

Explanatory notes to the Rules on the operation of the electricity market

The Rules on the operation of the electricity market are issued by the Market Operator on the basis of the Electricity Supply Act (Official Gazette of the Republic of Slovenia, No. [172/21](#), hereinafter referred to as the ESA) and take into account the Commission Regulation laying down guidelines for the imbalance settlement (COMMISSION REGULATION (EU) [2017/2195](#) of 23 November 2017 establishing a guideline on electricity balancing, hereinafter referred to as EB GL) and ACER [Decision](#) on the harmonisation of the main features of imbalance settlement: [Annex I](#) (hereinafter referred to as ISH). The Market Operator shall issue the Rules after prior coordination with the System Operator and obtain the consent of the Energy Agency before their publication in the Official Gazette of the Republic of Slovenia.

The Rules are divided into chapters, which include the following contents: general provisions, electricity market, Balance Scheme, recording of contracts, imbalance settlement and financial settlement. The chapters are subdivided into subchapters for greater clarity.

GENERAL PROVISIONS

The **General provisions (Articles 1 to 3)** define the areas regulated for the performance of the public service obligations of the Market Operator and allow for the possibility of issuing instructions and further clarifications for specific provisions. The instructions shall be published transparently by the Market Operator on its website. The general provisions also provide definitions of the terms and a list of abbreviations used in the Rules.

ELECTRICITY MARKET

The chapter **Electricity market (Articles 4 to 15)** defines market participants and the obligation to be a member of the Balance Scheme in cases when participants participate in the market as active participants. This chapter defines the way the market operates and behaves, as well as the Market Operator register and its information system, together with provisions on access and use of the information system.

A novelty in the Rules is the possibility to set up a platform, which the Market Operator can use as part of its IT system to publish inside information.

The Rules also set out the obligations of electricity operators and other data controllers to provide information and data necessary for the performance of the Market Operator's tasks, as well as the transparent operation of the market and the provision of planning data.

The chapter specifies the 15-minute imbalance settlement period, which as a unit of time affects different areas of the market, such as the recording of operational forecasts and closed contracts and the imbalance settlement interval.

In this chapter, the Rules also refer to the Rules for suspension and restoration of market activities, under which the System Operator may suspend one or more market activities. In the event of suspension of market activities, the Rules for suspension and restoration of market activities, which, including the imbalance settlement process, shall apply until the market is restored. The Rules also refer to the regulation governing load and consumption limitation measures, i.e. the imbalance settlement shall be carried out in accordance with the provisions of this regulation in the event that the measures affect the imbalance settlement process and calculation.

BALANCE SCHEME

The chapter ***Balance Scheme (Articles 16 to 45)*** determines the forms of membership of market participants in the Balance Scheme and the regulation of contracts between end-users and suppliers under the so-called open contracts. In open contracts, the quantities are not precisely defined in advance, as they are only known after the realisation of the electricity exchanges has been measured at the delivery points. The chapter also determines the regulation within the framework of closed contracts, which are concluded only between members of the Balance Scheme and in which the quantities are precisely determined. The quantities recorded in the Market Operator's register of closed contracts are regarded as the official quantities of energy received or transmitted by the participants and are known in advance. The majority of the chapter focuses on the process of obtaining membership in the Balance Scheme, as well as the limitation of operation and termination of membership.

The subchapter ***Membership Agreement (Articles 17 to 24)*** defines the two options for membership in the Balance Scheme, namely that members may operate either as a Balance Group or a Balance Subgroup. The latter can be placed under any member of the Balance Scheme, as there is no limit to the number of sub-group levels.

The subchapter also defines the content of the balancing agreement, the conditions for concluding the balancing agreement, as well as the nature of the balancing agreement. In addition, the responsibilities of the Balance Group are also specified in this subchapter. The most important provision of this section is the regulation of the date on which changes to the Balance Scheme take effect, i.e. the relevant date shall be the date entered in the record of Balance Scheme membership agreements. Memberships of electricity operators and the energy exchange operator are also specifically defined.

