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Annex - Imbalance Energy Management in the Market Area East

(T&C – BO)

V 0.1

Document Management

Document History

Version	Status	Date	Supervisor	Reason for Amendment
0.1	Initial preparation		AGCS	

Table of Contents

1 Commercial Balancing

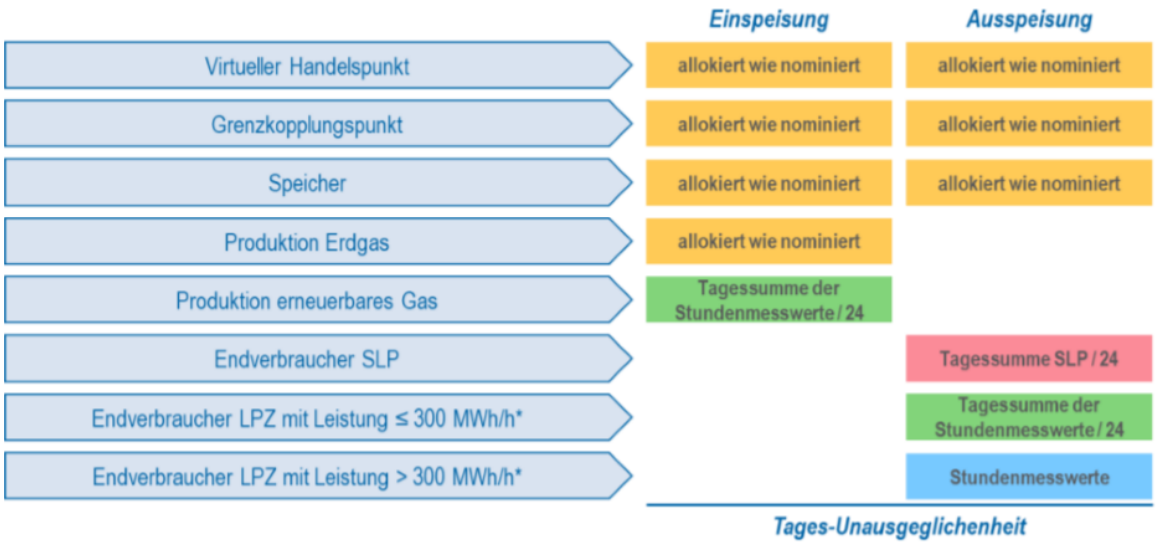
1.1 Balancing period

The balancing period in the Market Area East is the gas day. This is the period that begins at 6:00 am of one calendar day and ends at 6:00 am on the following calendar day.

1.2 Allocation components

Balancing is carried out by the Balancing Operator for each balance group. This includes the following allocation components as an hourly time-series with a reference to the respective gas day:

1) allocated nominations at the cross-border interconnection points of the market area; including entry and exit points in the distribution grid in the market border area;
2) allocated nominations for the input or withdrawal of gas quantities in the market area;
3) allocated nominations of inputs of natural gas production;
4) allocated nominations of netted trading quantity of the balance group at the virtual trading point;
5) allocated inputs from renewable gas generation plants;
6) allocated withdrawals for final customers.



Legend (from left to right, top to bottom):
Virtual trading point> Input, Withdrawal
Border interconnection point> allocated as nominated, allocated as nominated
Storage facility> allocated as nominated, allocated as nominated
Natural gas production> allocated as nominated
Renewable gas generation> Daily sum of hourly metering values / 24
Final customers SLP> Daily sum SLP / 24
Final customers LPZ with capacity ≤ 300 MWh/h> Daily sum hourly metering values / 24*
Final customers LPZ with capacity ≥ 300 MWh/h> Hourly metering values*
Daily imbalances
(SLP = standardized load profile) (LPZ = Lastprofilzähler = load profile meter)

Allocations pursuant to list items 1) to 3) are based on the nominations of the Balance Group Representatives (BGR) in relation to hourly values, with any discrepancies between nominated and metering values being balanced under operational balancing agreements (OBA). At the entry/exit points for which no OBA has yet been established between network and/or system operators, the difference between nominations and metered values during grid balancing pursuant to list item 2) is the responsibility of the grid operators. With respect to the BGR, the confirmed nominated quantities shall also correspond to the allocated quantities.

