



**USAID**  
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**HYDRO POWER AND ENERGY  
PLANNING PROJECT (HPEP)**

# **INTERNATIONAL PRACTICES**

## **LEGAL FRAMEWORK FOR BALANCING GROUPS AND BALANCING RESPONSIBLE PARTIES**

Friday, July 18, 2014

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# **INTERNATIONAL PRACTICES**

## **LEGAL FRAMEWORK FOR BALANCING GROUPS AND BALANCING RESPONSIBLE PARTIES**

USAID HYDRO POWER AND ENERGY PLANNING PROJECT  
(HPEP)

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DELOITTE CONSULTING LLP

USAID/CAUCASUS OFFICE OF ECONOMY, ENERGY AND  
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## 1.0 LIST OF ABBREVIATIONS

GEMM 2015	Georgia Electricity Market Model for 2015
HPEP	USAID-funded Hydropower and Energy Planning Project
ETM	Electricity Trade Mechanism
BRP	Balancing Responsible Party
GNERC	Georgian National Energy and Water Supply Regulatory Commission
TSO	Transmission System Operator

## 2.0 INTRODUCTION

USAID-funded Hydro Power and Energy Planning (HPEP) Project, implemented by Deloitte Consulting, supports to the electricity sector in implementing the Electricity Trading Mechanism (ETM) envisaged under the future market design for Georgia referred to as the Georgia Electricity Market Model for 2015 or “GEMM 2015 and support in development of competitive electricity market. The concept of central control responsibility by the TSO for balancing of the system has proved as appropriate and efficient in vertically integrated markets, where there is no competition between generators and suppliers. In competitive markets exist several conditions which differ from vertically integrated enterprises: participation of large number of sellers and buyers of each type of product, legal requirements for minimum barriers to customers for choosing the supplier, nondiscriminatory access to the monopolistic elements of supply chain, and transparency across all market segments. It is difficult for small customers and small producers to reach and to participate on the balancing market. In some states in Europe there are used a model of consolidation of small customers and small generators (principally new renewable generators) in Balancing Groups.

Hpep had collected several documents from EU memberstates that will be helpful to the Georgian electricity sector entities as they develop the framework for Balancing Group and Balance Responsibility Parties.

## 3.0 BALANCING GROUP

Definition of Balancing Group: *“Virtual group of suppliers and customers within which the amounts of electric energy procured and supplied are balanced”*

The balance group model is the basis on which the liberalized energy markets operate in most of EU member states: Austria, Bulgaria, Czech Republic, Finland, France, Germany, Hungary, Italy, Poland, Romania, Slovenia, Spain and United Kingdom, non-EU member states Norway and Switzerland, and also contracting parties of the Energy Community Albania, Bosnia and Herzegovina, Macedonia, Monte Negro and Serbia. For the introduction of the balance group model, the unbundling of the activities as separation of grid activities from commercial activities and generation were the fundamental changes implemented to the structure of the energy sector of these countries.

## 4.0 BALANCE RESPONSIBILITY PARTIES

The Balancing Responsible Party or Balancing Group Representative<sup>1</sup> represents the balance group in its dealing with other market players. National legislation is defining the obligations for participation in the balancing groups. In some countries participation in balancing groups is mandatory and every market participant (consumer, producer, supplier, and trader) must be member of a Balancing Group that is registered in the control area.

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<sup>1</sup> In different countries the balancing responsible party, authorized to represent the balancing group to other market players is called “Balance group Manager” “Balance group Coordinator” or “Balance group Agent”

**APPENDIX 1. TEMPLATE CONTRACT BETWEEN THE BRP AND THE TSO  
(SWEDEN)**

AGREEMENT/1960

Balance Responsibility Agreement for elec-  
tricity between the Svenska Kraftnät Public  
Utility ("Svenska Kraftnät") and  
..... ("Balance Responsible Par-  
ty /BRP")

Corporate number  
.....

VAT Registration number  
.....

Registration number for energy tax  
.....

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## 1 Introduction

Svenska Kraftnät has been appointed by the Government to be the authority with system responsibility for the Swedish electricity system pursuant to the Electricity Act. This responsibility includes securing the short-term electricity balance for the country, i.e. between supply (generation and import) and demand (consumption and export).

Pursuant to Electricity Act Chapter 8 Section 4, electricity suppliers can only supply electricity at points of withdrawal for which a BRP has been appointed. Only a company that has entered into an agreement with the authority responsible for the system, Svenska Kraftnät, may act as a BRP. This agreement shall regulate the relations between the parties. The BRP shall, inter alia, assume the economic liability towards Svenska Kraftnät, for ensuring that the national electricity system is provided with an amount of electricity equivalent to that which is used by the consumers for which the BRP is responsible. The responsibility is per bidding area.

As a consequence of the above, this Agreement (The Agreement) has been entered into.

## 2 General

This Agreement consists of a principal section and eight appendices in respect of:

- Definitions (Appendix 1)
- Reporting and notification (Appendix 2)
- Trading with Frequency Containment Reserve (Appendix 3)
- Trading with Frequency Restoration Reserve – Automatic (Appendix 4)
- Trading with Frequency Restoration Reserve – Manual (Appendix 5)
- Pricing and fees (Appendix 6)
- Financing of the Peak Power Reserve (Appendix 7)
- Settlement and invoicing (Appendix 8)

These appendices constitute integral parts of this Agreement. Regarding this Agreement, definitions contained in Appendix 1 will apply. In the event of conflicts, the main part of the agreement will apply before the appendices.

In matters of general interest concerning the balance responsibility for electricity, consultation and exchange of information will take place between representatives for the parties concerned such as electricity generators, users, and traders in Svenska Kraftnät's Operations and Commercial Committees. Svenska Kraftnät will appoint the members of these committees based on nominations from the relevant associations. Matters relating to particular BRPs will not be discussed in the committees.

### 3 BRPs' obligations

The BRP shall perform its Balance Responsibilities. This means planning for, and commercially achieving, balance on an hourly basis between its supply and demand for electricity. The commitment is per bidding area and in accordance with Appendices 2 and 8.

BRPs must be registered with the Swedish Tax Agency as liable for payment of energy tax.

The BRP shall advise Svenska Kraftnät of all information which is required in order for Svenska Kraftnät to be able to manage the Balance Service in an efficient manner in accordance with Appendix 2.

The BRP shall examine the data for operational planning reported by Svenska Kraftnät in accordance with Appendix 2, as well as data for settlement sent out by Svenska Kraftnät as specified in Appendix 8.

The BRP shall make payment, pursuant to the more detailed provisions set forth in Appendices 6, 7 and 8 for the services which Svenska Kraftnät performs on behalf of the BRP.

The BRP shall comply with the terms and conditions governing regulation under special operating conditions which are set forth in Appendix 5.

When reporting to Svenska Kraftnät the BRP will use electronic communication systems and message formats approved under the Ediel agreement, in accordance with Appendix 2, use.

When submitting bids to Svenska Kraftnät, the BRP will use electronic communication systems and message formats approved under the Ediel agreement, in accordance with Appendices 3, 4 and 5.

The BRP shall report changes in circumstances for its production and consumption to the Electricity Exchange in accordance with what is set out in Market Conduct Rules and attendant guidelines see the Electricity Exchange's website ([www.nordpoolspot.com](http://www.nordpoolspot.com)).

For this reporting, the BRP shall use the Electricity Exchange's UMM-application (Urgent Market Message) as set out in the Electricity Exchange's instructions.

## 4 Svenska Kraftnät's obligations

Svenska Kraftnät, by means of the Balance Regulation, shall ensure in the short term that the national electricity consumption is balanced by a corresponding generation of electricity imports and electricity exports.

Svenska Kraftnät shall continuously analyse the peak power situation for the country and communicate to BRPs such information as is vital for them to be able to fulfil their obligations according to this agreement.<sup>1</sup>

Svenska Kraftnät shall maintain neutrality and conduct customary business practices in its dealings with BRPs.

Svenska Kraftnät shall perform the following based on documentation from BRP's and Network Owners:

- Settlement of BRP's Balance Power per bidding area (per hour)
- Settlement of BRP's Regulating Power deliveries per bidding area (per hour )
- Final Settlement of BRP's Profile Deliveries per bidding area (per month)

Svenska Kraftnät is the BRP's counterpart in the purchase and sale of Regulation, Balance and Final Power.

Svenska Kraftnät, pursuant to the more detailed provisions on reporting contained in Appendix 2, shall notify the BRP of the amount of Regulation, Balance, and Final Power purchased by the BRP from Svenska Kraftnät or sold by the BRP to Svenska Kraftnät and at which prices, according to the more detailed provisions on reporting accord-

<sup>1</sup> Svenska Kraftnät report the Swedish power situation at [www.svk.se](http://www.svk.se)

ing to Appendix 2. In addition, Svenska Kraftnät shall report the data received for planning and settlement to the BRP as set out in Appendix 2

Svenska Kraftnät shall invoice and/or authorise for payment the receivables that are the result of the settlement as specified in Appendix 8.

Svenska Kraftnät, in accordance with applicable legislation governing confidentiality, shall ensure that information received is treated in a confidential manner, unless otherwise agreed upon. The BRP gives its consent, however, that such information as the authorities or the Electricity Exchange request may be submitted in order for them to be able to monitor or investigate the correct functioning of the electricity market.

## 5 Balance Responsibility Register

Svenska Kraftnät keeps a computerised register of those who have entered into an agreement with respect of Balance Responsibilities. Svenska Kraftnät will provide the Network Owners with extracts from this register so as to enable them to verify the information submitted on BRPs. The BRP gives its consent that such registration and the preparing of these register extracts will take place.

## 6 Fees

Svenska Kraftnät stipulates annual fees which are to be paid by the BRP. More detailed provisions in respect of fees are set forth in Appendices 6 and 7.

## 7 Security

BRPs shall provide security in the manner and at the time stipulated by Svenska Kraftnät when requested to do so by Svenska Kraftnät for the proper performance of their obligations pursuant to this Agreement. Additional information regarding this matter can be derived from the guidelines of Svenska Kraftnät, "Svenska Kraftnäts riktlinjer för kreditbedömning" (Guidelines for security requirements for BRP companies). This document can be accessed at [www.svk.se](http://www.svk.se).

Svenska Kraftnät is entitled to decide on Basic and Supplementary Security for the obligations of a BRP. Decisions regarding the provision of security shall be preceded by an assessment of the BRP's credit rating and potential credit exposure in accordance with the guidelines for security requirements pertaining to BRPs that have been stipulated by Svenska Kraftnät (see Svenska Kraftnät's guidelines).

Svenska Kraftnät has the right to review previous decisions on providing security in conjunction with any changes in circumstances that have been objectively established. These circumstances can involve, but are not restricted to, changes in:

- Risks specific to a BRP (imbalances, board of directors, financing, etc.)
- The level of risk in the electricity market and related energy markets and markets for emission rights, etc.
- The general level of risk in society

The BRP is obliged to comply with this decision without delay.

The BRP, without delay, will provide Svenska Kraftnät with sufficient information requested by Svenska Kraftnät in order to evaluate the BRP's creditworthiness.

Moreover, the BRP shall spontaneously and without delay inform Svenska Kraftnät of any major changes for the creditworthiness assessment, such as financial conditions, ownership, important customers and suppliers, management and the focus of the business.

## 8 Breach of Contract

In the event of a material breach of this Agreement, the breaching party shall without delay make payment to the non-breaching party of liquidated damages in the amount of SEK 100,000. In the event, however, that a party can demonstrate that it has suffered damage corresponding to a greater amount, such party shall be entitled to the greater amount in damages.

Material breach includes, inter alia, repeated late payment, late payment of more than two banking days following receipt of a written demand for payment, failure to comply with Svenska Kraftnät's request for payment, the failure to honour Svenska Kraftnät's request to provide Basic Security or Supplementary security, and misuse of the Balance Service. One example of misuse of the Balance Service is the BRP deliberately or systematically having a large imbalance.

Svenska Kraftnät shall have the right to terminate the Agreement with immediate effect in the event of a material breach by the BRP. In the case of misuse of the Balance service, the Agreement will not be terminated before the BRP has been given the opportunity to proffer an explanation. Svenska Kraftnät shall also be entitled to terminate this Agreement with immediate effect in the event the BRP commences liquidation, is declared bankrupt, discontinues payments, or shows any other indication of being insolvent.

## 9 Liability

The parties shall be liable to each other for damage caused by negligence.

Damages shall not be payable as a consequence of indirect damage, e.g. loss of earnings, decrease in production, obstacles in meeting commitments to third parties or non-realised benefits of agreements, unless such damage is caused wilfully or through gross negligence.

Svenska Kraftnät is under no circumstances liable for damage caused to the BRP by deficiencies in reporting, settlement etc., when these deficiencies result from the BRP's or a Network Owner's failure to timely submit correct information to Svenska Kraftnät.

## 10 Force Majeure

A party shall not be liable for the failure to perform its obligations pursuant to this Agreement where, to the extent and for the duration of such failure, performance is prevented as a consequence of circumstances such as labour disputes, fire, natural disasters, acts of sabotage, war, insurrection or riots, accidents, which such party could not reasonably have foreseen at the time of the execution of this Agreement and the consequences of which he could not reasonably have avoided or overcome.

In order for a party to have a right to invoke any of the aforesaid grounds for release, the party in question must notify the other party of the occurrence of any such circumstance. Notice must be given without unreasonable delay after such time as the party invoking the circumstance realised or should have realised that a circumstance exists which may be invoked as the grounds for release.

When the grounds for release have ceased to exist, the party invoking such grounds shall notify the other party thereof and, where possible, also provide notice as to when measures postponed due to the grounds for release will be taken.

## 11 Assignment

The BRP may not assign, in whole or in part, any of its rights or obligations under this Agreement without the written consent of Svenska Kraftnät. Such consent may not be refused if the party taking over the rights or obligations meets all the requirements specified in the Agreement.

After written notification, Svenska Kraftnät is entitled to transfer/assign the Agreement to one of Svenska Kraftnät's wholly-owned subsidiaries. In the event of Svenska Kraftnät or parts thereof being converted into a limited liability company or another legal entity, Svenska Kraftnät's obligations and rights according to this agreement shall be assumed by the organisation that will then be the authority holding system responsibility.

## 12 Disputes

A Swedish court shall decide in accordance with the laws of Sweden on any disputes arising as a consequence of this Agreement. The Stockholm District Court shall be the court of first instance, unless there are legal requirements that disputes shall be settled otherwise.

## 13 Amendments and additions

In order to be valid, amendments and additions to the main body of the Agreement must be in writing and signed by the authorised representatives of both parties. Svenska Kraftnät may adopt amendments and additions in the appendices, subject to the giving of at least two (2) months' notice and only after BRPs have been given an opportunity to state their opinion, and only after the amendment or addition has been discussed by the *Elmarknadsrådet* [Electricity Market Council].

Before Svenska Kraftnät enters in to a Balance Responsible agreement the Network Authority must have agreed that the methods used for drafting the agreement can be assumed to lead to the conditions in the Agreement being objective and non-discriminatory.

## 14 Effective date, provisional regulations, etc.

The Agreement shall be in force from the time of signing, but not earlier than 1 February 2014, and shall continue until further notice. It may be terminated effective the end of the month, subject to three (3) months' notice of termination. The termination must be in writing to be valid.

Nevertheless, a BRP has the right, in the event that Svenska Kraftnät makes any amendment to the appendices of the Agreement in accordance with section 13 above, to terminate the Agreement as of the date when the amendment enters into force, subject to a notice period of at least one month. In order to be valid, that notice of termination must be issued within one month from when the BRP received notice of the amendment.

In addition, in accordance with the conditions laid down in section 8, Svenska Kraftnät can terminate this Agreement with immediate effect.

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This Agreement has been prepared in two identical counterparts of which each party has received one.

..... Stockholm, .....

.....

..... Mikael Odenberg

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## 1 Definitions

### **Participant Agreement**

An agreement which can be executed with the Electricity Exchange in order to provide access to, inter alia, the Spot Market.

### **Profile Share**

The Profile Share is the share (kWh) of a Consumption Profile for which a certain BRP is responsible, and relates to one month's Profile Delivery. The Network owners for each Profile Calculation Area calculate Profile Shares in two steps:

#### **1) Preliminary Profile Share**

The share of a Consumption Profile which is calculated before the Delivery Month based on historic measured data for both the Consumption Profile and the Profile-calculated consumption, but using the Delivery structure for the current Delivery Month.

#### **2) Final Profile Share**

The Final Profile Share is the share of a Consumption Profile which is calculated by Delivery Month, based on current measured values for the Profile-Calculated Consumption, and the Delivery Structure for the current Delivery Month.

### **Profile Share Balance**

The difference for a given month between the total Final Profile Shares of a Profile area and the Consumption Profile energy.

### **Balance Responsibility**

The BRP's planning obligations to ensure that a balance exists between the supply and withdrawal of electricity in every Electricity Area both for its own production and consumption, and for the purchase and sale agreements it has entered into.

Only production and consumption in every Electricity Area may be calculated within the framework for Balance Responsibility. Power imports or exports may only be included as Fixed Power Supply Agreements. Transactions on the Electricity Exchange Spot Market (i.e. Elspot) and on the Intraday Market (i.e. Elbas) are also included as deliveries under Fixed Power Supply Agreements.

Prior to each Delivery Hour, the BRP shall plan and execute any possible measures in order to maintain the balance between supply and withdrawal pursuant to the above.

Plans by Constrain Area are used for calculation of Balance Power in the Balance Settlement.

**Disconnection Price**

The price decided by Svenska Kraftnät to give enough means of control in case of a Critical Power Shortage. The Disconnection Price is SEK 20,000/MWh and is used in case of Critical Power Shortages, and on condition that the Regulation market does not provide higher upwards regulation prices for pricing of the Balance Power in case of an Underbalance.

**D-1 trade**

Relates to the trade of FCR. The part of FCR-N and FCR-D that is purchased on an hourly basis for the following day.

**D-2 trade**

Relates to the trade of FCR. The part of FCR-N and FCR-D that is purchased on an hourly basis for the day after the following day.

**EDIEL**

An electronic communication system developed in order to exchange information regarding planning and settlement between companies in the electricity supply industry in the Nordic countries.

**Power Shortage**

A situation where there is not enough manual reserves in the system that can be activated within 15 minutes to maintain system security

***Critical Power Shortage***

A situation where Svenska Kraftnät is forced to order disconnection of consumption without any market based agreements about it

**Peak Power Reserve**

The regulatable capacity for production or consumption that Svenska Kraftnät has procured in accordance with the Power Reserve Act (2003:436) and the Power Reserve Ordinance (2010) regarding peak power reserve.

**Equivalent Time Constant**

A measure of the time-response for the BRP's FCR, which is calculated from the individual regulating capabilities and response times, for the generating unit groups involved.

**Electricity Exchange**

Commercial market place for power transactions currently operated by Nord Pool Spot AS. As regards physical trading, the activities are comprised of two parts:

**1) Elspot (Day Ahead Market)**

The Nordic auction-based market for transactions in physical power for each hour during the subsequent 24-hour trading period.

**2) Elbas (Intraday market)**

The continuous hourly market for transactions in physical power for the present 24-hour period, until one hour before delivery. Trading for the following 24-hour period cannot start until after the Elspot trading has concluded.

**Electricity Area**

Predefined area for division of commerce on the electricity market. An Electricity Area is a small possible area that can obtain its own price on Elspot. A geographical definition can be found at [www.svk.se](http://www.svk.se).

**Fixed Power Supply Agreements**

Agreements for the purchase and sale of electricity in respect of deliveries of predetermined volumes per hour.

**Frequency Containment Reserve (FCR)**

Automatic regulation that happens momentarily to adjust the physical balance in the power system

**Frequency Containment Reserve in normal operation (FCR-N)**

Momentary available active power that can be used for frequency control within the 49.9-50.1 Hz area and that is activated automatically by the network frequency. .

**Frequency Containment reserve in disturbed operation (FCR-D) Controlled Disturbance Reserve**

Momentary available active power that can be used for frequency control within the 49.9-49.5 Hz area and that is activated automatically by the network frequency.

**Frequency Restoration Reserve (FRR)**

Automatic and manual reserves used to continuously regulate the physical balance in the power system

**Frequency Restoration Reserve – Automatic (FRR-A)**

Automatic reserve activated continuously by the frequency

**Frequency Restoration Reserve – Manual (FRR-M)**

Manual reserve activated by Svenska Kraftnät's control centre

**Consumption Profile**

The total quantity of electricity which is registered per hour within a Profile Calculation Area, minus such consumption and generation, and exchange with adjacent Net-

work Settlement Areas, as are settled according to hourly-registered measurement and reporting.

**Basic Security**

Security established at a fixed amount which cannot be released until the BRP has fulfilled all its obligations under this Agreement.

**Critical Point Plan**

Critical Point Plans describe the physical changes of the Production Regulation Object down to the minute.

**Final Power**

Final Power refers to the difference between the BRP's Final and Preliminary Profile Delivery in a Profile Calculation Area. Final Power will be calculated by Svenska Kraftnät in the Final Settlement. Final power will be exchanged between Svenska Kraftnät and the BRP and will be priced using the Profile Settlement price.

**Delivery Day**

The calendar day (0 - 24.00 h) when a physical delivery of energy is made as defined according to agreement.

**Delivery Month** The calendar month when a Profile Delivery of energy is made as defined according to agreement.

**Delivery Structure**

Information regarding which operator is an electricity retailer or BRP for each point of supply in the electricity system

**Delivery Hour**

The whole hour when a delivery of energy is made as defined by agreement.

**Momentary Balance**

The physical balance between the input and withdrawal of electricity in the operating phase for the national electricity system. Compensation for deviations is made directly when such deviations arise.

**Counter Trade**

Regulation intended to alleviate overloaded Constraints. Svenska Kraftnät sub-order Upwards Regulation, for example, in the area with a deficit of production and Downwards Regulation in the area with a surplus.

**Downwards Regulation**

Reduced production or increased consumption.

