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ARP Contract

Practical Modalities of the Balance obligation

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1. Introduction

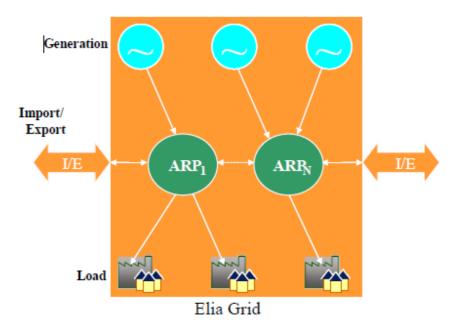
The ARP is responsible for maintaining quarter-hourly balance between its total injection and its total off-take.

The present document summarizes the main characteristics of this balance obligation.

This document is purely informative. Rights and obligations are governed by the ARP-Contract.

2. Main characteristics

2.1. Balance obligation



In accordance with the Grid Code¹, the ARP must <u>at all times</u> deploy all reasonable measures in order to maintain the balance, on a quarter-hourly basis, of its perimeter constituted by:

- The injection and/or off-take at access points for which the ARP is responsible in accordance with the related access contracts;
- Its distribution off-take position(s) on distribution network(s) other than the Elia grid (i.e. the injection and/or off-take at access points for which the ARP is responsible in accordance with the relevant contracts applicable on distribution network(s) other than the Elia grid taken into account the allocation method used by the relevant distribution grid operators);

¹ Royal Decree of December 19, 2002 containing the technical rules for the operation of and the access to the transmission grid for electricity.

- The related losses in accordance with the Grid Code;
- Its import and export nomination(s);
- Its internal transfers of energy nomination(s) (the so-called HUB).

2.2. Day-ahead nomination phase

In accordance with its balance obligation, when the ARP submits its day-ahead nominations, the total of injections must be equal to the total of off-takes on a quarter-hourly basis. However, due to the difference between the accuracy on the Northern and the Southern Borders, a positive quarter-hourly imbalance between injections and off-takes limited to maximum (0.9 MW*1/4h) can be accepted.

Elia evaluates the nominations, in the context of its duties in operating and maintaining the Elia grid, including considerations of safety/security, reliability and the efficiency of the Elia grid. In particular, if the balance obligation is not respected, Elia has the right to reject all or part of the nominations.

Elia informs the ARP on Day D-1 before 18h00², whether ARP's day-ahead nominations are confirmed or not and what are the reasons for possible rejections. Elia will also, for what concern the injections at injection points, communicate the possible Incremental or Decremental asked in order to manage congestions. If the ARP has not been informed before 6.00 pm (CET) on Day D-1, Elia's Energy Scheduling Office has to be contacted by phone in order to obtain confirmation.

In the event of repeated day-ahead nominations on Day D-1 not respecting the balance obligation, the ARP is prohibited from using the facilities of intra-day internal energy transfers for a period of 30 calendar days, starting immediately after having been notified by Elia thereof (for more information see the document "Intra-day HUB - Procedure").

This prohibition also applies if Elia detects a non-negligible and systematic difference between the nominations of the ARP for off-take points and distribution off-takes positions and the metered off-take at off-take points and distribution off-take positions and if this situation persists after Elia has notified the ARP thereof.

Please note that all hours mentioned in present document are expressed in Belgian time.

2.3. Real-time phase and settlement

In accordance with the obligation mentioned in 2.1, the ARP must in real-time provide and deploy all reasonable resources in order to keep its balance on a quarter-hourly basis.

The volume on which the imbalance settlement is applied is the difference per quarter hour between its total injection and its total off-take, determined as follow:

- The total injection of the ARP for one given quarter hour equals the sum of, for that quarter hour :
 - o all imports (day-ahead and intra-day nominations) nominated and executed (after application of possible curtailment) by the ARP,
 - all actual injections at the injection Points allocated to the ARP, in accordance with the responsibilities defined in the related access contracts³,
 - $\circ\,$ all distribution off-take positions allocated to the ARP if the result adds up to a net injection,
 - all injections by internal transfers of energy (day-ahead and intra-day nominations) nominated by the ARP ("as the buyer").
- The Total off-take of the ARP for one given quarter hour equals the sum of, for that quarter hour :
 - all exports (day-ahead and intra-day nominations) nominated and executed (after application of possible curtailment) by the ARP,
 - \circ all actual off-takes at off-take points allocated to the ARP, in accordance with the responsibilities defined in the related access contracts⁴,
 - all distribution off-take positions allocated to the ARP if the result adds up to a net offtake,
 - all off-takes by internal transfers of energy (day-ahead and intra-day nominations) nominated by the ARP ("as the seller"),
 - o losses.

Corrected if needed to take ancillary services deliveries into account.

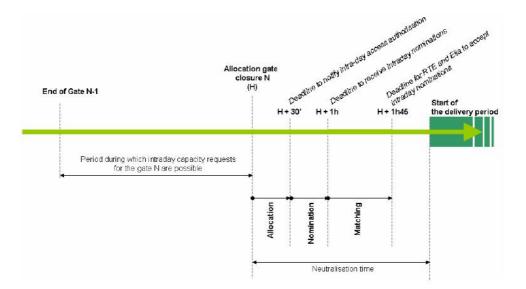
Corrected if needed to take ancillary services deliveries into account (i.e. load shedding).

Consequently, when the ARP faces unexpected events, such as the breakdown of an industrial plant or a generation unit or the curtailment of one of its import or export by Elia, it has following possibilities to correct its position (and thus to avoid important imbalances):

- Introduce an intra-day internal energy transfer nomination at the latest at 14h00 on the day after the execution day (for more information see the document "Intra-day HUB - Procedure");



- Introduce an intra-day import or export in the respect of the defined timing (for more information see the document "Intra-day Allocation Mechanism – Information note");



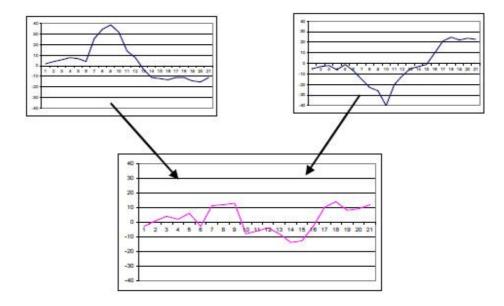
- Modify, if possible, the actual off-take at off-take points for which the ARP is responsible as defined in the related access contracts;
- Modify, in accordance to the CIPU contract and whether acceptable by Elia (i.e. if not creating a congestion on the Elia grid), the actual injection towards the nomination at injection points for which the ARP is responsible as defined in the related access contracts.

Note also, that the possible tariff for difference between off-take/injection nomination and real off-take/injection is at present null.

2.4. Pooling agreement

Complementary, without prejudice to the respective responsibilities, the ARP may pool with one or more other ARPs its imbalance with the imbalances of these other ARPs by signing a "Pooling Agreement" (as described in Annex 7 of the ARP contract).

When doing so, Elia will invoice the global netted imbalance (i.e. the sum of the imbalances of all concerned ARPs) to the designated ARP and complementary inform him of the individual volumes.



2.5. Tariff for imbalances

The ARP will be charged for its imbalances. The tariff for imbalance, as approved by the CREG, is published by Elia on its website (www.elia.be).