

Fingrid Oyj

Terms and conditions for providers of automatic Frequency Restoration Reserves (aFRR)

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1 Introduction

This document defines the terms and conditions of Fingrid Oyj (hereinafter Fingrid) for the acquisition and maintenance of Automatic Frequency Restoration Reserves (aFRR) in accordance with the European Commission's Guideline on Electricity Balancing, Commission Regulation (EU) 2017/2195 (hereinafter EGBL) and the requirements for providers of the reserve services needed to balance the electricity system (hereinafter Balancing Service Provider), taking into account the following decisions by the Agency for the Cooperation of Energy Regulators (ACER):

- ACER Decision No 01/2020 on the methodology to determine prices for the balancing energy that results from the activation of balancing energy bids
- ACER Decision No 02/2020 on the Implementation framework for the European platform for the exchange of balancing energy from frequency restoration reserves with automatic activation
- ACER Decision 11-2020 on standard products for balancing capacity ACER Decision No 19/2020 on the common and harmonised rules and processes for procurement and exchange of aFRR balancing capacity for the Nordic LFC Block
- ACER Decision No 20/2020 on the exemption to the obligation to allow transfer of aFRR balancing capacity for the Nordic LFC Block
- ACER Decision No 21/2020 on the application of the Nordic CCR market-based allocation process for the Nordic LFC Block (A38)
- ACER Decision No 22/2020 on the market-based allocation process of cross-zonal capacity for the exchange of balancing capacity for the Nordic CCR.
- ACER Decision No 03/2022 on the amendment to the methodology for pricing balancing energy and cross-zonal capacity used for the exchange of balancing energy or operating the imbalance netting process
- ACER Decision 15-2022 on the Amendment of the aFRR-Platform Implementation Framework (automatic activation)

Frequency Restoration Reserves (FRR) are reserves whose purpose is to restore the frequency to a nominal value of 50.0 Hz and release the activated Frequency Containment Reserves (FCRs). The frequency restoration reserves are divided into two reserve products, the automatic Frequency Restoration Reserve (aFRR) and the Manual Frequency Restoration Reserve (mFRR).

The terms and conditions relating to the acquisition and maintenance of the automatic Frequency Restoration Reserve (aFRR) used in this document apply to the Balancing Service Provider's participation in the capacity and energy markets of the automatic Frequency Restoration Reserve (aFRR Markets).

Fingrid is entitled to publish the names of the Balancing Service Providers that participate in the aFRR Markets.

2 Definitions

The following definitions are used in this document:

aFRR Energy Market refers to the energy market maintained by Fingrid from which Fingrid procures automatic Frequency Restoration Reserves (aFRR).

aFRR Capacity Market refers to the capacity market maintained by Fingrid from which Fingrid procures automatic Frequency Restoration Reserves (aFRR).

aFRR Market Agreement refers to an agreement between Fingrid and a Balancing Service Provider on the provision of automatic Frequency Restoration Reserves (aFRR) to the aFRR Markets.

Automatic Frequency Restoration Reserve (aFRR) is a centrally controlled, automatically activating frequency restoration reserve, the purpose of which is to restore the frequency of the electricity system to the nominal frequency and to restore the power balance of the load-frequency control area to the design value.

Open Supplier refers to an electricity supplier that provides its customer with all the electricity the customer needs or an electricity supplier that balances the difference between the customer's electricity production and procurement and electricity consumption and supply by supplying the missing volume of electricity or receiving the surplus during each imbalance settlement period.

BSP - Implementation Guide Nordic MMS - aFRR capacity market refers to the guidelines prepared by the Nordic transmission system operators for Balancing Service Providers on the use of aFRR Capacity Markets and the related information exchange. The applicable revision of the guideline is published on the joint website of the Nordic transmission system operators.

Energy Fee refers to the compensation paid for the activation of the reserve.

