

**Appendix 1**

**HANDBOOK CONCERNING BALANCE RESPONSIBILITY AND IMBAL-  
ANCE SETTLEMENT**

**PART 2:  
FINGRID OYJ'S GENERAL TERMS AND CONDITIONS CONCERNING IM-  
BALANCE SETTLEMENT**

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# 1

## Introduction

This part of the handbook contains the terms, conditions, and general procedures relating to imbalance settlement used in determining a Balance Responsible Party's (hereinafter Balance Responsible Party) rights, responsibilities, and obligations relating to imbalance settlement. The principles underlying the general terms and conditions concerning imbalance settlement are the provisions of the Electricity Market Act applying to system responsibility and imbalance settlement, the Government Decree on electricity supply settlement and measurement, the Decree of the Ministry of Economic Affairs and Employment on the exchange of information in the trading of electricity and the settlement of electricity deliveries, Regulation (EU) 2019/943 of the European Parliament and of the Council on the internal market for electricity, Commission Regulation (EU) 2017/2195 establishing a guideline on electricity balancing (hereinafter the EBGL), and ACER decision 18/2020 on the harmonisation of the main features of imbalance settlement – Annex I, Methodology for the harmonisation of the main features of imbalance settlement (hereinafter the ACER decision).

A Balance Responsible Party is a party in the electricity market, including the nominated electricity market operator, that balances the difference between its electricity production and procurement, as well as between its electricity consumption and deliveries, by means of imbalance energy delivered by Fingrid in the Finnish imbalance area, which is the Finland bidding area in the day-ahead market (market balance area). This area also corresponds to the Finnish imbalance price area.

### 1.1

#### Definitions

The following definitions are used in this document:

**Open delivery** refers to the supply of electricity in which the electricity supplier provides its customer with all the electricity it needs, as well as the supply of electricity in which the supplier balances the difference between the customer's electricity production and procurement and its electricity consumption and delivery by supplying the deficit or by receiving the surplus during each imbalance settlement period.

**Chain of Open Deliveries** Each party in the electricity market must be a part of the Chain of Open Deliveries, in which the last open supplier is the system operator, Fingrid.

**Fixed delivery** refers to deliveries in which the electricity supplier delivers the pre-agreed amount of electricity to its client during the pre-agreed delivery hour.

**Metering grid area** refers to the main grid, a high-voltage distribution network, distribution network, closed distribution network or part thereof, or the internal network of a property or a similar group of properties forming its own settlement area in imbalance settlement. It is a physical area in which it is possible to measure the production, consumption, and quantity of electricity transmitted between two metering grid areas. A metering grid area can include one or both of production and consumption.

**Nominated electricity market operator** refers to a market operator that has been nominated by the competent authority to carry out the tasks related to interconnected day-ahead markets or intraday markets.

**Nordic Imbalance Settlement (NBS) Handbook** refers to the Nordic Imbalance Settlement (NBS) Handbook (Handbook), which is maintained by the imbalance settlement unit on assignment from Fingrid and concerns balance responsibility and imbalance settlement. The handbook conforms to these terms and conditions, and it contains procedures that further define these terms and a more detailed description of the implementation of imbalance settlement.

**Shared power plant** refers to a power plant whose output is allocated to the holders of power plant shares in each imbalance settlement period, in accordance with the handling of shared power plants.

**Metering Grid Area Exchange Trade** refers to an exchange of energy sum that must be purchased or sold and that arises between two metering grid areas belonging to different market balance areas.

**Metering Grid Area Exchange** refers to the sum of the measurements between two metering grid areas, the value of which is used to settle the imbalances.

**Transmission area** refers to the area in which the production and demand facilities are located. There are two transmission areas in Finland: north and south of 64° latitude.

**Centralised information exchange unit** refers to an operating unit or subsidiary of the transmission system operator with system responsibility that discharges duties related to centralised information exchange services for the electricity trade (EMA section 49 a).

**Regulation object** refers to a group of one or more generators and production units in a single transmission area. A Regulation Object can contain only one type of production (wind, water, nuclear, etc.). There can only be one Balance Responsible Party per Regulation Object.

**Balance service provider** refers to a market party whose reserve-providing units or groups are able to provide balance services to transmission system operators.

