

**The summary of proposals and comments received within the process of Public Consultation
on the Amendments to the Common Regulations for the Natural Gas Balancing of Transmission System (carried out from 12.09.2022 till 16.09.2022)**

Nr.	Network user's (NU's) comment or proposal	The opinion of TSOs regarding the comments or proposals
1.	<p>Regarding changes of Sub-Paragraph 8.6.2.1. In [network user's] opinion, the price at which TSO buys gas should be still somehow capped and certain control mechanisms introduced. In the scope of the proposed changes TSO loses interest/incentive in purchasing gas at the most economically beneficial prices for balancing purposes and allows the TSO to buy this gas at any price that is available in the market. For example, the difference between lowest sell bids and highest sell bids at GET Baltic exchange can be up to 30 EUR/MWh or even higher and the current regulatory proposal would allow TSO to easily buy balancing gas also at the highest sell bids and then transfer these costs to system users.</p>	<p>Comment is not taken into account When deciding upon appropriate balancing actions, the TSO takes into account both economical and operational considerations, including cost-efficiency within the respective levels of the merit order referred to in Article 9(1) of Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks and sub-paragraph 10.3. of Common Regulations for the Natural Gas Balancing of Transmission System.</p>
2.	<p>Regarding changes of Sub-Paragraph 8.9. It would be necessary to specify, which platform or assessment agency data would be used to determine the TTF within-day value, as there is more than one source. It would also be necessary that it is a publicly available free-of-charge data source.</p>	<p>Comment will be taken into account TSOs plan to use Dutch Title Transfer Facility (TTF) Neutral Gas Price Index (NGP EUR/MWh) published on European Energy Exchange AG web-page (URL: https://www.powernext.com) as the reference price in the event if there is no liquidity in the default trading platform or due to any other objective and substantiated reason.</p> <p>Sub-paragraph 8.9 shall be modified and expressed as follows: "8.9. In case it is not possible to determine either the marginal sell price, as per sub-paragraph 8.6.1.2 of the Regulation, or the marginal buy price, as per sub-paragraph 8.6.2.2. of the Regulation, due to the lack of liquidity at the relevant trading platform or any other objective and substantiated reason, the Dutch Title Transfer Facility (TTF) gas price index published on the platform indicated on TSOs webpage in respect of gas day D multiplied by the respective incentive factor shall be used. If the Dutch Title Transfer Facility (TTF) gas price index for the gas day D is not available, then the latest gas price index available for the gas day before gas day D multiplied by the respective incentive factor shall be used."</p>
3.	<p>Determination of the imbalance price If marginal sell price or marginal buy price become dependent on transactions made via balancing service agreement, then there is even larger need to communicate the updated balance gas price until the end of the gas day if the rules 8.6.1.1 or 8.6.2.1 are applied. For example, Gasgrid Finland already now communicates the updated balancing gas prices to all network users via e-mails if the balancing gas prices for the gas day become independent from weighted average price of all transactions concluded on the exchange. That would definitely motivate the networks users to be as precise with their consumption forecasts as possible.</p>	<p>Comment is not taken into account Hereby TSOs clarify that as a result of the amendment, the pricing methodology will improve, become clearer and will help to avoid the situations when other balancing transactions are covered at the expense of the general neutrality component. TSOs would also avoid implementing daily e-mail exchange as a means of submitting notifications to the network users as there is no clear need and tools for that.</p> <p>Additionally, according to the sub-paragraph 5.1.1. of the Common Regulations for the Natural Gas Balancing of Transmission System network user shall be responsible for ensuring that all its inputs, off-takes and virtual trading point transactions are in balance within gas day. Precise consumption forecasts serve as the mean for improving network user's balance situation that is one of the network user's obligations.</p>