The section also defines the content of the compensation agreement, which classifies a Balance Scheme member as a subordinate member of one of the other members of Balance Scheme and assigns it the status of a Balance Subgroup. In the case of subgroups, responsibilities are also clearly defined. The effective date of the changes to the membership of a Balance Subgroup in the Balance Scheme as recorded in the record of Balance Scheme membership is also specified.

Since the Balance Scheme may also be subject to change, this subchapter mentions examples of transitions between Balance Groups or Subgroups. The conditions and time limits for transitions are specified in more detail in the subchapter regarding the effective dates of changes in the Balance Scheme.

The provisions in the subchapter ***Open supply contracts, aggregation contracts and closed contracts (Articles 25 to 36)*** define the types of open contracts and the relationships that open contracts define between suppliers and end-users of the networks. Open contracts define the balancing affiliation of delivery points, or more specifically the metering points, which are also newly introduced in the Rules in accordance with the System operating instructions for the electricity distribution system (hereinafter referred to as SONDSEE). All the possible bases for determining the balancing affiliation of a metering point are set out, which must have a balancing affiliation at all times, otherwise it belongs to the electricity operator. However, it is not necessary that the metering point is actually contracted, as the supply may be carried out by the operators/owners themselves (i.e. self-supply).

In order to protect customers against loss of access to electricity, the Rules contain provisions on emergency supply. The reasons for the occurrence of emergency supply are mainly related to the cessation of the supplier's operation in case the supplier loses its status as a member of the Balance Scheme. The rules also allow for emergency supply, the conditions for which are laid down in the SONDSEE, and the rules also determine the System Operator's procedure in case a metering point has no active open contract.

The subchapter also introduces aggregation contracts, which, by their nature, are open contracts and are kept in the register of open contracts of the electricity operators. The operation of independent aggregators itself is otherwise specified in the subchapter on the independent aggregator.

In this subchapter, a closed contract is further explained as a contract concluded with a member of the Balance Scheme.

The provisions in the subchapter ***Procedure for obtaining membership in the Balance Scheme (Articles 37 to 39)*** set out the procedure for obtaining membership in the Balance Scheme, including the method of submitting a request for membership, the verification of the conditions for inclusion in the Scheme, together with the possibility for the Market Operator to request

additional clarifications on the intended market operation. The rules introduce a restriction on the possibility for legal or natural persons to enter the market if they have been excluded from the Balance Scheme in the last three years prior to the request, either for acting in violation of the Rules or for breaching a balancing agreement. The subchapter also sets out the deadlines for the Market Operator to decide on the request, as well as the deadlines for the signing of the balancing agreement, the deadline for submitting financial guarantees and the deadline for inclusion in the Balance Scheme.

The subchapter ***Restriction of operation in the Balance Scheme (Article 40)*** defines the procedure to be followed in the event of a temporary technical prevention from operating on the electricity market. The cases in which the Market Operator may impose this measure are set out, together with the consequences of imposing this measure, in particular the prevention of the registration of closed contracts and the possible removal of existing contracts.

The subchapter ***Termination of membership in the Balance Scheme (Articles 41 to 44)*** sets out the conditions and deadlines within which membership in the Balance Scheme may be terminated. In particular, it sets out the cases, grounds and conditions for termination of a balancing agreement (Balance Group) by both the Market Operator and the Balance Scheme member. It also sets out the conditions in the event of termination of a balancing agreement as a result of a transfer between Balance Scheme members. In the event of termination of membership due to termination by the Market Operator, the membership of any hierarchically lower members of the Balance Scheme shall also be terminated. The conditions for cancellation or termination of the compensation agreement (Balance Subgroup) are also specifically determined, as well as the limits on the effective date of cancellation or termination of the compensation agreement.

