

Report on market area balancing activities in Austria

**Period 2019 –
Update August 2020**

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1 Introduction

In the Austrian market model, AGGM Austrian Gas Grid Management AG (AGGM) operates both as Market Area Manager and Distribution Area Manager (MAM and DAM) and is responsible for balancing activities in the Austrian gas grid.

To achieve the utmost transparency in matters related to balancing measures and balancing incentive markups AGGM published version number 1 of the report on balancing activities (pursuant to article 26 section 6 Gas Market Model Ordinance 2012, as amended) after consultation with the regulatory authority. Version number 1 of the report was published on 14 April 2020, with an editorial deadline of 27 February 2020, and is available on the [website](#) of AGGM.

Past this date, the price development on the European trading platforms has continued or intensified with sharply falling prices compared to previous years. AGGM is taking this development as an opportunity to revise the conclusions drawn in the report of 27 February 2020 regarding the rate scales for the balancing incentive markups.

2 Conclusion on balancing incentive markups

The 2019 balancing report shows that balancing activities carried out by AGGM and the charged amounts for balancing incentive markups remained steady in comparison with previous years.

In general, the incentive system with rate scales has proven itself very successful. Therefore, the report of 27 February 2020 proposed to maintain the rate scales, which was approved by the regulatory authority. The rate scales, valid since 1 June 2017, are as follows:

Hourly deviations of a short position in kWh	Amount of balancing incentive markup in eurocents June 2017 until 31 July 2020
Volumes between 0 and 400,000 kWh	0.09 cent/kWh
Volumes > 400,000 kWh	0.9 cent/kWh

Table 1: Rate scales until 2020

Due to a considerable drop in prices on the EEX CEGH gas exchange, considerations were made in the first half of 2020 to adapt the billing modality to meet the requirements of the current market situation. The development of the reference price CEGHIX is published on the AGGM Platform at [Publication](#) and depicts the falling prices since the beginning of 2020.

It is suggested, that the core elements of the incentive system should be retained, since the system, that intends to avoid particularly high Balance Group short positions, has proven successful during recent years and the implementation of a new balancing regime in April 2022 is planned. The current rate scale of 0.9 cent/kWh that is used for hourly short positions above 400,000 kWh is significantly reduced in order to reflect the current market price development. However, it is still higher than the rate scale for volumes up to 400,000 kWh to maintain the incentive for avoiding high short positions.

Hence, the following rate scales apply as of 1 August 2020 for the calculation of balancing incentive markups:

Hourly deviations of a short position in kWh	Amount of balancing incentive markup in eurocents as of 1 August 2020
Volumes between 0 and 400,000 kWh	0.09 cent/kWh
Volumes > 400,000 kWh	0.45 cent/kWh

Table 2: Rate scales as of 1 August 2020