

Resolution 9¹

«Risk management procedures in the Positions Clearing System of Balancing Market»

as approved by the Regulatory Authority for Energy (Decision 1034/2020)

PART 1. Scope of Application & Definitions

1.1. Scope of Application

1. This Resolution determines the Risk management procedures of the Clearing System in implementation of the Clearing Rulebook for Balancing Market Positions (hereinafter the “Rulebook”) and other relevant issues.
2. In particular, the Resolution specifies the following matters:
 - a) Methodology of the Margin Requirements of section 2.39 of Chapter 2 of the Rulebook.
 - b) Definition of Acceptable Collaterals for the cover of Margin Requirement of sections 2.21, 2.22 and 2.23 of Chapter 2 of the Rulebook.
 - c) Rules for Default Fund’s Calculation of sections 2.25, 2.26, 2.27.1 and 2.27.2 of Chapter 2 of the Rulebook.

1.2. Definitions

1. The terms and definitions used in this Resolution shall have the same meaning as the corresponding terms and definitions in the Rulebook, unless otherwise expressly stipulated.
2. In all cases, the provisions of this Resolution are interpreted in accordance with the rules and principles foreseen in Paragraph 5 of the Scope of the Rulebook.

¹ Unofficial translation from the Greek language, as of 30/07/2020. In case of any discrepancy between the Greek and the English version, the Greek version prevails.

PART 2. Calculation of the Margin Requirement of section 2.39

2.1. Calculation of Margin Requirement of section 2.39 of Chapter 2 of the Rulebook

1. The Margin Requirement is calculated per Clearing Account during the Clearing Day and after the finalization of positions (at specific hour T as specified by EnExClear's Decision in respect to the tasks' time schedule) for the purpose of the Collaterals' adequacy verification of the respective Account.
2. The Margin Requirement is calculated according to the provisions of section 2.39 of Chapter 2 of the Rulebook, as specified by this Resolution, and is based on the calculation of the loss that would be caused by non-fulfilment of the Clearing Member's obligations arising from the Clearing Account for the time period of 2 weeks. The loss estimation is based on the maximum historically observed debt (or minimum credit if there are only credits) that has been displayed in a week taking into account the positions of the Clearing Account per positions' category during the last 12 clearing days. Specifically, the following Positions Categories are distinguished:
 - a) Positions Category of Transmission System Loss
 - b) Positions Category of Balancing Capacity
 - c) Positions Category of Balancing Energy and Imbalances

as well as the Corrective Clearing of Positions which includes cumulatively all the positions of the above categories in a calculation version different from the initial one. It is noted that all the later versions for the positions of the above categories reflect the differences that have arisen from the previous calculation's version which was cleared.

The positions' types in each position's category are described in Annex I.

Taking into account the positions (P) of each Clearing Account I for each position type t, which belongs to the positions category c, for the initial calculation version and for each Clearing Day i (where i=1 the most recent clearing day, i=2 the previous etc. with i=1,...,12), EnExClear calculates:

- The positions of the Clearing Account I for the whole positions types that belong to the position's category c for the clearing day I, as:

$$P(I, i, c) = \sum_{t \in c} P(I, t, i)$$

- The Maximum Debt (or minimum credit) of a Clearing Account I per category c, as:

$$MD(I, c) = \max_i (P(I, i, c))$$

- The Total Maximum Debt (or minimum credit) of the Clearing Account I, as:

$$\Sigma MD(I) = \sum_c MD(I, c)$$

- The Maximum Debt for the Corrective Clearing (CC) for each Clearing Account I, cumulatively for all position types in a calculation's version different from the initial calculation version (P'), as:

$$CC(I) = \max_i (P'(I, i)), \text{ with minimum price } 0.$$

Based on the above the Margin (M) for the risk coverage of 2 weeks' period, for the Clearing Account I will be:

$$M(I) = 2 * (\Sigma MD(I) + CC(I)), \text{ with minimum price } 0.$$

3. EnExClear shall be entitled at any time to modify the Margin calculation method to determine the Margin for market protection reasons. EnExClear shall also be entitled to increase at any time the Margin requirements for all Clearing Accounts as well as for individual Accounts, and set a deadline for their cover, particularly taking into consideration any imminent risks. In both cases EnExClear is obliged to inform RAE promptly for the extraordinary application of the measure as well as the reasons that led to it.

