

Proposal document

based on paragraph 5 of section 26 of Regulation (EU) No 312/2014 on the establishment of operational and commercial rules related to system balancing between gas transmission system operators, concerning the introduction of the within-day obligations.

FGSZ Ltd., as the transmission system operator licence holder, proposed the amendment of the Operation and Business Code (OBC), in order to have the procedure and the corresponding detailed rules related to the introduction of the within-day obligation approved in the OBC effective as of the gas year starting on 1 October 2021.

Briefly summarising the above, in the course of the proposed procedure, the transmission system operator examines the effect of the imbalance of the network users' portfolios concerning the natural gas transmission system. If the expected imbalance of a network user's portfolio, based on the nominations confirmed on the gas day in question should reach or exceed the imbalance limit, the transmission system operator is entitled to amend the nomination of the unbalanced network users in order to improve the balance.

Parallel to the proposal, FGSZ Ltd., based on paragraph 4 of section 26 of Regulation (EU) No 312/2014, has initiated consultation with the parties concerned, on the planned introduction of the within-day obligation in the Hungarian balance maintaining zone. The letter of consultation has been sent to system operators and storage licensees sharing a border with Hungary. (Annex 1) Based on the basis of the replies received, it can be established that the partners contacted had no objections or reservations concerning the draft.

Concerning the introduction of the within-day obligation, an impact assessment has been prepared, which has been sent to FGSZ Ltd. and the members of the OBC Code Committee. (Annex 2)

The detailed presentation of the compliance with Regulation (EU) No 312/2014 is shown in the impact assessment referenced.

The detailed proposal – which includes the definition part of the OBC and concerns the chapter on maintaining balance – is the following:

Definitions:

1. *Imbalance limit:* The part of the expected imbalance (supply shortage) determined for the particular gas day from the confirmed nomination data of the balancing portfolios, determined from the present Policy.

2. *Balancing portfolio:* As defined in Article 3, paragraph 13 of Regulation (EU) No 312/2014.

Maintaining balance

2.3.1. General rules on maintaining commercial balance

The transmission system operator examines the effect of the imbalance of the network users' portfolios concerning the natural gas transmission system. If the expected imbalance of a network user's portfolio, based on the nominations confirmed on the gas day in question should reach or exceed the

imbalance limit, the transmission system operator is entitled to amend the nomination of the unbalanced network users in order to improve the balance.

2.3.2.3. Protection of the hydraulic balance in case of exceedance of the imbalance limit

a. The extent of the imbalance limit on a particular gas day is 10% of the total off-take calculated from the confirmed nominations of a given balancing portfolio, if it exceeds 15 million kWh. For those portfolios where the sum of draws does not reach 15 million kWh, the imbalance limit is 50% of the total draw calculated from the confirmed nominations.

b. If, after 14:00 hours, before the gas day the violation of the imbalance limit is demonstrated following conclusion of the renomination cycles, based on the confirmed nominations, the transmission system operator shall notify the network user in question of the fact of the violation of the limit value.

c. If, in the course of the examination, performed automatically for each renomination cycle within the gas day, as per point 2.3.1.h) of the present Policy, the transmission system operator should detect a supply shortage in excess of the imbalance limit corresponding to the current gas day at the start of any renomination cycle, the transmission system operator shall:

i. the network user in question is immediately notified in writing of the results of the examination and is called for data provision as per points d) and i);

ii. it initiates the restriction of the bidding and contracting rights concerning the within-gas day sales transactions of the network user in question at the start of the next renomination cycle, for the operators of all of the organised natural gas markets and trading platforms. The message contains the network user's code used in the Information Platform, the prohibition of fixing the direction of sale and the issuance of the provision. Following such an announcement of the transmission system operator, the registration of the title transfer transactions concerning the sales transactions of the network user in question, initiated by the operators of the organised natural gas market or trading platforms, shall be refused. The transmission system operator notifies the operators of the organised natural gas market and trading platform in question of the lifting of the measure in a similar message.

iii. Concerning the balancing portfolio in question, the transmission system operator shall only accept within-gas day title transfer transactions exclusively for offers and transaction reducing imbalance on the Information Platform.

iv. The transaction created and registered for the gas day in question on the Information Platform may only be amended if both parties declare that the new transaction, following deletion, would be created by maintaining the direction of the transaction to be deleted, augmenting its quantity. Based on the declaration, the deletion shall be performed by the transmission system operator without delay.

d. If, within the gas day, following the first notification after 10:00 hours, the balancing portfolio's calculated imbalance based on the confirmed nominations continues to exceed the imbalance limit following the actions discussed on point 2.3.2.3. c), then in the renomination cycle subsequent to this, the transmission system operator will perform amendment of the nomination in the unbalanced portfolio without further notification of the network user, following the rule of keeping the matching 2 hours ahead until the end of the gas day, according to the following procedure:

i. It decreases the quantities, nominated for the gas day in question by the network user at the border crossing (interconnection) entry-exit points and the storage entry-exit points proportionately (pro rata) to the quantities nominated for the points in order to reduce the calculated supply shortage, to the extent of this latter.

ii. The above measure does not concern the other nomination and renomination rights of the network user.

iii. The transmission system operator shall notify the system operator in question of the reason for modifying the nomination.

iv. If it is established in the course of the examination performed automatically for every renomination cycle as per point 2.3.1. h) of the current Policy, that the network user has corrected its imbalance using the available intervention means, the transmission system operator shall, for the remaining time of the gas day, while notifying the network user concerned, initiate lifting of the restrictions on the bidding and transactional activities of the network user at all organised natural gas markets and trading platforms without delay, and also lifts the restrictions implemented on the network user's Information Platform as per point 2.3.2.3. c) iii).

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Compiled by: FGSZ Ltd., Directorate for Trading and Business Services