Fingrid's Reserve Trading and Information Exchange guideline refers to Fingrid's detailed instructions for Balancing Service Providers regarding, for example, the use of the reserve trading system and the submission of real-time data. The applicable revision of the guideline is available on Fingrid's website.

Capacity Fee refers to the compensation paid by Fingrid to a Balancing Service Provider for maintaining the reserve capacity.

Manual Frequency Restoration Reserve (mFRR) is a manually activating frequency restoration reserve, the purpose of which is to restore the frequency of the electricity system to the nominal frequency and to restore the power balance of the load-frequency control area to the design value.

Market Time Unit refers to the trading period in the reserve markets. The Market Time Unit of the aFRR Capacity Market is one hour, and the Market Time Unit of the aFRR Energy Market is 4 seconds.

Pay as Bid Principle refers to a pricing principle in which the price of each accepted bid is determined by the bid itself.

Reserve Unit refers to a unit that fulfils the requirements concerning the provision of the reserve. A Reserve Unit can consist of one or more Reserve Resources.

Reserve Resource refers to an individual resource capable of control; a power plant, consumption facility or energy storage facility.

Balancing Service Provider refers to the contracting party that has concluded an agreement with Fingrid to participate in the reserve market.

Frequency Restoration Reserve (FRR) refers to a reserve that is available for the restoration of the frequency of the electricity system to the nominal frequency and to restore the power balance of the load-frequency control area to the design value.

Frequency Containment Reserve (FCR) refers to a reserve that is available for the containment of frequency during an imbalance between electricity production and consumption.

Bidding Zone refers to a bidding zone used in the Day-Ahead Market.

Bid Validity Period refers to the period in which bids are available for selection. The Bid Validity Period for aFRR capacity bids is the same as the Market Time Unit, and the Bid Validity Period for aFRR energy bids is 15 minutes.

Balancing Service Provider (BSP) refers to a market participant whose reserve-providing units or groups are able to provide balance services to transmission system operators. In this document, reserve suppliers are also called Balancing Service Providers.

Imbalance settlement period refers to the time unit for which the balance responsible parties' imbalances are calculated. The Imbalance Settlement Period is 15 minutes.

Imbalance Power refers to the electrical energy provided by the Balancing Service Provider that is used by transmission system operators for balancing the network. This document uses the term Balancing Energy for imbalance power.

Balance Responsible Party refers to an electricity market party who is responsible for the said market party's imbalances and has a valid Balance Agreement with Fingrid. In other words, the party's open supplier is Fingrid.

Day-Ahead Market refers to an electricity marketplace where parties trade in electricity sold and purchased for the next day.

3 Procurement of reserves

The reserves are procured in accordance with Article 157 of the Guideline on System Operation, COMMISSION REGULATION (EU) 2017/1485 (hereinafter SOGL). The obligations to maintain the automatic Frequency Restoration Reserve are defined for

each bidding zone in the System Operation Agreement between the Nordic Transmission System Operators (Nordic SOA).

Fingrid buys aFRR reserves from the aFRR Energy Market to balance electricity production and consumption. Fingrid procures aFRR reserve capacity from the aFRR Capacity Market to ensure that sufficient aFRR energy bids are available at any given time. Fingrid procures automatic Frequency Restoration Reserves from the aFRR Capacity Market for the hours announced in advance. The procurement hours and the procured volume are stated on the website maintained by the transmission system operators at least two hours before the closing time of the aFRR Capacity Market.

4 Requirements for Balancing Service Providers

A party that has access to Reserve Unit(s) that fulfil(s) the requirements laid down in section 5 can become a Balancing Service Provider.

The Balancing Service Provider must enter into an aFRR Market Agreement with Fingrid before entering the aFRR Energy Market or aFRR Capacity Market.

The Balancing Service Provider must have the consent of the owner of the Reserve Resource for the use of the reserve pursuant to the aFRR Market Agreement. Upon Fingrid's separate request, the Balancing Service Provider shall deliver the consent of the owner of the Reserve Resource to Fingrid.

