

AB AMBER GRID RULES FOR NATURAL GAS TRANSMISSION SYSTEM BALANCING

CHAPTER I GENERAL PROVISIONS

1. AB Amber Grid Rules for Natural Gas Transmission System Balancing (hereinafter - the Rules) are designed to identify the principles of balancing (hereinafter - balancing), procedure and conditions of the natural gas transmission system in the natural gas (hereinafter - gas) transmission system (hereinafter - the transmission system) managed by AB Amber Grid (hereinafter - the Transmission System Operator).

2. The transmission system balancing purpose is to ensure safe and efficient operation of the transmission system.

3. The Rules are prepared in accordance with the Law on Natural Gas of the Republic of Lithuania, Commission Regulation (EU) No 312/2014 of 26 March 2014 establishing a Network Code on Gas Balancing of Transmission Networks (hereinafter - the Network Code), Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005.

4. The Rules shall regulate the rights and obligations and relationship between the Transmission System Operator, the Transmission Network Users (hereinafter - the Network Users) and other market participants trading in gas under bilateral sale and purchase contracts and (or) on the trading platform (Gas Exchange) at the Lithuanian virtual trading point (hereinafter - the market participants), distribution system operators, and trading platform operator involved in balancing the transmission system.

5. The primary responsibility for gas balancing falls on market participants that must offset the amount of gas off-taken from the transmission system by injecting the same amount of gas into the transmission system during the balancing period.

6. The ultimate responsibility for the balanced transmission system operation falls on a Transmission System Operator. Its justified instructions for balancing of gas flow to market participants, and to distribution system operators shall be required.

7. Consumers for which supply companies deliver gas to the consumer's system shall not be involved in balancing the transmission system. A supply company shall deliver gas to these users to a delivery point provided for in the sale and purchase and service contract (s). In this case, the supply company shall be the Network User.

8. If the market participant fails to balance the amount of gas, he pays imbalance charge to the Transmission System Operator, if a market participant has caused lack of gas in the transmission system or the Transmission System Operator pays imbalance charge to him, if a market participant has caused the surplus of gas in the transmission system, by applying balancing prices calculated according to the provisions of the Daily Imbalance Charge Calculation Methodology, presented in Annex 1 to the Rules, and take measures to maintain the balance in the transmission system.

9. All the transmission system operated by the Transmission System Operator shall be one balancing zone.

10. Market participants must comply with the requirements of the Rules and enter into contracts with the Transmission System Operator in which the following balancing conditions shall be specified:

10.1. Network Users shall comply with the balancing conditions under the provisions set out in the contracts for gas transmission services;

10.2. Supply companies and other market participants before buying and (or) selling gas must enter into balancing contracts with the Transmission System Operator.

11. The Rules shall not apply to:

11.1. Technical gas balancing between the Transmission System Operator's system and the distribution system operator's system where pressure and (or) flow control devices are not installed.

Such balancing conditions shall be set in the contract between the Transmission System Operator and distribution system operator, if the law does not provide otherwise;

11.2. Balancing of the gas flow to be transmitted for technological needs of the distribution system operator if balancing conditions of such gas flow are set in the contract signed between the Transmission System Operator and distribution system operator.

12. In the event of a threat to the functioning of the transmission system and the security of the transmission system, or to the performance of any existing transmission service contracts due to the imbalance caused by the Network User, the Transmission System Operator shall be entitled, without prior notice, to restrict (discontinue) gas transmission to this Network User, and (or) in cases laid down by law, to issue binding instructions to the distribution system operator for the gas distribution restriction (discontinuance) for this Network User at the delivery points where gas is distributed to it. Gas transmission and (or) distribution restriction shall be revoked (gas transmission and (or) distribution resumed) only when the safe functioning of the transmission system is guaranteed.

13. All the definitions and terms used in the Rules, related to the provision of information, are indicated in Lithuanian time, i.e. EET (Eastern European Time) time is used for winter time, EEST (Eastern European Summer Time) time is used when daylight saving is applied

CHAPTER II DEFINITIONS

14. Definitions used in the Rules:

Reporting period means a month of gas, i.e., the period from 7:00 am on the first calendar day of any month to 7:00 am on the first calendar day of the following month.

Balancing means the offset of the amount of gas delivered into the transmission system and the amount of gas off-taken from the transmission system.

Balancing gas means gas intended to eliminate imbalances of market participants during the balancing period.

