

HEP-Operator prijenosnog sustava d.o.o.

Pursuant to Article 15, paragraph 1 of the Electricity Market Rules (Official Gazette of the Republic of Croatia no. 177/04), HEP-Operator prijenosnog sustava d.o.o. adopted

RULES ON BALANCING THE ELECTRIC POWER SYSTEM

1. GENERAL PROVISIONS

Article 1

The Rules on balancing the electric power system (hereinafter referred to as the "Rules") shall define balance responsible parties, service providers of balancing electric power system (hereinafter referred to as the "balancing service"), its relations with HEP-Transmission System Operator d.o.o. (hereinafter referred to as the "Transmission System Operator"), Croatian Energy Market Operator d.o.o. (hereinafter referred to as the "Market Operator"), balancing energy settlement method (hereinafter referred to as the "balancing energy") and balancing energy payment method.

Article 2

The terms used in these Rules have the meanings ascribed to them in Electricity Market Rules ("Official Gazette" no. 177/04), General Conditions of Electricity Supply ("Official Gazette" no. 14/06) and Market Rules. For the purpose of these Rules, the following terms shall have the following meanings:

1. Balance responsible party (hereinafter referred to as the "BRP") is producer, supplier and trader.
2. Balancing settlement period is time within which the settlement of balancing energy is performed issuing one hour.
3. Load profile diagram represents a set of assumed average hourly load values.
4. Realisation is realised delivery of electricity of BRP within balancing settlement period. The realisation is for producer calculated as a sum of realised electricity production of production facility at settlement metering points. The realisation for supplier is calculated as a sum of realised delivery of electricity at all settlement metering points, which belong to the customers of the relevant supplier, if they have measures for storing and saving data on energy in time period. If they do not have such measures, the realisation is calculated on the basis of load profile diagram. For a trader the realisation means implementation of contractual schedule.

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5. Imbalance of BRP (hereinafter referred to as the "imbalance") is the difference between realisation and value of the contractual schedule. It is calculated according to the balancing settlement periods for each BRP.

Article 3

Producer, supplier and trader shall become BRP when the Contract on Balancing Energy with Transmission System Operator is concluded.

Article 4

The responsibilities of BRP shall be:

- Entry of the contractual schedule to the Transmission System Operator in accordance with the Electricity Market Rules.
- Payment of the balancing energy to the Transmission System Operator in accordance with settlement of accounts on the basis of the Contract on Balancing Energy.

Article 5

The BRP shall have to report to the Transmission System Operator and to the Market Operator change of name, company name and registered office within 8 days of the change made, and conclude Annex of the Contract on Balancing Energy with the Transmission System Operator.

2. CONTRACTUAL RELATIONS

Article 6

The BRP and the Transmission System Operator shall conclude a Contract on Balancing Energy. It shall be obligatory for the Contract on Balancing Energy to contain financial guarantee, which the Transmission System Operator can activate as a cover for balancing energy costs if BRP has not settled its financial obligations according to the Contract on Balancing Energy.

Article 7

The Contract on Balancing Energy for supplier and producer shall contain at least:

- Data on contractual parties,
- Subject of the contract,
- Address of the bill delivery,
- Method of settling accounts and payment,
- Conditions and contractual penalty value if the contract shall not be realized,
- Commitment that the data obtained directly or indirectly from the balancing energy settlement procedure shall be used only for the purpose of balancing energy settlement and shall not be consigned to third parties,
- Conditions and the value of financial guarantee of the BRP,
- Dispute settlement procedure,

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- Data on duration and termination of a contract and duration of the termination period.

The Transmission System Operator shall publish on its Internet web site the form of the Contract on balancing energy.

Article 8

The Contract on Balancing Energy for trader shall have to contain at least:

- Data on contractual parties,
- Subject of the contract,
- Address of the bill delivery,
- Method of settling accounts and payment,
- Conditions and contractual penalty value if the contract shall not be realized,
- Commitment that the data obtained directly or indirectly from the balancing energy settlement procedure shall be used only for the purpose of settlement of balancing energy and shall not be consigned to third parties,
- Conditions and the value of financial guarantee of the BRP,
- Dispute settlement procedure,
- Data on duration and termination a contract and duration of the termination period.