Each individual Reserve Resource may only be offered to the aFRR Capacity or Energy Markets by one Balancing Service Provider.

A Balancing Service Provider does not need to own the Reserve Resource or be the open supplier or balance responsible party of the Reserve Resource. If the Balancing Service Provider is not the balance responsible party or open supplier of the Reserve Resource, the following shall apply:

- The Balancing Service Provider must make an agreement with the Reserve Resource's balance responsible party and open supplier on the use of the Reserve Resource in accordance with the aFRR Market Agreement. The Balancing Service Provider shall be obliged to notify Fingrid in writing that an agreement has been made with the balance responsible party and open supplier of the Reserve Resource on the use of the Reserve Resource in accordance with the aFRR market agreement. The written notice must include the consent of the Balancing Service Provider and the balance responsible party and open supplier of the Reserve Resource for the use of the Reserve Resource in accordance with the aFRR market agreement.
- If the balance responsible party or open supplier of the Reserve Resource changes, the Balancing Service Provider shall notify Fingrid in writing of the change, including the consent of the Balancing Service Provider, the balance responsible party and the open supplier of the Reserve Resource for the use of the Reserve Resource for balancing purposes at least 14 days before the change takes effect.

If the balancing service provider is an open supplier of the Reserve Resource, the following shall apply:

- The Balancing Service Provider shall inform the Reserve Resource's balance responsible party of the balancing use of the Reserve Resource no later than when an aFRR market agreement is concluded.
- If the balance responsible party of the Reserve Resource changes, the Balancing Service Provider shall inform Fingrid of the change in writing no later than 14 days before the change takes effect.

The Balancing Service Provider may authorise a representative to submit aFRR capacity or energy bids, handle real-time information exchange, or discharge the balancing service provider's other obligations. However, as a contracting party to Fingrid, the Balancing Service Provider shall be responsible for complying with the terms and conditions of the agreement and its appendices. The Balancing Service Provider shall be obliged to notify Fingrid in writing of the authorisation or any changes to it no later than 14 days before they take effect.

The Balancing Service Provider or its authorised representative must be available for Fingrid to contact by telephone for a period beginning 25 minutes prior to the bid validity period and lasting until the end of the bid validity period.

If, after the deadline for Balancing Bid submission, the Balancing Service Provider finds that it cannot deliver the balancing in accordance with the Balancing Bid it has submitted, the Balancing Service Provider shall inform Fingrid of this immediately. A Balancing Service Provider who has participated in the Balancing Capacity Market shall inform Fingrid immediately if it is unable to submit Balancing Bids for an accepted Capacity Bid.

Reserve services shall be administered using digital systems operated by Fingrid and Fingrid's service provider. Balancing Service Providers shall be granted the necessary access rights to these systems. Balancing Service Providers are responsible for keeping their representatives' access rights up to date and for their actions while using the digital systems.

The Balancing Service Provider shall exchange real-time information with Fingrid in accordance with *Fingrid's Reserve Trading and Information Exchange* instructions. The Balancing Service Provider shall be responsible for the security and reliability of the information exchange between the information systems of the reserve resources and the balancing service provider.

5 Requirements for a Reserve Unit

Pursuant to SOGL Article 159, the Balancing Service Provider must demonstrate that the Reserve Unit reported as a reserve complies with the required control capacity by means of prequalification tests laid down in the document *Verification and Prequalification Process for the Technical Requirements of automatic Frequency Restoration Reserve (aFRR)* published by Fingrid.

The Reserve Unit shall be located within Fingrid's system responsibility area¹.

The balancing of the Reserve Unit is based on physical changes in the power output. Balancing must be realised at full power within 5 minutes of an order, including a maximum preparation time of 30 seconds and a power adjustment time of 4.5 minutes.