In order to protect end-users, members of the Balance Scheme whose Balance Group/Subgroup consists of end-users or electricity producers are not allowed to leave the Balance Scheme. This shall also apply in the case of exiting the Balance Scheme due to termination of a balancing agreement by a hierarchically superior member of the Balance Scheme. If a member of the Balance Scheme has end-users in its Balance Group/Subgroup, it shall not be able to exit the Balance Scheme earlier than the first day of the month that occurs at least three months after the termination of the balancing agreement.

The provisions in the subchapter ***Enforcement days of changes in the Balance Scheme (Article 45)*** define the enforcement days, such as a three-month deadline for the timely notification of the renewal of balancing agreements and the deadline for the notification of the transition between members of the Balance Scheme, which shall take place at least two months after the moment when all the conditions for entry in the register have been fulfilled.

RECORDING OF CONTRACTS

The chapter *Recording of contracts* regulates the recording of balancing agreements, the recording of closed and open contracts, the recording of operational forecasts, the schedules for recording and coordination of closed contracts and operational forecasts, as well as the preparation of the operating schedule of the transmission network and the operation of the independent aggregator.

In the subsection *Methodology of recording contracts (Articles 46 and 47)*, the Rules specify the publication of the list of members of the Balance Scheme on the Market Operator's website, as well as the publication of any changes to the records. The subchapter also specifies the method of recording of closed contracts and operational forecasts, which is to be done via the Market Operator's IT system.

In the subchapter *Recording of open contracts (Articles 48 and 49)*, the Rules provide that the record of open contracts and all related data is to be kept by the electricity operators. The rules specify the content of the records of open contracts, requiring traceability of changes to the records and prescribing access to the records by the Market Operator. The Rules provide that, upon request by the Market Operator, the electricity operator must provide the requested information on the balance affiliations, as well as the data on switching of electricity suppliers and invoiced volumes, within three working days.

In the subchapter *Recording of closed contracts (Articles 50 to 60)*, the Rules stipulate that changes are recorded in the register based on the report by a member of the Balance Scheme or an input by the Market Operator. The responsibility for reporting closed contracts for themselves and for the subordinate members of the Balance Scheme lies with the Balance Responsible Party.

The Rules provide that a closed contract may be concluded only between two members of the Balance Scheme, or a contract may be recorded using cross-border transmission capacity between a member of the Balance Scheme and a member of a foreign market. For other types of recordings, such as executed regulation, executed load restrictions or other emergency network regulation activities, a record of closed contracts shall be arranged on receipt of a notification from the System Operator. If there is a discrepancy between the parties' recording data, the Market Operator shall invite the parties to eliminate the discrepancy. If contracting parties fail to reach an agreement on the report of a closed contract, the Market Operator shall not accept the report of such a contract and the report is not taken into account. In this case, the quantities equal to zero are taken into account, unless one of the contracting parties is an operator of an energy exchange, in which case the report of the latter shall be taken into account.

The Rules also specify the content of recorded closed contracts and that the quantities must be given in megawatts and that the values must be rounded to three decimal places. The record of

the rights to use cross-border transmission capacities is kept by the System Operator, to which the Market Operator has access. For registered closed contracts using cross-border transmission capacities, the System Operator must verify the right to use cross-border transmission capacities. The Rules also specify how different types of power system regulation are recorded in the record of closed contracts, including the activated offers by independent aggregators.

The subchapter sets out the market plan as the basis for the imbalance settlement. In the case of suppliers, the market plan values must be equal to the operational forecasts, while traders must have a market plan equal to 0 megawatts in all accounting intervals. Otherwise, it shall be considered that the Balance Responsible Party has reported the forecasted imbalances when determining the amount of the variable financial guarantees.

