



AGGM Austrian Gas Grid Management AG

# **Report on market area balancing activities in Austria**

**Period 2022  
(until 1 October 2022)**

## Content

<b>1</b>	<b>Introduction .....</b>	<b>5</b>
<b>2</b>	<b>Legal background.....</b>	<b>6</b>
2.1	Balancing .....	6
2.2	Balancing incentive mark-ups .....	6
<b>3</b>	<b>Balancing activities .....</b>	<b>7</b>
3.1	Balancing in the market area .....	7
3.2	Balancing activities in the distribution area .....	9
3.3	Development of neutrality accounts.....	14
<b>4</b>	<b>Balancing incentive mark-ups .....</b>	<b>16</b>
4.1	Method for balancing incentive mark-ups in 2022 .....	16
4.1.1	Calculation method 2022.....	16
4.2	Balancing incentive mark-ups charged in 2022 .....	17
4.3	Offsetting of open carry-forward accounts.....	19
4.4	Balancing incentive mark-up account .....	19
	<b>Conclusions and summary .....</b>	<b>20</b>

## List of tables

Table 1: Balancing actions in the MA.....	7
Table 2: Balancing actions DA .....	9
Table 3: Balancing energy procurement prices .....	11
Table 4: Rate scale 2022 .....	16
Table 5: Charged balancing incentive mark-ups by scale 2022 .....	17
Table 6: Balancing incentive mark-up account 2022 .....	19

## List of charts

Figure 1: Comparison of balancing actions in the MA-East 2019-2022.....	8
Figure 2: Comparison of balancing actions in the DA 2019-2022.....	10
Figure 3: Comparison of BE procurement prices in the MA-East 2019-2022.....	12
Figure 4: Comparison of BE procurement prices in the MA-T&V 2019-2022.....	13
Figure 5: Development of neutrality account DA-East 2019-2022.....	14
Figure 6: Development of neutrality account MA-T&V 2019-2022.....	15
Figure 7: Balancing incentive mark-up method .....	16
Figure 8: Comparison of balancing incentive mark-ups 2019-2022 .....	18

## List of abbreviations

BE	Balancing energy
BG	Balance group
BGR	Balance group representative
BGC	Balance group coordinator
BIM	Balancing incentive mark-up
CEGH	Central European Gas Hub
DA	Distribution area
DAM	Distribution area manager
EEX	European Energy Exchange
GMMO-VO	Gas-Marktmodell-Verordnung, Gas-Market-Model Ordinance
GTC	General Terms and Conditions
MA	Market area
MAM	Market area manager
TS	Transmission system
VTP	Virtual trading point

## 1 Introduction

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

This balancing report considers balancing activity in the calendar year 2022 until 30 September 2022, as a new balancing model came into effect in Austria on 1 October 2022. The report is intended to present current developments in balancing activities by means of comparisons with previous years.

Ex-ante and ex-post balancing are essential elements of the Austrian balancing method until 30 September 2022 and provide for measures to ensure balanced entry and exit quantities and keeping the TS within its operational limits. The balancing rules underlying provide the framework for all parties involved, with the balance group representatives (BGR) being responsible for maintaining a balanced energy portfolio. During the ex-ante balancing, the MAM compares the allocated entry and exit capacities for each BG based on nominations and informs the BGR of any imbalances. If the BGR itself does not take any action to restore balance, the MAM calls off capacities at the gas exchange on behalf and on the account of the BGR. Ex-post balancing of the distribution area (DA) is performed by comparing the forecasted and the actual system exits and entries. In its role as DAM, AGGM procures physical balancing energy (BE), if necessary, at the gas exchange of the virtual trading point (VTP) to ensure system. For that purpose, AGGM buys and sells balancing energy at market prices on behalf and on the account of the balance group coordinator (BGC).

In addition, as part of managing balancing energy, the MAM is responsible for collecting balancing incentive mark-ups (BIM) when the appropriate conditions are met. Avoiding those mark-ups serves as an incentive for BGRs to ensure consistently balanced injection and withdrawal nominations for each BG. The MAM can at the same time use those balancing incentive mark-ups to cover the procurement of balancing energy for the market area and related costs incurred by any intraday balancing required.

The following report has been prepared in line with the objective of achieving the utmost transparency in matters relating to balancing incentive mark-ups and any balancing measures.

The second section outlines the legal background to balancing in Austria. The third section presents the physical balancing activities carried out in the DA and in the transmission system (TS). The fourth section describes developments in relation to balancing incentive mark-ups. The report concludes with a summary of the key insights from this year's balancing report.

## 2 Legal background

### 2.1 Balancing

The following documents provide the legal framework for balancing of the Austrian grids by the MAM and DAM:

- Balancing Network Code  
Regulation (EU) No. 312/2014 of the Commission establishing a Network Code on Gas Balancing of Transmission Networks
- The Austrian Natural Gas Act 2011 (*Gaswirtschaftsgesetz, GWG*)  
Federal Act adopting new rules for the gas market, Federal Law Gazette 107/2011 as amended
- Gas Market Model Ordinance 2012 (*Gas-Marktmittel-Verordnung*)  
Energie-Control Austria Executive Board Ordinance on Provisions for the Gas Market Model, Federal Law Gazette II no. 171/2012 as amended
- GTC MAM-DAM-BGR East  
General terms and conditions of the Market Area Manager and Distribution Area Manager governing the legal relationships between (i) the MAM and the BGRs, on the one hand, and (ii) the DAM and the BGRs, on the other hand, in the MA-East, Version 3.0
- GTC DAM-BGR T&V  
General terms and conditions of the Distribution Area Manager governing the legal relationship between the DAM and the BGRs in the MA Tyrol and Vorarlberg (T&V), Version 4.0

