

**Elering Gaas AS Transmission System Operator**  
**STANDARD TERMS AND CONDITIONS OF GAS BALANCING CONTRACT**

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## 1. General provisions

- 1.1. The Standard Terms and Conditions of the Gas Balancing Contract (hereinafter: the Standard Terms and Conditions) set out the rights and obligations of the system operator and the balance provider (hereinafter also referred to separately as Party and jointly as the Parties) in relation to balance planning, management, settlement, and the purchase and sale of balancing gas.
- 1.2. The Standard Terms and Conditions are an integral part of the gas balancing contract (hereinafter also: the Contract) in the cases and procedures prescribed by the Law of Obligations Act.
- 1.3. The Balancing Contract shall enter into force in the first (1<sup>st</sup>) balancing period of the next month after the conclusion of the Contract, provided that the balance provider has complied with the guarantee requirements set out in the Standard Terms and Conditions and that the balance provider does not have any other open supplier besides the system operator.
- 1.4. The Standard Terms and Conditions are imposed under the Natural Gas Act and published on the system operator's website. The Standard Terms and Conditions are always applicable to every balancing contract, regardless of when the balancing contract is entered into.

## 2. Definitions

The Standard Terms and Conditions use the terms as defined in the relevant acts or as defined below:

- 2.1. **accounting month** is the calendar month that begins with the first balancing period of the calendar month and ends with the last balancing period of the calendar month in the Estonian zone time;
- 2.2. **relevant points** are points managed by the system operator for gas injections and withdrawals from the gas system. Relevant points are defined in Annex no. 1;
- 2.3. **open supply** is the sale (in case of shortage) or purchase (in case of surplus) of gas to or from the balance provider by the system operator during the balancing period;
- 2.4. **balancing gas** is gas that the system operator sells to the balance provider or purchases from the balance provider to cover the imbalance in its balancing portfolio in the balancing period;
- 2.5. **balancing period** is a 24-hour period that begins and ends at a time defined in relevant legislation;
- 2.6. **balance plan** is information about the fixed deliveries of the balance provider's balancing portfolio in the balancing period;
- 2.7. **balance settlement metering point** is the metering point where the consumer's or producer's balance provider differs from its network operator's balance provider;
- 2.8. **balancing portfolio** is the grouping of the balance provider's inputs and offtakes;
- 2.9. **balance responsibility** is the market participant's obligation to ensure balance in every balancing period;
- 2.10. **imbalance** is the difference between the quantity of fixed deliveries (inserted into the balancing portfolio) specified in the balance plan of the balance provider in the balancing period and the quantity of allocated or sold gas (exiting the balancing portfolio) based on metered data;

- 2.11. **imbalance tolerance limit** is the acceptable range of imbalance within which no additional charge is applied for the purchase/sale of balancing gas;
- 2.12. **allocation** is the attribution of incoming and outgoing gas quantities at relevant points associated with the balance provider expressed in kilowatt-hours and/or cubic metres;
- 2.13. **linepack** is the quantity of gas in the transmission pipeline necessary to ensure the functioning of the system and to carry out balancing actions. Linepack is owned by the system operator;
- 2.14. **metering point** is the place where the gas quantity injected into or withdrawn from the network is measured;
- 2.15. **fixed delivery** is the agreed injection of gas for the balancing period, which is confirmed by the system operator;
- 2.16. **operational balancing account** is an account administered by the system operator for the purposes of coordinating and confirming cross-border gas quantities;
- 2.17. **balancing gas** is the gas injected into and/or withdrawn from the transmission network in order to conduct balancing operations and which is bought or sold by the system operator for the purpose of maintaining the balance of the gas system as a whole;
- 2.18. **counterpart** is a neighbouring system operator or domestic market participant who delivers gas to the balance provider and/or to whom the balance provider itself delivers gas at relevant points in the transmission system;
- 2.19. **virtual trading point** is a trading point with a physically undefined location managed by the system operator where balance providers can conduct transactions between balancing portfolios;
- 2.20. **lesser rule** is the principle according to which the system operator compares the fixed deliveries specified by the balance provider with the counterpart's respective fixed deliveries and in case of differences the confirmed quantity will be equal to the lower of the two processed quantities;
- 2.21. **capacity** is the gas quantity flowing through a cross-section of pipeline per time unit.