In the subchapter ***Operational forecasts (Articles 61 and 62)***, the Rules provide that the responsibility for reporting operational forecasts rests with the Balance Responsible Parties, both for their own delivery points, as well as those belonging to hierarchically lower members of their Balance Group. However, operational forecasts may only be reported for the Balance Group's corresponding delivery points. The Rules stipulate that operational forecasts shall be reported for each accounting interval. Furthermore, they shall be given in megawatts and rounded to three decimal places. The members of the Balance Scheme shall attempt to provide their forecasts as accurate as possible and shall secure electricity for the forecast consumption by either purchasing electricity from other members of the Balance Scheme, by importing electricity or by purchasing electricity from the producers with which they hold a balancing affiliation. Failure by the supplier to provide adequate quantities of electricity to end-users shall be regarded as a violation of the Rules. The Market Operator can compare the consumption forecast with the realised consumption. If the two differ significantly without a justifiable reason, the Market Operator may adjust the operational forecast of the Balance Scheme member. The Market Operator shall inform the Balance Responsible Party affected by the change and the Energy Agency of the reasons and changes in the report. When recording the operational forecasts, the activities of independent aggregators shall also be taken into account and the forecasts shall be adjusted for the delivery points used in the aggregators' activities, unless the change is arranged in the framework of the imbalance settlement with the submission of data by the System Operator.

In the subchapter ***Control, coordination and deadline for the report (Articles 63 and 64)***, the Rules determine the method of how to control the consistency of the market plan forecasts and operational forecasts in each accounting interval, which must be the same in each accounting interval. In case of discrepancy, the Market Operator may request a correction of the report. This section also contains provision of the deadlines for the recording of closed contracts and operational forecasts, which are specified in more detail in the additional instructions published on the Market Operator's website.

The provisions in the subchapter ***Indicative operating schedule (Articles 65 to 67)*** prescribe the components of the operating schedule to be produced on a daily basis by the Market Operator and the deadlines for its production and sending it to the System Operator. The System Operator checks the operating schedule and informs the Market Operator of any observations. If the System Operator does not report any irregularities or technical issues, it is assumed that the System Operator has approved the content of an indicative operating schedule.

The subchapter ***Independent aggregator (Article 68)*** determines the operation of the independent aggregator on the electricity market. Each member of the Balance Scheme has the possibility to act as an independent aggregator. An independent aggregator is a market member that performs aggregation activity and is not related to the end-users' supplier with whom it provides demand response.

The Rules implement a version of the contractual model of aggregation since the activities and quantities of the independent aggregator are only taken into account in the case of the recording of closed contracts by both the aggregator and the supplier whose end-user is engaged in aggregation. The Market Operator may prepare and publish additional instructions on the specific deadlines and modalities of the exchange of data on aggregation activations and quantities.

Simultaneous activations are allowed, but the Market Operator does not check the eligibility or accuracy of the reported quantities. Activations must be recorded in the required manner and the Market Operator shall not interfere with the measurement data. The Rules provide that any financial compensation to suppliers for aggregation must be agreed between the participating suppliers and independent aggregators. The independent aggregator must also provide the supplier with credible data on the energy activated for aggregation purposes.

IMBALANCE SETTLEMENT

The chapter defines the implementation of the imbalance settlement and is divided into different subchapters which determine the calculation of the realised consumption of the Balance Scheme members, the submission of data, the calculation of the market balance sheet and the Balance Groups imbalances, as well as the steps of the implementation of the imbalance settlement.

In the subchapter ***Calculation of the supply and consumption (Articles 70 to 73)***, the Articles lay down the rules for the calculation of the realised supply and consumption of the Balance Scheme members and their total realisation in each accounting interval. The Rules determine which end-users are classified as measured and which as the so-called non-measured consumers or producers. In this respect, the Rules refer to the SONDSEE (also in the framework of determining the rules for replacing the missing measurements).

In the subchapter **Analytical procedure (Articles 74 to 78)**, the Articles lay down the rules for calculating the realisation of the supplier's non-measured end-users according to the analytical procedure, whereby the residual diagram is distributed among the suppliers according to the respective share of non-measured consumption in the total non-measured consumption of the distribution area. For the distribution of non-measured consumption among suppliers, a quotient is calculated, which is provided simultaneously by the distribution system operator when the accounting data is transmitted, and the formula is also set out in the Rules. For this purpose, a rule for calculating the residual diagram is also defined by using the estimated network losses and the measurement data on the energy received and the energy injected into the network.