PART 3. Definition of Acceptable Collaterals for the coverage of Margin Requirement of section 2.21 of Chapter 2 of the Rulebook

3.1. Acceptance of Collaterals

1. As acceptable collaterals of section 2.21 of Chapter 2 of the Rulebook are defined:
 - a) Cash in Euro,
 - b) Letters of Guarantee, which comply with the requirements of section 2.21 of Chapter 2 of the Rulebook, carried out based on a standard sample, foreseen in Annex II. For the extension of Letter of Guarantee, the submission of a standard letter is required, according to Annex III. In order to reduce credit risk, the issuer is required to be included in the list of systemically important credit institutions where the ECB has the direct prudential supervision, or evaluated by rating agencies with at least BBB- and Baa3 on the rating scale of S&P or Fitch and Moody's, respectively. EnExClear's competent department may request from the Clearing Member, who submits the letter of guarantee, a legal opinion confirming the letter's compliance with the requirements of the Rulebook, as well as the compatibility of the issuer's legal framework with the

relevant Greek law. The registration of the letter of guarantee as collateral requires the completion of the above evaluation process.

2. The Letters of Guarantee are evaluated until the fifth working day prior to their expiration.
3. For the acceptance of the collateral by EnExClear, according to section 2.39 of Chapter 2 of the Rulebook, the Clearing Member must declare the way of the allocation of the collateral per Clearing Account, as follows:
 - a) For the acceptance of collateral in the form of cash, the declaration is transmitted to EnExClear electronically through the System.
 - b) For the acceptance of collateral in the form of Letter of Guarantee from EnExClear, the Clearing Member is required to declare the way of its allocation, in writing, according to the standard form «Collateral in the form of Letter of Guarantee», which is posted on EnExClear's website.
4. For unpledging the received collateral from EnExClear according to section 2.23 par. 4 of Chapter 2 of the Rulebook the following apply:
 - a) To unpledge collaterals in the form of cash, the unpledging declaration is transmitted to EnExClear electronically through the System.
 - b) To unpledge the collateral in the form of Letter of Guarantee before its expiry, a writing declaration by the Clearing Member is required, transmitted via email to EnExClear, according to the standard form «Collateral unpledge in the form of a Letter of Guarantee before its expiry», which is posted on EnExClear's website.
5. The return of collateral is carried out:
 - a) if it refers to the provided collateral in the form of cash, on the next working day of the return's request, unless the competent department of EnExClear deem necessary the earlier return, for covering obligations relating to the System,
 - b) if it refers to the provided collateral in the form of Letter of Guarantee, on the next working day of the return's request or on the next working day of expiry along with the submission of the standard authorization form «Authorization to Receive a Letter of Guarantee from EnExClear», posted on EnExClear's website.

3.2. Collaterals Concentration Limits

1. In implementation of section 2.21 of Chapter 2 of the Rulebook, the following are defined:
 - a) The percentage of required Margin per Clearing Account which should be covered in cash on a daily basis at 40%.

- b) The maximum concentration limit of collaterals in the form of Letters of Guarantee by an issuer is set at 20.000.000 € as a total of all Clearing Accounts. By depositing a Letter of Guarantee, if this limit is violated, the Letter of Guarantee is accepted only upon decision of EnExClear.

PART 4. Rules of Default Fund Calculation of sections 2.25, 2.26, 2.27.1 and 2.27.2 of the Chapter 2 of the Rulebook

4.1. Initial and minimum contribution of section 2.26 of the Chapter 2 of the Rulebook

1. The amount of the initial contribution of the Direct Clearing Members is set at thirty thousand euros (30.000€) and of General Clearing Members at five hundred thousand euros (500.000€).

4.2. Time Period of Default Fund Calculation of subsections 2.27.1 and 2.27.2 of the Chapter 2 of the Rulebook

1. The size of Default Fund is calculated on a quarterly basis and for the purposes hereof the term “calculation period” refers to the periods from the first day to the last day of each quarter in a calendar year.