### 2.2 Balancing incentive mark-ups

The following documents provide the legal framework for calculating balancing incentive mark-ups for unbalanced BG positions:

- Balancing Network Code  
Regulation (EU) No. 312/2014 of the Commission establishing a Network Code on Gas Balancing of Transmission Networks
- Gas Market Model Ordinance 2012 (*Gas-Marktmittel-Verordnung*)  
Energie-Control Austria Executive Board Ordinance on Provisions for the Gas Market Model, Federal Law Gazette II no. 171/2012 as amended
- GTC MAM-DAM-BGR East  
General terms and conditions of the Market Area Manager and Distribution Area Manager governing the legal relationships between (i) the MAM and the BGRs, on the one hand, and (ii) the DAM and the BGRs, on the other hand, in the MA-East, Version 3.0

### 3 Balancing activities

In its role as MAM and DAM, AGGM ensures the continuous supply of gas in Austria. Irrespective of this, it is the responsibility of the BGRs to ensure that their entries and exits are physically balanced. In case, there is insufficient line pack in the gas grid (internal balancing or control energy) AGGM takes physical balancing actions in the course of its gas flow control activities. As said above, AGGM takes balancing activities by purchasing or selling balancing energy for the DA and by purchasing or selling capacities in order to balance BG positions.

Chapter 3.3 concludes with the development of the neutrality accounts in the DA.

#### 3.1 Balancing in the market area

In 2022, no balancing energy was required to be called off to ensure system stability or intraday balancing of the TS.

However, the MAM made the following call-offs at the VTP to compensate for BGs' intraday imbalances on behalf and on the account of the BGRs. The table below shows the quantities called off (buy / sold), the count of call-offs per month (buy / sold) and the total of BGs called off per day. Note that BGs can be affected multiple times per month. Where multiple trades were carried out for the purposes of one call-off, only one transaction is recorded.

Months 2022	Quantity called-off Buy (kWh)	Quantity called-off Sold (kWh)	MAM-Trades Buy (count)	MAM-Trades Sold (count)	Total of BGs called off per day (count)
January	6,980,000	5,319,000	16	19	34
February	1,903,000	4,857,000	4	16	18
March	1,815,000	6,351,000	11	23	34
April	290,000	911,000	10	10	20
May	2,084,000	3,536,000	11	18	27
June	8,185,000	7,331,000	48	15	54
July	14,805,000	4,673,000	48	63	108
August	50,153,000	5,137,000	55	20	71
September	9,018,000	8,616,000	23	74	93
<b>Total</b>	<b>95,233,000</b>	<b>46,731,000</b>	<b>226</b>	<b>258</b>	<b>459</b>

Table 1: Balancing actions in the MA

These figures are available on the AGGM platform under "[Data Monitor](#)".

A comparison with the previous year (Fig. 1, purchase and sale totals, total daily BGs retrieved) shows a consistent number of trades at the VTP and number of affected BGs. The quantities have continued to decline, although it should be noted that for the 2022 period, only the values up to 1 October 2022, were considered.

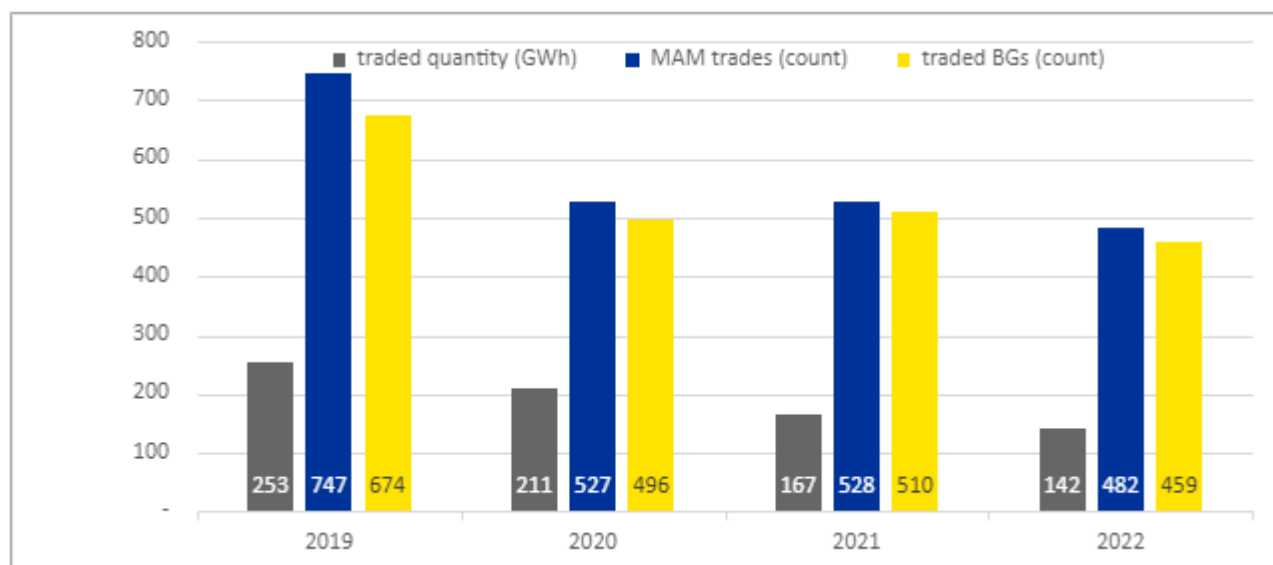


Figure 1: Comparison of balancing actions in the MA-East 2019-2022, period 2022: 1 January 2022 until 1 October 2022



### 3.2 Balancing activities in the distribution area

In order to maintain system stability, the following balancing energy capacities (in MWh) were procured at the gas exchange of the VTP for the DA in 2022: Table 2 shows BE capacities bought and sold for the DA-East and the MA-T&V. In addition, the number of BE calls in opposite directions (within a gas day) for the MA-T&V can be seen. These calls were not necessary in the DA-East. Due to the persistent sufficient liquidity on the gas exchanges, calls via the Merit Order List pursuant to section 31 GMMO-VO 2012 were not required.