### 3. General principles of balance responsibility

- 3.1. The system operator is responsible for the security of supply and balance of the Estonian gas system as set out in the legislation.
- 3.2. The balance provider is responsible for the balance of its own balancing portfolio.
- 3.3. In order to transmit gas through the relevant points of the gas system, a market participant must have a balancing contract with the system operator, unless the market participant has delegated its balance responsibility to another balance provider that has a balancing contract with the system operator.
- 3.4. Gas injected into the balance provider's balancing portfolio by its suppliers may be:
  - 3.4.1. Gas quantity supplied from other systems;
  - 3.4.2. Gas quantity supplied on the basis of a bilateral agreement of sale and purchase by another domestic market participant belonging to another balancing portfolio;
  - 3.4.3. Gas quantity supplied by producers connected to the transmission network and/or distribution network (in the balance provider's open supply chain under the balance provider's balance responsibility).
- 3.5. Gas withdrawn for customers from the balance provider's balancing portfolio may be:
  - 3.5.1. Gas quantity supplied to other systems;

- 3.5.2. Gas quantity supplied on the basis of a bilateral agreement of sale and purchase to another domestic market participant belonging to another balancing portfolio;
- 3.5.3. Gas quantity supplied to consumers connected to the transmission network and/or distribution network (in the balance provider's open supply chain under the balance provider's balance responsibility).
- 3.6. Fixed deliveries between balancing portfolios shall be submitted in the balance plan as transactions in the virtual trading point. The system operator shall confirm the deliveries, taking into account the lesser rule and thereby imbalances do not occur for the balance provider at the virtual trading point.
- 3.7. Balance provider's cross-border fixed deliveries shall be specified in the balance plan per system operator's relevant points. For cross-border deliveries allocation shall follow the principles set out in Annex no 2: Principles for allocation of gas quantity in cross-border entry-exit points: Principles for allocation of gas quantities in cross-border entry-exit points.
- 3.8. The balance provider shall ensure that the fixed deliveries set out in its balance plan are coordinated beforehand with the delivery counterparts.
- 3.9. The system operator shall inform the balance provider at the first opportunity of emergency supply disruptions which may affect the confirmed quantities in the balance provider's balance plan.
- 3.10. The system operator shall sell or purchase the necessary quantity of balancing gas to or from the balance provider every trading period to ensure the balance provider's balance.
- 3.11. The balance provider shall provide open supply and fixed deliveries to market participants who have delegated their balance responsibility to the balance provider in accordance with the contracts concluded and with the activity licence for the sale and import of gas.

#### **4. Balance provider's balancing portfolio and changes thereto**

- 4.1. The balance provider shall provide the system operator with a list of balance settlement metering points belonging to its open supply chain, in which the balance provider shall be responsible for the balance of a market participant.
- 4.2. The balance provider may change the open supply chain of its balancing portfolio if the distribution network operator of the relevant metering point is duly informed thereof and if the network operator has registered the change of open supplier.
- 4.3. In order to change the open supply chain of the balancing portfolio, the balance provider shall provide formal notification as specified in the balancing contract via e-mail at least 15 days before the change in the open supply chain comes into force.

#### **5. Balance planning**

- 5.1. The balance provider shall provide the system operator with the balance plan in the form and format provided, containing the following information:
  - 5.1.1. Relevant point;
  - 5.1.2. Gas flow directions;
  - 5.1.3. Balance providers' identification codes;
  - 5.1.4. Counterpart's identification codes;