The Transmission System Operator shall publish on its Internet web site the form of the Contract on Balancing Energy.

Article 9

The Transmission System Operator shall be responsible for correction of the imbalance in the electric power system.

The Transmission System Operator shall supply the balancing energy from the balancing service provider in case of shortage or surplus of electricity in the system.

Article 10

The Transmission System Operator shall conclude a contract on balancing service providing with the balancing service provider. The Transmission System Operator shall make an estimation of the necessity of secure balancing energy for every trading day on the hourly basis. The Transmission System Operator shall pay the balancing energy to the relevant service provider in accordance with the Contract on Providing Balancing Service and required services.

Article 11

The delivery of the data necessary for the settlement of balancing energy shall be regulated with agreement between Transmission System Operator and Market Operator, as well as the HEP-Distribution System Operator d.o.o. (hereinafter referred to as the "Distribution System Operator") and Market Operator according to the Electricity Market Rules.

3. SETTLEMENTS AND PAYMENT OF BALANCING ENERGY

Article 12

The Market Operator shall calculate the balancing energy in accordance with these Rules on the basis of contractual schedule and data on realisation, delivered by the Transmission System Operator and Distribution System Operator.

Article 13

The settlement of balancing energy shall be based on the following principles:

- (1) The supplier, who has taken over more electricity than the value from the contractual schedule, shall purchase the difference between realised and planned energy from the Transmission System Operator per unit balancing energy price C_p .
- (2) The supplier who has taken over less electricity than the value from the contractual schedule shall sell the difference between planned and realised energy to the Transmission system Operator per unit balancing energy price C_n .
- (3) The producer or trader who has delivered more electricity than the value from the contractual schedule shall sell the difference between realised and planned energy to the Transmission System Operator per unit balancing energy price C_n .
- (4) The producer or supplier who has delivered less electricity from the contractual schedule shall purchase the difference between planned and realised energy to the Transmission System Operator per unit balancing energy price C_p .

Article 14

The Market Operator shall calculate the imbalance for each BRP separately. Based on the calculated imbalance and unit balancing energy price, the Market Operator shall make a calculation of balancing energy according to the balancing settlement periods.

The Market Operator shall submit settlement of balancing energy to the Transmission System Operator for the purpose of bill issuing for BRP, which has caused the imbalance.

Article 15

The settlement of imbalance shall not depend on the imbalance of the entire electric power system in the individual balancing settlement period.

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Article 16

The imbalance of the supplier in the balancing settlement period shall be calculated in accordance with expression:

$$\Delta E = E_{\text{realisation}} - E_{\text{contractual schedule}}$$

The imbalance of producer and trader in the balancing settlement period shall be calculated in accordance with expression:

$$\Delta E = E_{\text{contractual schedule}} - E_{\text{realisation}}$$

Where:

ΔE (MWh)	imbalance of the BRP in the balancing settlement period
$E_{\text{realisation}}$ (MWh)	realised delivery of electricity to the customers or production of electricity over the settlement metering points in the balancing settlement period
$E_{\text{contractual schedule}}$ (MWh)	the value from the contractual schedule of the BRP in the balancing settlement period.

Article 17

The value for covering the imbalance with plus sign in the individual balancing settlement period of the Market Operator calculation to the BRP, shall be acquired on the basis of imbalance of the BRP according to the equation:

$$I_p = C_p * \Delta E_p$$

Where:

I_p (HRK)	the value for covering the imbalance with plus sign in the balancing settlement period
C_p (HRK/MWh)	unit balancing energy price for covering the imbalance with plus sign
ΔE_p (MWh)	the imbalance of the BRP with plus signs in the balancing settlement period.

Article 18

The value for covering the imbalance with minus sign in the individual balancing settlement period of the Market Operator calculation to the BRP, shall be acquired on the basis of imbalance of the BRP according to the equation:

$$I_n = - C_n * \Delta E_n$$

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Where:

I_n (HRK)	the value for covering the imbalance with minus sign in the balancing settlement period
C_n (HRK/MWh)	unit balancing energy price for covering the imbalance with minus sign
ΔE_n (MWh)	the imbalance of the BRP with minus signs in the balancing settlement period.