Months 2022	DA-East		MA Tyrol & Vorarlberg		
	BE buy	BE sell	BE buy	BE sell	Number of BE calls in opposite direction
January	33,100	19,300	9,844	19,509	3
February	102,500	3,600	12,285	3,131	2
March	11,216	123,690	6,223	13,096	0
April	9,435	97,706	11,965	4,612	0
May	0	109,600	8,534	1,051	0
June	12,300	67,732	13,205	0	0
July	0	32,100	8,363	0	0
August	0	23,300	5,592	0	0
September	60,601	36,202	5,302	1,359	1
<b>Total</b>	<b>229,153</b>	<b>513,231</b>	<b>81,315</b>	<b>42,758</b>	

Table 2: Balancing actions DA

Figure 2 compares procurement of balancing energy in the years 2019-2022. In general, fluctuations are due to seasonal temperature variations and corresponding market signals.

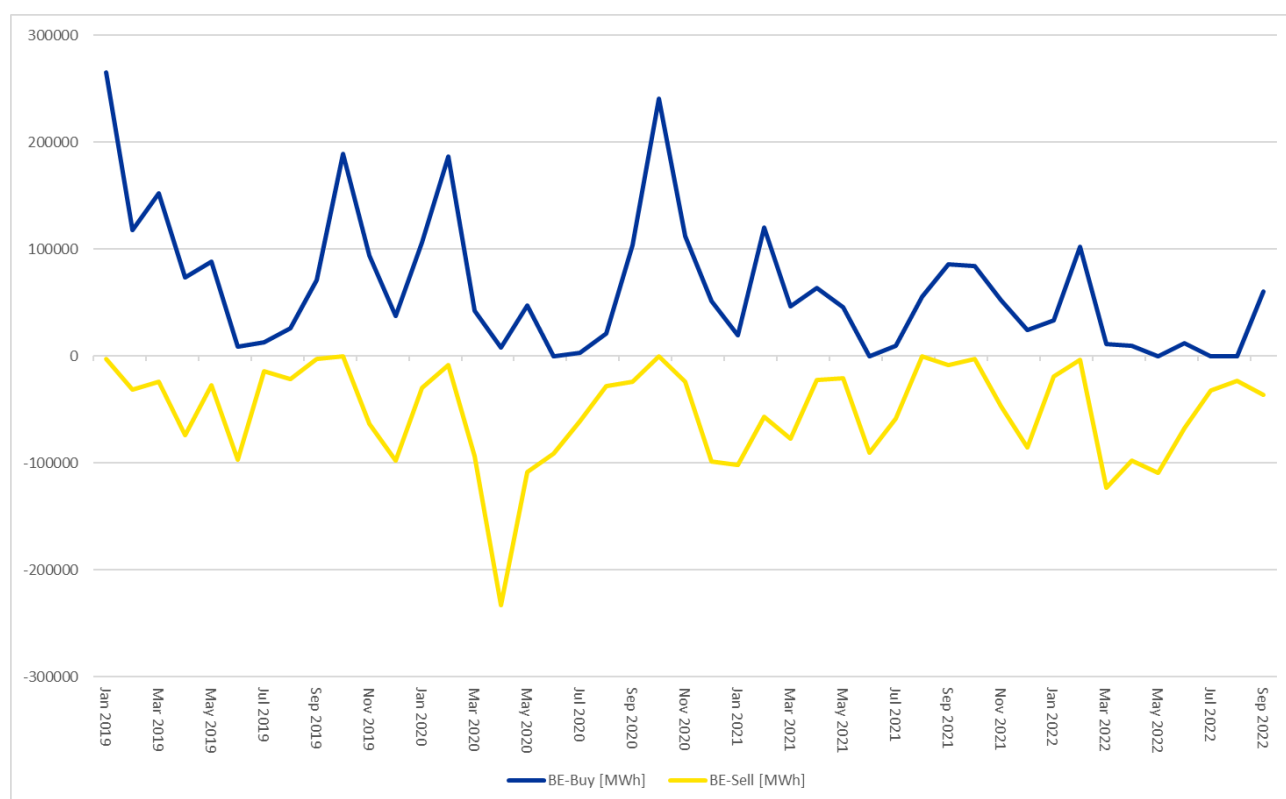


Figure 2: Comparison of balancing actions in the DA 2019-2022, period 2022: 1 January 2022 until 1 October 2022

The following prices (in EUR/MWh) were applied for the above-mentioned call-offs in 2022 in the DA-East and the MA-T&V (Table 3).

