

Regulation C1:

Terms of balance responsibility

Updated in 2015 as a result of the introduction of the wholesale model as of 1 April 2016

March 2016

Effective as of April 1st 2016

'The regulations are available in Danish and English. In the event of discrepancies between the Danish and English version, the Danish version of the regulation is legally binding.'

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Revision view

Chapter no. and text		Revision	Date
4.1	Introduction of new fee structure in accordance with proposal for harmonised balance settlement in the Nordic region.	MRP	Jul. 2008
4.2	Introduction of credit insurance.	HEP	Dec. 2010
6	Specification of terms and conditions for the balance responsibility of grid and transmission companies for grid losses.	LEG	Jul. 2008
All	Editorial corrections.	LEG	Jul. 2008
All	Editorial corrections, including new template.	HEP	Dec. 2010
Definitions, 3.1, 3.3, 4., 8., 9.	Specification of balance responsibility, corrections due to the DataHub, 2012.	HSF/HEP	Jan. 2012
9	Change of the time limit for reporting of balance supplier relations for facilities with the status newly established.	HLJ	Sep. 2013
All	Implementation of the wholesale model and rewriting of the text so that the rules are described in the regulation and the guidelines on the rules can be found in appendix 2.	HLJ	Aug. 2015
	Updated in accordance with consultation memo	HLJ	Sep. 2015
Appendix no. and text		Revision	Date
1	Agreement adjusted in accordance with revised regulation C1	MRP	Jul. 2008
1	Agreement adjusted in accordance with revised regulation C1	HEP	Dec. 2010
1	Agreement adjusted in accordance with revised regulation C1	HLJ	Jan. 2015
2	Editorial corrections.	GMA	Dec. 2010
3	Editorial corrections.	LEG	Jul. 2008
2 3 4	Appendix 2 cancelled and transferred to electronic form Appendices 3 and 4 cancelled		Jan. 2012

2	Guidelines on the rules of the regulation	HLJ	Aug. 2015
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Reading instructions

This regulation contains general and specific requirements regarding terms and conditions for balance responsibility.

The regulation is structured in such a way that **chapter 1** contains terminology and definitions used in the subsequent chapters.

Chapter 2 contains the regulatory provisions of the regulation.

Chapters 3 to 6 contain rules on balance responsibility and the handling thereof in the retail electricity market, including approval of balance responsible party, change of balance responsible party as well as change of supplier for production metering points.

Guidelines on the rules in chapters 3-6 have been prepared. Guidelines on the individual chapters can be found in appendix 2.

Chapter 7 contains an overview of sanctions relating to obligations.

Appendix 1: Agreement on balance responsibility.

Appendix 2: Guidelines on the rules in chapters 3-6.

The regulation is published by Energinet.dk and is available from:

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The regulation can be downloaded from www.energinet.dk in the main menu 'Electricity' under 'Regulations', 'Market regulations'.

1. Terminology and definitions

1.1 PO Production (purchase obligation)

Electricity generated at local CHP plants with a maximum capacity of 5 MW and renewable energy (wind turbines and various kinds of biomass, biogas and photovoltaic cells), which Energinet.dk is obliged to purchase at statutory prices.

1.2 Market participant

General term for parties, with the exception of customers and third parties, operating in the electricity market, ie grid operators, balance suppliers, balance responsible parties (BRPs), transmission operators and transmission system operators (TSOs).

1.3 Notification

A notification is the balance responsible party's set of trading schedules (purchase/sale of electricity in MWh per hour) submitted the day before the day of operation.

1.4 Working days

Working days as defined in Regulation D1: 'Settlement metering', appendix 3: 'Definition of working days'.

1.5 Balance responsibility

The individual market participant's responsibility for deviations between notification and actual consumption/production at a number of metering points.

1.6 Balance responsible party (BRP)

A market participant approved by and party to an agreement with Energinet.dk regarding assumption of balance responsibility. Agreement on balance responsibility can be found in appendix 1.

1.7 Balancing power

Balancing power is the difference between the notification and the actual operating state. The exchange of balancing power between market participants is managed by Energinet.dk for the purposes of balance settlement.

1.8 DataHub

An IT platform owned and operated by Energinet.dk. The DataHub handles metered data, master data, required transactions and communication with all market participants in the Danish electricity market.

1.9 Electricity supply grid

General term for public grids and direct electricity supply grids as defined in the Danish Electricity Supply Act (Elforsyningsloven).

1.10 Balance supplier

A company which:

- 1) Energinet.dk has included as balance supplier in the DataHub*
- 2) and*

- sells electricity to customers and holds balance responsibility for the metering point, or*
- buys electricity from producers and holds balance responsibility for the metering point.*

1.11 Balance responsible party for consumption (BRP for consumption)

A BRP holding balance responsibility for consumption, including grid losses. The BRP for consumption also holds responsibility for agreements on the physical electricity trading related to consumption for the metering points for which the BRP for consumption is responsible.

1.12 GSRN no.

Global Service Relation Number. Unique 18-digit identification number for a metering point. Also known as a metering point ID.

1.13 Balance responsible party for trade (BRP for trade)

A BRP exclusively holding balance responsibility for physical electricity trading (a trader).

1.14 Credit line

The market participant's expected maximum outstanding balance (in connection with balance settlement) against Energinet.dk at normal settlement frequency.

1.15 Credit insurance

An insurance policy which companies can take out with an insurance company, thus ensuring that they receive the amounts owed to them by their customers.

1.16 Customer

The person(s) or entity(ies) that use a metering point and therefore are entitled to conclude legally binding agreements for this metering point, ie entitled to change supplier, report a move-out for the metering point etc. A customer can either be a legal or physical person.