**Imbalance** refers to an energy volume calculated for a Balance Responsible Party during an imbalance settlement period and representing the difference between the allocated volume attributed to the Balance Responsible Party and the final position of the Balance Responsible Party, including any imbalance adjustment applied to the Balance Responsible Party, within a given imbalance settlement period.

**Imbalance adjustment** refers to an energy volume representing the balancing energy from a balancing service provider and applied by the connecting transmission system operator for an imbalance settlement period to the concerned balance responsible parties, used for the calculation of the imbalance of these balance responsible parties.

**Imbalance settlement period** refers to the time unit for which the balance responsible parties' imbalances are calculated.

**Imbalance settlement** refers to a financial settlement mechanism for charging or paying balance responsible parties for their imbalances.

**Imbalance settlement unit** refers to the operating unit, subsidiary, or associated company of the transmission system operator with system responsibility that carries out the tasks related to the national Imbalance Settlement.

**Imbalance energy** refers to the electrical energy provided by the balance service provider and used by transmission system operators for balancing the network.

**Balance responsible party** refers to the electricity market party that is responsible for the said market party's imbalances. They have a valid balance agreement with Fingrid. In other words, the party's open supplier is Fingrid.

**Balance responsibility** refers to the responsibility for ensuring that a party's production and procurement in an electricity trade cover its consumption and the supply of electricity during each imbalance settlement period. All parties to electricity trades have a balance responsibility.

**Energy transactions** refer to the energy transactions made by Fingrid during the imbalance settlement period for the purposes of balance management and, where appropriate, taking care of other system responsibilities. An imbalance adjustment is recorded in the imbalance settlement for energy transactions, applied to the balance responsible parties concerned during the imbalance settlement period, and used to calculate the said balance responsible parties' imbalances.

## 2 Requirements for becoming a Balance Responsible Party

Requirements for becoming a Balance Responsible Party:

- must be a legal person registered under the law of the home state;
- must be registered with the national regulatory authority of the member state in accordance with the regulation (EU) 1227/2011 (REMIT);
- must have a clearing account approved by the Imbalance Settlement Unit;
- must place a collateral with the Imbalance Settlement Unit;
- must be able to receive invoices from the Imbalance Settlement Unit;
- must register and indicate the required structural information to the Imbalance Settlement Unit.

## 3 National Imbalance Settlement

The imbalance settlement procedure ascertains the electricity deliveries between the parties involved in the electricity market (hereinafter Market Party). The imbalances are calculated for each Balance Responsible Party on the basis of fixed deliveries (including power exchange transactions), consumption, and production, as well as imbalance adjustments during the imbalance settlement period (energy transactions and other reserve energies allocated to imbalance settlement), as shown in Figure 1. Each Balance Responsible Party carries the financial responsibility for its imbalances.

The Imbalance Settlement Unit is responsible for settling the balances of Balance Responsible Parties and for invoicing the imbalances on assignment from Fingrid.

The Imbalance Settlement Unit shall automatically calculate the imbalance for the Balance Responsible Party in each imbalance settlement period until the 13th day from the day after the delivery day. During that period, the Balance Responsible Party may ask the Imbalance Settlement Unit for a recalculation of the imbalance if it detects an error.