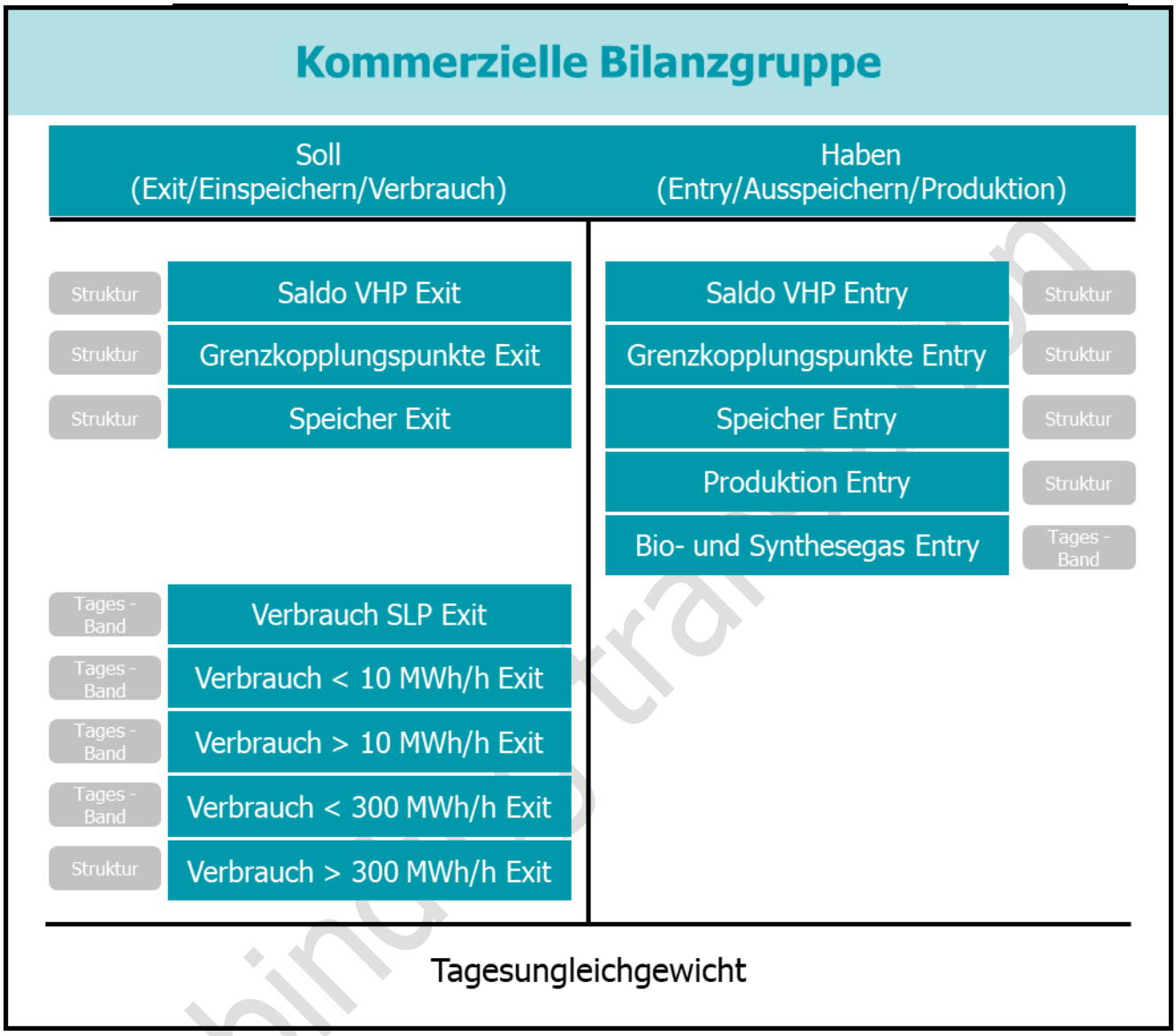
Allocation pursuant to list item 4) shall be made on the basis of the hourly and netted transactions of the balance group transmitted by the operator of the virtual trading point.

The allocation pursuant to list item 5) is done on the basis of the input metering values sent by the respective grid operator. Any hourly profile of metering values shall be adjusted by the Balancing Operator so as to ensure that allocations of relevance for balancing are available as a constant daily band throughout the relevant day.

Allocation pursuant to list item 6) for final customers with an allocated standardized load profile is implemented as a constant daily band based on daily consumption as determined by the distribution system operators using the actual temperature measured.

Allocation pursuant to list item 6) for final customers with load profile meters who have agreements with the grid operator for a contractual maximum capacity of up to 300,000 kWh/h per withdrawal or metering point shall be based on the metering values for withdrawals sent by the respective grid operator. If necessary, an hourly profile of metering values is adjusted by the Balancing Operator to ensure that the allocation of relevance for balancing is generally available as a constant daily band throughout the relevant day. The market area and distribution area manager (MADAM) offers balance group representatives for final customers with load profile meters who have agreements with the grid operator for a contractual maximum capacity greater than 25,000 kWh/h per exit or metering point, the option of requesting that the allocations of relevance for balancing be carried out through an orderly and transparent process based on an hourly profile instead of a daily band. This change to the allocation method is possible once a year per final customer.

