

Network Code on Gas Balancing

of Transmission Networks

An ENTSOG Network Code for ACER review and Comitology Procedure

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

The Network Code was developed following the Invitation Letter of the European Commission to draft a network code on Gas Balancing in Transmission Systems which was received by ENTSOG on 4 November 2011. The development of such a code is based upon the Framework Guidelines on Gas Balancing in Transmission Systems published by ACER on the 18 October 2011.

The Network Code is accompanied by the Accompanying Document for the Network Code (BAL415-12) which clarifies the chosen policy approaches and includes the Report on the Stakeholder Support Process summarising the feedback received during the consultation in form of the Stakeholder Support Process. All the documents are available on the ENTSOG website. In case of inconsistency between these documents, the Network Code shall prevail in all circumstances.

For the avoidance of doubt, the Accompanying Document shall not be construed as part of the Network Code and is publicly disclosed to the market for consultation purposes only and without any commitment whatsoever from ENTSOG as to the final content of the Network Code. Any and all interested parties, in their capacity as professional stakeholder, shall be responsible for seeking to obtain the accurate and relevant information needed for their own assessment and decision to respond to the consultation.

ENTSOG hereby disclaim all responsibility for changes to the Network Code as presented. Such changes may result from, amongst others, the results of the consultation or the Comitology Procedure.

Additionally, the content of the Network Code and the Accompanying Document should not be considered to give rise to any specific right or obligation whatsoever to ENTSOG or any of its members as to any stakeholder.

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

Table of contents

CHAPTER I. GENERAL PROVISIONS	6
Article 1. Subject matter and scope	6
Article 2. Definitions	6
Article 3. Principles	6
Article 4. Confidentiality	6
Article 5. Relationship with European law and National Rules	7
Article 6. Application of this Network Code	7
CHAPTER II. BALANCING SYSTEM	8
Article 7. General principle	8
Article 8. Trade notifications and Allocations	8
CHAPTER III. CROSS-BORDER COOPERATION	9
Article 9. General provisions	9
Article 10. Consultation process on proposals to integrate European gas market	9
Article 11. ENTSOG review process	10
CHAPTER IV. OPERATIONAL BALANCING	10
Article 12. General provisions	10
Article 13. Merit order	11
Article 14. Trading Platform	12
Article 15. Short Term Standardised Products	13
Article 16. Balancing Services	14
Article 17. Incentives	15
CHAPTER V. NOMINATIONS	16
Article 18. General provisions	16
Article 19. Information provision regarding nominations (respectively re-nominations) at Interconnection Points	17

Article 20. Nomination procedure at Interconnection Points.....	17
Article 21. Re-nomination procedure at Interconnection Points.....	18
Article 22. Specific provisions at Interconnection Points.....	18
Article 23. Rejection of nominations (respectively re-nominations) or amendment of the requested gas quantity at Interconnection Points	19
Article 24. Nomination (respectively re-nomination) procedure at non-Interconnection Points	19
Article 25. Transitional measures for nominations (respectively re-nominations)	20
CHAPTER VI. DAILY IMBALANCE CHARGES.....	20
Article 26. General provisions	20
Article 27. Daily Imbalance Charge Calculation Methodology.....	20
Article 28. Daily Imbalance Quantity calculation	21
Article 29. Applicable price.....	21
Article 30. Daily Imbalance Charge	23
CHAPTER VII. WITHIN DAY OBLIGATIONS	23
Article 31. General provisions	23
Article 32. TSO's Within Day Obligations requirements and procedure of approval.....	23
Article 33. National regulatory authority decision making	26
Article 34. Existing Within Day Obligations	27
CHAPTER VIII. NEUTRALITY ARRANGEMENTS	27
Article 35. Principles of neutrality mechanism	27
Article 36. Balancing neutrality cash flows.....	28
Article 37. Credit risk management arrangements.....	28
CHAPTER IX. INFORMATION PROVISION.....	29
Article 38. Information provided by TSOs to Network Users.....	29
Article 39. General provisions	29
Article 40. Network User's Inputs and Off-takes before and during the Gas Day	30
Article 41. Network User's Inputs and Off-takes after the Gas Day.....	32

Article 42. Cost benefit analysis	32
Article 43. Information from DSO(s) and Forecasting Party(-ies)	33
CHAPTER X. LINEPACK FLEXIBILITY SERVICE.....	34
Article 44. General provisions	34
Article 45. Conditions for provision of Linepack Flexibility Service.....	35
CHAPTER XI. IMPLEMENTATION, INTERIM MEASURES AND ENTRY INTO FORCE	36
Article 46. Implementation	36
Article 47. Interim measures: general provisions	36
Article 48. Interim measures: annual report.....	37
Article 49. Specific provisions under interim regimes.....	38
Article 50. Entry into force	41

Having regard to Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC;

Having regard to Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005 and especially Article 6;

Having regard to the ACER Framework Guidelines on Gas Balancing in Transmission Systems dated 18 October 2011;

Having regard to the Invitation Letter of the European Commission to draft a network code on Gas Balancing in Transmission Systems dated 4 November 2011;

[Having regard to the outcome of the Comitology Procedure and final decision dated [xx];

Whereas:

The Regulation defines several tasks for ENTSOG. Amongst these is the development of European-wide harmonised network codes in the areas referred to in Article 8(6) of the Regulation to be applied by all transmission system operators for gas.

The process for delivering a Network Code by ENTSOG is based on the procedure set out in Article 6 of the Regulation.

With regard to balancing rules referred in Article 8(6)(j) of the Regulation, ACER published the Framework Guidelines pursuant to Article 6(2) of the Regulation.

These Framework Guidelines were reviewed by the European Commission and approved as the basis for ENTSOG's work on the Network Code.

This Network Code was developed upon the basis of ENTSOG Gas Balancing Launch Documentation published on 2 December 2011 (BAL0125-11) at the beginning of the code development process and inputs from ENTSOG members via its Balancing Working Group and from external stakeholders via Stakeholders' Joint Working Sessions held regularly between October 2011 and March 2012. The materials from the latter are to be found on <http://www.entsog.eu/publications/balancing.htm>.

As foreseen by Article 26 of the Rules of Procedure of ENTSOG as well as by ENTSOG Guidelines on Stakeholder Interaction during the Network Code Development Process, ENTSOG consulted the market on its proposed draft Network Code and published on its website a document comprising all non-confidential responses.

CHAPTER I.
GENERAL PROVISIONS

Article 1.
Subject matter and scope

1. This Network Code sets out provisions regarding gas balancing regimes within the borders of the European Union with the aim to facilitate gas trading across Balancing Zones toward greater market integration.
2. This Network Code defines gas balancing rules, including network-related rules on nominations procedure, on imbalance charges and on operational balancing as required by Article 8(6)(j) of the Regulation.
3. This Network Code does not cover the specific measures regarding an emergency as defined under the National Rules to be implemented by the TSOs.
4. This Network Code does not cover any specific measures regarding reconciliation that would be necessary between Allocations and the actual consumption subsequently determined.
5. This Network Code aims to harmonise gas balancing arrangements to support the completion and functioning of the European internal gas market, the security of supply and appropriate access to the relevant information, in order to facilitate trade, including cross-border trade, to move forward towards greater market integration.
6. The rules applying to balancing regimes may need to take into account in certain circumstances Distribution Systems. This Network Code therefore includes relevant provisions in respect thereof applying to DSOs with the aim to harmonise DSOs' roles where and to the extent necessary for the due implementation of its provisions.

Article 2.
Definitions

1. For the purpose of this Network Code, the definitions set out in Annex 1 shall apply.
2. For the purpose of this Network Code, 'publish' refers to the process of disclosing information to make it available to the general public. Where pursuant to this Network Code a TSO is required to send, provide or make available any information, the TSO shall be treated as having satisfied such an obligation where it publishes such information on a website or another support, that can ensure the information is publicly available.

Article 3.
Principles

The requirements established in this Network Code and the respective implementation by the TSOs are based on the principles of fairness, non-discrimination, transparency, competitiveness and proportionality in accordance with the Regulation and the Directive.

Article 4.
Confidentiality

1. Without prejudice to the obligation related to relevant binding rules regarding the confidentiality of commercially sensitive information under the European law as transposed in the country of operation, each TSO shall preserve the confidentiality of the information and data submitted to it

for the implementation of this Network Code and shall not disclose any of these to third parties save for the use of such confidential information exclusively for the purpose for which it has been submitted, notably to verify the compliance of requirements set forth in this Network Code.

2. Notwithstanding the above, Article 4(1) shall not apply where a TSO is compelled under the relevant European law or National Rules to disclose such confidential information, under the conditions set forth in the relevant European law and/or National Rules.

Article 5.

Relationship with European law and National Rules

1. This Network Code is without prejudice to:
 - a) the rights of Member States to maintain or introduce measures in the National Rules that contain more detailed provisions than those set out herein provided that such measures are consistent with the general principles set out in this Network Code;
 - b) public service obligations of a TSO arising from the European law as applied in the Member State concerned with regard to balancing;
 - c) the regulatory regime for cross-border issues pursuant to Article 42 of the Directive and to the responsibilities and powers of the regulatory authorities established according to Article 41(6) of the Directive;
 - d) specific measures implemented under the Regulation or Regulation (EU) No 994/2010 on security of gas supply.
2. The TSOs shall not be held liable for non-compliance with any provision of this Network Code, if this arises as a result of complying with specific measures under another regulation which shall prevail.
3. This Network Code provides the minimum requirements to be complied with and any decision of a Member State or an individual TSO to go beyond shall in no circumstances affect the content of the present Network Code.

Article 6.

Application of this Network Code

1. In the event of any conflict or inconsistency between the terms of this Network Code and any provisions related to balancing contained in another network code or National Rules, the terms of this Network Code shall prevail to the extent and in accordance with the provisions set forth in this Chapter.
2. This Network Code shall be amended to the extent needed as from the entry into force to adapt its provisions to any changes in terms of needs, obligations or legislation in accordance with Article 7 of the Regulation.

CHAPTER II.
BALANCING SYSTEM

Article 7.
General principle

1. The Network Users shall take primary responsibility to balance their Portfolios in order to minimise the need for TSOs to undertake Balancing Actions defined under this Network Code.
2. The balancing regime shall reflect genuine system needs, taking into account the resources available to TSOs and appropriately incentivise Network Users to balance their Portfolios efficiently.

