Network Code

on Capacity Allocation Mechanisms

The contents of this document shall be subject to the outcome of the Comitology Procedure according to article 5a (1) to (4) and article 7 of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission, as foreseen in Art 28 (2) of Regulation (EC) No 715/2009.

6th of March 2012
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1. Rationale of the Capacity Allocation Mechanisms Network Code


Having regard to the Invitation Letter of the European Commission to draft a Network Code on gas capacity allocation rules dated 17 August 2011;

Having regard to the outcome of the Comitology Procedure and final decision dated [date to be inserted]

Whereas:

Regulation (EC) No 715/2009 defines several tasks for ENTSOG. Amongst these is the development of European-wide harmonised Network Codes in the areas referred to in article 8 (6) of the Regulation to be applied by all Transmission System Operators for Gas.

The process for delivering a Network Code by ENTSOG is based on the procedure as set out in article 6 of the Regulation.

With regards to capacity allocation referred in article 8 (6) lit g) of the Regulation, ACER published on the 3 August Framework Guidelines on Capacity Allocation Mechanisms for the European Gas Transmission Network pursuant to article 6 (2) of the Regulation.

This Framework Guideline was reviewed by the European Commission and approved as the basis for ENTSOG’s work on the Network Code.

As foreseen by article 28 of ENTSOG’s published Rules of Procedure as well as by ENTSOG’s Guidelines on Stakeholder Interaction during the Network Code Development Process, ENTSOG consulted the market on its proposed Capacity Allocation Mechanisms (CAM) Network Code project plan and published a document comprising all responses.

1.1. Subject matter

This Network Code sets forth provisions regarding capacity allocation mechanisms. It shall define a standardised capacity allocation mechanism in the form of an auction procedure for relevant Interconnection Points within Europe, including the underlying Standard Capacity Products to be offered and the description of how cross-border capacity will be allocated. Further, the Network Code shall set out how adjacent transmission system operators cooperate in order to facilitate capacity sales, having regard to general commercial as well as technical rules related to capacity allocation mechanisms.
1.2. Definitions

Words and expressions set out herein shall have the meaning given to them in the Regulation and Directive 2009/73/EC save where otherwise provided. For the purpose of this Network Code, the following additional definitions shall apply:

(a) ‘Additional Capacity’ means any capacity that transmission system operators may make available at their discretion in accordance with any relevant incentives to offer further capacity, including applicable overbooking procedures, beyond Technical Capacity.

(b) ‘Ascending Clock’ auction means an auction in which a Registered Network User places requested quantities against defined price steps, which are announced sequentially.

(c) ‘Auction Calendar’ means a table displaying information relating to specific auctions. The Auction Calendar shall be published by ENTSOG by January of every calendar year for auctions taking place during the period of March until February of the following calendar year. The Auction Calendar shall consist of all relevant timings for auctions, including starting dates, lead times, and Standard Capacity Products to be auctioned.

(d) ‘Bidding Round’ means the time period during which Registered Network Users can submit, amend and withdraw bids.

(e) ‘Bundled Capacity’ means a corresponding entry and exit capacity on a firm basis at both sides of every Interconnection Point.

(f) ‘Capacity Contract’ means a gas transportation contract between a transmission system operator and a Registered Network User as defined in article 2 of the Regulation.

(g) ‘Comitology Procedure’ means the procedure according to article 5a (1) to (4) and article 7 of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission, OJ 1999 L 184/23.


(i) ‘First Time Undersell’ means an occurrence where the aggregate demand across all Registered Network Users is less than the capacity offered at the end of the second Bidding Round or a subsequent Bidding Round.

(j) ‘Gas Day’ means the period from 5:00 to 5:00 UTC for winter time and from 4:00 to 4:00 UTC when daylight saving is applied.
(k) ‘Interconnection Agreement’ means an agreement entered into by and between adjacent transmission system operators, whose systems are connected at a particular Interconnection Point, which specifies terms and conditions, operating procedures and provisions, in respect of delivery and/or withdrawal of gas at the Interconnection Point with the purpose of facilitating efficient interoperability of the interconnected transmission networks.

(l) ‘Interconnection Point’ means a cross-border interconnection point, whether it is physical or virtual, between two or more Member States as well as interconnection between adjacent entry-exit-systems within the same Member States, in so far as these points are subject to booking procedures by Registered Network Users.

(m) ‘Large Price Step’ means a price step that is defined per Interconnection Point and Standard Capacity Product and may be a fixed or variable amount.

(n) ‘Minimum Amount of Capacity’ means the minimum amount for a Standard Capacity Product which the Registered Network User is willing to be allocated.

(o) ‘Network Code’ means this Network Code on Capacity Allocation Mechanisms pursuant to article 8 (6) lit g) of the Regulation.

(p) ‘Nomination’ means a nomination as defined in article 2 of the Regulation.

(q) ‘Registered Network User’ means a network user that has acceded to and is compliant with all applicable legal and contractual requirements that enable him/her to book and use capacity on the relevant transmission system operators’ network under a Capacity Contract.

(r) ‘Regulated Tariff’ means either the tariff as calculated using the methodology set and/or approved by the national regulatory authority, or the tariff set and/or approved by the national regulatory authority, or both.

(s) ‘Reserve Price’ means the minimum eligible floor price in the auction, being equal to the Regulated Tariff. The payable price may be a fixed or a variable price as set out in article 7.2.

(t) ‘Small Price Step’ means a price step that is defined per Interconnection Point and Standard Capacity product which may be a fixed or variable amount and is smaller than the Large Price Step.

(u) ‘Standard Capacity Product’ means a certain amount of capacity over a given period of time, at a specified Interconnection Point. Standard Capacity Products are: yearly, quarterly, monthly, daily and Within-day, as defined in article 4.2.

(v) ‘Technical Capacity’ means the technical capacity as defined in article 2 of the Regulation.

(x) ‘Uniform-Price’ auction means an auction in which the Registered Network User freely bids price as well as quantity and all Registered Network Users, who are successful in gaining capacity, pay the price of the lowest successful bid.

(y) ‘Virtual Interconnection Point’ means the aggregation of two or more Interconnection Points between two adjacent transmission networks into one commercial point.

(z) ‘Within-day’ means balance-of-day capacity offered and allocated after the closure of the day-ahead capacity auctions.

1.3. Equal treatment, non-discrimination and transparency

The requirements established in this Network Code and respective implementation by the transmission system operators are based on the principles of equal treatment, non-discrimination and transparency in accordance with the Regulation and Directive 2009/73/EC.