Months 2022	DA-East					MA Tyrol & Vorarlberg				
	Maximum purch. price	Avg. purch. price	Reference price stock exchange	Avg. selling price	Minimum selling price	Maximum purch. price	Avg. purch. price	Reference price stock exchange	Avg. selling price	Minimum selling price
January	104.13	91.114	86.671	53.683	52.85	96.125	80.746	84.795	85.49	75.625
February	124.403	86.991	82.538	68.175	68.175	123.975	84.979	81.166	74.472	68
March	131.82	113.731	131.886	128.377	87.729	192.325	113.074	130.753	113.487	90.8
April	125.221	116.395	105.715	100.796	73	119.375	100.731	103.803	111.887	104.25
May	*	*	93.493	86.209	76	95.5	86.932	90.298	96.777	83.825
June	85	84.829	106.588	103.897	65.979	147.458	108,386	103.554	*	*
Juli	*	*	174.716	167.324	147.389	216	171.366	170.016	*	*
August	*	*	236.297	206.734	196.684	282	232.052	235.663	*	*
September	229.245	180.514	192.377	172.981	159.218	206.9	181.811	191.794	177.063	160.888

Table 3: Balancing energy procurement prices

\* = no call-offs

Figures 3 and 4 provide the comparison of BE prices for the MA-East and MA-T&V for the years 2019-2022. Since 2021, due to the increase in gas exchange prices, the balancing prices were correspondingly high.

### Physical BE prices in MA East

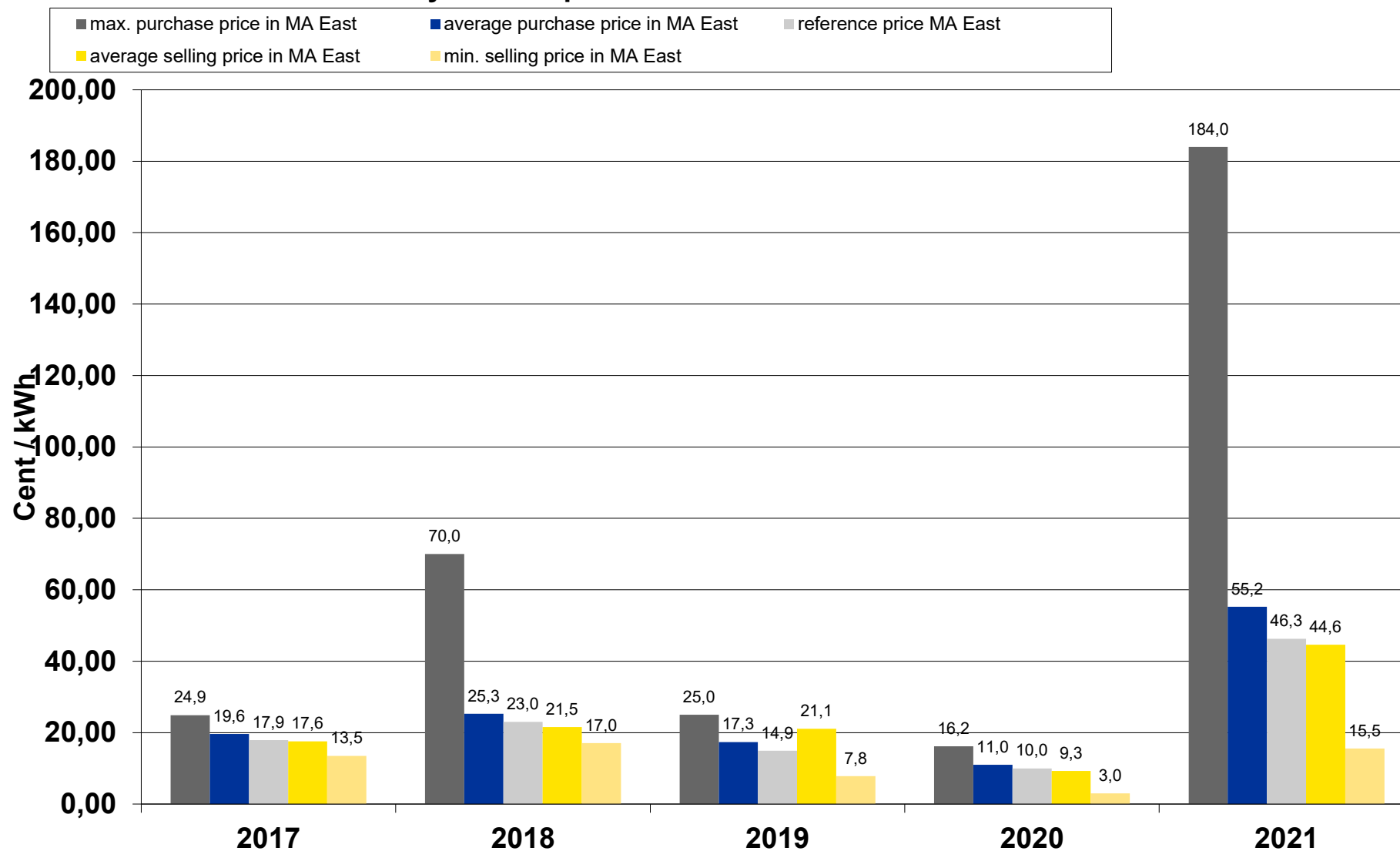


Figure 3: Comparison of BE procurement prices in the MA-East 2019-2022, period 2022: 1 January 2022 until 1 October 2022