- 5.1.5. Balancing periods for which gas quantities are provided;
- 5.1.6. Quantities of transferred gas.
- 5.2. The balance provider shall submit the balance plans to the system operator according to the following schedule:
  - 5.2.1. the balance plan for the following month with data by balancing periods shall be submitted no later than 15:00, five (5) working days before the start of the accounting month. The system operator shall not confirm the monthly balance plan, but shall carry out the planning of gas flows on the basis of the submitted data.
  - 5.2.2. in the event that the balance provider wishes to change the following day's quantities compared to the quantities submitted in the monthly balance plan, a next-day plan (hereinafter: "D-1" plan) shall be submitted no later than by 15:00 on the previous day. In case a "D-1" plan is not submitted the quantity provided in the monthly balance plan shall be considered as the balance provider's "D-1" plan. The system operator shall confirm the "D-1" plan no later than by 17:00 on the day prior to the balancing period, following the lesser rule.
- 5.3. If the balance provider's "D-1" plan has been confirmed, the balance provider may submit changes to the balance plan under the following conditions:
  - 5.3.1. unlimited changes are allowed for domestic trade in the virtual trading point for balancing period and according to the extent permitted by the system operator for cross-border deliveries;
  - 5.3.2. The submission time for changes in the balance plan begins with the approval of the "D-1" plan and ends latest by 15:00 in the next balancing period;
  - 5.3.3. The system operator shall confirm the changes to the balance plan only if the change has gone through the matching process, informing the balance provider of the confirmation within two (2) hours. If the system operator rejects the changes to the balance plan, the system operator shall send a corresponding notification to the balance provider within two (2) hours.
- 5.4. The gas amounts matching procedure is carried out as follows: the system operator compares the cross-border fixed delivery data for each cross-border entry-exit point with the data presented by the neighbouring system operator, and the data for fixed deliveries the virtual trading point with the fixed deliveries of the counterparty. If the submitted amounts do not match, the lesser rule will be applied to the gas quantities.
- 5.5. The balance plan submitted to the system operator shall follow the rule that the gas quantity injected into the balance provider's balancing portfolio equals the gas quantity withdrawn from the balancing portfolio:
  - 5.5.1. If the gas quantity injected into the balancing portfolio is not equal to the planned gas volume withdrawn from the portfolio in the balance plan submitted by the balance provider, the balance provider has submitted a plan containing a planned imbalance, which is not permitted. If a balance provider has submitted an earlier balance plan for the same balancing period which is in balance, the system operator shall reject the imbalanced plan and shall consider the balanced balance plan previously submitted for the same period as the balance provider's plan;
  - 5.5.2. If the balanced balance plan has not been previously submitted for the same balancing period and the balance provider has not brought its balance into balance after notifications from the system operator to do so, and if the system operator deems the imbalanced balance plan to be impermissible from the perspective of system operations and security of supply, the system operator shall reject the imbalanced balance plan that has been submitted and the balance provider's deliveries shall be unauthorised.

- 5.6. The system operator has the right not to confirm and to reject the balance plan if:
  - 5.6.1. the balance plan has not been submitted according to requirements;
  - 5.6.2. a balance plan has been submitted by a market participant who is not a balance provider;
  - 5.6.3. confirmation of the balance plan would lead to a negative physical gas flow at the interconnection point where the gas metering station does not allow bidirectional physical gas flow;
  - 5.6.4. the balance plan exceeds the allocated capacity for the balance provider (or the market participants in its balancing portfolio) and the specified relevant point lacks free capacity;
  - 5.6.5. confirmation of the balance plan would risk the security of supply of the gas system.
- 5.7. The system operator shall set the format for the balance plan's fixed deliveries and own confirmation giving reasonable prior notice to any changes.

## **6. Balance management**

- 6.1. The system operator shall manage the gas system balance during the balancing period by:
  - 6.1.1. managing aggregated cross-border gas deliveries in accordance with confirmed balance plans, using technical and operational balancing possibilities in cooperation with neighbouring transmission system operators;
  - 6.1.2. covering any imbalances in the Estonian gas system within the balancing period using linepack;
  - 6.1.3. buying and selling balancing gas on the exchange and based on bilateral agreements;
  - 6.1.4. giving mandatory instructions to balance providers to bring their balances into balance if an imbalance in the balance provider's balancing portfolio threatens the security of supply;
  - 6.1.5. limiting consumption and/or using the reserves managed by the system operator (protected consumer reserves) to ensure the security of supply of the gas system or parts thereof if the previously listed measures do not bring the system into balance and there is a danger to the security of supply.
- 6.2. In buying and selling balancing gas, the aim of the system operator is to make market-based transactions, taking into account the demand for gas needed to balance the system. The system operator shall publish information on balancing gas bought and sold on its website.

## **7. Balance settlement**

- 7.1. The system operator shall set out the forms and data exchange formats for balance settlement giving reasonable prior notice to any changes.
- 7.2. The aim of balance settlement is to determine the actual balance of the balance provider's balancing portfolio by comparing the measured deliveries with the confirmed balance plan and the principles of allocation (set out in point 7.5 and 7.6).
- 7.3. As a result of the balance settlement, the amount and cost of balancing gas purchased or sold shall be determined for each balance provider for every balancing period.
- 7.4. If as a result of the balance settlement, the balance provider's imbalance is:

- 7.4.1. negative, it shall be deemed that in this period the system operator has sold to the balance provider balancing gas in the amount necessary to cover the balance provider's imbalance;
- 7.4.2. positive, it shall be deemed that in this period the system operator has bought from the balance provider balancing gas in the amount necessary to cover the balance provider's imbalance;
- 7.5. The general principles for determining the injected and domestically withdrawn gas quantities in the balancing portfolio in the balance period are as follows:
  - 7.5.1. the balance provider shall be responsible for providing necessary data for balance settlement to the system operator, taking into account that:
    - 7.5.1.1. the system operator shall be responsible for providing the necessary metering data from the transmission system's metering points for balance settlement;
    - 7.5.1.2. the distribution network operator shall be responsible for providing the necessary measurement data from the distribution network's metering points for balance settlement;
  - 7.5.2. measuring data from the balance settlement metering points of the balance provider's open supply chain are the basis for the balance settlement of the balancing portfolio . This means that:
    - 7.5.2.1. the balancing portfolio of the network operator's balance provider includes the quantities of the metering points where gas enters from another network to the network operator's network, and excludes the quantities of the metering points where a producer or consumer connected to the network operator's network is in another balance provider's balance portfolio. Every network operator must have one balance provider responsible for its balance, if the network operator itself is not a balance provider;
    - 7.5.2.2. the balancing portfolio of the consumer's and producer's balance provider includes the respective market participant's metering data provided by the metering point's network operator;
    - 7.5.2.3. as a result of the balance settlement, the gas quantities metered at relevant points are distributed between balance providers.
- 7.6. The general principles for calculating the cross-border injected or withdrawn gas quantities of the balancing portfolio in the balancing period are set out in Annex no 2: Principles for allocation of gas quantity in cross-border entry-exit points of the Standard Terms and Conditions – Principles for allocation of gas amounts quantity in cross-border entry-exit points.
- 7.7. The initial balance settlement is carried out as follows:
  - 7.7.1. the system operator shall forward to the balance provider every working day by the deadline set by legislation, but no later than by 13:00, metering data for the previous balancing period from the transmission system's metering points belonging to the balance provider's balancing portfolio ;
  - 7.7.2. the distribution network operator shall forward to the system operator and the balance provider, every working day by the deadline set by legislation, metering data for each preceding balancing period from the distribution system's metering points belonging to the balance provider's balancing portfolio;
  - 7.7.3. every working day, the system operator shall provide the gas system balance and settle the balancing gas deliveries bought or sold for the previous balancing periods in the accounting month;

- 7.7.4. initial balance settlement data are not final nor are the basis for billing.
- 7.8. The system operator shall sell to or purchase from the balance provider balancing gas to cover imbalances in its balancing portfolio for each balancing period according to the following principles and prices:
- 7.8.1. Balancing gas purchase and sales prices are applied to the imbalance amount within the tolerance limits;
- 7.8.2. the imbalance tolerance limit from October to April is 5 per cent of the confirmed deliveries into the balance provider's balancing portfolio for the respective balancing period;
- 7.8.3. the imbalance tolerance limit from May to September is 15 per cent of the confirmed deliveries into the balance provider's balancing portfolio for the respective balancing period;
- 7.8.4. the balancing contract provides that for the imbalance quantities that exceed the tolerance limits set out in points 7.8.2 and 7.8.3, a further penalty shall be applied to the sales and purchase prices of the balancing gas (usually 10 per cent, which means that the sales price shall be increased by 10 per cent and the purchase price shall be reduced by 10 per cent).
- 7.9. Balance settlement for the accounting month is carried out as follows:
- 7.9.1. the system operator and the distribution network operator shall provide the balance provider on no later than the fifth (5<sup>th</sup>) calendar day of the month the metering data for the previous month by balancing period for the metering points in the balance provider's balancing portfolio;
- 7.9.2. the system operator shall submit to the balance provider by no later than the tenth (10<sup>th</sup>) calendar day of the month the balance report for the previous month by balancing periods, which shall include:
- 7.9.2.1. the purchase and sales price (€/MWh) of balancing gas;
- 7.9.2.2. quantity and cost of balancing gas sold by the system operator to the balance provider;
- 7.9.2.3. quantity and cost of balancing gas sold by the balance provider to the system operator;
- 7.9.3. based on the balance settlement of the accounting month, the system operator shall formulate a balancing gas act;
- 7.9.4. based on the balancing gas act, the parties shall issue invoices for the balancing gas sold by the fifteenth (15<sup>th</sup>) calendar day of the month at the latest.
- 7.10. If the network operator adjusts the metering data after balance settlement of the accounting month, the system operator shall prepare a balance report correction for the balance provider within three (3) months of the end of the month.