**Downwards Regulation Bid**

A bid used for balance regulation. When such bids are activated, the BRP purchases power from Svenska Kraftnät.

**Downwards Regulation Price**

For every Electricity Area and Delivery Hour, a Downwards Regulation Price is determined. The Downward Regulation Price corresponds to the cheapest sub-ordered Downwards Regulation bid, (i.e. excluding Special Regulation) in the contiguous area where transfer limitations do not divide up the regulated power market, during a particular Delivery Hour. For those hours for which there is no Downwards Regulation during a Delivery Hour, the Downwards Regulation Price is set at the Balance Basic Price.

**Net Regulation Price**

For every Electricity Area and Delivery Hour, a Net Regulation Price is determined.

The Net Regulation Price corresponds to the Upwards Regulation Price in the contiguous area where transfer limitations do not divide up the regulated power market, provided the Upwards Regulation Volume is greater than the Downwards Regulation Volume, during a particular Delivery Hour.

The Net Regulation Price is set at the Downwards Regulation Price in the contiguous area where transfer limitations do not divide up the regulated power market, provided the Downwards Regulation Volume is greater than the Upwards Regulation Volume, during a particular Delivery Hour.

If the Net Balance in the contiguous area where transfer limitations do not divide the regulated power market is zero, or there is no regulation, in the area during a particular Delivery Hours, the Net Regulation Price shall be set at the Balance Basic Price.

In times when Svenska Kraftnät is forced to disconnect consumption and provided that the Disconnection Price is higher than the Up Regulation Price the Net Regulation Price will be the same as the Disconnection Price.

**Normal Operation**

An operating situation in which all consumption is satisfied, frequency, voltage and transfer are within their limits, and there is sufficient reserve power.

**Network Settlement Area**

An area in a Balance Settlement that is used by Network Owners to aggregate and report measured values by electricity supplier and BRP, as well as to distinguish each Network Owner's network losses. A Network Settlement Area is defined by the border points to the adjacent Network Settlement Areas, using hourly measurement.

**Network Owner**

A holder of a network concession and responsible for reporting measured values pursuant to the Electricity Act.

**Network Authority**

The authority that the Government, pursuant to Chapter 1 Section 7 of the Electricity Act, has appointed to administer the issues, which according to the law or to regulations issued pursuant to the law, are the responsibility of the Network Authority.

**Planned FRR-M**

Available capacity that can be regulated within 15 minutes and that have an endurance of at least 30 minutes. Planned FRR-M can for example be used for Balance Regulation and Counter Trade.

**Reduced Consumption profile**

The Load profile is reduced with monthly hourly measured plants.

**Regulation Fee**

A fee which Svenska Kraftnät charges on Balance Power deliveries in order to finance the costs of the Balance Service for the Balance Regulation Svenska Kraftnät also credits the Regulations Fee to BRPs who have used their Consumption Balance Power to help to rebalance the electricity system.

The fee is calculated as the volume Settlement by multiplying the Balance Power and the difference between the Net Regulation price and the Balance Basic Price.

**Regulating Power**

Power is exchanged with Svenska Kraftnät before or during the Delivery Hour for Upwards and Downwards Regulation for the purpose of instantly re-establishing the Momentary Balance in the Swedish power system, and for Special Regulation for maintaining system security.

**Regulation Object**

The term "Regulation Object" is an umbrella term for Production Regulation Objects and Consumption Regulation Objects as production and consumption facilities are classified by Svenska Kraftnät. This division is based on the requirement imposed by Svenska Kraftnät that the BRP must report on plans for the running of the facility. A Regulation Object can consist of a facility that forms its own Regulation Object, or of several facilities with similar properties. A Basic Regulation Object is also a Regulation Object, as well.

**Production Regulation Object**

Every production facility must be a separate Production Regulation Object, be part of a Production Regulation Object together with similar facilities, or be part of a Basic Regulation Object. In every Constraint Area, Svenska Kraftnät for each BRP will establish one

**Basic Regulation Object** for each energy type, except for atomic energy, which must not exceed an aggregate output of 250 MW.

**Consumption Regulation Object**

A Consumption facility can be a separate Consumption Regulation Object, be part of a Production Regulation Object together with similar facilities, or be part of a Basic Regulation Object. In every Constraint Area, Svenska Kraftnät for each BRP will establish one

**Basic Regulation Object** for disconnectable use, which must not exceed an aggregate output of 250 MW.

**Profile Settlement Price**

The Profile Settlement Price is used in the Final Settlement of Profile Deliveries. The Profile Settlement Price is calculated as a mean value per month by means of the Balance Base Price being weighted in accordance with the energy allocation over time that is equivalent to the sum of all Reduced Load profiles within the Electricity Area.

**Profile Calculation Area**

A Network Settlement Area in which consumption is profile settled. A Profile Calculation Area may only consist of electricity networks that are covered by area concessions for networks, and lines that organisationally and technically belong to such networks.

**Profile Delivery**

A supply of electricity where the consumption is calculated instead of measured by hour. Such deliveries are calculated in two steps for a BRP:

**1) Preliminary Profile Delivery**

The Profile Delivery that is used in the Balance Settlement is the calculated preliminary hourly consumption, based on the Consumption Profile and the BRP's Preliminary Profile Share, in the respective Profile Calculation Area. (Profile Delivery = The Profile Calculation Area's consumption profile \* BRP's preliminary Profile Share / the sum of all the Preliminary Profile Shares in the Network Settlement Area for the same period).

**2) Final Profile Supply**

The Final Profile Supply consists of the BRP's Final Load Profile Shares in the respective Profile Calculation Area and is the base for the BRP's Final settlement of Profile Deliveries.

**Final Settlement**

Once the Network Owners have set the Final Profile Deliveries after all profile-settled exit points have been read and the Final Profile Shares have been calculated and reported, Svenska Kraftnät calculates the Final Power for BRPs that have this.

**Constraints**

Sections in the electricity network where transfer restrictions may apply, and where transfer is supervised continuously.

**Constraint Areas**

Four geographical areas that is geographically coterminous to the Electricity Areas. The Constraint Area concept is used in those parts of the Agreement that relate to planning and settlement.

**Special Regulation**

Regulation that Svenska Kraftnät sub-orders to maintain network security.

**Spot Price**

The current price for hourly power transactions on the Electricity Exchange Spot Market. The Spot price is listed and used for the purposes of Svenska Kraftnät for given Electricity Areas. When there is no division of the Spot Market into several geographical areas, the Spot Market is the same for all Electricity Areas.

**Time Deviation**

The difference between the time in a synchronous electric clock powered by the frequency in the power system and astronomical time set by an atomic clock.

**Supplementary price for Balance Power**

Difference between Net Regulation price and Balance Base Price

**Supplementary Security**

Security provided which shall cover the actual credit exposure that can arise from non-payment up until that time when the agreement can be annulled.

**Total Consumption**

The sum of the BRP's hourly-metered and Profile-Calculated Consumption, including settled network losses.

**Upwards Regulation**

Increased production or decreased consumption.

**Upwards Regulation Bid**

A bid used for balance regulation. When such bids are activated, Svenska Kraftnät purchases power from the BRP.

**Upwards Regulation Price**

For every Electricity Area and Delivery Hours, an Upwards Regulation Price is set, which normally corresponds to the most expensive sub-ordered Upwards Regulation bid (i.e. not including Special Regulation) in contiguous areas, where transfer restrictions do not divide up the regulated power market during a particular Delivery Hour. In the event of power shortage, Svenska Kraftnät can set a special level for the Upwards Regulation Price. During those hours when there is no Upwards Regulation

during the Delivery Hour, the Upwards Regulation Price is set at the Balance Basic Price.

**Working Day**

All days except Saturdays, Sundays and the following days: 1 and 6 January, Maundy Thursday until Easter Monday, 30 April, 1 May, Ascension Day Holiday (Thursday and Friday), 6 June, Midsummer Eve, 24, 25, 26 and 31 December.

## 2 Reporting and notification

### 2.1 General

The reporting obligation of the BRP is necessary to facilitate both operational planning and the Balance Settlement.

All reports regarding operational planning or settlement information shall be electronically communicated according to the technical standard indicated by Svenska Kraftnät. In the event of technical communications problems, reporting can take place by fax. Unless otherwise indicated, this reporting is done with hourly values.

Times for reporting are to be stated as current clock time, but data should be time-stamped according in Swedish standard time, year round.

Special reporting rules agreed to between the Electricity Exchange and those responsible for the Nordic systems shall apply to persons holding Balance Responsibility for the Electricity Exchange.

The concept of an Electricity Area is used in those parts of the agreement that relate to Balance Responsibility. The concept of the Constraint Area, which is synonymous with Electricity Area, is used in those parts of the agreement that relate to planning and settlement, and reports tied to this information.

### 2.2 Reporting of structural information

To enable the establishment of a relevant information structure in Svenska Kraftnät's operational planning- and settlement system, Svenska Kraftnät needs to have access to what the BRP is going to report. This is accomplished through the reporting party communicating what will be reported for the current Delivery Month.

#### 2.2.1 Information about the Network Owner's reporting

The Network Owners will report changes to Svenska Kraftnät regarding the following:

- **The Network Settlement Areas** from which Svenska Kraftnät will receive the BRP's measured values and Profile Share.
- **Network Settlement Areas** that are **Profile Calculation Areas**.
- **Network Settlement Areas** where the BRP has **Balance Responsibility for network losses**. Only one BRP is responsible for the network losses in each Network Settlement Area.

- **Profile Shares** for Profile Deliveries.

When changes the network owner report the following to Svenska Kraftnät:

- Measured values and **type of measured values** (production or consumption).

Svenska Kraftnät obtains the following information from the Network Owners' reporting:

- **The Electricity Areas** where the BRP is established.
- **Type of activity** in each Electricity Area.

### 2.2.2 BRP's reporting to Svenska Kraftnät

The BRP will report any changes to Svenska Kraftnät before the 1<sup>st</sup> or before the 16<sup>th</sup> day in each Delivery Month:

- **BRPs for trading partners by electricity.**
- **Trading partners abroad.**

Reports must be received by Svenska Kraftnät 14 days before trading commences, unless otherwise agreed. Reporting must be done on forms approved by Svenska Kraftnät. These forms are available at [www.svk.se](http://www.svk.se).

The BRP will notify Svenska Kraftnät of all facilities included in this Agreement with regard to:

- **Production exceeding 10 MW**
- **Disconnectable consumption (electrical boilers and heat pumps) exceeding 5 MW**
- **Other controllable consumption in industry exceeding 10 MW**

In conjunction with a structural change to the BRP's facilities that meet the above criteria, the BRP, without being requested to do so, will report to Svenska Kraftnät before the 1st day in each Delivery Month:

- **The facilities included in the Regulation Object or expected additional facilities**

Reporting must be done on forms stipulated by Svenska Kraftnät (Excel file) and be sent by e-mail to [struktur@svk.se](mailto:struktur@svk.se). These forms are available at [www.svk.se](http://www.svk.se).

### 2.2.3 Svenska Kraftnät's structure report to BRPs

In conjunction with every change of the information structure between Svenska Kraftnät and the BRP, Svenska Kraftnät shall report to the BRPs:

- **A structure report** containing the information that is to be the basis for Svenska Kraftnät's operational planning and the Balance Settlement.  
The report will contain data on what is to be reported to Svenska Kraftnät for the BRP, as well as data on what Svenska Kraftnät is to report to the BRP.

## 2.3 Reporting of trading and operational information

### 2.3.1 BRP's reporting to Svenska Kraftnät

The BRP shall report to Svenska Kraftnät no later than 16:00 on the day before the Delivery Day and continuously thereafter in conjunction with changes:

- **Fixed Power Agreements** (aggregate energy, reported by contracting party and hour) that has been concluded between BRPs, parties that are included in their Balance Responsibility, or parties abroad.

**Fixed Power Agreements with the Electricity Exchange** shall only be reported by Exchange.

The reports shall be received by Svenska Kraftnät no later than 45 minutes before the start of the Delivery Hour.

The BRP shall report to Svenska Kraftnät no later than 16:00 on the day before the Delivery Day and continuously thereafter in conjunction with each change before and during the Delivery Hour the following planning and forecast information:

- **Scheduled production shutdowns** (Regulation object's combined average value of power by Constraint Area for the coming week). The information shall be continuously reported at 16:00 for the next seven days.
- **Regulation Object plans for Basic Regulation Objects** (hourly mean value of power by Regulation Object)
- **Regulation Object plans for Production Regulation Objects that are not Basic Regulation Objects** (15 minutes' mean power by Regulation Object)

The sum of all Regulation Object plans for Production Regulation Objects, including Basic Regulations Objects, shall constitute the total production for which a BRP has Balance Responsibility. The plans will be updated continuously in conjunction with changes up until and during the Delivery Hour. Those BRPs who have an opportunity can report Crisis Point Plans for each

Regulation Object, instead of the 15 minute values. During normal operations, deviations from plans during the Delivery Hour may only occur in consultation with Svenska Kraftnät.

- **Regulation Object plans for Consumption Regulation Objects** (hourly value of the power by Regulation Object)
- **Planned FCR-N and FCR-D** (aggregated output per Constraint Area). The information will be reported if the BRP has FCR-N or FCR-D.
- **Planned FRR-A** (aggregated per Constraint Area)
- **Planned FRR-M** (the aggregate value per Constraint Area for hydroelectricity production and by Regulation Object for thermal power production or consumption).

The BRP shall to Svenska Kraftnät no later than 17.00 day ahead report the following planning information:

- **Planned moved production** caused by the requirement to move production at hour shift if the production change is larger than 200 MW (see Appendix 5.5) (aggregated capacity per Constraint Area)

### 2.3.2 Svenska Kraftnät's reporting to the BRP

Directly after details of the BRP's Fixed Power Agreement have been received and subsequently in conjunction with changes, Svenska Kraftnät shall report to the BRP:

- **Control information** on Fixed Power Agreement by Electricity Area, excluding trade with the Electricity Exchange. (Difference between the parties' reported trading values). The Balance Settlement is based on the assumption that both the BRPs (not including the Electricity Exchange) for Fixed Power Agreement report to Svenska Kraftnät. Both before the Delivery Hour and during the settlement stage, Svenska Kraftnät will calculate the difference between the data that each party has submitted.
- **Control information** about Fixed Power Agreements with the Electricity Exchange by Constraint Area.

In conjunction with each change Svenska Kraftnät will report to the BRP:

- **Binding plans** for production and consumption. Svenska Kraftnät provides feedback on Binding Production Plans by Production Regulation Object, as well as production plans by Constraint Area, which are the sum of the BRP's reported plans for Production Regulation Objects, including Basic Regulation Objects within the Constraint Area. Svenska Kraftnät will calculate and report

Binding Plans for consumption without dividing these up by Constraint Area. Binding Plans for consumption are calculated as the sum of Binding Plans for production and bilateral trade.

- **Balance Responsible Party's trade balance** (total energy purchased and sold through Elspot, Elbas, as well as bilateral trade by Constraint Area).
- **Regulation Power transactions** (bought and sold energy by Regulation Object) divided into sub-orders for Production Regulation Objects and Consumption Regulation Objects, respectively.
- **Mandatory production changes** according to appendix 5.5.
- **Trade for FCR-N** (bought and sold D-2 and D-1 trading, respectively, power per hour and per Constraint Area)
- **Trade for FCR-D** (bought and sold D-2 and D-1 trading, respectively, power per hour and per Constraint Area)
- **Trade for FRR-A** (bought and sold power per hour and per Constraint Area)

One hour after the end of the Delivery Hour, Svenska Kraftnät shall report to the BRP:

- **Net Regulation Price** (by Electricity Area)

Svenska Kraftnät shall report to the BRPs that participate in trading with FRR-M one hour after the Delivery Hour:

- **Upwards and/or Downwards Regulation Prices**, (by Electricity Area) based on bids accepted during the Delivery Hour. Individual bids will not be made public.

### 2.3.3 BRP's obligation to report correction of trade

BRPs shall report to Svenska Kraftnät:

- **Corrected values** with regard to Fixed Power Agreements entered into.

BRPs (both parties together) can report corrected information to Svenska Kraftnät regarding Fixed Power Agreements up until 45 minutes before the current Delivery Hour.

A BRP (one of the parties) can report corrected values to Svenska Kraftnät up until 12.00 hrs. on Working Days after the Delivery Day provided that the other BRP's values remain unaffected.

If Svenska Kraftnät's feedback regarding Fixed Power Agreement is delayed, the period for correction will be extended. The latest time for corrections is moved forward one hour for each complete hour that Svenska Kraftnät's feedback report will be delayed after 07:00, until noon. If Svenska Kraftnät's feedback report is delayed until after-noon, the period for correction will be extended until noon of the next working day.

## 2.4 Reporting of real time measured data for FCR and FRR

The BRP shall report to Svenska Kraftnät's operating information system at least every 36<sup>th</sup> second:

- **Real time measured values for production** (active and reactive power by facility or station) available in the BRP's operating information system. Suitable exchange points for real time information are agreed separately with Svenska Kraftnät. If real time information is not collected in the BRP's operational monitoring system, Svenska Kraftnät may collect the information from the regional network's monitoring system, as agreed.

### **Real time measured values for production that deliver FRR-A**

The BRP shall report to Svenska Kraftnät at least every 3<sup>rd</sup> minute:

- **Measured values for available power FCR-N and FCR-D**
- **Current Regulation Capability situation** by facility that participates in FCR regulation. Exceptions from the requirement for such reporting can be permitted when specifically agreed by Svenska Kraftnät.

## 2.5 Reporting settlement information

### 2.5.1 Information About Svenska Kraftnät's reporting to Network Owner

Svenska Kraftnät undertakes quality controls on reported settlement data for the settlement and reports the quality to Network Owners as follows:

#### ➤ **Hourly measured values**

Svenska Kraftnät reports to Network Owners time series that show the quality of submitted measured values, as soon as they have been reported the day after the Delivery Day and subsequently, in conjunction with corrections::

- **The Network Settlement Area's energy balance**
- **The difference in energy exchanges between adjacent Network Settlement Areas** (quantity and direction).

➤ **Profile Share**

When Preliminary Profile Shares for a Profile Calculation Area have been reported to Svenska Kraftnät, Svenska Kraftnät calculates the difference between the sum total of Preliminary Profile Shares for the Profile Calculation Area and the area's total energy according to the Consumption Profile for the period on which the calculation of Preliminary Profile Shares is based. Svenska Kraftnät publishes the result of this calculation on [mimer.svk.se](http://mimer.svk.se).

When Final Profile Shares for a Profile Calculation Area have been reported to Svenska Kraftnät, Svenska Kraftnät calculates the difference between the sum of Final Profile Shares for the Profile Calculation Area and the area's total energy according to the Consumption Profile for equivalent periods. Svenska Kraftnät publishes the result of this calculation on [mimer.svk.se](http://mimer.svk.se).

### 2.5.2 Svenska Kraftnät's reporting to the BRP

In advance of each Delivery Month, Svenska Kraftnät shall report the following information to the BRP as data for the Balance Settlement:

➤ **Preliminary Profile Share** (by Profile Calculation Area)

At the end of the Delivery Hour and after correcting, Svenska Kraftnät shall report to the BRP:

- **Fixed Power Agreements** (energy by contracting party and Electricity Area) as well as **differences** in Fixed Power Agreements (energy by contracting party and Electricity Area).
- **Binding Production Plans** (energy by Constraint Area).
- **Binding Consumption Plans** (energy by Constraint Area).

Svenska Kraftnät shall report to the BRP within 24 hours after the measured values have been reported from the Network Owner, and subsequently, after corrections:

- **measured values** (energy by type of power and Network Settlement Area)

Svenska Kraftnät shall report to the BRP the results of the Balance Settlement after settlement has been carried out for each 24 hours:

- **trade** (energy by Constraint Area)
- **Total assets** (total energy)
- **Preliminary Profile supply** (profile consumption and profile losses respectively for energy by Profile Calculation Area)

- **Production and consumption** (total energy by Constraint Area).
- **Balance Power** (production- and consumption energy per Constraint Area).
- **Balance base price and Supplementary price for Balance Power.** (per bidding area)
- **Amounts, remuneration and charges** (in SEK for production- and consumption balance power, per Constraint Area and in total, to be invoiced or paid )

Svenska Kraftnät shall report the results of the Balance Settlement or daily settlements to BRPs who supply system services:

- **Trade with Regulating Power** (energy per Constraint Area for production and consumption, respectively) for those BRPs who participate in FRR-M and/or FRR-A.
- **Upwards and Downwards Regulation Price** (per Constraint Area) for BRPs who have contributed with FCR and/or FRR.
- **Measured or planned FCR-N** (average hourly value of power by Constraint Area) for BRPs who have contributed with FCR.
- **Measured or planned FCR-D** (average hourly value of power by Constraint Area) for BRPs who have contributed with FCR.
- **Planned FRR-A** (power per Constraint Area) for BRP's who have contributed with FRR-A.
- **Total FCR-N (D-2 trade and D-1 trade)** (energy aggregated on the level for Sweden) for BRPs who have contributed with FCR.
- **Total FCR-D (D-2 trade and D-1 trade)** (energy aggregated on the level for Sweden) for BRPs who have contributed with FCR.
- **Time deviation change** (seconds) between the start and the end of the hour, for BRPs who have contributed with FCR.
- **Amounts and remunerations** (SEK for system services by Constraint Area, as well as totally), that will be invoiced or paid to the BRPs that participate in FCR and/or FRR.

Svenska Kraftnät shall report data monthly to the BRPs in advance of establishing a Final Profile Delivery in the Final Settlement:

- **Preliminary Profile Supply** (by Profile Calculation Area).
- **Final Share** (by Profile Calculation Area)
- **Share Balance** (by Profile Calculation Area) for BRPs that are responsible for the Profile Area's network losses.
- **Profile Calculation Price** (prices by Electricity Area).

Svenska Kraftnät shall report monthly to BRPs after Final Settlement has been implemented:

- **Final Power**
- **Final Power amount**

This information will also be published on [mimer.svk.se](http://mimer.svk.se)

## 3 Trade with FCR

### 3.1 General

BRPs who intend to contribute with FCR shall compile and report measured data regarding FCR-NFCR-D and Equivalent Time Constants.