Allocation pursuant to 6) for final customers with load profile meters who have an agreement with the grid operator for a contractual maximum capacity greater than 300,000 kWh/h per exit or metering point shall be based on the metering values for withdrawals sent by the respective grid operator. The hourly profile of the metering values is the allocation of relevance for balancing.



Legend (from left to right, from top to bottom):
Commercial Balance Group

Debit		*Credit*		
(exit/input/consumption)		*(entry/withdrawal/production)*		
Structure	*Balance VTP Exit*	*Balance VTP*	*Entry*	*Structure*
Structure	*Cross-border interconnection point Exit*	*Cross-border interconnection point*	*Entry*	*Structure*
Structure	*Storage Exit*	*Storage*	*Entry*	*Structure*
		Production	*Entry*	*Structure*
		Bio and synth. gas	*Entry*	*Daily Band*

Daily band	*Consumption SLP Exit*
Daily band	*Consumption < 10 MWh/h Exit*
Daily band	*Consumption > 10 MWh/h Exit*
Daily band	*Consumption < 300 MWh/h Exit*
Structure	*Consumption > 300 MWh/h Exit*

Daily imbalance

1.3 Applicable daily price for imbalance energy

Any daily imbalance of a balance group resulting from the allocation components pursuant to 1.2 will be settled with the BGR at the imbalance energy price for the respective gas day.

If the daily imbalance of a balance group is positive (i.e. inputs on the respective gas day exceed withdrawals), the marginal sales price is applied. This price results from the lower of the following two prices:

1) the lowest price of all physical imbalance energy sold pursuant to 3.2 1) for the respective gas day, or
2) the exchange reference price (CEGHIX) of the respective gas day minus a small adjustment of three percent.

If the daily imbalance of a balance group is negative (i.e. the injections on the respective gas day are lower than withdrawals), the marginal purchase price is applied. This results from the higher of the following two prices:

1) the highest price of all physical imbalance energy bought pursuant to 3.2 1) for the respective gas day, or
2) the exchange reference price (CEGHIX) of the respective gas day plus a small adjustment of three percent.

If no exchange reference price (CEGHIX) is available for a respective gas day, the last valid exchange reference price (CEGHIX) is used to determine the applicable daily imbalance energy price for this day.

Imbalance energy prices are given in cents/kWh and rounded to at least three decimal places.

1.4 Supplementary within day obligation

In addition to the daily imbalance energy price pursuant to 1.3, the balance group representatives are also subject to a within day obligation system. This system stipulates that they must pay a cost contribution per balance group for the intraday structuring of the hourly differences in quantity of their balance group. The intraday incentive system is generally applied only if the MADAM must carry out offsetting calls of physical imbalance energy on the respective gas day.

The starting point for determining the cost 8ontributionn is the hourly difference between the injection and withdrawal quantities of a balance group. These hourly differences are cumulated over the gas day (cumulated hourly difference in quantity) and compared to a tolerance quantity

for each hour. The tolerance quantity per balance group for each hour shall be four percent of the allocated withdrawals for final customers pursuant to 1.2 6) on that day.

The basis for calculating the cost contribution of a gas day (excess quantity) is the sum of the respective hourly quantities that exceed the tolerance quantity by the cumulated hourly quantitative difference.

The specific cost contribution shall generally correspond to the difference between the volume-weighted average prices for physical imbalance energy bought/sold by MADAM on the respective gas day pursuant to 3.2 1) and as a minimum zero. The amount must be stated in cents/kWh and rounded to at least three decimal places.

The absolute cost contribution of a BGR results from the multiplication of the specific cost contribution by the excess quantity. The Balancing Operator shall ensure that the sum of the cost contributions of all BGRs for a gas day is in any case limited to the resulting total costs of the imbalance energy bought/sold for the purpose of structuring on that gas day.

MADAM and the Balancing Operator shall conduct an annual evaluation of the supplementary within day obligation system focusing on the relevant parameters and will submit a report to the regulatory authority.

1.5 First and second clearing, commercial settlement

The Balancing Operator publishes a clearing calendar on its website which it uses as the basis for the first and second clearing for BGRs.

The first clearing takes place monthly within three business days of the close of clearing for the respective settlement month. The purpose of this clearing is the settlement of

1) the daily imbalance of a balance group at the imbalance energy price of the respective gas day pursuant to 1.3 resulting from the allocation components pursuant to 1.2;
2) any cost contributions for intraday structuring pursuant to 1.4;
3) any neutrality charge due pursuant to 1.6.

The second clearing takes place no later than 14 months after the first clearing. The object of this clearing is to make corrections to the first clearing on account of changes to allocations concerning settlements based on the final metering values and readings of energy quantities.

A clearing fee is also charged for the clearing process. The clearing fee and the quantity used as basis for settlement are determined by decree issued by the regulatory authority.