## **8. Rights and obligations of the system operator**

- 8.1. The system operator is obliged:
- 8.1.1. to respect the principles of equal treatment of market participants and transparency in the fulfilment of its rights and duties;
- 8.1.2. to organise gas system balance settlement and information exchange related thereto;
- 8.1.3. to plan balance, based on balance plans submitted by balance providers and in cooperation with neighbouring system operators;
- 8.1.4. to manage balances, based on confirmed balance plans and on agreements with neighbouring system operators;



- 8.1.5. to settle balances, based on the balance providers' balance settlements in their balancing portfolios and on cross-border deliveries with neighbouring systems;
  - 8.1.6. to notify balance providers at the first opportunity about known technical limitations which may affect the balance provider's planned deliveries;
  - 8.1.7. to maintain confidentiality of any information connected to the balance provider or related to the conclusion of the balancing contract and its execution in case the publication of such information could damage the interests of the balance provider or the maintenance of which secrecy the balance provider has or may have an interest in for the duration of the balancing contract and after the expiry of the contract.
- 8.2. The system operator has the right:
- 8.2.1. to place restrictions on deliveries from market participants in the balance provider's balancing portfolio in cases prescribed by law;
  - 8.2.2. to change the information technology solutions for the exchange of information set out in the balancing contract in a reasonable manner and to require that the balance provider be prepared to make said changes issued by the system operator by a reasonable deadline;
  - 8.2.3. not to accept changes made by the balance provider to the balance plan in the instances set out in point 5.6;
  - 8.2.4. using the lesser rule, to unilaterally change a balance plan submitted by the balance provider which does not meet the set requirements.

## **9. Rights and obligations of balance provider**

- 9.1. The balance provider is obliged:
- 9.1.1. to organise balance settlement and the information exchange connected to this for its balancing portfolio;
  - 9.1.2. to submit a balance plan to the system operator where the fixed deliveries are always previously coordinated with the respective counterparties;
  - 9.1.3. to follow notifications and restrictions provided by the system operator throughout the entire balance planning and management period;
  - 9.1.4. to plan and manage its balancing portfolio's injections and withdrawals in such a way that its balance is in balance and not to use the system operator's open supply for any other goal than to cover unforeseen deviations in its balance;
  - 9.1.5. to inform the system operator immediately of the reasons for its imbalance;
  - 9.1.6. to begin, at the request of the system operator, to enter into procedures immediately to bring its balance back into balance by the latest within two (2) hours of the receipt of such notification if the balance provider's balance is deemed not to be sufficiently balanced by the system operator;
  - 9.1.7. to supply the system operator with all necessary information which is required by the system operator for the fulfilment of its legal duties in the manner and medium prescribed by the system operator;
  - 9.1.8. to manage the balancing portfolio and to ensure that changes to the open supply chain follow all the legal requirements set out in the legislation;
  - 9.1.9. to provide the system operator with information in the correct format, following the requirements set out in the balancing contract and the respective acts dealing therewith;

- 9.1.10. to upgrade its information technology hardware and/or software at its own expense by the deadline set by the system operator, if the system operator has notified the balance provider of changes to the information technology solution for data exchange within a reasonable period of time, and if the change is reasonable;
- 9.1.11. to provide notification to its clients to whom it provides open supply and to the clients' network operators as quickly as possible about the termination of the balancing contract;
- 9.1.12. to pay all fees foreseen in the contract in a timely manner.
- 9.2. The balance provider has the right to obtain the metering data of those metering points where the market participants in the balance provider's balancing portfolio are connected.

## **10. Data published by system operator**

The system operator shall publish information necessary for balance management on its website, which shall include:

- 10.1. information from balance providers about planned consumption and injected and withdrawn gas quantities based on the balance plans;
- 10.2. information on actual gas quantities from gas metering stations;
- 10.3. information related to transmission system capacity in accordance with Regulation (EU) no. 715/2009;
- 10.4. more detailed methodologies regarding injected and/or withdrawn gas quantity distribution from other gas systems in the balancing period according to agreements concluded with neighbouring system operators;
- 10.5. balancing gas purchase and sales prices for the balancing period at the latest by 17:00 on the working day following the balancing period.