The future decrease in the share of non-measured customers will increase the likelihood of negative non-measured consumption ratios for individual suppliers. The Rules therefore stipulate that where the sum of the quotients of all customers of an individual supplier is negative, a quotient of zero will be taken into account and any remaining residual difference after setting the quotient to zero will be recalculated in the annual recalculation of the imbalance settlement.

The realisation of non-measured producers is calculated using data on the total quantities of measured producers in each accounting interval, by distributing the monthly quantities of non-measured production over the intervals in the same monthly profile as the total quantities of measured production of the distribution area in the same accounting month.

The Rules also determine the method of calculating the realisation of self-supplying customers in the case of surpluses or deficits of realisation on an annual level. In the case of surpluses or deficits of the self-supply delivery point, the realisation is attributed to the supplier, which is carried out by including the realised quantities in the annual recalculation of the imbalance settlement as the amount of purchased or delivered electricity. This applies when the self-supply delivery point is included in the residual diagram (non-measured customers). However, when a self-supply point is considered a measured customer, it shall be classified as measured consumption or measured production, so that the realisation will be taken into account at the accounting interval level.

In case there are also customers in the network whose consumption is not measured in each accounting interval, the losses in the network cannot be directly measured in each accounting interval. Thus, the Rules specify that the distribution system operator shall estimate the losses of individual areas of the distribution system on the basis of previous network loss accounting data from the preceding three calendar years or a shorter period. The past losses are used to calculate the network loss quotient as a proportion of the purchased electricity, which is then multiplied in each accounting interval by the amount of electricity delivered into the distribution network area. The Market Operator shall publish the quotients on its website. The Rules also allow for the calculation of actual losses in each accounting interval, but only for areas where this is technically feasible, i.e. the area has all end-users measured at least at the accounting interval level.

In the subchapter ***Submission of data for imbalance settlement (Articles 79 to 83)***, the Rules specify the Market Operator's access to the data needed for the implementation of imbalance settlement. In this part, the Rules set a deadline of 12 working days for submitting of all accounting data for the previous month. This deadline applies both to the submission of data to the Market Operator, as well as the suppliers who need the data to verify the imbalance settlement calculations. For the annual recalculation of the imbalance settlement, the deadline for the submission of data is 15 calendar days after the end of the imbalance settlement for the last month of the year. This deadline applies both to the submission of data to the Market Operator, as well as to the suppliers who need the data to verify the imbalance settlement calculations.

The Rules precisely determine the content of the data that the electricity operators must provide to the Market Operator for the purposes of the imbalance settlement and the annual recalculation of the imbalance settlement. The Rules also specify the content of the data that the electricity operators must provide to the suppliers. The way in which the data is to be submitted on the day of switching from winter to summer time and on the day of switching from summer to winter time is also set out in the Rules. The electricity operators are also required to provide data during the month for the purposes of managing the risks of the electricity market, i.e. on a daily basis for aggregated data of end-users by individual suppliers. For this purpose, the Market Operator shall also adopt and publish additional instructions

In the subchapter ***Market balance (Articles 84 to 89)***, the Rules determine the calculation of the realisation of the Balance Groups, the imbalances of the Balance Groups and the imbalances of the electricity operators. A specific rule is laid down for the calculation of the forecasted imbalances.

In subchapter ***Imbalance settlement of Balance Groups (Articles 90 to 103)***, the Rules define the procedure for calculating the imbalance price, which includes several possible steps. The number of steps performed depends on the amount of funds collected from the Balance Group imbalance payments, which must cover the balancing costs of the electricity system. The calculation steps are as follows: (1) calculation of the single imbalance pricing, (2) if the single pricing method does not provide sufficient funds in the accounting month, the accumulated surplus funds from the previous accounting months held in the account for the management of the imbalance settlement surplus shall be used, (3) if the second step also fails to provide sufficient funds, a dual imbalance pricing shall be carried out at intervals in which the balancing energy was activated in both directions, (4) if the first three steps also fail to provide sufficient funds, a correction of the dual pricing shall be made by increasing the gap between the two prices, (5) if all of the above mentioned steps fail to provide the sufficient funds, the funding shortfall shall be provided through network charges. The Rules also specify a list of information regarding the realised

system regulation, which shall be provided by the System Operator to the Market Operator and which shall take into account the imbalance costs.