Article 8.
Trade notifications and Allocations

1. Gas transfer between two (2) Portfolios within one (1) Balancing Zone shall be made through trade notifications (disposing and acquiring accordingly) submitted to the relevant TSO in respect of the Gas Day.
2. The timing for submitting, withdrawing and amending trade notifications shall be defined by the TSO in the relevant transport contract (or other legally binding arrangement, as relevant) with Network Users taking into account the time, if any, for processing thereof. The TSO shall enable the Network Users to submit trade notifications as close as reasonably possible to the time when the trade notification becomes effective.
3. The TSO shall minimise the time for processing which shall be no longer than thirty (30) minutes except where the time when the trade notification becomes effective permits to extend this time up to two (2) hours.
4. A trade notification shall provide at least the following information:
 - a) the Gas Day for which gas is transferred;
 - b) the identification of the Portfolios concerned;
 - c) whether it is a disposing or an acquiring trade notification;
 - d) the Notification Quantity expressed in kWh/d for daily Notification Quantity or in kWh/h for hourly Notification Quantity, as required by the TSO concerned.
5. If the TSO receives a corresponding set of a disposing and an acquiring trade notifications and the Notification Quantities are equal then the TSO shall allocate the Notification Quantity to the Portfolios concerned:
 - a) as an Off-take to the Portfolio of the Network User making the disposing trade notification;
and
 - b) as an Input to the Portfolio of the Network User making the acquiring trade notification.

6. Should the Notification Quantities referred to in Article 8(5) not be equal, the TSO concerned shall either allocate the lower Notification Quantity specified in the relevant trade notification or shall reject both trade notifications. The applicable rule shall be defined by the TSO in the applicable relevant transport contract (or other legally binding arrangement, as relevant).
7. Nothing shall prevent the intervention of a service provider acting on behalf of a Network User for the purpose of Article 8(5), subject to the prior approval of the relevant TSO.
8. A Network User may make a trade notification on a Gas Day irrespective of whether any nomination was made by this Network User for that Gas Day.

CHAPTER III.
CROSS-BORDER COOPERATION

*Article 9.
General provisions*

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

*Article 10.
Consultation process on proposals to integrate European gas market*

1. The TSOs with common boundaries of their transmission networks shall consult the stakeholders on proposals for project development where opportunities to integrate Balancing Zones are identified.
2. In this process such TSOs shall consult stakeholders on options for cooperation.
3. The proposal(s) shall include an impact assessment of the expected costs and benefits and on the timeline for the completion.
4. Upon the closing of the consultation, within a reasonable period of time, the TSOs involved shall publish the result and send them to ENTSOG.
5. ENTSOG shall consolidate and compile these results to be shared with the relevant national regulatory authorities and ACER.
6. In order to finalise the proposal(s) the relevant TSOs will work within ENTSOG in the light of comments, if any, made by ENTSOG, the national regulatory authorities involved and ACER.
7. The relevant TSOs shall finalise and submit the final proposals for approval to the relevant national regulatory authorities and for information to ACER and ENTSOG.
8. The submitted proposals could include:
 - shipper-led cross-border portfolio balancing, which would allow Network Users to net their imbalances between adjacent Balancing Zones;
 - cross-border TSO balancing, which would allow TSOs to act as intermediaries to facilitate access to Flexible Gas in adjacent markets; and

- a joint Balancing Platform for TSOs in adjacent Balancing Zones, which would allow TSOs to buy and sell balancing gas, where sufficient interconnection exists.
9. The national regulatory authorities involved in the process shall coordinate amongst themselves to reach the best outcome possible when providing a joint decision on this proposal within a reasonable period of time as from the submission by the TSOs referred to in Article 10(7) in accordance with the National Rules and defined procedure, if any, between these national regulatory authorities. Any decision shall be duly motivated and communicated to the TSOs concerned and made public by the national regulatory authority without undue delay.
 10. The national regulatory authorities may seek an opinion or a recommendation from ACER, based on the provisions of the Agency Regulation.
 11. The requirements set forth in this Article shall not prevent in any case TSOs in a gas region (as defined in the European regional initiatives) from bringing forward or consulting on proposals regarding their cooperation referred to in Article 9.

Article 11.
ENTSOG review process

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

CHAPTER IV.
OPERATIONAL BALANCING

Article 12.
General provisions

1. The TSO shall undertake Balancing Actions in order to:
 - a) maintain the transmission network within its operational limits;
 - b) achieve an end of day linepack position in the transmission network different from the one anticipated on the basis of expected Inputs and Off-takes for that Gas Day, consistent with economic and efficient operation of the transmission network.

2. While undertaking Balancing Actions the TSO shall consider at least the following information in respect of a Balancing Zone:
 - a) the TSO's own estimates of demand of gas over and within the Gas Day for which the Balancing Action(s) is(are) considered;
 - b) nomination and Allocation information and measured gas flows;
 - c) distribution of gas in the transmission network(s).
3. For the purpose of this Network Code, the short term standardised products ('Short Term Standardised Product(s)') are defined and detailed hereafter, namely: Title Products, Locational Products, Temporal Products and Temporal Locational Products.
4. The TSO shall undertake Balancing Actions through:
 - a) the buying or selling of Short Term Standardised Products on a Trading Platform; and/or
 - b) the use of Balancing Services.
5. While undertaking Balancing Actions the TSO shall take into account the following principles:
 - a) the Balancing Actions shall be undertaken on a non-discriminatory basis;
 - b) the Balancing Actions shall have regard to any obligation upon TSOs to operate an economic and efficient transmission network.

Article 13.
Merit order

1. Subject to the principles set forth in Article 12(5), when deciding upon the appropriate Balancing Actions to undertake, the TSO shall:
 - a) prioritise the use of Title Products where and to the extent appropriate over any other available Short Term Standardised Products.
 - b) use Locational Products when, in order to keep the transmission network within its operational limits, gas flow changes are needed at specific Entry and/or Exit Points and/or to start from a specific period of time within the Gas Day.
 - c) use Temporal Products when, in order to keep the transmission network within its operational limits, gas flow changes are needed within a specific period of time within the Gas Day. The TSO shall only use a Temporal Product when in its discretion under defined circumstances it would be more economic and efficient than the buying and selling of a combination of Title Products or Locational Products.
 - d) use Temporal Locational Products when, in order to keep the transmission network within its operational limits, gas flow changes are needed at specific Entry and/or Exit Points and within a specific period of time within the Gas Day. The TSO shall only use a Temporal

Locational Product when in its discretion under defined circumstances it would be more economic and efficient than the buying and selling of a combination of Locational Products.

- e) only use Balancing Services where Short Term Standardised Products will not or are not likely to provide, upon assessment of the TSO concerned, the response necessary to keep the transmission network within its operational limits.
2. While trading in Short Term Standardised Products, the TSO shall prioritise the use of within day products over day ahead products where and to the extent appropriate.
3. If prices in the adjacent Balancing Zone are frequently more favourable than those in the TSO's own Balancing Zone(s) then the TSO may seek approval from its own national regulatory authority to trade and have the gas transported to and from such an adjacent Balancing Zone as an alternative to trading Title Products and/or Locational Products in its own Balancing Zone(s). When deciding on granting the approval the national regulatory authority may consider alternative solutions to improve the functioning of the domestic market. The applicable terms and conditions shall be reconsidered on an annual basis by the TSO and the national regulatory authority. The use of this Balancing Action shall not limit the access and use by the Network Users of capacity at the Interconnection Point concerned.
4. The TSO shall publish on a yearly basis the information with regard to the costs, frequency and quantity of the Balancing Actions undertaken in accordance with each of the requirements set out in Article 13(1)(a) to (e).

Article 14.
Trading Platform

1. For the purpose of procurement of Short Term Standardised Products, the TSO shall trade on a Trading Platform that meets all the following criteria:
 - a) provides sufficient support throughout the Gas Day to both the Network Users to trade in and the TSOs to undertake appropriate Balancing Actions through trade in the relevant Short Term Standardised Products;
 - b) provides transparent and non-discriminatory access;
 - c) provides services on an equal treatment basis;
 - d) ensures anonymous trading at least until a transaction is concluded;
 - e) provides a detailed overview of the current bids and offers to all Trading Participants;
 - f) ensures that all trades are duly notified to the TSO.
2. The relevant TSO shall endeavour to ensure that the criteria set forth in Article 14(1) are met on at least one (1) Trading Platform.

3. Where the requirements set out in Article 14(2) cannot be fulfilled, the relevant TSO shall take the necessary measures towards the establishment of a Balancing Platform as set forth in Article 49.
4. As soon as reasonably possible after each trade is concluded, the Trading Platform Operator shall make available to the relevant Trading Participants sufficient details to confirm the trade.
5. The Trading Participant shall be responsible for submitting the trade notification to the relevant TSO as defined in Article 8 unless the responsibility is assigned to a Trading Platform Operator or a third party in accordance with the applicable rules of the Trading Platform.
6. The Trading Platform Operator shall:
 - a) publish the evolution of the Marginal Buy Price and Marginal Sell Price as soon as reasonably possible after each trade; or
 - b) provide the relevant TSO with the relevant information as soon as reasonably possible where the TSO elects to publish the evolution of the Marginal Buy Price and Marginal Sell Price. The TSO shall publish this information as soon as reasonably possible after its receipt.

Where there is more than one (1) Trading Platform Operator in the same Balancing Zone Article 14(6)(b) shall apply.

7. The Trading Platform Operator shall only allow a trade on this Trading Platform provided the Trading Participants are entitled to make trade notifications.
8. The TSO shall immediately inform the Trading Platform Operator of Network User's losing the right to make trade notifications which shall result in the suspension of the Network User's right to trade on the Trading Platform, without prejudice to the other remedies that could be available in such case to the Trading Platform Operator under the applicable rules of the Trading Platform.

Article 15.