6 Aggregation of Reserve Resources

A Balancing Service Provider may participate in the aFRR Capacity Market or aFRR Energy Market and maintain automatic Frequency Restoration Reserves with Reserve Resources in different balances. For Reserve Units in different balance responsibilities or shared power plants, the Balancing Service Provider must send Fingrid the necessary information on the proportions attributable to balances in each balance responsibility as described in *Fingrid's Reserve Trading and Information Exchange* instructions.

7 Rules of the aFRR Capacity Market

Fingrid shall procure up- and down-regulation capacity for the automatic Frequency Restoration Reserve in the aFRR Capacity Market for the hours in the following day, specified in the CET/CEST time zone, by running a bidding competition on the preceding day. The Market Time Unit and bid validity period in the aFRR Capacity Market is 1 hour. In the aFRR Capacity Market, the Balancing Service Provider undertakes to offer the volume of reserves approved in the bidding competition to the aFRR Energy Market for the corresponding Market Time Units. Fingrid shall pay a Capacity Fee to the Balancing Service Provider for this.

7.1 Bidding rules

Bids shall be submitted to the aFRR Capacity Market according to the separate instructions, *Fingrid Reserve Trading and Information Exchange* and *BSP - Implementation Guide Nordic MMS - aFRR capacity market*.

The minimum capacity of a single bid is 1 MW. Bids shall be submitted at an accuracy of 1 MW. A Balancing Service Provider can submit several bids. Up- and down-regulation capacity shall be offered separately. A bid must contain the following information:

- Capacity (MW) up and/or down
- Capacity price, separately for up-regulation and down-regulation bids (€/MWh)
- Hour (CET/CEST timezone)
- Reserve capacity bidding zone (FI)

¹ Finland excluding the autonomous region of Åland.

In addition, an aFRR capacity bid may include information that the aFRR capacity bid is:

- An alternative aFRR capacity bid alongside other bids, and only one of the alternate bids may be used during a single Market Time Unit
- An indivisible aFRR capacity bid, in which case the bid must be treated as undivided. In such a case, the maximum capacity of a single bid is 50 MW.
- A block bid to offer a bid with an identical price and capacity for several consecutive hours.

Inadequate or incomplete aFRR capacity bids will not be considered in the aFRR Capacity Market.

Balancing Bids may not be submitted earlier than 7 days (CET 00:00) before the operating hour that is the subject of the bid. Bids may be submitted for the hours of the next day by 07:30 (CET/CEST) on the preceding day. A bid may be submitted no earlier than seven days before the hour of use to which the bid applies. The deadline for submitting bids may also be extended by 30 minutes if one or more Balancing Service Providers cannot submit bids due to technical problems in the aFRR Capacity Market, providing that Fingrid is notified before the closure of the bidding period. The aFRR Capacity Market may also be reopened after the deadline for submitting bids has passed due to technical problems or insufficient bids. If the deadline for submitting bids is extended or the market is reopened, Balancing Service Providers may add new bids or amend existing ones. If the aFRR Hourly Market is reopened, the deadline for submitting bids shall be 08:30 (CET/CEST).

7.2 Processing of bids

The number of bids necessary for each Market Time Unit shall be accepted in price order (starting with the cheapest) separately for up- and down-regulation capacity, taking into account the transmission capacity between bidding zones for aFRR trading as described below. Bids may be partially accepted unless they are specified as indivisible when they are submitted. The trades for the following day shall be confirmed in accordance with ACER Decision No 19/2020.

Contrary to ACER decision No. 22/2020, the allocation of transmission capacity between Finland and Sweden for aFRR capacity trading may apply to transmission capacity between the Finland (FI) and Sweden (SE1) bidding zones as follows:

- For transmission from Sweden to Finland, up to 5 per cent of the transmission capacity supplied to the day-ahead market may be allocated. In this transmission direction, Fingrid may purchase aFRR up-regulation capacity in the bidding zones outside Finland. Similarly, other Nordic transmission system operators may purchase aFRR down-regulation capacity in the Finland bidding zone.
- For transmission from Finland to Sweden, up to 10 per cent of the transmission capacity supplied to the day-ahead market may be allocated. In this

transmission direction, Fingrid may purchase aFRR down-regulation capacity in the bidding zones outside Finland. Similarly, other Nordic transmission system operators may purchase aFRR up-regulation capacity in the Finland bidding zone.