FCR can be offered to Svenska Kraftnät through a bid during D-2 trading and/or D-1 trading, or just be reported. Reported FCR is compensated in the way specified in Appendix 6.

Bids can be submitted in SEK or in Euro. However, suborders are transmitted to the BRP in SEK. Nord Pool Spot's official exchange rate is used in conversion between currencies.

Bids shall be cost based and provide some margin for profit- and risk premium.

### 3.2 Technical demands for FCR

Svenska Kraftnät may after a written application exempt from the requirements

Activation of FCR-N shall happen when the frequency deviate from 50.00 Hz within the range 49.9 Hz to 50.1 Hz

FCR-N shall be activated to 63 % within 60 seconds and to 100 % within 3 minutes when frequency gradually changes from 50.0 HZ to 49.1 Hz

Activation of FCR-D shall happen when the frequency falls below 49.9 Hz

When the frequency gradually changes from 49.9 Hz to 49.5 Hz the FCR-D shall be activated to 50 % within 5 seconds and to 100% within 30 seconds

### 3.3 Rules for submission of bids for D-2 trade

D-2 trade means that Svenska Kraftnät procures part of its reserve requirements for the Delivery day two days in advance. The following applies for the submission of bids:

- Bids are submitted via electronic communications (Ediel Quotes format) no later than 15.00 hrs. all 24 hours of the Delivery Day.
- The bids shall be divided into FCR-N and FCR-D, respectively.
- If prior notice of more than one hour is required for a particular bid, this shall be specified at the time of the bidding. However the maximum possible requirement is 6 hours.
- It is possible to submit a bid for only one of the two reserves.
- Bids shall be expressed in SEK/MW or C/MW.
- Svenska Kraftnät will compile and evaluate the bids. BRP's whose bids have been sub-ordered will be notified by 16.00 hrs. on the same day as the bidding occurs.
- Bids sub ordered cannot be retracted by BRP companies, but repurchases can be made D-1 after contacting Svenska Kraftnät for the cost incurred by Svenska Kraftnät as a result of the repurchase. The price of the repurchase will be marginal price.
- Plans for sub ordered FCR-N or FCR-D, respectively, divided by Constraint Area, and must be received by Svenska Kraftnät no later than 16.00 hrs. the day before the Delivery Day.

### 3.4 Rules for submission of bids for D-1 trade

D-1 trade means the supplemental procurement of the FCR occurs on the evening before the Delivery Day, and in exceptional situations of repurchases, during the Delivery Day. The following applies to bidding:

- Bids are submitted by electronic communication (Ediel Quotes format) by 18.00 hrs. every day at the latest for all 24 hours of the following Delivery Day.
- The bids must be divided into FCR-N and FCR-D, respectively.
- It is possible to submit a bid for only one of the two reserves.
- Bids shall be expressed in SEK/MW or C/MW.

- If prior notice of more than one hour is required for a particular bid, this shall be specified at the time of bidding. However the maximum possible requirement is 3 hours.
- Svenska Kraftnät will compile and evaluate the bids. BRP's whose bids have been sub-ordered will be notified by 20.00 hrs. on the same day as the bidding occurs.
- Bids can be modified upon two hours' prior notice, unless otherwise agreed.
- Bids sub-ordered cannot be retracted by BRP's, but repurchases can be made after contacting Svenska Kraftnät for the cost incurred by Svenska Kraftnät as a result of the repurchase. The price of the repurchase will be marginal price.
- Plans for sub-ordered FCR-N or FCR-D, respectively, divided by Constraint Area must be received by Svenska Kraftnät no later than 23.00 hrs. on the day before the Delivery Day.

## 4 Trade with FRR-A

### 4.1 General

BRP's who intend to contribute with FRR-A shall in accordance with instructions from Svenska Kraftnät carry out a prequalification of those regulation objects that are going to contribute with FRR-A.

FRR-A bids are submitted to Svenska Kraftnät in accordance with appendix 4.3.

Plans for FRR-A shall always be reported.

BRP's who attend in the trade with FRR-A shall collect and report measurements for FRR-A.

The remuneration for FRR-A is according to Appendix 6.

### 4.2 Technical demands on FRR-A

- Regulation Object that shall contribute have to be prequalified
- Activation of FRR-A shall be automatic via a control signal from TSO (Transmission System Operator)
- FRR-A shall be fully activated within 120 sec.

### 4.3 Rules for submission of bids to the weekly trade

The following applies for the submission of bids:

- Bids are submitted via electronic communications (Ediel Quotes format) no later than 10.00 hrs. for the upcoming period Saturday - Friday
- Bids are submitted per hour, separately for up- and down regulation
- Bid volume shall be in steps of 5 MW
- Bids shall be priced per MW. Price shall be expressed in SEK/MW or EUR/MW
- Bids will be activated in steps of 5 MW
- If prior notice of more than one hour is required for a particular bid, this shall be specified at the time of the bidding. However the maximum possible requirement is 3 hours.

#### Appendix 4 Trade with FRR-A

- Svenska Kraftnät will compile and evaluate the bids. BRP's whose bids have been sub-ordered will be notified by 11.00 hrs. on the same day as the bidding occurs.
- Bids sub-ordered cannot be retracted by BRP's. If problem to deliver sub-ordered volume occur the BRP shall urgency inform Svenska Kraftnät
- Plans for sub-ordered FRR-A shall be received by Svenska Kraftnät no later than 16.00 hrs. the day before Delivery Day and shall be updated if changes occur

## 5 Trade with FRR-M

### 5.1 General

All trade with Svenska Kraftnät relating to production as well as flexible consumption is recorded at Svenska Kraftnät by Regulation Object. Regulation Objects for production are designated Production Regulation Objects and Regulation Objects for flexible consumption are designated Consumption Regulation Objects. In contacts between the BRP and Svenska Kraftnät, the Regulation Object must be identified in conjunction with bidding, suborders and settlement.

### 5.2 Establishment of Regulation Objects

The BRP shall establish Regulation Objects in consultation with Svenska Kraftnät. Departures from the main principles may be permitted with the consent of Svenska Kraftnät.

The main principles for establishment of Production Regulation Objects are:

- All production facilities must be established within a Regulation Object.
- Production facilities with real time measurement may not be established as Regulation Objects together with facilities that do not have real time measurement.
- Production facilities in one Regulation Object must belong to the same Constraint Area
- Each production facility that is included in the Peak Power Reserve for which the BRP has balance responsibility must be the BRP's own Regulation Object.
- A Production Regulation Object may only include one type of power (i.e. wind power, hydroelectric power, nuclear power, gas turbine & diesel power or other thermal power).
- Medium and larger production facilities can be established as the BRPs' own Regulation Objects.
- Svenska Kraftnät will establish a Basic Regulation Object within each Constraint Area for each type of power, except for nuclear power, based on information from Network Owners. If the Basic Regulation Object has a combined power of less than 250 MW, no additional Regulation Objects need to be es-

established within the Constraint Area, provided the other above-mentioned criteria are met.

The main principles for establishment of Consumption Regulation Objects are:

- Consumption facilities in one Regulation Object must belong to the same Constraint Area
- Each consumption facility that is included in the Peak Power Reserve for which the BRP has balance responsibility shall be a separate Regulation Object. The consumption facility can be such that the consumption may only be partially reduced, or can be a disconnectable consumption.
- Industrial consumption, as indicated below, must be created as a separate Consumption Regulation Object.
  - Facilities that have a withdrawal commitment of at least 50 MW. The withdrawal commitment may consist of one or more withdrawal points with a total commitment of 50 MW.
  - Facilities in networks not required to obtain a licence, with a gross output of at least 50 MW.

Svenska Kraftnät will establish a Basic Regulation Object for disconnectable consumption, based on information from Network Owners.

### 5.3 Measurement requirements and activation times for Regulation Objects

Regulation Objects, for which the BRP intends to submit bids with a maximum activation time of 15 minutes, shall be equipped with real time measuring.

For Regulation Objects with an activation time that is longer than 15 minutes, there are no requirements for real time measurement.

Real time measurement shall take place at least every 36 seconds and measuring inaccuracies may not be greater than 5%.

### 5.4 Regulation Power transactions

#### 5.4.1 Regulation for submission of bids

Sub-ordered bids for FRR-M must be fully activated within the activation period stated in the bid. Up wards or Down wards bids may be submitted to Svenska Kraftnät as follows:

- Bids shall be submitted by electronic communication with the Ediel format quotes.
- Bids shall contain information concerning volume (MW) which can be regulated upwards or downwards, price (SEK / MWh or €/MWh), as well as activation time and Regulation Object. It must be possible to deliver the agreed measure during the whole of the relevant Delivery Hour.
- The lowest volume for a bid in bidding area 1, 2 and 3 is 10 MW. The lowest volume for bids in area 4 is 5 MW.
- The highest permitted price for Upwards Regulation Bids is 5,000 €/MWh.
- Upwards Regulation bids are submitted with a plus sign. Upon activation, Svenska Kraftnät will purchase power from the BRP.
- Downwards regulation bids are submitted with a minus sign. Upon activation, Svenska Kraftnät will purchase power from the BRP.
- Activation times shall always be stated.
- Bids can be submitted, amended or removed continually from 14 days prior to the commencement of the Delivery Day. Bids must always be submitted on an ongoing basis for the next 24 hours. Bids can be changed up until 45 minutes before the Delivery Hour, after which they are economically binding.

If the total volume of bids does not meet the minimum requirement, Svenska Kraftnät may request additional regulation bids for FRR-M.

#### 5.4.2 Management of incoming bids

Management of bids on the Nordic market is done in Euro. However, suborders are transmitted to the BRP in SEK. Nord Pool Spot's official exchange rate is used in conversion between currencies.

##### **Ranking**

For each Delivery Hour, the Upwards Regulation Bid shall be ranked according to the principle of least expensive bid first, and the Downwards Regulation Bid shall be ranked according to the principle of most expensive bid first.

##### **Acceptance of Bids**

For normal maintenance of balance, Svenska Kraftnät will accept bids ranked according to a common Nordic regulation list, as long as network capacity allows for this. If necessary, however, Svenska Kraftnät may give priority to bids with greater volume or bids that can be settled quickly. Once Svenska Kraftnät accepts a bid, the BRP shall indicate

- **The starting time** for the sub-ordered regulation measure.

If, for any reason, the regulation measure cannot be carried out, the BRP shall advise Svenska Kraftnät to that effect.

Bids may be divided by volume if the BRP and Svenska Kraftnät agree to this.

Agreements with respect to regulation measures cease to apply upon the end of the Delivery Hour, unless Svenska Kraftnät has stipulated another time.

#### 5.4.3 Requested change of starting or stopping time

Svenska Kraftnät maintains the right to request the BRP to adjust the planned time for start- or stop of Regulation Objects by up to fifteen minutes (i. e. earlier or later). The BRP is entitled to refuse such a request if the change is not technically possible, is linked to significant cost increases, or is forbidden by law. If the BRP so wishes, this can be compensated through a regulation power transaction. These regulation power transactions do not affect the Upwards or Downwards regulation price. The price for such regulation power transactions is set to the most advantageous of the following for the BRP:

- The Upwards or Downwards Regulation Price in the respective Electricity Area, or
- The Spot Price in the respective Electricity Area, plus or minus 10 %.

When a measure originally planned to take place during an interval of two hours with different Spot Prices, the more favourable Spot Price from the BRP's point of view will be chosen.

#### 5.4.4 Planned regulation power transaction

The Balance Service can sometimes forecast with a high degree of certainty that in a given future Delivery Hour there will be insufficient bids for Secondary Balance Regulation to maintain the Electricity system in Normal Operation. On such occasions Svenska Kraftnät can come to a special agreement on additional regulation resources, for example Regulation Objects that require a long period of notice or duration, Regulation Objects with special pricing or Regulation Objects that are less than 10 MW, and that have not been planned for production, consumption reduction, or submitted as a bid for Secondary Balance Regulation. The BRP is required to submit information regarding bids of this type, according to applicable rules for submitting bids (see 4.4.1). Bids received are ranked according to geographic location, price and activation and regulation times. Svenska Kraftnät carries out continuous assessments of the risk of it not being possible to maintain the electricity system in Normal Operation and balances this risk against the electrical position, prices, as well as activation- and regulation times for bids offered. When Svenska Kraftnät considers regulation power

transactions to be necessary, it accepts the most favourable bids on the basis of this deliberation.

### 5.5 Planned production changes at hour shifts

- If a BRP's total change of production exceeds 200 MW between two following hours replanning shall be done.
- A precondition for the replanning is that it is physical and legal possible to regulate the production units.
- The replanning shall as far as possible be evenly from 15 minutes before the hour shift to 15 minutes after the hour shift.
- The energy volume that occurs due to the replanning shall be evenly divided before and after the hour shift.
- An updated production plan together with a request for correction of imbalances due to the replanning shall be electronically provided to Svenska Kraftnät no later than 17.00 the day before delivery day.

### 5.6 Special Regulation

In the event of Special Regulation, it may be necessary to depart from the normal national ranking order for prices. For example, in the context of relieving Constraints in the network, Svenska Kraftnät must order Upwards Regulation, and possibly Downwards Regulation, in stipulated geographic areas.

### 5.7 Special operating conditions

In the event of special operating circumstances, routines other than those described above shall apply for Normal Operation. The term *Special operating circumstances* refer to abnormal frequencies (lower than 49.9 Hz or higher than 50.1 Hz) or extensive disturbances. Other routines include Svenska Kraftnät being able to circumvent the normal activation order and leave out Regulation Bids from the regulation list in order to maintain the frequency.

#### 5.7.1 Abnormal frequency

The starting and stopping of production that the BRP carries out for its own account shall always be performed while taking into account relevant system frequency. If the frequency is outside the boundaries 49.92 – 50.08, the BRP may not carry out regulation of the production facility on its own initiative where this would result in an increase in the frequency deviation.

### 5.7.2 Extensive disturbance

During operating conditions that render Svenska Kraftnät unable to maintain the Swedish electricity supply system in Normal Operation, Svenska Kraftnät will give notice of extensive disruptions. However, the situation may make it technically impossible to transmit this notification.

When notification of extensive disturbance has been received, or when it is otherwise obvious that an extensive disturbance has occurred, special rules will come into force. Regulation of production will then be carried out pursuant to separate orders from Svenska Kraftnät. The re-establishment of the national grid for normal operation and reconnection of regional networks and production facilities shall take place pursuant to Kraftnät's operating instructions.

Hydroelectric plants which have been affected by a disturbance shall be prepared to restart immediately. Where there is voltage in the station, synchronisation will be performed. Special rules apply for hydroelectric stations which can perform "black-starts".

For thermal power stations, start-up preparations and synchronisation will be performed as requested by Svenska Kraftnät.

Active regulation will be priced as usual.

Plans and forecasts will be submitted, but with account taken of the prevailing conditions. Disruptions in production facilities must be reported at once, along with predictions of their duration.

## 6 Pricing and fees

### 6.1 Balance Regulation and Special Regulation

Balance Regulation is priced based on Upwards and Downwards Regulation prices according to what is known as marginal pricing. The prices for Special Regulation do not affect the Upwards- and Downwards Regulation price and thereby not the pricing of Balance Power either.

### 6.2 Pricing of regulating power transactions

At the end of each Delivery Hour during which Regulating power has been sub-ordered from a common Nordic regulation list, a price will be set for Upwards and/or Downwards Regulation, which is to apply for all Balance Settlements for the relevant Delivery Hour.

#### 6.2.1 Upward Regulation Price

The Upwards Regulation Price is the price for the most expensive Upward Regulation that has been ordered for Secondary Balance Regulation for the Delivery Hour.

BRPs that have submitted a bid for Secondary Balance Regulation in accordance with Appendix 4 and that have agreed with Svenska Kraftnät to regulate upwards during the Delivery Hour will be paid for the agreed energy in accordance with the Upwards Regulation Price if Upwards Regulation has been used for Balance Regulation. If the Upwards Regulation Price is lower than the bid price, the bid price will apply as has already been used as Special Regulation.

If there are no commercial bids during the period between 16 November and 15 March Svenska Kraftnät will utilize those consumption reduction bids that are part of the Peak Power Reserve. If additional Upwards Regulation is required, Svenska Kraftnät will offer to bring in the production resources of Peak Power Reserve as Regulating Power in the Balance Regulation. In special cases, when operating conditions so require, the production resources of the Peak Power Reserve can be sub-ordered before the consumption resources.

In those cases where the Peak Power Reserve is utilized for balance regulation, the Upwards Regulation Price will be set at the highest of the following bids: the highest commercial Upwards Regulation Price, the consumption reduction bid in the Peak Power Reserve, and the highest variable cost of the sub-ordered production resources in the Peak Power Reserve.

### 6.2.2 Downward Regulation Price

The Downwards Regulation Price is the price of for the least expensive sub-ordered Downwards Regulation that has been ordered for Secondary Balance Regulation during the Delivery Hour.

BRPs that have submitted a bid for Secondary Balance Regulation in accordance with Appendix 4 and that have agreed with Svenska Kraftnät to regulate downwards during the Delivery Hour shall pay the Downwards Regulation Price for the agreed energy, provided Downwards Regulation has been used for Balance Regulation. If the Downwards Regulation Price is higher than the bid price, the bid price will apply, as the bid has already been used as Special Regulation.

### 6.3 Pricing of sub ordered FCR capacity

Sub ordered bids are priced according to pay-as-bid.

### 6.4 Pricing of activated FCR energy

Remuneration for Automatic Regulating Power is priced by Electricity Area using the price difference between the Upwards Regulation Price and the Balance Base Price for hours when the Primary Regulation in aggregate has regulated upwards, and at the Downwards Regulation Price for hours when the Primary Regulation in aggregate has regulated downwards, as well as the cost increase the automatic regulating power has caused the Production Balance Power.

### 6.5 Pricing of sub ordered FRR-A capacity

Sub ordered bids are priced according to pay-as-bid.

### 6.6 Pricing of activated FRR-A energy

FRR-A that is used for up regulation purposes is priced with the most advantageous up regulation price used in the constrain areas where FRR-A is activated. FRR-A used for down regulation purposes is priced with the most advantageous down regulation price used in the constraint areas where FRR-A is activated.

### 6.7 Pricing of Special Regulation

Sub ordered bids are priced according to pay-as-bid.

### 6.8 Pricing of Balance Power

Balance power is priced with Balance Base Price. In addition to the Balance Base Price Regulation fee for Balance Power is added as follows:

*Charging of Regulation Fee for Production Balance Power*

The Regulation Fee for Production Balance Power is applied according to the following when the BRP has contributed to the electricity system's total imbalance with its Production Balance Power.

- When Svenska Kraftnät sells Production Balance Power to, or buys the same from, a BRP, the Regulation Fee for Production Balance Power is calculated as the product of the Production Balance Power and the Supplementary Price for Balance Power with the opposite sign.

*Charging of Regulation Fee for Consumption Balance Power*

- When Svenska Kraftnät sells Consumption Balance Power to, or buys the same from, a BRP, the Regulation Fee for Consumption Balance Power is calculated as the product of the Consumption Balance Power and the Supplementary Price for Balance Power with the opposite sign.

*Crediting of Regulation Fee for Consumption Balance Power*

Crediting of the Regulation Fee for Consumption Balance Power is applied according to the following when a BRP has used Consumption Balance Power to contribute to rebalancing the electricity system.

- When Svenska Kraftnät sells Consumption Balance Power to a BRP, the crediting of the Regulation Fee for Consumption Balance Power is calculated as the product of the Consumption Balance Power and the Supplementary Price for Balance Power with the opposite sign.
- When Svenska Kraftnät buys Consumption Balance Power from a BRP, the crediting of the Regulation Fee for Consumption Balance Power is calculated as the product of the Consumption Balance Power and the Supplementary Price for Balance Power with the opposite sign.
- When the Disconnection Price for Critical Power Shortage is introduced, the crediting of the Regulation Fee for Consumption Balance Power is calculation as the product between the Consumption Balance Power and the difference between the Upwards Regulation Price and the Balance Base Price.
- When the Disconnection Price for Critical Power Shortage is applied, the crediting of the Regulation Fee for Consumption Balance Power is calculation as the product between the Consumption Balance Power and the difference between the Upwards Regulation Price and the Balance Base Price

### 6.8.1 Balance Power fee

A fee of 4,50 SEK / MWh will be levied on Consumption Balance Power.

### 6.8.2 Disconnection Price in event of Critical Power Shortage

Svenska Kraftnät can immediately impose a Disconnection Price in the event of Critical Power Shortage of 20,000 SEK/MWh. The Disconnection Price is applied for Delivery Hours when there is Critical Power Shortage and when the normal pricing based on bids for Secondary Regulation is not deemed to provide sufficient incentives for maintaining balances, and that Svenska Kraftnät had been obliged to take the extraordinary step of ordering disconnection of consumption. The Disconnection Price is applied for the present Delivery Hour and maintained until all the disconnected consumption has been restored.

Information about power shortage situations is provided by Svenska Kraftnät to BRPs and to the rest of the market via Svenska Kraftnät's web site ([www.svk.se](http://www.svk.se)) and Nord Pool Spot's market information.

The following special rules are valid for hours with Critical Power Shortage:

The supplementary price for power for BRPs whose balance is overbalanced should not be applied for BRPs whose Balance Power is a result of the ordered disconnection or decrease of consumption if Svenska Kraftnät at the same time has regulated the system downwards during the Delivery Hour in question.

The Disconnection Price for Critical Power Shortage will not be applied if the BRP can show that its purchase of Production Balance Power wholly or partly had been caused by unplanned stops or failed starts as a consequence of technical faults in its own production facilities. For these BRPs, a supplementary price for Balance Power for BRPs whose balance is underbalanced (without the Disconnection Price for Critical power Shortage) will be applied for the part of the Balance Power that is a result of the disruption. The BRP can also come to an agreement with Svenska Kraftnät on a planned Regulation Power transaction for the Upwards Regulation Price for the Delivery Hour in question. The exception applies only for the period after the disturbance for which trading on the Spot market at the Electricity Exchange is closed for the current day, if the disturbance occurs before 11.30 h, and for the current and following day, if the disturbance occurs after 11.30 h.