1.4. Confidentiality

1) Without prejudice to the obligation related to relevant binding rules regarding the confidentiality of commercially sensitive information under European legislation as transposed in the country of operation, each transmission system operator shall preserve the confidentiality of the information and data submitted to it for the implementation of this Network Code and shall not disclose any of these to third parties save for the use of such confidential information exclusively for the purpose for which it has been submitted, notably to verify the compliance of requirements set forth in this Network Code.

2) Notwithstanding the above, article 1.4 (1) shall not apply where a transmission system operator is compelled under relevant EU or national law to disclose such confidential information, under the conditions set forth in the relevant European and/or national binding legislation.

1.5. Relationship with European and national legislation

1) This Network Code shall be without prejudice to the rights of member states to maintain or introduce measures that contain more detailed provisions than those set out herein provided that such measures are consistent with the general principles set out in this Network Code.

2) This Network Code is without prejudice to public service obligations of a transmission system operator arising out of European and/or national legislation with regard to capacity allocation issues.

3) This Network Code is without prejudice to the regulatory regime for cross border issues pursuant to article 42 of Directive 2009/73/EC and to the responsibilities and powers of the regulatory authorities established according to article 41 (6) of Directive 2009/73/EC.
4) This Network Code is without prejudice to specific measures implemented under the Regulation or Regulation (EU) No 994/2010 on security of gas supply.

5) Transmission system operators shall not be held liable for non-compliance with any term of this Network Code, if this arises as a result of complying with specific measures under another regulation that shall prevail.

1.6. Entitlement to participate in capacity allocation processes

Only Registered Network Users shall be entitled to participate in capacity allocation processes as set out in this Network Code.

2. Application of the Network Code

1) The rules of this Network Code shall apply to cross-border Interconnection Points as well as interconnections between adjacent entry-exit systems within the same member state, insofar as the points are subject to booking procedures by Registered Network Users. The provisions of this Network Code shall not apply to the capacity allocation issues with regard to exit points to end consumers and distribution networks, entry points to supply-only networks, entry points from LNG terminals and production facilities, or entry/exit points to or from storage facilities. New infrastructure referred to in Article 36 of Directive 2009/73/EC is exempt from the provisions of this Network Code.

2) This Network Code shall apply to all Technical Capacity at Interconnection Points. Where relevant it shall also apply to Additional Capacity.

3) Articles 4, 6, 7 and 8 of this Network Code shall not apply to new Technical Capacity allocated via open season procedures, or other procedures for allocating new Technical Capacity, apart from capacity which remains unsold after it has been initially offered via such processes.

4) This Network Code sets out the minimum requirements that shall be implemented by transmission system operators through their Capacity Contracts.

5) This Network Code is not intended to cover areas other than capacity allocation, such as balancing, tariffs, interoperability, congestion management procedures or transparency, except to the extent necessary to address interactions with these areas.

6) In the event of any conflict or inconsistency between the terms of this Network Code and any provisions of another Network Code or national legislation related to capacity allocation mechanisms issues that are described in articles 4 to 6 and article 8 of this Network Code, the terms of this Network Code shall prevail.

7) This Network Code shall be amended to the extent needed as from the coming into force to adapt its provisions to any changes in terms of needs, obligations or legislation applicable to the subject matter, pursuant to the procedure set forth in article 7 of the Regulation.

8) In accordance with article 4, this Network Code describes the methods for explicit auctions without prejudice to the application of implicit auctions, with the understanding
that if an implicit auction is applied the provisions in articles 4 to 8 of this Network Code shall not apply.

3. **Principles of co-operation**

3.1. **Coordination of maintenance**

1) Where maintenance of a pipeline or part of a transmission network has an impact on the amount of capacity which can be offered at Interconnection Points, the respective transmission system operators shall fully cooperate with their adjacent transmission system operator(s) regarding their respective maintenance plans to minimise the impact on potential gas flows and capacity at an Interconnection Point. The exchange of data between the respective transmission system operators shall be integrated in their respective Interconnection Agreement.

2) Reliable and sufficient information relating to the planned maintenance shall be published in a systematic, timely and non-discriminatory manner to the network users for all Interconnection Points in order to optimise and ensure network access.

3) Planned maintenance shall be published on a website accessible to the public, free of charge and without any need to register or otherwise sign on with the transmission system operator. The information shall be in a downloadable format and shall contain the following:

   (a) Interconnection Point affected;

   (b) impact on capacity availability;

   (c) nature of planned maintenance; and

   (d) planned start date and planned duration.

4) Any changes to planned maintenance periods and notification of unplanned maintenance shall be published on a non-discriminatory basis, as soon as the information becomes available to the transmission system operator(s) concerned.

5) For the avoidance of doubt the maintenance arrangements set out in a transmission system operator’s Capacity Contracts or Interconnection Agreements are not prescribed in this Network Code.

3.2. **Standardisation of communication**

1) To ensure information exchange with network users, particularly for reservation of capacity, transfers of capacity rights, planning day-to-day network operation and information on potential congestion, transmission system operators shall coordinate the implementation of standard communication procedures, coordinated information systems and compatible electronic on-line communications such as shared data exchange formats and protocols, as well as agreed principles as to how this data is treated.
2) Standard communication procedures shall include those particularly relating to Registered Network Users’ access to the transmission system operator(s)’ auction system or a relevant platform and the review of auction information provided. The timing and content of the data to be exchanged shall be compliant with the provisions set out in this Network Code, particularly article 4.

3) The standard communication procedures adopted shall have an implementation plan and duration of applicability, which shall be in line with the development of booking platform(s) as set out in article 8 of this Network Code. The procedures shall ensure confidentiality, including of commercially sensitive information.

3.3. Capacity calculation and maximisation

1) The maximum Technical Capacity at all relevant points referred to in article 18 (3) of the Regulation shall be made available to Registered Network Users, taking into account system integrity and efficient network operation.

2) A transmission system operator shall determine Technical Capacity by the application of a calculation methodology. Transmission system operators shall publish those methodologies in accordance with Chapter 3 of Annex 1 to the Regulation dated 10 November 2010.

3) Adjacent transmission system operators shall exchange relevant information with the aim of coordinating the results of their capacity calculations to maximise Technical Capacity.

4. Allocation of firm capacity

4.1. Allocation methodology

1) Auctions shall be used for the allocation of capacity at Interconnection Points.

