

## Appendix 3

# “Short-Call Balancing Services” Product Description

Long-term contracts on the option of supplying (System Buy) or receiving (System Sell)

Low-CV gas at short notice for Trading Hub Europe GmbH

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## 1 Product Design

- (1) Under the terms of the SCB Balancing Product (“SCB Product”), the Provider undertakes to have a storage operator whose storage facility is connected directly to the network of a gas transmission system operator (“TSO”) supply (System Buy) or receive (System Sell) low-CV gas quantities for short-term structuring purposes in accordance with the requirements of this Product Description. If and when the market area manager Trading Hub Europe GmbH (“MAM”) issues an instruction to this effect (“Call Order”) in accordance with section 6, the instructed low-CV gas quantities shall be supplied (System Buy) or received (System Sell) by the relevant storage operator acting as a vicarious agent on behalf of the Provider, with the supply (System Buy) or receipt (System Sell) to start within the next sixty (60) minutes after the MAM’s Call Order. Said supply (System Buy) or receipt (System Sell) does not have to occur on the hour.
- (2) As an alternative to effecting the supply (System Buy) or receipt (System Sell) of low-CV gas quantities as described in section 1 (1) hereinabove, the Provider may cause a physical effect
  - (a) by ensuring that, within sixty (60) minutes from the Call Order, an end user who receives gas at an exit point equipped with a supply meter installation that records hourly consumption (each such exit point an “RLM Exit Point”) and whose exit point is assigned to the Provider’s balancing group
    - reduces its demand in the instructed balancing zone accordingly where the Provider has agreed to supply gas to the MAM (System Buy), or
    - increases its demand in the instructed balancing zone accordingly where the Provider has agreed to receive gas from the MAM (System Sell),

with the physical effect not having to occur on the hour.

The required change in consumption must be effected relative to the level of consumption measured in the hour (hour “H-1”) that immediately precedes the hour for which the Call Order is made (hour “H”).

In addition, the change in consumption shall be purposefully made on the basis of the Call Order issued by the MAM and, in particular, shall not already have been initiated at the time of the Call Order.

(b) by changing its physical inputs or offtakes at a storage facility that is connected to a distribution network in accordance with the Call Order within sixty (60) minutes from receiving the Call Order, i.e.

- by increasing its inputs or reducing its offtakes accordingly in the case of a Call Order for the supply of gas to the MAM (System Buy) or
- by increasing its offtakes or reducing its inputs accordingly in the case of a Call Order for the receipt of gas from the MAM (System Sell).

with the physical effect not having to occur on the hour.

The change in physical inputs and/or offtakes shall be made in each case in relation to the hour (hour "H-1") that immediately precedes the Call Hour (hour "H"). The final nominated quantities according to the allocation shall be the quantities that matter in each case.

- (3) Where the Provider wishes to deliver the required physical effect via entry and/or exit points that are connected at distribution level, it should be noted that a gas flow change in the direction instructed in the Call Order in the requested magnitude must be effected both at the delivery point(s) of the system interconnection point(s) ("SIP") connecting the relevant network to the network of the upstream TSO as well as at the actual point via which the physical effect is to be provided (RLM exit point or distribution-level storage connection point). As concerns the gas flow change at the SIP(s) in question, it should be noted that it must also be effected in relation to the hour (hour "H-1") that immediately precedes the hour for which the Call Order was made (hour "H"). In order to ensure this the Provider has an obligation to enter into contractual arrangements with the distribution system operator (DSO) concerned so that the DSO will ensure on the Provider's behalf that the physical effect caused by the Provider within the distribution network will actually be delivered at the SIP(s) to the TSO's network.
- (4) For the purpose of supplying gas (System Buy) to or receiving gas (System Sell) from the MAM, the Provider may only use a storage operator or an RLM Exit Point if the storage facility or the RLM Exit Point is located in the low-CV balancing zone "East" ("L-Gas Ost" or "LO"). The Call Order criterion always presupposes that the MAM has a structuring requirement requiring a lead time of less than three (3) hours.
- (5) The Provider shall ensure that a Call Order for the maximum possible gas quantity can be issued on every day of the agreed Contract Period pursuant to section 3 (5) of the Terms

and Conditions for External Balancing Actions under the conditions of section 6, taking into account the lead time pursuant to paragraphs (1) and (2).

