- (a) Desired entry point to the distribution system, exact address and name of the customer;
- (c) Maximum capacity in kWh/h. This is the technical or contractual capacity of the connection, which corresponds to the actual capacity needs of the party entitled to system access;
- (d) Forecast annual input in kWh;
- (e) Type of input: biogas - natural gas from production - storage - synthetic gas;
- (f) Minimum desired and maximum allowed pressure at the desired entry point in bar;
- (g) Metering point reference number at the injection point (where new metering points are concerned, the distribution system operator shall assign a metering point reference number before forwarding the system access application);
- (h) A note stating that the system access application is made in accordance with the general terms and conditions for the distribution network.

3. System access applications for curtailable connections must contain the following information in addition to what is stated under points 1 and 2 above:

- (a) Actual maximum load during the previous year in kWh/h as indicated in the load profile (where new customers are concerned, the contracted capacity in kWh/h);
- (b) Identifier of the online meter;
- (c) Type and extent of accepted curtailments;
- (d) Periods of time for and maximum number of curtailments;
- (e) Maximum uninterrupted duration of curtailments;
- (f) Maximum total duration of curtailments during a year;
- (g) Maximum hourly load during curtailments (necessary minimum supply).

4. System access contracts for curtailable connections must, in particular, contain the following information:

- (a) The distribution system operator's duty to inform consumers of any curtailments following a request of the distribution area manager in due time. Such shall be considered to be fulfilled if consumers are informed about curtailments two hours in advance. However, a longer lead time for informing consumers about curtailments may be agreed in coordination with the distribution area manager;
- (b) The consumer's agreement to execute the agreed curtailment himself/herself following a request of the distribution system operator. Where this requirement is not complied with, the distribution system operator may execute the ordered curtailment and charge the related costs to the consumer;
- (c) A definition of the type and extent of accepted curtailments;
- (d) Remuneration rules for curtailments pursuant to the ordinance issued in accordance with section 70 Natural Gas Act 2011;
- (e) Periods of time for and maximum number of curtailments;

- (f) Contact persons and communication rules for information concerning individual curtailments;
- (g) Rules for data submission from the distribution system operator to the distribution area manager;
- (h) Rules for financial settlement of the system utilisation charge for curtailable connections pursuant to the ordinance issued in accordance with section 70 Natural Gas Act 2011.

5. System access contracts concluded with consumers must contain the following information in addition to what is stated under point 1 above:

- (a) Place for meter installation if no volume corrector is used;
 - (b) Contractual location in m a.s.l. if no volume corrector is used;
 - (c) Conversion factor at the time of contract signature (including information about possible adjustments of this factor pursuant to the ordinance issued in accordance with section 70 Natural Gas Act 2011);
 - (d) The assigned grid level in accordance with the Natural Gas Act 2011;
 - (e) The assigned standardised load profile, where applicable;
 - (f) The type and identification of the metering devices installed;
 - (g) Rules and regulations for seasonal system access, where applicable.
6. System use that temporarily exceeds contracted off-take capacity

The contracted off-take capacity may be exceeded in exceptional cases, in particular where short-term withdrawal (e.g. for start-up or unexpected needs) is concerned which is not reflected in the distribution area manager's long-term plan because it is no continuous capacity need - this might be made available after coordination and agreement. Excess use is subject to prior agreement of the distribution system operator in each individual case. The distribution system operator shall ask for the approval of the distribution area manager and give its own agreement only upon receiving such approval. System users may only exceed contracted off-take capacity in such individually agreed cases. Anticipating such cases, corresponding conditions may already be laid down in the system access contract; such conditions are likewise subject to the approval of the distribution area manager. System users shall receive positive or negative answer in reply to their need for temporary excess use of contracted off-take capacity within two working days after their written (e.g. e-mail) request has been received.