Short Term Standardised Products

1. The Short Term Standardised Products shall be traded for delivery on a within day or day ahead basis seven (7) days a week in accordance with the applicable rules of the Trading Platform as defined between the Trading Platform Operator and the relevant TSO.
2. The Short Term Standardised Products shall be the subject matter of the relevant trades referred to in Article 15(4) to (7) to be entered into by the Trading Participants.
3. The originating Trading Participant is the Trading Participant that posts a bid or an offer to trade on the Trading Platform and the accepting Trading Participant is the Trading Participant that accepts it.
4. Where a Title Product is traded, the following conditions shall be met by the Trading Participants:
 - a) one (1) Trading Participant makes an acquiring trade notification and the other makes a disposing trade notification;

- b) both trade notifications shall specify the gas quantity transferred from the Trading Participant who makes a disposing trade notification to the Trading Participant who makes an acquiring trade notification;
 - c) where an hourly Notification Quantity is used, it shall be applied flat to all the remaining hours of the Gas Day from a specified start time and shall be equal to zero for all the hours before this start time.
5. Where a Locational Product is traded, the following conditions shall be met:
- a) the TSO shall determine the relevant Entry and/or Exit Points (or groups thereof) that can be used;
 - b) all the conditions specified for Title Product in Article 15(4) are fulfilled;
 - c) the originating Trading Participant modifies the quantity of gas to be delivered and/or off-taken to/from the transmission network at the specified Entry and/or Exit Point(s) by an amount equal to the Notification Quantity and provides evidence to the TSO ;
 - d) nothing shall prevent the Trading Platform Operator and the TSO to agree to use another mechanism to identify the Trading Participant having the obligation referred to in Article 15(5)(c).
6. Where a Temporal Product is traded, the following conditions shall be met:
- a) the conditions specified in Article 15(4)(a) and (b) are fulfilled;
 - b) an hourly Notification Quantity shall be applied to the hours of the Gas Day from a specified start time up to a specified end time and shall be equal to zero for all the hours before the start time and zero for all the hours after the end time.
7. Where a Temporal Locational Product is traded, the conditions specified in Article 15(5)(a), (c), and (d) and Article 15(6) are fulfilled.
8. When establishing the Short Term Standardised Products, the TSOs from adjacent Balancing Zones shall coordinate among themselves to define the relevant products.

Article 16.
Balancing Services

- 1. The TSO may procure Balancing Services for those situations in which Short Term Standardised Products will not or are not likely to provide, upon assessment of the TSO concerned, the response necessary to keep the transmission network within its operational limits or in absence of Liquidity of Short Term Standardised Products.
- 2. For the purpose of undertaking Balancing Actions through the use of Balancing Services, the TSO shall consider when procuring these Balancing Services at least the following:
 - a) how Balancing Services will keep the transmission network within its operational limits;

- b) the response time of the Balancing Services compared to the response times of any available Short Term Standardised Products;
 - c) the estimated cost of the procurement and use of Balancing Services compared to the estimated cost of use of any available Short Term Standardised Products;
 - d) the location at which the gas needs to be delivered;
 - e) the TSO's gas quality requirements;
 - f) to what extent the procurement and use of Balancing Services may affect the Liquidity of the Short Term Wholesale Gas Market.
3. Balancing Services shall be procured in a market based manner, through a transparent and non-discriminatory public tender procedure in accordance with the National Rules, in particular:
- a) Prior to any commitment to contract for a Balancing Service, the TSO shall publish a non-restrictive call for tender indicating the purpose, scope and related instructions to tenderers, to enable them to participate in the tender process.
 - b) The results shall be published without prejudice to the protection of commercially sensitive information and individual results shall be disclosed to each tenderer.
 - c) A procedure other than a public tender may be approved by the national regulatory authority for the procurement of Balancing Services under specific circumstances in accordance with the National Rules.
4. Unless a decision by the competent national regulatory authority allows for a longer duration of a Balancing Service, the duration of a Balancing Service shall not exceed one (1) year and the starting date shall occur within a twelve (12)-month period from the related binding commitment of the contracting parties.
5. The TSO shall review the use of its Balancing Services each year as from the entry into force of this Network Code in order to assess whether available Short Term Standardised Products would better meet the TSO's operational requirements and whether the use of Balancing Services could be reduced for the next year.
6. The TSO shall publish on a yearly basis the information with regard to the Balancing Services procured and the related costs incurred.

Article 17.
Incentives

1. The relevant national regulatory authority may incentivise the TSOs to promote the TSO's efficient undertaking of Balancing Actions and/or to maximise the undertaking of Balancing Actions through the trade in Short Term Standardised Products, in order to foster the Liquidity of the Short Term Wholesale Gas Market.

2. The TSO may submit to the competent national regulatory authority for approval in accordance with the National Rules an incentive mechanism that shall be consistent with the general principles set out in this Network Code.
3. Prior to submitting the proposal referred to in Article 17(2), the TSO may consult the relevant stakeholders upon the TSO's own initiative or upon the national regulatory authority's request.
4. The incentive mechanisms shall:
 - a) be based on the TSO's performance via capped payments to the TSO for outperformance and by the TSO for underperformance, that are measured against predetermined performance targets which may include but not be limited to costs targets;
 - b) take into account the means available to the TSO to control the performance;
 - c) ensure that its application accurately reflects the allocation of responsibilities between the acting parties;
 - d) be adapted to the current state of development of the relevant gas market where it is to be implemented;
 - e) be subject to a regular review by the TSO together with the relevant national regulatory authority to evaluate where and to what extent changes thereto may be needed.

CHAPTER V.
NOMINATIONS

Article 18.
General provisions

1. The gas quantity to be specified in the nomination (respectively re-nomination) shall be defined by the TSO either in kWh/d for daily nominations (respectively re-nominations) or in kWh/h for hourly nominations (respectively re-nominations).
2. For the purpose of Balancing Activities, the TSO may require Network Users to provide further information on nominations (respectively re-nominations) in addition to the requirements set forth in this Network Code, including but not limited to an accurate, updated and sufficiently detailed forecast of the expected Inputs and Off-takes in accordance with the specific need(s) of the TSO for the Balancing Activity concerned.
3. Provisions of Article 19 to 22 regarding the timings and deadlines shall apply to single nominations (respectively re-nominations) for bundled capacity products, as well as the nominations (respectively re-nominations) for unbundled capacity products, *mutatis mutandis*. For the avoidance of doubt, TSOs shall cooperate for the purpose of implementing nomination (respectively re-nomination) rules for bundled capacity products at Interconnection Points.

Article 19.

Information provision regarding nominations (respectively re-nominations) at Interconnection Points

1. Nominations (respectively re-nominations) provided by Network Users to the TSOs with regard to Interconnection Points shall contain at least the following information:
 - a) Interconnection Point identification;
 - b) direction of gas flow;
 - c) Network User identification or, if applicable, its Portfolio identification;
 - d) Network User's Counterparty identification or, if applicable, its Portfolio identification;
 - e) start and end time of gas flow for which the nomination (respectively re-nomination) is submitted;
 - f) Gas Day D;
 - g) the gas quantity requested to be transported.

Article 20.

Nomination procedure at Interconnection Points

1. Network Users may submit to the TSO the nomination(s) for Gas Day D no later than the nomination deadline ('Nomination Deadline') on Gas Day D-1. For the purpose of this Network Code, the Nomination Deadline shall be 13:00 UTC or, when daylight saving time is applied, 12:00 UTC on Gas Day D-1.
2. The last nomination received by the TSO from a Network User before the Nomination Deadline shall be taken into account by the TSO.
3. The TSO shall send the Confirmation Notice to the respective Network Users no later than the confirmation deadline ('Confirmation Deadline') on Gas Day D-1. For the purpose of this Network Code, the Confirmation Deadline shall be 15:00 UTC or, when daylight saving time is applied, 14:00 UTC on Gas Day D-1.
4. The TSOs at either side of the Interconnection Point may agree to offer a pre-nomination cycle within which:
 - a) Network Users are not obliged to submit nominations;
 - b) Network Users may submit to TSOs the nominations for Gas Day D no later than 12:00 UTC or, when daylight saving time is applied, 11:00 UTC on Gas Day D-1;
 - c) The TSO shall send the message regarding the Processed Quantities to the respective Network Users no later than 12:30 UTC or, when daylight saving time is applied, 11:30 UTC on Gas Day D-1.

5. In the absence of valid nominations sent by the Network Users before the Nomination Deadline, the respective TSOs shall apply the relevant Default Nomination Rule.

Article 21.

Re-nomination procedure at Interconnection Points

1. Network Users may submit re-nominations within the re-nomination period which starts immediately after the Confirmation Deadline and ends no earlier than three (3) hours before the end of Gas Day D. The TSO shall start a Re-nomination Cycle at the start of every hour within the re-nomination period.
2. The last re-nomination received by the TSO from a Network User before the Re-nomination Cycle starts shall be taken into account by the TSO in the Re-nomination Cycle.
3. The TSO shall send the Confirmation Notice to the respective Network Users within two (2) hours from the start of each Re-nomination Cycle. The start time of the effective gas flow change shall be two (2) hours from the start of the Re-nomination Cycle, unless:
 - a) a later time is requested by the Network User; or
 - b) an earlier time is allowed by the TSO.
4. For the purpose of this Network Code, it shall be assumed that any change to the gas flow occurs at the start of each hour.

Article 22.

Specific provisions at Interconnection Points

1. Where daily and hourly nominations (respectively re-nominations) co-exist at an Interconnection Point, the relevant TSOs or national regulatory authorities (as appropriate) may consult the relevant stakeholders for the purpose of identifying whether harmonised nominations (respectively re-nominations) should be submitted at both sides of this Interconnection Point. This consultation shall consider at least the following:
 - a) financial impact on TSOs and Network Users;
 - b) impact on cross-border trade;
 - c) impact on the daily balancing regime at the Interconnection Point(s).
2. Following this consultation, the proposed changes, if any, shall be approved by the relevant national regulatory authorities in accordance with the National Rules and defined procedure, if any, between these national regulatory authorities within a reasonable period of time. Once the proposed changes are approved, subject to the National Rules the TSOs shall amend accordingly the existing interconnection agreements and the transport contracts (or other legally binding arrangements, as relevant) to the extent affected and publish such changes.

Article 23.

Rejection of nominations (respectively re-nominations) or amendment of the requested gas quantity at Interconnection Points

1. The TSO may reject:
 - (i) a nomination (respectively re-nomination) as soon as reasonably possible and no later than 2 (two) hours after the Nomination Deadline (respectively a Re-nomination Cycle starts) in the following cases:
 - a) it does not comply with the requirements as to its content; and/or
 - b) it is submitted by an entity other than a Network User or a party not entitled to act as or on behalf of a Network User; and/or
 - c) in the case of daily nominations (respectively re-nominations) it results in a negative Implied Nomination Flow Rate; and/or
 - d) it exceeds the Network User's allocated capacity.
 - (ii) a re-nomination as soon as reasonably possible and no later than 2 (two) hours after a Re-nomination Cycle starts in the following additional cases:
 - a) it exceeds the Network User's allocated capacity for the remaining hours, unless this re-nomination is submitted in order to request interruptible capacity, where offered by the TSO; and/or
 - b) in the case of hourly re-nominations it results in an expected gas flow change before the end of the Re-nomination Cycle.
2. The TSO shall not reject a Network User's nomination (respectively re-nomination) on the sole ground that this Network User's intended Inputs are not equal to its intended Off-takes.
3. In case a re-nomination is rejected, the TSO shall use the Network User's last Confirmed Quantity, if any.
4. The TSO may amend the gas quantity requested under a nomination (respectively re-nomination) in accordance with National Rules or legally binding agreements between the TSO and Network User.