## **11. Guarantees**

- 11.1. The balance provider is obliged to submit a permanent guarantee to the system operator, as well as a variable guarantee if required by the system operator.
- 11.2. In order for the balancing contract to enter into force, the balance provider is required to submit to the system operator a permanent guarantee in the sum of 30 000 euros by a bank accepted by the latter. This guarantee must remain valid for as long as the contract is in force and for at least four months after its expiry. As an alternative, a deposit transaction can be made to the system operator's account in the amount stated above and with the same conditions on validity. The system operator shall not return interest revenues derived from the deposit of the sum.
- 11.3. Upon the system operator's request in cases specified by legislation, the balance provider is obliged to transfer to the guarantee account indicated by the system operator no later than on the day the balancing contract enters into force the variable guarantee in the amount specified by the system operator in accordance with legislation. The balance provider shall bear the costs related to the transfer.

- 11.3.1. upon the request of the balance provider, the system operator shall reduce the amount of the variable guarantee deposited into the guarantee account if it exceeds by at least 1.5 times the sum paid by the balance provider to the system operator for the purchase of balancing gas in the previous month from which the sum paid to the balance provider by the system operator for the purchase of balancing gas is subtracted in the same period. To this end, the system operator shall transfer the reduced sum to the balance provider's account within 15 days of receipt of the notification. The bank fees associated with the transfer shall be borne by the system operator.
- 11.3.2. upon the request of the system operator, the balance provider shall be obliged to increase the variable guarantee in the guarantee account if it is 1.5 times smaller than the sum paid by the balance provider to the system operator for the purchase of balancing gas in the previous month from which the sum paid to the balance provider by the system operator for the purchase of balancing gas is subtracted in the same period. To this end, the balance provider shall transfer the additional amount to the system operator's guarantee account within 15 days of receipt of the notification. The bank fees associated with the transfer shall be borne by the balance provider.
- 11.3.3. The system operator shall return any interest revenues received for the deposit of the variable guarantee to the balance provider. Interest revenue calculations shall be made once per year for the entire year and shall be transferred by January 15<sup>th</sup>. If the contract is terminated prematurely, calculations shall be made on a *pro rata* basis according to the actual period of time the variable deposit has been held in the guarantee account, and shall be returned to the balance provider once all payments under the contract have been made.

## **12. Compensation for damage**

- 12.1. A party to the balancing contract shall compensate the other party for failure to fulfil the obligations set out in the contract or for material damage due to incomplete fulfilment of the contract if the legislation does not provide otherwise.
- 12.2. Upon receiving knowledge about the damage, the party sustaining the damage shall inform the other party in writing within a reasonable period of time of the estimated size of losses and compensation for damages, and shall provide documents supporting the existence and size of the damage.
- 12.3. A party to the balancing contract shall review the claim for damages from the other party and compensate for the damages specified within 30 days of receiving the claim and documents listed in point 12.2, or if the claim is not recognised, the party shall submit reasonable objections in writing within the same time period.

## **13. Modification and cancellation of the balancing contract**

- 13.1. The contract may be altered upon the written consent of both parties or on another basis set out in the contract or legislation. The system operator has the right to unilaterally change the standard terms and conditions in situations stipulated by law.

- 13.2. The system operator shall inform the balance provider of changes to the standard terms and conditions in writing at least 30 days before the changes come into force. The balance provider has the right to terminate the contract if it does not agree with the revised terms and conditions. The revised standard terms and conditions shall be published by the system operator on its website. The system operator undertakes to provide clarification on the changes if so requested by the balance provider.
- 13.3. At any given time, the system operator's existing standard terms and conditions are an integral part of the balancing contract, which includes all existing and future annexes, parts, amendments and additions, regardless of their substitution in the contract.
- 13.4. A party has the right to terminate the contract if the other party has materially breached its obligations under the contract and the breach is not remedied within a reasonable time period given for that purpose. The party shall inform the other party of its intention to terminate the contract in writing at least 30 days in advance.
- 13.5. The balance provider has the right to terminate the contract at any time, informing the system operator of this in writing at least 30 days in advance.
- 13.6. A party may terminate the contract only at the turn of the month.
- 13.7. The contractual provisions which by their nature provide for the rights and obligations of the parties after the expiry of the contract shall continue to apply upon the expiry of the contract for whatever reason, including invalidity of the contract. In addition, and regardless of the expiry of the contract, all obligations incurred by the time of the expiry of the contract must be fulfilled, including the settlement of any payments falling due or which are incurred as a result of activities during the period of validity of the contract and whose payment obligations fall due after the expiry of the contract under the contract.

