

Appendix 2 to the Balance Agreement

FEE COMPONENTS AND DETERMINATION OF FEES

The fee components described in this appendix are used in the national imbalance settlement and balance management. The fees cover the costs of the balance service and allow a reasonable return. This appendix takes into consideration the requirements imposed by national and EU legislation on balance services and the pricing of such services (see Appendix 1 parts 1 and 2 Introduction), as well as 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).

Fingrid has assigned the operations related to national imbalance settlement (including invoicing) to eSett Oy (hereinafter the Imbalance Settlement Unit).

The following definitions are used in this document:

Imbalance price refers to the price of imbalance in each direction during each imbalance settlement period. The price can be positive, zero, or negative.

Sale price of imbalance energy refers to the price of an imbalance sold by Fingrid to the Balance Responsible Party.

Purchase price of imbalance energy refers to the price of an imbalance purchased by Fingrid from the Balance Responsible Party.

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.

Energy transactions refer to Fingrid's energy transactions during the hour for the purposes of balance management and, where appropriate, taking care of other system responsibilities.

1**Fee components**

The Balance Responsible Party shall pay the valid fees described in this paragraph on the basis of the imbalance settlement carried out by the Imbalance Settlement Unit. The applicable fixed unit prices for the weekly fee, production and consumption volume fee, and imbalance volume fee are published on Fingrid's website.

Fee	Unit
Weekly fee	EUR/week
Production and consumption volume fee	EUR/MWh
Imbalance volume fee	EUR/MWh
Imbalance price	EUR/MWh

2 Pricing principles

2.1 Weekly fee

A fixed weekly fee is collected from the Balance Responsible Party.

2.2 Production and consumption volume fee

The production and consumption volume fee is calculated for the total actual production and consumption of a Balance Responsible Party during the imbalance settlement period in question.

The following fee components shall apply to international connections:

- No separate fee is applied to internal connections within the EU and EEA.
- A production and consumption volume fee is calculated for imports and exports over connections with Russia. For transmission over connections with Russia, Fingrid charges cross-border transmission service fees (Agreement on transmission service on Fingrid's cross-border connections between Russia and Finland), which include the production and consumption volume fees.
- Realised imports or exports do not influence a Balance Responsible Party's production and consumption volume fee.

2.3 Imbalance volume fee

A Balance Responsible Party shall pay Fingrid a fixed imbalance volume fee for each megawatt-hour of imbalance sold by Fingrid to the Balance Responsible Party or bought by Fingrid from the Balance Responsible Party. The imbalance shall be calculated in accordance with Appendix 1, part 2, paragraph 3.

2.4 Imbalance price

A one-price system shall apply to the imbalance. In other words, the purchase and sale prices of imbalance are identical. During an imbalance settlement period, the price of imbalances (in accordance with Article 9 of the ACER decision) sold by Fingrid to a Balance Responsible Party (when the Balance Responsible Party has a negative imbalance) and purchased by Fingrid from a Balance Responsible Party (when the Balance Responsible Party has a positive imbalance) shall be the up-regulation price during an up-regulation period and the down-regulation price during a down-regulation period.

3 Pricing of imbalances

Imbalances are priced on the basis of the prevailing price in the day-ahead market in the Finland bidding area and the marginal price in the mFRR energy market for the specific imbalance settlement period, as indicated by trades executed in the mFRR energy market.

If both up-regulation and down-regulation have been carried out during the imbalance settlement period, the imbalance settlement period shall be defined (in accordance with Article 8 of the ACER decision) as an up-regulation or down-regulation period, depending on which direction required the greater amount of energy regulation.

If there was no regulation or if there was an equal amount of regulation in both directions, the price of imbalances in the imbalance settlement period shall be taken as the prevailing price in the day-ahead market in the Finland bidding area. In such cases, the imbalance price is obtained by calculating the value of avoided activation, adjusted by an incentive component. The value of avoided activation shall be calculated as the average of the first available up-regulation and down-regulation bids in the mFRR energy market in the Finland bidding area. The incentive component shall be calculated as the difference between the value of avoided activation and the price in the Finland bidding area.

Fingrid shall pay the Balance Responsible Party an energy fee for the imbalance it receives (in the case of a positive imbalance). The energy fee shall be calculated by multiplying the volume of energy in each imbalance settlement period by the prevailing imbalance price (EUR/MWh).

The Balance Responsible Party shall pay Fingrid an energy fee for the imbalance it delivers (in the case of a negative imbalance). The energy fee shall be calculated by multiplying the volume of energy in each imbalance settlement period by the prevailing imbalance price (EUR/MWh).

3.1 Fee for energy transactions during an imbalance settlement period

If there have been energy transactions in accordance with Appendix 1, Part 1 between the Balance Responsible Party and Fingrid during a delivery hour, compensation shall be paid through a separate transaction, in accordance with Appendix 1, Part 1, for the volumes of electricity agreed upon.

4 Value-added tax and other taxes and levies

In addition to the fees specified in the Agreement, the parties to the Agreement shall pay value-added tax at the applicable rate, as well as any other taxes and levies imposed on the Agreement by the authorities.