2) At all Interconnection Points the same auction design shall apply. The relevant auction processes shall be started simultaneously for all concerned Interconnection Points as far as reasonably possible. Each auction process, relating to a single Standard Capacity Product, shall allocate capacity independently of every other auction process.

3) The Standard Capacity Products for which Registered Network Users shall be entitled to bid in an auction shall follow a logical order by which products covering yearly capacity shall be offered first, followed by the next shortest capacity duration for the respective period. The timing of the auctions described in articles 4.4 to 4.8 shall therefore be consistent with this principle.

4) The Standard Capacity Products as defined in article 4.2 and auctions as defined in articles 4.4 to 4.8 shall apply for Bundled Capacity and unbundled capacity at an Interconnection Point.

5) For a given auction, the availability of the relevant Standard Capacity Products shall be communicated in accordance with articles 4.4 to article 4.8 and according to the Auction Calendar.
6) An amount at least equal to 10% of the Technical Capacity at each Interconnection Point shall be set aside for firm capacity services with a duration of less than or equal to one quarter, provided that the available capacity, at the time this Network Code comes into force, is equal to or greater than the proportion of Technical Capacity to be set aside. If the available capacity, at the time this Network Code comes into force, is less than the proportion of Technical Capacity to be set aside, the whole of any available capacity shall be set aside for firm capacity services with a duration of less than or equal to one quarter. Any capacity set aside pursuant to this article will first be offered in annual quarterly capacity auctions as described in article 4.5.

7) The exact proportion of capacity to be set aside in relation to article 4.1 (6) shall be subject to a stakeholder consultation, alignment between transmission system operators and approval by national regulatory authorities at each Interconnection Point in accordance with article 9.

4.2. Standard Capacity Products

1) The following Standard Capacity Products shall be defined: yearly, quarterly, monthly, daily and Within-day.

2) Yearly Standard Capacity Products shall be the capacity, which may be applied for, in a given amount, by a Registered Network User for all Gas Days in a particular gas year (starting on the 1st of October).

3) Quarterly Standard Capacity Products shall be the capacity, which may be applied for, in a given amount, by a Registered Network User for all Gas Days in a particular quarter (starting on the 1st of October, 1st of January, 1st of April or the 1st of July respectively).

4) Monthly Standard Capacity Products shall be the capacity, which may be applied for, in a given amount, by a Registered Network User for all Gas Days in a particular calendar month (starting on the 1st Gas Day of each month).

5) Daily Standard Capacity Products shall be the capacity, which may be applied for, in a given amount, by a Registered Network User for a single Gas Day.

6) Within-day Standard Capacity Products shall be the capacity, which may be applied for, in a given amount, by a Registered Network User from a start time within a particular Gas Day until the end of the same Gas Day.

4.3. Applied booking unit

The capacity offered shall be expressed in energy units per unit of time. The following units shall be used: kWh/h or kWh/d. In case of kWh/d a flat flow rate over the Gas Day is assumed.
4.4. Annual yearly capacity auctions

1) The annual yearly capacity auctions shall be held once a year.

2) Capacity for each yearly Standard Capacity Product shall be auctioned through the annual yearly capacity auction using an Ascending-Clock auction algorithm according to article 4.10.

3) The auction process shall offer capacity for the upcoming 15 years, that is, each yearly Standard Capacity Product from one up to 15 years.

4) Annual yearly capacity auctions shall start on the 1st Monday of March each year unless otherwise specified in the Auction Calendar.

5) During the annual yearly capacity auction Registered Network Users shall be able to participate in one or several concurrent auctions in relation to each Interconnection Point in order to apply for Standard Capacity Products.

6) The capacity to be offered during the annual yearly capacity auction shall be equal to:

\[ A - B - C + D \]

Where:

- **A** is the transmission system operator’s Technical Capacity for each of the Standard Capacity Products;
- **B** is the proportion of Technical Capacity (A) set aside according to article 4.1 (6);
- **C** is the previously sold Technical Capacity, adjusted by the capacity which is re-offered in accordance with applicable congestion management procedures;
- **D** is Additional Capacity, for such year, if any.

The capacity to be offered may be either Bundled Capacity or unbundled capacity in accordance with article 5.1. This also applies to all other auctions as set out in articles 4.5 to 4.8.

7) One month before the auction starts, transmission system operators shall notify network users about the amount of Technical Capacity to be offered for each year for the upcoming annual yearly capacity auction. In addition the transmission system operators will notify network users whether any Additional Capacity may be made available.

8) The auction, that is the Bidding Rounds of each auction, shall take place between 08:00 UTC to 17:00 UTC (winter time) or 07:00 UTC to 16:00 UTC (daylight saving) on all relevant Gas Days. Bidding Rounds shall be opened and closed within this period each day, as specified in article 4.10 (2).
9) The allocation results of the auction shall be published, as soon as reasonably possible, and no later than the next business day after the closing of the Bidding Round, simultaneously to individual Registered Network Users participating in the respective auction.

10) Subsequently, final aggregated auction information shall be published to the market.

4.5. Annual quarterly capacity auctions

1) The annual quarterly capacity auction shall be held once a year.

2) Capacity for each quarterly Standard Capacity Product shall be auctioned through the annual quarterly capacity auction using an Ascending-Clock auction algorithm according to article 4.10.

3) Each gas year, capacity for each quarter from the first quarter (October-December) of the upcoming gas year to the last quarter (July-September) of the upcoming gas year (inclusive) shall be auctioned through the annual quarterly capacity auction.

4) During the annual quarterly capacity auction Registered Network Users shall be able to participate in one to four concurrent auctions in relation to each Interconnection Point in order to apply for quarterly Standard Capacity Products.

5) Annual quarterly capacity auctions shall start on the 1st Monday of June each year unless otherwise specified in the Auction Calendar.

6) The capacity to be offered in the annual quarterly capacity auction shall be, each month, equal to:

\[ A - C + D \]

Where:

- \( A \) is the transmission system operator’s Technical Capacity for each of the Standard Capacity Products;
- \( C \) is the previously sold Technical Capacity, adjusted by the capacity which is re-offered in accordance with applicable congestion management procedures;
- \( D \) is Additional Capacity, for such quarter, if any.

7) One week before the auction starts, transmission system operators shall notify network users about the amount of capacity to be offered for each quarter for the upcoming annual quarterly capacity auction. In addition the transmission system operators will notify network users whether any Additional Capacity may be made available.

8) The auction, that is the Bidding Rounds of each auction, shall take place between 08:00 UTC to 17:00 UTC (winter time) or 07:00 UTC to 16:00 UTC (daylight saving) on all
relevant Gas Days. Bidding Rounds shall be opened and closed within this period each day, as specified in article 4.10 (2).