If incorrect allocation data is to be corrected that has only been identified after the first clearing, the Balancing Operator must allow for a reasonable period of time of three years for the subsequent settlement of accounts. In this case, the entire clearing of a balance group for the concerned settlement month is reviewed again. This subsequent settlement of accounts may be initiated either by the entity responsible for submitting the concerned allocation or by the BGR. The Balancing Operator has the right to charge a fee as compensation for the additional work. The Balancing Operator must submit documentation for all subsequent settlement of accounts to the regulatory authority on a monthly basis.

1.6 Cost and revenue neutrality of the Balancing Operator

The neutrality charge pursuant to 1.5 3) ensures for each market area that the Balancing Operator does not make any profits or incur losses as a result of a) executing clearing pursuant to 1.5, b) balancing the grid pursuant to 2), c) usage and storage of physical imbalance energy pursuant to 3.2.

To this end, all costs and revenues are recorded transparently and in a verifiable manner by the Balancing Operator on a balancing account. The objective is to ensure that the balancing account is maintained as balanced as possible, taking into consideration an appropriate liquidity reserve.

The Balancing Operator examines on a quarterly basis whether it is necessary to impose a charge and, if so, defines it for each quarter as an amount in cents/kWh. The amount to be charged shall be published in the month before it enters into force.

The quantity used as basis for the settlement of the neutrality charge pursuant to 1.6 during clearing shall be the sum of all allocation components of the balance group for a gas day pursuant to 1.2 1), provided they relate to withdrawals, and pursuant to 1.2 6).

2 Grid Balancing

Distribution system operators shall ensure that the data to be transmitted for grid balancing includes all allocation components contained in the following table. Market participants must cooperate appropriately for this purpose.

Energy quantities of all inputs and withdrawals in the market area are determined on the basis of the respective applicable calorific values pursuant to the following table. These energy quantities are the basis for clearing and for all settlement of accounts as well as for grid steering. Allocation components are transmitted directly to the Balancing Operator by the grid operators in accordance with the decentralized solution.

Nr.	Allokationskomponente	Netzbilanz Fernleitung	Netzbilanz Verteilernetz	Anwendbarer Brennwert
1	Allokierte Ein-/Ausspeisungen Grenzübergangspunkte (Fernleitungs- & Verteilernetze)	allokiert wie nominiert	gemessen	Ist-Brennwert am Grenzübergangspunkt *(Differenzen am OBA erfasst)*
2	Allokierte Ein-/Ausspeisungen Speicher	allokiert wie nominiert	gemessen	Ist-Brennwert am Netzanschlusspunkt *(Differenzen am OBA erfasst)*
3	Allokierte Ein-/Ausspeisungen Erdgasproduktion	allokiert wie nominiert	gemessen	Ist-Brennwert am Netzanschlusspunkt *(Differenzen am OBA erfasst)*
4	Einspeisungen Erzeugung erneuerbares Gas	gemessen	gemessen	Ist-Brennwert am Netzanschlusspunkt
5	Allokierte Ausspeisungen zu Endverbrauchern LPZ	gemessen	gemessen	Verrechnungsbrennwert auf Basis der Verordnung gemäß § 70 GWG 2011 idgF (ausgenommen es erfolgt eine Brennwertmessung vor Ort)
6	Allokierte Ausspeisungen zu Endverbrauchern SLP	gemessen (mittels SLP)	gemessen (mittels SLP)	Verrechnungsbrennwert auf Basis der Verordnung gemäß § 70 GWG 2011 idgF
7	Gemessene Übergaben an Netzkopplungspunkten zwischen Netzen im Marktgebiet	gemessen	gemessen	Ist-Brennwert am Netzkopplungspunkt
8	Gemessener Eigenverbrauch	gemessen	gemessen	Ist-Brennwert (sofern basierend auf Messungen bzw. Brennwertverfolgung für Entnahmepunkte vorhanden, andernfalls als mengengewichteter Ist-Brennwert im jeweiligen Netzgebiet)
9	Ungemessener Eigenverbrauch	berechnet	berechnet	Mengengewichteter Ist-Brennwert im jeweiligen Netzgebiet
10	Auf-/Abbau des Netzinhalts (Linepacks) als Differenz zwischen dem Netzinhalt zu Beginn und am Ende eines jeweiligen Gastages.	-	berechnet	Mengengewichteten Ist-Brennwert im Netzgebiet eines Netzbetreibers