1.17 Metered data collector

The metered data collector responsible for a given metering point is the grid operator in whose area the metering point is located.

1.18 Metering point

A physical or defined (virtual) point in the electricity supply grid where electrical energy is metered, calculated as a function of several readings or estimated. Classified as consumption, production or exchange metering point. A metering point is the smallest unit in the electricity market when calculating electrical energy for customers and market participants. A metering point is identified by a GSRN no.

1.19 Grid area

A specific delimited area for which a licence has been granted to conduct grid activities under the Danish Electricity Supply Act and which is delimited against the adjacent electricity supply grids with 15/60 meters that are included in the DataHub's computations in the electricity market.

1.20 Grid operator

Company licensed to operate distribution grids.

1.21 Balance responsible party for production (BRP for production)

A BRP holding balance responsibility for production. The BRP for production also holds responsibility for agreements on the physical electricity trading related to production for the metering points for which the BRP for production is responsible.

2. Objective, scope and regulatory provisions

2.1 Objective, scope and statutory authority of the regulation

Under Section 7(1) of the Executive Order on transmission system operation and the use of the electricity transmission grid etc.¹ (Executive Order on transmission system operation (*Systemansvarsbekendtgørelsen*)), this regulation has been prepared following discussions with grid operators and balance suppliers. It has also been subject to public hearing before being registered with the Danish Energy Regulatory Authority.

The regulation sets out rules on and terms of balance responsibility.

The regulation is primarily aimed at market participants that have already signed or want to sign an agreement with Energinet.dk in order to become a balance responsible party (BRP). The regulation is also aimed at all parties which are basically qualified to become BRPs, eg balance suppliers, grid companies and electricity generators, as well as balance suppliers in general.

Finally, the regulation also defines which information is required in order for Energinet.dk to carry out its tasks in relation to balance responsibility and which the market participants are therefore obliged to provide to Energinet.dk on request; see Section 84(5) of the Danish Electricity Supply Act².

This regulation is effective within the framework of the Danish Electricity Supply Act.

2.2 Statutory authority

The regulation is issued under the authority of Section 28(2), item 13, and Section 31(2) of the Danish Electricity Supply Act as well as Section 7(1), item 4, of the Executive Order on transmission system operation.

2.3 Complaints

Under Section 7(3) of the Executive Order on transmission system operation, complaints about the regulation can be lodged with the Danish Energy Regulatory Authority, Carl Jacobsens Vej 35, 2500 Valby, Denmark.

Complaints about how Energinet.dk has enforced the provisions of the regulation can also be lodged with the Danish Energy Regulatory Authority; see Section 31(4) of the Danish Electricity Supply Act.

If decisions made by Energinet.dk result in the deregistration of a market participant as a user of the DataHub, the market participant which the decision concerns can also demand that such decision be brought before the courts; see Section 31(5) of the Danish Electricity Supply Act.

Questions regarding the enforcement of the provisions of the regulation can be directed to Energinet.dk.

¹ Executive Order no. 891 of 17 August 2011 on transmission system operation and the use of the electricity transmission grid etc.

² Consolidated Act no. 1329 of 25 November 2013 as amended.

2.4 Effective date

This regulation comes into force on 1 April 2016 and replaces Regulation C1: 'Terms of balance responsibility', 27 January 2014. This regulation is supplemented by appendix 1, 'Agreement on balance responsibility'.

Questions and requests for additional information can be directed to Energinet.dk's contact for this regulation as stated on Energinet.dk's website www.energinet.dk. The regulation is registered with the Danish Energy Regulatory Authority according to the rules set out in Sections 73 a(3) and 76(3) of the Danish Electricity Supply Act, Section 1 of the Executive Order on grid companies', regional transmission operators' and Energinet.dk's methods for determining tariffs etc. (Metodebekendtgørelsen)³ and Section 7(2) of the Executive Order on transmission system operation.

³ Executive Order no. 1085 of 20 September 2010 on grid companies', regional transmission companies' and Energinet.dk's methods for determining tariffs etc.

3. Balance responsibility in general

A BRP must be linked to all production and consumption metering points as well as to all physical electricity trading.

A BRP must have entered into an agreement on balance responsibility with Energinet.dk which has not been terminated.

The BRP is responsible in relation to Energinet.dk for:

- deviations between reported trading schedules and actual consumption/production for the metering points for which the BRP holds balance responsibility.
- costs relating to the purchase of balancing power which Energinet.dk, in its capacity as transmission system operator, must make in order to uphold the balance.

Basically, consumers, generators and balance suppliers are responsible themselves for balancing their own consumption, production and electricity trading. This also applies to grid operators, which, as a starting point, hold balance responsibility for grid losses in their own grid.

All parties operating in the electricity market that have not entered into the 'Agreement on balance responsibility' with Energinet.dk and thus do not undertake balance responsibility for their own activities are obliged to assign their balance responsibility to an approved BRP subject to agreement with such BRP.

There is one balance supplier and one BRP for each metering point. A balance supplier can have only one BRP for all consumption metering points in a grid area.

There are three types of BRPs:

- BRPs for consumption
- BRPs for production
- BRPs for trade.

In the DataHub, the BRP's identity is only visible to the balance supplier. Similarly, only the balance supplier can see the complete master data for the customers handled by the balance supplier. The BRP does not have access via the DataHub to data for the metering points for which the BRP holds balance responsibility, but if a specific need arises, the BRP may ask Energinet.dk for an extract.

The BRP will not be notified via the DataHub when the metering responsibility for a metering point is transferred to or from the relevant BRP as part of a change of supplier, move-in/move-out etc. The BRP will, however, receive a message from the DataHub about general changes of balance responsibility, ie when a balance supplier changes BRP for a number of metering points as part of an overall change of BRP.

