### 2.1.3 Clearing of balancing natural gas

The Network User shall be obliged to maintain commercial balance in accordance with the relevant provisions of the GSA. Where the Network User's natural gas input and actual consumption within a gas day do not match, the Network User shall settle its commercial imbalance position at the end of the gas day concerned fully with the Central Counterparty based on the data delivered daily to the Central Counterparty, pursuant to the GSA, the OBC, the contract concluded with the Central Counterparty and the Central Counterparty's General Business Code.

The Network User authorises the Company the hand over the data concerning the Network User necessary for operation of the clearing system related to the daily clearing of commercial imbalance positions to the Central Counterparty in a continuous manner.

If the total amount of natural gas taken off from the natural gas transmission system by the Network User in a given gas day exceeds the total amount of gas entered into it thereby, balance shall be restored by using balancing natural gas, which the Network User shall purchase from the Central Counterparty at the marginal purchase price calculated for the gas day concerned, determined based on the body of the Company's Business Code.

If the total amount of natural gas taken off from the natural gas transmission system by the Network User in a given gas day is less than the total amount of gas entered into it thereby, then the Network User shall sell the amount matching the source/consumption difference to the Central Counterparty at the marginal selling price calculated for the gas day concerned, determined based on the body of the Company's Business Code.

The Network User shall clear the entire amount of gas matching its commercial imbalance position at the end of the gas day concerned with the Central Counterparty in the scope of an automatic balancing gas transaction.
The Network User's daily commercial imbalance position shall be determined in accordance with the provisions of the OBC. In the scope of the automatic balancing gas transaction:

i) After each gas day, the Company shall deliver to the Central Counterparty the net balancing position of the Network Users that arose in the natural gas transmission system for the gas day, at the latest by 4 pm;
ii) in the case of a balance position with resource surplus, the Network User shall sell the appropriate amount of natural gas to the Central Counterparty at the marginal selling price applicable to the day concerned, and
iii) in the case of a balance position with resource deficit, the Network User shall buy the appropriate amount of natural gas to the Central Counterparty at the marginal purchase price applicable to the day concerned. The Central Counterparty shall clear the accrued balance of all balancing gas transactions concluded by it per day and per member in the following manner: i) the amount of natural gas matching the aggregate resource surplus shall be sold by the Central Counterparty and purchased by the Company at the marginal selling price for the day concerned, or ii) the amount of natural gas matching the aggregate resource deficit shall be purchased by the Central Counterparty and sold by the Company at the marginal purchase price for the day concerned. After the daily clearing completed in the above manner, the aggregate balancing gas position of the Central Counterparty measured both in energy content and value shall be zero. In the course of the clearing for the gas day concerned, the

Company shall provide to the Central Counterparty the amount of the sales margin realised via the sale of balancing natural gas calculated based on the OBC and its costs incurred in connection with the balancing measures, broken down by Network User.

The Company shall not charge a separate fee to the Network User for its data generation and data transmission activity constituting the basis of clearing of balancing natural gas.
User shall pay the fee and other costs related to the clearing of the balancing natural gas determined based on its contract(s) concluded with the Central Counterparty.

The manner of determining the price of balancing natural gas is set out in the body of the Company's Business Code.
The Central Counterparty shall issue an electronic protocol regarding the clearing of the gas day. The protocol is available at the address https://ipnew.fgsz.hu/Fgsz.Ip.Web/#main. The issue of invoices concerning the clearing of commercial balance shall be performed by the Central Counterparty upon the mandate of the Network User, in accordance with those set out in our General Business Code.

In case the emergency level is declared - provided the operation of the Trading Platform and the organised natural gas market are suspended - over the duration thereof the balancing gas shall be settled directly between the Company and the Network User without the involvement of the Central Contracting Party.

Over the period of the declared emergency level the Company shall issue a protocol for the Network Users on each gas day. The protocol shall include the quantity of the balancing gas settled on the gas day, the unit price thereof and the neutrality charge (particularly the margin realized on the balancing gas sales and the costs related to the respective balacing measures).

**BUSINESS CODE OF FGSZ**

**GENERAL RULES**

**II.6.6 THE PRICE OF THE BALANCING NATURAL GAS AND THE CALCULATION RULES THEREOF**

The Network User is obliged to maintain a commercial balance: according to the relevant provisions of the OBC, all injections and off-takes shall be balanced on a daily basis. Settlement of balancing natural gas shall be performed by the Central Contracting Party at the settlement price defined below, with the mandatory clearing membership of the Network Users and the Company, under the conditions set out in Network Usage Framework Contract.

**II.6.6.1 GENERAL RULES OF DEFINING THE CLEARING PRICE**

The system operator perceives a daily clearing price of the balancing gas on the basis of the transactions concluded on trading platform(s).