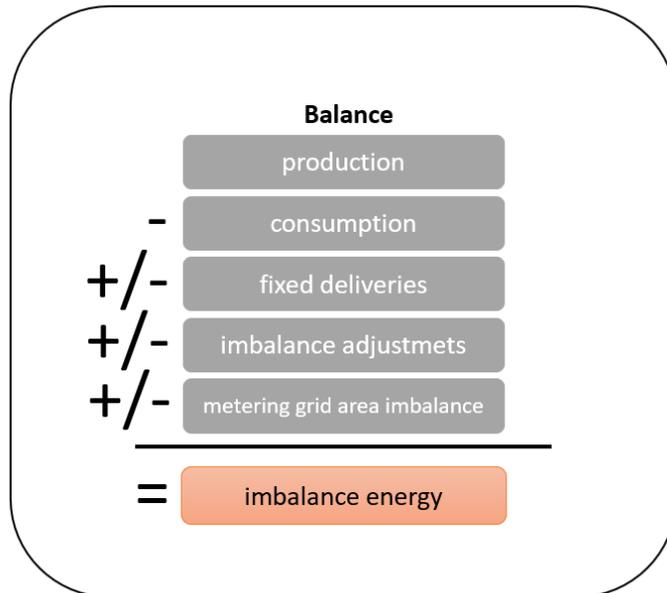


Figure 1. Imbalance calculation

#### 4 **Organisation of balance responsibility in the metering point of electricity (chain of open deliveries)**

An electricity consumer must have one open supplier (electricity retailer) to use electricity in each of metering point of electricity connected to the power grid. The electricity producer that feeds electricity into the power grid for transmission in the grid shall be one open supplier (electricity retailer) for the electricity production of each of metering point of electricity connected to the power grid and the associated electricity consumption. Notwithstanding this, the proportion of the production units of the shared power plants shall be divided according to paragraph 6.1.4 Processing of Shared Power Plants.

For any completed open delivery to an electricity market party, the open supplier (electricity retailer) shall assign a Balance Responsible Party who, via the said open delivery or via an unbroken chain of open deliveries extending to it, balances the electricity production and procurement, as well as electricity consumption and delivery, based on the said open delivery to the party.

#### 5 **Responsibilities of a Balance Responsible Party**

A Balance Responsible Party is a Market Party which has a valid agreement with the Imbalance Settlement Unit and with Fingrid. A Balance Responsible Party's responsibilities include that it must:

- have a valid Balance Agreement with Fingrid;
- have a valid imbalance settlement agreement with the Imbalance Settlement Unit;
- report fixed deliveries related to its balance to the Imbalance Settlement Unit and verify their correctness;
- carry financial responsibility for its imbalances;

- settle imbalances in its balance responsibility with the imbalance settlement unit;
- maintain up-to-date settlement structure information on Imbalance Settlement;
- check all information reported by the Imbalance Settlement Unit and report deviations;
- notify the Imbalance Settlement Unit of the electricity retailers in each of its metering grid areas separately for production and consumption; and
- plan its electricity balance so that it is in balance in each imbalance settlement period.

## **6 Reporting of structured information**

Every Market Party must register with the Imbalance Settlement Unit to receive a party ID to use in national imbalance settlement, to be able to operate in the market, and to gain the rights to its own imbalance settlement data. Registration is done through the Service Request contact service published by the Imbalance Settlement Unit on its website. Market Parties are responsible for registering and keeping their information up to date.

The Imbalance Settlement Unit maintains structured data on the basis of information provided by Balance Responsible Parties, network operators, and Fingrid.

Structured information is information on the Market Parties and their relationships with each other (e.g., the relationship between a Balance Responsible Party and an electricity retailer) and on the market entities and market entity connections (e.g., the relationship between an electricity retailer and a metering grid area). The definitions can be found in the applicable Nordic Imbalance Settlement (NBS) Handbook of the Imbalance Settlement Unit. Each Market Party is responsible for delivering structured information and keeping it up to date.

### **6.1 Reporting responsibilities and schedules**

The Imbalance Settlement Unit receives structured information from Balance Responsible Parties and network operators through the online service to the imbalance settlement system, where the Imbalance Settlement Unit verifies the information. When the Imbalance Settlement Unit has accepted the structured information, the Imbalance Settlement Unit publishes the structured information to the Market Parties who are entitled to access it in the online service.

#### **6.1.1 Structured information that a Balance Responsible Party is responsible for reporting and maintaining**

- Its registration as a Balance Responsible Party;
- Its own contact details;
- The GS1 company ID and the GLN ID determined on the basis of the GS1 for balance responsible parties within the scope of the centralised information exchange service for the electricity trade and balance responsible parties connecting to the centralised information exchange service for the electricity trade (network operators and balance responsible parties cannot have the same GLN ID);

- Retailers for which they are responsible with regard to production, consumption, and fixed transactions and in which metering grid areas;
- Structured information on fixed deliveries for retailers for whom the Balance Responsible Party is responsible. Fixed deliveries can be registered by one of the Balance Responsible Parties, and the Imbalance Settlement Unit will then inform the counterparty that a fixed delivery has been registered with this Balance Responsible Party;
- Assigning a production unit to the correct regulation object;
- Power plants in its balance responsibility defined as shared power plants, their shareholders (retailers), basic proportions of production attributable to each shareholder as a ratio for each shared power plant (e.g., 3/9), and the capacities of the power plants by email to the address [settlement@esett.com](mailto:settlement@esett.com);
- the Nominated Electricity Market Operator carries responsibility for maintaining the settlement structure information on power exchange transactions; and
- the Nominated Electricity Market Operator also contributes to maintaining the settlement structure information on transmissions relating to the day market and intraday market between market areas.