Other principles for pricing of Balance Power can be found in Section 5.6.2.

### 6.8.3 Pricing of Balance Power in the event of extensive national disruption

In the event of extensive disturbance (such as is described in Appendix 5, point 5.7.2) that makes it impossible for the BRP to maintain its balance, the most recent Balance Base Price will be used when pricing the Balance Power.

## 6.9 Pricing in the final settlement

### 6.9.1 Final Power

Final Power is settled monthly according to profile price per bidding area.

### 6.9.2 Profil compensation

Svenska Kraftnät calculates profile compensation where incomes and expenses are reallocated between hourly measured and monthly measured profile load per bidding area.

## 6.10 Other fees

### 6.10.1 Production and consumption Energy Fee

**A basic fee on production** of 1.00 SEK/MWh will be charged on the measured production for which BRP has Balance Responsibility.

**A basic fee on production on consumption** of 2.00 SEK/MWh will be charged on the measured production for which BRP has Balance Responsibility.

### 6.10.2 Fixed monthly fee

The BRP shall pay a monthly fee of 1850 SEK/month.

## 7 Financing of the Peak Power Reserve

A special supplementary fee for the Peak Power Reserve of 6.75 SEK / MWh will be charged on the BRP's consumption, excluding network losses for networks requiring licences on Working Days between 06.00-22.00 hrs. between 16 November and 15 March. If the supplementary fee generates a surplus compared with Svenska Kraftnät's costs for the Peak Power Reserve during the winter period, a settlement will be made subsequently, no later than 30 June. Payment of any surplus will be made in proportion to how large a share of the supplementary fee the BRP has contributed.

### 7.1 Profit as a result of the activation of the Peak Power Reserve for balance-related reasons

If Svenska Kraftnät produces a trading profit as a result of the activation of the Peak Power Reserve for balance-related reasons, this profit will be settled retroactively, no later than 30 June. The settlement of the surplus will be done in proportion to how large a share of the supplementary fee for the Peak Power Reserve the BRP has paid, up to the said amount.

## 8 Settlement and invoicing

### 8.1 The BRP's responsibility for verification and correcting

The BRPs shall verify structure reports against their own data. Any errors should be communicated to the entity that supplied Svenska Kraftnät with incorrect information, so that entity can make a correction.

BRPs shall verify and correct any incorrect values for trade and planning that Svenska Kraftnät reports. Trades should be corrected no later than noon on the first Working Day after the Delivery Day according to 2.5.3.

The BRP shall inform the responsible Network Owner, without delay, of incorrectly measured values before the invoicing of the Balance Settlement may take place.

The BRP shall check the results of the Balance Settlement as soon as possible after the information has been obtained, and shall inform Svenska Kraftnät of any errors.

The BRP shall check the Final Profile Share and inform the responsible Network Owner of the incorrect Final Profile Share before Final Settlement.

The BRP shall check reported input data reported to, and the result from, the Final Settlement as soon as receiving the information, and shall inform Svenska Kraftnät of any errors.

### 8.2 Balance Settlement

#### 8.2.1 General

In the Balance Settlement, the Production Balance Power and Consumption Balance Power by Constraint Area for each hour are calculated based on the Network Owners' measured data. Binding Plans of BRPs by Constraint Area and BRP's trade are according to Appendix 2.

#### 8.2.2 Settlement of Fixed Power Agreements

If different values are reported for Fixed Power Agreements by the trading BRP, bilateral fixed power exchanges will be corrected automatically in the Balance Settlement. If the two BRPs have reported the same exchange direction but differing quantities, the lower quantity will be used in the settlement. If the BRPs have specified opposite exchange directions, their mutual trade will be set to zero for the Delivery Hour. If only

one of the parties in a transaction has submitted a report, the reported exchange will be filled in automatically for the other party, as well.

### 8.2.3 Correction of measured values

In the event of inconsistencies in the reported information in respect of the exchange between two adjacent Network Settlement Areas, or where the flow of energy to and from a Network Settlement Area is not in balance, Svenska Kraftnät shall make a correction so that balance is achieved.

In the event of discrepancies in the measurement values for the exchange between adjacent Network Settlement Areas, the mean value will be used. If a measured value is missing, the reported value will be used for both Network Settlement Areas.

In the event of an imbalance within a Network Settlement Area, the energy exchange will be adjusted for the BRP that has the Balance Responsibility for the losses in that Network Settlement Area. For checking and any necessary correction, a time-series with the adjusted energy exchange will be reported to the BRP. Svenska Kraftnät will report this time-series no later than the day after the measured values have been received from the Network Owner.

### 8.2.4 Settlement of Preliminary Profile Deliveries

If any Preliminary Profile Share fails to be reported for a Profile Calculation Area, the latest reported Profile Share (for the previous month) for that Profile Calculation Area will be used for the Balance Settlement.

### 8.2.5 Regular settlement

Svenska Kraftnät will carry out the first Balance Settlement at 12:15 on the day after the delivery.

Within a period of at least five days after the day in question, the Balance Settlement will be repeated automatically to take into account any corrected measured values submitted by Network Owners.

### 8.2.6 Corrected settlement of Balance Power

Korrektion av Balansavräkningen till följd av att mätvärden rapporterats för sent eller korrigerats sker fram till ca 1,5 månad efter leveransperiodens slut.

## 8.3 Settlement of Regulation Commitments

### 8.3.1 Settlement of FCR

#### Settlement of FCR capacity Trade

D-1 trade and D-2 trade is register in the settlement system with volume and price for the traded hours.

The result is reported to the BRP in accordance with Appendix 2. The BRP shall inform Svenska Kraftnät of any errors in the settlement result no later than noon on the next Working Day.

**Settlement of activated FCR energy**

Activated FCR energy is calculated according to BRP reported FCR plans in MW and synchronous time deviation change. Measured value is used if reported otherwise the reported plan values according to appendix 2 are used for settlement.

Svenska Kraftnät will carry out the settlement the day after Delivery Day.

The result is reported to the BRP in accordance with Appendix 2. The BRP shall inform Svenska Kraftnät of any errors in the settlement result no later than noon on the next Working Day.

**8.3.2 Settlement of FRR-A**

**Settlement of FRR-A capacity trade**

Weekly trade is registered in the settlement system with volume and price for the traded hours.

The result is reported to the BRP in accordance with Appendix 2. The BRP shall inform Svenska Kraftnät of any errors in the settlement result no later than noon on the next Working Day.

**Settlement of activated FRR-A energy**

Measured value is used for settlement and shall be reported according to appendix 2.

Svenska Kraftnät will carry out the settlement the day after Delivery Day

The result is reported to the BRP in accordance with Appendix 2. The BRP shall inform Svenska Kraftnät of any errors in the settlement result no later than noon on the next Working Day.

**8.3.3 Settlement of regulation power transactions**

When a FRR-M bid is accepted by Svenska Kraftnät it will be treated as a bilateral power transaction between the BRP and Svenska Kraftnät, and the BRP is requested to regulate the Regulation Object concerned. The sub ordered quantity of energy will be registered as to energy (MW), as well as the start and stop times, and price for the Regulation Object.

The result is reported to the BRP in accordance with Appendix 2. The BRP shall inform Svenska Kraftnät of any errors in the settlement result no later than noon on the next Working Day.

## 8.4 Settlement of Final Profile Deliveries

### 8.4.1 Regular settlement of Final Profile Deliveries

Svenska Kraftnät's Final Settlement concerns the calculation of Final Power. Final power will be calculated as monthly energy.

If the sum of reported Final Profile Shares for a Profile Calculation Area does not agree with the total energy for the area in accordance with the Consumption Profile for the corresponding period, Svenska Kraftnät will perform a correction. The principle for such correction is that the Profile Share will be adjusted for the BRP having responsibility for the losses in the Network Area.

Svenska Kraftnät will perform the Final Settlement in the third month after the Delivery Month.

Svenska Kraftnät will calculate the profile compensation for monthly hourly settled load per BRP and bidding area.

## 8.5 Invoicing and payment

Invoicing of regular settlements will be made for a delivery period comprising half a month. The delivery periods for a month consist of Period 1: Days 1 -15 of the month and Period 2: Days 16 – last day of the month. In ordinary settlements, costs and revenues are financially settled within 12 days of the end of the delivery period.

The BRP consents to Svenska Kraftnät preparing invoices for the electricity sold within the framework of the Agreement.

During corrected settlements, costs and revenues are settled financially regarding the difference between the previous settlement result and the corrected settlement result. Crediting of interest corresponding to the Swedish Central Bank's current reference rate will be made for the period of time between the invoicing date for ordinary balance settlement and invoicing date for the corrected settlement.

Invoicing of Final settlement of Profile Deliveries will be made for a delivery period comprising one month. Crediting of interest, corresponding to the Swedish Central Bank's current reference rate will be made for the period of time between the invoicing date for ordinary balance settlement and invoicing date for Final settlement of Profile Deliveries for the corresponding Delivery Month.

Svenska Kraftnät will invoice and/or pay the BRP using an invoice and/or an authorization of payment for the BRP's:

- Basic commitment covering Balance Power etc.

- Regulation commitment covering Regulating Power, etc.
- Final settlement of profile deliveries including Final Power

Amounts under SEK 200 per invoice/authorization of payment will not be processed.

Payment must be received by the payee by at the latest 15 days after the date of the invoice and/or authorization of payment and will be indicated in those documents.

In the event of delayed payment, penalty interest according to the Interest Act will be charged on unpaid amounts from the due date until such time as payment is rendered in full.

## APPENDIX 2. TEMPLATE CONTRACT ON BALANCING GROUP MANAGEMENT (GERMANY)

This english version is only for information and doesn't replace concluding this contract in german language.

In case of divergent interpretations of the German and English texts, the German text shall prevail.

### Balancing Group Contract

on the Management of Balancing Groups

This Contract is made between

...

- Balance Responsible Party (BRP) -

and

...

- Transmission System Operator (TSO) -

- hereinafter jointly referred to as contracting parties -

This translation of the standardised balancing group contract has been made by the TSO for the BRPs information. This translation is just for information; TSO does not adhere for translation failures. The contract will only be closed in the German version.

## 1. Preamble

This Balancing Group Contract is a contract prescribed by formal definition of the Federal Network Agency (file no. BK6-06-013, resolution of 29/06/2011).

Now therefore, the TSO and the BRP hereby enter into the following Balancing Group Contract based on the Energiewirtschaftsgesetz ([EnWG] – *Energy Industry Act*) and the Verordnung über den Zugang zu Elektrizitätsversorgungsnetzen (Stromnetzzugangsverordnung [StromNZV] - *Electricity Grid Access Ordinance*).

## 2. Subject Matter of the Contract

- 2.1. Upon conclusion of this Contract, the TSO undertakes to establish, handle and bill one or several balancing groups for the BRP in the TSO's control area. Each balancing group is managed under the Energy Identification Code (EIC) as defined in Appendix 1. Moreover, this Contract contains regulations on the provision of data for balancing group billing.
- 2.2. This Contract enables the following supply of energy by using balancing groups:
- Feed-in of electrical energy by power plants / feed-in points allocated to a balancing group which are located within the TSO's control area;
  - Draw-off of electrical energy by the customers allocated to a balancing group at the relating exit points within the TSO's control area;
  - Exchange of electrical energy based on schedules;
  - Transmission of electricity paid according to the Erneuerbare-Energien-Gesetz ([EEG] - *Renewable Energy Sources Act*) from the EEG balancing group of subordinated grid operators to the TSO's EEG balancing group based on transmission time series;
  - Draw-off of grid losses from balancing groups according to Chapter 10 StromNZV;
  - Feed-in and draw-off of differential energy to or from balancing groups according to Chapter 12 StromNZV;
  - Feed-in and draw-off of delta energy quantities according to BK6-07-002 Marktregeln zur Bilanzkreisabrechnung Strom ([MaBiS] - *Market Rules for the Performance of Balancing Group Accounting in Electricity*).

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### **3. Preconditions for the Use of Balancing Groups**

- 3.1. The grid usage shall be agreed with the responsible operator of electricity supply grids, and such grid operator shall ensure the allocability of entry and exit points to the balancing group. Such agreements are not the subject matter hereof.
- 3.2. For energy deliveries to other balancing groups, effective contractual relationships on the establishment of such balancing groups need to be established between the TSO and the other BRPs (for supply within the TSO's control area) and/or between the BRP and the other TSO (for supply to/from other control areas). The contractual parties are obligated to provide each other with all identifiers as defined in Appendix 2 which are required to handle all processes of balancing group management and billing, in due time.

### **4. TSO's Rights, Duties and Services**

- 4.1. According to the legal regulations, the TSO holds the system responsibility for the transmission grid in their control area and will be responsible, in particular, for the procurement and use of control energy.
- 4.2. The TSO will be responsible for the implementation of the BRP's balancing groups, for handling the booked schedules and for billing the balancing groups according to the legal and regulatory standards and the conditions hereof. Based on the provisions hereof, the TSO will process the metering data provided by the grid operator, compensate any balancing deviations in the BRP's balancing groups and the TSO will bill these accordingly with the BRP.

### **5. BRP's Rights and Duties**

- 5.1. The BRP shall be responsible for a balanced quarter hour performance balance of the feed-ins and draw-offs allocated to their balancing group, for a proper schedule management and the economic balancing of remaining balance deviations.
- 5.2. The BRP shall be obligated to keep balance deviations to an absolute minimum by taking reasonable measures, in particular, by applying special care in the preparation of forecasts. It is only permissible to use balancing energy to cover loads or to compensate for an excess feed to the balancing group insofar as to compensate for unpredictable deviations.
- 5.3. In the event of an unplanned power plant failure, as defined in Chapter 5, sec. 4 StromNZV, the BRP will be released from the obligations of the paragraph above for a period of four quarter hours, including the quarter hour in which the failure occurred, to the extent to which the deviations occurring in the latter's balancing group are caused by the failure of such power plant. As to the definition of a power plant failure, the contracting parties refer to Appendix 4 hereof.

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- 5.4. The BRP will immediately inform the TSO of the name, company and address of the traders and suppliers according to Appendix 6 who are allocated to its balancing group and makes sure that the TSO is allowed to disclose these data to authorised offices, insofar as the privacy matters of the persons affected remain unaffected.

## **6. Reachability**

- 6.1. The contracting parties will ensure that the contacts identified in Appendix 2 will, to the extent required for a proper compliance with their contractual duties, be available and authorised to change or receive schedules in the balancing groups hereof as well as to receive time series for the balancing groups of this Contract and to give feed-back on these.
- 6.2. Any changes of reachability identified in Appendix 2 made by one of the contractual parties shall immediately be notified to the other contractual party, in writing.

## **7. Schedules**

The BRP shall be entitled to book a schedule with the TSO. For that purpose, the regulations in Appendix 3 hereof shall apply. Additional regulations under Chapter 8 shall be taken into account.

## **8. Congestion Management**

- 8.1. Grid congestions might occur within the TSO's transmission system or at coupling points to neighbouring grids in the domestic and foreign countries. If any not merely short-term grid congestion cannot be avoided by suitable measures within the transmission grid, the TSO will publish the grid congestion on the Internet.
- 8.2. The publication of such grid congestion will be made 24 hours prior to the end of the booking period for schedules as defined in Chapter 1.2 of Appendix 3 hereof on the TSO's Internet site specified in Appendix 2, at the latest, and it will contain the following information:
- a. the total capacity available,
  - b. transmission direction in which the congestion occurs,
  - c. forecasted duration,
  - d. processes of congestion management.

Simultaneously to the publication defined in sentence 1, the TSO will inform the BRP of the publication by sending an email to the address specified by the BRP in Appendix 2.

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If the TSO publishes congestion, the transmission grid between the regions mentioned in the publication may only be used in the scope of the published congestion management. Separate costs might arise for the acquisition of transport capacities.

- 8.3. If a grid congestion occurs in such a short time that a publication as defined in Chapter 8.2 is no longer possible, the TSO shall be entitled to a non-discriminatory rejection or reduction of booked schedules towards the affected balancing group managers, by observing, in particular, the proper ranking according to the Energy Industry Act and the Renewable Energy Sources Act. The BRP shall subsequently be informed, in writing, about the reasons for the rejection or reduction of booked schedules. Chapter 16, sec. 2 of EC-CR 714/2009 shall remain unaffected.

## 9. Provision of Data for Balancing Group Billing

The contractual parties undertake to cooperate in the balancing group billing according to the regulation BK6-07-002 (MaBiS) of the Federal Network Agency, the specifications, as amended, prepared by the Federal Network Agency to be further shaped and accompanied by all associations, as well as by observing the notifications published by the Federal Network Agency for that purpose.

## 10. Prices for Balancing Energy

- 10.1. The TSO procures control energy according to the legal standards and specifications by authorities. The TSO will, for each quarter hour, determine a positive or negative price for the supply of positive or negative balancing energy.
- 10.2. The regelzonenübergreifender einheitlicher Bilanzausgleichsenergiepreis ([reBAP] – *uniform balancing energy price across all control areas*) which applies symmetrically for billing of excess and shortfall energy quantities of the balancing groups of this Contract, is calculated by apportioning the costs or proceeds of the TSOs arising from the procurement or the supply of secondary control energy and minute reserve energy for each quarter hour to the TSO's entire demand for control energy. The TSO will provide the reBAP in form of a price time series in a market-wide uniform format (CSV) and make it available for automated download on the TSO's Internet site on the 20<sup>th</sup> working day (WD)<sup>1</sup> after the delivery month, at the latest. Additionally the TSO will transmit to the BRP the price time series as part of the electronic market communication according to regulation BK6-07-002 (MaBiS) in a market-conform format by EDIFACT to the address specified in Appendix 2. The BRP will be informed immediately about subsequent corrections of the reBAP in the same way.

<sup>1</sup> Working days (WD) as used in this contract means days from Monday to Friday, not including legal public holidays which are identified as public holiday in a minimum of one federal state. Christmas Eve (24/12) and New Year's Eve (31/12) are considered public holidays.

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## 11. Determination and Billing of Balance Deviations

- 11.1. Based on the billing data available at the end of the 29<sup>th</sup> WD after the delivery month from the 30<sup>th</sup> WD after the delivery month, the TSO will determine the balance deviations of the balancing groups belonging to this Contract or will allocate them to balancing groups or balancing sub-groups agreed in Appendix 5, according to Chapter 13 hereof. A balance deviation exists, if a difference arises between any and all draw-offs allocated to the balancing group, including such draw-offs based on schedules in one quarter hour, compared to any and all feed-ins allocated to the balancing group, including such feed-ins based on schedules in the same quarter hour.
- 11.2. The TSO determines the balance deviation per quarter hour which will subsequently be multiplied with the reBAP determined according to Chapter 10. If the balancing group has received balancing energy in the quarter hour, such will be deemed to be supplied by the TSO for the price determined according to Chapter 10 and it shall be billed accordingly by the TSO. If the balancing group has supplied balancing energy in the quarter hour, such will be deemed to be accepted by the TSO for the price determined according to Chapter 10 and it shall be billed accordingly by the TSO. Payments will be netted over the monthly accounting period and the clearing balance will be invoiced.
- 11.3. The rendering of accounting of balancing energy is made on monthly basis, 42<sup>nd</sup> WD after the delivery month, at the latest. The TSO will prepare and send a corrected balancing group invoice until the end of the 8<sup>th</sup> month after the delivery month for those balancing groups for which the TSO receives changed values compared to the initial invoice at the end of the 7<sup>th</sup> month after the delivery month, if and insofar as the preparation of a corrected balancing group invoice is provided for in the current version of regulation BK6-07-002 (MaBiS). For the minimum contents of the invoice document with regard to balancing group invoice as well as the corrected balancing group invoice, please refer to Appendix 7.
- 11.4. If significant balancing group deviations occur in scope of the balancing group invoice which suggest an infringement of the duties defined in Chapter 5 on the part of the BRP, the TSO will, in a first step, clarify with the BRP whether or to what extent the deviations could have been avoided by the BRP. If the suspicion of an infringement of duties cannot be dispelled, the TSO will report the matter to the Federal Network Agency which will decide on the initiation of supervisory procedures against the BRP.
- 11.5. The clearing balance according to Chapter 11.2 hereof will be determined by the TSO for the passed billing month and billed to the BRP. The amount doesn't include the value added tax (VAT) applicable at the time of delivery or service, such will be stated separately. If the BRP has its registered office outside of Germany or if the disclosure of VAT is prohibited based on other legal reasons, no applicable VAT shall be charged. The invoice will fall due at the date specified by the TSO, however two weeks after their receipt on the BRP, at the earliest. Credits granted by the TSO will fall due for payment to the BRP two weeks after the date of issue of the credit, in deviation from the preceding sentence. The receipt of the amount of money on the account of the contracting party shall be decisive for the compliance with such deadline.

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- 11.6. Objections against the billing relating to the correctness of the data transferred from the DSO to the TSO, cannot be raised against the billing of the TSO. This shall not apply, if the TSO is responsible for the incorrectness of the billing; in such an event, any objection against the correctness of a billing shall only be permissible within two months after the receipt of the invoice.
- 11.7. In the case of a delayed receipt of the payment, the contractual parties shall be entitled to charge default interests after the end of the payment period according to the legal provisions, without prejudice to any other claims. If one of the contractual parties is in default and the other contractual party makes a repeated request for payment or if the amount will be requested by an appointed person, the latter may charge the costs arising from such actions to the defaulting contractual party.
- 11.8. Claims of the contractual parties resulting from this Contract may only be set off with undisputed claims or claims against which no legal recourse is possible.
- 11.9. Moreover, the rules on the regulation BK6-07-002 (MaBiS) and the other documents specified in Chapter 9 hereof shall apply.