8 Rules of the aFRR Energy Market

Fingrid shall activate up- and down-regulation bids for the automatic Frequency Restoration Reserve from the aFRR Energy Market. Resources shall be activated by sending a real-time signal in accordance with *Fingrid's Reserve Trading and Information Exchange* instructions. The Market Time Unit is 4 seconds, and the bid validity period is 15 minutes. Parties may submit bids to the aFRR Energy Market without participating in the aFRR Capacity Market.

8.1 Bidding rules

aFRR energy bids shall be submitted in Fingrid's digital reserve trading system in accordance with *Fingrid's Reserve Trading and Information Exchange* instructions. The number of aFRR energy bids required during the Market Time Unit shall be accepted in merit order.

aFRR energy bids can be submitted no earlier than 7 days prior to the bid validity period. A Balancing Service Provider may modify its aFRR energy bids up to 25 minutes before the start of the bid validity period. After that, the bids become binding.

An aFRR energy bid must include the following information:

- Power (MW), separately for up-regulation and down-regulation bids
- Price (EUR per MWh), separately for up-regulation and down-regulation bids
- Validity period (EET/EEST time)
- Reserve capacity bidding zone (FI)

Inadequate or incomplete aFRR energy bids will not be considered in the aFRR Energy Market.

Each aFRR energy bid shall have a minimum capacity of 1 MW. aFRR energy bids shall be submitted with an accuracy of 1 MW. aFRR energy bids shall be fully divisible, meaning that the amount to be activated may be less than the minimum capacity.

Common European maximum and minimum prices of aFRR energy bids in accordance with the applicable ACER decision shall apply in the Finland bidding zone. The maximum price of an aFRR energy bid in the Finland bidding zone is EUR 15,000 per MWh, and the minimum price is EUR -15,000 per MWh.

8.2 Processing of bids

For each bid validity period, Fingrid shall submit the available aFRR energy bids in Finland to the joint European aFRR energy market, where a joint European bid list

is formed by sorting the bids in price order – up-regulation bids are sorted with the lowest aFRR energy bid first, and down-regulation bids are sorted with the highest aFRR energy bid first.

The required number of aFRR energy bids shall be activated from the common bid list in price order for every Market Time Unit (4s). Bids shall be selected from within the relevant validity period (15 min).

If a Balancing Service Provider's aFRR energy bid cannot be used due to the state of the power system, information system problems, or a manifest error in the aFRR energy bid, the next best aFRR energy bid shall be selected from the local bid list in Finland. Fingrid shall remove unusable bids from the joint European bid list.

If Fingrid cannot participate in the joint European aFRR Energy Market due to the state of the power system, information system problems, the unavailability of the European marketplace, or any other force majeure event, aFRR energy bids shall be selected from the local list in Finland in price order.

9 Reporting and monitoring of reserve maintenance

The Balancing Service Provider and Fingrid provide information for each other in accordance with the *Fingrid Guidelines on Reserve Trading and Information Exchange*. Information exchange between the Balancing Service Provider and the aFRR Capacity Market is defined in *BSP - Implementation Guide Nordic MMS - aFRR capacity market*.

9.1 Balancing Service Provider's reporting to Fingrid

The Balancing Service Provider shall submit real-time and historical data to Fingrid at its own expense. Fingrid shall use the real-time data to monitor the volume of maintained reserves and verify the amount of billable reserve capacity. Historical data shall be submitted to Fingrid upon separate request and used to verify the activation of reserves. Reporting shall comply with *Fingrid's reserve trading and information exchange* instructions. Fingrid may disclose the information provided by the balancing service provider to a third party for market supervision purposes.

