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Appendix No. 3

to Business Terms of OTE, a.s. for the Gas Sector

Revision 19 – October 2021

ALGORITHM FOR EVALUATION OF THE UNUSED FLEXIBILITY MARKET

Contents

1 GLOSSARY OF USED TERMS NOT LISTED IN BTG

1.1 Active accepted offers – matched offers that are part of the algorithm valid solution, i.e. have been matched;

1.2 Algorithm for evaluation

1.2.1 In case of the Unused Flexibility Market – an algorithm executing assignment of the volume of the accepted quantity of unused flexibility on the Unused Flexibility Market to each accepted sale offer and to each accepted purchase offer for the previous gas trading day;

1.3 Offer curve – a discreet aggregated curve composed of levels created by gradual assembling of offer blocks for sale from all submitted sale bids in a rising order according to price and irrespective of which sale bid it is assigned to;

1.4 Demand curve – a discreet aggregated curve composed of levels created by gradual assembling of offer blocks for purchase from all submitted purchase offers in a declining order according to price and irrespective of which purchase offer it is assigned to;

1.5 Method of matching offers to buy and bids/offers to sell – determining an equilibrium at the crosspoint of the demand and offer curves, on the basis of which the marginal price and traded (accepted) quantities of offers for purchase and offers for sale are determined, ie the set of offers for sale and offers for purchase that succeeded in the agreement;

1.6 Rules of division

1.6.1 In case of the Unused Flexibility Market – rules defining the process of allocating the amount of unused flexibility to individual blocks of sales and purchase offers after obtaining a price at the point of intersection of supply and demand curves.

2 ALGORITHM FOR EVALUATION OF THE UNUSED FLEXIBILITY MARKET

2.1 A list of offers of the relevant Unused Flexibility Market session is attained that are valid bids for the respective gas trading day and session subject to evaluation, followed by creating offer and demand curves, determining accepted offers and calculation of the marginal price.

2.2 The marginal price shall always be the price of the last accepted sale offer that is equal to or lower than the price of the last accepted purchase offer. Therefore a situation may occur when a purchase offer with a higher price than the marginal price will not be accepted, whereas this final solution is also binding for Unused Flexibility Market participants. Valid purchase offers, prices of which are higher than or equal to the price at the equilibrium point, shall be accepted. In compliance with the Business Terms, both sale offers and purchase offers may be reduced.

2.3 In the event the crosspoint of the offer and demand curves on the Unused Flexibility Market shall fall on the horizontal curve of offer, the volume of unused flexibility for division shall be divided in a pro rata/proportional manner among valid purchase offers for the said price.

2.4 In the event the crosspoint of the offer and demand curves on the Unused Flexibility Market shall fall on the horizontal curve of demand, the volume of unused flexibility for division shall be divided in a pro rata/proportional manner among valid purchase offersfor the said price

2.5 In order to distribute the amount of unused flexibility offered proportionally between purchase offer blocks or purchased amount of unused flexibility between sale offer blocks, the amount of unused flexibility to be distributed is divided by the total quantity sold or total purchased at a given marginal price and then assigns to the block the result of that division multiplied by the quantity for that block..

2.6 A detailed algorithm for evaluation is available for the market participants of the Unused Flexibility Market on form of a uses manual in CS OTE trading system.