Network Code on Balancing – ACER Reaction

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Balancing framework guidelines – key to market design
(not just technical rules)

Facilitating a single market

- **Remove barriers to cross-border trade** created by different balancing arrangements

- **Reduce fragmentation of the market** by looking at ways to merge balancing zones

- **Promote the development of regional markets** by encouraging the use of interconnectors (and gas from cross-borders) in balancing

Develop liquid traded market

- **Facilitate new entry** by ensuring balancing arrangements are non-discriminatory;

- **Promote market liquidity at emerging gas hubs**

- by encouraging shipper trading across timescales;

- by having market arrangements for TSO procurement of balancing gas

Suitable for all parts of Europe

- **Provides a coherent set of rules,** which

- lead to a common vision of balancing arrangements;

- can be implemented in network codes and is enforceable by NRAs;

- take account of the different degree of market development across Europe (need for interim steps)

ACER's role

- ACER's statutory role in this context is primarily to draft the framework guideline and reasoned opinion

- Active ACER engagement throughout the network code development process is needed to ensure that ACER's comments can be considered within ENTSOG's timescales

- ACER submitted a preliminary reasoned opinion on the draft network code to ENTSOG on 14 June, this was followed up by discussions and further written comment on specific excerpts

- Regular discussions between ACER, ENTSOG and the Commission are ongoing

Article 6 of Gas Regulation

- "Within 3 months of receipt of the code, ACER shall provide a reasoned opinion to ENTSOG." [this is on 5th February]

- "Once ACER is satisfied that the code is in line with the relevant FG, it shall submit the code to the Commission and may recommend adoption"

Today's discussion is without prejudice to the Agency's reasoned opinion on the network code.

General comments

- ENTSOG's process has been inclusive and transparent

- There have been regular discussions between ENTSOG, ACER and the European Commission

- There is a high degree of compliance of the network code with the framework guideline

- ACER's preliminary opinion identified specific elements of the network code that needed to be changed to achieve compliance with the framework guideline

Some key points

- Is it appropriate for the neutrality mechanism to pass through <u>any</u> costs? Should separate revenue mechanisms be mandated under Variant 2?

- Are TSOs' and NRAs' roles appropriately captured, for example on within-day obligations or nominations?

- Are the criteria to assess within-day obligations reflected appropriately?

- Is the use of interim steps in line with the framework guidelines?

- Are the rules for the rejection of nominations too open?

- Is ENTSOG's monitoring role reflected?

Next steps

• Ongoing interactions between ACER, ENTSOG and the European Commission

• Network code to be finalised by 5th November

• ACER reasoned opinion to be released by 5th February

Thank you for your attention!

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