9.2 Fingrid's reporting to the Balancing Service Provider

Fingrid shall report the following data to the Balancing Service Provider in accordance with *Fingrid's Reserve Trading and Information Exchange* instructions:

- Upon request, the volume of Balancing Energy (MWh) in each Imbalance Settlement Period and the price (EUR per MWh).

9.3 Balancing Service Provider's reporting to the balance responsible party

The Balancing Service Provider shall provide the Reserve Unit's balance responsible party information about the maintenance of the automatic Frequency Restoration Reserve and imbalance settlement. The Balancing Service Provider shall agree on the

delivery of this information separately with the balance responsible party of the Reserve Unit.

10 Energy processing

Balancing Energy refers to the energy caused by the activation of the automatic Frequency Restoration Reserve.

The balancing energy is calculated as the product of the balancing power and the time in operation as follows:

$$\text{Balancing energy (MWh)} = \text{balancing power (MW)} \times \text{time in operation (h)},$$

where the balancing power is the power activation signal sent by Fingrid at each point in time.

The Balancing Energy (up and down) shall be taken into account as an imbalance adjustment for the balance responsible party of the Reserve Unit during national imbalance settlement. The balancing energy is calculated for Imbalance Adjustment for each Imbalance Settlement Period individually and is expressed as the cumulative volume of energy in the Imbalance Settlement Period separately for up-regulation and down-regulation. Fingrid or Fingrid's service provider shall report the preliminary volumes of Balancing Energy to the balance responsible party after the operating hour and the final information no later than within 13 days.

11 Fees and terms of payment

Fingrid shall pay the Balancing Service Provider a Capacity Fee for bids approved in the aFRR Capacity Market. Fingrid shall pay the Balancing Service Provider an Energy Fee for activated bids in the aFRR Energy Market.

The Balancing Service Provider shall pay a sanction to Fingrid for reserve capacity that is not maintained. If the sanctions imposed for the invoicing period exceed the sum of the Capacity Fee and Energy Fee, the Balancing Service Provider shall pay compensation to Fingrid.

11.1 Capacity Fee

The aFRR capacity maintained by the Balancing Service Provider shall be the lower of the following (for up- and down-regulation capacity separately):

- Real-time information provided by the Balancing Service Provider on the volume of the maintained reserve
- Sum of the bids submitted to the aFRR Energy Market

The Capacity Fee payable to a Balancing Service Provider is determined separately for the down- and up-regulation capacity in each Market Time Unit in the capacity market. The compensation received for maintaining the reserve capacity is equal to the price of the most expensive accepted bid (the marginal price) in each hour.

Unmaintained capacity refers to the difference between the sum of the capacity bids approved in the aFRR Capacity Market and the aFRR capacity maintained by the balancing service provider if the capacity maintained by the balancing service provider is lower. The Balancing Service Provider shall pay a sanction to Fingrid for capacity that is not maintained.

The sanction shall be determined for each Market Time Unit as follows:

Sanction = undelivered reserve capacity × 3 × aFRR capacity market price, or

Sanction = unmaintained reserve capacity × price in the Finnish bidding zone on the Day-Ahead Market for the hour in question,

The applicable sanction shall be the greater of the two. A sanction shall not be imposed if the non-delivery is due to force majeure.

11.2 Energy Fee

Compensation for Balancing Energy is paid to the Balancing Service Provider as an Energy Fee as follows:

- Up-regulation energy: Fingrid shall pay the Balancing Service Provider an Energy Fee for the balancing energy it has purchased from the Balancing Service Provider. The Energy Fee shall be the marginal price formed for the Finland bidding zone in the joint European marketplace during the market time unit. If bids on the local Finnish bid list are activated at a price higher than the aforementioned marginal price, an Energy Fee (pay-as-bid) corresponding to the bid price shall be paid for these bids.
- Down-regulation energy: Fingrid shall charge the Balancing Service Provider an Energy Fee for the balancing energy it sells to the Balancing Service Provider. The Energy Fee shall be the marginal price formed for the Finland bidding zone in the joint European marketplace during the market time unit. If bids on the local Finnish bid list are activated at a price lower than the aforementioned marginal price, an Energy Fee (pay-as-bid) corresponding to the bid price shall be charged for these bids.