## **12. Regulations for Energy Exchange Transactions**

The contractual regulations below shall apply additional, if energy exchange transactions have to be handled via the balancing group.

In the event of differences between a schedule booked according to this Contract and the corresponding schedule of a energy exchange balancing group, the schedule booked through the energy exchange shall prevail.

In due time prior to the commencement of the energy exchange transactions, the BRP will declare for which energy exchange the energy exchange regulation above will apply and agrees that the energy exchange will be informed that its balancing group is managed in the TSO's control area.

## **13. Balancing Sub-Groups**

- 13.1. Any and all balance deviations of a balancing group belonging hereto might be allocated to another balancing group in the TSO's control area. The balancing sub-group is, for that reason, not obligated to ensure a balanced quarter hour performance balance. The allocation is made for an indefinite period of time.

Likewise, any and all balance deviation of one or several balancing groups in the TSO's control area might be allocated to the balancing groups hereof, monthly.

The allocation is agreed by the balancing group managers of both affected balancing groups as defined in Appendix 5, jointly with the TSO. Commencement or end of an allocation is only possible as of each 1<sup>st</sup> day of a calendar month, 0.00 am, by complying with a notification period of 10 WDs.

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- 13.2. However, the end of such an allocation may, with effect in the future, be declared by each of the involved balancing group managers or by the TSO, in justified cases, by way of a written declaration towards the other affected parties.

In the event of a termination of a balancing group contract, all allocations associated therewith will end automatically, with effect in the future. The BRP will immediately inform the affected balancing group managers thereof in writing.

In the event of an extraordinary termination of a balancing group contract, the TSO will immediately inform all directly affected balancing group managers in writing. Directly affected, as mentioned above, means also the BRP of the receiving balancing group as well as all BRPs whose balance deviations might be allocated to the terminated balancing group. In the event of an extraordinary termination of a balancing group contract of any balancing group which is allocated a balancing sub-group, the TSO will enable – if necessary deviating from the notification period as defined in item 13.1 - the allocation of the balancing sub-group to another balancing group as of the commencement of the next month, within a short term.

- 13.3. If balance deviations of one or several balancing groups were allocated to a balancing group, the latter may allocate the balance deviations of its balancing group and of the allocated balancing groups to another balancing group (chain allocations). The BRP may declare its consent to the formation of such chain allocations toward the TSO by using Appendix 5.
- 13.4. The balancing sub-group's credit risk will be transferred to the allocated balancing group. The potential use of balancing energy of the balancing sub-group will be taken into account in the determination of the amount of the collateral of the allocated balancing group which might become necessary in accordance with item 14.1. The balancing sub-group will not be required to provide a collateral for that purpose.
- 13.5. Moreover, the rules on the regulation BK6-07-002 (MaBiS) and the other documents specified in Chapter 9 hereof shall apply.

#### **14. Collaterals**

- 14.1. In justified events, the TSO may request reasonable collateral from the BRP. The BRP shall be informed in writing of the reasons for requesting such collateral. The collateral shall be provided within 10 WDs after its request.

A justified reason is deemed to exist, in particular, if

- a. the BRP has been in default of due payments in a significant amount with regard to its economic capacity, twice within 12 calendar months and has not made the payment, despite an express request;
- b. foreclosure measures due to outstanding debts in a material amount with regard to its economic capacity (German law: Zivilprozeßordnung [ZPO]) §§ 803-882a ZPO (*Code of Civil Procedure*) were initiated against the BRP,
- c. an application for the initiation of insolvency proceedings over the BRP's assets was filed and the BRP does not evidence the unfairness of such application within

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- the period defined in sentence 3; if the BRP is unable to evidence the unfairness within the period in sentence 3, the collateral shall be provided immediately after the end of the period;
- d. the BRP is unable to dispel the worries that the BRP will not be able to meet the obligations arising from this Contract which is justified by an information which the TSO obtained on the BRP or by other circumstances, within the period mentioned in sentence 3, by way of suitable evidence of its creditworthiness such as e.g. a current business report, an extract from the commercial register or, in case of need, by other current information which are relevant for the creditworthiness. The information obtained or the other information, on which the justified worries are based, shall be disclosed completely to the BRP when the request for the collateral is made.
- 14.2. The collateral shall be deemed to be reasonable, if it corresponds to the sum of the average energy supplies from the balancing group to grid connections over a period of 7 days as well as the average quantity of energy of the trading transactions handled through the balancing group for 33.5 hours each, multiplied by the average of the reBAP of the last 12 calendar months.
- 14.3. At request, the BRP will prepare a best possible forecast of its end customer and trade volume as part of the conclusion of the balancing group contract and inform the TSO thereof.
- 14.4. If the reBAP is subject to material increases or decreases, the TSO shall be obligated to adjust the amount of the collaterals. If the BRP plans a significant change of the energy supplies handled through the balancing group, the BRP will inform the TSO thereof in due time and adjust the collateral, in case of need.
- 14.5. At the BRP's discretion, the collateral may be provided in form of
- a. an absolute surety under German laws provided by a company with sufficient creditworthiness, including a waiver of the defence of disputability, offset and the benefit of discussion, however up to a maximum of 10 percent of the guarantor's liable equity,
- b. absolute bank guarantee according to German law of a bank within the EU, including the waiver of the defence of disputability, offset and the benefit of discussion;
- c. a collateral in cash bearing interests at the base interest rate; or
- d. pledge of a bank account.
- 14.6. At the BRP's request, the TSO shall verify the continued existence of a justified case after one year, subsequently each half year. The collateral shall be returned immediately, if the preconditions do no longer exist. If after the verification in the TSO's opinion the justified case according to Chapter 14.1 continues to exist, the BRP shall be informed of the reasons for such opinion and of the preconditions to be met by the BRP for a return of the collateral. The right to assert a further damage caused by delay shall remain unaffected.

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- 14.7. The TSO may use provided collateral, if the TSO has sent a reminder and if the granted period of a min. of 10 WDs has passed without success.
- 14.8. The TSO shall inform the BRP in writing in the event that collateral has been used, in full or in part. The BRP shall be obligated to increase the collateral to the original amount, within 10 WDs after receipt of such information.

## 15. Faults and Interruptions

- 15.1. The TSO may intervene, at any time, in energy supplies and the grid operation,
- a. in order to prevent an immediate danger for the safety of persons or systems;
  - b. to exclude any disturbing repercussions on the TSO or a third party facilities or to prevent the endangerment of the stable grid operation by an unauthorized use of the TSO's transmission grid;
  - c. if the safety or reliability of the electricity supply system is endangered according to Chapter 13 EnWG;
  - d. if this is required to remedy faults, for maintenance work or for other purposes required for the operation, by taking reasonable account of the interests of grid operators and grid users.

An intervention according to the items above, without prior information of the BRP in text form and by complying with a reasonable announcement period is possible only in the case of pending danger. In such an case, the BRP shall, subsequently, be informed immediately, in text form.

- 15.2. If one or both contractual parties are hindered, in whole or in part, to comply with their obligations under this Contract due to force majeure (such as natural disasters, war or civil commotion), within the meaning of an externally caused event which has no connection with the operation and which cannot be prevented even by applying a care which can be expected under the circumstances, such obligations shall be suspended to the corresponding extent, until the cause for the disturbance and its consequences are eliminated. Chapter 13, sec. 4 EnWG shall remain unaffected.

The contractual parties will inform each other immediately in such cases. The contractual parties will, in their sphere of responsibility, take all reasonable technical and economical means to restore the preconditions necessary to perform this Contract immediately. The contractual parties will inform each other about faults and restrictions of the grid operation immediately.

## 16. Liability

The contractual parties will only be liable to each other for damage caused by intent or gross negligence as well as in the event of damage caused by slight negligence, where, in the event of slight negligence, the liability shall be limited, as to its reason, to the infringement of material

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contractual obligations, and, as to its type and amount, to the foreseeable damage which is typical for the contract. The exclusion and restrictions of liability mentioned above will not apply to damage arising from the injury of life, body or health. The limitation of liability shall also apply, by analogy, to employees and persons appointed by the contractual parties. Chapter 13, sec. 4 EnWG shall remain unaffected.

## **17. Data Protection**

- 17.1. The data arising in connection with this Contract will be processed by both parties in compliance with the provisions under Data Protection Laws and stored, if required. The BRP agrees to a data exchange between the TSO and other balancing group managers and grid operators who might be effected, insofar as such exchange of data is required for a proper performance of this Contract.
- 17.2. The contractual parties will treat as confidential the data received hereunder even after the end hereof, in particular, in compliance with Chapter 9 EnWG, and not make them accessible to third parties by taking into account the regulations below.
- 17.3. The BRP agrees that the management of its balancing group within the TSO's control area, in particular the name and the address of the BRP, EIC and period of the balancing group management will be published on the Internet. Moreover, the BRP agrees that the name, company and address of all traders and suppliers which are allocated to the affected balancing group according to Appendix 6 will be disclosed to authorized offices. The TSO shall be entitled to transmit information relating to this Balancing Group Contract to authorities, courts and other public offices, upon a justified request.

## **18. Term and Termination of the Contract**

- 18.1. This Balancing Group Contract will take effect on ..... however 10 WDs after the conclusion of the contract, at the earliest, and shall be valid for an indefinite period of time. It may be terminated by the BRP with a period of 3 months to the end of a calendar month. The right of extraordinary termination as defined in Chapter 20 hereof shall remain unaffected.
- 18.2. Former balancing group contracts concluded between the BRP and the TSO shall become null and void upon effectiveness of this Contract.
- 18.3. If the balancing groups mentioned herein do not generate turnover regarding energy for longer than 3 months, either contractual party may terminate the Balancing Group Contract with a notice period of one month to the end of a calendar month, after a prior announcement. The BRP may object to the termination by stating reasons.

## **19. Adaptation of the Contract**

This Contract is based on the economic, legal and competitive conditions prevailing at the time of its conclusion. In the event of material changes of these conditions caused by legal standards, measures by authorities or regulations between the associations of electricity industry on a national or international level during the term hereof, the contractual parties may file an application for adaptation of this Contract with the Federal Network Agency.

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## **20. Extraordinary Termination of the Balancing Group Contract**

- 20.1. A termination without notice of this Contract shall be permitted in the event of an important reason which renders the continuation of this Contract unreasonable for the TSO.
- 20.2. Such a reason shall be deemed to exist, in particular,
- a. in the event of repeated infringements of obligations within the meaning of Chapter 11.4 hereof as found by the Federal Network Agency;
  - b. if it is recognizable after the conclusion of the Contract that the claim for compensation is endangered due to a lack of capacity on the part of the BRP and that, thus, the compliance with the contractual obligations is endangered for the TSO, insofar as the prior request for a collateral is impossible or unreasonable.
  - c. in the event of deficit quantities of the BRP for more than 33.5 consecutive hours which are in a material extent, with regard to its economic capacity, unless the BRP provides a collateral as defined in Chapter 14 hereof within 48 hours after a request.
- BRP's justified interests shall be taken into account to a reasonable extent in the event of a termination without notice.
- 20.3. The TSO shall also be entitled to terminate the Balancing Group Contract without notice, if the BRP fails to comply with its obligation to order, strengthen or re-increase collaterals within the reasonable period fixed by the TSO as defined in Chapter 14. The same shall apply if the TSO's accrued receivables exceed the evidenced collaterals hereunder.
- 20.4. The BRP will release the TSO of possible third party claims in the event of an extraordinary termination made by the TSO for justified reasons.

## **21. Severability**

- 21.1 If individual provisions hereof are or become legally ineffective, the effectiveness of the remaining provisions shall remain unaffected. The contractual parties rather undertake to replace the ineffective provisions by other provisions whose economic, legal and technical purpose is equivalent, as far as possible, to that of the ineffective provision.
- 21.2 If the Contract proves to contain loopholes which need to be filled for which the contractual parties would have provided an amicable regulation if they had known such fact upon conclusion hereof, the contractual parties undertake to supplement the Contract accordingly, by taking into account the economic interests of both parties to a reasonable extent.

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- 21.3. Supplements or amendments hereof made according to the items above, shall become an integral part hereof, pursuant to Chapter 19 hereof.

## **22. Legal Succession**

- 22.1. The rights and duties arising here from may be transferred to a third party with the consent of the other contractual party. The consent may not be rejected, if the third party provides a guarantee that it is able to meet the obligations arising here from.
- 22.2. Such consent is, in exceptional cases, not required when rights and duties are transferred to an associated company of the relating contractual parties, as defined in German law: Aktiengesetz [AktG] §§ 15 et seq. AktG (*German Stock Corporation Act*). In case of universal succession, in particular according to the German law: Umwandlungsrecht [UmwG] (*Reorganization Act*) the legal provisions shall apply instead of the provisions above.
- 22.3. The contractual parties shall be entitled to entrust third parties with the performance of individual tasks arising here from.

## **23. Final Provisions**

- 23.1. No oral side agreements have been made. Amending or supplementing agreements to this contract as well as the termination of this contract require the written form. The written form is equivalent to a transmission by fax. This shall also apply to an amendment of this Article.
- 23.2. The laws of the Federal Republic of Germany shall apply exclusively. The place of jurisdiction shall be the registered office of the TSO.
- 23.3. The Netz- und Systemregeln der deutschen Übertragungsbetreiber [TransmissionCode] (*grid and systems regulations of the German transmission system operators*), as amended, shall apply fundamentally in addition to the regulations provided for herein, unless they infringe superior laws or unless otherwise provided for herein. In the event of future changes, either contractual party may apply for a relating amendment of the Balancing Group Contract with the Federal Network Agency, if it has a justified interest.

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## 24. Integral Parts of the Contract

Parts of this Contract are:

Appendix 1: List of the Balancing Groups with Energy Identification Code (EIC)

Appendix 2: Contact Information of TSO and BRP

Appendix 3: Regulations on Schedule Management and Schedule Format

Appendix 4: Definition of a Power Plant Failure within the Meaning of Chapter 5 sec. 4 StromNZV

Appendix 5: Balancing Sub-Groups and Chain Allocation:

Appendix 6: Allocation of Traders and Suppliers to the Balancing Group

Appendix 7: Minimum Contents of the Balancing Group Billing Document  
(invoice/credit note)

.....	.....	.....	.....
Place	Date	Place	Date
.....		.....	
Signature of BRP		Signature of TSO	

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## Appendix 2

### Contact Information of TSO and BRP

#### 1. TSO's Contact Information

1.1 General data of the TSO	
Name	
Street	
Post Code / Place	
Country	
Registered office of the company	
Commercial register (Local Court / no.)	
Internet	
Tax no.	
VAT ID no.	
GLN or BDEW no.	

1.2. Contact of the TSO			
Contract management and general questions			
Title		Tel.	
First name		Fax	
Name		Email	
		Mobile phone	
Schedule management			
Mail address of the schedule system:		Johnsample1@TSO1.de	
- day ahead process	Contact, times for contactability	Tel. Fax email	
- Intraday process	Contact, times for contactability	Tel. Fax email	
- day after process	Contact, times for contactability	Tel. Fax email	
- general technical questions	Contact, times for contactability	Tel. Fax email	
Balancing group billing			
Email edifact data exchange			
Questions regarding the edifact data exchange		Tel. Fax email	
Energy quantities		Tel. Fax email	
Invoices		Tel. Fax email	

1.3 Bank Information			
SWIFT/BIC		IBAN	
Bank Code		Account no.	
Name of bank			

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## 2. Contact Data of the BRP

1.1 General data of the BRP	Deviating contact address, if any
Name	Name
Street, no.	Street, no.
Post Code / Place	Post Code / Place
Country	Country
Registered office of the company	
Commercial register (Local Court / no.)	
Internet	
Tax no.	
VAT ID no.	
GLN or BDEW no.	

1.2. Contact of the TSO			
Contract management and general questions			
Title		Tel.	
First name		Fax	
Name		Email	
		Mobile phone	
Schedule management			
Mail address of the schedule system:		Johnsample1@BRP1.de johnsample2@BRP1.de	
- day ahead process	Contact, times for contactability	Tel. Fax email	
- Intraday process	Contact, times for contactability	Tel. Fax email	24 hour emergency number, if any, if not normal continuing contactability is provided
- day after process	Contact, times for contactability	Tel. Fax email	
- general technical questions	Contact, times for contactability	Tel. Fax email	
Balancing group billing			
Email edifact data exchange			
Questions regarding the edifact data exchange		Tel. Fax email	
Energy quantities		Tel. Fax email	
Invoices		Tel. Fax email	

2.3 Bank Information			
SWIFT/BIC		IBAN	
Bank Code		Account no.	
Name of bank			

2.4 Invoice address			
Title		Tel.	
First name		Fax	
Name		Email	
Street, no.		Mobile phone	
Post Code / Place			
Country			

This invocation of the standardised balance group contract (BVG) is made by the TSO for the BRP's information. The transmission request for information: TSO does not assume any liability. This contract will only be processed in the German language.

## Appendix 3

### Regulations on Schedule Management and Schedule Format

#### 1. Schedules

- 1.1. The BRP shall be entitled to book a schedule from and to any other approved balancing group within the TSO's control area as well as from and to the balancing groups of the BRP in other German control areas in or from the balancing group hereof. The BRP shall harmonize its schedules with other affected balancing groups in due time prior to booking the schedule at the TSO.

The BRP shall have the right to book a schedule at the TSO from and to a foreign grid operator with which the relating TSO offers a schedule handling, to or from the balancing groups of this Contract. The provisions applying in both countries shall be taken into account upon booking and during the management of schedules made with foreign grid operators. Provisions under Chapter 8 of this Contract hereof shall be taken into account additional.

- 1.2. Schedules have to be transmitted from the BRP to the TSO until 2:30 pm of the previous day if deviating provisions don't apply to schedules from and to foreign grid operators. The transmission has to follow the schedule format provided by the TSO as specified in item 2 of this Appendix. Schedules might be updated until 2.30 pm of the previous day. A separate schedule file shall be transmitted for each day. The schedules prepared must be complete and contain a balanced quarter hour performance of the balancing group. Schedules may be transmitted one month in advance at most.
- 1.3. The TSO will upload the schedules which were transmitted by the BRP in a correct format to the balancing group of the BRP according to item 1.2 of this Appendix. If differences as to the contents of two corresponding schedules are found, the TSO will inform the affected parties and request them to transmit amended schedules. The same shall apply if the corresponding schedule is missing, at first. If, in case of two corresponding schedules, the differences cannot be clarified, the schedule of the importing balancing group will form the basis for the operational handling and billing. Schedules without corresponding schedule will not be taken into account. The same shall apply if the corresponding schedule shows exclusively zero values.

This excludes:

- a. schedules from and to EEG balancing groups of the TSO where the schedule of the TSO takes precedence in the event of differences,
- b. schedules from and to energy exchange balancing groups where the schedule of the energy exchange takes precedence in the event of differences.

Chapter 12 of this Contract shall remain unaffected.

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The TSO verifies the operational feasibility of the booked schedules as a whole, in particular their effects on the grid safety. If the verification discloses a short-term congestion, Chapter 8.3 of this Contract shall apply.

If the BRP receives a positive feedback from the TSO regarding booked schedules in an "Intermediate Confirmation Report", they are binding for both contractual parties.

The same shall also apply to schedule changes as defined in item 1.4 and 1.5 of this Appendix. Upon request (by way of Status Request), the BRP will receive the current status of its schedules held by the TSO for the BRP's balancing group. The feedback on a Status Request will only be sent to communication address specified to the TSO.

- 1.4. Schedules within the TSO's control area and schedules applying across the control area between German control areas may additionally be changed after 2:30 pm of the previous day with minimum advance notice of one quarter hour to each quarter hour of each day. The TSO shall be entitled to reject changes of schedules across control areas, if the application of the changed schedules would result in congestion. Any rejection shall subsequently be justified by the TSO in text form. The TSO will receive schedule changes for the subsequent day between 2:30 pm and 6:00 pm of the previous day only and their receipt will be confirmed. Processing and harmonization of the schedules for the subsequent day will only start at the start time of the Intraday Phase of the following day at 6:00 pm of the preceding day.

In the event of schedule changes after 2:30 pm of the preceding day, the following restrictions apply additionally:

- a. EEG schedules may not be changed by the BRP.
  - b. Schedules with foreign countries may only be changed under conditions ensuring the compliance with the regulations applicable in both countries.
  - c. If corresponding schedules with differences are on file at the end, they will not be taken into account and the version of the last valid schedule will continue to be in effect. The same shall apply if the corresponding schedule includes zero values or is missing.
- 1.5. Additional, subsequent schedule changes until 4:00 pm of the working day following the day of the performance of the schedule shall be possible exclusively for internal schedules within the control area of the TSO.

Working days as used in this Contract means days from Monday to Friday, not including legal public holidays which are identified as public holiday in a minimum of one federal state. Christmas Eve (24/12) and New Year's Eve (31/12) are considered public holidays.

The following restrictions apply in addition to subsequent schedule changes:

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- a. EEG schedules may not be changed by the BRP.
  - b. If corresponding schedules with differences are on file in the end, they will not be taken into account and the version of the last valid schedule will continue to be in effect. The same shall apply if the corresponding schedule includes zero values or is missing.
- 1.6. In accordance with Chapter 26, sec. 3 StromNZV, the BRP will open its balancing groups as defined in Appendix 1 of this Contract for schedule transactions serving the provision of minute reserves.
  - 1.7. The TSO will receive the schedules by File Transfer Protocol (FTP) or via ISDN or by email. The time when the TSO receives the schedules is decisive for all cases.
  - 1.8. The contractual parties will immediately discuss the possibility of situation-oriented special solutions in the event of a failure of the systems used to prepare and transmit the schedules on the part of the BRP or of the systems used to receive and process the schedules on the part of the TSO.
  - 1.9. If the BRP repeatedly fails to comply with its obligation to provide binding and complete schedules until 2:30 pm of the previous day, the TSO may prohibit the possibility of a subsequent change of the schedules after a notice period of one day in advance.
  - 1.10. In the event of power plant feed-ins from a power plant unit with a physical electrical maximum capacity of  $\geq 100$  MW, which is allocated to a balancing group of this Contract, in whole or in part, the BRP shall ensure that the power plant usage plans for each of these power plant units will be submitted to the TSO until 2:30 pm of the previous day. After such a transmission, the power plant usage plans shall be updated immediately towards the TSO, in the event of a change. These schedules will serve to verify the grid safety and are not relevant for billing.
  - 1.11. Changes of the operative handling of schedules will exclusively be performed uniformly by all TSOs in Germany. Such shall be announced to the BRP within a minimum of 3 months prior to the date on which they take effect.