Balancing period means the gas day, i.e. a period commencing at 7:00 in the morning on each day and ending at 7:00 in the morning on the following day, during which every market participant must offset the amount of gas off-taken from the transmission system and the amount of gas injected to the transmission system in accordance with a contract concluded with the Transmission System Operator.

Balancing account means an account created on the website of the operator where information on the status of imbalance and other information related to the balancing in the transmission system, which the Transmission System Operator is obliged to provide in the procedure laid down by law, shall be published to market participants.

Balancing service means a service provided to a transmission system operator via a contract for gas required to meet short term fluctuations in gas demand or supply, which is not a short term standardised product.

Balancing zone means an entry-exit system, which may include one or more infrastructure segments (systems) specified in part 24 of Article 2 of the Law on Natural Gas to which a specific balancing regime is applicable. The natural gas distribution system and the liquefied natural gas regasification and storage facility (both in the case of input and off-take from the transmission system) shall be one part of the balancing zone.

Imbalance means the situation in which through the balancing period the amount of gas injected to the transmission system by a particular market participant differs from the amount of gas off-taken from the transmission system by this market participant, or a situation where the total amount of gas injected to the transmission system differs from the total amount of gas off-taken from the transmission system through the balancing period.

Daily Imbalance charge means the amount of money paid or received by market participants in respect of a daily imbalance quantity.

Gas sale and purchase contract means a bilateral contract concluded between the gas supply company and a user or system operator, or other natural gas distribution company, which allows a market participant the resale of natural gas in accordance with the procedure laid down in the Natural Gas Trading Rules, approved by the Minister of Energy of the Republic of Lithuania in November 28, 2011 Order No 1-293 "On the Approval of Rules for the Trading of Natural Gas".

Daily read metering points mean gas read metering points where remote data collection systems are installed, and where gas quantities are recorded at least once per day.

Non-daily read metering points mean gas read metering points in distribution systems where the quantity of gas is recorded less than every day.

Neutrality fee means a fee equal to the difference between the amount received or receivable and the amount paid or payable in respect of balancing activities performed by a Transmission System Operator, which it must pay to the relevant Market Participants or impose on the relevant Market Participants.

Transmission network user (Network User) means a person who has concluded a contract with the Transmission System Operator, which supplies gas to the transmission system, or gas is supplied to him from the transmission system.

Trade in balancing gas means trade in gas seeking to offset the imbalance caused by market participants.

Trading platform (exchange) means an electronic platform provided and operated by a trading platform operator (UAB GET Baltic) by means of which trading participants may post and accept, including the right to revise and withdraw, bids and offers for gas required to meet short term fluctuations in gas demand or supply, in accordance with the terms and conditions applicable on the trading platform and at which the transmission system operator trades for the purpose of undertaking balancing actions.

Delivery point means a place where the transmission of natural gas via the main pipeline ends and where gas is transferred to the Network User by a Transmission System Operator.

Marginal sell price means a lower price of gas over the balancing period among (1) the lowest gas price at which the Transmission System Operator purchased gas during the balancing period, and (or) sold on the trading platform (Gas Exchange) at the Lithuanian virtual trading point, and (2) the weighted average price of gas traded on the trading platform (Gas Exchange) at the Lithuanian virtual trading point over the balancing period, which shall be published by the trading platform operator, reduced by 10 percent. The previous day product is not used to calculate the marginal sell price.

Marginal buy price means a higher price of gas over the balancing period among (1) the highest gas price at which the Transmission System Operator purchased gas during the balancing period, and (or) sold on the trading platform (Gas Exchange) at the Lithuanian virtual trading point, and the weighted average price of gas traded on the trading platform (Gas Exchange) at the Lithuanian virtual trading point over the balancing period, which shall be published by the trading platform operator, increased by 10 percent. The previous day product is not used to calculate the marginal buy price.

Market participants means transmission network users and other market participants trading in gas under bilateral gas sale and purchase contracts and (or) on the trading platform (Gas Exchange) at the Lithuanian virtual trading point (supply companies and other market participants who do not use the transmission system to transport gas).

Transaction notification - information provided by a market participant to the transmission system operator on the daily volumes of gas bought and/or sold at a virtual trading point.

15. Other definitions used in the Rules shall be construed as defined by the Law on Natural Gas of the Republic of Lithuania and other legislation regulating the natural gas sector of the Republic of Lithuania.