The value of the applicable minor correction is defined in the relevant decree of the Authority. The settlement prices are defined in EUR/MWh.

Marginal sell price shall be applied if the Network user's injection for the given gas day exceeds its off-takes for the same gas day; marginal buy price shall be applied if the Network user's off takes for the given gas day exceed its injection for the same gas day.

Marginal sell and marginal buy prices of a gas day shall be defined as follows:

a) the marginal sell price shall be the lower of the following: - the lowest price in the sell transactions concluded on the given gas day for title products and locational products, involving the transmission system operator, or - weighted average price defined on the basis of the transaction(s) concluded for title products and locational products less the small adjustment.

b) the marginal buy price shall be the higher of the following: - the lowest price in the buy transactions concluded on the given gas day for title products and locational products, involving the transmission system operator, or - weighted average price defined on the basis of the transaction(s) concluded for title products and locational products plus the small adjustment. All entities operating trading platforms on the Hungarian natural gas transmission network shall deliver continuously the data required for the calculation and publication of the prices during the gas day without undue delay after a given transaction as agreed in the specific agreement concluded with the Company. The transmission system operator shall publish the clearing price on the Company's website before 2.00 p.m. following the closing of the gas day.

**II.6.6.2 SPECIAL RULES OF DEFINING CLEARING PRICE**

If no transaction has been concluded for a gas day that could serve as a basis for calculating clearing price, the clearing price of the previous day shall be used in the accounting of the given gas day. If the trading platforms were unavailable for a certain part of the given gas day or for the entire gas day due to server error or restriction, the clearing price of the previous gas day shall be applied. The transmission system operator shall credibly document the transactions involved in clearing pricing.

**II.6.6.3 THE CONTINUOUS PUBLICATION OF THE CLEARING PRICE WITHIN THE GAS DAY**

Following the conclusion of a transaction on the trading platforms the transmission system operator shall without undue delay publish the marginal buy and marginal sell prices based on the data of all transactions concluded during the period until the transaction on the given gas day pursuant to the calculation procedure stipulated in Sections II.6.6.1. and II. 6.6.2. All entities operating trading platforms shall deliver the data required for the calculation and publication of the price as agreed in the specific agreement concluded with the Company. The delivery of data is made in EUR/MWh.

**OPERATION AND BUSINESS CODE OF THE HUNGARIAN NATURAL GAS SYSTEM**

**2.5.2.3. Settlement of the sales margin realised via the sale of balancing natural gas, settlement of costs incurred in connection with balancing actions**

a) No profit or loss may be generated at the transmission system operator as a result of its activities undertaken in order to carry out network balancing, or as a result of settling the related balancing gas traffic and receiving the costs related to the provision of network balancing activities.

b) The transmission system operator shall for each gas day establish the negative or positive sales margin (ÉKkiegy) between the network balancing activities and the purchase and selling values of balancing natural gas, and shall charge such margin to the network users involved in balancing as neutrality charge for balancing.

c) The transmission system operator shall for each gas day establish the initial and closing

volume of the balancing natural gas stock (Klnykwh and Klzkwh, respectively), and the initial and terminal value of such stock (KlnyFt and KlzFt, respectively)

d) The below items increase the balancing natural gas stock on a given gas day:

i Natural gas volume purchased by the transmission system operator on the trading platforms with the purpose of network balancing for performance on the given gas day (Vhidrkwh) at the actual purchase price (VhidrFt),

ii Purchase of the network users' source surplus (Vegykwh) by the transmission system operator during the gas day settling at the marginal selling price (VegyFt) applicable on the given gas day.

e) The below items reduce the balancing natural gas stock on a given gas day:

i Natural gas volume sold by the transmission system operator on the trading platforms with the purpose of network balancing via performance of the given gas day (Ehidrkwh) at the actual selling price (EhidrFt),

ii Sale for the network users having supply shortage (Eegykwh) by the transmission system operator during the gas day settling at the marginal purchase price (EegyFt) applicable on the given gas day.

f) The transmission system operator shall for each gas day calculate the charges specified in the natural gas codes approved by the Authority in a resolution, in the public notices of the operators of the trading platforms and in the tariff package chosen by the transmission system operator, as follows:

i Fixed charges invoiced periodically and provided in Hungarian Forints shall be divided in accordance with the period of performance by the number of days in the period of performance, the resulting value shall be the fixed charge of one gas day (Dáll),

ii Volume-based values shall be established in Hungarian Forints by multiplying the transmission volume defined in the commercial transactions relating to the balancing actions concluded by the transmission system operator on the trading platform on the given gas day with the valid specific charge (Dvált).

g) In order to establish the sales margin (ÉKkiegy), the cost of goods sold (COGS) shall be calculated, as follows:
COGS = ((KlnyFt+∑VhidrFt+ ∑VegyFt) / (Klnykwh+ ∑Vhidrkwh+∑ Vegykwh)) * (∑Ehidrkwh+

