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Information on the Legislative Situation regarding the Implementation of Commission Regulation (EU) No. 312/2014 establishing a Network Code on Gas Balancing of Transmission Networks

The Transmission System Operator announces that starting on 1 July 2016, the system for balancing deviations between settlement entities and foreign participants will be modified in accordance with Commission Regulation (EU) No. 312/2014 establishing a Network Code on Gas Balancing of Transmission Networks ("**BAL NC**") and the applicable provisions of Regulation No. 349/2015 Coll., the Gas Market Rules ("**Regulation**").

Because the Transmission Network Code, which implements, among others, BAL NC and the relevant provisions of the Regulation, is in the process of being approved, the Transmission System Operator will, starting on 1 July 2016 until the amended version of the Transmission Network Code is approved by the Energy Regulatory Office, proceed in accordance with the version of the Transmission Network Code that entered into force on 1 January 2016 ("**Code**").

Provisions of the Code that contravene BAL NC or the Regulation will not apply. Instead of such provisions, the applicable provisions of the Regulation will apply as per the following table:

Section	Paragraph	Note
14	14.2	In accordance with the Regulation, only financial settlement of deviations will apply, as opposed to in-kind settlement of deviations.
14	14.3	Does not apply; Sections 102 and 103 of the Regulation apply.
14	14.4 – 14.9	Does not apply; there is no substitution.

In settling the balancing quantity for a foreign participant, the Transmission System Operator will proceed in accordance with the Regulation, where the procedure will apply as described in the draft of the Code posted on the website of the Energy Regulatory Office for consultation purposes on 4 May 2016 (**Draft Code**).

Moreover, the Transmission System Operator's information system will allow foreign participants to make bids for the purchase or sale of unused positive or negative flexibility on the unused flexibility market organized by the Market Operator. The submission and evaluation of bids will be subject to the Regulation, where the procedure set out in the Draft Code will apply.