## **2 Lot Size**

The lot size for the bids corresponds to a delivery rate of 10 MWh/h.

## **3 Pricing**

In bids for the SCB Product, the Provider may specify a capacity charge in EUR for each Bid for the duration of the entire Contract Period. Where a capacity charge is specified, it will be applied constantly throughout the relevant Contract Period regardless of the extent to which the product is actually used. In addition, all gas quantities supplied (System Buy) or received (System Sell) by a Provider will be subject to a commodity charge in EUR/MWh, which may result in a payment being made either by the MAM or the Provider.

## **4 Submission of SCB Bids**

(1) In addition to the general provisions pursuant to sections 3 and 4 of the Terms and Conditions for External Balancing Actions, the provisions of this section 4 shall apply to the submission of bids.

(2) SCB Bids must specify at least the following information:

- the identity of the Provider,
- the lot size pursuant to section 2 above,
- whether the Provider offers to supply gas to the MAM (System Buy) or receive gas from the MAM (System Sell),
- in the case of section 1 (1), the storage facility and the storage operator in the LO balancing zone which is to supply or receive the low-CV gas quantities
- the balancing group number of a balancing group contract registered by the Provider for gas of low-CV quality
- the commodity charge offered pursuant to section 3, sentences 1 and 2 above,

- the capacity charge offered pursuant to section 3, sentence 3 above.
- (3) In the case of section 1 (1), the storage system operator may specify a technically determined minimum call rate (“Minimum Call Rate”) for the relevant storage system. This Minimum Call Rate will be published by the MAM in advance and will be taken into account for the acceptance of offers in accordance with section 5 (5).
  - (4) If it is known prior to bid acceptance that scheduled maintenance work will be carried out during the Contract Period at a storage facility or an end user with a supply meter installation that records hourly consumption (RLM Exit Point) and the Provider’s bid includes the supply (System Buy) or receipt (System Sell) of low-CV gas via said storage facility or via said RLM Exit Point, the Provider shall report such scheduled maintenance work to the MAM and take its inability (in whole or in part) to supply (System Buy) or receive (System Sell) low-CV gas resulting from such maintenance work into account for the calculation of its bid price.
  - (5) It is not permitted for the storage operators themselves to participate in invitations to tender for the SCB Product in the role as provider.

## 5 Acceptance of SCB Bids

- (1) The following provisions shall apply to the acceptance of SCB Bids in addition to the general provisions pursuant to section 5 of the Terms and Conditions for External Balancing Actions.
- (2) SCB Bids will generally be accepted based on the projected total cost per lot as determined for each SCB Bid in accordance with sections 5 (3) and (4) below as well as the published Minimum Call Rate pursuant to section 4 (3) above.
- (3) The projected total cost of each SCB Bid for the supply of gas by a Provider (System Buy) will be determined according to the following formula:

$$PTC_{Buy} = (Cap + Com \times LS \times SD)$$

where

$$PTC_{Buy} = \text{the projected total cost of the bid in EUR}$$

- Cap = the capacity charge in EUR offered pursuant to sentences 1 and 2 of section 3 above
- Com = the commodity charge in EUR/MWh offered pursuant to sentence 3 of section 3 above
- LS = the lot size in MWh/h offered by the Provider pursuant to section 2
- SD = the projected service duration in hours; the service duration expected in each case will be calculated by the MAM on the basis of appropriate assumptions, particularly – provided any Call Orders have been issued – based on historical data available for the relevant period from past years

- (4) The projected total cost of each SCB Bid for the receipt of gas by a Provider (System Sell) will be determined according to the following formula:

$$PTC_{\text{Sell}} = \text{Cap} - \text{Com} \times \text{LS} \times \text{SD}$$

where

- $PTC_{\text{Sell}}$  = the projected total cost of the bid in EUR
- Cap, Com, LS and SD = as defined in section 3 above

- (5) The MAM will accept the combination of bids that most cost-effectively covers the tendered balancing requirements. If the bids submitted for a storage facility with a Minimum Call Rate ranked in accordance with section 5 of the Terms and Conditions for External Balancing Actions do not reach the Minimum Call Rate published for this storage facility, none of the bids submitted for this storage facility will be accepted.
- (6) In the case of section 4 (4), the MAM may give such a bid lower priority when accepting the bids.

