

Appendix 5: Energy Reserves

on the Balance Group Contract

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1. Preamble

Based on articles 9, 29 paragraph 1 lit. g) and 30 paragraph 2 FESA (SR 734.7), the Federal Council has issued the Regulation on the Establishment of a Hydropower Reserve (SR 734.722). It is planned to replace this Regulation with the Regulation on the Establishment of a Winter Electricity Reserve (hereinafter «**Winter Reserve Regulation**» or «**WRR**»). The WRR shall come into force on 15 February 2023.

The aforementioned regulations serve as a coverage against extraordinary situations in the electricity-supply in Switzerland. They each stipulate that Swissgrid, as the national grid company, as well defines the relationship between a balance group and Swissgrid itself regarding any potential demand on Energy Reserves.

The provisions set out in this appendix supplement the provisions of the Balance Group Contract concluded between the Parties and form an integral part of this contract. They particularly regulate the coverage of any demand by the BG of the BGM from Energy Reserves based on a demand-notification given by the BGM, the remuneration to be paid by the BGM as well as any contractual penalty to be paid by the BGM due to market manipulative behaviour.

In addition, the respective valid directive(s) of the ElCom (at the time of entry into force of this Appendix Directive 4/2022: «Basic parameters for the establishment of a Hydropower Reserve in the hydrological year 2022/2023»), which refer to the Energy Reserves, are to be regarded as an integral part of this appendix.

2. Terms and Definitions

The definitions used in this appendix shall apply in addition to the terms used in the Balance Group Contract:

Abbr.	Terms	Description
	Lack of Market Clearance	A Lack of Market Clearance exists if the quantity of energy demanded exceeds the energy supply on the power exchange for Switzerland (EPEX SPOT Day-Ahead Auction CH) for the following day.
AS P&D	Ancillary Services Procurement and Deployment	AS P&D is the platform used by Swissgrid for the procurement and deployment of the ER, via which (amongst others) the HRRP may submit bids and the schedule exchange is handled.
ER	Energy Reserves	Reserves that serve to cover extraordinary situations in the electricity supply. These include, for instance, the HR as well as supplementary reserves produced with the help of reserve power plants or emergency power groups.
HR	Hydropower Reserve	cf. Regulation on the Establishment of a Hydropower Reserve or planned Winter Reserve Regulation.
HRRP	Hydropower Reserve Responsible Party	A party that has concluded a Framework Agreement with Swissgrid for the participation in the Hydropower Reserve.

3. Fulfilment of Demand through Reserve Power Plants

- (1) If the BGM is unable to cover all or parts of its energy-demand for the following day due to a lack of energy offers on the Swiss Power Exchange (EPEX SPOT Day-Ahead Auction CH) (hereinafter «**Lack of Market Clearance**») and intends to cover the open demand resulting from the Lack of a Market Clearance with Energy Reserves (hereinafter «**ER**»), the BGM shall notify Swissgrid of its demand as early as possible, but no later than D-1 18:30h (hereinafter «**Gate-Closure**») via AS P&D. The responsibility for noting the Lack of Market Clearance lies with the BGM.
- (2) A message in accordance with paragraph (1) can be changed until Gate Closure. In such case, Swissgrid will only take into account the last message that has been sent before Gate Closure.
- (3) The BGM is obliged to log into AS P&D for the first time within 7 (seven) working days after entry into force of this Appendix and to make all reports via AS P&D after 10 (ten) further working days. All notifications as well as their changes are only effective, if the corresponding .csv-format is used, which is made available to the BGM by e-mail.
- (4) Taking into account the availability of the ER, Swissgrid will make the demand, which is covered by ER for its balance group for the following day, available to the BGM as a download via AS P&D. If the demand notified by the BGM cannot be covered in its entirety by ER, all demand notifications of the balancing groups notified to Swissgrid by Gate Closure shall be reduced proportionally in accordance with the available ER.