9) The allocation results of the auction shall be published, as soon as reasonably possible, and no later than the next business day after the closing of the Bidding Round, simultaneously to individual Registered Network Users participating in the respective auction.

10) Subsequently, final aggregated auction information shall be published to the market.

4.6. Rolling monthly capacity auctions

1) The rolling monthly capacity auction shall be held once a month.

2) Capacity for each monthly Standard Capacity Product shall be auctioned through the rolling monthly capacity auction using an Ascending-Clock auction algorithm according to article 4.10. Each month, the monthly Standard Capacity Product for the following calendar month shall be auctioned.

3) During the rolling monthly capacity auction Registered Network Users shall be able to apply for one monthly Standard Capacity Product.

4) Rolling monthly capacity auctions shall start on the 3rd Monday of each month for the auction of the following monthly Standard Capacity Product unless otherwise specified in the Auction Calendar.

5) The capacity to be offered in the rolling monthly capacity auction shall be, each month, equal to:

\[ A - C + D \]

Where:

\( A \) is the transmission system operator’s Technical Capacity for each of the Standard Capacity Products;

\( C \) is the previously sold Technical Capacity, adjusted by the capacity which is re-offered in accordance with applicable congestion management procedures;

\( D \) is Additional Capacity, for such month, if any.

6) One week before the auction starts, transmission system operators shall notify network users about the amount of capacity to be offered for the upcoming rolling monthly capacity auction. In addition the transmission system operators will notify network users whether any Additional Capacity may be made available.

7) The auction, that is the Bidding Rounds of each auction, shall take place between 08:00 UTC to 17:00 UTC (winter time) or 07:00 UTC to 16:00 UTC (daylight saving) on all
relevant Gas Days. Bidding Rounds shall be opened and closed within this period each day, as specified in article 4.10 (2).

8) The allocation results of the auction shall be published, as soon as reasonably possible, and no later than the next business day after the closing of the Bidding Round, simultaneously to individual Registered Network Users participating in the respective auction.

9) Subsequently, final aggregated auction information shall be published to the market.

4.7. Rolling day ahead capacity auctions

1) The rolling day ahead capacity auction shall be held once a day.

2) Every day, a Standard Capacity Product for the following day shall be auctioned through the rolling day ahead capacity auction.

3) Capacity for each daily Standard Capacity Product shall be auctioned through the rolling day-ahead capacity auction using a Uniform Price auction algorithm according to article 4.11. Each day, the daily Standard Capacity Product for the following day shall be auctioned.

4) During the rolling day ahead capacity auction Registered Network Users shall be able to apply for capacity for one daily Standard Capacity Product.

5) The Bidding Round shall open every day at 15:30 UTC (winter time) or 14:30 UTC (daylight saving).

6) A capacity bid for the daily Standard Capacity Product for the rolling day ahead capacity auction shall be handled as follows: submission, withdrawal or amendment from 15:30 UTC to 17:00 UTC (winter time) or 14:30 UTC to 16:00 UTC (daylight saving).

7) The capacity to be offered in the rolling day ahead capacity auction shall be, each day, equal to:

\[ A - C + D \]

Where:

\( A \) is the transmission system operator’s Technical Capacity for each of the Standard Capacity Products;

\( C \) is the previously sold Technical Capacity, adjusted by the capacity which is re-offered in accordance with applicable congestion management procedures;

\( D \) is Additional Capacity, for such day, if any.

8) At the time the Bidding Round opens, transmission system operators shall notify network users about the amount of capacity to be offered for the upcoming rolling day ahead
capacity auction. In addition the transmission system operators will notify network users whether any Additional Capacity may be made available.

9) The allocation results of the auction shall be published, no later than 1 hour after the closing of the Bidding Round, simultaneously to individual Registered Network Users participating in the respective auction.

10) Subsequently, final aggregated auction information shall be published to the market.

4.8. Within-day capacity auctions

1) Subject to capacity being made available, a Within-day capacity auction shall be held every hour during a relevant Gas Day (subject to article 4.8 (3)) using a Uniform Price auction algorithm according to article 4.11.

2) The first Bidding Round shall open directly on the next hour bar following the publication of results of the day-ahead auction in accordance with article 4.7. The first Bidding Round closes at 03:00 UTC (winter time) or 02:00 UTC (daylight saving) before the Gas Day. The allocation of successful bids shall be effective from 05:00 UTC (winter time) or 04:00 UTC (daylight saving) on the relevant Gas Day.

3) The last Bidding Round shall close at 02:00 UTC (winter time) or 01:00 UTC (daylight saving) on the relevant Gas Day.

4) Registered Network Users shall be entitled to place, withdraw or amend bids from the opening of the first Bidding Round until 02:00 UTC (winter time) or 01:00 UTC (daylight saving) Within-day, unless the respective transmission system operator is running an allocation process.

5) Each hour on the relevant Gas Day, capacity effective from the hour + 2 shall be auctioned as Within-day capacity.

6) Each Bidding Round shall open at the start of every hour on the relevant Gas Day.

7) The duration of each Bidding Round shall be 1 hour as of the opening of the Bidding Round.

8) The capacity to be offered in the Within-day capacity auction shall be, each hour, equal to:

\[ A - C + D \]

Where:

- \( A \) is the transmission system operator’s Technical Capacity for each of the Standard Capacity Products;
- \( C \) is the previously sold Technical Capacity, adjusted by the capacity which is re-offered in accordance with applicable congestion management procedures;
9) Transmission system operators shall publish the available amount of Within-day firm capacity on offer, after closure of the day-ahead auctions.

10) Transmission system operators shall provide Registered Network Users who bid in the day-ahead auctions with the option to have un-allocated bids automatically entered into the subsequent Within-day auction, in so far as the day-ahead bid was not accepted in the day-ahead auction.

11) The capacity shall be allocated within 15 minutes of the closure of the Bidding Round (every effective hour bar) provided that the bids are accepted and the transmission system operator runs the allocation process.

12) The results of the auction shall be made available simultaneously to individual Registered Network Users.

13) The aggregated market information shall be published at least at the end of each day.

4.9. Auction algorithms

1) If several Standard Capacity Products are offered during an auction, the respective allocation algorithm shall be applied separately for each Standard Capacity Product when it is being allocated. Bids for the different Standard Capacity Products shall be considered independently from each other in the application of the auction algorithm.