## 6 Call Orders

- (1) In addition to the general provisions pursuant to section 6 of the Terms and Conditions for External Balancing Actions, the provisions set out hereinbelow shall apply to the issuance of Call Orders.
- (2) Bids for the SCB Product shall only be considered where the MAM has to meet structuring requirements with a lead time of less than three (3) hours.
- (3) The MAM will issue Call Orders pursuant to section 1 (1) in direct coordination between the MAM and the storage operator acting on behalf of the Provider. Alternatively, the provider may make use of a third party to commission the acting storage operator. The low-CV gas quantities instructed to be supplied or received under the Call Order will neither be nominated nor allocated to the Provider's balancing group. All Call Orders for bids will be issued to the storage operator specified by the Provider pursuant to section 4 (2), fourth indent. The Provider does not have to book transmission capacities at the physical entry or exit point for the supply (System Buy) or receipt (System Sell) of the gas quantities for which a Call Order has been issued.
- (4) Without undue delay, the Provider will receive from the MAM an overview in Excel format specifying the following details:
  - Gas day
  - Delivery hour
  - Call Order quantity
  - Storage operator
- (5) The MAM will issue Call Orders pursuant to section (2)) in direct coordination between the MAM and the Provider.

Without undue delay, the Provider will receive from the MAM an overview in Excel format specifying the following details:

- Gas day
- Delivery hour
- Call Order quantity

In addition, the MAM will make a nomination into or from the Provider's balancing group pursuant to section 4 (2) for the Provider and MAM (single-sided nomination) at the virtual trading point ("VTP") of the market area. Where a Call Order is issued for the supply (System Buy) of gas by a Provider, the MAM will submit an output nomination at the VTP for gas to



be offtaken from the Provider's balancing group (VTP output nomination). Where a Call Order is issued for the receipt (System Sell) of gas by a Provider, the MAM will submit an input nomination at the VTP for gas to be delivered to the Provider's balancing group (VTP input nomination).

- (6) As a rule, Call Orders may be issued up to twelve (12) times per bid per gas day. The gas quantities for which a Call Order has been issued may also be supplied or received in less than one hour, depending on the direction of the Call Order. Quantities not called cannot be transferred to the next gas day. In total, each bid can be accessed sixty (60) times per month. In the case of service periods that are not advertised for full months, the total number of possible call orders is based on the published terms of the relevant invitation to the tender.

## **7 Test Call Orders**

- (1) The MAM shall have the right to occasionally issue Call Orders under this Product Description outside the MOL in accordance with section 6 of the Terms and Conditions for External Balancing Actions for the purpose of testing the functioning of the relevant systems and the reliability of its available call options (each such Call Order a "Test Call Order") without providing advance notice of this to the relevant Provider.
- (2) In particular, without limitation, Test Call Orders may be issued to a Provider where considerable time has passed since a Call Order for a balancing product was last issued to the Provider under this Product Description or where there is objective evidence indicating that the Provider may not duly comply with its obligations on receiving a Call Order.
- (3) The MAM will publish the Test Call Order on its website as an MOL deviation. In all other respects, Test Call Orders are regular Call Orders to which the other provisions of the Terms and Conditions for External System Balancing Actions, with the exception of section 12, and the provisions of this Product Description apply without restriction.

## **8 Contractual Relationships in the Case of Section 1 (1)**

- (1) Contract between MAM and Provider

If an SCB bid is accepted in accordance with section 5 of this Product Description or section 5 of the Terms and Conditions for External Balancing Actions, a contract is concluded between the MAM and the Provider the contents of which corresponds to the contents of this Product Description.

(2) Contract between storage operator and Provider

After an SCB bid has been accepted by the MAM, the relevant Provider undertakes to conclude a contract with the storage operator concerned before the respective Contract Period begins, or to be contractually assured of the right of use of a contract between a third party and the storage operator concerned to the extent of this product description and the accepted offer.