II. System Admission

1. System admission applications must contain at least the following information:

- (a) Identification of the facility to be supplied (exact address and customer name);
- (b) Forecast annual consumption in kWh;
- (c) If the connection line is to be installed on third party property, name and contact details of that property's owner;
- (d) Minimum desired and maximum allowed pressure at the desired withdrawal point in bar;
- (e) Connected capacity in kWh/h.

2. Minimum requirements for building and dismantling connection lines

(1) The distribution system operator shall inform the system user about the type and extent of envisaged property use in due time. Such use shall interfere with the property and buildings thereon as little as possible. In doing so, the legitimate interest of the system user shall be taken into account. The system user shall inform the distribution system operator about any circumstances on his/her property which might endanger the distribution system operator's installations.

(2) If the installations unduly interfere with the purpose of the property and the property owner requests that the installations be relocated after they have already been made, presenting a servitude or other written agreement, the distribution system operator shall bear the relocation costs, unless the installations also serve or served to supply that same property.

(3) The distribution system operator may remove its installations from the used properties at any time following the dissolution of the system access contract. The distribution system operator shall remove its installations if such is requested by the property owner, except where there is a servitude or other written agreement or the installations served to supply that same property. The distribution system operator may continue using the property even after an appropriate period of time following contract dissolution has elapsed if

such is necessary to maintain local supply. Where this is not the case, the distribution system operator shall remove its installations from the property and conclude works within an appropriate period of time.

(4) If necessary for safety reasons, the distribution system operator may request that the connection line be disconnected from its distribution system after the contract has expired; in such cases, the related costs must be borne by the (former) system user. Where lump sums apply, the amount of the disconnection costs shall correspond to the distribution system operator's price list. To facilitate administrative handling, the distribution system operator may charge a lump sum based on the related total costs. The costs-caused principle can be addressed by introducing factual categories (e.g. differentiating types of facilities).

III. Capacity Expansion

1. Handling of capacity expansion applications:

(1) The distribution system operator shall forward any customer application and information about any customers waiving their right to file applications to the distribution area manager without delay to enable the latter to consider the application or waiver in accordance with the stipulations on long-term planning (section 22 *Gaswirtschaftsgesetz* [Natural Gas Act] 2011).

(2) Capacity expansion applications may only be accepted if the distribution area manager confirms towards the distribution system operator that the necessary capacity is available, based on the occurrence of the following prerequisites and the conditions connected thereto:

(a) The long-term plan includes the measures necessary to satisfy the capacity need indicated in the application and this long-term plan has been approved by the regulatory authority;

(b) The system operators concerned have concluded network expansion contracts for the purpose of realising the measures contained in the long-term plan with the distribution area manager.

(3) Only after the applicant has duly signed the capacity expansion contract in accordance with the deadline set by the distribution system operator and the distribution area manager and once it has fulfilled all conditions stated in the capacity expansion contract – such as depositing collateral – within the period prescribed must the distribution system operator and the distribution area manager accept the application and sign the capacity expansion contract themselves, i.e. only then are the distribution system operator, the upstream system operators and the distribution area manager obliged to execute the necessary expansion works. If the capacity expansion contract is not duly signed or if the conditions stated in the capacity expansion contract are not fulfilled before the applicable deadlines expire, the capacity expansion contract is void.

(4) The applicant, the distribution area manager and the distribution system operator may agree to include non-discriminatory and factual conditions for the implementation of the capacity expansion measures in the capacity expansion contract. To offset the risk of the investment caused by an approved capacity expansion application, the capacity expansion contract shall foresee a charge for (partial) non-use of the connected capacity applied for via the capacity expansion contract, beginning with the contractually agreed start of service and to the extent of non-use. In cases of complete non-use of the connection capacity applied for via the capacity expansion contract, the charge shall at least correspond to the system provision charge payable for such connected capacity; in cases of partial non-use, the charge shall be reduced accordingly. The charge shall also be reduced to the extent that the unused capacity is used by third parties. Adequate collateral may be requested to ensure coverage of this charge. If the system user starts using (part of) the applied-for capacity after the contractually agreed start of service, offsetting the system provision charge pursuant to the ordinance issued in accordance with section 70 Natural Gas Act 2011 against the charge paid for (partial) non-use is not admissible.

