

REGULATION (EU) 312/2014 of 26 March 2014 establishing a network code on gas balancing of transmission networks

Incorporated and adapted by Permanent High Level Group Decision 2019/01/PHLG-EnC of 12 December 2019.

*The adaptations made by Permanent High Level Group Decision 2019/01/PHLG-EnC are highlighted in **bold and blue***

Whereas:

(1) The urgent completion of a fully functioning and interconnected internal energy market which contributes to ensuring the supply of affordable and sustainable energy to the Union's economy is crucial to the objective of increasing competitiveness and ensuring that all consumers can purchase energy at the keenest prices.

(2) In order to move towards greater market integration, it is important that rules on gas balancing of transmission networks facilitate gas trading across balancing zones thus contributing towards the development of market liquidity. This Regulation therefore sets out harmonized Union-wide rules on balancing which have the objective to give network users the certainty that they can manage their balance positions in different balancing zones throughout the Union in an economically efficient and non-discriminative manner.

(3) This Regulation supports the development of a competitive short term wholesale gas market in the European Union that enables the provision of gas flexibility, from whatever source, to offer it for purchase and sale via market mechanisms so that network users can balance their balancing portfolios efficiently or the transmission system operator can use the gas flexibility when balancing the transmission network.

(4) Regulation (EC) No 715/2009 sets non-discriminatory rules for access conditions to the natural gas transmission networks with a view to ensuring the proper functioning of the internal market in gas. Market-based balancing rules financially incentivise network users to balance their balancing portfolios via cost-reflective imbalance charges.

(5) Network users are to bear the responsibility of balancing their inputs against their off-takes, with the balancing rules designed to promote a short- term wholesale gas market, with trading platforms established to better facilitate gas trade between network users and the transmission system operator. The transmission system operators carry out any residual balancing of the transmission networks that might be necessary. In doing so, the transmission system operators should follow the merit order. The merit order is constructed so that transmission system operators will procure gas taking account of both economical and operational considerations, using products that can be delivered from the widest range of sources, including products sourced from LNG and storage facilities. The transmission system operators should aim to maximise the amount of their gas balancing needs through the purchase and sale of short- term standardised products on the short term wholesale gas market.

(6) In order to enable network users to balance their balancing portfolios, this Regulation also sets out minimum requirements for information provision to implement a market-based balancing regime. The information flows provided under this Regulation therefore aim to support the daily balancing