4.3. Contribution Rate of subsection 2.27.1 of the Chapter 2 of the Rulebook

1. The Contribution Rate (a) of subsection 2.27.1 of Chapter 2 of the Rulebook is set equal to 100%.

4.4. Adjustment of share account of Default Fund as a result of corporate actions or other events with respect to the Clearing Members of section 2.25 of the Chapter 2 of the Rulebook

1. In the event of a merger of Clearing Members or other relevant corporate actions the share account of the Default Fund of the Member which maintains the capacity will be set equal to the sum of the share accounts of all the merging members until the next regular or extraordinary readjustment of the Default Fund. At the next regular or extraordinary readjustment of the Default Fund, for defining the share account of the Member which maintains the capacity, at first the share account of the Member which holds the capacity for the calculation time period before the merger, will be calculated, considering the Margins of Clearing Accounts of all merging Members and then the share account of the Member which holds the capacity for the calculation time period after the merger, will be calculated, considering only the Margins of Clearing Accounts of the Member which maintains the capacity. For the final determination of the Default Fund share account of the Member which

maintains the capacity, the share accounts that result from the above calculations will be weighted based on the number of days of the above time period.

2. In the event of transferring the Clearing Account to other Clearing Member, at the next regular or extraordinary readjustment of the Default Fund, for the determination of the Default Fund share account of the Member to which the Account is transferred, its share account will be calculated, for the time of the calculation period before the transfer, considering the Margin of the Account which is transferred, and its share account will also be calculated for the time of the calculation period after the transfer. For the final determination of the Default Fund share account of the Member to which the Account is transferred, the share accounts that result from the above calculations will be weighted based on the number of days of the above time periods.
3. In the event of deletion of a Clearing Account, including also its transfer to other Member, for the determination of the Default Fund share account of the Clearing Member from which the Clearing Account is deleted, its share account will be calculated during the next regular or extraordinary readjustment of the Default Fund, without taking into account the Margin of the deleted Clearing Account.

PART 5. Initial Default Fund Share Accounts and Initial Margins

1. The calculation of the initial margins will be carried out with the methodology described above, where as positions will be used the positions of the existing market for as long as data are not available as well as the estimations of the HETS Operator. EnExClear must notify RAE of the estimates used as well as the results of the above calculation.
2. With the initiation of the Balancing Market's operation, the initial calculation of the Default Fund share accounts for every Clearing Member, and by extension the total size of the Default Fund, will be implemented according to subsection 2.27.1 of Chapter 2 of the Rulebook, where as Margin of a Clearing Account for each clearing day of the calculation time period will be used the calculated prices according to paragraph 1. The calculation will be performed five (5) working days before the initiation of the new model's operation and the total share account will be calculated by taking into account the Clearing Accounts of the Clearing Member as they are declared on that day.

This Resolution shall enter into force ten (10) days before the date of the initiation of the Balancing Market operation.

This Resolution shall be posted on EnExClear's website.

ANNEX I. POSITIONS CATEGORIES

The positions' types (according to the Rulebook of Balancing Market), belonging to each position's category for the purposes of Margin's calculation, are the following:

1. Positions Category of Network System Losses

- The positions for the System Loss Uplift Account (UA-1) for the Balancing Responsible Parties
- The positions for the System Losses

2. Positions Category of Balancing Capacity

- The positions for the Balancing Capacity Uplift Account (UA-2) for the Balancing Responsible Parties
- The positions for the provided Balancing Capacity for the Balancing Services Providers

3. Positions Category of Balancing Energy and Imbalances

- The positions for the Financial Neutrality Uplift Account (UA-3) for the Balancing Responsible Parties
- The positions for the Balancing Energy for the Balancing Services Providers
- The positions for the Imbalances for the Balancing Responsible Parties