(5) When accepting a capacity expansion application, the distribution system operator commits to granting the system user access to its distribution system starting on a defined date in the future pursuant to section 27 Natural Gas Act 2011.

(6) After being informed of the final date on which the capacity will be available and no later than ten working days before transports start, the system user shall file a system access application for new facilities pursuant to section 13 of this Ordinance. The distribution system operator shall expressly alert the system user in the capacity expansion contract to the necessity of filing a system access application. If such application is not filed in due time, transports cannot take place as agreed, without prejudice to the other rights and obligations of the parties to the capacity expansion contract.

Annex 2

Technical Rules

1. Framework

System access in the market area shall comply with the relevant technical rules (section 7 para. 1 item 53 *Gaswirtschaftsgesetz* (Natural Gas Act) 2011), which result from the following rules, guidelines and standards in particular:

- The regulations for the gas sector released by the Austrian Association for Gas and Water (OVGW)
- The Austrian ÖNORM standards
- The standards released by the European Committee for Standardisation (CEN)
- The standards released by the European Committee for Electrotechnical Standardization (CENELEC)
- The standards released by the German Institute for Standardisation (DIN)
- The standards released by the International Organization for Standardization (ISO)
- The EN standards

2. Gas quality

The quality requirements for injecting and transporting gas that are set in the general terms and conditions for the distribution network shall comply with OVGW regulation¹ G 31 *Gasbeschaffenheit* (Gas quality) or G B220 *Regenerative Gase - Biogase* (Renewable gas - biogas) in the version applicable at any one time.

3. Calculation of the invoiced calorific value for consumers

Determination of the data needed for financial settlement of consumers for gas generally follows the technical methods laid down in OVGW regulation G O110 (version of October 2015) and the ordinance issued pursuant to section 70 Natural Gas Act 2011.

Volume and calorific value (according to DIN EN ISO 6976 or 13686 natural gas) for determining the system charges shall be calculated in accordance with the methods following the technical rules.

System operators shall notify the volumes and pertaining calorific values relating to injecting parties for all their injections into a market area during every month to the market area manager (in the Tyrol and Vorarlberg market areas: to the distribution area manager). From this information, the market area manager (in the Tyrol and Vorarlberg market areas: the distribution area manager) shall calculate a weighted average calorific value for all gas injected into the market area; the market area manager (in the Tyrol and Vorarlberg market areas: the distribution area manager) shall publish this value no later on the 10th day of the following month.

If the calorific value calculated by the market area manager (or the distribution area manager) does not deviate from the current invoiced calorific value pursuant to the ordinance issued in accordance with section 70 Natural Gas Act 2011 by more than 2%, the latter shall be used to calculate energy quantities.

4. Calculation of energy amounts at distribution level

When using meter readings to calculate amounts of energy that will be used for clearing the network balances, the conversion factor to be used for entry from natural or biogenic gas production facilities, for entry from or exit into storage and for interconnection points between distribution system operators is the invoiced calorific value. When using metered normal cubic metres to calculate amounts of energy that are used to operate internal interconnection points from each transmission system to the distribution network in the market area, distribution-level cross-border interconnection points, natural or biogenic gas production or storage facilities, the conversion factor to be used is the actual calorific value.”

¹ Please note that, given that the OVGW regulations are currently undergoing a revision process, the numbering of regulations may have changed.

Annex 3

Entry/exit points

All physical entry and exit points to and from the network in the market area shall be considered entry/exit points.

All exit points from the transmission into the distribution network are handled centrally, by the distribution area manager, and are therefore treated as one exit point. The market area manager shall publish the entry/exit points on the online platform after it has coordinated with the distribution area manager and consulted the regulatory authority. Concerning the networks in the Tyrol and Vorarlberg market areas, the distribution area managers shall publish the entry points on the online platform after they have consulted the regulatory authority.