## 2. Schedule Format and Schedule Management

The ENTSO-E Scheduling System (ESS) shall be applied exclusively for booking schedules according to the regulations of the Balancing Group Contract. Any information necessary to implement the uniform ESS schedule format of German transmission system operators are published on the homepage of BDEW "www.bdew.de" and on ENTSO-E's homepage [www.entsoe.eu](http://www.entsoe.eu). The process description prepared by German transmission system operators "Fahrplananmeldung in Deutschland [*Handling of Schedules in Germany*]", Version 2 of 01/12/2010, shall apply as a supplement (published on TSO's homepage).

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### 3. Essential ESS Notifications from the TSO to the BRP:

#### Acknowledgement Report:

The Acknowledgement Report is the TSO's confirmation of receipt of a schedule file sent, i.e. only after the receipt of this file the BRP can expect that the TSO has received and formally verified the schedule file. The BRP must obligatorily assess the TSO's feedback in the Acknowledgement Report as the receipt of the Acknowledgement Report alone does not mean that the TSO has accepted the schedule file sent.

#### Anomaly Report:

Information on inconsistencies between individual schedules with regard to the relating counter-schedule (missing congruency).

#### Intermediate Confirmation Report:

Valid and counter-confirmed schedules forming the basis for the operations at the relating time and will be used for balancing group billing, if no other effective schedule changes are made subsequently.

#### Final Confirmation Report:

Confirmation of all schedules after the deadline of 4:00 pm at the next working day which are used for balancing group billing.

### 4. BRP's Option for Inquiries with the TSO:

#### Status Request:

Request for a status of all schedules booked by the BRP at the TSO.

### 5. Forecast Schedules:

If physical generation or consumption points are allocated to the balancing group, the BRP will book the schedules supplementary together with the following forecast schedules:

**Production Schedules (FC-PROD)** contain the sum of the capacities to be fed-in in the balancing group of this Contract for each quarter hour. The TSO uses these schedules for system planning and to verify the balancing group balance for the BRP and such are not relevant for billing.

**Consumption Schedules (FC-CONS)** constitute the forecast for the entire consumption of a balancing group for each quarter hour. The TSO uses these consumption schedules for system planning and to verify the balancing group balance for the BRP and such are not relevant for billing.

The balance from schedules relevant for billing and forecast schedules in one schedule file must always be zero for each quarter hour. Moreover, it is prohibited to sum up production schedules and consumption schedules.

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## Appendix 4

### Definition of a "Power Plant Failure" within the meaning of Chapter 5 sec. 4 StromNZV

#### Definition of a Power Plant Failure

- stochastic, technical event interrupting the feed, in whole or in part, or rendering it impossible;
- feed-ins mean all feeds from power plants, including supplies or procurements through HGÜ [*High Voltage Direct Current Transmission*] connections and from pumped hydro storages, unless such are made and paid for based on the EEG.
- The "failed capacity" is the difference between the planned or actual capacity fed into the grid prior to the stochastic, technical event and the actual capacity fed-in after the stochastic technical event.

#### Examples:

- total failure of a power plant;
- partial failure of a power plant, e.g. due to the failure of a non-redundant sub-system;
- total or partial false start of power plants;
- failure of a HGÜ connection as well as failure of other coupling points to neighbouring grids in the domestic and foreign country, insofar as they affect feeds to the balancing groups;
- failure of a pumped storage hydro power station.

Note: Lack of primary energy or cooling water are normally not considered a stochastic, technical event.

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## Appendix 5

### Sub Balancing Groups and Chain Allocation:

Sub balancing group:  
Balancing group which allocates its deviations to another balancing group.

Main balancing group:  
Balancing group which receives the deviation of a sub balancing group.

EIC Sub balancing group	EIC Main balancing group	Start of allocation	End of allocation

The Sub-BRP agrees that the balance of the balancing group (balancing group deviation) defined in Chapter 11.5 of this Contract will be handed over to the main balancing group for the purpose of billing balancing energy. The main balancing group manager also agrees to such allocation.

Place, date ..... Place, date .....

Sub Balancing Group Manager Main Balancing Group Manager

.....

If the main balancing group is already a sub balancing group in another contractual agreement, the consent of the BRP of the balancing group to which the deviations of this balancing sub-group will be allocated in the end and in a manner relevant for billing, shall be required.

EIC billing-relevant balancing group: .....

Place, date .....

Balancing Group Manager of the balancing group relevant for billing

.....

The TSO consents to the allocation mentioned above.

Place, date .....

TSO .....

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## Appendix 6

### Allocation of Traders and Suppliers to the Balancing Group

By signing this document, the BRP declares towards the TSO that the traders and/or suppliers listed below who are not balancing group managers themselves, use a balancing group of the BRP of this Contract for managing schedule transactions (traders) or for the supply of end customers (suppliers).

Balancing Group EIC	Allocated traders / suppliers	Start of use	End of use

Place ....., date .....

Balancing Group Manager

.....

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## Appendix 7

### Minimum Contents of the Balancing Group Billing Document (Invoice / Credit Note)

The billing document must contain the obligatory information according to Chapter 14, sec. 4 UStG, to meet the requirements under VAT Laws. The treatment of material information is explained below.

#### Recipient:

Recipient of billing documents in hardcopy is exclusively the BRP of the balancing group to be billed or (by mail) the service provider engaged by the latter.

Sub balancing group managers will not receive any billing documents in hardcopy.

#### Subject Matter:

The commercial invoice/credit note document relates to one month of billing each and to only one balancing group to be billed.

#### Minimum contents

##### a) Formalities

- complete name and complete address of the entrepreneur providing the service (BIKO);
- complete name and complete address of the recipient of the service (BRP);
- VAT identification number or, if no such number has been issued, the tax ID of the company providing the service;
- at least in the event of credit notes by the BIKO: the VAT identification number or, if no such number has been issued, the tax ID of the company receiving the credit note (BRP) (may also be contained in invoices);
- Date of issue
- name of the receipt is always "invoice"; credit notes are identified by a negative invoice amount;
- invoice number;
- EU foreigners: application of the reverse charge process (net billing) and identification of the VAT identification number or, if no such number has been issued, the tax ID of BIKO and BRP; note on the transfer of the capacity as tax debtor;
- in the event of a third-party country: compliance with the local VAT laws (consideration of the individual case).

##### b) Re / Allocation Information:

- "Balancing Group Billing" or "Correction of a Balancing Group Billing";
- month of billing in the format YYYY/MM;
- balancing group EIC of the balancing group to be billed;
- general reference to the data transmitted electronically to the BRP according to MaBiS (no list, not referencing to time series / versions);
- sequence and placement are arbitrary.

##### c) Monthly Total / Amounts for the Balancing Group Billing (BGB)

- work: MWh including 6 decimal places;

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- separation of '000s for quantities and monetary amounts;
- identification of excess quantities of the balancing group by adding the term "excess";
- identification of shortfalls of the balancing group by adding the term "shortfall";
- monetary amounts in the legal currency: EUR (€);
- disclosure of the shortfall quantities (MWh) and of the monetary amount (net) for shortfalls;
- disclosure of the excess quantities (MWh) and of the monetary amount (net) for excess;
- disclosure of the balance of the shortfall quantities minus excess quantities (MWh);
- disclosure of the monetary amounts (net) for shortfall and excess quantities as well as of the sum of these two monetary amounts (net), broken down according to tax rates, if required, insofar and for as long as this is possible according to the legal provisions, in particular, those of VAT laws and their interpretation by the state financial authority competent for each TSO (BIKO); if such a disclosure is not permitted according to such laws, the presentation is made according to the legal requirements and, in particular, according to the requirements of the VAT laws as well as the interpretation by the state financial authorities mentioned above;
- disclosure of the VAT rate and disclosure of the VAT amount applicable to the tariff (net monetary amount);
- disclosure of the gross total;
- date of maturity / value date of invoice.

**Monthly Total / Amounts for a Corrected Balancing Group Billing (CBGB)**

- energy: MWh including 6 decimal places;
- separation of '000s for quantities and monetary amounts;
- identification of excess quantities of the balancing group by adding the term "excess";
- identification of shortfall quantities of the balancing group by adding the term "shortfall"
- monetary amounts in the legal currency: EUR (€);
- disclosure of the shortfall quantities (MWh) and of the monetary amount (net) for shortfalls for CBGB;
- disclosure of the excess quantities (MWh) and of the monetary amount (net) for excess for CBGB;
- disclosure of the balance of the shortfall quantities minus excess quantities (MWh) for CBGB;
- disclosure of the monetary amounts (net) for shortfall and excess quantities as well as of the sum of these two monetary amounts (net), broken down according to tax rate, if required, insofar and for as long as this is possible according to the legal provisions, in particular, those of VAT laws and their interpretation by the state financial authority competent for each TSO (BIKO). If such a disclosure is not permitted according to such laws, the presentation is made according to the legal requirements and, in particular, according to the requirements of the VAT laws as well as the interpretation by the state financial authorities mentioned above;
- disclosure of the invoice number of the BGB and of the invoice date of the BGB;
- disclosure of the shortfall quantities (MWh) and of the monetary amount (net) for shortfalls from the BGB receipt;
- disclosure of the excess quantities (MWh) and of the monetary amount (net) for excess from the BGB receipt;
- disclosure of the tariff (net monetary amount), broken down according to tax rates, if required, according to the legal requirements and their interpretation, if any, by the state financial authorities competent for each TSO (BIKO) from the BGB receipt;

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- disclosure of the difference amount (net) from CBGB minus BGB (Diff-CBGB-BGB);
- disclosure of the VAT rate and disclosure of the VAT amount applicable to the tariff (net monetary amount) for Diff-CBGB-BGB;
- disclosure of the gross total for Diff-CBGB-BGB;
- date of maturity / value date of invoice.

Informational Translation

This translation of the standardised balance group contract has been made by the TSO for the BRPs information. This translation is just for information; TSO does not adhere for translation failures; The contract will only be closed in the German version.

# APPENDIX 3 TEMPLATE CONTRACT ON BALANCING GROUP MANAGEMENT (AUSTRIA)



**E-CONTROL**

## **Electricity Market Code**

### **Chapter 4**

### **Licensing of Balance Responsible Parties**

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#### **Version 2.1**

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## Licensing process

Balance groups are established by balance responsible parties (BRPs) within control areas. The activity performed by a BRP is subject to a licence (notice) issued by E-Control. The licence conditions are laid down in the applicable provincial legislation that implements section 46 *Elektrizitätswirtschafts- und Organisationsgesetz* (Electricity Act) 1998/2000, or section 86 Electricity Act 2010. The legislation of the federal province of the BRP's company seat applies; if a BRP does not have a company seat in Austria, the legislation of that province with which the strongest relation exists applies. To obtain a BRP licence, the requirements specified for this role in the general terms and conditions of the clearing and settlement agent (GTC-CSA) must be fulfilled.

### The procedure

The licensing process involves two stages of validation of the applicant's qualifications at the CSA and at E-Control:

- The GTC of the competent CSA specify the technical and financial prerequisites a BRP must live up to for this role and tasks. The related documents must be submitted to the CSA and are checked there.
- E-Control confirms whether all legal requirements are fulfilled and, if this is the case, issues a BRP licence.

In addition, a BRP must conclude an information exchange contract with the competent control area manager (CAM; in Austria, this is the TSO).

It is recommended for BRP licence applicants to start the process with all parties involved (CSA, CAM and E-Control) at the same time. However, please note that E-Control can only issue a licence once the confirmation of the CSA has been received and the CSA and future BRP have concluded a contract.

After E-Control has issued the licence, the BRP can take up operations and submit schedules.

The forms needed for application are available from the competent CSA.

In the joint APG and Tyrol control area, this is APCS:

**E-mail:**

[office@apcs.at](mailto:office@apcs.at)

**Address:**

APCS Power Clearing and Settlement AG  
Palais Liechtenstein  
Alserbachstrasse 14-16  
1090 Vienna

In the VKW UNG control area, this is A&B:

**E-mail:**

[office@aundb.at](mailto:office@aundb.at)

**Address:**

A&B - Ausgleichsenergie & Bilanzgruppen-Management AG  
Lieberstrasse 3/1  
6020 Innsbruck

**Numbers:**

Phone: +43 512 570 883-0

Fax: +43 512 570 883-21 504

The forms to be submitted to E-Control can be requested there directly.

As licensing requirements depend on provincial legislation, there might be variations among the Austrian federal provinces. It is therefore recommended to contact E-Control before starting the licensing process.



**E-CONTROL**

# **Electricity Market Code**

## **Chapter 8**

### **Special Balance Group for Calculating Grid Losses**

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Version 3.0

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## 1. Establishing a special balance group for grid losses

DSOs must establish a dedicated balance group for the purpose of determining grid losses. Regarding the criteria for balance groups, it is sufficient if this group fulfils those criteria that are relevant for this purpose.

When establishing a special balance group for grid losses, the following rules apply:

- There is no formal licensing procedure for balance responsible parties (BRPs) of balance groups for grid losses. However, there must be a contract under private law with the responsible clearing and settlement agent (CSA) which contains the parties' rights and obligations. The system operator (SO) that establishes the balance group must also comply with the provisions of the implementing legislation.
- If the applicable provincial implementing legislation does not provide otherwise, system operators which operate both transmission and distribution lines may establish joint special balance groups for both types of systems or form separate ones.
- The special balance group's BRP must draw up a losses schedule.
- If the applicable provincial legislation does not provide otherwise, several system operators may form a joint special balance group.
- Should several system operators form a joint special balance group, such balance group's BRP shall inform the clearing and settlement agent of the participating system operators.
- The special balance groups cannot contain metering points of consumers.
- The system operator must nominate a member of its staff as contact for this balance group.

## 2. Determining system losses; scheduling

For the purpose of drawing up losses schedules, each system operator must forecast the losses to be expected in its system. These account for a percentage of the total energy supplied through each system and must be calculated in line with the following principles:

- The default percentage to be used follows either the approach from the Haubrich/Swoboda study *Grundlagen für Systemnutzungs-/Tarif-/regelungen im Bereich der öffentlichen Elektrizitätsnetze* (Principles for rules on system charges and tariffs in public electricity networks, June 1998) or the value used to calculate the charges for grid losses according to the *Systemnutzungstarifverordnung* (System Charges Ordinance).
- Should the data available to the system operator from own calculations be more accurate, these can be used for scheduling.
- Should the system operator have precise data from meter reading, these shall be used for scheduling.

The BRP of the special balance group for grid losses, i.e. the SO, must verify the accuracy of the forecasting method for system losses each year and, if necessary, adjust it.

The electricity needed to cover grid losses is procured from trading balance groups or at power exchanges in a transparent, non-discriminatory and market-based way. The SO can choose between:

- Individual procurement; or
- Joint procurement by way of the dedicated losses procurement balance groups established by a system operator.

### 2.1 Individual procurement

Under the individual procurement option, the SO must submit a losses schedule (like an internal schedule) to the clearing and settlement agent in advance. It can also submit this losses schedule to the CSA together with the other aggregate meter readings after a one-time notification of the CSA to this effect. The corresponding schedule of the supplying balance group is sent in advance.

## 2.2 Joint procurement

Under the joint procurement option, the SO must still keep a balance group for grid losses and send a losses schedule to the CSA, as described in section 2.1. In addition, it must conclude a contract regarding the procurement and organisational handling of electricity to cover grid losses with the BRP of the losses procurement BG.

The electricity needed to cover grid losses is procured jointly for all participating SOs by way of losses procurement BGs in all control areas. Based on the longer and short-term forecasts of the participating SOs, the BRPs of the losses procurement BGs organise a market-based and non-discriminatory procurement procedure of the energy needed, as well as the sale of excess energy not needed and the financial settlement with all participating SOs. For the purpose of such financial settlement between the SOs and the BRPs of the losses procurement BGs, bilateral contracts under civil law regarding the procurement and organisational handling of grid losses must be concluded.

The BRP establishes separate losses procurement BGs in each control area. These losses procurement BGs pass the jointly procured energy on to the special balance groups for grid losses of the participating SOs in accordance with schedules based on the latter's forecasts. Where schedules between losses procurement BGs and trading BGs are concerned, the former take precedence (no receiving party rule). However, this is not the case where schedules with power exchanges are concerned.

Normally, the actual grid losses do not exactly match the SOs' forecasts, i.e. there are imbalances in the participating SOs' losses BGs. In the 1st and 2nd clearings, the CSA offsets the schedules of the losses BGs of the participating SOs against those of the losses procurement BGs to ensure that imbalances only arise at the latter (cumulated), not at the former. The SOs' losses BGs remain in balance.



**E-CONTROL**

# **Electricity Market Code**

## **Chapter 10**

### **Submission of Information from System Operators to Other Market Participants; 1st and 2nd Clearing**

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#### **Version 2.2**

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The national implementation of the third energy package of the European Union had technical and organisational consequences for the operation of the Austrian control areas APG, TIWAG Netz and VKW Netz.

The TIWAG Netz control area was integrated into the APG control area as of 01/01/2011. From 01/01/2012 onwards, operation of the APG and VKW Netz control areas will be handled jointly. APG will then be the control area manager for the entire Austrian electricity network.

For the periods from January 2012, the first clearings will be carried out solely by the clearing and settlement agent APCS. The GTC CSA of APCS apply.

The clearing and settlement agent A&B will continue to carry out the second clearings in the TIWAG Netz control area for clearing intervals until December 2010 and those in the VKW Netz control area for clearing intervals until December 2011; the GTC CSA of A&B continue to apply in this context.

All data and notifications (particularly schedules and meter readings) relating to clearing intervals from January 2012 onwards must be sent to APCS.

## 1. The system operator as information pivot

### 1.1 Background

The responsibilities of system operators (SOs) include metering, confidential handling of grid user data, and non-discriminatory transmission of information to all market participants; at the same time, they must ensure that data is only transmitted to the entitled recipients.

The information to be transmitted by the SO in its role as balance responsible party (BRP) of the balance group (BG) for grid losses is described in chapter 8 of the Electricity Market Code (EMC).

## 2. Flow of information

### 2.1 From the system operator to the clearing and settlement agent

The deadlines for information to be sent from the system operator to the clearing and settlement agent (CSA) are laid down in the applicable version of the General Terms and Conditions of the Clearing and Settlement Agent (GTC CSA).

The SO submits the following information to the CSA (for the basic principles of forming aggregate time series, please consult section 4):

- **Monthly aggregate time series per balance group**

A balance group's monthly aggregate time series contains the aggregate time series of the balance group's load metered customers and those of its customers with standardised load profiles. There must be separate aggregates for production and consumption.

The consumption of the BG for pumped storage must be recorded in yet another separate aggregate.

- **Monthly aggregate time series per supplier**

A supplier's monthly aggregate time series contains the aggregate time series of the supplier's load metered customers and those of its customers with standardised load profiles.

There must be separate aggregates for production and consumption.

**Please note:** The SO must also send the CSA the aggregate time series of those direct members that are neither registered as suppliers nor assigned to a supplier.

(For the purpose of mapping these members in the system, the BRP is regarded as their supplier.)

- **Monthly aggregate time series at interconnection points**

Time series (readings of load profile meters in 15-minute intervals) for each grid's interconnection points; if there are several interconnection points to the same other system, their time series must be aggregated.

- **Monthly aggregate time series for the 2nd clearing**

The calculation and submission of the monthly aggregate time series for the 2nd clearing is described in section 3.1.2 below.

## 2.2 From the SO to the BRP

Internal settlement of imbalance charges in a balance group and establishing aggregate balance group schedules are tasks of the BRP.

The SO submits the following information to the BRP (for the basic principles of forming aggregate time series, please consult section 4):

- **Monthly aggregate time series per balance group**  
A balance group's monthly aggregate time series contains the aggregate time series of the balance group's load metered customers and those of its customers with standardised load profiles. There must be separate aggregates for production and consumption.
- **Monthly aggregate time series per supplier (not for local players)**  
A supplier's monthly aggregate time series contains the aggregate time series of the supplier's load metered customers and those of its customers with standardised load profiles. There must be separate aggregates for production and consumption.
- **Additional data for forecasting**  
To improve its forecasting accuracy, the BRP may request additional data at shorter intervals from the SO. This can include aggregate time series (e.g. per customer category) and load profiles, depending on what is agreed between the SO and the BRP; the former must be compensated for the administrative efforts involved in providing the additional information.
- **Monthly aggregate time series for the 2nd clearing**  
The calculation and submission of the monthly aggregate time series for the 2nd clearing is described in section 3.1.2 below.

### 2.3 From the SO to the supplier

- **Monthly aggregate time series per supplier**  
A supplier's monthly aggregate time series contains the aggregate time series of the supplier's load metered customers and those of its customers with standardised load profiles. There must be separate aggregates for production and consumption.
- **Individual grid user data**  
The time series (in 15-minute intervals) of customers with load profile meters must be submitted for each customer separately (on a monthly basis, in accordance with the clearing interval).  
The actual consumption of those consumers that do not have load profile meters (but rather standardised load profiles) must be submitted in accordance with meter reading inter-

vals (normally once a year) for each consumer separately. Information must include the time of meter reading and the time of data transmission.

If the supplier requests consumption information beyond what is specified in the *System-nutzungsentgelte-Verordnung* (System Charges Ordinance) for the tariff periods, the SO must be compensated accordingly.

**Please note:** The SO must send the BRP the aggregate time series of those direct members that are neither registered as suppliers nor assigned to a supplier, to allow for the allocation of imbalance charges (The BRP acts as supplier of these members.).

