

Surveillance plan

1. SURVEILLANCE PLAN ACCORDING TO SWEDISH UNBUNDLING RULES

Pursuant to Chapter 3, 24 § of the Swedish Electricity Act (1997:857) (the “Electricity Act”), a distribution network company, which is part of a group including also companies conducting generation or trading of electricity shall have a surveillance plan and shall ensure that the surveillance plan will be followed.

Pursuant to Chapter 3, 25 §, the surveillance plan shall set out such measures that shall be taken in order to counteract any discriminatory behaviour as against other market participants. The surveillance plan shall specifically state such special obligations that the employees have in order to achieve this purpose.

Pursuant to Chapter 3, 26 §, the company shall appoint a responsible person, who shall independently control that the plan exists and that it is followed. Such responsible person shall annually draft a report on the measures taken under the surveillance plan and submit such report to the regulatory authority. The report shall also be made public.

Energimarknadsinspektionen (“Ei”) has requested Baltic Cable AB (“BCAB”) to uphold a surveillance plan and yearly produce a surveillance report. Although the unbundling provisions of the Electricity Act are not intended or fit for purpose for an actor such as BCAB, BCAB has chosen as a precautionary measure, to adhere to the requests.

3. COMPLIANCE PROGRAM ACCORDING TO GERMAN RULES FOR ITO’S

Since 19 November 2019, BCAB is a certified Independent Transmission Operator (“ITO”) by decision of the German Federal Network Agency, Bundesnetzagentur (“BNetzA”). According to the requirements of the German Energy Industry Act (“EnWG”), Section 10e (1)), BCAB, as an ITO, is obliged to define a program (the “Compliance Program”) with binding measures for the non-discriminatory operation of the transmission grid, approved by BNetzA. According to the Compliance Program, both shareholders, the supervisory body, management and all employees of BCAB are obliged to comply strictly with the provisions of the EnWG, most notably those on unbundling.

In fulfilment of its legal obligations under Section 10e of the EnWG, BCAB as an ITO has appointed a Compliance Officer to monitor fulfilment of the Compliance Program.

Among other things, the Compliance Officer submits a report to BNetzA each year on the measures taken by BCAB to ensure the non-discriminatory conduct of the grid business.

The Compliance Program under German law imposes more far-reaching requirements on unbundling measures and encompass those requested by Ei.

3. SPECIFIC SURVEILLANCE PLAN REQUIREMENTS

3.1 Ensuring non-discrimination of market participants

The Baltic Cable is a 600 MW High Voltage Direct Current Link between Sweden and Germany. As such, it is not capable of connecting any customers (whether generation or consumption). BCAB has no connected customers and will not connect any customers. Discrimination of customers is hence not a relevant concern.

BCAB is market coupled, i.e. all capacity is made available through the Single Day Ahead Coupling. Hence, there is by design non-discriminatory third-party access to Baltic Cable, without the possibility to withhold capacity. BCAB commits to maintain third party access to the link through implicit allocation of capacity via the market coupling.

3.2 Responsible person

The Board of Directors appointed the managing director to be the responsible person. The Responsible Person shall continuously ensure that all staff are aware of this surveillance plan.

3.3 Annual reporting

BCAB commits to annually publish a surveillance report to the Swedish regulatory authority and to publish it, alongside this report, on our website.