

AB AMBER GRID PROCEDURE FOR THE TRADING IN NATURAL GAS FOR BALANCING PURPOSES

1. AB Amber Grid Procedure for the Trading in Natural Gas for Balancing Purposes (hereinafter referred to as the "Procedure") sets forth the basic principles to be applied by the Natural Gas Transmission System Operator, AB Amber Grid (hereinafter referred to as "Amber Grid"), in the procurement and/or sale of natural gas while balancing Amber Grid's Natural Gas transmission system (hereinafter referred to as the "Transmission System") except technological balancing for gas flows control at the connection points with other gas systems (adjacent transmission systems, the LNG terminal system, distribution systems not equipped with pressure and/or flow control installations).

2. The Procedure is based on European Commission Regulation (EU) No 312/2014 as of 26 March 2014 establishing the Network Code on Gas Balancing of Transmission Networks (OJ 2011 L 91, p. 15) (hereinafter referred to as the "Balancing Code"), the Republic of Lithuania Law on Natural Gas, AB Amber Grid's Natural Gas Transmission System Balancing Rules.

3. Amber Grid buys and/or sells natural gas for the transmission system balancing either on a natural gas exchange or by using balancing services.

4. As regards purchasing and/or selling natural gas for the transmission system balancing purposes, Amber Grid gives priority to the trading on the natural gas exchange in short-term standardized within-day products. The next-day product shall only be used in exceptional cases where during the trading there already exists certain information about any possible significant next day's imbalances in the transmission system.

5. Balancing services in the transmission system are only used in cases where:

5.1. the resorting to merely short-term standardized products fails to ensure (or where it is likely to fail to ensure) provision of an adequate response in terms of maintaining the parameters of the transmission system within the standard operating limits;

5.2. In cases where after having placed orders during the course of the entire trading session of the natural gas exchange, it is nevertheless found that the short-term standardized products have proved economically ineffective. Therefore, in cases where at the end of the gas trading session the price difference between the natural gas purchased and/or sold via the balancing services and the natural gas purchased and/or sold through the natural gas exchange exceeds 10%, natural gas shall be bought and/or sold using the balancing services.

6. In purchasing and/or selling of natural gas for the transmission system balancing purposes, Amber Grid shall follow the principles of economy, efficiency and transparency.

7. Amber Grid employees, upon assessment of any available information on expected imbalances and possible deviations shall identify the quantities of natural gas required to be procured and/or sold for the balancing period in question.

8. Amber Grid shall seek to buy natural gas when the total estimated quantity of natural gas planned to be injected by gas transmission system users to the gas transmission system during the balancing period is lower than the quantity of natural gas planned to be taken from the transmission system.

9. Amber Grid shall seek to sell natural gas when the total estimated quantity of natural gas planned to be injected by gas transmission system users to the gas transmission system during the balancing period is higher than the quantity of natural gas planned to be taken from the transmission system.

10. In order to buy and/or sell natural gas for balancing purposes, Amber Grid, acting in accordance with the GET Baltic Rules for Natural Gas Trading on Gas Exchange, shall make orders on the natural gas exchange during the trading session. Where it is not economically efficient to procure and/or sold gas on the gas exchange, natural gas shall be procured and/or sold through the use of balancing services.

11. Where Amber Grid fails to purchase or sell all the natural gas needed during the current-day's trading session on the natural gas exchange, this amount may be procured through the use of balancing services.

12. In exceptional cases, Amber Grid shall be entitled to execute the transaction on the natural gas exchange without complying with the terms of paragraph 5 of the present Procedure:

12.1. where there is no access to balancing services (where there are no balancing services contracts in place);

12.2. Where because of the situation that has cropped up in the transmission system it is necessary to ensure that the parameters of the transmission system are within standard operating limits and/or to ensure uninterrupted operation of the transmission system.

13. All provisions of the present Procedure shall apply as from the date of approval thereof.