Article 24.

Nomination (respectively re-nomination) procedure at non-Interconnection Points

1. The TSO shall determine at which non-Interconnection Points nominations (respectively re-nominations) are required.
2. Where nominations (respectively re-nominations) are required at non-Interconnection Points the following principles shall apply:

- a) Network Users shall be entitled to submit re-nominations for the Gas Day, considering the technical flexibility of these points;
- b) the TSO shall confirm or reject the submitted nominations (respectively re-nominations) as soon as reasonably possible as from their receipt.

Article 25.

Transitional measures for nominations (respectively re-nominations)

1. A TSO may propose transitional measures for nominations (respectively re-nominations) at Interconnection Points for a period not exceeding two (2) years as from the entry into force of this Network Code, to implement the rules set forth in Article 18 to 24. Any such transitional measures shall be subject to the prior approval by the competent national regulatory authority and the approval process for these measures shall be in accordance with the National Rules. For the avoidance of doubt, these transitional measures are not interim measures as described in Chapter XI.
2. With respect to each Gas Day D, these measures shall provide the Network Users with:
 - a) the right to submit nominations on Gas Day D-1; and
 - b) at least one (1) Re-nomination Cycle on Gas Day D-1 and at least one (1) Re-nomination Cycle on Gas Day D.
3. These measures shall be published by the TSO concerned within a reasonable period of time following the approval referred to in Article 25(1).

CHAPTER VI.

DAILY IMBALANCE CHARGES

Article 26.

General provisions

1. Network Users shall be bound to pay or entitled to receive (as appropriate) Daily Imbalance Charges in relation to their Daily Imbalance Quantity for each Gas Day.
2. Daily Imbalance Charges shall be identified separately on the TSO's invoice to Network Users.
3. A Daily Imbalance Charge is applied in a Balancing Zone.
4. The Daily Imbalance Charge shall be cost reflective and shall take account of the prices associated with TSO's Balancing Actions, if any, and of the Small Adjustment, in order to provide incentives for Network Users to balance their Portfolio(s).

Article 27.

Daily Imbalance Charge Calculation Methodology

1. The TSO shall submit its Daily Imbalance Charge Calculation Methodology to the competent national regulatory authority for approval in accordance with the National Rules.

2. Once approved, the Daily Imbalance Charge Calculation Methodology shall be published on a relevant website. Any update thereof shall be made available in a timely manner.
3. The Daily Imbalance Charge Calculation Methodology shall define:
 - a) the calculation of the Daily Imbalance Quantity referred to in Article 28;
 - b) the derivation of the applicable Marginal Sell Price, Marginal Buy Price and the calculation of the Small Adjustment, referred to in Article 29; and
 - c) any other parameter that may be necessary.
4. The present Article is without prejudice to the right of the national regulatory authority to fix the methodology referred to herein, which shall be consistent with the provisions set forth in this Chapter.

*Article 28.
Daily Imbalance Quantity calculation*

1. The TSO shall calculate a Daily Imbalance Quantity for each Network User in accordance with the following formula:

$$\text{Daily Imbalance Quantity} = \text{Inputs} - \text{Off-takes}$$

2. Where a Linepack Flexibility Service is offered and/or any arrangement whereby Network Users provides gas to cover shrinkage gas, including gas in kind, the Daily Imbalance Quantity calculation shall be adapted accordingly.
3. Where the sum of a Network User's Inputs for the Gas Day is equal to the sum of its Off-takes for this Gas Day then a Network User is deemed balanced for this Gas Day.
4. Where the sum of a Network User's Inputs for the Gas Day is not equal to the sum of its Off-takes for this Gas Day then a Network User is deemed imbalanced for this Gas Day and Daily Imbalance Charges shall be applied in accordance with Article 30.
5. The TSO shall provide a Network User with an initial and a final Daily Imbalance Quantity in accordance with Article 41.
6. The Daily Imbalance Charge shall be based on the final Daily Imbalance Quantity.

*Article 29.
Applicable price*

1. For the purpose of Daily Imbalance Charge calculation as provided in Article 30 the applicable price shall be determined as follows:
 - a) Marginal Sell Price where the Daily Imbalance Quantity is positive (i.e. the Network User's Inputs for that Gas Day exceed its Off-takes for that Gas Day), or

- b) Marginal Buy Price where the Daily Imbalance Quantity is negative (i.e. the Network User's Off-takes for that Gas Day exceed its Inputs for that Gas Day).
2. A Marginal Sell Price and a Marginal Buy Price shall be calculated for each Gas Day pursuant to the following:
- a) A Marginal Sell Price is the lower of:
- the lowest price of any trades in Title Products in which the TSO is involved in respect of the Gas Day, or
 - the Weighted Average Price of gas in respect of that Gas Day, minus a Small Adjustment.
- b) A Marginal Buy Price is the higher of:
- the highest price of any trades in Title Products in which the TSO is involved in respect of the Gas Day, or
 - the Weighted Average Price of gas in respect of that Gas Day, plus a Small Adjustment.
- c) A default rule shall be defined in case Article 29(2)(a) and (b) do not allow for the derivation of a Marginal Sell Price and/or Marginal Buy Price.
- d) Subject to the approval of the competent national regulatory authority in accordance with the National Rules the price of Locational Products may be taken into account for the purpose of determining the Marginal Sell Price, the Marginal Buy Price and the Weighted Average Price, where proposed by the TSO with corresponding consideration of the extent of the TSO's use of Locational Products.
3. The Small Adjustment shall:
- a) incentivise Network Users to balance their Inputs and Off-takes;
- b) be designed and applied in a non-discriminatory manner in order to:
- not deter market entry;
 - not impede the development of competitive markets;
- c) not have a detrimental impact on cross-border trade;
- d) not result in Network Users' excessive financial exposure to Daily Imbalance Charges.
4. The value of the Small Adjustment may differ for determining the Marginal Buy Price and the Marginal Sell Price. The values of the Small Adjustment shall not exceed ten (10) percent of the Weighted Average Price unless the TSO concerned can justify otherwise to the competent national regulatory authority and have it approved pursuant to Article 27.

Article 30.
Daily Imbalance Charge

1. To calculate Daily Imbalance Charges for each Network User, the TSO shall multiply a Network User's Daily Imbalance Quantity by the applicable price derived in accordance with Article 29.
2. Daily Imbalance Charges shall be applied as follows:
 - a) if a Network User's Daily Imbalance Quantity for the Gas Day is positive then this Network User shall be deemed to have sold gas to the TSO equivalent to the Daily Imbalance Quantity and therefore shall be entitled to receive a credit in respect of Daily Imbalance Charges from the TSO; and
 - b) if a Network User's Daily Imbalance Quantity for the Gas Day is negative then this Network User shall be deemed to have purchased gas from the TSO equivalent to the Daily Imbalance Quantity and therefore shall be obliged to pay Daily Imbalance Charges to the TSO.

CHAPTER VII.
WITHIN DAY OBLIGATIONS

Article 31.
General provisions

1. Where Network Users have to be incentivised to manage their within day position in order to reduce the need for a TSO to undertake Balancing Actions to manage the transmission network's position within the Gas Day and ensure its transmission network remains within its operational limits, this TSO may apply rules regarding Network Users' actual Inputs and/or Off-takes during the Gas Day. These rules will be referred to as Within Day Obligations under this Network Code.
2. Within Day Obligations shall only be used for the purpose of ensuring the system integrity of transmission network and minimising the TSO's need to undertake Balancing Actions as described in Article 31(1).
3. In a Balancing Zone where more than one (1) TSO is active, this Chapter shall be understood as referring to all the TSOs within that Balancing Zone.

Article 32.
TSO's Within Day Obligations requirements and procedure of approval

1. There are three (3) types of Within Day Obligations, each incentivising the Network User for a specific objective as described in this Article:
 - a) System-wide Within Day Obligation

The rules of such a type of Within Day Obligations referred to hereafter as a System-wide Within Day Obligation are designed to incentivise Network Users to keep the transmission network of the TSO within its operational limits.

The applicable rules shall set forth the following:

- The operational limits of the transmission network within which the transmission network has to remain;
- The actions the Network Users can undertake to keep the transmission network within the operational limits;
- The consequential Balancing Actions of the TSO where the operational limits of the transmission network are approached or reached;
- The attribution of costs and/or revenues to Network Users and/or consequences on within day position of these Network Users resulting from Balancing Actions undertaken by the TSO;
- The related charge shall be based on the individual within day position of each Network User.

b) Portfolio Within Day Obligation

The rules of such a type of Within Day Obligations referred to hereafter as a Portfolio Within Day Obligation are designed to incentivise Network Users to keep the Network User's position during the Gas Day within a pre-defined range.

The applicable rules shall set forth the following:

- For each Portfolio the range in which this Portfolio has to stay within;
- How the ranges referred to above are determined;
- The consequences for Network Users not staying within the defined range and, where appropriate, details of how any corresponding charge is derived;
- The related charge shall be based on the individual within day position of each Network User.

c) Entry-Exit Point Within Day Obligation

The rules of such a type of Within Day Obligations referred to hereafter as an Entry-Exit Point Within Day Obligation are designed to incentivise Network Users to limit gas flow and/or gas flow variation under specific conditions at specific Entry-Exit Points.

The applicable rules shall set forth the following:

- The limits in gas flow and/or gas flow variation;
- The Entry and/or Exit Point or groups of Entry and/or Exit Points to which such limits apply;

- The conditions under which such limits shall apply;
- The consequences of not complying with such limits.