The Energy Fees shall be determined in accordance with the pricing method in ACER decision 01/2020 (Methodology to determine prices for the balancing energy that results from the activation of balancing energy bids). The Energy Fee shall be determined for each market time unit (4s) in the Energy Market separately.

11.3 Invoicing

The Balancing Service Provider shall calculate the billable reserve capacity using the real-time data referred to in *Fingrid's Reserve Trading and Information Exchange* instructions. The hourly reserve capacities used for billing shall be calculated in accordance with the Fingrid Guidelines on Reserve Trading and Information Exchange.

If the exchange of real-time data is interrupted for a reason attributable to Fingrid, the Balancing Service Provider will be requested to submit the reserve maintenance data

again, and the invoices shall be based on this information. If the reason for the outage is attributable to the Balancing Service Provider and there are no exceptional circumstances at play, the Balancing Service Provider shall be considered to have failed to maintain its reserve capacity, leading to a sanction. Circumstances are considered exceptional if the Balancing Service Provider could not reasonably have prepared for them. If the real-time data is missing or invalid, a reasonable margin of error shall be permitted in accordance with the *Fingrid Guidelines on Reserve Trading and Information Exchange*.

The Balancing Service Provider shall send Fingrid an invoice for the preceding month's capacity fees on the tenth day of each month or the first working day thereafter. The due date of the invoice is 14 days from the invoice date, which is the date the invoice was sent. Energy Fees shall be billed at the same time as eSett Oy's imbalance power billing.

11.4 Interest on arrears

If a contractual party's payment is delayed, the party shall be obliged to pay interest on arrears. Interest on arrears is determined in accordance with section 4(1) of the Interest Act.

11.5 Complaints

When necessary, a contracting party shall make complaints regarding the invoice in writing. The other party shall inspect the invoice and send the necessary correction invoice without delay. A complaint does not exempt a party from the payment obligation by the due date unless otherwise agreed upon in each case.

11.6 Value-added tax and other indirect taxes and levies

In addition to the fees specified in this document, value-added tax shall be added to the Balancing Service Provider's invoices at the applicable rate, along with any other taxes and levies imposed on the Agreement by the authorities.

12 **Assignment of a reserve obligation to another Balancing Service Provider**

The Balancing Service Provider shall be entitled to assign an aFRR maintenance obligation arising on the aFRR Capacity Market to another Balancing Service Provider in the Finland bidding zone in accordance with ACER decision no. 20/2020 by notifying Fingrid no later than one hour before the Market Time Unit to which the maintenance of the reserve obligation applies. Fingrid must receive confirmation of the assignment of the reserve obligation from the assigning party and the Balancing Service Provider that assumes the obligation. Confirmation shall be provided electronically in accordance with *Fingrid's Reserve Trading and Information Exchange* instructions.

If the obligation to maintain the aFRR reserve is transferred to another Balancing Service Provider, this Balancing Service Provider is responsible for fulfilling the

obligations specified by the aFRR terms for maintaining the transferred capacity, as defined in this document.

The fee for the maintained reserve capacity shall be paid to the Balancing Service Provider to which the aFRR maintenance obligation is assigned in accordance with section 11. Any possible sanctions on the capacity market will be imposed on the Balancing Service Provider to whom the obligation to maintain the capacity has been transferred. The Energy Fee shall be paid to the Balancing Service Provider to which the aFRR maintenance obligation is assigned in accordance with section 10. The assignment of the reserve obligation must be confirmed to Fingrid electronically in accordance with *Fingrid's Reserve Trading and Information Exchange* instructions.

13 Force majeure

In the event of force majeure, the contracting parties have the right to restrict the maintaining of reserves or to interrupt it entirely.

