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Date: 02/06/2021
Ref.: 11307/002/FGSZ/2021

Subject: Consultation on the introduction of within day obligations according to Article 25 and 26 of Reg. (EU) 312/2014

Dear.....,

Acting on behalf of FGSZ Ltd. we hereby inform you that based on the Article 26 (4) of Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks (hereinafter: Regulation), FGSZ is initiating a consultation with the interested parties on the planned introduction of the within day obligations in the Hungarian balancing zone for the gas year beginning as of 1 October 2021.

During the planned amendment of the Operation and Business Code of the Hungarian Natural Gas System, which is expected to take effect on 1 October 2021 our company intends to introduce the following procedure, subject to the relevant approval of the Hungarian Energy and Public Utility Regulatory Authority:

Following a matching procedure with the foreign-based transmission system operators and its confirmation by them, the transmission system operator (FGSZ) on the basis of the confirmed nominations continuously examines the impact of the imbalances of the network user's portfolios on the Hungarian natural gas transmission system. Within a given gas day the degree of the Network User's imbalance is compared to a pre-published imbalance threshold.

If the threshold, which is determined in proportion to the current linepack, is exceeded by the network User's expected supply shortage or supply surplus by the end of the gas day, the transmission system operator shall notify the relevant network user in writing regarding the occurrence of the expected deviation and further procedure.

If the concerned network user fails to balance the unbalanced transmission volume by commercial transaction or re-nomination within the period specified in the notification, the transmission system operator, by dividing the quantities nominated by the network user for cross-border entry-exit points and storage entry-exit points, in order to curtail the calculated imbalance can reduce the unbalanced transmission volume in proportion to the quantities nominated for these points (pro rata), up to the extent of the unbalanced transmission volume

regardless of the quality or type of the capacity used. As a part of the matching procedure the transmission system operator shall inform the neighbouring transmission system operator of the fact of the reduction of the nomination. The quantitative adjustment of the relevant network user shall not affect the quantities for the passed and the coming 2 hours of the given gas day. The treatment of any reduction would be handled during the standard subsequent matching procedure. The used procedure does not affect the provisions of the prevailing interconnection agreements; therefore, they do not need to be amended.

The transmission system operator shall also send a notice to the operators of the Hungarian trading platforms stating that bids and offers of the network user cannot be recorded on the trading platforms until further untying exchange of messages, and in addition to that the further recording of the bids and offers related to title transfer transactions of the network user shall be refused on the Information Platform of the transmission system operator.

Our proposal meets all the conditions required by the Regulation, as follows:

The within-day obligation to be introduced do not prevent cross-border trade and the market access of new network users. During the introduction of the obligation separate, dedicated fee(s) will not be set and applied. The settlement of the network user's imbalance and the neutrality charge set out in Chapter VII of the Regulation will continue to be based on the position at the end of the gas day.

In case of the introduction of the within-day obligation the benefits related to the economical and efficient operation of the transmission system outweigh the possible negative effects, if the increase of the imbalance of the given network user can be limited during the gas day, and thus, the reduction of the system-level hydraulic effect does not impose such a burden on the transmission system operator, and other network users should not be involved in the risk-sharing community of the financial settlement after the gas day settlement.

If you agree with the introduction of the within day obligations in accordance with the conditions set out in the Regulation and as outlined above, and you accept them as the neighbouring network operator concerned than please indicate it in an official letter no later than 30 June 2021 to the following address: kapacitasgazdalkodas@fgsz.hu

We kindly ask you to inform us as soon as possible if you have any objections or comments to the idea outlined above so that we can reconcile the disagreement by 30 June 2021. If you have no comments on the procedure outlined above by 30 June 2021 than we will consider that the content of our letter is accepted by you.

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Please be informed that the present consultation letter was also sent to the following companies:

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Thank you in advance for your kind cooperation.

Yours sincerely,

(This is an electronically signed document.)

Zoltán Gellényi
Director of Network and System Control

Ákos Rétfalvi
Director of Trading and Business
Services