Article 19

The total value, which the Market Operator shall calculate to the BRP for balancing energy in the settlement period, is equal to:

$$I_{uk} = \sum_{i=1}^m I_{pi} - \sum_{i=1}^m I_{ni}$$

Where:

I_{uk} (HRK)	total value for balancing energy in the settlement period
$\sum I_p$ (HRK)	total value for covering the imbalance of the BRP with plus sign according to the individual balancing settlement period in the settlement period
$\sum I_n$ (HRK)	total value for covering the imbalance of the BRP with minus sign according to the individual balancing settlement period in the settlement period
m	number of balancing settlement periods in the settlement period.

Article 20

The Market Operator shall calculate monthly value I_{pov} for covering costs of balancing the electric power system due to imbalance of incentivized eligible producers:

$$I_{pov} = C_{pov} \cdot E_{pov}$$

Where:

C_{pov}	unit balancing energy price for covering costs of balancing incentivized eligible producers (HRK/kWh)
E_{pov}	monthly value of electricity produced by incentivized eligible producers (kWh)

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The Market Operator shall pay from the incentive fee for renewable sources of energy and cogeneration to the Transmission System Operator total reached monthly value for covering costs of balancing electric power system due to imbalance of incentivized eligible producers.

Article 21

Unit balancing energy price C_p , C_n and C_{pov} shall be calculated in accordance with the methodology for balancing energy system service in the Electric Power system.

Article 22

The Transmission System Operator shall publish on its Internet web site unit reference price of balancing energy (HRK/MWh) for last month, on the first working day of the next month.

Article 23

The settlement period of the imbalance of the BRP shall be one month. The settlement of the imbalance shall be performed in the month that follows the settlement period.

Article 24

The settlement of the balancing energy for the relating BRP shall not be performed during the influence of Force Majeur, disturbed functioning of transmission and/or distribution grid, special grid operations and other extraordinary circumstances

Article 25

The Transmission System Operator shall issue a bill for balancing energy to every BRP separately, based on settlement of balancing energy within ten days of the month following the settlement period.

With the bill for balancing energy, the Transmission System Operator shall send to each BRP the settlement of balancing energy.

Deadline for payment shall be fifteen (15) days within bill issuing.

Article 26

The BRP shall be able to file a complaint in written form to the Transmission System Operator within eight (8) days from bill issuing.

Article 27

The Transmission System Operator shall contemplate the complaint on the bill for balancing energy in cooperation with Market Operator. In case of accepting the complaint, the Market Operator shall correct the energy balancing settlement, which then becomes final. The BRP shall have to pay the undisputed part of the bill within the deadline and in accordance with the Article 25 of these Rules.

4. TRANSITIONAL AND FINAL PROVISIONS

Article 28

1. In the transitional period until 31 December 2008, the obligatory provider of electricity production public service shall offer the balancing energy service.
2. In the transitional period until 31 December 2008, the obligatory provider of electricity production public service shall not be considered a balance responsible Party.
3. In the transitional period until 31 December 2008, the tariff customers' supplier shall not be charged the costs of the balancing energy.
4. In the transitional period until 31 December 2008, the unit price of balancing energy C_{pov} shall be determined by the tariff system for electricity production from renewable sources of energy and cogeneration.
5. In the transitional period until 31 December 2008, the Distribution System Operator shall need to propose to the Transmission System Operator load profile diagrams for particular customer categories with installed metering equipment without the possibility of energy data savings in a time interval, and rules for its utilization.
6. Until the implementation of the load profile diagrams for particular customer categories with installed metering equipment without the possibility for energy data savings in a time interval, uniform load diagram shall be implemented.
7. The Transmission System Operator shall publish on its Internet web site uniform load diagram referred to in the paragraph 6 of this Article, and the rules with the example for utilization of the diagram after having obtained the expert opinion of the Croatian Energy Regulatory Agency.

Article 29

These Rules shall be published in the "Official Gazette", and shall be applied as from January 1, 2007.

Executive Director

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