#### 2.4 From the SO to the consumer

- **Consumption values for network charges**

The SO informs the customer about the meter readings (in accordance with the System Charges Ordinance) that are used to calculate the system charges.

- **Consumption values for energy billing**

The consumer can request information about the meter readings from the SO to check the correctness of the supplier's bills; the SO must be compensated for this.

#### 2.5 From the SO to the other relevant SOs

The SO responsible for metering at the interconnection points submits the time series (15-minute intervals, as aggregates of all interconnection points connected to the same system) to the other relevant SOs on a monthly basis – in accordance with the clearing interval – and no later than the 5th working day of the next month.

This allows them to calculate the time series of the local player balance group.

#### 2.6 From the SO to the control area manager

The SO submits to the control area manager (CAM) on a daily basis, always on D+1, the time series (in 15-minute intervals) of those power plants for which network-node schedules must be submitted. There must be separate aggregates for production and consumption for pumping.

### 3. Principles of the clearing process

The clearing process includes technical and financial clearing.

#### 3.1 Technical clearing

1. Technical clearing is comprised of data collection, first clearing and second clearing.
2. For each clearing period, the CSA receives the following data:
  - a) from the BRP: the internal schedules: separate procurement and supply schedules
  - b) from the CAM: the external schedules: separate procurement and supply schedules
  - c) from the SO: the monthly aggregate time series: information from the time series of each supplier and each balance group, for production and consumption separately, as well as time series of the grid's interconnection points
3. The procedure followed by the CSA in determining imbalances is the same for the first and second clearings. In the interest of data security and transparency, the results of the first clearing are documented and saved. Any retroactive billing that takes place before the second clearing is regarded as part of the first clearing.
4. In determining imbalances, the CSA relies solely on the information from the schedule time series provided by the BRP and the CAM that are assigned to each balance group, and on the monthly aggregate injection and withdrawal time series submitted by the SO. All metering points of a balance group that are not equipped with load profile meters are assigned standardised load profiles (SLPs).
5. The first clearing takes place on a monthly basis. Each BG's imbalances for each 15-minute interval are calculated by offsetting the aggregate schedules against the monthly aggregate time series. The deadlines for information submission by the SO in the first clearing are laid down in the applicable version of the GTC CSA. All recipients entitled to receive the monthly aggregate time series per supplier and balance group must receive the same information.
6. The second clearing takes place on a monthly basis as well, but 14 months later. It serves to correct the imbalances per clearing period determined for each balance group during the first clearing; this relies on the actual annual electricity injections and withdrawals metered. The data necessary for the second clearing, i.e. the information relating to the month 14 months ago, must be provided to the CSA no later than the last working day of each month.

### 3.1.1 First clearing

1. For the first clearing, the SO each month submits the previous month's aggregate time series  $[A_{EC}]$  of each balance group to the CSA. The deadline for this information flow is laid down in the applicable version of the GTC CSA. The monthly aggregate time series is the sum of the monthly aggregate time series of all customer installations with load profile meters  $[\sum MIA_g]$  and the monthly aggregate time series of all customer installations without load profile meters  $[\sum MIA_{sp}]$ , with the latter derived from the approved load profiles (G0 to G6, L0 to L2, H0, LPs for special cases).
2. The monthly aggregate time series of all metering points without load profile meters corresponds to the monthly aggregate time series of all customer facilities of a balance group for the second clearing. It is derived from the annual consumption of the previous meter reading period.

To facilitate the handling of metering points with the same standardised load profiles (SLPs), the summer, autumn/spring, winter, working day, Saturday and Sunday profiles are scaled to a consumption of 1000 kWh/year. The SO assigns the total consumption of a balance group to an approved load profile (G0 to G6, L0 to L2, H0, LPs for special cases).

The SO applies the following formula to calculate the aggregates for the first clearing:

$$A_{EC} = \sum MIA_g + \sum MIA_{sp}$$

$A_{EC}$	Monthly aggregate time series of the first clearing for each BG per SO
$MIA_g$	Monthly aggregate time series of metered consumption in each BG
$MIA_{sp}$	Monthly aggregate time series of each BG derived from the SLPs

3. Upon a supplier's request, the SO must provide, in good time for the first clearing and free of charge, a list of the metering point information (meter point reference number, annual consumption, standardised load profiles, validity dates of the information) that is used to calculate the supplier aggregate time series and is part of the data exchange form (s section 5 below).

The SO and supplier may agree that this list is sent to the supplier each month by default.

4. If the supplier files its request by the last working day of the month it relates to, the SO must submit the list together with the monthly aggregate time series relating to that month.
5. Metering point lists relating to past months must be submitted by the SO no later than the 5th working day following the request.
6. The data exchange list is a CSV file.
7. The SO and supplier may agree that any bilateral information verification processes should make reference to the lists 'data confirmation' and 'billing addresses' that are provided as supporting information together with the data exchange list.

### 3.1.2 Second clearing

1. The second clearing involves the correction of the data from the first clearing for the actual consumption determined by meter reading. Corrections for any other volume deviations (e.g. correcting default values, retroactive supplier switches, changed switching dates) are part of the second clearing as well.  
However, retroactive changes to schedules are not admissible.
2. The aggregated data for the second clearing are based on the actual consumption metered for the previous billing period and the annual consumption for the entire meter reading period derived from it. The monthly aggregate time series for metering points with standardised load profiles [ $MIA_{sp}$ ] are calculated using the total consumption during the meter reading period (s Figure 1).

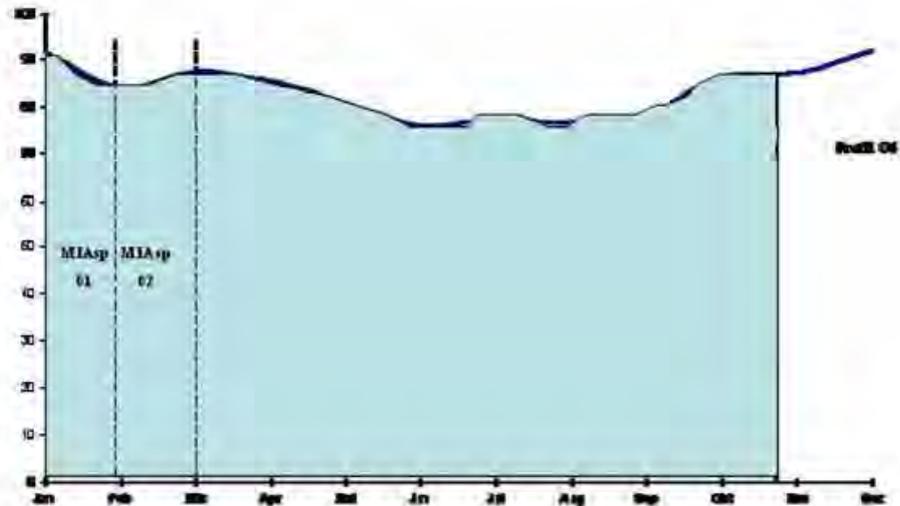


Figure 1

3. Given the rolling meter reading times and the objection periods for the BRPs, suppliers and consumers, the second clearing takes place 14 months later.
4. The information relating to the month 14 months ago must be provided to the CSA, the BRPs and the suppliers no later than the last working day of each month.
5. The data for the second clearing must be uploaded to the designated areas. Should individual SOs consider that this is necessary, the CSA has the option of creating a dedicated e-mail address for data transmission related to the second clearing.
6. The data for the second clearing must make reference to the same meter reference numbers or component numbers that were used in the first clearing.
7. Once the data have been submitted and imported at the CSA, the SOs access their data on the CSA's website and verify whether they are complete and correct (last check before the second clearing).
8. If no data are submitted for the second clearing, the data submitted for the first clearing are used again.
9. The procedure followed by the CSA in determining imbalances is the same for the first and second clearings. Any portfolio balancing energy charges are calculated as part of the imbalance charges of the first clearing. The only exception from this rule is the Vor-

- arlberg control area, where the imbalance charges are calculated from the total imbalances detected in all BGs except for VKW\_H.
10. Once the calculations have taken place, the CSA notifies the market players; they then access their data on the CSA's website and verify the results of the second clearing. To object to the data on the website, market players must notify the CSA; failure to notify the CSA is taken as confirmation of the data.
  11. The CSA must enable the data to be downloaded from its website.
  12. After conclusion of the quality assurance process, the CSA sets a binding clearing deadline. The CSA makes no more revisions or corrections after this date. Should any additional corrections be necessary, they must either be carried out bilaterally or the CSA performs them upon request and is compensated for this effort.
  13. The bills issued as part of the second clearing list the amounts of positive and negative portfolio balancing energy and the corresponding charges (credits and debits) as totals per month. In addition, any deviations from the volumes and charges determined in the first clearing are listed.
  14. The CSA publishes a calendar with all relevant deadlines on its website (e.g. MSCONS deadline, end of clearing, objection deadline).

#### 4. Forming aggregate time series

1. The balance group and supplier monthly aggregate time series for each clearing period contain the actual consumption of customers with load profile meters and the consumption of customers with SLPs.
2. The monthly aggregate time series for metering points with SLPs are derived from the monthly data of the annual profiles, which are in turn calculated from the annual consumption figures and the assigned SLPs.
3. The annual consumption figure may be either agreed or actually read. Normally, the latter should be the case.
4. The annual consumption figure must be qualified by a "valid from" date. The supplier receives the annual consumption figure either as part of the switching list or as \*1 value in the MSCONS file. The MSCONS file also contains the "valid from" date. The annual consumption figure is used for calculating the clearing data and serves as a basis for the system operator and supplier aggregates. It is normally submitted once a year.
5. Due to the rolling meter reading calendar, the annual consumption figure must be adjusted. The adjusted figure is normally used by the system operator and supplier to cal-

culate the aggregates as from the beginning of the month following billing (e.g. meter reading on 20/06, billing date 15/07, new annual consumption figure as from 01/08). If the new annual consumption figure cannot be sent to the supplier at least seven working days before the beginning of the month, it is only applied as from the start of the next month (e.g. meter reading on 05/07, billing date 28/07, new annual consumption figure as from 01/09).

6. The MSCONS file must contain the date from which the annual consumption figure is valid. The figure may become valid retroactively, after billing has taken place, as from the meter reading date or the start of the previous month if the receipt of identical time series from the system operator by all involved recipients is ensured.
7. The annual consumption figure is derived from the agreed or actually metered annual consumption. The annual consumption figure is the billed consumption scaled to a period of 365 days; there are several options for calculating it (s. section 8). If deviation factors are used for this purpose, the applicable formula reads:

$$\text{annual consumption figure} = \text{deviation factor} \times 100$$

8. The annual consumption figure may be calculated by applying either of the following two procedures:

**a. Prorating**

(Example)

Meter reading period: 01/01/2002 to 28/10/2002 (300 days)  
 Consumption during the meter reading period: 5,000 kWh  
 Annual consumption figure: 6,083 kWh/h (5000:300x365)

**b. Using deviation factors based on SLPs**

(Example)

Meter reading period: 01/01/2002 and 28/10/2002  
 Consumption during the meter reading period: 5,000 kWh  
 Standard consumption during the meter reading period: 821 kWh  
 Deviation factor: 6.09 (5000:821)  
 Annual consumption figure: 6,090 kWh/h (6.09x1000)

Use of procedure b is recommended.

9. The monthly aggregate time series for metering points with SLPs are derived from the monthly data of the annual profiles, which are in turn calculated from the valid annual consumption figures and the assigned SLPs. The calculation always refers to whole months. The consumption upon which the SLP is based is multiplied by the current deviation factor.
10. Actual values are obtained by meter reading on a certain day. As most meters do not save monthly data, the readings do not always refer to whole months.
11. Aggregating the monthly time series for the 1st and 2nd clearing is the system operator's task. The SO describes the calculation method it has chosen and provides this description to the affected market players upon request.
12. Aggregation may be achieved by employing one of three methods: method a (daily): consumption is calculated into the monthly time series on a daily basis; method b: consumption of incomplete month is spread over the following meter reading period; method c: annual consumption is shifted to start on the first day of the month during which the meter reading period began.

Baseline:

clearing period: November 2001; meter reading on 20/11/2001

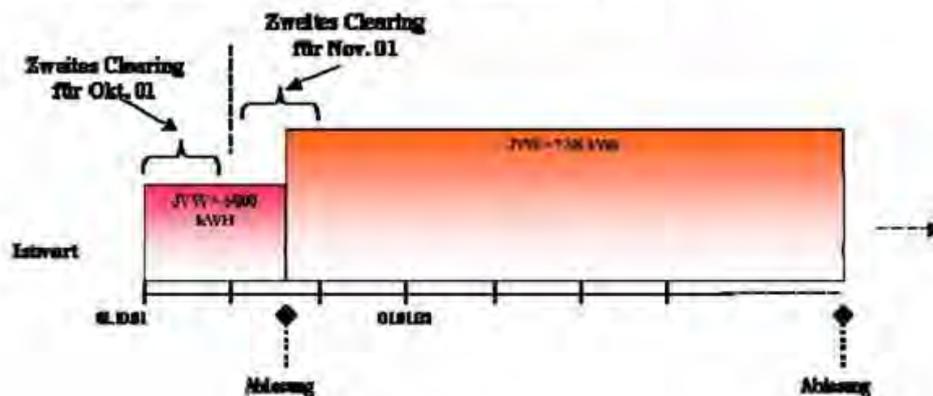


Figure 2

**Method a:**

Daily - consumption is calculated into the monthly time series on a daily basis. The deviation factor is adjusted on 20/11/2001.

**Zerelles Change  
für Nov. 01**

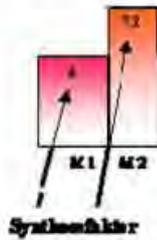


Figure 3

**Method b:**

Consumption of incomplete month is spread over the following meter reading period.

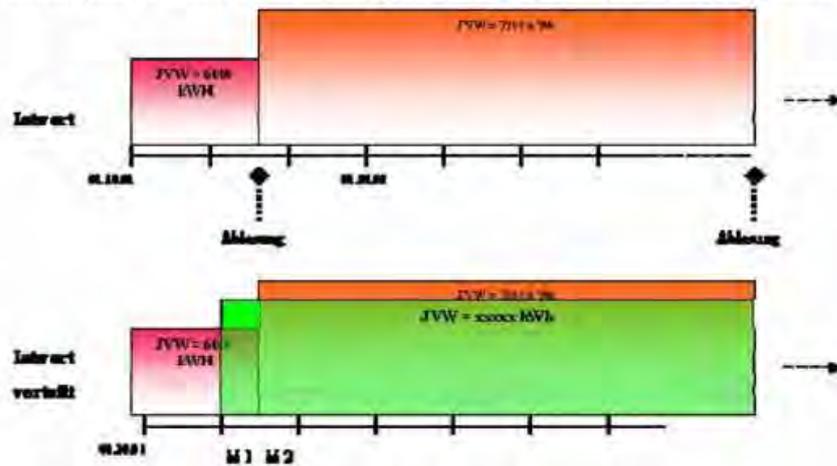


Figure 4

**Method c:**

Annual consumption is shifted to start on the first day of the month during which the meter reading period began.

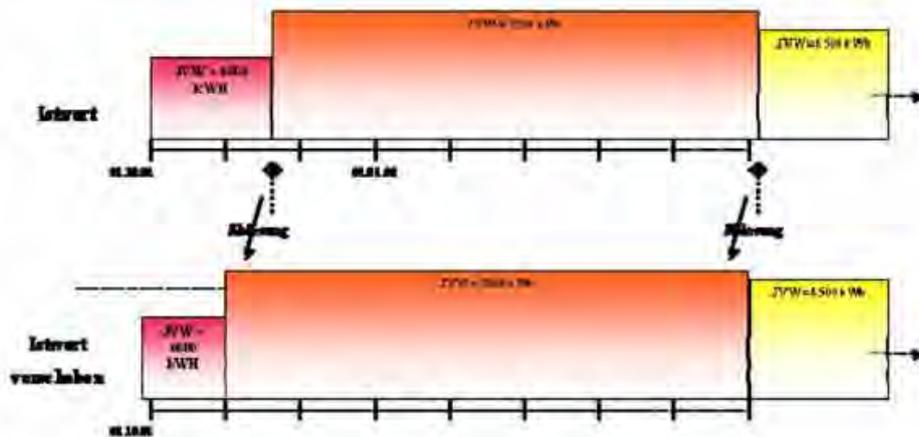


Figure 5

13. The aggregated data for the second clearing are based on the actual consumption metered for the previous billing period and the annual consumption for the entire meter reading period derived from it.
14. The deadlines for objecting if incorrect data have been supplied by the SO are set by the CSA each month and published in the clearing calendar on the CSA's website. The second clearing must take place after this deadline has expired.
15. The suppliers and system operators should eliminate any differences between their relevant data (metering point information, assigned load profiles etc.) before they must be submitted for second clearing. Neither party shall charge any fees in this context.

## 5. Data exchange list

### 5.1 Basics

The data exchange list is available for download from E-Control's website ([www.e-control.at](http://www.e-control.at)) in .xls format (file name: *Datenaustausch.xls*).

## 5.2 Purpose of the data exchange list

The file comprises the following sheets:

- **Metering point information:**  
SO submits the data used for calculating the monthly aggregate time series to the supplier (s. section 3.1.1(2)).
- **Data confirmation:**  
Assists in the efficient submission of consumer data that have changed or in verifying data relating to existing consumers between SO and supplier (s. section 3.1.1(7)); use of this sheet may be agreed bilaterally.
- **Billing addresses:**  
Assists in the efficient submission of billing addresses that have changed between SO and supplier (s. section 3.1.1(7)); use of this sheet may be agreed bilaterally.

## 5.3 Format

The rules for switching lists (chapter 5, section 3.2 Electricity Market Code) apply mutatis mutandis to the format to be used for the data exchange list.

## 5.4 Structure

For a detailed description of the structure of the sheets 'metering point information', 'data confirmation' and 'billing addresses', please refer to the German version of this document.

## APPENDIX 4 TEMPLATE AGREEMENT ON ACCESS TO THE BALANCING MARKET (CZECH)



Agreement Registration Number: **W 0 / 13**

### **Agreement on Access to the Balancing Market with Regulating Energy** (hereinafter the "Agreement")

entered into pursuant to Section 269 (2) of Act No. 513/1991 Coll., the Commercial Code, as amended, pursuant to Section 50 of Act 458/2000 Coll., on the Terms of Business and State Administration in the Energy Sectors and on amendments to other laws, as amended, and in compliance with the Energy Regulatory Office Decree on the Electricity Market Rules, pricing policy related to activity of the Electricity Market Operator, and implementation of other provisions of the Energy Act, as amended.

#### **Article 1** **Contracting Parties**

##### **a) OTE, a.s.**

with its registered seat in Prague 8 - Karlín, Sokolovská 192/79, postal code 186 00, entered in the Commercial Register maintained by the Municipal Court in Prague, Part B, Insert 7260,  
represented by:

Ing. Jiří Šťastný, Chairman of the Board

Ing. Michal Ivánek, Vice-Chairman of the Board

Business Registration Number (IČ): 26463318

Tax Registration Number (DIČ): CZ26463318

Bank account No. – fixed prices charged for the Market Operator's services (CZK):

19-5582760247/0100

Bank account No. – settlement account for imbalances and the short-term market (CZK):

27-5868540207/0100

Bank account No. – financial security:

27-5868530287/0100

Tel: +420 296 579 160

Fax: +420 296 579 180

hereinafter the "**Market Operator**"

##### **b) Name of Company**

with its registered seat at (foreign address),  
entered in the Commercial Register maintained by the Municipal/Regional Court  
in ....., Part ..., Insert .....

represented by:

Business Registration Number (IČ):

Tax Registration Number (DIČ):

Bank information:

Account No.:

Holder of licence for electricity trading No. ....,

Tel:

Electricity market participant registration No.:

hereinafter the "**BMR Participant**"

## **Article 2 Definition of Terms**

- a) Terms and abbreviations used in this Agreement:
- i.) CS OTE – central information system of the Market Operator,
  - ii.) Dispatching Code – Decree No. 79/2010 Coll., on dispatcher management of the power system and data transmission for dispatcher management, as amended,
  - iii.) Energy Act – Act No. 458/2000 Coll., on the Terms of Business and State Administration in the Energy Sectors and amendments to certain laws, as amended,
  - iv.) ERO – Energy Regulatory Office,
  - v.) Business Terms - Business Terms of OTE a.s. for the Energy Sector,
  - vi.) Market Rules – Energy Regulatory Office Decree on the Electricity Market Rules, pricing policy related to activity of the Electricity Market Operator, and implementation of other provisions of the Energy Act, as amended,
  - vii.) BMR – balancing market with regulating energy organized by the Market Operator in cooperation with the transmission system operator and under an agreement with the aim to ensure additional supply of regulating energy,
  - viii.) Electricity Tax Act – Act No. 261/2007 Coll., on Stabilization of Public Finances, Part 47, as amended,
  - ix.) Value Added Tax Act – Act No. 235/2004 Coll., on the Value Added Tax, as amended.
- b) Terms other than those listed above used in this Agreement are interpreted pursuant to the provisions of the Energy Act, the Market Rules and other legal regulations.

## **Article 3 Pricing**

Prices charged for supplied regulating energy on the basis of BMR results for specific trading hours are stipulated pursuant to the Market Rules.