2) For annual yearly, annual quarterly and rolling monthly capacity auctions, an Ascending Clock auction algorithm, with multiple Bidding Rounds, as described in article 4.10, shall be applied.

3) For rolling day ahead capacity auctions and Within-day capacity auctions, a Uniform-Price auction algorithm, with a single Bidding Round, shall be applied in accordance with article 4.11.

4.10. Ascending Clock auction algorithm

1) Ascending Clock auctions shall provide for Registered Network Users to place volume bids against escalating prices announced in consecutive Bidding Rounds, starting at the Reserve Price $P_0$.

2) The first Bidding Round, with an associated price equal to the Reserve Price $P_0$, shall have a duration of 3 hours. Subsequent Bidding Rounds shall have a duration of 1 hour. There will be a period of 1 hour between Bidding Rounds.

3) A bid shall specify:

   (a) the identity of the Registered Network User applying;
(b) the concerned Interconnection Point and direction of the flow;

(c) the Standard Capacity Product for which the capacity is applied for; and

(d) per price-step, the amount of capacity for the respective Standard Capacity Product applied for.

4) A bid shall be considered valid if it is submitted by a Registered Network User and complies with all the provisions of article 4.10.

5) In order to participate in an auction, it shall be mandatory to place a volume bid in the first Bidding Round.

6) Transmission system operators shall provide Registered Network Users with the option to enter bids automatically against any price step.

7) Once the relevant Bidding Round closes, all valid bids shall become binding commitments of a Registered Network User to book capacity to the amount requested per announced price, provided the clearing price of the auction is that announced in the relevant Bidding Round.

8) The volume bid in any Bidding Round per Registered Network User shall be equal or smaller to the offer of capacity in a specific auction. The volume bid per Registered Network User at a specific price shall be equal to or less than the volume bid placed by this Registered Network User in the previous round, except where article 4.10 (16) applies.

9) Bids may be freely entered, modified and withdrawn during a Bidding Round, providing all bids comply with article 4.10 (8). Valid bids will remain valid until modified or deleted.

10) A Large Price Step and a Small Price Step shall be defined per Interconnection Point and per Standard Capacity Product and published in advance of the relevant auction. The Small Price Step shall be set such that an increase by an integer number of Small Price Steps is equal to an increase by a Large Price Step.

11) The determination of the Large Price Step shall seek to minimise, as far as reasonably possible, the length of the auction process. The determination of the Small Price Step shall seek to minimise, as far as reasonably possible, the level of unsold capacity where the auction closes at a price higher than the Reserve Price.

12) If the aggregate demand across all Registered Network Users is less than or equal to the capacity offered at the end of the first Bidding Round, the auction shall close.

13) If the aggregate demand across all Registered Network Users is greater than the capacity offered at the end of the first Bidding Round or a subsequent Bidding Round, a further Bidding Round shall be opened with a price equal to the price in the previous Bidding Round, plus the Large Price Step.
14) If the aggregate demand across all Registered Network Users is equal to the capacity offered at the end of the second Bidding Round or a subsequent Bidding Round, the auction shall close.

15) If a First Time Undersell occurs, a price reduction shall take place and a further Bidding Round shall be opened. The further Bidding Round will have a price equal to the price applicable in the Bidding Round preceding the First Time Undersell, plus the Small Price Step. Further Bidding Rounds with increments of the Small Price Step shall then be opened until the aggregate demand across all Registered Network Users is less than or equal to the capacity offered, at which point the auction shall close.

16) The volume bid per Registered Network User in the first Bidding Round where Small Price Steps are applied shall be equal to or less than the volume bid placed by this Registered Network User in the Bidding Round which preceded the First-Time Undersell. The volume bid per Registered Network User in all Bidding Rounds where Small Price Steps are applied shall be equal to or greater than the volume bid placed by this Registered Network User during the Bidding Round in which the First-Time Undersell occurred.

17) If the aggregate demand across all Registered Network Users is greater than the capacity offered in the Bidding Round with a price equal to that which led to the First Time Undersell, minus one Small Price Step, the auction shall close. The clearing price shall be the price that led to the First Time Undersell and the successful bids shall be those submitted during the original Bidding Round in which the First Time Undersell was shown.

18) After each Bidding Round, the demand of all Registered Network Users in a specific auction shall be published as soon as reasonably possible in an aggregated form.

19) The price announced for the last Bidding Round in which the auction closes shall be considered as the clearing price of the specific auction unless article 4.10 (17) applies.

20) All Registered Network Users who have placed valid volume bids at the clearing price are allocated the capacity according to their volume bids at the clearing price. Successful Registered Network Users shall pay the clearing price of the specific auction, which may be a fixed or a variable price as set out in article 7.2, and any other possible charges applicable at the time when the capacity allocated to them can be used.

21) Following every closed auction, the final auction result including the aggregation of allocated capacities and the clearing price shall be published. Successful Registered Network Users shall be informed about the amount of capacities they will be allocated, whereby individual information shall be communicated only to concerned parties.

22) If an Ascending Clock auction has not ended by the scheduled starting point (according to the Auction Calendar) of the next auction for capacity covering the same period, the first auction shall close and no capacity shall be allocated. The capacity shall be offered in the next relevant auction.
4.11. Uniform-Price auction algorithm

1) No price steps shall be provided. Registered Network Users may freely choose the price or prices at which they submit their bid or bids.

2) During the Bidding Round of a given auction, Registered Network Users may submit up to 10 bids. Each bid shall be treated independently from other bids. After the closure of the Bidding Round, remaining bids may not be amended or withdrawn.

3) A bid shall specify:
   (a) the identity of the Registered Network User applying;
   (b) the concerned Interconnection Point and direction of the flow;
   (c) the Standard Capacity Product for which the capacity is applied for;
   (d) the amount of capacity for the respective Standard Capacity Product applied for;
   (e) the Minimum Amount of Capacity for the respective Standard Capacity Product which the Registered Network User is willing to be allocated according to the relevant algorithm in case the Registered Network User is not allocated the amount requested in accordance with article 4.11 (3) (d); and
   (f) the bid prices, which shall not be less than the Reserve Price applicable for the relevant Standard Capacity Product, which the Registered Network User is willing to pay in respect of the capacity applied for. Bids with a bid price below the Reserve Price shall not be accepted.

4) The transmission system operator shall rank all bids relating to a given Standard Capacity Product according to their bid price, the highest price ranking first.

5) All remaining bids at Bidding Round closing time shall be considered as binding on those Registered Network Users that are allocated at least the Minimum Amount of Capacity requested in accordance with article 4.11 (3) (e).