Force majeure is considered to be an event beyond the control of a contracting party which was not known to the contracting parties when the Agreement was being concluded and which could not have been prevented by a contracting party or the effects of which could not have been avoided by reasonable measures and which make the maintaining of the reserves in accordance with the Agreement impossible, complicate it essentially or otherwise make it unreasonable.

Examples of force majeure may include war, internal unrest within a country, vandalism, sabotage, explosion, fire, unforeseen equipment failure, severe storm or other exceptional weather conditions, general interruption in traffic, strike or stoppage of a key employee group, lock-out ordered by an employer organisation, measures by authorities, or other reasons with equally significant and unusual consequences. If one of the factors listed above applies to one of the Balancing Service Provider's Reserve Resources, but the Balancing Service Provider could compensate for the lost reserve capacity using its other Reserve Resources, the situation shall not be considered force majeure.

The Balancing Service Provider shall promptly inform Fingrid in writing of the occurrence of force majeure and its estimated duration as well as its end. For the period of force majeure, Fingrid shall not pay compensation in accordance with these terms to the Balancing Service Provider, nor shall the Balancing Service Provider be subject to sanctions under these terms for unmaintained reserve capacity.

14 Breach of terms

14.1 Sanction

For capacity not supplied, the Balancing Service Provider shall pay a sanction to Fingrid in accordance with section 11.1.

14.2 Verification of control properties of reserves, and the Balancing Service Provider's reimbursement obligation

Fingrid is entitled to verify the control properties of a Reserve Unit.

If a significant deficiency is found during the verification, a temporary exclusion from the reserve market will be carried out in accordance with section 14.3. A significant deficiency means incorrect activation of the reserve, for example, slower activation speed than required or a shortage in the amount of activated reserve. Once it has been reliably demonstrated that the deficiency has been corrected, the Reserve Unit can return to the market. This can be demonstrated by a technical report or a new prequalification test, the cost of which is borne by the Balancing Service Provider.

If monitoring carried out by Fingrid indicates a minor deficiency in the agreed control properties, the Balancing Service Provider shall provide within 30 days an account requested by Fingrid concerning the shortcomings in the maintaining of reserves. A minor deficiency means a deficiency that, based on the information used in the verification, has not significantly affected the activation of the reserve in accordance with its requirements. It can be, for example, activation that meets the requirements but deviates from the results of the prequalification test, a deficiency in the quality of the measurement data provided by the Balancing Service Provider, or another observation that requires further clarification. The Balancing Service Provider is responsible for the costs of the clarification. If, based on the account, a minor deficiency is specified as a significant deficiency, the further measures are the same as in the case of a significant deficiency detected in the original verification.

If a Balancing Service Provider fails to provide the account requested by Fingrid by the deadline, the Balancing Service Provider shall reimburse the fees based on this document for the period the account must apply to.

If a verification, other test in accordance with this document or monitoring by Fingrid indicates that the reserve maintained by the Balancing Service Provider has been smaller than what has been agreed or if the Reserve Unit's balancing capacity differs from the terms and conditions of this document, the Balancing Service Provider shall reimburse the fees paid by Fingrid in so far as they have been based on a reserve volume which was higher than in reality.

14.3 Temporary exclusion of a Balancing Service Provider from the reserve market

Fingrid shall be entitled to temporarily exclude a Balancing Service Provider from the aFRR markets if the Balancing Service Provider repeatedly fails to activate their aFRR in accordance with Fingrid's order without an acceptable reason, neglects its obligation to offer an acceptable amount of capacity from the aFRR Capacity Market to the aFRR Energy Market, or otherwise breaches the terms and conditions in this document in spite of a written notice by Fingrid. The duration of the temporary exclusion shall be from one to three months, depending on the nature of the violation.

14.4 Cancelling the agreement

If the breach of contract is a material one, Fingrid shall be entitled to cancel the aFRR Market Agreement in accordance with the terms and conditions of the agreement.