#### **14. Declarations of intent**

- 14.1. All notifications, consents, approvals and other declarations of intent related to the performance of the balancing contract or disputes arising from the contract, as well as other notifications (hereinafter: declarations of intent) shall be submitted to the other party in written, reproducible form, except in those instances where these notifications are informational in nature where transmission to the other party does not incur legal consequences.
- 14.2. A declaration of intent shall be deemed to have been received if it is signed for by the other party, or the other party is informed in writing via e-mail to the email address noted in the contract or another e-mail communicated in writing to the other party, or forwarded via registered letter through a post office. All declarations of intent relating to performance of the contract which do not deviate from the terms of the contract shall be deemed valid and binding on the parties once they have been given to the persons named in the contract or to duly appointed and authorised persons.
- 14.3. By signing the contract, the parties give their consent to the recording of calls related to balance responsibility and, if necessary, to the use of such recordings to verify given arrangements or other transactions carried out by the balance provider.

**Annex no 1: Relevant points administered by the system operator****1. List of cross-border entry-exit points:**

- a. Cross-border interconnection point with the gas system of the Republic of Latvia (hereinafter: Latvia):  
Gas metering point: Karksi GMS. Neighbouring system operator: JSC Latvijas Gāze;
- b. Cross-border interconnection point with the gas system of the Russian Federation (hereinafter: Russia):  
Gas metering point: Vārskā GMS. Neighbouring system operator: OOO Gazprom transgaz Sankt-Peterburg;
- c. Cross-border interconnection point with the Russian gas system:  
Gas metering point: Ivangorod GMS. Neighbouring system operator: OOO Gazprom transgaz Sankt-Peterburg.

**2. Final aggregated Estonian gas consumer point, including:**

- a. Distribution network operators connected to the transmission network: Adven Eesti AS, AS Gaasivõrgud, AS Termox, Gaasienergia AS, and consumption of market participants connected to the distribution networks;
- b. Consumers connected to the transmission network and the consumption of gas by the transmission network for own purposes.

**3. Final aggregated Estonian gas production point****4. Misso transit point****5. Domestic virtual trading point**

6. There are no points connected to gas storage facilities and LNG at the moment of concluding the standard terms and conditions.

## **Annex no 2: Principles for allocation of gas quantity in cross-border entry-exit points**

### **1. Trading organisation with the Latvian gas transmission system**

- a. Trading with the Latvian gas system occurs via the Karksi entry-exit point.
- b. The physical gas flow from the Karksi entry-exit point is possible from Latvia to Estonia, while the virtual flow is permissible in both directions.
- c. In the case of trade between Estonia and Latvia, the balance provider's gas amount is deemed to be the fixed delivery submitted in the balance plan and confirmed by the system operator. Differences between the fixed deliveries and metered deliveries at the metering point shall be transferred to the operational balancing accounts of both system operators.
- d. If the system operators have approved the balance plans of the balance provider, but the performance of delivery by the system operators has taken place in some other balance period than in the plan submitted by the market participant, the system operators shall ensure deliveries to the balance provider according to the confirmed balance plan using linepack of the transmission system and no imbalance shall arise for the market participant due to such change.
- e. The option described in the previous point shall be used by the system operators only as far as is necessary to ensure the proper functioning of the gas system and security of supply.
- f. The balance plan's quantity at the entry-exit point with the Latvian gas system in the virtual direction from Estonia to Latvia shall be smaller than or equal to the physical gas flow submitted by balance providers in the balance plan and confirmed by the system operators for the balancing period.

### **2. Trading organisation with the Russian gas transmission system**

- a. Trading organisation with the Russian gas system takes place via the Värskä and Narva entry-exit points.
- b. The physical gas flow through the Narva and Värskä entry-exit points is possible from Russia to Estonia.
- c. Useable gas quantities are allocated in the entry-exit point on the basis of metering results according to the following principles:
  - if only one supplier delivers gas through an entry-exit point, the entire useable gas quantity metered in that point shall be allocated to the respective balance provider.
  - If several suppliers deliver gas through an entry-exit point, the imported gas allocations shall follow the principle, that whereby the difference between the amount of gas injected to the transmission network during a balancing period and the actual gas withdrawn from the transmission network is divided proportionally to the deliveries by the balance providers.