The BRP can only be exempted from assuming balance responsibility under the terms and conditions of this Regulation C1 and the 'Agreement on balance responsibility'.

4. Approval of BRPs

A BRP must meet the following requirements in order to be approved as a BRP by Energinet.dk:

1. Must have entered into the 'Agreement on balance responsibility'⁴.
2. Must be registered for VAT in Denmark or another EU member state or EEA country.
3. Must, if necessary, provide adequate security for its obligations according to the rules set out in chapter 4.2.
4. Must have completed a test approved by Energinet.dk of its communication with Energinet.dk according to the rules set out in Regulation F1: 'EDI communication with the DataHub in the electricity market' and Regulation F: 'EDI communication'.
5. Must submit the required master data electronically to Energinet.dk via the form 'Master data for balance responsible parties' available at www.energinet.dk.

4.1 Subscription and tariff⁵

BRPs must pay the following to Energinet.dk:

1. A monthly subscription.⁶
2. Tariff per purchased or sold MWh of balancing power in respect of consumption and/or trade.⁷

Balance suppliers must pay the following tariffs to Energinet.dk:

1. Tariff per MWh of metered production.⁸
2. Tariff per MWh of metered consumption.⁹

Subscriptions and tariffs are adjusted annually as of 1st of January, and the rates for the following year will be announced on Energinet.dk's website no later than three months before January 1st of the year in question.

4.2 Security

Generally, Energinet.dk makes use of credit insurance.

If the insurance company refuses to sign a credit insurance policy or offers partial credit insurance in respect of a BRP, Energinet.dk will, if necessary, ask the BRP to provide an on-demand guarantee corresponding to the lacking credit insurance or the remaining part of the credit insurance cover.

4.2.1 Credit insurance

The insurance company's granting of credit insurance to the individual BRP is based on an objective assessment of the BRP's creditworthiness on the basis of transparent and non-discriminatory principles.

⁴ The agreement can be seen in appendix 1.

⁵ The payments were previously referred to as fees. In connection with the introduction of the wholesale model, a distinction is made between subscription, fee and tariff. The three terms are defined in Regulation H3: 'Settlement of wholesale services and taxes'.

⁶ Amounts to DKK 1,500/month in 2015.

⁷ Amounts to DKK 1.00/MWh in 2015.

⁸ Amounts to DKK 0.59/MWh in 2015.

⁹ Amounts to DKK 1.31/MWh in 2015.

The BRP's creditworthiness is assessed using a points system based on an analysis of the following criteria:

1. Trend in company operations.
2. Trend in company cash flow.
3. Trend in company equity ratio.
4. Company group structure and capital structure.
5. Company owners.
6. Company business foundation.
7. Experience gained with how the company settles its obligations.
8. Developments in the company's home country.

The insurance company awards the individual criteria points from 0 to 10; 10 points being the highest:

- 0-31 points – no credit insurance.
- 32-55 points – partial credit insurance.
- 56-80 points – full credit insurance.

Credit insurance is not granted if just one of the eight criteria scores two points or less.

The awarding of points is generally based on publicly available accounting records and information material, but, in special complex cases, the insurance company may have to contact Energinet.dk with a view to collecting additional information about the BRP.

The credit insurance fixed may be changed at one month's notice if the insurance company finds that material changes in credit rating criteria have been made that change the creditworthiness of the BRP.

If the insurance company refuses to sign a credit insurance policy or reduces the credit insurance, the insurance company is under an obligation towards Energinet.dk to prepare a documented explanation of the refusal/reduction.

Special introductory terms apply to new BRPs. If the BRP has a Dun & Bradstreet (D&B) rating of at least A (1A international), the insurance company will grant the new BRP a credit insurance of up to DKK 7.5 million. However, the amount cannot exceed the maximum credit recommended by D&B.

4.2.2 Determination of credit line

The sum insured under the individual BRP's credit insurance must cover the BRP's credit line.

The total credit line for a BRP is determined as the sum of the BRP's credit lines for activities performed as BRP for consumption, BRP for production and/or BRP for trade, respectively, in DK1 and DK2, respectively.

BRPs for consumption

The credit line is determined as 5% of the previous month's consumption in DK1 and DK2 multiplied by the current year's forward price for DK1 and DK2, respectively, as determined by Nord Pool on the last day of trading in November the previous year, but as a minimum DKK 2,000,000 for Denmark as a whole.

BRPs for production

The credit line is determined by Energinet.dk on the basis of the following calculated volumes for DK1 and DK2 multiplied by the current year's forward price for DK1 and DK2, respectively, as determined by Nord Pool on the last day of trading in November the previous year, but as a minimum DKK 2,000,000 for Denmark as a whole.

- Central power stations: $0.01 * \text{monthly production (MWh)}$.
- Local CHP plants: $0.05 * \text{monthly production (MWh)}$.
- Wind turbines: $0.2 * \text{monthly production (MWh)}$.

BRPs for trade

The credit line is determined by Energinet.dk at DKK 2,000,000 covering activities in both DK1 and DK2.

Energinet.dk may change the above-mentioned credit lines for production and consumption if the amounts, over a period of time, prove insufficient to cover the BRP's balance outstanding with Energinet.dk, assuming a normal settlement frequency. In this situation, faster (perhaps daily) settlement will initially be used.

4.2.3 Release of security

Any security provided will be released on termination of the 'Agreement on balance responsibility'. The security must be released no later than three months after the date of termination.

5. Change of BRP

In connection with any change of BRP, regardless of the cause, the old BRP is liable towards Energinet.dk for any imbalances and must indemnify Energinet.dk for any associated costs until such time as a new BRP has assumed liability towards Energinet.dk.

