



## **Comments**

### **on the Balancing refined draft Network Code**

#### **A. General Remarks**

GEODE, the European Association of power and gas distributors, appreciates the opportunity to comment on the refined draft Network Code on Gas Balancing of Transmission Networks (NC GB).

GEODE thanks the ENTSOG for the involvement of the DSOs in the elaboration process of the Code and for the excellent cooperation.

#### **B. GEODE's position on neutrality pot splitting (Art. 36 item 5 NC GB)**

The newly introduced Art. 36 item 5 NC GB states:

“In the case of Variant 2 application, where the Balancing Neutrality Charge may be based on forecasted costs and revenues, the TSOs methodology for Balancing Neutrality Charges shall provide rules for a separate Balancing Neutrality Charge in respect of Non Daily Metered Off-takes.”

GEODE strongly opposes this new regulation.

GEODE's proposal:

- **The wording of the previous draft provision should be reintroduced.**  
Or alternatively:
- **The national regulatory authorities could be obliged to analyse whether they shall introduce a separate Balancing Neutrality Charge in respect of NDM off-takes.**



Reasons:

- **The impact of the new provision was not analysed.**

The newly introduced provision entails a major system change of Balancing Neutrality Charge without analysing the impacts of it for the energy systems concerned. The repercussions for the different actors in the energy market have not been considered.

- **The national regulatory authority is in the best position to analyse the impacts of the introduction of such provision for the energy system.**

The national regulatory authority is in the best position to carry out an in-depth analysis of the impacts and advantages / disadvantages of such provision for the national energy system and its actors. Therefore, it is advisable that the decision whether the Balancing Neutrality Charge should be split is taken by the national regulatory agencies.

- **Implementation costs are incalculable yet.**

The implementation efforts and costs of the system change that will be necessary in concerned energy systems because of the new provision cannot be calculated yet, because there is up to now no analytical basis concerning the impacts of the provision. But especially for German energy system they can be assumed to be very high.

- **The charge splitting will entail rising energy costs for private households.**

From the point of view of economic policy, the provision is questionable and has to be seen critically. For the abolition of socialisation of balancing costs would entail rising energy cost for private households that are NDM off-takes.

- **Therefore, such a major system change like the abolition of socialisation of balancing costs should *not be imperatively* fixed in the Network Code on Gas Balancing.**

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