∑Eegykwh)

h) The sales margin of the gas day (ÉKkiegy) shall be established by the below formula:
ÉKkiegy = ∑EhidrFt + ∑EegyFt - COGS - Dáll – Dvált

i) It the above formula gives a negative sales margin (ÉKkiegy), losses were incurred by the transmission system operator on the given gas day.

j) It the above formula gives a positive sales margin (ÉKkiegy), profit was generated at the transmission system operator on the given gas day.

k) Before settlement with the network users is carried out, the calculated sales margin (ÉKkiegy) shall be divided into two parts (for the purpose of settlement in proportion to the charged imbalances of the gas day (EGYar) and for the purpose of settlement in proportion to the transmission performances (SZTar)), based on the below calculation:

l) If the initial (Klnykwh) volume of the natural gas stock is less than the closing (Klzkwh) volume of the natural gas stock, then:

i the below pro-rata part of the sales margin shall be divided in proportion to the imbalances:
EGYar = ÉKkiegy * (∑Vhidrkwh + ∑Vegykwh - ∑Ehidrkwh - ∑Eegykwh) / (∑Vhidrkwh+ ∑Vegykwh)

ii the below pro-rata part of the sales margin shall be divided in proportion to the transmission performances:
SZTar = ÉKkiegy * (∑Ehidrkwh+ ∑Eegykwh) / (∑Vhidrkwh + ∑Vegykwh)

m) If the initial (Klnykwh) volume of the natural gas stock is equal to the closing (Klzkwh) volume of the natural gas stock, the total sales margin shall be divided in proportion to the transmission performances (SZTar).

n) If the closing (Klzkwh) volume of the natural gas stock is less than the initial (Klnykwh) volume of the natural gas stock, then:

i the below pro-rata part of the sales margin shall be divided in proportion to the imbalances:
EGYar = ÉKkiegy * (∑Ehidrkwh + ∑Eegykwh - ∑Vhidrkwh - ∑Vegykwh ) / (∑Ehidrkwh+ ∑Eegykwh)

ii the below pro-rata part of the sales margin shall be divided in proportion to the transmission performances:
SZTar = ÉKkiegy * (∑Vhidrkwh + ∑Vegykwh) / (∑Ehidrkwh+ ∑Eegykwh)

o) The specific sales margin (FEGYar) shall be established before dividing the sales margin in proportion to the imbalances charged on the gas day (EGYar):

i In order to establish the specific sales margin (FEGYar) as a share of imbalances, the sales margin (EGYar) identified at the transmission system operator in relation to balancing natural gas transactions shall be divided by the aggregate volume of the total balancing natural gas purchased by the transmission system operator during the gas day from the network users at marginal selling price (∑Vegykwh) and of the total balancing natural gas sold to the network users at marginal purchase price (Eegykwh).
FEGYar= EGYar / ( ∑Vegykwh + ∑Eegykwh )

ii The network user shall be liable for or entitled to the share of the imbalance established in relation to balancing natural gas transactions at the transmission system operator calculated based on the monthly specific balancing difference and the balancing natural gas volume purchased by the network user from the transmission system operator at marginal purchase price or sold by the network user to the transmission system operator at marginal selling price during the gas day. With this method, the sales margin established in proportion to the imbalances identified daily at the transmission system operator shall be fully divided among the network users. The formula for calculating the imbalance due

to a network user (SZEGYar):
SZEGYar = FEGYar * (Vegykwh + Eegykwh)

p) Specific sales margin (FSZTar) shall be established before dividing the sales margin in proportion to the transmission performances (SZTar).
Transmission performance of a given network user associated with the gas day (RSZT) shall meal the volume the given network user had delivered throughout the whole gas day and measured at the exit point, provided that injection and title transfer volumes are not included in such volume.

q) In order to establish the specific sales margin defined on the basis of the transmission performances (FSZTar), the sales margin to be settled with the transmission system operator in proportion to the transmission performances (SZTar) shall be divided by the total transmission performance charged and recorded by the transmission system operator during the gas day:
FSZTar= SZTar / ∑ RSZT

r) The network user shall be liable for or entitled to the product of its daily transmission performance recorded by the transmission system operator (RSZT) and the specific sales margin (FSZTar) identified on the basis of the transmission performances. With this method, the sales margin established in proportion to the transmission performances identified daily at the transmission system operator (SZTar) shall be fully divided among the network users. The formula for calculating the imbalance due to a network user (SZSZTar):
SZSZTar = FSZTar * RSZT

s) The profit or loss calculated daily shall be indicated in the daily settlement extract prepared by the Central Counterparty.

t) The transmission system operator shall for each gas day publish on the Information Platform the sales margin charged for the network users.