

# **Rules for System Balancing Services**

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## 1 Definitions

**Balancing Product Description** is an annex to the Terms and Conditions of Balancing Services and includes the detailed provisions governing the business relationship between the Transmission System Operator and the Balancing Services Provider.

**Balancing Service** means a service provided to a transmission system operator via a contract for gas required to meet short term fluctuations in gas demand or supply, which is not a short term standardised product.

**Balancing Services Provider** is the party that the Transmission System Operator has contracted to provide balancing services.

**Bid** is a Balancing Services Provider's offer to the Transmission System Operator on a specific Balancing Product.

**Call Order** is the instruction of the Transmission System Operator to the Balancing Services Provider to supply and/or receive (as the case may be) the contracted gas quantity (in full or part of according to the Call Order) in accordance with the provisions applying to the Balancing Transaction Agreement.

**Contracted Bid** is a Balancing Service Provider's offer that has been awarded a contract by the Transmission System Operator.

**Merit Order List** is an ordered list of all bids received for that Balancing Product.

**Projected Cost** is the cost of a Balancing Services Provider's offer to the Transmission System Operator calculated using a projected service duration and the prices and quantities specified in the offer.

**Balancing Transaction Agreement** is a contract concluded between the Transmission System Operator and the Balancing Services Provider on the basis of the Balancing Services Provider's offer and the acceptance of that offer by the Transmission System Operator.

## 2 Balancing Services

The Transmission System Operator is entitled to procure balancing services for those situations in which short term standardised products will not or are not likely to provide the response necessary to keep the transmission network within its operational limits or in the absence of liquidity of trade in short term standardised products.

### **3 Submission of Bid and Content of Bid**

All bids must be complete and not be subject to any conditions or reservations. A bid will be deemed to be complete if it contains all the information required to be specified under the Balancing Product Description and the provisions set out in the relevant invitation to tender.

As regards nominations or renominations at Balticconnector, the Transmission System Operator guarantees the availability of capacity for Contracted Bids in all situations, when there is no need to exclude Balticconnector entry/exit from the Merit Order List.

The minimum bid size is ten (10) MWh/h.

In each Bid Providers may specify a capacity charge covering the total delivery rate offered in the Bid for the duration of the entire Contract Period to remunerate the Provider for its availability to supply gas to (System Buy) or receive gas from (System Sell) the Transmission System Operator. Where a capacity charge is specified, it will be applied constantly throughout the relevant contract period (i.e. it is not subject to variation). A capacity charge must always be a positive price and will be paid irrespective of whether the Transmission System Operator issues any Call Orders or not. Where a Provider fails to specify a capacity charge, the applicable capacity charge will be recorded as zero (0).

In each Bid Providers must specify a commodity charge (in EUR/MWh) for the supply (System Buy) and/or receipt (System Sell) of gas. In both cases the commodity price will be a positive price, which, in the case of gas being supplied by the Provider (System Buy), the Transmission System Operator shall pay to the Provider, and which, in the case of gas being received by the Provider (System Sell), the Provider shall pay to the Transmission System Operator.

The Transmission System Operator shall have a right to issue Call Orders for the full bid size specified in a Bid or only a part of a Bid.

The Transmission System Operator will accept as many bids as are required to fully meet the system balancing requirements as specified in the corresponding invitation to tender in ascending order of their Projected Cost in EUR/MWh, starting with the bid available to the Transmission System Operator at the lowest cost. Where this would result in a situation where a system balancing requirement cannot be appropriately met, i.e. the quantity to be contracted based on the bid sizes offered would exceed the Transmission System Operator's requirement, the Transmission System Operator will accept such combination of bids that meets the Transmission System Operator's requirement at the lowest cost.

### **4 Issuance of Call Order**

Where a Balancing Transaction Agreement has been created between a Provider and the Transmission System Operator, the Transmission System Operator shall be entitled to

instruct the Provider to supply (System Buy) or receive (System Sell) gas (as the case may be) at the agreed hourly rate in accordance with the description of the relevant Balancing Product on any given day throughout the relevant Contract Period up to the specified maximum number of Call Days by issuing Call Orders to the Provider.

Call Orders for the supply (System Buy) or receipt (System Sell) of gas by a Provider may be issued by the Transmission System Operator up to three (3) hours before the start of the relevant Call Hour.

The Transmission System Operator will instruct ("Call Order") the Provider to supply and/or receive (as the case may be) the contracted gas quantity (in full or part of according to the Call Order) in accordance with the provisions applying to the Balancing Transaction Agreement.

The Transmission System Operator will issue a Call Order to the provider. After each Call Order received from the Transmission System Operator the Provider shall confirm the relevant Call Order to the Transmission System Operator dispatching center. This confirmation is required for verification purposes only.

## **5 Provision of Security**

The Transmission System Operator may in justified cases require the Provider to provide reasonable security or to make reasonable advance payment for the purpose of securing any and all claims that may arise under the System Balancing Transaction Agreements made between the Transmission System Operator and the Provider. In any such case the Transmission System Operator shall give notice to the Provider in writing to explain its reasons for requiring such security or advance payment.