Table

No.	Allocation component	Grid balance transmission grid	Grid balance distribution grid	Applicable calorific value
1	Allocated inputs/withdrawals at cross-border interconnection points (transmission and distribution grids)	Allocated as nominated	Measured	ACT calorific value at cross-border interconnection point (differences recorded in OBA)
2	Allocated inputs/withdrawals Storage	Allocated as nominated	Measured	ACT calorific value at cross-border transmission point (differences recorded in OBA)
3	Inputs/withdrawals Natural gas production	Allocated as nominated	Measured	ACT calorific value at cross-border transmission point (difference considered in OBA)
4	Inputs, generation of renewable gas	Measured	Measured	ACT calorific value at grid interconnection point
5	Allocated withdrawals for final customers LPM (load profile meter)	Measured	Measured	Netting calorific value based on the decree issued pursuant to § 70 Natural Gas Act 2011, as amended (exception for onsite calorific value measurement)
6	Allocated withdrawals for final customers SLP	Measured (via SLP)	Measured (via SLP)	Calorific value for settlement based on a decree issued pursuant to § 70 Natural Gas Act 2011, as amended
7	Measured transfers at grid interconnection points between grids in the market area	Measured	Measured	ACT calorific value at grid interconnection point
8	Measured own consumption	Measured	Measured	ACT calorific value (if based on measurement or when calorific values are tracked at exit points, otherwise volume-weighted ACT calorific value in the respective grid area

9	*Own consumption, not measured*	*Calculated*	*Calculated*	*Volume-weighted ACT calorific value in respective grid area*
10	*Over-delivery /under-delivery (line packs) as the difference between grid quantity at start and at end of the respective gas day*	*-*	*Calculated*	*Volume-weighted ACT calorific value in the grid area of a grid operator*

For the distribution grids, the MADAM determines over-delivery/under-delivery under operational balancing agreements at grid points in accordance with the principle "allocated as nominated" as set out in the table above defined as the difference between the allocated nominations by BGRs pursuant to 1.2 1) to 3) and the actual load flows at the respective grid point with actual calorific values. Distribution system operators have the right to perform this task automatically. In this case, the MADAM shall be notified and compliance with the relevant disclosure requirements ensured by the distribution system operator.

For the purposes of grid balancing, a special balance group is set up for each grid operator. Grid operators must appoint a BGR for these balance groups. Metering points of final customers are not permitted to be allocated to a special balance group. An exception is made for allocated withdrawals for final customers that occur due to the use of grid services without allocation of a metering point to a balance group; therefore, these are contained in the residual balance.

A permit pursuant to § 93 Natural Gas Act 2011 is not required in the following cases: acting as a BGR for balance groups; special balance groups of the MADAM for handling the action plans pursuant to § 25 Natural Gas Act (GWG) 2011; emergency supply; other operational transport-related measures; for the special balance group of the Balancing Operator. However, these must be notified to the regulatory authority in advance. With the establishment of a special balance group, grid operators must enter into agreements with the Balancing Operator that define the rights and obligations of the contractual parties for the respective tasks. Should several grid operators form a joint special balance group, the group's BGR must inform the MADAM of the participating grid operators.

Clearing for the special balance groups shall generally be conducted in the same manner as clearing pursuant to 1.5

The applicable price shall be the exchange reference price (CEGHIX) for the respective gas day.

Special balance groups are exempt from the cost contribution pursuant to 1.4, from the neutrality charge pursuant to 1.6, and from the clearing fee pursuant to § 24 (4) Gas Market Model Regulation 2020 (Austria). The credit assessment of the Balancing Operator pursuant to Annex T&C - BO does not apply.

Own consumption must be covered by purchasing energy at market prices. Grid operators must use the most accurate data available for notifying own consumption. If meter reading is not economically reasonable, evidence proving this circumstance must be furnished to the regulatory authority and a calculation model for determining own consumption presented. Should work on the grid make it necessary for grid operators to empty and refill parts of their systems, the quantities required shall be determined accurately, and considered in the nominations. In the extraordinary event that losses are caused by pipeline faults or leaks, they shall be estimated or calculated as accurately as possible.

Grid balancing for transmission grids is the sole responsibility of the transmission system operators, without the involvement of the Balancing Operator. In this context, transmission system operators shall determine the nominations balance for its grid for every hour based on the nominations. The transmission system operators and the MADAM shall ensure that the netted balance is taken into consideration in the physical exchange at the transfer points between the transmission grid and distribution area, and is balanced without delay.

The transmission system operators shall provide the Balancing Operator and the distribution system operators with all the data necessary in a suitable form for balancing the distribution grids.

3 Physical Balancing

The physical imbalance energy required is withdrawn by MADAM on behalf of and for the account of the Balancing Operator and consists of several components:

- Control energy from the line pack of the distribution area;
- Control energy from the exchange of OBA quantities between the distribution area and the transmission systems;
- Imbalance energy, which is withdrawn from the virtual trading point;
- Imbalance energy, which is withdrawn via standard products from the merit order list;
- Imbalance energy, which is withdrawn via flexibility products from the merit order list;
- Imbalance energy withdrawn from the strategic gas reserve.
- Emergency supply quantities provided by neighbouring EU member states.