Changes of BRP for consumption and BRP for production are carried out by the balance supplier by reporting the change via the DataHub market portal.

5.1 BRP's assignment of 'Agreement on balance responsibility'

A BRP may only assign its 'Agreement on balance responsibility' with Energinet.dk to another BRP with prior written consent from Energinet.dk.

5.2 Change of BRP

A balance supplier can change BRP by giving 10 working days' notice with effect on any day.

If a balance supplier's agreement with a BRP is terminated and the balance supplier is unable to enter into an agreement with a new BRP, the balance supplier is responsible for reporting end of supply for all metering points for which the balance supplier is registered and for cancelling all reported future changes of supplier and all reported move-ins.

5.2.1 Consumption metering points

A change of BRP for consumption is carried out for all current and future metering points to which the balance supplier supplies electricity or for which the balance supplier has reported a future supply of electricity; the change takes place per grid area.

5.2.2 Production metering points

A change of BRP for production is carried out for all or selected production metering points per grid area for which the balance supplier is registered as the balance supplier. It is not possible to report a change of BRP for production for production metering points for which the balance supplier has reported a change of supplier that can still be cancelled.

5.3 Termination of 'Agreement on balance responsibility' due to termination

If the BRP or Energinet.dk terminates the 'Agreement on balance responsibility' by giving notice as stipulated in the 'Agreement on balance responsibility', the BRP is obliged to notify the parties for which the BRP holds balance responsibility about the termination and its consequences.

The parties involved may report a change of BRP according to the rules set out in chapters 5.2 and 5.3.

5.4 Termination of 'Agreement on balance responsibility' due to material breach

In the event of material breach, Energinet.dk may terminate the 'Agreement on balance responsibility' with a BRP as stipulated in the 'Agreement on balance responsibility'.

Material breach exists if the BRP grossly or repeatedly disregards the terms and conditions of the 'Agreement on balance responsibility' or the rules in this Regulation C1 in general.

The following, among other things, is deemed to be material breach:

- Disregarding requirements for security.

- Disregarding requirements for reporting and communicating data and other information relevant to the balance responsibility.

On termination of the 'Agreement on balance responsibility', the BRP is relieved of the balance responsibility, and Energinet.dk will assume the balance responsibility until a change of BRP has taken place.

Balance suppliers for metering points for which the BRP is registered as holding balance responsibility will be notified by Energinet.dk that a new BRP must be registered. In connection with a change of BRP due to material breach, the time limits set out in chapters 5.2 and 5.3 are disregarded. When the balance supplier has been notified by Energinet.dk that the situation requires a change of BRP, such change can be implemented subject to a notice of as little as one day; however, at the earliest from the date of termination of the 'Agreement on balance responsibility'. The change must be completed no later than three days from the time when the balance supplier was notified by Energinet.dk.

5.5 Metering points without a BRP

If no BRP is linked to a metering point, the requirement stipulating that a BRP must be registered for each metering point is not met. Energinet.dk therefore initiates a change of supplier for the relevant metering point.

5.5.1 Consumption metering points

Consumption metering points are distributed as described in Section 72 e of the Danish Electricity Supply Act.

5.5.2 Production metering points

Once a year, in the period 1st to 15th of December, Energinet.dk obtains declarations from balance suppliers indicating their willingness to take over a number of production metering points if it should turn out that no BRP is linked to a given production metering point, and thus no balance supplier.

The rules on obtaining declarations, withdrawing declarations, distribution etc. strictly follow the procedure for the distribution of consumption metering points described in Section 72 e of the Danish Electricity Supply Act.

6. Balance supplier relations etc. for production metering points

Change of supplier, move-in/move-out, linking of balance supplier and BRP to new metering points as well as termination of agreement between balance supplier and customer can take place at all consumption and production metering points. The rules on production metering points generally follow the rules on consumption metering points.¹⁰

The areas where production metering points differ from consumption metering points are described in the following.

6.1 Change of supplier etc. for production metering points

A change of balance supplier for a production facility is implemented on the GSRN number linked to the plant in the DataHub.

There are two types of change of balance supplier:

1. Change of balance supplier for facilities that operate on market terms and continue to do so after the change of supplier.
2. Change of supplier that also entails opting in or out of the purchase obligation.

A change of balance supplier for facilities that operate on market terms and continue to do so after the change of supplier takes place according to the same rules as those applying to a change of balance supplier for consumption metering points. A change of balance supplier which involves opting in or out of the purchase obligation starts with the plant owner submitting a standard form to Energinet.dk. Energinet.dk then updates the registration of the purchase obligation for the metering point in the DataHub.

6.2 Establishment of new production metering points

On the establishment of a production metering point, the grid operator must enter data in Energinet.dk's self-service portal. The establishment in the self-service portal must take place without undue delay and no later than at 12.00 on the next working day after the assignment of the connection point.

The customer name, GSRN no. and metering point address, as a minimum, must be stated in connection with the registration of the metering point.

In addition, the production metering point must be created in the DataHub according to the same rules as those applying to consumption metering points.

6.3 Change of owner of a production metering point

When a facility changes owner, the current and the future plant owner must submit a declaration of transfer of ownership to Energinet.dk, and Energinet.dk then updates the ownership information in the self-service portal.

The new plant owner must report a move-in to a balance supplier, which reports the move-in to the DataHub according to the rules set out in Regulation H1.

¹⁰ The processes for consumption metering points are described in Regulation H1: 'Change of balance supplier, move-in/move-out etc.'