6) Pursuant to article 4.11 (4) and subject to article 4.11 (7) to article 4.11 (10), capacity shall be allocated to the bids in function of their price ranking. All bids for which capacity is allocated shall be considered as successful. After the allocation of capacity, the remaining unallocated capacity shall be reduced by such quantity.

7) Pursuant to article 4.11 (6) and subject to article 4.11 (9), where the amount of capacity bid for exceeds the remaining unallocated capacity (after capacity has been allocated to Registered Network Users placing higher bids), this Registered Network User will be allocated capacity equal to the remaining unallocated capacity.

8) Pursuant to article 4.11 (7) and subject to article 4.11 (9), where each of two or more bids specifies the same bid price, and the amount of relevant capacity remaining applied for in aggregate under such bids exceeds the remaining unallocated amount, the
remaining unallocated amount shall be allocated pro rata to the amounts applied for in each such bid.

9) Where the amount to be allocated in respect of a bid pursuant to article 4.11 (6), article 4.11 (7) or article 4.11 (8) is less than the Minimum Amount of Capacity according to article 4.11 (3) (e), the bid shall be disregarded and become null and void, and a revised allocation shall be made between remaining equal price bid(s) under article 4.11 (8), or (as the case may be) an allocation shall be made in respect of the next priced bid, pursuant to article 4.11 (6).

10) Where the remaining amount to be allocated in respect of any bid pursuant to article 4.11 (6), article 4.11 (7), article 4.11 (8) or article 4.11 (9) is equal to 0 (zero) no further capacity shall be allocated to the remaining bids. Those bids shall be considered unsuccessful.

11) The clearing price shall be defined as the price of the lowest successful bid. Successful Registered Network Users shall pay the clearing price of the specific auction, which may be a fixed or a variable price as set out in article 7.2, and any other possible charges applicable at the time when the capacity allocated to them can be used.

5. Cross-border capacity

5.1. Bundled Capacity services

Adjacent transmission system operators shall jointly offer Bundled Capacity products, according to the following principles:

1) On both sides of an Interconnection Point all firm capacity shall be offered as Bundled Capacity, in so far as there is available firm capacity. New capacity as set out in article 2.3 is not covered by this article.

2) Transmission system operators shall offer capacity for the relevant Standard Capacity Product on a booking platform for the network users registered at such platform, in accordance with article 8 of this Network Code and in accordance with the applicable allocation procedure, as set out in article 4.

3) The booking platform(s) shall be designed in such a way, that the Bundled Capacity to be offered by the transmission system operators concerned at an Interconnection Point shall be contracted through a single allocation procedure.

4) Registered Network Users shall comply with applicable terms and conditions of the Capacity Contract(s) of the transmission system operators concerned as from the time the capacity is contracted.

5) Where there is more available firm capacity on one side of an Interconnection Point than on the other side for any period considered, the transmission system operator with the most available firm capacity shall offer the mismatched capacity to the Registered Network Users as an unbundled firm product in accordance with the Auction Calendar.
6) Technical Capacity becoming available on one side of an Interconnection Point exceeding the available Technical Capacity on the other side of the same Interconnection Point shall be allocated for a duration not exceeding the expiration date of the corresponding Capacity Contract on the other side of the same Interconnection Point. Adjacent transmission system operators shall monitor and plan this process.

7) Any unbundled capacity allocated in accordance with article 5.1 (5) and 5.1 (6) may be used and nominated as such. It may also be traded on the secondary market.

8) Adjacent transmission system operators shall establish a joint Nomination procedure for Bundled Capacity, providing Registered Network Users with the means to nominate the flows of their Bundled Capacity via a single Nomination.

9) The obligations to offer Bundled Capacity also apply, to the extent that they are relevant, to secondary capacity markets. Capacity originally allocated as Bundled Capacity can only be resold as Bundled Capacity.

10) Where two or more Interconnection Points connect the same two adjacent transmission systems, the adjacent transmission system operators concerned shall offer the available capacities at the Interconnection Points at one Virtual Interconnection Point according to the following conditions:

   (a) the total Technical Capacity at the Virtual Interconnection Points shall be equal to or higher than the sum of the Technical Capacities at each of the Interconnection Points contributing to the Virtual Interconnection Points;

   (b) to the reasonable judgement of each transmission system operator concerned regarding its own transmission network, the characteristics of the transmission systems involved shall allow the establishment of Virtual Interconnection Points;

   (c) Virtual Interconnection Points shall only be established, if they facilitate the economic and efficient use of the system including but not limited to rules set out in article 16 of the Regulation; and

   (d) Adjacent transmission system operators shall start the necessary analysis and, if the above conditions are met, shall establish functional Virtual Interconnection Points no later than 5 years after the entering into force of this Network Code.

5.2. Amendment of existing Capacity Contracts

Bundling of Capacity

1) At each Interconnection Point, the existing contracted capacity before the coming into force of this Network Code shall be bundled no later than 5 years thereafter to the extent that previously contracted capacity on each side of the Interconnection Point can be matched for any period considered.

2) To that purpose, within the 5 year period referred to above, the capacity holders who are parties to the existing Capacity Contracts at the time of the coming into force of the Network Code at the respective Interconnection Point shall aim to reach an agreement
on the bundling of the capacity required by this article to be bundled via any suitable contractual arrangements. The transmission system operators who are parties to the existing Capacity Contracts may participate at any time in the discussions regarding the bundling arrangement.

3) The transmission system operators involved at an Interconnection Point shall jointly identify the capacity to be bundled and related existing contracts. Transmission system operators shall monitor proposed arrangements in order to ensure the bundling of such contracts is achieved.

4) The bundling arrangement shall take into consideration the contracted capacity at each side of an Interconnection Point and the duration of commitments for the contracted capacity under the existing contracts.

5) Where there is a mismatch between existing levels of contracted capacity at an Interconnection Point the portion that cannot be bundled may continue to be used as an unbundled firm product.

6) All relevant information that is necessary to achieve an agreement between the parties involved shall be provided by any of such parties to the extent needed subject to confidentiality obligations binding the parties in particular but not limited to the confidentiality of commercially sensitive information.

7) The capacity holder that is party to an existing Capacity Contract shall keep the transmission system operator that is also party in such contract informed as to the ongoing discussions regarding the bundling in a timely manner if the latter is not involved in the discussion.