6.1.2 Distribution system operator is responsible for reporting and maintaining the following settlement structure information:

- Registering the company as a network operator;
- Updating contact information;
- The GS1 company ID and the GLN ID determined on the basis of the GS1 for network operators within the scope of the centralised information exchange service for the electricity trade and network operators connecting to the centralised information exchange service for the electricity trade (network operators and balance responsible parties cannot have the same GLN ID);
- Updating the structured information about exchange points in the metering grid area;
- updating the settlement structure information on consumption within the Metering Grid Area:
  - the electricity retailer, metering grid area, consumption type, and validity;
  - the EIC-Y ID for metering grid areas within the scope of the centralised information exchange service for the electricity trade and metering grid areas connecting to the centralised information exchange service for the electricity trade
- Updating the structured information about production units within the metering grid area:
  - provide following information: Metering Grid Area, production type, validity, production unit ID and capacity;

- updating the settlement structure information on production:
  - naming of retailer for production unit; and
- notifying a retailer for every Metering Grid Area to handle the Metering Grid Area imbalance and Metering Grid Area Exchange Trade.

### 6.1.3 Schedules for reporting of settlement structure information

The Imbalance Settlement structure information shall be reported in accordance with the following deadlines. The corresponding deadlines also apply to the reporting of the ending of settlement structure information.

#### 6.1.3.1 Reporting by Balance Responsible Party

The structured information about fixed deliveries in a Balance Responsible Party's balance responsibility shall be reported no later than three full days before the first delivery day (reported to the Imbalance Settlement Unit).

Assigning regulation objects in a Balance Responsible Party's balance responsibility to production units no later than one full day before the first delivery day (reported to the Imbalance Settlement Unit).

Assigning a retailer in a Balance Responsible Party's Balance Responsibility to consumption and production in every Metering Grid Area no later than 5 full days before the first delivery day (reported to the Imbalance Settlement Unit).

As distinct from the previous, announcement of the termination of an electricity retailer's Balance Responsibility in a Metering Grid Area shall be given no later than 14 full days before the final delivery day (reported to the Imbalance Settlement Unit).

#### 6.1.3.2 Reporting by network operators

Structured information on exchange points in the metering grid area, no later than 7 full days before the first day of delivery (reported to the Imbalance Settlement Unit).

Structured information on consumption and small-scale production in the metering grid area, no later than seven full days after the date of delivery (reported to the Imbalance Settlement Unit).

The settlement structure information on production in distribution system operator's Metering Grid Areas shall be reported no later than the day before the first delivery day (reported to the Imbalance Settlement Unit).

#### 6.1.4 Processing of Shared Power Plants

A separate Metering Grid Area is established of a Shared Power Plant. This Metering Grid Area shall have one distribution system operator / party maintaining the Metering Grid Area, which is responsible for the Imbalance Settlement in the Metering Grid Area in question, such as for the calculation and reporting of production and other Imbalance Settlement information to the Imbalance Settlement Unit and to other parties entitled to receive the information. Said Metering Grid Area is established in the same way as any other Metering Grid Areas in the inter-Nordic Imbalance Settlement model, in other

words it is separated from the other Metering Grid Areas by means of exchange metering, of which the Metering Grid Area Exchanges per equivalent metering areas are reported to the Imbalance Settlement Unit.

The shareholders of the Shared Power Plant are established in the Imbalance Settlement as retailers in accordance with the inter-Nordic Imbalance Settlement model. As many production units as there are shareholders are established in the Metering Grid Area established from the Shared Power Plant. The distribution system operator of the Metering Grid Area / party maintaining the Metering Grid Area assigns the retailers to the production units established.

The Balance Responsible Party of the electricity retailer that incurred an imbalance in the metering grid area established from a shared power plant shall act as the Balance Responsible Party of the shared power plant.

The division of the actual production of the shared power plant is based on each shareholder's share of production reported by the Balance Responsible Parties of the shareholders of the shared power plant to the Imbalance Settlement Unit before the imbalance settlement period. The production shares are reported in megawatt-hours.