6.4 Production metering points without balance supplier

If a grid operator or Energinet.dk interrupts its service to a balance supplier, see Section 72 d(4) of the Danish Electricity Supply Act, or becomes the subject of proceedings for a reorganisation or for a declaration of bankruptcy, and if the reorganisation administrator or the trustee in bankruptcy has not within one week thereafter informed Energinet.dk that the company will continue its operations¹¹, Energinet.dk initiates a change of supplier for the metering points for which the balance supplier is registered as the balance supplier, as the requirement stipulating that a balance supplier must be registered for each metering points is no longer met.

Once a year, in the period 1st to 15th of December, Energinet.dk obtains declarations from balance suppliers indicating their willingness to take over a number of production metering points if it should turn out that no balance supplier is linked to such metering points.

The rules on obtaining declarations, withdrawing declarations, distribution etc. strictly follow the procedure for the distribution of consumption metering points described in Section 72 e of the Danish Electricity Supply Act.

¹¹ As set out in Section 72 d(5) of the Danish Electricity Supply Act.

7. Overview over sanctions relating to market participant obligations which follow from Section 31(2) of the Danish Electricity Supply Act

The regulation sets out a number of obligations which the market participants comprised by this regulation must meet; see chapter 2.1.

A table has been inserted below, which specifies the provisions that are subject to sanctions and to which market participant the rule applies.

If market participants grossly or repeatedly violate their obligations that follow from Section 31(2) of the Danish Electricity Supply Act, Energinet.dk may issue injunctions in accordance with Section 31(3) of the Danish Electricity Supply Act. In the event of failure to comply with an injunction, Energinet.dk may decide to fully or partially exclude market participants from using Energinet.dk's services until the market participants comply with the injunction. The sanctions imposed by Energinet.dk as a result of the market participants' violation of their obligations under the regulation are thus based on Energinet.dk's statutory obligation to ensure the functioning of the market, including the use of Energinet.dk's services.

The assessment of whether a company grossly or repeatedly violates its obligations must in practice be based on a procedural approach:

- If the TSO discovers that obligations have been violated, the TSO sends a message to the relevant company concerning the non-fulfilment of the obligation(s). The company will also be requested to rectify the situation within a time limit of eight working days.
- If the time limit of eight working days is not met, a new reminder is sent by registered mail addressed to the company's CEO containing an ultimate time limit of eight working days for remedying the violation(s). The reminder will also state that failure to meet the time limit will lead to a gross violation of the company's obligations and to the company being excluded from using Energinet.dk's services.

Decisions made under Section 31(3) of the Danish Electricity Supply Act will thus be based on the above reminder procedure and an objective observation of non-compliance with the time limits set.

BRP for consumption is abbreviated BRPC, BRP for production BRPG and BRP for trade BRPT, with all three types of balance responsible parties under one being abbreviated BRP. The abbreviation for grid operator is GC and ES for balance supplier.

OVERVIEW: Sanctions relating to market participant obligations which follow from Section 31(2) of the Danish Electricity Supply Act

Chapter	Sanctioned rules	At whom is the rule aimed?	Sanctioning provision
3.	<p>The BRP is responsible in relation to Energinet.dk for:</p> <ul style="list-style-type: none"> - deviations between reported trading schedules and actual consumption/production for the metering points for which the BRP holds balance responsibility. - costs relating to the purchase of balancing power which Energinet.dk, in its capacity as transmission system operator, must make in order to uphold the balance. 	BRP	Section 31(3), see Section 31(2), of the Danish Electricity Supply Act
3.	All parties operating in the electricity market that have not entered into the 'Agreement on balance responsibility' with Energinet.dk and thus do not undertake balance responsibility for their own activities are obliged to assign their balance responsibility to an approved BRP subject to agreement with such BRP.	ES GC BRP	Section 31(3), see Section 31(2), of the Danish Electricity Supply Act
5.2	If a balance supplier's agreement with a BRP for consumption is terminated and the balance supplier is unable to enter into an agreement with a new BRP for consumption, the balance supplier is responsible for reporting end of supply for all metering points to which the balance supplier supplies electricity and for cancelling all reported future changes of supplier and all reported move-ins.	ES	Section 31(3), see Section 31(2), of the Danish Electricity Supply Act
5.3	If the BRP or Energinet.dk terminates the 'Agreement on balance responsibility' by giving notice as stipulated in the 'Agreement on balance responsibility', the BRP is obliged to notify the parties for which the BRP holds balance responsibility about the termination and its consequences.	BRP	Section 31(3), see Section 31(2), of the Danish Electricity Supply Act
6.2	<p>On the establishment of a production metering point, the grid operator must enter data in Energinet.dk's self-service portal. The establishment in the self-service portal must take place without undue delay and no later than at 12.00 on the next working day after the assignment of the connection point.</p> <p>The customer name, GSRN no. and metering point address, as a minimum, must be stated in connection with the registration of the metering point.</p>	GC	Section 31(3), see Section 31(2), of the Danish Electricity Supply Act

Appendix 1 – Agreement on balance responsibility

AGREEMENT

Energinet.dk

Tonne Kjærvej 65
DK-7000 Fredericia

and

Company

Address

Postcode and city

(the 'Market Participant')

have entered into the following:

Agreement on balance responsibility

Whereas:

- Energinet.dk – as the national transmission system operator – is responsible for ensuring a well-functioning operation of the electricity market in Denmark,
- the Danish electricity market consists of two geographically separate submarkets, Western Denmark ('DK1') and Eastern Denmark ('DK2'),
- this Agreement covers both submarkets,
- the responsibility for maintaining the balance in the area is shared by a number of balance responsible parties ('BRPs'), each of which are financially committed to maintaining balance,
- a metering point is the smallest unit of a balance responsibility,
- each metering point (production/consumption) must be linked to one and only one balance responsible party ('BRP'),
- no agreements on the physical supply of electricity to or from the electricity grid can be concluded without a BRP being involved,
- Energinet.dk finds that the Market Participant meets the requirements for assuming financial balance responsibility in relation to Energinet.dk,

it is hereby agreed as follows:

1. Scope

The Market Participant acts a BRP for (please tick as relevant):

	DK1	DK2
Production		
Consumption		
Trade		

2. Market Participant's tasks

Before the day of operation, the Market Participant must submit a binding notification to Energinet.dk.