### Physical BE prices MA-West

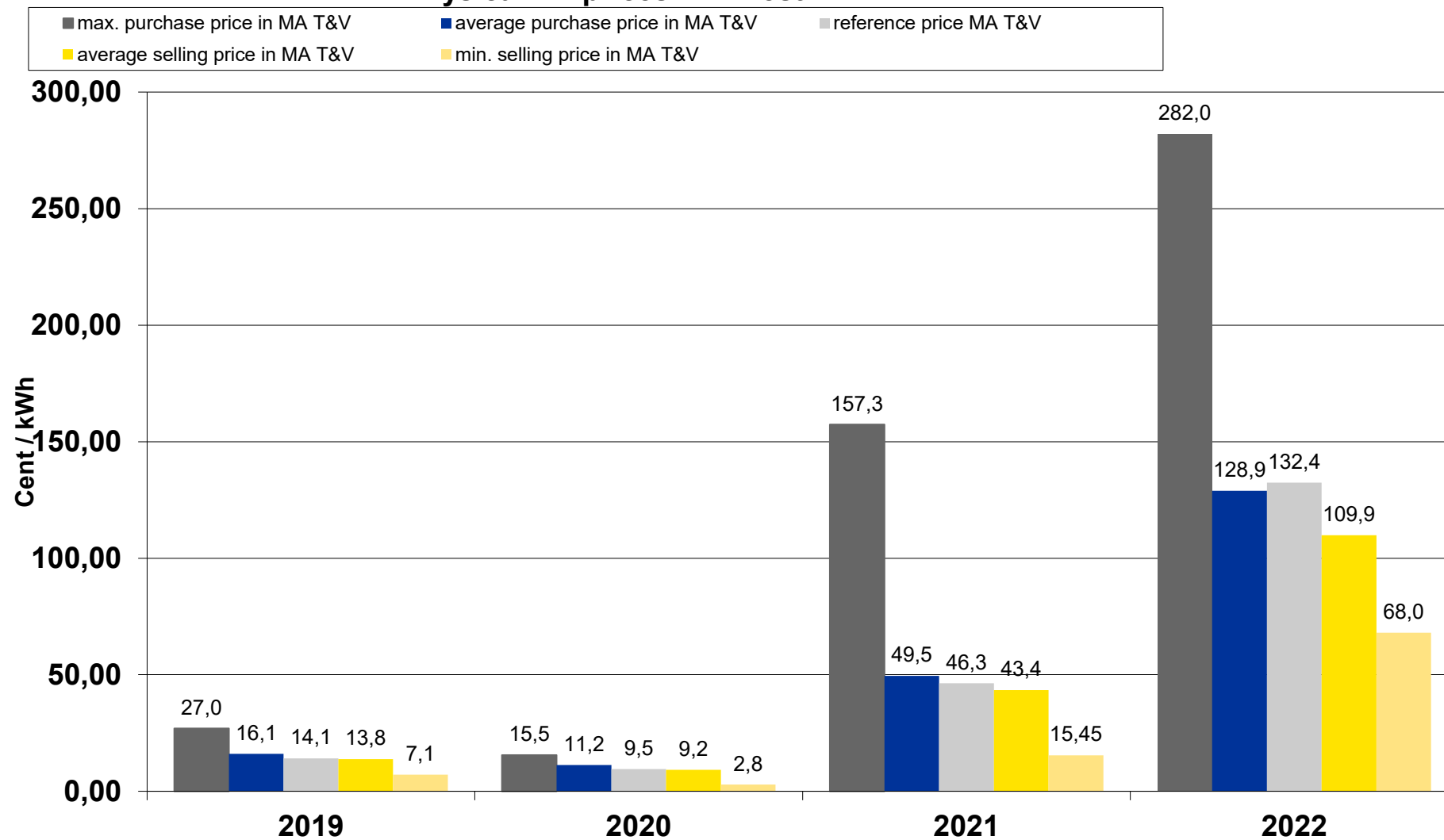


Figure 4: Comparison of BE procurement prices in the MA-T&V 2019-2022, period 2022: 1 January 2022 until 1 October 2022

### 3.3 Development of neutrality accounts

The clearing and settlement agents are conducting the settlement of BGRs' imbalances on a monthly basis. Part of it is a neutrality settlement. Revenues and expenditures resulting from the procurement of physical balancing energy and from the settlement of the imbalances are documented on a neutrality account.

The following diagrams show the development of the neutrality accounts separated for the DA-East and the MA-T&V. The account position for the DA-East was €8,864,832 at the end of 2021 and led to €-1,654,642 at the end of September 2022; the account position for the MA-T&V was €1,440,561 at the end of 2021 and led to €2,800,252 at the end of September 2022.

