Implementation of the BAL NC

Energy Community

Arjan Kleine
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Implementation challenges

- A number of challenges occur when implementing the Balancing Network Code

**Information provision**
- Investment in new IT equipment; metering changes
- Extensive cooperation with NRAs, DSO’s, Network Users needed

**Liquidity**
- Low levels of liquidity in some countries
- Some countries do not currently have trading platforms
- Problem to offer Short Term Standardised Products
Context and TSO role development
Delivering the “Balancing Target Model”

Network User
- Balance their Inputs and Offtakes

TSO
- Carry out the residual balancing

Information Provision
Allocation of Costs

Short Term Wholesale Gas Market

Balancing Services

Access to Balancing Services to ensure system integrity – potential incentive to use wholesale market
Objective of the BAL NC Balancing Network Code

Objective

- Promote short term markets and market based balancing via harmonised rules

- Operational balancing using merit order of products
- Harmonized (re-)nomination procedures and portfolio information
- Daily imbalance charge, within-day obligations and neutrality of TSOs
- Interim measures: Balancing platform, tolerances etc.

IEM contribution

- Stimulate liquidity in short term markets
- Enable network users to balance their own portfolio
- Incentives network users to balance
- Ensures smooth transition
Balancing Network Code – Key chapters

- IV Operational Balancing
- V Nominations
- VI Daily Imbalance Charges
- VII Within Day Obligations
- VIII Neutrality Arrangements
- IX Information Provision
- XI Implementation & Interim Measures
Balancing Network Code – Key chapters

IV. Operational Balancing
V. Nominations
VI. Daily Imbalance Charge
VII. Within Day Obligations
VIII. Neutrality Arrangements
IX. Information Provision
XI. Implementation & Interim Measures

Short Term
Standardised products
Merit order
Trading Platform
Balancing Platforms
Operational Balancing

- Title Products
- Locational Products
  - Temporal products
  - Temporal locational products
- Balancing Services

... designed to promote liquidity and efficiency
## Monitoring – Balancing Actions

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Balancing Network Code – Key chapters

IV. Operational Balancing
V. Nominations
VI. Daily Imbalance Charge
VII. Within Day Obligations
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Harmonized (re)nomination procedures at IPs
Daily Imbalance Charges

**Inputs:**
- 50,000

**Off-takes:**
- 50,700
- 700

Shipper is **short** gas for this gas day → pays for the imbalance quantity of 700 at a marginal buy price

**WAP + SA**

**WAP - SA**

Shipper is **long** gas for this gas day → gets paid for the imbalance quantity of 500 at a marginal sell price
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Significant criteria test
Types of within-day obligations
Existing within-day obligations tested against criteria within six months
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- Neutrality principles
- Transparency measures
- Allocation of charges
- Improved cost attribution for portfolios balanced against day-ahead forecasts (Variant 2)
- Credit risk management
What are the financial elements of the balancing activities

A neutrality mechanism will then be designed, with the code setting out some key measures:

- Rules on what is allowed to be recovered
- Transparency measures
- Shippers charged based on use of system
- Credit risk management
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The NU inputs and off-takes for the Gas Day

Information Model

Overall status of the transmission network
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Roadmaps and progressive steps
Balancing platforms
Release of surplus flexibility
Interim cash-out arrangements
Tolerances
Thank You for Your Attention

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Arjan Kleine

ENTSOG -- European Network of Transmission System Operators for Gas
Avenue de Cortenbergh 100, B-1000 Brussels

EML: arjan.Kleine@entosog.eu
WWW: www.entsoe.eu