(3) Framework agreement between storage operator and MAM

The MAM will conclude a framework agreement with the storage operator setting out, among other things, rules on communication, data provision and transparency in respect of the contracted services. The provisions of this agreement will also include a right for the MAM to issue Call Orders for the balancing service contracted with the Provider directly to the storage operator.

## **9 Provider's Duty to Prove Compliance with Contractual Obligations**

- (1) In the case of section 1 (1), the Provider shall inform the MAM upon request about the conclusion of the contract concluded between the Provider and the storage operator or the conclusion of a contract with the third party for the use of the third party's contract with the storage operator to the extent of this product description and the accepted offer, pursuant to section 8 (2).
- (2) In the case of section (2)), the Provider shall inform the MAM upon request without undue delay which industrial customers and/or RLM Exit Points (section 1 (2) (a)) or distribution-level storage connection points (section 1 (2) (b)) it plans to use to supply or receive gas according to this Product Description.
- (3) On request by the MAM the Provider shall prove in a suitable manner that it has duly complied with its obligations under section 1 of this Product Description or that it is able to do so (as the case may be), especially, without limitation, that it ensures or has ensured its availability to supply (System Buy) or receive (System Sell) gas at all times. .

- (4) The Provider agrees to the MAM requesting relevant evidence and data from the relevant storage operator and the competent network operator, if required.

## **10 Exclusion of the Service Obligation of the Provider**

- (1) In addition to section 11 of the Terms and Conditions for External System Balancing Actions, the Provider shall also be under no obligation to perform the services under this Product Description if the storage operator pursuant to section 1 (1) or section 1 (2) (b) or the RLM end user pursuant to section 1 (2) (a) selected by the Provider for the performance of the services hereunder is released from its own contractual performance obligations towards the Provider due to force majeure.
- (2) In addition, the Provider shall be under no obligation to provide the service in cases where
- due to hazards to persons and/or technical installations and equipment, or
  - due to technical malfunctions, or
  - due to unpredictable technical restrictions
- the service cannot be provided by the storage operator according to section 1 (1) or section 1 (2) (b) or the RLM end user pursuant to section 1 (2) (a) which the Provider uses in accordance with the terms hereof.

## **11 Penalties**

- (1) If in any single or several hours of a Contract Period a Provider fails to comply with its obligations under this Product Description, whether in whole or in part, without being released from its service obligation in accordance with section 10 of this Product Specification, the Provider shall pay a penalty to the MAM in accordance with this Product Description. The foregoing shall not apply where the Provider submits evidence to the MAM that it cannot be held responsible for the breach in question.
- (2) Where during any single or several hours of a Contract Period the Provider has been in breach of its obligations under this Product Description – in particular, without limitation, its obligation to ensure its availability to supply (System Buy) or receive (System Sell) gas at all times –, whether in whole or in part, and irrespective of whether or not it has received a Call Order from the MAM, the amount of the penalty to be paid for each individual hour in respect of which the Provider has breached its obligations, shall be determined according to the following formula:

$$PY_h = SQ_C \times (Cap_{max} / h_{CP})$$

where

$PY_h$  = the amount of the penalty in EUR payable for the respective bid in respect of the hour during the relevant Contract Period in which the Provider has breached its obligations

$SQ_h$  = Shortfall Quantity in MWh/h affected by the breach of obligations

$Cap_{max}$  = the highest capacity charge in EUR/MW as contracted by the Provider under this Product Description for the relevant Contract Period calculated across all bids contracted by the Provider

$h_{CP}$  = the number of hours for which a Call Order may be issued under the bid in the relevant Contract Period

- (3) Where a Provider has received a Call Order from the MAM and the Provider breaches its obligations under this Product Description during the relevant Call Period, whether in whole or in part, the penalty to be applied shall be an amount equal to ten (10) per cent of the total fee normally payable in respect of the Call Order pursuant to section 8 (1) and (2) of the Terms and Conditions for External Balancing Actions. The above penalty shall be payable in respect of each hour in which the Provider has been in breach of its obligations as defined above, whether in whole or in part.
- (4) The MAM shall retain the right to claim further damages. Any penalty payable pursuant to this section shall be offset against any such damages payable.