3.1 Use of grid buffering

The use of grid buffering (pipeline buffering) is the primary action taken for the physical balancing of the grids in the market area. The efficient use is ensured by the grid interconnection agreements pursuant to § 67 Natural Gas Act 2011 and contractual agreements on the rights and obligations

entered into by the MADAM, the transmission system operators and the distribution system operators.

The MADAM determines the usable aggregated grid buffer of the market area by aggregating the basic data provided by the transmission and distribution system operators.

The MADAM uses the grid buffering of the market area in coordination with the transmission and distribution system operators for balancing short-term pressure fluctuations and for bridging the structuring requirements in the market area until physical fulfilment of any imbalance energy withdrawals.

The transmission system operators must make the maximum technically possible quantity of grid buffering of the transmission lines usable for the MADAM, taking into account network integrity as well as contractual obligations. To enable the transmission system operators to execute their calculations, the MADAM nominates the hourly quantities of the grid buffering of the transmission lines it plans to use.

The extent to which grid buffering is used must be adequately documented by the transmission system operators as well as by the MADAM. The MADAM and the transmission system operators agree to return the balances from the line pack and/or OBA accounts promptly by using the respective line packs or imbalance energy withdrawals pursuant to 3.2.

The storage and use of control energy under grid interconnection contracts are not remunerated separately, neither bilaterally between transmission system operators nor between transmission system operators and distribution system operators, nor by the MADAM or by the Balancing Operator.

3.2 Use of physical imbalance energy

After usage of grid buffering pursuant to 3.1, the remaining physical imbalance energy needed will be balanced by the MADAM using the defined instruments and sequence on behalf and for the account of the Balancing Operator. To this end, the MADAM calculates on an hourly basis the actual and the projected physical market area balance, as well as the quantity of physical imbalance energy required to maintain disruption-free steering of the market area.

Physical imbalance energy must be procured in the form of balancing instruments in the order of priority set out below:

1) through the trading of standardized products on the natural gas exchange at the virtual trading point;
2) through standard products on the merit order list pursuant to 3.3 1);

3) through flexibility products on the merit order list pursuant to 3.3 2).

If no corresponding bids are available in the respective priority level in relation to a period classified as relevant by the MADAM, or if location-dependent, short-term or load-reducing products are required by the MADAM to maintain disruption-free operation, it may access the respective next priority level and call bids from there.

Further sources of physical imbalance energy quantities to ensure supply security are:
1) imbalance energy pursuant to the tender for capacities to ensure supply security;
2) imbalance energy withdrawn from the strategic gas reserve;
3) emergency supply quantities provided by neighbouring EU member states.

Withdrawal is done in accordance with the specifications/requirements defined by the competent authorities.

3.3 Merit order list rules

The imbalance energy suppliers on the merit order list must technically ensure that the energy they offer is actually fed into or withdrawn from the grid of the market area in the specified capacity, at the entry and exit points specified in the bid, and within the respective lead time after receiving a request from the MADAM.

Bids must be submitted by the imbalance energy supplier exclusively on an online platform made available by the Balancing Operator for inputs or withdrawals. Bids must state the identification number assigned to the supplier's balance group by the MADAM, the hour(s) of the day for which the bid is valid, the lead time with respect to the withdrawal of imbalance energy, and level of the capacity made available as well as the energy price, and the entry/exit/metering point concerned. The bids must state fixed prices. The bids shall differentiate between:

1) bids for standard products per supplier of imbalance energy, with a lead time of 30 minutes; with a minimum duration of one hour and a minimum size of one MWh/h;
2) bids for contiguous hourly products (flexibility products) per supplier of imbalance energy with a lead time to be selected by the supplier and a minimum size of one MWh/h.

Bids shall be submitted no later than 16:00 hrs. (market close) for the following gas day, before Saturdays, Sundays and public holidays up to and including the next business day. After the market closes, the bids are binding for the respective imbalance energy suppliers and can no longer be changed or rescinded. In the event of special, justified circumstances, such as due to technical problems, the convergence of weekends and holidays or to take measures due to lack of bids, the Balancing Operator has the possibility after informing the market participants of postponing the timing of the close of the market.

If the MADAM considers the available imbalance energy bids insufficient, this shall be notified to the Balancing Operator without delay stating the reasons.

The Balancing Operator keeps the market permanently open for the submittal of bids. The bids submitted are transmitted to the MADAM on every full hour. Bids submitted up to these times cannot be changed or rescinded afterwards.

The bids pursuant to 1) (standard products) shall be ranked by the Balancing Operator separately by input or withdrawal in accordance with the specified energy prices. When there are two bids with the same price, the bid with the larger quantity has priority. When there are bids with the same price and quantity, the time of receipt decides. The Balancing Operator assigns a unique bid number to every bid.