BRPs for production must also submit notifications to Energinet.dk. Such notifications must be updated on a regular basis before and during the day of operation.

3. Energinet.dk's tasks

After the day of operation, Energinet.dk calculates and settles any production and consumption/trade imbalances according to the rules set out in Energinet.dk's Regulation C2: 'The balancing market and balance settlement'.

Specifically in the case of BRPs for production, Energinet.dk announces any restrictions in the infeed from specific production units into certain substations (nodes).

4. Payment

Invoicing and crediting of balancing power, subscriptions, tariffs and fees are effected for one calendar month at a time.

Amounts due with interest must be deposited in Energinet.dk's account on the 25th of a month. If this day is not a business day, the payment falls due on the first business day thereafter.

Energinet.dk effects payment on the 25th of the month after the end of the current settlement month. If this is not a business day, payment is effected on the following business day.

Energinet.dk reserves the right in special situations to change to more frequent invoicing, including daily settlement.

5. Security

Generally, Energinet.dk makes use of credit insurance, which means that the Market Participant need not normally provide Energinet.dk with security.

If the insurance company refuses to underwrite a credit insurance policy or offers insufficient credit insurance, the Market Participant is obliged to provide security according to the rules set out in Regulation C1: 'Terms of balance responsibility'. Security must be provided on demand terms in the form of an adequate bank guarantee or other similar security.

Energinet.dk is entitled to demand that the security be altered at seven days' written notice.

Any security provided will be released on termination of this Agreement. The security must be released no later than four months after termination.

6. Assignment

The Market Participant must not assign neither in full nor in part any contractual rights or obligations under this Agreement without Energinet.dk's written consent.

7. Other agreements and guidelines

Energinet.dk's guidelines and regulations in force at any time form an integral part of this Agreement.

Energinet.dk reserves the right to unilaterally change such guidelines and regulations. Energinet.dk will submit any material changes to guidelines and regulations to the BRPs for consultation at a reasonable notice.

All information disclosed by the Market Participant must be treated in confidence if such information is considered commercially confidential.

Energinet.dk's latest applicable regulations in force from time to time describe in detail the rules for the Market Participant's communication with Energinet.dk in connection with the submission of notifications etc.

When this Agreement comes into force, the Market Participant's name will be included in the list of BRPs on Energinet.dk's website.

8. Liability

Energinet.dk is not liable for any financial losses incurred by the Market Participant if Energinet.dk on the day before the day of operation adjusts a notification submitted by the Market Participant because it is either incorrect or incomplete, or if Energinet.dk applies own estimates if the Market Participant fails to submit its notification in due time.

Similarly, Energinet.dk is not liable for any financial losses incurred by the Market Participant if Energinet.dk initiates emergency procedures in the event of a breakdown of communication between Energinet.dk and the Market Participant and the fault does not lie with Energinet.dk.

Finally, Energinet.dk is not liable for any financial losses incurred by the Market Participant if the metered data collectors submit incomplete or incorrect meter readings and fail to correct them by the relevant due dates, or if Energinet.dk applies its own estimates if the metered data collectors fail in full or in part to submit the necessary meter readings.

9. Breach

In the event of material breach, for example non-payment and non-provision of security, Energinet.dk may immediately relieve the Market Participant of its balance responsibility by terminating this Agreement.

In case of the Market Participant's voluntary liquidation, moratorium, reorganisation, bankruptcy or other insolvency proceedings, Energinet.dk is entitled to terminate this Agreement without further notice.

10. Termination

The Market Participant may terminate this Agreement by giving two months' written notice to Energinet.dk to expire on the last day of any month. The Market Participant must also notify the Market Participants for which it holds balance responsibility of the termination and its consequences.

Energinet.dk may terminate this Agreement by giving two months' written notice to the Market Participant to expire on the last day of any month. The termination must be justified by legislation or drastic changes in the trading structure of the Danish electricity market.

In the same way as described above, the Market Participant must give notice of the termination and its consequences.

Energinet.dk announces the termination of this Agreement at www.energinet.dk and on the market portal.

11. Disputes

Any disputes arising out of this Agreement which cannot be settled between the parties through negotiation must first be attempted to be settled through mediation. The mediation must take place according to the applicable rules for mediation under the Danish Institute of Arbitration (*Det Danske Voldgiftsinstitut*).

If the dispute cannot be settled through mediation, and it is not within the competence of either the Danish Energy Regulatory Authority or the Danish Energy Agency to settle the dispute, it must be resolved according to the Danish Institute of Arbitration's 'Rules of Arbitration Procedure'. Each party must appoint one arbitrator, whereas the Institute will appoint the chairman of the arbitration tribunal. If one of the parties fails to appoint an arbitrator within 30 days of having submitted or been notified of the request for arbitration, the Institute will also appoint such arbitrator according to the aforementioned rules.

In connection with disputes concerning amounts of less than DKK 500,000, the arbitration tribunal will, however, consist of one member only to be appointed by the Council of the Danish Board of Arbitration (*Voldgiftsnævnet*).

The arbitration tribunal must make a decision on the allocation of legal costs, including lawyers' fees, in its award.

The award of the arbitration tribunal is final and binding on the parties.

This Agreement comes into force on (insert date):

This Agreement is made in two originals, one for the Market Participant and one for Energinet.dk.