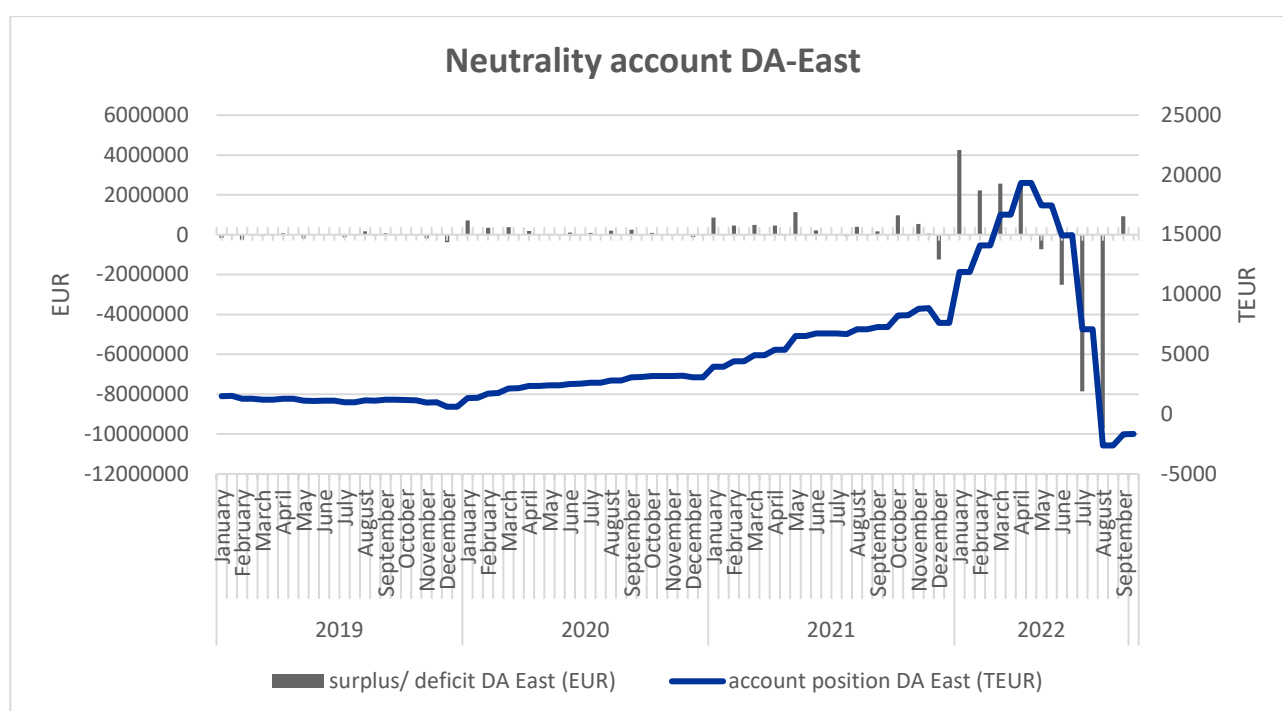


Figure 5: Development of neutrality account DA-East 2019-2022, period 2022: 1 January 2022 until 1 October 2022

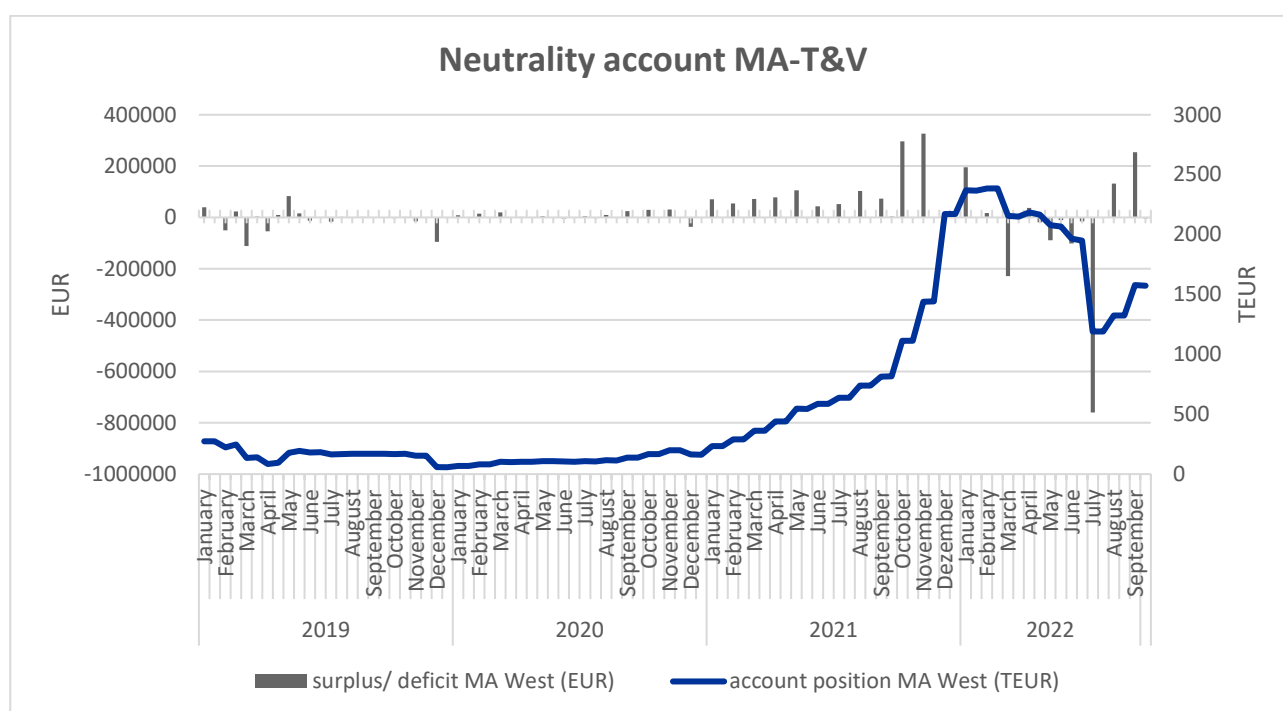


Figure 6: Development of neutrality account MA-T&V 2019-2022, period 2022: 1 January 2022 until 1 October 2022

Details about revenues and expenditures can be found on the websites of the clearing and settlement agents [AGCS](#) (for DA-East) and [A&B](#) (for the MA-T&V).

## 4 Balancing incentive mark-ups

The method of balancing incentive mark-ups implemented in the MA-East of Austria is an incentive mechanism for BGRs to submit balanced nominations. Balancing incentive mark-ups are payable if there are hourly imbalances and if further parameters are met.

### 4.1 Method for balancing incentive mark-ups in 2022

The following chart illustrates the method of balancing incentive mark-ups. Blue boxes indicate that BG imbalances are not charged (see GTC MAM-DAM-BGR East, Article 20 as amended).