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

2. Any Within Day Obligation shall meet the following criteria:
 - a) a Within Day Obligation and related Within Day Charge, if any, shall not pose any undue barriers on cross-border trade and new Network Users' entering the relevant market;
 - b) a Within Day Obligation shall only be applied where the Network Users are provided with adequate information in a timely manner regarding their Inputs and/or Off-takes and have reasonable means to respond to manage their exposure;
 - c) the main costs to be incurred by the Network Users in relation to their balancing obligations shall relate to their position at the end of the Gas Day;
 - d) to the extent possible, Within Day Charges shall be reflective of the costs of the TSO for the undertaking of any associated Balancing Actions;
 - e) a Within Day Obligation will not result in Network Users being financially settled to a position of zero during the Gas Day;
 - f) the benefits of introducing a Within Day Obligation in terms of economic and efficient operation of the transmission network outweigh any potential negative impacts thereof, including hub liquidity.
3. The TSO may propose to the national regulatory authority a Within Day Obligation that combines features of the different types described in Article 32(1) provided the proposal meets the criteria referred to in Article 32(2).
4. The TSO may propose different Within Day Obligation to distinct categories of Entry or Exit Points with the aim to better incentivise different categories of Network Users and avoid cross subsidies.
5. The TSO shall consult stakeholders, including the relevant national regulatory authorities, DSOs where they are affected and TSOs in adjacent Balancing Zones, on any Within Day Obligation it proposes to introduce, including the methodology and assumptions used in arriving at the conclusion that it meets the criteria referred to in Article 32(2).
6. Following the consultation process, the TSO shall produce a recommendation document which shall include the finalised proposal and be published, subject to any confidentiality obligations the TSO may be bound by.

7. The recommendation document shall be sent by the TSO to the competent national regulatory authority for approval under the process set out in Article 33 and to ENTSOG for information.
8. The recommendation document referred to in Article 32(6) and (7) shall include an analysis of:
 - a) the necessity to incentivise Network Users to manage Inputs and Off-takes during the Gas Day in order to ensure system integrity and to minimise the need for the TSO to undertake Balancing Actions taking into account the transmission network's characteristics and the flexibility available to the TSO through buying or selling of Short Term Standardised Products or use of Balancing Services in accordance with Chapter IV;
 - b) the information available to enable Network Users to manage in a timely manner their within day positions;
 - c) the expected financial impacts on Network Users;
 - d) the effect on new Network Users' entering the relevant market, including any undue negative impact thereon;
 - e) the effect on cross-border trade, including the potential impact on balancing in adjacent Balancing Zones;
 - f) the impact on the Short Term Wholesale Gas Market, including the Liquidity thereof;
 - g) the Within Day Obligation not being discriminatory.

Article 33.

National regulatory authority decision making

1. A proposal to either implement or amend a Within Day Obligation can be made at any time by the TSO.
2. The TSO's proposal provided in accordance with Article 32 shall be submitted to the competent national regulatory authority to seek approval in accordance with the timeframe applicable, if any, and according to the applicable procedure defined under the National Rules. The motivated decision shall be made available to the TSO concerned and made publicly available in accordance with the National Rules.
3. In deciding whether or not to approve a Within Day Obligation, the national regulatory authority shall consider whether this Within Day Obligation meets the criteria referred to in Article 32(2).
4. Where during the process of approval the national regulatory authority of an adjacent Balancing Zone has a concern that the Within Day Obligation proposed by the TSO may adversely impact on cross-border trade, it may seek an opinion or a recommendation from ACER, based on the provisions of the Agency Regulation.
5. Where Article 33(4) applies, ACER shall monitor the balancing provisions, including Within Day Obligations, and may request the competent national regulatory authority to review any obligation it approved that does not comply with the criteria referred to in Article 32(2).

6. The competent national regulatory authority shall notify the TSO concerned as soon as reasonably possible of such request and potential consequences incurred on the proposal, in particular should the Within Day Obligation affected by ACER's request be already implemented by the TSO.

Article 34.

Existing Within Day Obligations

1. Where the TSO has existing Within Day Obligation(s) at the date of entry into force of this Network Code, within six (6) months from such date this TSO shall:
 - consult the relevant stakeholders, including the relevant national regulatory authorities and TSOs in adjacent Balancing Zones regarding such existing Within Day Obligations in accordance with Article 32(5);
 - publish the recommendation document in accordance with Article 32(6) to (8); and
 - submit such existing Within Day Obligation(s) in order to seek approval from the competent national regulatory authority in accordance with Article 33 to continue its(their) use.

CHAPTER VIII.

NEUTRALITY ARRANGEMENTS

Article 35.

Principles of neutrality mechanism

1. The TSO shall not gain or lose by the payment and receipt of Daily Imbalance Charges, Within Day Charges, Balancing Actions charges and other charges related to its Balancing Activities.
2. Therefore, the TSO shall pass to Network Users:
 - a) any costs or revenues arising from Daily Imbalance Charges, Within Day Charges and other charges related to its Balancing Activities; and
 - b) Efficiently Incurred Costs and Revenues.
3. Where National Rules prescribe the TSO's Balancing Actions or where incentives are implemented to promote efficient undertaking of Balancing Actions, then any such costs or revenues arising from such Balancing Actions shall be deemed to be Efficiently Incurred Costs and Revenues.
4. TSOs shall publish the relevant data regarding the aggregate charges specified in Article 35(1) and the aggregate Balancing Neutrality Charges, at least at the same frequency as the respective charges are invoiced to Network Users, but no less than once per month.
5. Notwithstanding Article 35(1) and (2), the TSO in its balancing role may be subject to an incentive mechanism as referred to in Article 17.

*Article 36.
Balancing neutrality cash flows*

1. The Balancing Neutrality Charges shall be paid by or to the Network User concerned.
2. The apportionment of Balancing Neutrality Charges to a Network User shall be related to the extent this Network User makes use of the relevant Entry and/or Exit Point(s) concerned or the transmission network under the related methodology.
3. Balancing Neutrality Charges shall be identified separately when invoiced to Network Users and this invoice shall be accompanied by sufficient supporting information defined in the methodology referred to in this Article.
4. The methodology for Balancing Neutrality Charges calculation and apportionment amongst the Network Users, including the credit risk management rules, shall be approved by the competent national regulatory authority and published.
5. In the case of Variant 2 application, where the Balancing Neutrality Charge may be based on forecasted costs and revenues, the TSOs methodology for Balancing Neutrality Charges shall provide rules for a separate Balancing Neutrality Charge in respect of Non Daily Metered Off-takes.
6. Where relevant, the TSO's methodology for Balancing Neutrality Charges may provide rules for the division of the Balancing Neutrality Charge components and the subsequent apportionment of such sums amongst the Network Users in order to reduce cross subsidies.
7. The present Article is without prejudice to the right to the national regulatory authority to fix the methodology referred to herein, which shall be consistent with the provisions set forth in this Chapter.

*Article 37.
Credit risk management arrangements*

1. The TSO shall be entitled to take necessary measures and impose relevant contractual requirements, including financial security, on Network Users to mitigate their default in payment regarding any payment due for the charges referred to in Article 35 and 36.
2. The contractual requirements shall be on an equal treatment basis, proportionate to the purpose and defined in the methodology referred to in Article 36(4).
3. In case of a default attributable to a Network User, the TSO shall not be liable to bear any loss incurred provided the measures and requirements referred to Article 37(1) and (2) were duly implemented and such loss shall be recovered in accordance with the methodology referred to in Article 36(4).

CHAPTER IX.
INFORMATION PROVISION

Article 38.

Information provided by TSOs to Network Users

1. The information provided to Network Users by the TSO shall refer to the following:
 - a) the overall status of the transmission network in accordance with point 3.4(5) of the Annex I to the Regulation;
 - b) the TSO's Balancing Actions referred to in Chapter IV;
 - c) the Network User's Inputs and Off-takes for the Gas Day referred to in Article 39 to 43.
2. The information flows provided under this Network Code:
 - a) aim to support the daily balancing regime;
 - b) seek to be a suite of information to support the Network User in balancing each of its Portfolio(s).

Article 39.

General provisions

1. The information provided by the TSO to the Network Users not foreseen under point 3.1.1 of the Annex I to the Regulation shall be:
 - on the TSO's website or other system providing the information in electronic format;
 - accessible to the Network Users free of charge;
 - in a user-friendly manner;
 - clear, quantifiable and easily accessible;
 - on a non-discriminatory basis;
 - in consistent units (either in kWh or kWh/d and kWh/h);
 - in the official language(s) of the Member State and in English.
2. Where a measured quantity cannot be obtained from a meter, a replacement value may be used. This measure shall be used as an alternative reference without any further warranty from the TSO.
3. For the purpose of this Network Code, providing access to the information shall not be construed as giving any specific warranty other than the availability of this information in a defined format and device and the related access of the Network Users to this information under normal

conditions of use. In no circumstances, shall the TSOs be liable to provide any further warranty, in particular as to the IT system of the Network Users.

4. For the purpose of this Chapter, three (3) different models are foreseen and defined hereafter:
 - a) 'Base Case' refers to the model for information provision on Non Daily Metered Off-takes where this information shall be a day ahead and within day forecasts.
 - b) 'Variant 1' refers to the model for information provision on Non Daily Metered Off-takes and on Daily Metered Off-takes where this information shall be based on apportionment of measured flows during the Gas Day.
 - c) 'Variant 2' refers to the model for information provision on Non Daily Metered Off-takes where this information shall be a day ahead forecast. For the avoidance of doubt, in this model TSOs are entitled not to provide an update of this forecast during the Gas Day since the Network Users Daily Imbalance Quantity shall be based on this day ahead forecast for Non Daily Metered Off-takes.
5. One model referred to in Article 39(4) shall be applied per Balancing Zone once approved by the competent national regulatory authority.
6. For Balancing Zones where Variant 2 is sought to be applied after the entry into force of the Network Code, a prior market consultation shall be conducted by the TSO or national regulatory authority as relevant.
7. For the avoidance of doubt, no difference shall be made between the models referred to in Article 39(4) regarding the information on Intraday Metered Inputs and Off-takes.
8. Any further level of detail, breakdown and granularity of the information beyond that set out in this Network Code shall be defined under the National Rules.

Article 40.

Network User's Inputs and Off-takes before and during the Gas Day

- (i) Intraday Metered Inputs and Off-takes with Allocation equal to Confirmed Quantity
 1. For those Intraday Metered Inputs and Off-takes to the Balancing Zone where a Network User's Allocation equals its Confirmed Quantity, the TSO shall not be obliged to provide information other than the Confirmed Quantity.
- (ii) Other Intraday Metered Inputs and Off-takes
 1. On Gas Day D, the TSO shall provide Network Users with a minimum of two (2) updates of their measured flows for at least the aggregate Intraday Metered Inputs and Off-takes other than those covered under Article 40(i)(1) from either of the two (2) options as decided by the TSO:
 - each update covers gas flows from the beginning of this Gas Day D, or
 - each update covers incremental gas flow after that reported in the previous update.

