

GENERAL RULES
FOR THE ALLOCATION OF IMBALANCES
IN THE STANDARD BALANCING GROUP
WITH COORDINATOR RESPECT ENERGY S.A.

These General Rules for the Allocation of Imbalances within the Standard Balancing Group of RESPECT ENERGY S.A. („*General Rules*“) contain the general rules and conditions for the allocation of imbalances and imbalance costs between the individual participants in the Standard Balancing Group of RESPECT ENERGY S.A.

1. General provisions

- 1.1. RESPECT ENERGY S.A. („*the Coordinator*“) with registered office in Warsaw, 01-793 Warsaw, 8 Ludwika Rydygiera Str. with UIC 341470612 and VAT ID PL8762459238
- 1.2. The Coordinator holds electricity trading license No. L-681 [Л-681] from 20.04.2023, with included rights and obligations of „coordinator of standard balancing group“ and „coordinator of combined balancing group“, pursuant to Article 39, paragraph 5 of the Energy Act (EA), issued by the Energy and Water Regulatory Commission („*EWRC*“).
- 1.3. The Coordinator is registered as a coordinator of a standard balancing group in the public register of the Electricity System Operator EAD (ESO EAD), pursuant to Article 65 of the Electricity Trading Rules („*ETR*“) with status „active“.
- 1.4. A member of the standard balancing group may be a commercial participant of the electricity market (producer or trader) registered on the balancing energy market and having fulfilled its obligations to join the Coordinator’s standard balancing group.
- 1.5. The basis for determining the imbalances in the group are the aggregated measured values of production, consumption and physical exchanges attributed to the Coordinator. If there is a difference between the measured and estimated electricity data for each hour (settlement period), an energy shortage, respectively an energy surplus is formed, or these are the imbalances to be allocated.
- 1.6. The imbalances of each balancing group shall be determined by the Electricity System Operator in accordance with the provisions of Article 177 of ETR.
- 1.7. These General Rules are adopted by RESPECT ENERGY S.A. in its capacity as the Coordinator of a balancing group who has the right to amend and supplement these General Rules. In case of an amendment and/or supplement to the General Rules, RESPECT ENERGY S.A. updates the published General Rules on its website.

2. Principles for allocating imbalances

- 2.1. The General Rules according to which the Coordinator carries out the allocation of imbalances between the participants in the standard balancing group of RESPECT ENERGY S.A. are based on fairness, proportionality and transparency, which means that:
 - 2.1.1. The Coordinator shall allocate imbalances among the participants according to the weight they contribute to the group's imbalances;

2.1.2. The participant receive information on their individual imbalances and costs of imbalances;

3. Determination of imbalances and their pricing

- 3.1. Upon receipt of the validated measured values, RESPECT ENERGY S.A., in its capacity of the Coordinator of the standard balancing group, shall determine the total imbalances of each producer in the standard balancing group, with respect to the metering locations of the respective network, for each settlement period.
- 3.2. The total production of a producer in the standard balancing group of RESPECT ENERGY S.A. is equal to the sum of the total production of the producer's sites for which RESPECT ENERGY S.A. has assumed responsibility for balancing.
- 3.3. The Coordinator calculates the individual hourly imbalance of each group participant.
- 3.4. In the event of non-fulfilment by the producer, in its capacity of a seller, of its obligations arising from the concluded contract for sale and balancing of electricity with RESPECT ENERGY S.A., in its capacity of a coordinator, for notification of circumstances that would in any way affect the production of electricity from the producer's sites, as well as for restrictions in the production of the producer's sites imposed by the competent authorities, RESPECT ENERGY S.A. shall be entitled to charge the producer for the cost of any imbalance caused by the producer in accordance with the following methodology:
 - 3.4.1. The registered daily hourly electricity production schedules from the producer's sites for the relevant calendar month of delivery are imposed one after the other and a monthly hourly production schedule of the producer is obtained.
 - 3.4.2. RESPECT ENERGY S.A. receives from the relevant network operator the data and readings from the commercial metering devices at the point of connection of the producer's sites, by means of xml files, concerning the measured amount of net electricity for the reporting period, produced by the producer's sites.
 - 3.4.3. On the basis of the data referred to in items 5.1. and 5.2., for the respective reporting period, RESPECT ENERGY S.A. shall calculate the hourly difference of the quantities of electricity according to the production schedule minus the measured quantities of electricity according to the commercial metering devices for each hour. As a result of the calculations, an energy shortage or energy surplus is formed for each hour (settlement period).
 - 3.4.4. The formed amount of energy surplus for the respective hour for the reporting period shall be multiplied by the respective price for each hour of ESO EAD for surplus on the balancing market (in BGN/MWh). The realized imbalance cost shall be paid by the producer under the terms and conditions agreed in the contract and its annexes for payment of the amounts of the invoices issued under the contract.
 - 3.4.5. The generated amount of energy shortage for the respective hour for the reporting period shall be multiplied by the respective price for each hour of ESO (Electricity System Operator EAD) for shortage on the balancing market (in BGN/MWh). The realized imbalance cost shall be paid by the producer under the terms and conditions agreed in

the contract and its annexes for payment of the amounts of the invoices issued under the contract.

- 3.5. The Coordinator shall perform quantitative and financial settlement on a monthly basis.
- 3.6. At the end of each month, based on the total imbalances for that period, the balancing energy between the Coordinator and the group members is invoiced.
- 3.7. The Coordinator shall determine the price of balancing energy in the energy shortage and energy surplus group necessary to mutually compensate the imbalances of the participants in the standard balancing group for each settlement period.
- 3.8. RESPECT ENERGY S.A. shall carry out transactions with energy imbalances with the participants in the standard balancing group at the shortage price and surplus price determined by the Electricity system operator under the ETR in the following cases:
 - 3.8.1. where the energy surplus of one or several participants in the standard balancing group is not sufficient to cover the energy shortage of another or several other participants in the group,
 - 3.8.2. where the energy surplus of one or more participants in the standard balancing group exceeds the amount of energy needed to cover the energy shortage of the other participants in the group.
- 3.9. All additional costs incurred as a result of a change in the regulatory framework, incl. but not limited to changes in the market model, pricing methodologies or the methodology of ESO for settlement of imbalances and determination of balancing energy prices for each settlement period, changes and/or acts adopted by EWRC and/or other competent authority, are charged by RESPECT ENERGY S.A. and are paid by the participant from the date of entry into force of the changes until the expiration of the contract concluded between RESPECT ENERGY S.A. and the participant pursuant to provided information on the size and methodology of the formation of the costs.
- 3.10. Under the terms of these General Rules, the Coordinator charges the individual imbalances (surplus and shortage) which are paid by the Participant in the following cases:
 - 3.10.1. in case of deviations of more than 10% (ten percent) from the estimated schedule (positive and negative) in a given settlement period by each producer participating in the balancing group, regardless of the primary energy source;
 - 3.10.2. upon events or changes of an extraordinary nature leading to a 10% (ten percent) increase in balancing costs or additional balancing costs.

4. Participation in the standard balancing group with Coordinator RESPECT ENERGY S.A.

- 4.1. The participant concludes a Contract with the Coordinator in which both sides regulates the participation in the balancing group.
- 4.2. The conditions in these General Rules applied with priority over the individual contracts of the participants in the balancing group with the Coordinator.

4.3. These General Rules for the Allocation of Imbalances within the Standard Balancing Group of RESPECT ENERGY S.A. are produced in accordance with the requirements of Article 58, paragraph 1, item 2 of the Electricity Trading Rules.