4. Schedule Management

- (1) Swissgrid sends an INS-Schedule to the BGM, whose demand has been fully or partially covered in the post-scheduling process, at the latest by D+1 11:00h to the registered e-mail address in accordance with Clause 4.6 of **Appendix 3** «Registration Form» (for details on INS schedules, see **Appendix 2** «Technical balance group regulations» Clause 19).
- (2) The time series from this INS-Schedule received from Swissgrid must be inserted by the BGM into its standard TPS immediately after receipt (for details see **Appendix 2** «Technical Balance Group Regulations», Clause 19) and then sent to the Swissgrid schedule system.

5. Prices and Billing

- (1) The quarter-hourly call price for covering the BGM's demand from ER for its BG is invoiced in EUR/MWh plus VAT. VAT will be invoiced in addition to the respective rate.
- (2) The call price of the respective ER for the BGM corresponds to the day-ahead market price (EPEX SPOT Day-Ahead Auction CH) for the call period plus a surcharge. The surcharge is calculated as follows:
$$(\textit{Balance} - \textit{Energy} - \textit{Price}_{\textit{short}})$$
 minus day ahead market price) multiplied by 0.25.
- (3) Invoicing shall take place in the following month and is due for payment after 30 (thirty) further days. Furthermore, reference is made to Clauses 8.2 and 8.3 of **Appendix 1** «General Balance Group Regulations».
- (4) If ER are used by Swissgrid to restore grid stability due to an immediate threat which is attributable to an imbalance of the BG of the BGM, the existing regulations in **Appendix 1** «General Balance Group Regulations» shall apply with regard to prices. This shall also apply to the price-mechanism and settlement in accordance with Clauses 7.1 and 7.2 of the Appendix.

6. Contractual Penalties

- (1) The BGM is not allowed to procure ER to:
 - (a) sell them profitably on the day ahead market abroad and/or
 - (b) sell them on the intraday market (Switzerland or abroad) at higher prices.
- (2) If the BGM procures ER despite the aforementioned prohibitions, a contractual penalty shall be owed. The amount of the respective contractual penalty is calculated on the basis of the energy quantity concerned, multiplied by the balancing energy price plus any profit that the BGM has made from the respective sale. The BGM is obliged to report this to Swissgrid at the e-mail address listed in Clause 3 paragraph (3).

7. Telephone-Calls

- (1) The Parties agree that the respective other Party, in compliance with the applicable regulatory provisions, is entitled to record telephone-calls (hereinafter referred to as «Voice-Recordings»), in connection with the statutory rights and obligations as well as the rights and obligations arising out of this Agreement, and to process them exclusively for the purposes thereof.
- (2) Voice-Recordings shall be retained for a maximum of 12 (twelve) months from their respective date of recording. A longer period of retention may occur, to the extent permitted by law, if:
 - (a) a criminal offence or another legal violation is determined or suspected; or
 - (b) the retention appears to be necessary to preserve or defend against legal claims.
- (3) The Parties may engage third parties (external service providers) for the recording and/or retention in accordance with the rights and obligations referred to in paragraph (1) as well as for the necessary reproduction of the Voice-Recordings solely if third parties involved undertake and guarantee in writing to comply in particular with the principles set forth in section on Confidentiality, Information Security and Data Protection as well as to comply with the obligations set forth in clauses 4 (four) to 6 (six) inclusive of the enclosure «Declaration of Consent».
- (4) Furthermore, the Parties shall obtain the written consent of all involved employees and third parties necessary to fulfil their rights and obligations under this Agreement, stating and consenting that the respective other Party is authorised to record, process and if necessary, disclose the Voice-Recordings according to in paragraph (1). For this purpose, the respective Party shall have the persons involved (employees and employees of third parties engaged) sign the enclosure «Declaration of Consent» before fulfilling the obligations arising from this Agreement and shall make it available to the other Party in writing upon request and without delay.

8. Entry into Force

This Appendix enters into force on 01.12.2022 and shall apply for an indefinite period. Clause 14 f. of the Balance Group Contract shall apply accordingly.

9. Amendments and/or Additions to this Appendix

Any amendments to this Appendix shall be governed by Clause 22 of the Balance Group Contract.