2. The first update or the first updates (as appropriate) shall cover at least four (4) hours of gas flows within Gas Day D. This(these) update(s) shall be provided as soon as reasonably possible after the gas flow but within four (4) hours and no later than 17:00 UTC or, when daylight saving time is applied, 16:00 UTC.
3. The time of the second update provision shall be defined upon approval by the competent national regulatory authority and published by the TSO.
4. The TSO may request the Network Users to indicate which of the information referred to in Article 40(ii)(1) they have access to. Based on the response received, this TSO shall provide the Network User with the part of information it does not have access to, in accordance with Article 40(ii)(1) to (3).
5. Where the TSO is not responsible for apportioning the gas quantities between Network Users as part of the Allocation process, as an exception to Article 40(ii)(1), it shall provide at least aggregate Inputs and Off-takes (i.e. not per Network User) a minimum of two (2) times per Gas Day D on that Gas Day D.

(iii) Daily Metered Off-takes

1. Where Variant 1 is applied, on Gas Day D the TSO shall provide Network Users with a minimum of two (2) updates of their apportionment of measured flows for at least the aggregate Daily Metered Off-takes from either of the two (2) options as decided by the TSO:
 - each update covers gas flows from the beginning of this Gas Day D, or
 - each update covers incremental gas flow after that reported in the previous update.
2. Each update shall be provided within two (2) hours from the end of the final hour of gas flows.

(iv) Non Daily Metered Off-takes

1. Where Base Case is applied:
 - a) On Gas Day D-1, the TSO shall provide the Network Users with a Non Daily Metered Derived Forecast for Gas Day D no later than 12:00 UTC or, when daylight saving time is applied, 11:00 UTC.
 - b) On Gas Day D, the TSO shall provide the Network Users with a minimum of two (2) updates of their Non Daily Metered Derived Forecast.
 - The first updated Non Daily Metered Derived Forecast shall be provided no later than 13:00 UTC or, when daylight saving time is applied, 12:00 UTC.
 - The time of the second updated Non Daily Metered Derived Forecast provision shall be defined upon approval by the competent national regulatory authority and published by the TSO. This shall take into consideration the following:

- accessibility to Short Term Standardised Products on a Trading Platform;
 - accuracy of the Non Daily Metered Derived Forecast as compared to the time of its provision;
 - time when the re-nomination period ends, as provided in Article 21(1);
 - time of the first updated Non Daily Metered Derived Forecast provision.
2. Where Variant 1 is applied:
- a) On Gas Day D, the TSO shall provide Network Users with a minimum of two (2) updates of their apportionment of measured flows for at least the aggregate Non Daily Metered Off-takes as referred to in Article 40(iii).
3. Where Variant 2 is applied:
- a) On Gas Day D-1, the TSO shall provide Network Users with a Non Daily Metered Derived Forecast for Gas Day D as referred to in Article 40(iv)(1)(a).

Article 41.

Network User's Inputs and Off-takes after the Gas Day

1. No later than the end of the next Gas Day, the TSO shall provide each Network User with an initial Allocation for its Inputs and Off-takes and an initial Daily Imbalance Quantity.
- a) For Base Case and Variant 1, all gas delivered to the Distribution System shall be allocated taking into account, where relevant, shrinkage gas, connected Distribution Systems, etc.
 - b) For Variant 2, the Non Daily Metered Off-takes shall equal the Non Daily Metered Derived Forecast provided day ahead.
 - c) For Variant 1, this Allocation and this Daily Imbalance Quantity shall be considered a final Allocation and a final Daily Imbalance Quantity.
2. Where an interim measure referred to in Article 49 applies, the initial Allocation and an initial Daily Imbalance Quantity can be provided within three (3) Gas Days after Gas Day D in case it would not be technically or operationally feasible to comply with Article 41(1).
3. The TSO shall provide each Network User with a final Allocation for its Inputs and Off-takes and the final Daily Imbalance Quantity within a period of time defined under the National Rules.

Article 42.

Cost benefit analysis

1. Within two (2) years as from the entry into force of this Network Code, TSOs shall assess the costs and benefits of:
- a) increasing the frequency in information provision to Network Users; and

- b) reducing the related timelines of information provision; and
- c) improving the accuracy of the information provided.

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

2. The TSO shall consult the stakeholders on this assessment, in cooperation with the relevant DSOs where they are affected.
3. On the basis of the consultation results, the competent national regulatory authority shall decide on any relevant changes assessed in Article 42(1) of the provision of information to the Network Users.

Article 43.

Information from DSO(s) and Forecasting Party(-ies)

(i) General provisions

1. Each DSO associated to a Balancing Zone and relevant Forecasting Party(-ies) shall provide the TSOs with the information necessary for such TSOs for the purpose of information provision to the Network Users under this Network Code.

For the avoidance of doubt, this shall include inputs and off-takes on the Distribution System regardless whether that system is a part of the Balancing Zone or not.

2. The relevant information, its format and the procedure for its provision shall be defined in cooperation between the TSO, the DSO(s) and Forecasting Party(-ies), as relevant, to ensure the due provision of information by the TSO to the Network Users under this Chapter, in particular the criteria set out in Article 39(1).
3. This information shall be provided to a TSO in the same format as defined under the National Rules and shall be consistent with the format used by the TSO concerned to provide information to the Network Users.
4. The TSO and/or DSO and/or Forecasting Party may propose an incentive mechanism regarding the provision of an accurate Non Daily Metered Derived Forecast which shall meet the criteria set out for the TSO in Article 17(4) and be subject to the competent national regulatory authority approval.
5. The competent national regulatory authority shall designate the Forecasting Party(-ies) in a Balancing Zone after prior consultation with the TSOs and DSOs concerned. It may be a TSO, DSO or a third party.

(ii) Information obligations of the DSOs towards the TSO

1. The DSO shall provide the TSO with information on the Intraday and Daily Metered Inputs and Off-takes on the Distribution System consistent with the information requirements set out in

Article 40(ii) and (iii) and Article 41. This information shall be provided to the TSO within the time sufficient for the TSO to provide the information to Network Users.

(iii) Information obligations of the DSOs towards the Forecasting Party(-ies)

1. DSOs are responsible for providing the Forecasting Party with sufficient and updated information for the purpose of the Non Daily Metered Derived Forecast methodology application as set forth in Article 43(iv)(2). This information shall be provided in a timely manner in accordance with the timelines defined by the Forecasting Party(-ies) to be consistent with its needs.
2. The provisions of Article 43(iii)(1) shall also apply to Variant 1.

(iv) Information obligations of the Forecasting Party(-ies)

1. The Forecasting Party(-ies) shall provide the TSO with Non Daily Metered Derived Forecast(s) and subsequent Allocations consistent with the information requirements set out in Article 40(iv) and Article 41. This information shall be provided to the TSO within the time sufficient for the TSO to provide the information to Network Users and for day ahead and within day Non Daily Metered Derived Forecast(s) no later than one (1) hour before the deadlines referred to in Article 40(iv)(1)(a) and (b) unless a later time sufficient for the TSO to provide this information to the Network Users is agreed by the TSO and the Forecasting Party.
2. The Non Daily Metered Derived Forecast methodology shall be based on a statistical demand model, with each Non Daily Metered Off-take assigned with a load profile, i.e. a formula of the variation in gas demand versus variables such as temperature, day of week, customer type and holiday seasons. The methodology shall be subject to consultation before its adoption.
3. A report on the accuracy of the Non Daily Metered Derived Forecast shall be published by the Forecasting Party at least every 2 (two) years.
4. Where relevant, TSOs shall provide the relevant data regarding gas flows within the time sufficient for the Forecasting Party to comply with its obligations under this Article.
5. The provisions of Article 43(iv)(2) to (4) shall also apply to Variant 1.

CHAPTER X.

LINEPACK FLEXIBILITY SERVICE

Article 44.

General provisions

1. TSOs may offer the provision of a Linepack Flexibility Service to Network Users once the related terms and conditions are approved by the competent national regulatory authority.
2. The terms and conditions applicable to a Linepack Flexibility Service shall be consistent with the main responsibility of a Network User to balance its Inputs and Off-takes over the Gas Day.

3. The Linepack Flexibility Service shall be limited to the level of linepack flexibility available in the transmission network and deemed not required for carrying out its function of transmission according to the concerned TSO's evaluation.
4. Gas delivered to and off-taken from the transmission network by these Network Users under this service shall be taken into account for the purpose of calculation of their Daily Imbalance Quantity.
5. The neutrality mechanism set forth in Chapter VIII shall not apply to Linepack Flexibility Service unless otherwise approved by the competent national regulatory authority.
6. Network Users shall notify the TSO concerned of the use of a Linepack Flexibility Service by submitting nominations (respectively re-nominations).
7. The TSO may not require the Network Users to fulfil the requirement referred to in Article 44(6), where based on the assessment of the difference in consequences between the fulfillment and absence of such a requirement:
 - a) it does not undermine the development of the Short Term Wholesale Gas Market; and
 - b) the TSO has sufficient information to provide an accurate Allocation of the use of a Linepack Flexibility Service the following Gas Day.

Article 45.

Conditions for provision of Linepack Flexibility Service

1. Linepack Flexibility Service shall be allowed to be provided once all the following criteria are met:
 - a) the TSOs shall not need to enter into any contracts with any other infrastructure provider, such as storage facilities or supply terminal, for the purpose of provision of a Linepack Flexibility Service;
 - b) the revenues generated by the TSOs from the provision of a Linepack Flexibility Service shall at least be equal to the costs incurred or to be incurred in providing this service;
 - c) Linepack Flexibility Service shall be offered on a transparent and non-discriminatory basis and can be offered using competitive mechanisms;
 - d) TSOs shall not charge, either directly or indirectly, a Network User for any costs incurred by the provision of a Linepack Flexibility Service, should this Network User not contract for it;
 - e) TSOs shall prioritise the reduction of Within Day Obligations over the provision of a Linepack Flexibility Service; and
 - f) the provision of a Linepack Flexibility Service shall not have a detrimental impact on cross-border trade.