CHAPTER III

GAS FLOWS OF MARKET PARTICIPANTS AND THEIR DETERMINATION

16. The amount of gas injected to the transmission system by a market participant can be:
 - 16.1. the amount of gas injected from gas systems:
 - 16.1.1. the amount of gas injected from third countries;
 - 16.1.2. the amount of gas injected from other gas systems.
 - 16.2. The amount of gas purchased from a gas supply company under a bilateral gas sale and purchase contract and (or) on the trading platform (Gas Exchange) at the Lithuanian virtual trading point.
 - 16.3. The amount of gas injected from the virtual green gas entry point
17. The amount of gas off-taken from the transmission system by a market participant can be:
 - 17.1. the amount of gas supplied to the consumers' systems directly connected to the transmission system and (or) gas distribution systems;
 - 17.2. the amount of gas supplied to other gas transmission systems;
 - 17.3. the amount of gas sold under a bilateral gas sale and purchase contract and (or) on the trading platform (Gas Exchange) at the Lithuanian virtual trading point.
18. The market participant shall not cause the imbalance.
19. The amount of gas actually injected into the transmission system over the balancing period shall be determined:
 - 19.1. By distributing gas quantities injected from third countries by the market participants, injecting of the gas from third countries, in accordance with the following principles:
 - 19.1.1. unless otherwise provided in the gas injection from third countries contract, gas quantities injected during the balancing period and allocated to a market participant cannot be larger than gas quantities actually off-taken from the transmission system by the market participant;
 - 19.1.2. if larger gas quantities were injected to the transmission system over the balancing period than under the gas injection from third countries schedule, and accordingly gas quantities actually off-taken from the transmission system by the market participants were larger than gas quantities injected from third countries under the gas injection from third countries schedule, the injected from third countries gas quantities exceeding the gas import schedule shall be distributed in proportion to the market participants however, not exceeding gas quantities actually off-taken from the transmission system by these market participants and the limitations of gas import established in the gas injection from third countries contract;
 - 19.2. By assessing the information submitted about gas quantities purchased under the gas sale and purchase contracts and (or) on the trading platform (Gas Exchange) at the Lithuanian virtual trading point;
 - 19.3. By assessing gas quantities injected from other gas systems to the transmission system.
20. The amount of gas actually off-taken from the transmission system over the balancing period shall be determined according to:
 - 20.1. readings of gas metering devices at delivery points directly connected to the transmission system;
 - 20.2. data provided by the distribution system operators on gas quantities off-taken by the Network Users from the transmission system to the distribution system;
 - 20.3. information about the amount of gas sold under the gas sale and purchase contract and (or) on the trading platform (Gas Exchange) at the Lithuanian virtual trading point;
 - 20.4. by assessing actual gas quantities delivered to other gas transmission systems.

CHAPTER IV TRANSFER OF BALANCING RIGHTS

21. A market participant may, by prior agreement with another market participant, transfer its balancing responsibilities to another market participant.
22. The market participant transferring the balancing responsibility shall inform the transmission system operator of the transfer of balancing responsibility by submitting a transfer of balancing responsibility notification. the transmission system operator shall establish and publish on

its website a form for the notification of the transfer of balancing responsibility. the completed and signed by both market participants, i.e., the market participant transferring the balancing responsibility and the market participant assuming the balancing responsibility, notification of transfer of balancing responsibility shall be submitted no later than the 20th day of the month.

23. The transmission system operator shall, upon receipt of the notification of transfer of balancing responsibility, verify that:

23.1. The balancing responsibility transfer notification contains all the required information and is signed by both market participants, i.e., the market participant transferring the balancing responsibility and the market participant assuming the balancing responsibility, and

23.2. The market participant assuming the balancing responsibility has not transferred its balancing responsibility to another market participant.

24. If the transmission system operator establishes the existence of the conditions provided for in paragraph 23 of the rules do not exist, the transmission system operator shall, no later than within five working days from the date of receipt of the notification on the transfer of the balancing responsibility, inform the market participant transferring the balancing responsibility of the refusal to register the transfer of the balancing responsibility, stating the reasons for the refusal.

25. If the transmission system operator establishes that the conditions provided for in paragraph 23 of the rules are fulfilled, the transmission system operator shall, no later than within 5 (five) working days from the date of receipt of the notification on the transfer of the balancing responsibility, inform the market participant transferring the balancing responsibility and the market participant assuming the balancing responsibility of the approval of the transfer of balancing responsibility.

26. The transfer of balancing responsibility shall enter into force on the first day of the month following the month in which the transmission system operator approves the request for transfer of balancing responsibility.