A rule for calculating a single imbalance price in each accounting interval is also defined and it depends on the direction of system balancing and on the direction of the total imbalances of the Balance Groups (the first step of the imbalance settlement). The Rules also define the formula for calculating the weighted average price for positive and negative activated balancing energy, which is used for the calculation of the imbalance price.

The formula for calculating the direction of the total system imbalances is also defined in the Rules and is calculated from the sum of the imbalances of all Balance Groups. In order for the System Operator to be able to publish data on imbalances on an ongoing basis during the month, the System Operator can also determine the direction of the total imbalances on the basis of the available data on activated aFRR, mFRR and RR, the imbalances at the border and the balancing data in the context of the imbalance netting.

In rare cases, it may also happen that no regulation energy is activated in the System Operator area during a given accounting interval. Therefore, in such intervals, it is necessary to calculate the value of avoided activation of the balancing energy, which represents the calculated value of the regulation that would be in effect if regulation were to be realised. The value for intervals where no balancing has taken place shall be calculated by the System Operator and submitted to the Market Operator.

The Rules determine the calculation of the imbalance settlement surpluses and deficits. The financial settlement is carried out in such a way that surpluses are transferred to the account for booking imbalance settlement surpluses or the surpluses are used to cover the missing imbalance costs. The account for booking imbalance settlement surpluses shall at all times maintain sufficient funds to cover the risks of non-fulfilment of financial settlement or for delayed payments of liabilities of financial settlement participants of imbalance settlement. If there is a withdrawal of the funds, the second step of the calculation of the imbalance price shall be applied.

In the event that the single pricing method, together with the use of funds accumulated in the account for booking imbalance settlement surpluses, does not provide sufficient funds in each accounting period to cover the balancing costs in the accounting period under consideration, two prices shall be calculated for all accounting intervals in which the balancing energy has been activated in both directions, one for positive imbalances and one for negative imbalances (the third step of the imbalance settlement). A rule is established to calculate two prices for the imbalances in each accounting interval depending on which direction the balancing of imbalances was performed in the accounting interval. After the calculation of the dual price method for imbalances, the existence of a surplus or deficit in the imbalance settlement shall be re-examined

and, if necessary, the accumulated funds in the account for booking imbalance settlement surpluses shall be used, but, as in the second step, only surpluses in excess of the amount of funds required to cover the risks of non-fulfilment of financial settlement or for delayed payments of liabilities of financial settlement participants of imbalance settlement may be used.

In the event that both the single pricing method and the dual pricing method, together with the use of the funds accumulated in the account for booking imbalance settlement surpluses, do not provide sufficient funds to cover the netting costs in a particular accounting period, an additional component q shall be applied in all accounting intervals in which two prices have been calculated. Prices for negative imbalances shall be increased by q , whereas prices for positive imbalances shall be reduced by q . The amount of the additional component q shall be such that the total payments made by the Balance Groups, together with the funds accumulated in the account for booking imbalance settlement surpluses, shall only cover the system imbalance costs. However, only surpluses exceeding the amount of funds necessary to cover the risk of non-fulfilment of the financial settlement or late payments by the imbalance settlement participants may be used.

In any exceptional case, when even the first four steps of the imbalance settlement do not enable enough funds to cover all off imbalance costs, the funding shortfall is provided through network charges. The Market Operator shall settle the costs with the System Operator in accordance with the actual realisation, which shall be equal to the sum of all paid imbalance settlements values of the Balance Groups.