CHAPTER XI.
IMPLEMENTATION, INTERIM MEASURES AND ENTRY INTO FORCE

Article 46.
Implementation

1. The TSOs shall comply with the provisions of this Network Code after the expiration of a twelve (12)-month period as from its entry into force except where and to the extent specific exemptions and interim measures are applicable as referred to below.
2. Within such twelve (12)-month period, the TSOs shall adapt their relevant contractual terms and conditions and national network code, if any, to the extent affected by this Network Code, to be endorsed by the competent national regulatory authority in accordance with the National Rules.
3. Notwithstanding Article 46(1), TSOs may apply transitional measures referred to in Article 25 for nominations (respectively re-nominations) at Interconnection Points as approved by the competent national regulatory authority.
4. Notwithstanding Article 46(1), a national regulatory authority may on request of a TSO issued within a reasonable period of time in accordance with the National Rules as from the entry into force of this Network Code, grant to the TSO an additional twelve (12)-month period for the compliance with the requirements set forth herein provided no interim measure(s) detailed in Article 49 is(are) implemented by this TSO. In such case the national regulatory authority concerned shall request from ACER an opinion pursuant to the Agency Regulation which will be duly considered by the national regulatory authority while granting this additional period. The national regulatory authority's motivated decision shall be notified to the requesting TSO within a reasonable period of time for the due implementation of this Network Code after its entry into force and made publicly available.

Article 47.
Interim measures: general provisions

1. In absence of sufficient Liquidity of the Short Term Wholesale Gas Market, suitable interim measures shall be implemented by the TSOs. Balancing Actions undertaken by the TSO in case of interim measures shall foster the Liquidity of the Short Term Wholesale Gas Market to the extent possible.
2. The interim measures referred to in Article 47(1) shall be in accordance with a roadmap, referred to in Article 48(4), developed by each TSO.
3. The implementation of the roadmap is subject to the prior approval by the competent national regulatory authority pursuant to the process set out in Article 48.
4. The resort to an interim measure is without prejudice to the implementation of any other interim measure(s) as an alternative or additionally, provided that such measures aim at promoting competition and Liquidity of the Short Term Wholesale Gas Market and are consistent with the general principles set out in this Network Code.

5. The roadmap shall foresee the termination of the interim measures no later than five (5) years as from the entry into force of this Network Code.

Article 48.

Interim measures: annual report

1. Where interim measures are implemented, every twelve (12) months, the TSOs concerned shall send a report updating the roadmap where appropriate to the competent national regulatory authority for approval to justify the reasons of implementing or continuing to implement interim measures.
2. The first report shall be submitted to the competent national regulatory authority within three (3) months as from the entry into force of this Network Code.
3. The report shall provide rationale for the application of interim measure(s) and shall propose a roadmap to evolve the interim measure(s) where appropriate.
4. The mentioned report shall include:
 - a) the roadmap including at least:
 - the interim measure(s) to be applied;
 - identification of sequencing of incremental measures designed to remove the interim measure(s), including the criteria for making these steps and an assessment of the related timings.
 - b) a description of the state of development and the current Liquidity of the Short Term Wholesale Gas Market including, where available to TSO, but not limited to:
 - the amount of transactions concluded at the hub and the amount of transactions in general;
 - the bid/offer spreads and the volumes of bids and offers;
 - the number of participants having access to the Short Term Wholesale Gas Market;
 - the number of participants having been active on the Short Term Wholesale Gas Market during a given period of time.
 - c) an explanation why the interim measure(s) are needed due to the state of development of the Short Term Wholesale Gas Market referred to in Article 48(4)(b) and an assessment of how the interim measure(s) will increase the Liquidity of the Short Term Wholesale Gas Market.
5. Before submitting the report with the roadmap proposal, the TSO shall consult the relevant stakeholders on the proposed roadmap and relevant part of the report.

6. The report shall also be sent to ACER for information in parallel, for the purpose of the overall monitoring the reports of the TSOs pursuant to the Regulation. Upon receipt of the report sent by a TSO, ACER may provide a reasoned opinion to the competent national regulatory authority within six (6) months regarding the roadmap proposal if deemed necessary or requested by the national regulatory authority concerned in line with the Agency Regulation.
7. Within a reasonable period of time in accordance with the National Rules from the receipt of the report the competent national regulatory authority, taking full account of ACER's opinion, if any, shall approve the roadmap proposal or may require the TSO to modify a proposal therein. The motivated decision shall be addressed to the TSO and made publicly available.
8. Where the modification is required, based on the competent national regulatory authority motivated decision an amended roadmap shall be proposed by the TSO and resubmitted for the final approval to the competent national regulatory authority and subsequent adoption.
9. While taking the decision on the roadmap proposal, the competent national regulatory authority shall take into account the effect of the roadmap proposal on balancing regimes' harmonisation, the facilitation of market integration and ensure non-discrimination, effective competition and the efficient functioning of the gas market.
10. The approval stated in Article 48(7) shall be notified to the TSO and ACER without undue delay. ACER may request the competent national regulatory authority to amend its approval decision, should the decision be not sufficiently reasoned or failing to duly consider an opinion issued in respect thereof.

Article 49.

Specific provisions under interim regimes

(i) Balancing Platform

1. Where the Short Term Wholesale Gas Market, has, or is anticipated to have insufficient Liquidity or where Temporal Products and Locational Products required by the TSO cannot reasonably be procured on this market, a Balancing Platform shall be established for the purpose of TSO Balancing.
2. The TSOs shall consider whether a joint Balancing Platform may be implemented for adjacent Balancing Zones in the framework of the cross-border cooperation defined in Chapter III or where there is a sufficient interconnection capacity and such joint Balancing Platform is deemed efficient to be implemented. A joint Balancing Platform shall be established and operated by the TSOs concerned through the contractual arrangements for the due functioning and cooperation.

(ii) Alternative to a Balancing Platform

1. Where the TSO proves that as a result of insufficient interconnection capacity between Balancing Zones, a Balancing Platform cannot increase the Liquidity of the Short Term Wholesale Gas Market and cannot enable the TSO to undertake efficient Balancing Actions, it may seek approval

from the competent national regulatory authority referred to in Article 48 for the alternative to a Balancing Platform.

2. In the case stated in Article 49(ii)(1), the TSO shall seek, via its roadmap referred to in Article 48, approval from the competent national regulatory authority to enter into a contract for Balancing Services.
3. In addition to the approval referred to in Article 49(ii)(2), the terms and conditions of such contractual arrangements to be entered into as well as the applicable prices and duration shall be approved by the competent national regulatory authority within a reasonable period of time in accordance with the National Rules upon submission by the TSO and subsequently published.

(iii) Release of surplus TSO's flexibility

1. Where long term contracts for the procurement of flexibility (including those with term more than one (1) year) that are in force at the date of entry into force of this Network Code provide the TSO with a right to off-take or deliver specified volumes of gas, the TSO shall aim to reduce these amounts of flexibility.
2. While determining the amount of surplus flexibility available for off-take or input under long term contracts in force the TSO shall consider the use of the Short Term Standardised Products.
3. The surplus flexibility may be released either:
 - a) pursuant to the terms of the existing contract where it contains relevant provisions permitting to reduce the gas quantity committed upon and/or to terminate the existing contract; or
 - b) as follows in the absence of such contractual rights:
 - the contract remains in force until its termination pursuant to the applicable terms and conditions;
 - the contracting parties shall consider additional arrangements in order to release back to the market any surplus gas not required for balancing purposes to give access to the other Network Users to greater amounts of flexibility.
4. Where the contracts in force provide for reducing the flexibility by amounts consistent with the surplus availability, the TSO shall reduce such flexibility as soon as reasonably possible as from the entry into force of this Network Code or as soon as the existence of the surplus can be established.
5. ENTSOG shall consult the stakeholders on rules of procedure to apply for the release of flexibility referred to in Article 49(iii)(3)(b), namely on further details of each option, the circumstances relevant to their use and the financial aspects. ENTSOG shall finish this consultation within six (6) months as from the entry into force of this Network Code. The results of the consultation shall be published thereafter.

6. TSOs shall consult the relevant stakeholders on specific proposals to be implemented as interim measures for release of any surplus flexibility under long term contracts in force, taking due consideration of ENTSOG consultation results.
7. TSO shall publish information on its Balancing Actions undertaken pursuant to the long term contracts in force.
8. The competent national regulatory authority may set targets for the proportion by which these long term contracts should be reduced in order to increase the Liquidity of the Short Term Wholesale Gas Market.

(iv) Interim imbalance cash-out price determination

1. Where interim measures referred to in Article 49(i) to (iii) are necessary, the price derivation may be calculated in accordance with the related roadmap referred to in Article 48 which shall substitute the Daily Imbalance Charge Calculation Methodology.
2. In that case, the price derivation may be based upon an administered price, a proxy for a market price or derived from Balancing Platform trades.
3. The proxy for a market price shall seek to satisfy the conditions set forth in Article 29(3). The design of this proxy shall consider the potential risk for market manipulation.

(v) Tolerances

1. Tolerances may only be applied in case Network Users do not have access to:
 - a) a Short Term Wholesale Gas Market that has sufficient Liquidity or short term Flexible Gas; or
 - b) sufficient information regarding their Inputs and Off-takes.
2. Tolerances shall be applied:
 - a) with regard to Network Users' Daily Imbalance Quantity;
 - b) on a transparent and non-discriminatory basis;
 - c) only to the extent necessary and for the minimum duration required.
3. The application of Tolerances may reduce a Network User's financial exposure to Marginal Sell Price or Marginal Buy Price (as appropriate) in respect of a part of or all the Network User's Daily Imbalance Quantity for the Gas Day.
4. Tolerance Level shall be the maximum quantity of gas to be bought or sold by each Network User at a Weighted Average Price. If there is a remaining quantity of gas that constitutes each Network Users Daily Imbalance Quantity which exceeds the Tolerance Level, it shall be sold or bought at Marginal Sell Price or Marginal Buy Price (as appropriate).

5. The design of the Tolerance Level shall:
 - a) reflect the transmission network's flexibility and Network User's needs;
 - b) reflect the level of risk to the Network User in managing the balancing of its Inputs and Off-takes;
 - c) not undermine the development of the Short Term Wholesale Gas Market;
 - d) not result in an increase of the TSO's Balancing Actions' costs that are unduly excessive.
6. Tolerance Level shall be calculated on the basis of each Network User's Inputs and Off-takes, excluding trades at the virtual trading point, for each Gas Day. The subcategories shall be defined under the National Rules.
7. The Tolerance Level applicable for a Non Daily Metered Off-take defined under the National Rules shall be based upon the difference between the relevant Non Daily Metered Derived Forecast and the Allocation for Non Daily Metered Off-take.
8. Tolerance Level may include a component calculated taking into account the application of the Non Daily Metered Derived Forecast deviation which is the amount by which the relevant Non Daily Metered Derived Forecast:
 - a) exceeds the Allocation for Non Daily Metered Off-take in case the Daily Imbalance Quantity is positive;
 - b) is less than the Allocation for Non Daily Metered Off-take in case the Daily Imbalance Quantity is negative.