27. The market participant assuming balancing responsibility shall only be liable for imbalances caused by the market participant transferring balancing responsibility which are caused after the entry into force of the transfer of balancing responsibility (paragraph 26 of the rules).

28. Where a market participant assumes the balancing responsibility of another market participant in accordance with the provisions of this chapter, the imbalance data of the market participant transferring balancing responsibility shall be considered as the imbalance data of the market participant assuming the balancing responsibility in the following cases:

28.1. Where the balancing position of the market participant is established;

28.2. For the purpose of calculating and charging for imbalances caused by the market participant.

29. The market participant that has transferred the balancing responsibility shall have the right to withdraw from the transfer of the balancing responsibility by submitting to the transmission system operator a notice of withdrawal of the balancing responsibility in accordance with the withdrawal form published on the transmission system operator's website before the 20th day of the month. the transmission system operator shall confirm the relinquishment of the transferred balancing responsibility to both market participants within 5 (five) working days from the receipt of the notification. the transfer of balancing responsibility shall be deemed to have been terminated on the first day of the month following the month in which the request for relinquishment of balancing responsibility is received.

CHAPTER V SECURING CONTRACTUAL OBLIGATIONS FULFILLMENT

30. The market participant before entering into a balancing service contract shall provide the TSO with appropriate collaterals for the fulfilment of all obligations under the contract and/or the Rules

31. The Transmission System Operator shall have the right to request to submit / increase appropriate security measures for the fulfil of all obligations under the contract and / or the Rules under the following circumstances:

31.1. The Transmission System Operator shall identify changed (increased) risk due to the imbalances of a market participant; and / or

31.2. The Transmission System Operator shall identify changed (increased) risk due to the solvency of a market participant; and / or

31.3. A market participant under the terms and conditions set out in the transmission or balancing service contract fails or delays to fulfil its obligations to pay for the balancing services; and / or

31.4. A market participant violates the basic conditions of contracts and / or Rules; and / or

31.5. Bankruptcy, restructuring, separation or dissolution proceedings are initiated in respect of the market participant;

31.6. the market participant's currency credit rating does not correspond to the established long-term foreign currency credit rating, which is equal or higher than Baa1 according to Moody's agency, or BBB+ - according to Standard & Poor's agency, or BBB+ - according to Fitch Rating agency.

32. The appropriate security measures for the fulfilment of obligations provided by the Transmission System Operator shall be an cash deposit and / or bank or other credit institution guarantee.

33. The appropriate security measures for the fulfilment of obligations shall be recognized as duly submitted when the following conditions are met:

33.1. The minimum amount of the security measures for the fulfilment of obligations must not be less than:

33.1.1. one of the following values, whichever is greater:

33.1.1.1. 20 percent of the value of gas, which a market participant trading in gas under bilateral gas purchase and sale contracts and/or on the trading platform (Gas Exchange) at the Lithuanian virtual trading point, must deliver over the next reporting period; or

33.1.1.2. 20 percent of the value of gas, which a market participant trading in gas under bilateral gas purchase and sale contracts and/or on the trading platform (Gas Exchange) at the Lithuanian virtual trading point, delivered over the previous reporting period; and/or

33.1.2. 20 percent of the value of gas, which a market participant transporting gas plans to transport over the next reporting period.

33.2. When calculating the amount of the collaterals for the fulfilment of obligations under Paragraphs 33.1.1 and 33.1.2, the average weighted gas price of a daily market in the trading platform (Gas Exchange) at the Lithuanian virtual trading point for the previous reporting period shall be used.

33.3. The minimum amount of the collaterals for the fulfilment of obligations shall be EUR 25 000 (twenty-five thousand).

34. A market participant must provide additional security measures for the fulfilment of obligations in the event a minimum amount of the security measures for the fulfilment of obligations determined in accordance with subparagraph 33.1 of the Rules increases by 10 percent.

35. If an amount payable by the market participant for imbalances caused during the current month exceeds the amount of the security measures for the fulfilment of obligations, the Transmission System Operator shall have the right to require additional security measures for the fulfilment of obligations the amount of which shall be not less than the value of gas planned to be delivered by a market participant to the transmission system in the current month.

36. Bank guarantee shall be recognized as a properly submitted security measure for the fulfilment of obligations when the following conditions are met:

36.1. The bank guarantee was issued by a bank that has a long-term foreign currency credit rating not less than Baa1 by Moody's agency, or BBB+ - by Standard & Poor's agency, or BBB+ - by Fitch Ratings agency. Where at least one credit rating agency as specified by the present paragraph

has given to the bank the aforesaid long-term credit rating then it shall be considered that the guarantee issued by such a bank is appropriate.