8) Where a bundling arrangement is agreed upon between respective capacity holders, the transmission system operators involved at the Interconnection Point shall be informed by the parties of such bundling arrangement without undue delay and shall modify the relevant Capacity Contracts accordingly. In case of inconsistency between the notified bundling arrangement and the provisions of this Network Code or the provisions of the Capacity Contract(s), the parties to the bundling arrangement shall upon request of the transmission system operators concerned adjust the bundling arrangement accordingly.

9) The relevant national regulatory authorities shall mediate between the parties affected by this article to promote such agreement upon request by any party concerned.

Default Rule

10) At the end of the 5 year period mentioned above, the transmission system operators shall be informed of all the bundling arrangements reached and identify with the national regulatory authority where the parties involved at an Interconnection Point could not reach agreement on the bundling of the full amount of capacity required by this article to be bundled. For such, the portion of capacity on which agreement has not been reached five years after the coming into force of this Network Code shall be, to the extent feasible, deemed bundled and distributed among the original holders as Bundled Capacity proportionally to their original rights according to the default rule set forth
below. In this case, the transmission system operators will inform the capacity holders concerned that the default rule is to be applied.

The following principles shall apply:

(a) technical constraints shall always restrict the maximum amount of Bundled Capacity,

(b) for any period considered, Bundled Capacity is determined as the lesser of the aggregated amount of contracted capacity at either side of the respective Interconnection Point,

(c) after the split, each original capacity holder shall hold contracts for Bundled Capacity in a proportion which is equal to the proportion between his capacity rights held before the split and the total amount of contracted capacity for the respective period of time at the concerned Interconnection Point.

11) Contracted capacity exceeding the amount of Bundled Capacity at the concerned Interconnection Point shall remain unbundled. All capacity holders possessing Bundled Capacity as a result of the application of this article 5.2 shall receive an equivalent proportion of the remaining unbundled capacity. In the event of fractional amounts of bundled or unbundled capacity as a result of the default rule, rounding down to the next integer shall be applied.

12) In the case of one entry or exit point corresponding to two or more exit or entry points at the same Interconnection Point or in the case of several exit points corresponding to several entry points, the default rule set out in article 5.2 (10) above shall also apply. The proportion of bundled firm capacity allocated to each point at the same side of the Interconnection Point shall be equal to the proportion of the contracted capacity at the respective side of the Interconnection Point before the bundling of capacity. Capacity exceeding the amount of Bundled Capacity shall also be allocated in the manner described in article 5.2 (11).

Amendment to the Existing Capacity Contracts

13) The capacity holders, party to an existing Capacity Contract shall adjust the original commitments with the consent of the concerned transmission system operators and in accordance with the applicable bundling arrangement.

14) In any case, the duration of the commitments regarding the capacity bundled under the amendment of the existing contracts shall not exceed the duration of the original Capacity Contracts. The amendment shall not impact the transmission system operators’ revenue, (including any such revenues related to existing incentive regimes) or investment signals linked to the existing contract unless otherwise compensated and agreed by the transmission system operators’ national regulatory authorities.

15) In accordance with Article 41 (1) b) of Directive 2003/55/EC of the European Parliament and of the Council of 26 June 2003 concerning common rules for the internal market in natural gas and repealing Directive 98/30/EC, each national regulatory authority, in its own jurisdiction, shall ensure the parties to such existing contracts comply with the
obligation of the Network Code in the area of bundling and may impose appropriate sanctions on non-complying parties. ACER may be called on to exercise its power pursuant to Article 7 and 8 of the Regulation (EC) No 713/2009.

16) The provisions contained in the present article are not applicable to the supply contracts and the implementation of which shall not constitute any right whatsoever to contracting parties to supply contracts to terminate or cancel the supply contract unilaterally. The sole and unique effect the implementation of the present provision may trigger is the separation of the provisions related to supply and amendment of the related contract accordingly should the contract deal with both capacity and supply elements.

6. Interruptible capacity

6.1. Allocation of interruptible services

1) Interruptible capacity may be offered by transmission system operators at any Interconnection Point in both directions.

2) The minimum obligation posed upon transmission system operators shall be to offer a daily product for interruptible capacity, to be allocated day-ahead at Interconnection Points where firm capacity is sold out day-ahead.

3) At unidirectional Interconnection Points where Technical Capacity is offered only in one direction according to articles 4.4 to 4.8 of this Network Code, capacity shall be offered in the other direction at least on an interruptible basis.

4) If interruptible capacity is offered, this shall not be detrimental to the amount of firm capacity on offer.

5) To the extent offered, the same Standard Capacity Products for firm capacity shall also apply for interruptible capacity, in terms of duration of the products.

6) To the extent offered, interruptible capacity shall be allocated via an auction process with the exception of Within-day interruptible capacity.

7) Within-day firm capacity shall be offered via the auction procedure described in article 4.8. Within-day interruptible capacity shall be allocated via an over-nomination procedure. Over-nomination means the entitlement of every Registered Network User, providing they fulfil minimum requirements for submitting Nominations, to request capacity on an interruptible basis at any time within day by submitting a Nomination such that the total of his Nominations is higher than his contracted capacity.

8) Within-day interruptible capacity shall only be allocated when firm capacity, whether Technical Capacity or Additional Capacity, is sold out.

9) Where auctions are held for any interruptible products longer than Within-day transmission system operators shall, if known, publish the amounts of interruptible capacity on offer before the start of the auction process.
10) If offered, interruptible capacity shall be allocated via a separate auction after firm capacity of equal duration has been allocated, but before the auction of firm capacity with a shorter duration will start, with the exception of Within-day interruptible capacity.

11) If offered, interruptible capacity auctions shall be conducted in accordance with the same design principles and timescales as applied for firm capacity. The exact timescales applied for the interruptible capacity auctions shall be detailed within the Auction Calendar with the exception of Within-day interruptible capacity.

6.2. Minimum Interruption Lead Times

1) Interruptible capacities shall have minimum interruption lead times, on which adjacent transmission system operators shall decide jointly.

2) The default minimum interruption lead time shall be two hours (next hour bar + 2 hours), unless the adjacent transmission system operators agree on a different lead time.

6.3. Coordination of interruption process

The transmission system operator that initiates the interruption shall notify the relevant adjacent transmission system operator. Both adjacent transmission system operators shall notify their respective affected Registered Network Users as soon as practicable.

6.4. Defined sequence of interruptions

1) The order, in which interruptions shall be performed, if the total of Nominations exceeds the quantity of gas that can flow at a certain Interconnection Point, shall be determined based on the contractual timestamp of the respective Capacity Contracts on an interruptible basis. In case of an interruption, Capacity Contracts coming into force earlier shall prevail over Capacity Contracts coming into force later.