The bids pursuant to 2) (flexibility products) are ranked by the Balancing Operator separately by input and withdrawal, in accordance with the specified energy prices and taking into account the lead times. When there are two bids with the same price, the bid with the shorter lead has priority. When there are bids with the same price and lead times, the bid with larger quantity has priority. When there are bids with the same price, lead time and quantity, the bid received first has priority. The Balancing Operator assigns a unique bid number to every bid.

3.4 Merit order list calls

The merit order list created is transmitted by the Balancing Operator to the MADAM immediately after market close. The MADAM then calls the bids pursuant to the sequence set out in 3.3 for the required input or withdrawal of imbalance energy from suppliers in accordance with the merit order list. The MADAM may accept bids from the list for at least one MWh/h, and in steps of one MWh/h, for up to the entire quantity of the bid. In the case of bids for flexibility products, the imbalance energy supplier may deny the MADAM the right to call bids in steps up to the full capacity of the bid.

If it is not possible for the MADAM to comply with the withdrawal sequence pursuant to 3.3 due to severe bottlenecks in the grid or technical disruptions, the MADAM has the right to take the following measures:

1) Suspend the sequence of withdrawals for imbalance energy bids from the merit order list;
2) Use simultaneous bids for imbalance energy withdrawal and delivery, with the option of using the bids at different locations.

In cases in which the MADAM deviates from the withdrawal sequence, the MADAM must notify the Balancing Operator, the bypassed imbalance energy suppliers and the regulatory authority of the reasons for non-compliance within three business days and give an explanation. This information must be published on the website of the Balancing Operator immediately.

Particularly in the event of the following technical, organizational, or financial situations calls from the Merit Order List will be preferred over the calls from the gas exchange.

- Buy or sell offers at the gas exchange at the VTP could not or most likely will be (fully) realized
- An unpredictable consumption situation caused by end consumers or an unplanned entry or exit situation in the market area which requires balancing outside of the nomination deadlines of the exchange
- In the case of demand of balancing at a certain geographical location which can only be guaranteed by the MOL of the BO
- Technical and/or administrative and/or commercial access requirements to the gas exchange at the VTP which would lead to temporary or permanent unreasonable burden for the business operations of the MADAM or BO
- The BO can order the MADAM to suspend trading activities at the gas exchange of the VTP if the financial liquidity demand due to the prefinancing of balancing trades exceeds the available financial liquidity of the BO

The MADAM withdraws the imbalance energy required on behalf of and for the account of the Balancing Operator. The MADAM shall ensure that the imbalance energy it procured is inputted into or withdrawn from the system. The withdrawal shall be for a full hour and starts on the hour, with a lead time of 30 minutes in the case of standard product bids; for flexibility products, the selected lead time shall apply for bids for entry/exit points contingent on specific times and locations in the distribution area or for final customers with online metering**.** When a bid is withdrawn earlier, it shall be deemed irrevocable unless it is cancelled by the MADAM by e-mail at the latest by the start of the respective lead time before actual use of the imbalance energy.

The call of the bid for imbalance energy is done directly at the imbalance energy supplier or service provider acting on its behalf by sending an e-mail to the e-mail address given in the merit order list. A competent contact partner for technical matters and authorized to enter into contracts for the supplier must be notified to the MADAM and to the BGR, and must be reachable by telephone at any time at another phone extension for the validity of the bid. The competent technical contact partner of the imbalance energy supplier authorized to enter into contracts shall be sent the e-mail at the same time that contains the information on the calling of the bids.

The imbalance energy requested by the MADAM is considered in the balance group and in the balance group of the imbalance energy supplier when determining the fees for the imbalance energy pursuant to § 87 (4) Natural Gas Act 2011. Remuneration for the imbalance energy withdrawn by the imbalance energy supplier requires that the supplier actually generates the physical effect in the network needed to use the imbalance energy. Otherwise, the fee invoiced will be limited to the actual physical effect realised.

3.5 Tender for capacities

In order to guarantee the security of supply according to § 87 Points 6 and 7 Gas Act the BO must after request of the responsible ministry provide public Market Maker tenders for the provision of gas volumes. The total volume of these auctions will be determined by the responsible ministry.

In the case of insufficient offers in the scope of the Merit Oder List auction the BO must after request of the MADAM provide Market Maker tenders for the provision of gas volumes. The total volume of these auctions will be determined by the MADAM.

If there is a need to conduct a tender for capacities, the Balancing Operator will invite potential suppliers of imbalance energy to submit bids. There is no legal right to acceptance of a bid by the Balancing Operator, also after a bid has been submitted.

Bids shall be selected in accordance with the procedure set out in the tender invitation. The procedure of the Market Maker tenders is published on the homepage of the BO.