4.	<p>Title Transfer Facility (TTF) price as the reference price Could you please share the exact URL where network users could observe the value of mentioned TTF index for the given gas day.</p>	<p>Comment will be taken into account TSOs plan to use Dutch Title Transfer Facility (TTF) Neutral Gas Price Index (NGP EUR/MWh) published on European Energy Exchange AG web-page (URL: https://www.powernext.com) as the reference price in the event if there is no liquidity in the default trading platform or due to any other objective and substantiated reason.</p> <p>Sub-paragraph 8.9 shall be modified and expressed as follows: "8.9. In case it is not possible to determine either the marginal sell price, as per sub-paragraph 8.6.1.2 of the Regulation, or the marginal buy price, as per sub-paragraph 8.6.2.2. of the Regulation, due to the lack of liquidity at the relevant trading platform or any other objective and substantiated reason, the Dutch Title Transfer Facility (TTF) gas price index published on the platform indicated on TSOs webpage in respect of gas day D multiplied by the respective incentive factor shall be used. If the Dutch Title Transfer Facility (TTF) gas price index for the gas day D is not available, then the latest gas price index available for the gas day before gas day D multiplied by the respective incentive factor shall be used."</p>
5.	<p>The attribution of neutrality charge There is another issue related to the application of neutrality charge that needs to be amended. Namely, current formula used for neutrality charge calculation is described in the following way: The amount obtained is divided by the total quantity of natural gas allocated to be off-taken from the common balancing zone during the preceding month, including the amount of natural gas off-taken at the virtual trading point, thus calculating the value of the neutrality charge. Neutrality charge is indicated in euro/MWh with an accuracy of up to two decimal places. https://www.conexus.lv/what-neutrality-charge</p> <p>The issue with such approach is that entities belonging to the same balancing group and making gas transfers within the balancing group pay/receive this charge multiple times. As you are aware [network user] and [network user] belong to the same balancing group and [network user] delivers to [network user] gas quantities that are forecasted to be consumed during the gas day. As a result of this, neutrality charge is applied to the group of [network user] and [network user] two times: first when gas is transferred from [network user] to [network user] and second time when gas is delivered by [network user] to end customers. We do not think that this is a very fair approach to calculate the neutrality charge, because the current way of calculating it motivates us not to transfer any gas quantities inside the balancing group. If we do not transfer any gas quantities between [network user] and [network user], then [network user] gas consumption will be covered with a balancing gas (there will be deficit of gas on side of [network user]) and we can have the same surplus of gas on the side of [network user]. At the end of the day imbalance of the balancing group of [network user] and [network user] will be the same as it is now, but in addition to that we will not be charged/paid with neutrality charge.</p> <p>Therefore we ask you to consider amending the way how neutrality charge is calculated so that gas offtakes inside the balancing group are excluded from neutrality charge calculation.</p>	<p>Comment is not taken into account Submitted issue is noted, but it requires additional extensive and lengthy situation analysis that is not possible during the time of current public consultation. When drafting the amendments consulted during this public consultation, TSOs based only on the priority points.</p>
Other comments and proposals		
6.	<p>Regarding changes of Sub-Paragraph 21.4. Two topics that would need additional evaluation and explanations: 1.21.4.1. EU Regulation is a directly applicable legal act in all Member States, therefore can a separate state authority regulation prevail a EU Regulation? 2.Can a publication on the Internet website of the TSO be legally binding to system users?</p>	<p>1. In the proposed sub-paragraph 21.4.1. the reference to "Regulation" shall be understood as the reference to the Common Regulations for the Natural Gas Balancing of Transmission System, and not Regulation (EU) 2017/1938 of the European Parliament and of the Council of 25 October 2017 concerning measures to safeguard the security of gas supply and repealing Regulation (EU) No 994/2010. Therefore, the proposed sub-paragraph 21.4.1. refers to a situation when the regulation established by the relevant competent state authorities in the event of the relevant crisis level prevails over the Common Regulations for the Natural Gas Balancing of Transmission System. 2. If the legally binding Common Regulations for the Natural Gas Balancing of Transmission System or any other legal act explicitly entitles and foresees, that, for instance, certain requirements and procedures shall be published on the website of the TSO, then the network user shall comply in its operations with such requirements and procedures in accordance with the balancing agreement.</p>