2) If, after applying the procedure described in article 6.4 (1), two or more Nominations are ranked at the same position within the interruption order and the transmission system operator does not interrupt all of them, a pro rata reduction of these specific Nominations on the basis of their respective Nomination shall apply.

3) To accommodate the differences between the various interruptible capacity services within Europe, the adjacent transmission system operators will implement and coordinate the joint procedures described in this article 6.4 on an Interconnection Point by Interconnection Point basis.

6.5. Reasons for interruptions

Transmission system operators shall include reasons for interruptions either directly in their interruptible Capacity Contracts or in the general terms and conditions that govern these contracts. Reasons for interruptions can include but are not limited to pressure, temperature, flow patterns, use of firm contracts, maintenance, up- or downstream constraints, public service obligations and capacity management deriving from congestion management procedures.
7. **Tariffs**

7.1 The Regulated Tariff shall be used as the Reserve Price in all auctions for all Standard Capacity Products for firm and interruptible capacity.

7.2 The payable price determined in a capacity auction can be either a fixed price, that consists of the applicable Regulated Tariff at the time of the auction plus the auction premium, or a variable price, that consists of the applicable Regulated Tariff at the time when the capacity can be used plus the auction premium, or be subject to other arrangements provided for in the applicable regulatory regime. The arrangements can be different for the capacities in a bundled product on either side of an Interconnection Point.

7.3 The Reserve Prices for firm Standard Capacity Products shall be set such that, at an Interconnection Point, contracted capacity as a profiled set of products to meet the actual flow requirements throughout the year yields revenues which are, on aggregate, equivalent to the revenues from non-profiled contracted capacity to meet annual peak flow requirements. Revenue equivalence can be achieved by applying multipliers, per Interconnection Point and per direction, to a tariff derived from an annual accounting basis, in order to determine Reserve Prices for products with a duration of less than one year.

7.4 Auction revenues from Bundled Capacity need to be split between the transmission system operators placing capacities in Bundled Capacity. The Reserve Price of the Bundled Capacity shall be the sum of Reserve Prices of the capacities in the Bundled Capacity. All revenues from sales of Bundled Capacity shall be attributed to the contributing transmission system operators after each capacity transaction.

7.5 The revenues from the Reserve Price of Bundled Capacity shall be attributed to the transmission system operators proportionally to the Reserve Prices of their capacities in the Bundled Capacity. The Reserve Price shall be split according to agreement between the transmission system operators, approved by the relevant national regulatory authority, where appropriate. In the case that no agreement is concluded before the auction, the revenues from the auction premium from Bundled Capacity shall be attributed to the transmission system operators proportionally to the Reserve Prices at the time of the auction for their capacities in the Bundled Capacity set according to article 7.3.

7.6 National regulatory authorities shall approve over and under recovery mechanisms. Under a price cap regime, the national regulatory authority shall approve the usage of revenues from capacity prices exceeding the respective Regulated Tariff. National regulatory authorities shall recognize transmission system operators collecting revenue shortfalls, where allowed revenues are set, by adjusting tariffs accordingly.

8. **Booking platforms**

Joint booking platform(s) shall be established, given the following rules:

8.1 Booking platform(s) shall be established to implement the rules and processes for offering and allocation of all capacity, according to the rules laid out in article 4.
8.2 The establishment of a process to offer firm Bundled Capacity in accordance with article 5 shall have priority.

8.3 Booking platform(s) shall provide functionalities for Registered Network Users to offer and obtain secondary capacity.

8.4 Adjacent transmission system operators shall take the necessary steps towards applying the rules of this Network Code. This can be achieved by offering capacity via for example the following:

(a) using already existing booking platforms;

(b) one transmission system operator or an agreed party offering the capacity including, where necessary, acting on behalf of the transmission system operator(s) towards the Registered Network Users; or

(c) establishing a joint, anonymous, web-based booking platform.

8.5 The action plan on how to reduce the number of platforms and eventually establish a single EU-wide platform is as follows:

(a) no later than 1 year after the entry into force of this Network Code, ENTSOG shall publish a report describing the number and operation of existing and planned booking platforms.

(b) based on this report ENTSOG shall start a market consultation process to identify the market’s needs with respect to booking platforms; this market consultation process shall last at most 12 months and shall end with the publication by ENTSOG of a comprehensive report setting out the market’s requirements for booking platforms.

(c) this report shall also provide a reasoned assessment of costs and time needed to reduce the number of platforms or to eventually establish an EU-wide booking platform meeting the market’s requirements. A corresponding action plan towards a single EU wide booking platform, including interim steps, if needed, and a timetable for its implementation shall be part of this report.

9. Decisions relating to provisions beyond minimum requirements of this Network Code

9.1 This Network Code aims at the highest possible degree of harmonisation across Europe, especially with regard to the provisions of the Framework Guideline and the Regulation. However, in case essential elements for the purpose of a functioning capacity allocation mechanism are beyond the scope of this Network Code or in excess of the rules set out in, such elements shall be decided at a cross-border level. The respective decision making shall be carried out via a stakeholder consultation involving the respective parties at this Interconnection Point.

9.2 Decisions referred to in article 9.1 shall include the following, but are not limited to:

(a) the exact level of capacity reserved for products with a duration of less than or equal to one quarter beyond the 10% requirement;
(b) the applied time reference of the booking unit;
(c) further detailed specifications of the auction design; and
(d) introduction of an appropriate incentive regime with associated methodologies.

10. Adaption, implementation and interim period

10.1. Adaption of national terms and conditions

Transmission system operators shall adapt relevant national terms and conditions to the extent affected by this Network Code within nine months of this Network Code entering into force and be endorsed by the relevant national regulatory authority. The coming into effect of the rules shall comply with the Implementation Period set forth in article 10.2.

10.2. Implementation period

Subject to article 10.1, for the implementation of the systems stemming from the provisions set out in this Network Code, including but not limited to technical aspects, an additional transitory period of 18 months shall apply.

10.3. Interim period for auctions

In case the characteristics of a national or regional market are not considered appropriate for the purpose of applying auctions on a national level at the time of the coming into force of the corresponding provisions an interim period may be adopted for this market upon approval by the relevant national regulatory authority. During such interim period, adjacent transmission system operators shall apply a compatible allocation mechanism at each Interconnection Point.

11. Entry into force

This Network Code shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*. 