36.2. Bank guarantee is the first demand and irrevocable guarantee.

37. Security measures for the fulfilment of obligations must be submitted not later than five business days from the date of request.

38. The period of validity of the security measures for the fulfilment of obligations provided by a market participant cannot be less than 3 months after the last reporting period during which:

38.1. it is planned to deliver natural gas to the transmission system; and / or

38.2. it is planned to transport natural gas through the transmission system.

39. Funds received by the Transmission System Operator in accordance with the security measures for the fulfilment of obligations of the market participants may be used to cover missed payments for services and / or daily imbalance charges.

40. The Transmission System Operator shall no later than within fourteen calendar days after the fulfilment of all obligations under the transmission or balancing service contract and / or the Rules waive all or part of its rights under the security measures for the fulfilment of obligations.

CHAPTER VI NEUTRALITY CHARGE

41. Within 10 calendar days after the end of the reporting period, the transmission system operator shall calculate a neutrality charge for each market participant to ensure financial neutrality.

42. The calculation of the neutrality charge for the accounting period shall be based on the following:

42.1. The transmission system operator's total costs and revenues related to the daily imbalance charge;

42.2. The transmission system operator's total costs and revenues related to balancing activities;

43. The neutrality charge shall be calculated by dividing the sum of all revenues and costs calculated in accordance with paragraph 42 of the rules during the reporting period by the total amount of gas off-taken by market participants during the reporting period. The neutrality charge shall be expressed in EUR / MWh and rounded to two decimal places.

44. The neutrality charge shall be the same for each day of the accounting period.

45. The neutrality fee shall be calculated for each market participant by multiplying the neutrality charge calculated in accordance with paragraph 43 of the rules by the volume of gas off-taken by that market participant. The neutrality charge shall be expressed in euro, rounded to two decimal places and shown as a separate charge on the vat invoice.

46. The term "gas off-taken" referred to in paragraphs 43 and 45 of the rules shall include:

46.1. The quantity of gas off-taken at the domestic exit point;

46.2. The amount of gas off-taken at the Lithuanian virtual trading point.

47. The transmission system operator shall publish on its website information on the amount of the neutrality charge.

CHAPTER VII SUBMISSION OF INFORMATION ABOUT THE SITUATION IN RELATION TO BALANCING

48. The Transmission System Operator shall, no later than by 14:00 on the business day preceding the balancing period (s), provide information on the balancing account on the status of the market participant in relation to balancing. This information shall include data available with Transmission System Operator on the market participant's total volume of gas planned to be off-taken from the transmission system through the balancing period, and the total amount of gas planned to be injected into the transmission system. This information shall be updated during a business day, at

least twice within a balancing period: information shall be updated first no later than by 15:00, and the second time - not later than by 17:00.

49. If the Transmission System Operator upon receipt of updated information about gas flows of the market participant determines that the gas quantity planned to be off-taken from the transmission system by a market participant differs from gas quantities planned to be injected into the transmission system and this may cause imbalances, it shall immediately, after the receipt of such information, inform the market participant on its balancing account about the potential imbalance.

50. The Transmission System Operator, no later than the business day following the balancing period (s), in the balancing account shall provide the information on the initial daily imbalance of the market participant. The Transmission System Operator in the balancing account shall provide information on the final daily imbalance of a market participant no later than 10 calendar days after the end of the reporting period.

CHAPTER VIII SUBMISSION OF INFORMATION REQUIRED FOR BALANCING THE TRANSMISSION SYSTEM

51. The information model base case, determined in Network Code, is applied in Lithuania, i.e. the model for information provision where the information on non-daily metered off-takes consists of a day ahead and within day forecasts.

52. Network Users shall submit to the transmission system operator nominations for the quantity of gas for each balancing period at points of entry to and/or exit from the transmission system.

53. If the supply company fails to provide trade notifications for over a year, the Transmission System Operator shall have the right to unilaterally terminate the balancing contract by submitting a 10 day notification to the supply company according to section IX article of the Rules.

54. If the balancing contract is terminated, the Transmission System Operator shall immediately inform the trading platform (Gas Exchange) operator thereof.