During the imbalance settlement period, the Balance Responsible Party of a shareholder of the shared power plant reports whether the shareholder-specific production share reported before the imbalance settlement period is used as the actual fixed production of the shareholder in the imbalance settlement period. Otherwise, the shareholder's actual production is calculated in proportion to all the production shares of the shared power plant, taking into account the confirmed fixed shares.

If the total energy of production shares that have been confirmed as fixed in a shared power plant is greater than the realised total production of the shared power plant in the said imbalance settlement period, the actual production is allocated to the shareholders only in proportion to the production shares that have been confirmed as fixed.

If all the production shares of a shared power plant reported before the imbalance settlement period have been confirmed or not confirmed in the imbalance settlement period to be used as fixed shares in the imbalance settlement period, the actual total production of the shared power plant is divided in proportion to the production shares reported before the imbalance settlement period.

If none of the shareholders in a shared power plant reports their production shares before the imbalance settlement period, the actual total production of the shared power plant shall be divided between the shareholders in accordance with the basic division ratios.

If all the shareholders in a shared power plant report a production share of zero before the imbalance settlement period, the actual total production of the shared power plant shall be divided between the shareholders in accordance with the basic division ratios.

The production shares and confirmations shall be delivered using the procedure specified in the separate instruction from the Imbalance Settlement Unit entitled *Handling the production shares of shared power plants*.

The calculation and reporting of the actual output attributable to a specific shareholder from a production unit at a shared power plant shall take into account the imbalance adjustments during the imbalance settlement period for each shareholder applying to the production unit, in order to realise the system responsibility imposed on Fingrid by the Electricity Market Act.

The network operator in the metering grid area or the party maintaining the metering grid area shall be responsible for calculating the foregoing actual shareholder-specific production of the shared power plant and reporting the information to the Imbalance Settlement Unit.

## **7 Reporting of Imbalance Settlement information**

Market parties shall report imbalance settlement information to the Imbalance Settlement Unit in the form of messages or through the online service. Based on the information reported, the Imbalance Settlement Unit shall settle the imbalances of Balance Responsible Parties.

The Imbalance Settlement Unit shall report the imbalance settlement information to the Market Parties in the form of messages or through the online service.

### **7.1 Imbalance settlement information that the Balance Responsible Party shall be responsible for reporting**

The Balance Responsible Party shall report imbalance settlement information in accordance with item 7.1.1.

#### **7.1.1 Fixed deliveries**

The Balance Responsible Party shall report to the Imbalance Settlement Unit the final information for the imbalance settlement period on the retailer-specific fixed deliveries included in its balance responsibility, itemised by the counterparties, no later than 20 minutes before the imbalance settlement period.

By way of derogation from the preceding point, only a nominated electricity market operator shall report retailer-specific power exchange transactions in the day-ahead and intraday markets maintained by it, itemised by the counterparties, including transactions between bidding areas. In the case of intraday markets, the electricity market operator shall report preliminary information on deliveries before the start of the imbalance settlement period and the final information on deliveries in the imbalance settlement period, no later than 12:00 noon (CET) on the 13th day following the delivery day.

### **7.2 Imbalance settlement information that the network operator shall be responsible for reporting**

The distribution system operator shall report to the Imbalance Settlement Unit preliminary information on the deliveries on the second day following the delivery day no later than 11:00 and the final information on the deliveries on the eleventh day following the delivery day no later than 24:00.

#### **7.2.1 Metering Grid Area Exchanges**

The distribution system operator shall report the sums of the Metering Grid Area Exchanges in its Metering Grid Area in relation to the other Metering Grid Areas.

#### **7.2.2 Production**

The network operator shall report the information measured in the imbalance settlement period for production units of more than 1 MW, itemised by production unit, to the Imbalance Settlement Unit. Small-scale production of less than 1 MW can be netted with consumption, and retailers do not need to report it. By way of exception to the

foregoing, if the sum of a retailer's small-scale production of less than 1 MW exceeds the retailer's consumption in the metering grid area, this shall be reported separately.

Reserve power generators with an output of more than 1 MW, energy storage facilities, and other small-scale production equipment that is only intended for temporary use or disturbance management purposes shall be treated in the same way as small-scale production of less than 1 MW.

### 7.2.3 Consumption

The distribution system operator shall report to the Imbalance Settlement Unit the sum information itemised by retailers and Metering Grid Areas. The sum information shall be itemised and reported as follows:

- Metered consumption
- Consumption calculated using type load profile
- Losses
  - Losses in a Metering Grid Area are calculated on the basis of the Metering Grid Area Exchanges, metered production and metered consumption as follows: losses = – (Metering Grid Area Exchanges + metered production + metered consumption + consumption calculated using type load profile).

