



Information with regard to the balancing services procured and the related costs incurred

For the purposes of the balancing service within the meaning of BAL NC and the Gas Market Rules, a gas purchase and sale contract has been entered into for the period starting on 1 January 2018 and ending on 31 December 2018. The contract was awarded to a contractor selected in a contracting procedure in conformity to the Public Contracts Act. Based on instructions given by the Transmission System Operator, the contractor either buys from the Transmission System Operator excess gas, or sells to the Transmission System Operator missing gas. Consequently, the contract entails costs only if the balancing service is used. The balancing service was agreed for 25,000 MWh per day.

In conformity to BAL NC and the Gas Market Rules, the balancing service may only be used in case that a balancing action that is necessary cannot be carried out using a higher-priority instrument, specifically the purchase or sale of gas on the gas market organized by the market operator and the purchase and sale in the adjacent balancing zone. Cases in which the balancing service may be used include situations where the market organized by the market operator is temporarily unavailable, for example due to a system failure, or where the gas price on the market organized by the market operator grows too fast, and the price limit laid down in Annex 8 to the Gas Market Rules is attained and the purchase or sale in the adjacent balancing zone would not be successful.

During the period in question, the balancing service was used because of the price limit laid down in Annex 8 to the Gas Market Rules was attained:

- 28. 2. 2018 – Purchase 9 500 MWh for the price 33,377 EUR/MWh.
- 1. 3. 2018 – Purchase 10 500 MWh for the price 43,105 EUR/MWh.
- 3. 3. 2018 – Sell 3 800 MWh for the price 31,517 EUR/MWh.

The balancing service was used in the period of extraordinarily low liquidity on the Czech gas market and at the same time abnormally high price volatility on the European gas markets, therefore the use of the balancing service was more advantageous opposite the realization in the adjacent balancing zone.