ANNEX II. TEMPLATE OF FIXED TERM GUARANTEE LETTER

_____ **NAME OF BANK**

_____ **BRANCH**

_____ **(Place - Date)**

To:
EnEx Clearing House S.A. (EnExClear)
110, Athinon Ave.
104 42 Athens, Greece

LETTER OF GUARANTEE No. FOR EUROS

We hereby expressly, unconditionally, irrevocably and unreservedly guarantee to you, as principal debtors severally, waiving all rights of objection and excursion (beneficium excussionis) and any other of our rights under Articles 853 and subsequent articles of the Greek Civil Code in favor of the Company under the business name,
 (.....) with Tax Registration
 Number....., General Commercial Registry Number
 having its Registered Office at
 (hereinafter “the Company”), up to the amount of
 EUR (€.....), where to our guarantee is limited, for the prompt, accurate, adequate and timely fulfilment of the obligations undertaken by the Company towards you as a Clearing House of the Law 4425/2016, according to the provisions of the «Clearing Rulebook for Balancing Market Positions» (Government Gazette XXXXXX) and the more specific requirements of the par. 2 of its article 2.21, which the present fulfills, as it is in force from time to time.

In the event that due to the hereabove guarantee, you decide, as per your free, absolute, and unfettered discretion, disclosed to us, that the Company breached any of its above obligations to you as Clearing House, we hereby declare that by virtue of the present we assume the obligation and undertake to pay to you, within three (3) business days upon receipt of your first written demand for partial or full forfeiture of the present guarantee, all or part of the amount of the present guarantee free and released from any claim, charge or levy of whatsoever nature, as per your instructions, and without contesting or examining or verifying, if your demand is valid or grounded, or raising any objection, or demanding the Company’s prior authorization or consent

or any other action from the Company, and without having the right to take into consideration any opposition, objection, complaint, reservation raised or any recourse to arbitration or dispute brought before any court of competent jurisdiction by the Company or of any third party. In the event of any partial forfeiture of the present guarantee, this letter shall remain valid for the rest of the amount covered by the subject guarantee and under the same terms and conditions hereof.

We furthermore declare that our guarantee is granted only as regards the causa described herein and shall remain valid until the complete and full compliance of the Company with all its above obligations to you as Clearing House.

This guarantee **starts from X (Day) Month 20... (of the year two thousand)** and remains in force the latest until **Y (Day) Month 20... (of the year two thousand)**, and in any case until this guarantee is returned to us with your attached written declaration releasing us from all our obligations under the present guarantee. In case that the Company requests the replacement of the present Letter of Guarantee, the present guarantee shall remain in full force and effect until the full and complete compliance with/fulfillment of all of the Company's obligations, which arose at the time that the present guarantee is in force.

Our obligations/liabilities arising by this present guarantee shall remain in full force and effect and we will not be released from our obligations arising from the present guarantee and indemnity, by virtue of any act, omission or fact, which, in lack of this provision, could release us from our obligations/liabilities under the present guarantee, in part or in full, including but not limited to, and irrespectively to our or your knowledge of the following:

- a) the Company is declared bankrupt, or under compulsory administration or dissolution or liquidation,
- b) the Company or any third party is granted any extension, waiver or benefit,
- c) the Company or any third party is granted any right to set off or retention by virtue of whatsoever right raised against you.

This present guarantee and all matters arising from it are subject to Greek law and by the present our bank unconditionally, irrevocably and unreservedly submits to the Athens Courts' exclusive jurisdiction.

In witness whereof, the present letter of guarantee is signed on:, 20...

For the Guarantor Bank

ANNEX III. TEMPLATE OF EXTENSION OF LETTER OF GUARANTEE

_____ **NAME OF BANK**
_____ **BRANCH**
_____ **(Place - Date)**

To:
EnEx Clearing House S.A. (EnExClear)
110, Athinon Ave.
104 42 Athens, Greece

EXTENSION OF LETTER OF GUARANTEE No.:

Following a timely request by the Company under the name (.....), with Tax Registration Number and having its Registered Office at we hereby irrevocably and unreservedly guarantee to you that the above Letter of Guarantee is extended to fulfil the obligations of clearing and cash settlement of the Company to you as Clearing House of the Law 4425/2016 according to the provisions of the “Clearing Rulebook for Balancing Market Positions”, as in force respectively, **and remains in force the later until the Y (Day) Month 20.. (of the year of two thousand**), and in any case until this guarantee is returned to us with your attached written declaration releasing us from all our obligations under the present guarantee.

For the rest all the other terms of the above letter of guarantee, which remain unchanged, are in force.

This is an integral part of the No. Letter of Guarantee of the amount EURO issued on <<date>>.

For the Guarantor Bank