A capacity price and a commodity price per quota for the period defined in the tender must be specified for the input or withdrawal of imbalance energy. In case of input of imbalance energy, the commodity price must be given as a maximum commodity price; in case of withdrawal of imbalance energy, as a minimum commodity price. Details are specified in the tender for capacities contract, which the Balancing Operator enters into with suppliers.

The commodity prices given in the bid are ranked into the daily merit order list. The commodity price may be changed by the supplier for this purpose, but may not exceed the maximum commodity price or fall below the minimum commodity price.

With the ranking of the bids in the day-ahead market it is ensured that the bids entered by the bidding participants are called if they are more inexpensive than the bids of the regular bidders.

Corrections may be made to bids, but in the case of supply bids, the maximum commodity price stated in the original bid may not be exceeded. In the case of bids for withdrawals, the price in the bid may not be lower than the minimum commodity price stated in the original bid.

3.6 Conditions for the supply of imbalance energy capacities within the scope of the merit order list

A balance group member who has successfully completed the registration process as a supplier of imbalance energy for the merit order list pursuant to the provisions of the General Terms and Conditions of Business of the Balancing Operator, may, with the consent of the BGR, offer imbalance energy pursuant to 3.2 2) and 3). The Balancing Operator must give its consent unless there are material reasons for withholding permission.

If final customers with a contractually agreed maximum capacity of more than 10,000 kWh/h intend to participate in the merit order list pursuant to 3.2 3), the BGR shall enter into an

agreement with these balance group members regarding participation and settlement in the merit order list.

In the registration process, the balance group member must furnish proof that it has the suitable flexibility potential as well as deployable storage quantities, gas quantities at entry/exit points in the market area or final customers with a contractually agreed capacity of more than 10,000 kWh/h with online metering points and online data transmission to MADAM. Imbalance energy suppliers shall inform the Balancing Operator the points at which they will offer imbalance energy.

The Balancing Operator shall send the MADAM an updated list of registered imbalance energy suppliers after every change.

The supplier may start offering imbalance energy after it has been set up at the Balancing Operator and a supply point for imbalance energy has been established with the MADAM.

3.7 Failure to fulfil bids

Should a supplier fail to fulfil its obligation to deliver physical imbalance energy, the Balancing Operator will request the supplier to notify in writing the reason for non-compliance within 3 (three) business days and to send any additional information. The supplier must comply with such requests from the Balancing Operator. If the supplier fails to meet its obligations to deliver the physical imbalance energy or fails to send the proof in the event of non-fulfilment, the Balancing Operator has the right to exclude the supplier from further bidding rounds.
With regard to the rescission of bids, the following specifications apply.

MOL for the day with market close at 16:00 hrs
Should the supplier be unable to fulfil its bid, the supplier must inform the MADAM immediately by e-mail. If this notification is completed up to 40 minutes before the full hour to which the bid refers, the bid shall be deemed rescinded, otherwise it is deemed a case of non-fulfilment of the bidding obligation. If the bid is rescinded, the respective bid shall be removed from the merit order list by the MADAM. The supplier must subsequently provide the MADAM with plausible evidence that it was prevented from fulfilling its obligations.

4 Supply of Physical Imbalance Energy Quantities to Connected Member States

If a request under the solidarity mechanism pursuant to Article 13 SoS Regulation (EU) is sent to the competent Austrian authority by a member state directly connected to Austria ("connected member state"), Austrian physical quantities of imbalance energy may be made available to ensure the gas supply to customers of that member state protected by this solidarity mechanism. To

enable this exchange of physical quantities of imbalance energy between the Austrian distribution area and the connected member state, a special balance group is set up at a representative appointed by the connected member state for the supply of physical imbalance energy quantities. In this respect, the distribution area manager has the right to withdraw gas quantities from the standard and flexibility products on the merit order lists for the connected member state, and to transfer these quantities to a special balance group of a BGR for delivery to the connected member state. These withdrawals for the connected member state shall be made in accordance with the requests under the solidarity mechanism pursuant to Article 13 SoS Regulation by the BGR designated by the connected member state. The withdrawal for the connected member state is based on capability and capacity. The withdrawal of physical imbalance energy quantities is done only after an assessment of the commercial and technical feasibility has been positively completed, taking into account the current and forecasted stability of the Austrian grid. This feasibility assessment is made by the distribution area manager. In the case of physical imbalance energy procurement as defined above, the Balancing Operator shall invoice the BGR of the special balance group for the quantities withdrawn for the connected member state plus any charges, clearing fees and taxes. The monetary balance to be settled results from the multiplication of the quantity delivered or withdrawn per bid by the price valid for the bid.

5 Information and Transparency

Pursuant to § 87 (4) (2) Natural Gas Act 2011, the Balancing Operator must determine the prices for imbalance energy within the scope of the calculation, allocation and settlement of imbalance energy, and must publish this information in a suitable form on an permanent basis.