### 7.3 Reporting principles of the Imbalance Settlement Unit

The Imbalance Settlement Unit reports the following:

1) to the balance settler the preliminary imbalance settlement information related to the carrying out of its balance settlement duty on the second day after the delivery day and the final imbalance settlement information no later than on the 13th day after the delivery day;

2) to a Balance Responsible Party the preliminary information related to electricity deliveries between the Imbalance Power Unit and the Balance Responsible Party on the second day after the delivery day and the final information related to electricity deliveries between the Imbalance Power Unit and the Balance Responsible Party no later than on the 13th day after the delivery day;

3) to an electricity market participant the preliminary imbalance settlement information reported by balance settlers and concerning the participant itself on the second day after the delivery day and the final imbalance settlement information no later than on the 13th day after the delivery day;

4) to a non-Finnish party (TSOs) the preliminary electricity deliveries that cross the border of the national market balance area on the second day after the delivery day and the final electricity deliveries no later than on the 13th day after the delivery day.

### 7.4 Delivery of information

The information supplied shall reach the recipient by the prescribed deadline. The most recent information received before the deadline replaces earlier information on the same matter.

## 7.5 Calendar and time zones

The Nordic Imbalance Settlement model utilises a combined Nordic calendar, which consolidates the public national holidays from all involved countries. The Nordic calendar can be found on the website of the Imbalance Settlement Unit.

The Nordic Imbalance Settlement model is operated in Central European Time (CET) / Central European Summer Time (CEST) and a 24-hour clock (10 o'clock in the evening is written as 22:00) in operation (for example in invoicing and Imbalance Settlement). All Market Parties acting with the Imbalance Settlement Unit shall follow this procedure. The Nordic Imbalance Settlement model also uses winter and summer time change. Accordingly, the last Sunday in March has 23 hours and the last Sunday in October has 25 hours.

The exception of the previous is that distribution system operators shall report the Imbalance Settlement information by following the official time of Finland in accordance with the decree of the Ministry of Economic Affairs and Employment, taking into account the transition to and from daylight saving time.

The management of settlement structures (e.g. retailer's Balance Responsibility) is complemented by national legislation in each country. In Finland, the settlement structures are managed in Eastern European Time (EET) / Eastern European Summer Time (EEST).

## 8 Breach of terms

If a contracting party breaches the terms of the Agreement, the party must immediately provide the other contracting party with an explanation of the reasons for the breach and must begin taking remedial action.

If the breach is recurrent or otherwise material in nature, and the breach has not been remedied by a reasonable deadline set by the other party, the other party may cancel the agreement.

In addition, Fingrid shall be entitled to cancel the Agreement with immediate effect if the Balance Responsible Party is placed in liquidation, the equity capital of the Balance Responsible Party is registered as negative, or the Balance Responsible Party defaults on its payments, is declared bankrupt, shows other signs of insolvency, or otherwise grossly breaches the Agreement. Fingrid also has a similar right if the Balance Responsible Party does not have a valid Imbalance Settlement Agreement with the Imbalance Settlement Unit.

## 9 Damages

The parties to the Agreement shall not be liable for damage caused by a performance within the scope of the Agreement, unless the damage is demonstrated to be the result of negligence by the party to the Agreement or one acting on its behalf, which cannot be considered to be minor. The parties to the Agreement shall not be liable to each other for indirect or consequential damages, such as loss of profits or damages paid to a third party by a party to the Agreement, nor any other consequential damages, unless the damage has been caused intentionally or by gross negligence or by a breach of a confidentiality obligation.

**Force majeure**

In the event of force majeure, Fingrid shall be entitled to limit the service provided under the Agreement or suspend it entirely, taking into consideration the requirements of compelling legislation.

Force majeure is an event that Fingrid could not have prevented with reasonable care and that renders Fingrid's performance under the Agreement impossible or fundamentally complicates it, or makes it financially or otherwise unreasonable.

Examples of force majeure include war, internal unrest, vandalism, sabotage, explosion, strike or work stoppage by a key group, or another similarly significant and unusual event.

Fingrid shall notify the Balance Responsible Party of the onset and cessation of force majeure without delay.

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