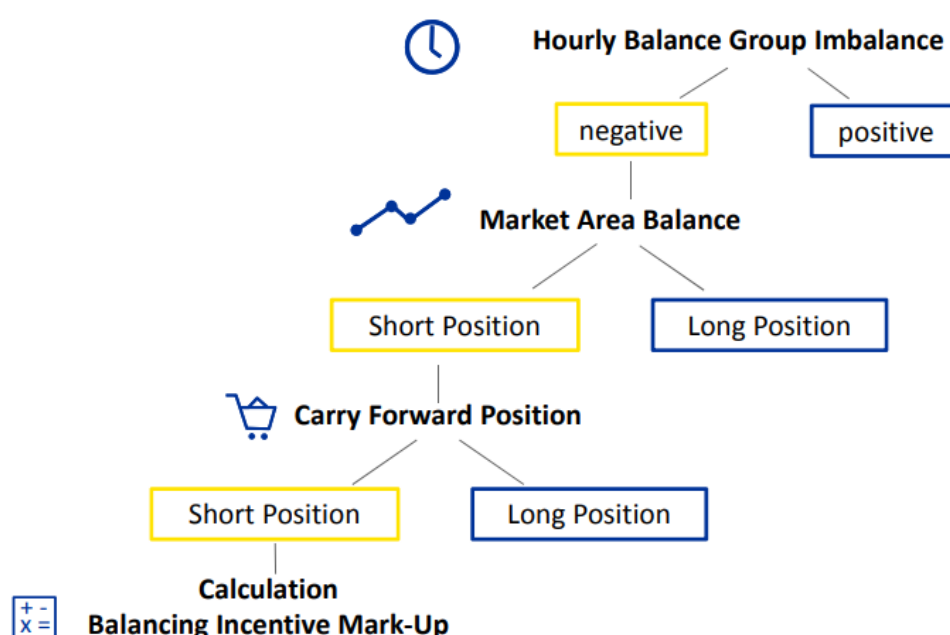


Figure 7: Balancing incentive mark-up method

The current balancing incentive mark-up method serves as an incentive to reduce short positions. The amounts to be used for calculating an hourly short position are listed in the table below.

#### 4.1.1 Calculation method 2022

The following rate scales apply as of 1 August 2020 for the calculation of balancing incentive mark-ups:

Hourly deviations of a short position in kWh	Amount of balancing incentive mark-up 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 4: Rate scale 2022



## 4.2 Balancing incentive mark-ups charged in 2022

The tight transport situation is also visible in the BIM due to unbalanced BGR portfolios. In 2022, AGGM charged BGRs for the following amounts per scale per month (in euros, excl. VAT):

Month 2022	BIM by scale 0.09 cent/kWh		BIM by scale 0.45 cent/kWh		Total BIM	
	kWh	€	kWh	€	kWh	€
January	33,926,017	30,533.43	5,554,136	24,993.62	39,480,153	55,527.05
February	22,711,451	20,440.31	5,108,309	22,987.39	27,819,760	43,427.70
March	22,422,518	20,180.29	10,525,725	47,365.77	32,948,243	67,546.06
April	11,044,127	9,939.69	7,838,685	35,274.09	18,882,812	45,213.78
May	18,305,811	16,475.25	8,760,910	39,424.1	27,066,721	55,899.35
June	18,618,929	16,757.04	8,733,327	39,299.97	27,352,256	56,057.01
July	9,818,327	8,836.52	1,675,732	7,540.79	11,494,059	16,377.31
August	9,871,043	8,883.93	9,137,239	41,117.59	19,008,282	50,001.52
September	14,411,552	12,970.41	10,651,199	47,930.40	25,062,751	60,900.81
<b>Total</b>	<b>161,129,775</b>	<b>145,016.87</b>	<b>67,985,262</b>	<b>305,933.72</b>	<b>229,115,037</b>	<b>450,950.59</b>

Table 5: Charged balancing incentive mark-ups by scale 2022, period 2022: 1 January 2022 until 1 October 2022

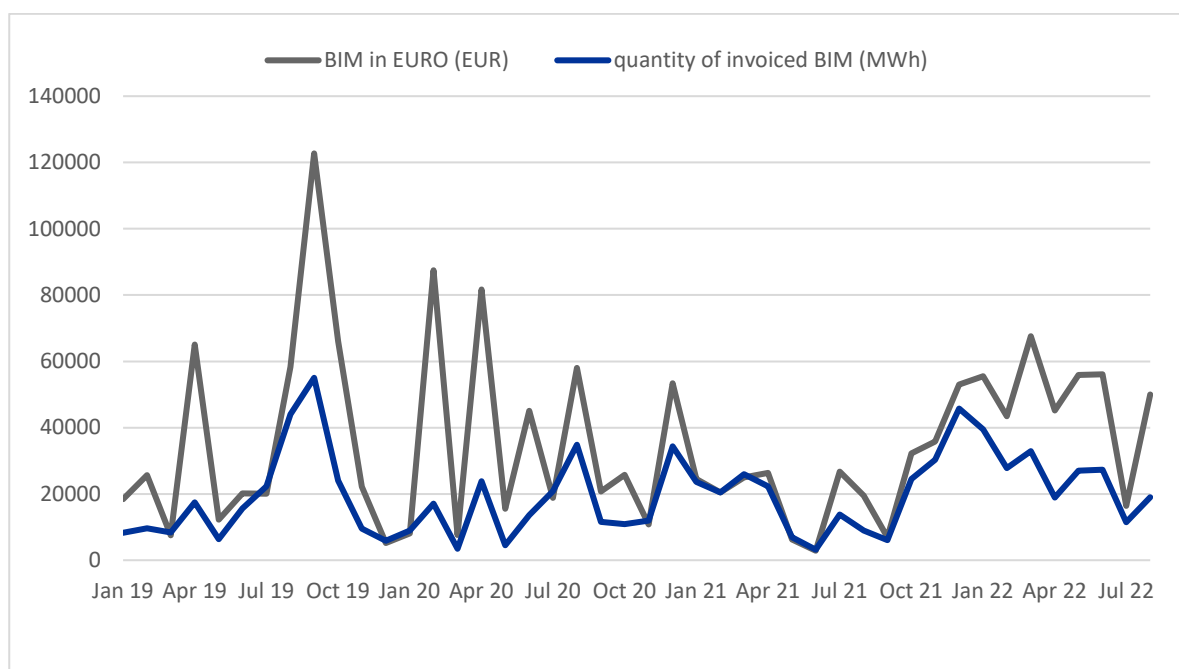


Figure 8: Comparison of balancing incentive mark-ups 2019-2022, period 2022: 1 January 2022 until 1 October 2022

In 2022, a total of 52 invoices were sent. Due to the threshold to charge monthly balancing incentive mark-ups only of 500 EUR, according to the GTC MAM-DAM BGR East, 85 invoices were not sent in 2022.