## **Article 4 Scope of Agreement**

The Market Operator hereby undertakes under this Agreement to facilitate the BMR Participant free access to the BMR and to settle transactions executed thereof pursuant to Section 24, Par. 5, Letter a) and Letter b) of the Market Rules. An integral part of the Agreement herein are the Terms of Business approved by the ERO, which are attached hereto as Appendix 1 to this Agreement and are also posted in the electronic form on [www.ote-cr.cz](http://www.ote-cr.cz). Access to BMR comprises the following activities of the Market Operator pursued for the BMR Participant:

- i.) Acceptance of bids to sell/buy regulating energy of the BMR Participant,

- ii.) Confirmation of acceptance of bids to sell/buy regulating energy of the BMR Participant,
- iii.) Acceptance of acceptance of bids,
- iv.) Confirmation of acceptance of acceptance of bids or, if applicable, confirmation of non-acceptance, including reasons for non-acceptance,
- v.) Continuous posting of trading results for each specific BMR Participant – volumes traded by the respective BMR Participant and transaction prices indicating whether trading for the specific hour was closed or not,
- vi.) Posting of final trading results of the BMR Participant on BMR as the sum of traded regulating energy and total payments for each hour,
- vii.) Receipt and settlement of claims,
- viii.) Inclusion of trades executed on BMR into the imbalance settlement system,
- ix.) Financial settlement of the BMR Participant's trades on BMR,
- x.) Issuance of tax documents on behalf of the BMR Participant.

#### **Article 5**

##### **Rights and Obligations of the Parties**

- a) Rights and obligations of the Parties not included in this Agreement and the Business Terms are governed by generally binding legal regulations.
- b) The Market Operator is obligated to facilitate the BMR Participant's secure access to CS OTE in compliance with the provisions of the Business Terms.
- c) The Market Operator is obligated to provide the BMR Participant with technical support for the use of CS OTE through Help Desk operated at business hours posted on the Market Operator's website.
- d) The Market Operator is obligated to notify the BMR Participant about any change in CS OTE within the timeframe corresponding to the significance of the changes.
- e) The BMR Participant is obligated to observe the Dispatching Code and the Rules of the Transmission System Operation and the Rules of the Distribution Systems Operation.
- f) In compliance with the Market Rules and the Business Terms, the Market Operator is obligated to ensure settlement of the BMR Participant's transactions executed on BMR.
- g) The BMR Participant is obligated to notify the Market Operator about any insolvency proposals filed against it.

#### **Article 6**

##### **Terms of Payment and Billing**

- a) The BMR Participant is obligated, within 10 days after this Agreement has come into force, to establish with its account maintained by a bank or its branch in the Czech Republic cash collection rights for the Market Operator and its account No. 27-5868540207/0100 and to provide the Market Operator with proof of having established these rights. The Market Operator holds the rights to collect cash from

the BMR Participant's account with the aim to secure from the BMR Participant due payments as reported to the Market Operator by the transmission system operator under the Market Rules.

- b) In compliance with the Business Terms, daily settlement of the balancing market with regulating energy represents payments subject to billing.
- c) Payments for regulating energy are executed between the Market Operator and the BMR Participant under this Agreement through non-cash transfers to the receiving Party's bank account. Payments due from the BMR Participant are executed through cash collection from its account and credited to the Market Operator's account No. 27-5868540207/0100.
- d) Settlement of payments for regulating energy supplied by the BMR Participant on the basis of BMR results is billed by the Market Operator once a month by issuing a tax document under the terms defined in Article 7 of this Agreement.
- e) Payment of the tax document by the Market Operator or the BMR Participant is not overdue if the billed amount is credited to the other Party's account on the last day of the due date.
- f) In the event the Market Operator or the BMR Participant is unable to make the payment by the due date or at the required amount, it is obligated to notify the other Party forthwith. Should such event occur, the right to charge late payment interest stays in effect under Article 9 of this Agreement.

#### **Article 7 Issuance of Tax Documents**

- a) The Parties have agreed that the Market Operator shall issue tax documents (hereinafter "documents") on behalf of the BMR Participant in connection with supplies executed by the BMR Participant under the terms of this Agreement.
- b) The subject matter of this Agreement includes no other supplies related, directly or indirectly, to issuing the documents, such as the obligation to file a relevant tax return, declare or pay the respective tax, keep record of the issued documents or retain and archive the issued documents.
- c) By signing of this Agreement hereunder, the BMR Participant authorizes the Market Operator to issue all documents falling into the categories of documents specified under Letter a) of this Article of this Agreement on behalf of the BMR Participant, whereby the Market Operator acknowledges this authorization.
- d) By signing of this Agreement hereunder, the BMR Participant hereby undertakes to accept all documents specified under Letter a) of this Article of the Agreement, issued by the Market Operator on behalf of the BMR Participant, provided these documents comply with the terms and conditions laid down by legal regulations, in particular the Value Added Tax Act and the Electricity Tax Act.
- e) The BMR Participant hereby undertakes to provide the Market Operator duly and in a timely manner with all information required for issuing the relevant documents by the Market Operator under the terms of this Agreement.
- f) The Market Operator has no obligation to verify the accuracy of the information provided by the BMR Participant for issuing of documents under the terms of this Agreement.

- g) The Market Operator is authorized to issue documents for the BMR Participant under this Agreement in the electronic form complying with the relevant terms and conditions laid down by legal regulations, in particular the Value Added Tax Act and the Electricity Tax Act.
- h) The Market Operator is authorized to issue a single document complying with the relevant terms and conditions laid down by legal regulations, in particular the Value Added Tax Act and the Electricity Tax Act.
- i) The Market Operator hereby undertakes to issue the required documents within 15 days after the end of the calendar month in which the relevant supply took place.
- j) The Market Operator hereby undertakes to issue the required documents in two counterparts. The Market Operator shall retain one counterpart of the document for its own needs, whereas it agrees to send the other counterpart of the document to the BMR Participant on the day of issuing the first counterpart in the electronic form.
- k) The BMR Participant hereby undertakes to review the accuracy of the information stated in the other counterpart of the issued document within three days after its receipt and to notify the Market Operator in writing about any found discrepancy within the same period.
- l) The Market Operator hereby undertakes to make a correction of the document within three days after the receipt of a written notice about a discrepancy thereof by issuing a new document, unless agreed upon otherwise by both Parties. The provisions of this Article of this Agreement apply to issuing an amended document.
- m) The Market Operator hereby undertakes to issue no other documents on behalf of the BMR Participant than the documents specified under Letter a) of this Article of this Agreement.
- n) The Market Operator is not permitted to authorize a third party to issue documents without a prior written agreement with the BMR Participant.
- o) The BMR Participant hereby undertakes to provide the Market Operator in writing with any information required for issuing documents under the terms of this Agreement, and also information requested in writing by the Market Operator. The BMR Participant agrees to provide the information requested by the Market Operator within five days after the receipt of the written request.
- p) Basic data required for issuing documents under the terms of this Agreement include information on the Parties specified in Article 1 of this Agreement, whereas this information is deemed, for purposes of this Agreement, information provided by the BMR Participant.
- q) The BMR Participant is obligated to notify the Market Operator in writing about any change in the information provided by the BMR Participant under this Article of this Agreement without undue delay but no later than within two calendar days after the end of the calendar month for which the documents are to be issued, and including the corrected information.
- r) To issue documents for the relevant calendar month, the Market Operator is authorized to use information known to it under this Article herein within three

days after the end of the calendar month for which the documents are to be issued, unless agreed upon otherwise in writing by both Parties.

- s) The Market Operator is authorized to assign the documents its own registration number, starting always with the BMR Participant's registration number in CS OTE. The Market Operator is not obligated to include in the document any other registration number than the foregoing registration number it has assigned.
- t) Pursuant to the Value Added Tax Act, the Market Operator hereby agrees that documents issued on behalf of the BMR Participant may be issued in the electronic form.
- u) Unless this Agreement explicitly stipulates otherwise for specific instances, the issued documents shall be deemed duly delivered if sent by electronic mail.
- v) The Market Operator holds no responsibility for any damage arising from providing incorrect or incomplete information in the documents issued on behalf of the BMR Participant in the event the BMR Participant has provided the Market Operator with incorrect or incomplete information.
- w) The Market Operator is in no respect responsible for proper and timely issuance of documents under this Agreement in the event the BMR Participant has not fulfilled its obligations arising from this Article of this Agreement.
- x) The Market Operator is in no respect responsible for declaration and payment of taxes by the BMR Participant or for other obligations arising for the BMR Participant from issuing the documents, directly or indirectly, including keeping records related to the issued documents or retaining and archiving the issued documents.

#### **Article 8 Claims**

- a) Claims can be filed regarding the values and procedures applied in connection with organizing BMR by the Market Operator under this Agreement.
- b) In the event the BMR Participant does not agree with the quantity and price of regulating energy, it files a claim with the transmission system operator. In such case the Market Operator shall cooperate by providing information relating to the BMR Participant's claim.

#### **Article 9 Late Payment Interest**

- a) For each started day of delay in fulfilling a financial obligation under this Agreement, the damaged Party has the right to charge the defaulting Party late payment interest on the outstanding amount at the rate governed by generally binding legal regulations.
- b) In the event either Party pays late payment interest on the outstanding amount that has been invoiced erroneously, the respective Party shall be reimbursed for the late payment interest forthwith after the error has been documented.

**Article 10**  
**Damage Liability and Settlement**

- a) Damage settlement is governed by the provisions of Sections 373 to 386 of the Commercial Code and arrangements between the Parties hereunder.
- b) The Parties hereby undertake to notify each other about any and all events that they believe may cause damage, and to make every effort to avert potential damage.
- c) Both the Market Operator and the BMR Participant are entitled to claim settlement of damage inflicted on it as a result of the other Party's breach of obligations, even in the event the said breach of obligations is subject to contractual penalty. The harmed Party may claim damage settlement in excess of the contractual penalty.
- d) The Party affected by circumstances voiding its liability is obligated to notify the other Party in writing forthwith about such circumstances. At the other Party's request, the Party citing the circumstances voiding liability shall submit to the other Party evidence of the cited circumstances occurring.
- e) The Parties are not subject to liability for partial or full breach of obligations under this Agreement in the event this breach has resulted from circumstances voiding liability (the provisions of Sections 352 to 354 of the Commercial Code and the related provisions of the Energy Act).

**Article 11**  
**Dispute Resolution**

- a) The Parties hereby agree to make every effort to reach an amicable settlement of any disputes arising from this Agreement.
- b) In the event the Parties fail to reach an amicable settlement of the dispute, either of the Parties may file a lawsuit with the regular court within the territorial jurisdiction of the Market Operator. This change in territorial jurisdiction has been agreed upon between the Parties pursuant to Section 89a) of the Civil Procedure Code.

**Article 13**  
**Communication**

- a) In Appendix 2 to the Agreement, the Parties have designated persons authorized for communication in contractual and operations matters. Contractual matters mean primarily any proposed changes to this Agreement, including its Appendices. Operations matters mean primarily the provision of data on sale bids and purchase bids, acceptance, evaluation of BMR, terms of payment and claims. The persons listed in Appendix 2 are authorized under this Agreement to conduct joint negotiations within the scope of the matters they are authorized to handle. In the event the conclusions of such negotiations result in proposed change to the Agreement, it is deemed solely a proposal for change to the Agreement. Persons authorized for such negotiations are not authorized to negotiate changes to or termination of this Agreement.

- b) A basis for change in contractual matters, including registered information about the BMR Participant and its representatives, is the submission of written documentation, which is understood as a registered letter or personal delivery. The time of delivery in this case is deemed the date of delivery of the documents by registered mail or the date of personal delivery and receipt by the Market Operator.
- c) A message referring to operations matters may be sent electronically (by e-mail, fax) in a secure manner pursuant to the Business Terms. The time of delivery by e-mail or fax is deemed the date of receipt of the e-mail or receipt of the automatic fax transmission confirmation.
- d) The BMR Participant shall obtain security features for access to CS OTE through a method defined in the Business Terms. A list of access cards, including access rights for specific cards and persons authorized for communication on behalf of the BMR Participant, who are the cardholders, is part of Appendix 2 to this Agreement.

#### **Article 14 Confidentiality**

- a) Both Parties hereby undertake to treat any and all information contained in this Agreement or made available to them under this Agreement as confidential and, therefore, shall keep it in secrecy, agree to use it for no other purposes than for performance of this Agreement, protect it from disclosure and not divulge it to any third party without prior written consent of the disclosing Party until the relevant information is in the public domain. The Parties shall not disclose the confidential information to any third party other than their advisors and employees designated to fulfil their obligations under this Agreement. The confidentiality obligation does not apply to information available to the general public or information disclosure of which is warranted by a generally binding legal regulation.
- b) Should either of the Parties commit wilful breach of the confidentiality obligation under Letter a) of this Article of this Agreement, it is obligated to pay the other Party a penalty of CZK 200,000 (two hundred thousand Czech crowns) for each breach of the confidentiality obligation.
- c) The BMR Participant declares that the transmission system operator may, based on the BMR Participant's consent, provide the Market Operator with information about the quantity and price of regulating energy.
- d) The BMR Participant hereby acknowledges that the CS OTE supplier has been provided access to information ensuing from this Agreement, whereby the supplier also deems the information confidential. The Market Operator is responsible for the CS OTE supplier's compliance with the terms of information protection.

#### **Article 15 Term of Agreement**

- a) This Agreement is entered into for an indeterminate period and shall come into force on the date of signing by both Parties. The effectiveness of this Agreement

is conditioned by coming into effect of the Agreement on Settlement of Imbalances between the BMR Participant and the Market Operator, or by the submission of the Subject of Settlement's consent with the participation in BMR of the relevant BMR Participant for which the Subject of Settlement received imbalance responsibility on the basis of the verified form "Registration of Data on Transfer of Imbalance Responsibility". This Agreement comes into force as of the date of establishing the cash collection rights under Article 6, Letter a) of this Agreement, but no sooner than on the date of signing by both Parties.

- b) The Market Operator has the right to withdraw from the Agreement in the event the Agreement on Settlement of Imbalances between the BMR Participant and the Market Operator was terminated, or the Subject of Settlement's consent with the BMR Participant's participation in BMR was invalidated.
- c) The Market Operator has the right to withdraw from the Agreement in the event the BMR Participant fails to meet the obligations arising from this Agreement, unless the Agreement stipulates otherwise, and continues to fail to meet the obligations, despite receiving written notice, within the timeframe set forth in the notice.
- d) The withdrawal from the Agreement must be submitted in writing and comes into effect at its delivery to the other Party. In the event of doubt, the withdrawal notice is deemed delivered on the third day after it was posted.
- e) Either Party may terminate the Agreement whereas the Market Operator is obligated to state the reason for termination. The termination term runs for one month starting on the first day of the month following delivery of written notice to the other Party.
- f) Furthermore, the Agreement may be terminated by mutual agreement between the Contracting Parties.

#### **Article 16 Place of Supply for Purposes of VAT**

##### Statement of BMR Participant

- a) BMR Participant hereby declares that the organizational unit referred to in Article 1 of this Agreement is not a business establishment pursuant to the Value Added Tax Act, as amended. Furthermore, BMR Participant hereby declares that it has no other representation in the territory of the Czech Republic that may be deemed a business establishment and that no supply provided by the Operator is intended for the organizational unit or any other representation of BMR Participant in the Czech Republic.
- b) BMR Participant hereby undertakes to notify the Market Operator without undue delay, but no later than within 10 days, about any change in the line of business of the organizational unit that would result in setting up a business establishment and, furthermore, in the event any other establishment arises for BMR Participant in the territory of the Czech Republic. Should such event occur, relevant

information must be provided in writing without undue delay, but no later than within 10 days following the date of setting up a business establishment of BMR Participant in the Czech Republic.

- c) BMR Participant hereby undertakes that in the event the relevant tax administration authorities deem its organizational unit or other representation in the Czech Republic a business establishment for purposes of value added tax and, as a result, the Market Operator is required to pay additional tax and/or the tax administrator levies sanction or tax attribution thereof pursuant to relevant legal regulations, such as fines and penalties, tax increase, or late payment interest, due to erroneous value-added tax declaration, BMR Participant shall fully refund all such assessed and additionally assessed tax payments and reasonable expenses of the Market Operator arising from administrative proceedings related to the assessment and additional assessment, with the exception of the expenses arising from proceedings whereby the tax administrator has ordered the Market Operator to pay these expenses due to inactivity or breach of legal obligations by the Market Operator pursuant to Section 30 (7) of Act No. 337/1992 Coll., on Administration of Taxes and Fees.
- d) BMR Participant shall make the refund based on written notice by the Market Operator and following submission of documentation on additional tax assessment and levying related sanctions and tax attribution by the tax administrator for the Market Operator, and documents proving that the Market Operator has paid the tax administrator the additionally assessed tax and related sanctions and tax attribution. BMR Participant shall make the refund without undue delay, no later than within one week after delivery of said notice and documentation listed above to BMR Participant regardless of whether the decision on additional tax assessment and other levied payments has become enforceable and legitimate. BMR Participant shall reimburse the Market Operator for the sanctions and tax attribution levied by the tax administrator due to late tax payment up to the amount of the sanctions and tax attribution in accordance with late tax payment by the substitute due date of payment of additionally assessed tax pursuant to Section 46 of Act No. 337/1992 Coll., on Administration of Taxes and Fees.
- e) The obligation of BMR Participant under the foregoing Article is in no way affected by whether the Market Operator has exercised statutory remedial measures against the decision on additional tax assessment and other levied payments, or not. In the event the decision hereof is cancelled or mitigated and the additionally assessed or levied payment in full or partially returned to the Market Operator or set off against another tax obligation the refund of which is not within the scope of the BMR Participant's obligations under the foregoing Article, the Market Operator is obligated to reimburse BMR Participant the corresponding amount reduced by reasonable expenses incurred to exercise remedial measures that resulted in cancellation or mitigation of the relevant decision.

## II.

### Statement of the Market Operator

- a) In connection with a possible decision of the tax administrator on additional tax assessment due to the erroneous value added tax declaration described above, the Market Operator hereby undertakes to discuss with BMR Participant any use

of statutory remedial actions against this decision of the tax administrator and related proper evidence so that the Market Operator may exercise the statutory remedies, if needed, within the given time limit.

- b) Furthermore, the Market Operator hereby undertakes that in the event it does not exercise any statutory remedies or in the event the decision on additional tax assessment due to the erroneous value added tax declaration will not be cancelled or mitigated as a result of exercising the statutory remedial actions, the Market Operator shall amend the tax documents pursuant to the Value Added Tax Act for the supplies executed by the Market Operator under this Agreement to the Subject of Settlement on which the tax administrator levied additional tax due to the erroneous value added tax declaration.
- c) In the event the tax administration authorities deem the organization unit or other representation of BMR Participant in the Czech Republic a business establishment for purposes of value added tax and, as a result, BMR Participant is subject to additional value added tax assessment for the supplies executed by BMR Participant under this Agreement on Settlement of Imbalances to the Market Operator, the Market Operator hereby undertakes to refund the additionally assessed tax to BMR Participant based on the amended tax documents issued by BMR Participant pursuant to the Value Added Tax Act and delivered to the Market Operator together with documents on additional tax assessment by the tax administrator.

#### **Article 17 Final Provisions**

- a) All rights and obligations of the Parties arising from this Agreement cease to apply as of the date of expiry of the Agreement, with the exception of the obligations contained in the provisions hereof, the nature of which warrants their survival of the Agreement.
- b) The provisions pertaining to information protection, damage settlement, contractual penalties and dispute resolution remain in effect after the expiry of this Agreement.
- c) The Parties hereby acknowledge that should any provision of this Agreement or its Appendices be deemed invalid in the future, then such provision shall not invalidate the other provisions of this Agreement. In such event the invalid provision of the Agreement shall be substituted with an enforceable provision, which will most closely correspond to the contents of the invalid provision.
- d) This Agreement may be modified and supplemented solely by attaching written Appendices numbered in a rising order and signed by authorized representatives of the Parties hereof. The receiving Party is obligated to provide an opinion on a draft Appendix within 14 days following its receipt. The Party which has sent the draft Appendix is bound by it for the same period.
- e) Legal relations between the Parties are governed by Czech law. The governing language of the Agreement is Czech.
- f) Legal relations between the Parties hereto are governed, aside from the provisions contained in the text of this Agreement, by the Business Terms. The



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BMR Participant hereby acknowledges that the contents of the Business Terms are known to it. In the event any provision of this Agreement diverges from or contradicts the wording of the Business Terms, then the wording of the Agreement supersedes the wording of the Business Terms.

- g) Both Parties fully accept the integral parts of this Agreement, attached as the following Appendices:
- i. Appendix 1 – Business Terms in the electronic form ([www.ote-cr.cz](http://www.ote-cr.cz))
  - ii. Appendix 2 – Persons authorized for communication in contractual and operations matters
- h) In the event any provision of this Agreement is superseded by new legislation, both Parties hereby undertake to substitute the affected provision of this Agreement with a new provision ensuing from the new legislation, or they shall agree upon a provision which will as closely as possible achieve the purpose intended by both Parties when drafting this Agreement. All other provisions of the Agreement shall remain unaffected.
- i) This Agreement has been executed in two counterparts of which each Party receives one original copy. The Business Terms are valid and binding for both Parties as of the day of approval by the Energy Regulatory Office and posting on the website [www.ote-cr.cz](http://www.ote-cr.cz). They are an integral part of this Agreement in the electronic form.
- j) The Parties hereby acknowledge they have read this Agreement in detail, agree with its contents and are not aware of any obstacles, third party claims or other legal defects that would prevent entering into this Agreement or render it invalid. In witness whereof, the authorized representatives of the Parties attach their signatures below.

Prague, date .....

Place ....., date .....

OTE, a.s.,

Name of Company:

.....  
Ing. Jiří Šťastný  
Chairman of the Board

.....  
Ing. Michal Ivánek  
Vice-Chairman of the Board

## Persons authorized for communication in contractual and operations matters

First Name	Surname	Scope of Communication	Telephone	E-mail	Mobile phone	Access card holder (YES/NO)	Access card number (ID USER)	Scope of access card authorization (READ / WRITE)
<b>On behalf of BMR Participant</b>								
<b>On behalf of OTE, a.s.</b>								
Jaroslav	Hodánek	Contractual CS OTE	+420 296 579 167	jhodanek@ote-cr.cz				
Pavel	Rodryč	Short-Term Market	+420 296 579 193	prodryc@ote-cr.cz				
Ondřej	Záviský	Billing, Financial Security	+420 296 579 187	ozavisky@ote-cr.cz				

**USAID Hydro Power and Energy Planning Project (USAID-HPEP)**

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