55. Market participants, injecting from third countries gas, must submit to the Transmission System Operator copies or extracts of gas injected from third countries contracts, and (or) agreements, certified in the procedure approved by the legislative acts, confirming the commitment of suppliers to supply gas. The Transmission System Operator shall have the right to request market participants injected from third countries gas to provide other documentation necessary to ensure the timely, smooth and safe transmission of gas. Documents submitted to the Transmission System Operator *inter alia* shall include: parties to the contract, the object of the contract, gas reception point, gas supply procedure and regime, gas quantities supplied and time-limits, duration/validity of the contract, contract termination conditions, parameters of gas quality and pressure.

56. Market participants, supplying gas from other gas systems, must submit to the Transmission System Operator copies or extracts of agreements, certified in the procedure approved by the legislative acts, confirming the purchase of gas. The Transmission System Operator shall have the right to request market participants supplying gas from other gas systems to provide other documentation necessary to ensure the timely, smooth and safe transmission of gas. Documents submitted to the Transmission System Operator *inter alia* shall include: parties to the contract, the object of the contract, gas reception point, gas supply procedure and regime, gas quantities supplied and time-limits, duration/validity of the contract, contract termination conditions, parameters of gas quality and pressure.

57. The distribution system operator designated by the forecasting party must provide the transmission system operator with information on the quantity of gas forecasted to be off-taken at non-daily read metering points by Network Users at the delivery points connected to the distribution system within the following time limits:

57.1. Initial forecast: by 12:00 of the business day preceding the balancing period;

57.2. The first updated forecast: by 13:00 of the balancing period;

57.3. The second updated forecast: by 15:00 of the balancing period;

58. The distribution system operator must provide the transmission system operator, by 13:00 of the business day following the balancing period(s), with information on the quantity of gas off-taken by the Network Users during the balancing period at the daily read metering delivery points connected to the distribution system.

59. The distribution system operator designated by the forecasting party must provide the transmission system operator with information on the quantity of gas off-taken by the Network Users during the balancing period at the non-daily read metering delivery points connected to the distribution system in the following terms:

59.1. on the first business day following the balancing period (s), within two hours of receipt of the data, from the transmission system operator, on gas quantities transmitted during the previous balancing period (s) to the distribution system, and

59.2. no later than the third business day after the end of the reporting period, shall update the gas quantities of the ended reporting period, after the allocation by days.

60. If the actual data on the volume of gas transported to a delivery point connected to the distribution system is revised, the distribution system operator must provide to the Transmission System Operator the updated data on the quantities of gas actually distributed to the Network Users, irrespective of the reporting period for which the data are revised but for no longer period than one year. Revised data are presented together with the data for the previous reporting period.

61. If the actual data on the gas transported to the point of delivery connected to the distribution system or to the point of delivery connected to the transmission system are revised, the daily imbalance charge for that balancing period shall not be recalculated and the additional quantity of balancing gas that the market participant had buy and/or sell during the balancing period shall be bought and/or sold for the average weighted price of natural gas traded in the trading platform (Gas Exchange) at the Lithuanian virtual trading point during the balancing period.

62. The trading platform operator shall provide information on the gas purchase and sales transactions concluded during the trading session on the Natural Gas Exchange to the Transmission System Operator in the procedure laid down in the Natural Gas Trading Rules.

63. Information provided in this section of the Rules shall be provided to the Transmission System Operator in the forms set out in the annexes to the contracts, in which the balancing conditions are set, and (or) on the balancing account.

CHAPTER IX ACTIVITIES IN THE LITHUANIAN VIRTUAL TRADING POINT

64. In order to trade gas on the Lithuanian virtual trading point, the market participants shall be obliged to submit trade notification, which shall be submitted, verified and attributed in accordance with the provisions of this chapter.

65. All market participants with valid transmission service or balancing contracts may submit trade notifications.

66. Both market participants trading gas with each other shall be obliged to submit trade notifications to the transmission system operator.

67. Trade notifications for gas trading for one or more consecutive gas days shall be submitted to the transmission system operator:

67.1. Not earlier than 40 calendar days before the day for which the gas is traded;

67.2. No later than 15:00 on the day preceding the gas day for which the gas is traded.

68. Trade notifications for gas trading for the current gas day shall be submitted to the transmission system operator:

68.1. Not earlier than 17:00 of the day preceding the gas day for which the gas is traded;

68.2. No later than 30 minutes before the end of the gas day for which the gas is traded.

69. All trade notifications shall state:

- 69.1. The gas day(s) on which the gas is traded;
- 69.2. The EIC codes of both parties to the transaction;
- 69.3. Whether the notice is for the purchase or sale of gas;
- 69.4. The quantity of gas in kilowatt-hours of the transaction.