Location:

Location:

Date:

Date:

Energinet.dk
Søren Dupont Kristensen,
Vice President, System Development
and Electricity Market

Company

Appendix 2 – Guidelines on the rules in chapters 3-6

This appendix provides in-depth comments on some of the rules set out in chapters 3-6 in Regulation C1: 'Terms of balance responsibility'.

Chapter 3. Balance responsibility in general

An overview of the balance responsible parties (BRPs) in the Danish electricity market can be found on Energinet.dk's website www.energinet.dk

A balance supplier can have different BRPs in different grid areas.

Where purchase obligation (PO) production is concerned, Energinet.dk always acts as balance supplier as well as BRP for production.

As concerns autogenerators using net settlement, special rules apply in certain cases in respect of the registration of BRPs for production. These rules are described in detail in Energinet.dk's 'Guidelines for net settlement of autogenerators'.

Liability for imbalances

Basically, electricity consumers, generators and traders are responsible themselves for balancing their own consumption, production and electricity trading. All parties operating in the electricity market that have not entered into the 'Agreement on balance responsibility' with Energinet.dk and thus do not undertake balance responsibility for their own activities are obliged to assign their balance responsibility to an approved BRP. Such assignment takes place by entering into an agreement thereon. For consumers, this is done in practice by the balance supplier entering into an agreement on balance responsibility with a BRP.

The BRP's liability for imbalances applies regardless of where such imbalances arise in the continuous chain of parties and market participants from the BRP to the metering points for which the BRP holds balance responsibility.

The BRP's liability towards Energinet.dk is thus independent of the BRP's commercial agreements with various market participants and wholesalers, if any. In its commercial agreements, the BRP is encouraged to regulate the mutual financial risk, including also the balance supplier's liability towards end customers.

Balance responsibility for consumption

A BRP for consumption (BRPC) must be linked to all electricity consumption (including grid losses). In practice, the customer assigns the balance responsibility to its balance supplier, and the balance supplier is thus responsible for ensuring that balance responsibility for the customer's metering points is assigned to a BRP. A BRP concluding an agreement on assuming balance responsibility for a given balance supplier thus becomes the BRP for consumption for the metering points to which the balance supplier in question supplies electricity.

Regulation D1: 'Settlement metering' describes how consumption per metering point is determined.

Calculation of grid losses, definition of metering point and rules on profile settlement etc. are described in Regulation H2: 'Profile settlement etc.'.

Balance responsibility for production

A BRP for production (BRPG) must be linked to all types of electricity production, and a balance supplier must always be registered for the metering point in question. In practice, small-scale generators usually assign balance responsibility to the balance supplier to which the generator sells the electricity generated.

The rules on calculation of production are described in further detail in Regulation D1: 'Settlement metering'.

Balance responsibility for trade

If a market participant does not want to hold balance responsibility for consumption or production but nevertheless wants to buy/sell electricity as a trader and wants to be a BRP, the market participant can apply to Energinet.dk for approval to operate as a BRP for trade.

BRPs for production and consumption may also engage in physical electricity trading in addition to engaging in the trading that is directly attributable to metering points for which the BRP is registered as the balance supplier (consumption or production). The market participants themselves hold balance responsibility for this type of trade (BRP for trade).

Chapter 4. Approval of BRPs

A BRP must only enter into one 'Agreement on balance responsibility' with Energinet.dk, regardless of whether the BRP is a BRP for consumption, BRP for production and/or BRP for trade, and regardless of whether the BRP is responsible for metering points in both price area Western Denmark (DK1) and price area Eastern Denmark (DK2).

Before entering into the 'Agreement on balance responsibility', the BRP must complete and submit the form 'Master data for balance responsible parties' to Energinet.dk. The form can be found on the website www.energinet.dk. On the basis of this information, Energinet.dk draws up the 'Agreement on balance responsibility', which is sent to the BRP for signing.

Once these formalities have been completed, the BRP should expect that it will take five business days before trading can be commenced.

Chapter 4.1. Subscription and tariff

Payment of tariff for purchased or sold balancing power, production and consumption is made on the basis of the metered or estimated values used for balance settlement/refixation after the month of operation. The final payments are calculated in connection with the subsequent refixation, which is always calculated for one month at a time, the last time in the third month after the month of operation.

The current subscription and tariff values can always be seen on Energinet.dk's website www.energinet.dk.

Chapter 4.2. Security

In connection with the granting of credit insurance, the BRP's creditworthiness is assessed on the basis of the following criteria:

1. Trend in company operations: The criterion focuses on the company's historical and current ability to generate profit.

2. Trend in company cash flow: The criterion focuses on the company's financial resources, including whether the company generates the cash flow required to fulfil future obligations.
3. Trend in company equity ratio: The criterion focuses on the financing of company activities, the size of company gearing and thus the owners' own exposure.
4. Company group structure and capital structure: The criterion focuses on corporate form, liability and other group companies, including the performance of subsidiaries, affiliated companies and parent companies.
5. Company owners: The criterion focuses on owner history and previous ownership structure.
6. Company business foundation: The criterion focuses on an analysis of the market participant's future possibilities for creating/upholding a sound business.
7. Payment experience with the company: The criterion focuses on experience gained with regard to the company's ability to fulfil its obligations at the agreed time.
8. Developments in the company's home country: The criterion focuses on societal developments in the home country of the company that may influence the above criteria, including political and economic conditions.

In connection with the determination of credit lines for BRPs for production, Energinet.dk calculates volumes for DK1 and DK2. The rate used for the determination as specified in chapter 4.2.2. of Regulation C1 is calculated on the basis of historical figures for deviations between planned and metered production.

The rules on settlement of balancing power appear from Regulation C2: 'The balancing market and balance settlement'.