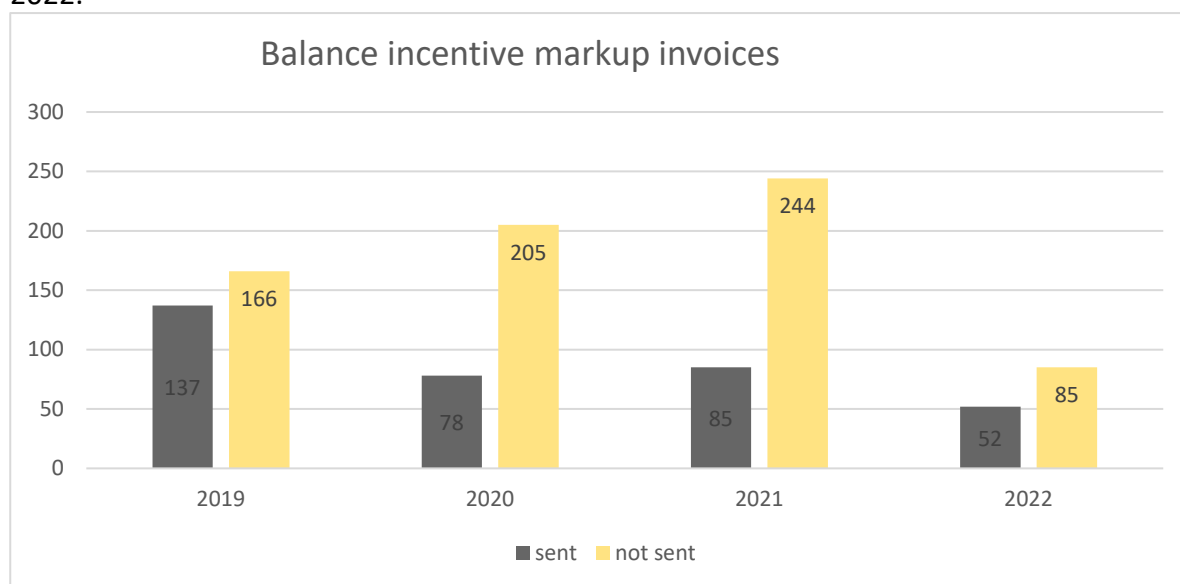


Figure 9 Balancing incentive mark-up invoices 2019-2022, period 2022: 1 January 2022 until 1 October 2022

### 4.3 Offsetting of open carry-forward accounts

Due to a suspension of services or cancellation of the BGR agreement, the carry-forward accounts of individual BGRs could not be balanced in due time. Pursuant to article 20.6 of GTC MAM-DAM-BGR East, the MAM shall offset the carry-forward accounts at the VTP. For the market changeover on 1 October 2022, all carry-forward accounts of the BGRs were closed and the open quantities were balanced accordingly.

Therefore, the MAM settled the quantities by selling or buying and a total amount of €-25,343.24 was charged from the balancing incentive mark-up account.

### 4.4 Balancing incentive mark-up account

At the end of December 2022, the amounts in the balancing incentive mark-up account are as follows:

<b>BIM as of 30 December 2022</b>	<u>2,320,371.24 €</u>
Total of BIM	<u>450,950.59 €</u>
Settlement of BGR carry-forward accounts	<u>-25,343.24 €</u>
Expenses	<u>-10,412.53 €</u>
<b>BIM as of 1 October 2022</b>	<u>2,735,566.06 €</u>

Table 6: Balancing incentive mark-up account 2022

For the market changeover, the balancing incentive mark-ups account was closed and transferred to the balance group coordinator pursuant to section 46(7) GMMO-VO 2020 and is to be transferred accordingly to the neutrality charge account pursuant to section 25(2) GMMO VO 2020.

## Conclusions and summary

The 2022 balancing report shows that balancing activities carried out by AGGM and the charged amounts for balancing incentive mark-ups remained steady in comparison with previous years. The tight transport situation is evident in the BE prices but has little impact on the balancing mechanisms. The high BE prices and the reduced consumption behaviour led to increased BE sales.

Regarding the balancing measures, the following statements can be summarised:

- From January 2022 until September 2022, there were no peculiar exchange calls for unbalanced BGs by the MAM.
- There were also no uncharacteristic physical BE procurements in any of the MAs.

The consequences of the change in the balancing regime on 1 October 2022 were described accordingly, and the open carry-forward accounts of the BGRs were cleared and closed. Pursuant to section 46 (7) GMMO-VO 2020, the balancing incentive mark-up account is transferred to the balancing entity, which has been responsible for determining and settling the cost contribution for intraday balancing since 1 October 2022.

With regard to the balancing incentive mark-ups, the following statements can be summarised:

- In general, there was an incentive for balanced nominations.
- Due to the increased threshold for issuing invoices, fewer invoices continued to be issued in 2022, however the sums have increased.