70. Until the deadline specified in sub-paragraphs 67.2 and 68.2 of these rules, the market participant may adjust the submitted trade notification if the transmission system operator has not yet started the matching procedure.

71. Each trade notification received, not confirmed or corrected, shall be valid until the deadline specified in sub-paragraphs 67.2 and 68.2 of these rules.

72. Market participants may authorise the operator of a trading platform/exchange to submit trade notifications in respect of gas trade transactions executed on the trading platform/exchange.

73. Market participants may authorise another party to submit trade notifications on behalf of the both parties, provided that the transmission system operator is informed in advance.

74. The transmission system operator shall, upon receipt of a trade notification, check whether the trade notification complies with the requirements set out in this chapter, contains all the required information and is submitted within the time limits set out in paragraphs 67 and 68 of the rules.

75. If a trade notification complies with the requirements referred to in paragraph 74 of the rules, the quantity of gas specified in such trade notification shall be confirmed upon receipt by the TSO of two corresponding buy and sell trade notifications for the same gas day.

76. The transmission system operator shall match trade notifications as follows:

76.1. If both trade notifications indicate the same quantity of gas, the transmission system operator shall allocate the quantity of gas indicated in the trade notification;

76.2. If the trade notifications indicate a different quantity of gas, the transmission system operator shall allocate the lower quantity of gas indicated in the trade notifications (lesser rule).

77. The transmission system operator shall provide the information on the allocated gas volumes to the market participants no later than 30 minutes after it receives the two corresponding buy and sell trade notifications.

CHAPTER X PROCUREMENT OF BALANCING GAS BY BALANCING THE SYSTEM BY THE TRANSMISSION SYSTEM OPERATOR

78. In order to ensure the balancing in the transmission system and proper functioning, the Transmission System Operator shall purchase gas on the trading platform (Gas Exchange) at the Lithuanian virtual trading point and / or under bilateral contracts, and, if needed, shall acquire other balancing services. The Transmission System Operator shall purchase balancing services and trade in gas for the purposes of balancing in order to minimizing the cost of balancing services.

79. The Transmission System Operator shall acquire balancing services for a period not longer than one year.

80. The Transmission System Operator by purchasing and selling gas on trading platform (Gas Exchange) at the Lithuanian virtual trading point shall seek to carry out transactions at near-market prices, however, considering the demand for gas for balancing the transmission system. The Transmission System Operator shall publish on its website information on balancing services purchased and natural gas purchased or sold for the balancing purposes.

CHAPTER XI COOPERATION WITH OTHER TRANSMISSION SYSTEM OPERATORS

81. The Transmission System Operator to ensure the proper functioning of the transmission system must coordinate balancing regimes and seek to cooperate, in carrying out the balancing activities, with the Transmission System Operators with which the transmission system operated by the Transmission System Operator is connected.

82. The Transmission System Operator, once a year, shall submit proposals to the EU Agency for the Cooperation of Energy Regulators (ACER) and the Commission on the possibility of unifying balancing regimes at regional and cross-systemic level (in the event the Transmission System Operators cooperate in carrying out the balancing activities).

CHAPTER XII FINAL PROVISIONS

83. Contract form in which standard balancing contract conditions are determined is presented in Annex 2 to the Rules.

84. For exchange of information related to the transmission system balancing and publication on the balancing account created for a particular market participant, an additional agreement shall be signed between the Transmission System Operator and market participant.

85. In the event of disruptions of gas supplies to Lithuania, gas quantities injected into the transmission system shall be allocated in accordance with the Description of Measures Ensuring Natural Gas Supply Security approved by Resolution No 163 “On the Approval of Description of Measures Ensuring Natural Gas Supply Security” of the Government of the Republic of Lithuania of 26 February 2008.

86. Complaints and disputes concerning violations of balancing conditions shall be examined in the procedure laid down by law.

87. The Transmission System Operator and market participants and distribution system operators for improper execution of the Rules shall be responsible in the manner laid down by law.

88. Information provided to the Transmission System Operator by a market participant in accordance with Paragraphs 55 and 56 of the Rules is confidential and in no amount may be transferred or otherwise disclosed to any third parties, except in cases stipulated by legal acts or with the written consent of the Market participant.

DAILY IMBALANCE CHARGE CALCULATION METHODOLOGY

CHAPTER I GENERAL PROVISIONS

1. The daily imbalance charge calculation methodology (hereinafter – the Methodology) is designed to establish the calculation and coverage of the daily imbalance of the market participant and the principles, procedure and conditions for the application of the daily imbalance charge within the natural gas transmission system (hereinafter – the transmission system) managed by AB Amber Grid.

