

Elering AS

**UNIFIED METHODOLOGY FOR DETERMINING THE BALANCE SERVICE
PRICE**

Unofficial translation

1. Definitions

- 1.1. Accounting period - one calendar month.
- 1.2. Balance Responsible Party - an entity which has a valid balance agreement with the Transmission System Operator;
- 1.3. Balance service administrative cost - a fee that the Transmission System Operator collects from the Balance Responsible Party in exchange for the provision of system responsibility services to the Balance Responsible Party;
- 1.4. Balance service full cost - the sum of imbalance energy total cost and the total balance service administrative cost for Balance Responsible Party;
- 1.5. Imbalance - an energy volume calculated for a Balance Responsible Party, representing the difference between the aggregated measured and fixed supplies, including any imbalance adjustments attributed to that Balance Responsible Party's Balance Area within a given imbalance settlement period;
- 1.6. Imbalance energy - electricity purchased and sold by the Transmission System Operator under the agreement concluded with the Balance Responsible Party;
- 1.7. Imbalance price - the price, be it positive, zero or negative, calculated for each imbalance settlement period and for imbalance direction. The imbalance price shall be identical for both directions;
- 1.8. Imbalance settlement period (ISP) - one (1) full hour for which Balance Responsible Party's imbalance is calculated with respect to the time zone of imbalance settlement;
- 1.9. System open supply - a monetary settlement mechanism with a cross-border market participant that provides Transmission System Operator open supply balance services in order to cover the Baltic not netted imbalance for each imbalance settlement period;

2. Unified methodology for determining the balance service price

- 2.1. "The unified methodology for determining the balance service price" has been prepared in accordance with the Electricity Market Act § 53 subsection 6, Directive 2009/72/EC and Commission Regulation (EU) 2017/2195.
- 2.2. The Transmission System Operator must differentiate in its bookkeeping the costs and incomes resulting from the sale and purchase of balance service.
- 2.3. The Transmission System Operator shall set the price for balance services in such a way that shall allow to cover the justified expenses resulting from the:
 - 2.3.1. purchase of balancing capacity and balancing energy;
 - 2.3.2. purchase of system open supply;
 - 2.3.3. purchase of imbalance energy from the Balance Responsible Parties;
 - 2.3.4. the provision of balance services.
- 2.4. The Transmission System Operator shall employ the following principles in the application of the imbalance price methodology:
 - 2.4.1. The Transmission System Operator shall not through the provision of balance service obtain any financial losses or gains during a fiscal year;
 - 2.4.2. The imbalance price for an ISP shall not include the balance service administrative cost components;
 - 2.4.3. The Transmission System Operator shall calculate the imbalance price for each imbalance settlement period and for each direction.
- 2.5. Should the amount of the Balance Responsible Party's imbalance in any imbalance settlement period, for any reason including any errors or shortcomings in the balance plans submitted by the Balance Responsible Party, be negative as a result of balance

- settlement, it shall be regarded that the Transmission System Operator has in the relevant imbalance settlement period sold to the Balance Responsible Party imbalance in the amount that is necessary to maintain the Balance Responsible Party's balance in the relevant imbalance settlement period.
- 2.6. Should the amount of the Balance Responsible Party's imbalance in any imbalance settlement period, for any reason including any errors or shortcomings in the balance plans submitted by the Balance Responsible Party, be positive as a result of balance settlement, it shall be regarded that the Balance Responsible Party has in the relevant imbalance settlement period sold to the Transmission System Operator imbalance in the amount that is necessary to maintain the Balance Responsible Party's balance in the relevant imbalance settlement period.
 - 2.7. The Transmission System Operator shall keep account of the determination of the imbalance prices, and publish on its website the imbalance prices and the balance service administrative cost components.
 - 2.8. The Transmission System Operator shall, in order to maintain balance in system, purchase and sell balancing energy from and to the most technically and economically competitive bidder, thus ensuring the equal treatment of all market participants.
 - 2.9. The Transmission System Operator shall employ the following principles in the application of the balance service administrative cost components:
 - 2.9.1. The Transmission System Operator shall forecast the balance service administrative costs per fiscal year.
 - 2.9.2. The Transmission System Operator shall apply balance service administrative cost tariffs on the imbalance volume and on the production and consumption volumes within a balance area.
 - 2.9.2.1. The tariff applicable to the imbalance volume shall account for 50% of the Transmission System Operator's expenditure on information technology and labour costs incurred from the provision of balance services. The tariff (€/MWh) applicable to the Balance Responsible Party's imbalance shall be calculated by dividing the total imbalance volumes (MWh) based on settlement of the Balance Responsible Parties and the Transmission System Operator's balance areas for the preceding 12 calendar month period with the aforementioned expenditure (€);
 - 2.9.2.2. The tariff applicable to a balance area's production and consumption shall account for the remainder of the total administrative cost amount, and shall be calculated by dividing the forecasted production and consumption volumes (MWh) within the balance areas incl. network losses with the respective expenditure (€);
 - 2.9.2.3. The imbalance tariff (€/MWh) shall be applied for each imbalance settlement period on the absolute value of the Balance Responsible Party's imbalance volume;
 - 2.9.2.4. The production and consumption tariff (€/MWh) shall be applied for each accounting period on the sum of production and consumption volumes in the Balance Responsible Party's balance area, the volumes of which are calculated based on the imbalance settlement metering point measurement data with kWh precision (incl. network losses);
 - 2.9.2.5. The Transmission System Operator's balance area shall include the aggregated portfolio consisting of transmission network losses and Kiisa emergency power plant, the imbalance, production and consumption share of which shall be taken into account when determining the tariffs laid out in points 2.9.2.1 and 2.9.2.2.

- 2.9.3. The Transmission System Operator shall publish on its website the administrative cost components (€/MWh) calculated taking into account the information laid down in point 2.9.2 not later than four (4) months prior to the accounting period they are applicable for.
- 2.9.4. The balance service full cost shall be provided in the balance report of a Balance Responsible Party, representing the total sum (€) calculated taking into account the imbalance price (€/MWh) and the administrative cost tariffs (€/MWh) laid out in points 2.9.2.3 and 2.9.2.4.
- 2.10. The Transmission System Operator shall keep account of the determination of balance service administrative costs and tariffs in accordance with the principles laid down in the legislation and when required, submit to the Competition Authority the appropriate information in a format defined by the latter.