The subchapter ***Imbalance settlement of Balance Groups (Articles 104 to 114)*** determines the deadlines for carrying out the imbalance settlement. The first imbalance settlement is carried out within three working days of receipt of all the necessary information. The second imbalance settlement is carried out within two months, at the latest within the deadline applicable to the first imbalance settlement two months later (the timeframe for the second imbalance settlement is extended by one month according to the current Rules). If there are no objections or corrections of the first imbalance settlement, the second imbalance settlement shall not be carried out and the first imbalance settlement shall become definitive. In any case, the financial settlement shall be carried out after the first imbalance settlement and, if necessary, also after the second imbalance settlement. The Rules also set a deadline for submitting comments on the first imbalance settlement, namely five working days from receipt of the settlement. The comments shall not delay the financial settlement. The Market Operator shall respond to the comments no later than the deadline for the second imbalance settlement, before which it shall verify the statements in the comments with the electricity operators or other competent persons.

Every year, after the completion of the second imbalance settlement for the month of December, the Market Operator prepares an annual recalculation of the imbalance settlement within eight

days of receipt of all the necessary information, which must be submitted by the fifteenth day after the completion of the December imbalance settlement. The annual recalculation shall calculate the differences between the quantities of estimated quantities of non-measured consumption based on the analytical procedure and the invoiced quantities and other differences between the quantities calculated in the imbalance settlement and the actual quantities of realised consumption or production. The identified quantities of differences shall be financially evaluated using the average value of imbalance prices in the year under consideration, or in the case of dual pricing in certain intervals, the price for negative imbalances shall be used to calculate the average price. The annual recalculation is also subject to comments from the Balance Groups, so that the annual recalculation can be carried out in two steps. In the event of a reasoned objection to the informative annual recalculation or for any other valid reason, the annual recalculation shall be recalculated, otherwise the informative annual recalculation becomes definitive. The financial settlement shall be carried out only once, i.e. after the annual recalculation has been finalised.

The Balance Responsible Parties have the right to submit a request for a decision in a dispute with Market Operator against the first imbalance settlement as well against the second imbalance settlement and the final annual recalculation of the imbalance settlement to the Energy Agency within 15 days from the day when the individual settlement or recalculation is deemed to be finalised.

FINANCIAL SETTLEMENT OF IMBALANCE SETTLEMENT

The subchapter *Financial settlement of imbalance settlement (Articles 115 to 133)* defines the responsibilities of the Market Operator in its role as a clearing agent, the procedures in the context of financial risk management and in the context of financial settlement and clearing of financial claims, as well as the obligations of the participants in the financial settlement. In this part, the Rules determine the way in which the funds in the Market Operator's deposit account and account for booking imbalance settlement surpluses are to be managed.

The maintenance of financial guarantees of the market participants in the form and amount specified by the Market Operator as a collateral for the fulfilment of the participant's liabilities arising from the imbalance settlement is essential to the proper management of financial risks. The amount of financial guarantees required shall be determined on the basis of data on delivery points, quantitative value of forecasted imbalances, quantitative and financial values of past imbalances and other data on each financial settlement participant. The financial guarantees consist of two parts, i.e. a basic financial guarantee and a variable financial guarantee. The Rules determine a minimum amount of a basic financial guarantee of EUR 100,000, which is increased by EUR 50,000 in the following cases: if a member of the Balance Scheme is also a supplier, if the company is less than three years old or if the company is risky from a solvency perspective. The

variable financial guarantee is determined on the basis of formulas included in the Rules and take into account a number of different factors, such as the quantities of calculated electricity consumption and the production and quantities of forecasted imbalances. The settlement day is reduced from seven to three working days from the invoice date.

Based on justified grounds identified, the Market Operator is entitled to change the amount of the above listed financial guarantees by 100 percent with respect to the basic requirements set out in the Rules. The basic and variable financial guarantees may be provided in the form of a bank guarantee or a deposit, but the Market Operator reserves the right to require the provision of a deposit for the variable financial guarantee.

UNOFFICIAL TRANSLATION