2. By undertaking balancing actions, the Transmission System Operator shall not either gain or lose. The principle of neutrality shall be ensured through the calculation and application of the Neutrality Charge to market participants.

CHAPTER II CALCULATION AND OFFSET OF THE IMBALANCE AND APPLICATION OF THE DAILY IMBALANCE CHARGE

3. The daily imbalance quantity of each market participant during each balancing period shall be calculated in accordance with the following formula:

$$\text{daily imbalance quantity} = \text{inputs} - \text{off-takes}$$

4. Market participant in order to offset the imbalance caused over the balancing period, after the end of the balancing period:

4.1. if a daily imbalance quantity for the balancing period is negative, i.e. if gas quantities injected by the market participant to the transmission system through a period of balancing was less than the quantities of gas off-taken from the transmission system, then this market participant shall be deemed to have purchased gas from the transmission system operator equivalent to the daily imbalance quantity and therefore shall be obliged to pay daily imbalance charges to the transmission system operator;

4.2. if a daily imbalance quantity for the balancing period is positive, i.e. if gas quantities injected by the market participant to the transmission system through a period of balancing exceeded the volume of gas off-taken from the transmission system, then this market participant shall be deemed to have sold gas to the transmission system operator equivalent to the daily imbalance quantity and therefore shall be entitled to receive a daily imbalance charges from the transmission system operator.

5. If the quantity of imbalance gas is higher than the imbalance tolerance, the balancing gas is bought or sold for the marginal buy and/or marginal sell price.

6. If it is not possible to establish a marginal sell price and/or marginal buy price, and/or weighted average price on the trading platform (Gas Exchange) at the Lithuanian virtual trading point of natural gas for a particular balancing period, the last marginal sell price and/or marginal buy price, and/or weighted average price on the trading platform (Gas Exchange) at the Lithuanian virtual trading point of natural gas is used for the balancing period.

7. When, at the end of the balancing period, the Transmission System Operator calculates for a market participant causing imbalances the daily imbalance charge, the imbalances shall be eliminated.

8. At the end of the reporting period, within 10 calendar days, a report for each market participant shall be formulated on the balancing account where information about the imbalance amounts recorded during specific periods of balancing, adjustments made, calculation of payments for the daily imbalance charge shall be provided.

9. At the end of the reporting period or duration of the contract concluded with the market participant, if it is less than the reporting period, in the event the imbalance of the market participant has been recorded at least one balancing period in the course of the reporting period, within 10 calendar days:

9.1. the Transmission System Operator shall calculate the daily imbalance charge for market participant causing the shortage of gas in the transmission system, and provide a VAT invoice according to which a market participant must account for balancing gas acquired during the reporting period;

9.2. The market participant causing the surplus of gas in the transmission system shall calculate for the Transmission System Operator the daily imbalance charge in the transmission system and provide a VAT invoice according to which gas sold to the Transmission System Operator during the reporting period must be paid for. Under a separate agreement, the Transmission System Operator can execute documents (or VAT invoices) on behalf of the market participant for balancing gas;

10. If, at the end of the reporting period, data on the amount of gas transferred into the distribution system for technological needs of the distribution system operator differ from the predicted amount of gas to be transferred for technological needs of the distribution system operator, the imbalance charge shall not be calculated and the resulting difference shall be offset at the weighted average price of natural gas traded on the trading platform (Gas Exchange) at the Lithuanian virtual trading during the balancing period.

11. If, at the end of the reporting period, data on the amount of gas transported to the delivery point connected to the distribution system are revised, the revised amount shall not be subject to the imbalance charge and the resulting difference between the original and revised imbalance shall be offset at the weighted average price of natural gas traded on the trading platform (Gas Exchange) at the Lithuanian virtual trading during the balancing period.

12. When the distribution system operator specifies data on the amount of gas transported to the delivery point connected to the distribution system, or when the Transmission System Operator specifies the amount of gas injected into the transmission system, or the amount of gas ejected into the user systems directly connected to the transmission system, changes in payment for balancing shall be recorded in a separate VAT invoice.

13. Information about balancing gas prices of the relevant balancing period, their changes are published on the website of the Transmission System Operator or of the trading platform operator. The procedure for calculating the daily imbalance charge shall be published on the website of the Transmission System Operator.