Chapter 5. Change of BRP

A BRP remains liable towards Energinet.dk until a new BRP has assumed liability. This applies regardless of whether the change was caused by a market player which does not act as BRP towards Energinet.dk or by a party with which the BRP has made an agreement and regardless of whether the notice requirements are observed.

The regulation does not contain any rules on breach and termination of agreements made between a BRP and its business partners, eg between a BRP and an electricity wholesaler, or agreements made between parties to underlying agreements which do not involve the 'Agreement on balance responsibility' entered into between the BRP and Energinet.dk, eg agreements between an electricity wholesaler and a balance supplier. Breach of any of the underlying agreements entails a risk of imbalances for consumption, and the BRP for consumption is financially liable towards Energinet.dk for all imbalances until a change of balance responsibility for consumption has been implemented.

Changes of BRP for consumption and BRP for production are only possible for metering points established in the DataHub.

If a balance supplier's agreement with a BRP for consumption is terminated, see chapters 5.2, 5.4 and 5.5, the balance supplier must

- 1) enter into an agreement with a new BRP for consumption and subsequently report a change of BRP for consumption or
- 2) enter into the 'Agreement on balance responsibility' with Energinet.dk or
- 3) before the termination of the agreement on balance responsibility for consumption, report the termination of the agreement for all metering points to which the balance supplier supplies electricity according to the information available in the DataHub.

If the balance supplier does not comply with one of the three requirements above, and if the BRP for consumption documents to Energinet.dk that the agreement with the balance supplier on assuming balance responsibility has been terminated, the balance supplier does not comply with the requirement stipulating that a BRP must be registered for each metering point. Energinet.dk therefore initiates a change of supplier for the relevant metering points in accordance with the procedure laid down in Section 72 e of the Danish Electricity Supply Act.

BRPs for trade engage in trading activities only, and there is no relation to metering points in the DataHub. A change of BRP as described in chapter 5 is therefore not relevant in respect of BRPs for trade.

Chapter 5.2. Change of BRP

A change of BRP may, for example, be relevant if the balance supplier or the BRP has terminated their mutual agreement.

A BRP and any other market participants forming part of the agreement chain to the balance supplier are encouraged to contractually ensure the required and relevant possibility of changing BRP for each individual balance supplier's metering points. It can be contractually stipulated that, in specific circumstances, the balance supplier is obliged to change BRP by giving the notice specified in Regulation C1: 'Terms of balance responsibility'.

Any contractual relationships between a BRP and its business partners or agreements otherwise entered into between market participants are of no concern to Energinet.dk.

Balance suppliers are not required to inform their customers about a change of BRP, and such change does not require reading of customer meters.

After the reporting of a change of BRP, future changes of supplier with effect after the effective date for the change of BRP for consumption must be reported with the identity of the new BRP for consumption.

Chapter 5.2.2. Change of BRP – production metering points

If a cluster/wind farm uses joint settlement metering, a change of BRP must be implemented for the entire cluster/wind farm.

As long as a reported change of supplier can be cancelled, it is not possible to change BRP for production for the metering point. The change of supplier must therefore be cancelled and reported anew with the new BRP.

Chapter 5.3. Termination of 'Agreement on balance responsibility' due to termination

When a balance supplier is notified that the mutual agreement is terminated and the BRP is no longer authorised to assume balance responsibility, the balance supplier has the possibility of changing BRP by giving 10 working days' notice according to the general rules set out in chapters 5.2 and 5.3.

When an agreement on balance responsibility has been terminated, Energinet.dk announces this at www.Energinet.dk and on the market portal. Fifteen working days before the termination becomes effective, Energinet.dk checks whether the BRP is still registered as holding balance responsibility for some metering points. If this is the case, the relevant balance suppliers are encouraged to change BRP.

If a BRP is still registered as holding balance responsibility nine working days before the termination becomes effective, Energinet.dk initiates a change of supplier for consumption metering points according to the rules set out in Section 72 e of the Danish Electricity Supply Act and for production metering points according to the rules set out in chapter 5.6.

Chapter 5.4. Termination of 'Agreement on balance responsibility' due to material breach

When a balance supplier is notified that the supplier's BRP can no longer assume balance responsibility, the balance supplier may change BRP at reduced notice compared to the normal notice applying in connection with a change of balance supplier. This offers the balance supplier the chance to take action and safeguard its own interests.

Energinet.dk assumes balance responsibility in the intervening period until a new BRP is registered for the balance supplier's metering points.

Chapter 5.5. Metering points without a BRP

If the balance supplier does not report a new BRP within the time limit specified, Energinet.dk initiates a change of supplier for consumption metering points according to the rules set out in Section 72 e of the Danish Electricity Supply Act and for production metering points according to the rules set out in chapter 5.5.

Chapter 6. Balance supplier relations etc. for production metering points

After the standard form used in connection with a change of balance supplier involving opting in or out of the purchase obligation is submitted, Energinet.dk updates the registration of the purchase obligation for the metering point in the DataHub. In connection with the update, all reported future changes of supplier and move-ins/move-outs are cancelled.

The standard form for use in connection with a change of balance supplier involving opting in or out of the purchase obligation can be found on Energinet.dk's website www.energinet.dk.

Attempts at implementing a change of supplier or move-in for a GSRN no. which is registered with a purchase obligation will be rejected in the DataHub.

The plant owner is responsible for concluding an agreement with a balance supplier if the facility is to supply electricity on market terms. After the conclusion of the agreement, the balance supplier must report a move-in for the relevant GSRN no. according to the rules set out in Regulation H1: 'Change of balance supplier, move-in/move-out etc.'. For facilities subject to a purchase obligation, the plant owner is not required to do anything, as Energinet.dk itself ensures registration of the balance supplier in the DataHub.