Article 50.
Entry into force

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

ANNEX 1.
DEFINITIONS

Words and expressions set out herein shall have the meaning given to them in the Regulation (EC) No 715/2009 and Directive 2009/73/EC save where otherwise provided. For the purpose of this Network Code, the following additional definitions shall apply:

- (1) 'ACER' means the Agency for the Cooperation of Energy Regulators established pursuant to the Agency Regulation.
- (2) 'Agency Regulation' means the Regulation (EC) No 713/2009 of the European Parliament and of the Council of 13 July 2009 establishing an Agency for the Cooperation of Energy Regulators.
- (3) 'Allocation(s)' means the quantity of gas attributed to a Network User by a TSO as an Input or an Off-take expressed in kWh for the purpose of determining Daily Imbalance Quantity.
- (4) 'Balancing Action' means an action undertaken by the TSO to change the gas flows onto and/or off the transmission network with the aim to keep it within its operational limits. Buying and selling of gas by the TSO related to fuel gas for compressor stations and/or shrinkage shall not be considered as Balancing Actions under this Network Code.
- (5) 'Balancing Activities' means all the activities undertaken by TSOs to fulfil the obligations set out in this Network Code which shall include but not be limited to Balancing Actions.
- (6) 'Balancing Neutrality Charge(s)' means charge(s) amounting to the difference between the amounts received or receivable and the amounts paid or payable by the TSO due to performance of its Balancing Activities which is payable to or recoverable from the relevant Network Users.
- (7) 'Balancing Platform' means a Trading Platform where a TSO shall be a Trading Participant to all trades.
- (8) 'Balancing Services' means services provided to a TSO via a contract for Flexible Gas which is not a Short Term Standardised Product.
- (9) 'Balancing Zone' means an entry-exit system, which may consist of more than one (1) system, as defined in Article 2(13) of the Directive, to which a specific balancing regime is applicable. For the avoidance of doubt, Distribution Systems or part of them may be a part of a Balancing Zone.
- (10) 'Comitology Procedure' means the procedure according to Article 5a(1) to (4) and Article 7 of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission referred to in Article 28(2) of the Regulation.
- (11) 'Confirmation Notice' means the message issued by a TSO notifying to the Network User the Confirmed Quantity on Gas Day D.

- (12) 'Confirmed Quantity(-ies)' means the quantity of gas confirmed by a TSO to be scheduled or rescheduled to flow on Gas Day D. At an Interconnection Point, the Confirmed Quantity(-ies) will take into account Processed Quantity(-ies) and the matching process used for comparing and aligning the requested gas quantity to be transported by Network Users at both sides of an Interconnection Point.
- (13) 'Daily Imbalance Charge' means an amount of money a Network User pays or receives in respect of a Daily Imbalance Quantity.
- (14) 'Daily Imbalance Charge Calculation Methodology' means the methodology used to derive Daily Imbalance Charges.
- (15) 'Daily Imbalance Quantity' means the difference in Inputs and Off-takes for a Network User's Portfolio for a Gas Day.
- (16) 'Daily Metered' means an Entry Point or Exit Point where the gas quantity is measured and collected once per Gas Day. For the avoidance of doubt, this measurement excludes smart meters.
- (17) 'Default Nomination Rule' means a rule agreed between TSOs at both sides of an Interconnection Point to apply to a Network User's nomination in cases referred to in Article 20(5). The Default Nomination Rule in place at an Interconnection Point shall be made available to the Network Users of the TSOs.
- (18) 'Directive' means the Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC.
- (19) 'Distribution System(s)' means the distribution network(s) to ensure the distribution as defined in Article 2(5) of the Directive.
- (20) 'DSO' means a distribution system operator as defined in Article 2(6) of the Directive, or the entity responsible for keeping the Distribution System in balance, other than a TSO, in accordance with and to the extent defined under the applicable National Rules.
- (21) 'Efficiently Incurred Costs and Revenues' means all costs and revenues arising from the TSO's Balancing Actions undertaken in accordance with Article 13, unless an appropriately educated, experienced and trained party would consider these costs and revenues as incurred inefficiently having assessed the prevailing circumstances at the time the TSO decided on a Balancing Action.
- (22) 'Entry Point' means a point where gas enters a Balancing Zone.
- (23) 'ENTSOG' means the European Network of Transmission System Operators for Gas, an organization for cooperation of the European TSOs established pursuant to the Regulation.
- (24) 'Exit Point' means a point where gas exits a Balancing Zone.
- (25) 'Flexible Gas' means gas required to meet short term fluctuations in gas demand or supply.
- (26) 'Forecasting Party(-ies)' means the party(-ies) responsible for deriving the Non Daily Metered Derived Forecast and subsequent Allocation, where appropriate.

- (27) 'Framework Guidelines' means the ACER Framework Guidelines on Gas Balancing in Transmission Systems dated 18 October 2011.
- (28) 'Gas Day' means the period from 5:00 to 5:00 UTC or, when daylight saving time is applied, from 4:00 to 4:00 UTC.
- (29) 'Implied Nomination Flow Rate' means respectively for a nomination the gas quantity to be transported divided by the number of hours in Gas Day D and for a re-nomination the remaining gas quantity to be transported from the time the re-nomination becomes effective divided by the remaining number of hours in Gas Day D from the time the re-nomination becomes effective.
- (30) 'Input' means the quantity of gas which has entered or is due to enter the Balancing Zone at an Entry Point.
- (31) 'Interconnection Point' means a cross-border interconnection point, whether it is physical or virtual, between two (2) or more Member States as well as interconnection between adjacent entry-exit systems within the same Member States, in so far as these points are subject to booking procedures by Network Users being active at that Interconnection Point.
- (32) 'Intraday Metered' means an Entry Point or Exit Point where the gas quantity is measured and collected a minimum of two (2) times within the Gas Day. For the avoidance of doubt, this measurement excludes smart meters.
- (33) 'Linepack Flexibility Service' means a service provided by a TSO to Network Users to balance their Inputs and Off-takes over a period longer than a Gas Day.
- (34) 'Liquidity' means the ability to quickly buy and/or sell reasonable volumes of gas without causing a significant change in price and without incurring significant trade costs.
- (35) 'Marginal Buy Price' means the price as detailed in Article 29(2). The related trades shall be made on Trading Platforms pre-identified by TSOs and approved by national regulatory authorities.
- (36) 'Marginal Sell Price' means the price as detailed in Article 29(2). The related trades shall be made on Trading Platforms pre-identified by TSOs and approved by national regulatory authorities.
- (37) 'National Rules' means the applicable national regulation to a TSO providing more detailed provisions than those set out in this Network Code as deemed necessary by the Member State concerned, in particular for the due implementation of this Network Code. The National Rules that may be more stringent for the TSO concerned are deemed consistent with the general principles set out in the Network Code and *a fortiori* the Regulation. As to the rules applicable to an approval process, the National Rules shall refer to the applicable period of time, if any, and include the conditions of rejection, judicial review and other remedies available under such procedure.
- (38) 'Network Code' means this Network Code on Gas Balancing of Transmission Networks pursuant to Article 8(6)(j) of the Regulation.
- (39) 'Network User' means a customer of a TSO holding with such TSO a legally binding agreement defining the respective rights and obligations related to at least balancing.

- (40) 'Network User's Counterparty' means the Network User who delivers gas to or receives gas from a Network User at an Interconnection Point.
- (41) 'Non Daily Metered' means an Entry Point or an Exit Point where the gas quantity is measured and collected less frequently than once per Gas Day.
- (42) 'Non Daily Metered Derived Forecast' means a forecast of a Network User's Non Daily Metered Off-takes for a Gas Day.
- (43) 'Notification Quantity' means the quantity of gas transferred between a TSO and a Network User or Network Users or Portfolios, as appropriate.
- (44) 'Off-take' means the quantity of gas which has exited or is due to exit from the Balancing Zone at an Exit Point.
- (45) 'Portfolio' means the part of a Network User's Inputs and Off-takes to be treated completely independently under this Network Code. A TSO may allow its Network Users to have several Portfolios.
- (46) 'Processed Quantities' means the quantity of gas that the TSO is scheduling for flow, which takes into account the Network User's nomination (respectively re-nomination), contractual conditions and the capacity as defined under the relevant transport contract.
- (47) 'Regulation' means Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005.
- (48) 'Re-nomination Cycle' means the process carried out by the TSO in order to provide the Network User with the Confirmation Notice following receipt of a re-nomination.
- (49) 'Short Term Wholesale Gas Market' means a market for Short Term Standardised Products.
- (50) 'Small Adjustment' means a price that is used in the derivation of the Marginal Buy Price and the Marginal Sell Price.
- (51) 'Tolerance' means a reduction of a Network User's financial exposure to Marginal Sell Price and Marginal Buy Price.
- (52) 'Tolerance Level' means an amount of the Daily Imbalance Quantity to which the Weighted Average Price is applied instead of the Marginal Sell Price or the Marginal Buy Price.
- (53) 'Trading Participant' means a Network User or a TSO that may trade on a Trading Platform on which the Network User or the TSO is registered.
- (54) 'Trading Platform' means an electronic platform provided and operated by a Trading Platform Operator by means of which Trading Participants may post and accept (including the right to revise and withdraw) bids and offers for Flexible Gas in accordance with the terms and conditions applicable on the Trading Platform and at which the TSO trades for the purpose of undertaking Balancing Actions.
- (55) 'Trading Platform Operator' means a party operating a Trading Platform.

- (56) 'TSO' means a transmission system operator as defined in Article 2(4) of the Directive or the entity responsible for keeping the transmission network in balance under this Network Code in accordance with and to the extent defined under the applicable National Rules.
- (57) 'UTC' means the used time reference defined and recommended by ITU-T.
- (58) 'Weighted Average Price' means the energy weighted average price of Title Products trades carried out at the virtual trading point in respect of a Gas Day. The related trades shall be made on Trading Platforms pre-identified by TSOs and approved by national regulatory authorities.
- (59) 'Within Day Charge' means a charge levied or payment made by a TSO on or to its Network User as a result of a Within Day Obligation.
- (60) 'Within Day Obligation' means a set of rules regarding Network Users' Inputs and Off-takes within the Gas Day imposed by a TSO on its Network Users.