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Specification Of The Baltic-Finnish Gas Spot Index (BGSi)

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APPROVED BY
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GET Baltic

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Table of Contents

1.	General provisions	3
2.	Classification of BGSi	3
3.	Methodology of BGSi calculation	3
4.	Publication of the index	5
5.	Review of the specification	5
6.	Final provisions	5

Specification Of The Baltic-Finnish Gas Spot Index (BGSi)

Version applicable from: 1st March 2022

1. General provisions

- 1.1. The Specification of UAB GET Baltic (hereinafter - the Company) Baltic-Finnish Gas Spot Index (BGSi) (hereinafter - the Specification) shall lay down the principles of BGSi calculation and the publication procedure.
- 1.2. BGSi shall be calculated based on a transparent and reliable daily market exchange trades. It shall enable market participants to monitor short-term natural gas price developments in the Baltics and Finland.
- 1.3. The purpose of the Specification is to define the principles and procedure of BGSi classification, calculation and publication and to determine the procedure for reviewing the Specification.
- 1.4. The Specification shall be binding on the employees of the Company whose functions are related to the calculation and publication of BGSi.

2. Classification of BGSi

- 1.5. BGSi is classified by the time of delivery and the place of concluded transactions in the daily market.
- 1.6. BGSi values for each day and month are distinguished.
 - 1.6.1. Daily value of BGSi identifies the daily market transactions index value for a specific delivery day.
 - 1.6.2. Monthly value of BGSi identifies the daily market transactions index value for a specific delivery month.
- 1.7. BGSi value is distinguished as common value of the Baltic-Finnish Gas Exchange and as separate values of each market area $BGSi_{Lithuania}$, $BGSi_{Latvia-Estonia}$, $BGSi_{Finland}$.
 - 1.7.1. BGSi value of the Baltic-Finnish Gas Exchange is determined as common value of all Baltic countries and Finland, evaluating transactions concluded in Lithuanian, common Latvian-Estonian and Finnish market areas.
 - 1.7.2. $BGSi_{Lithuania}$ value is determined by evaluating concluded transactions in Lithuanian market area.
 - 1.7.3. $BGSi_{Latvia-Estonia}$ value is determined by evaluating concluded transactions in common Latvian-Estonian market area.
 - 1.7.4. $BGSi_{Finland}$ value is determined by evaluating concluded transactions in Finnish market area.

3. Methodology of BGSi calculation

- 1.8. Daily BGSi value is determined as a volume weighted average of all buy and sell trades executed in the daily market in all three market areas for the particular delivery day.
- 1.9. Monthly BGSi value is determined as a volume weighted average of all buy and sell trades executed in the daily market in all three market areas for the particular delivery month.

1.10. The volume weighted average price is calculated by adding up all buy volumes multiplied by the transaction price and sell volumes multiplied by the transaction price and then dividing by the total amount of all buy and sell trades:

$$\text{Baltic Gas Spot Index} = \frac{\sum(\text{Price}_B \times \text{Quantity}_B + \text{Price}_S \times \text{Quantity}_S)}{\sum \text{Quantity}_{BS}}$$

Price B – buy price of the trade
 Quantity B – buy volume of the trade
 Price S – sell price of the trade
 Quantity S – sell volume of the trade
 Quantity BS – total amount of sell and buy of trades

1.11. The BGSi values for the different market areas in Lithuania, common Latvian-Estonian market area, Finland are calculated by including only one side of the trade (either buy or sell side). In the event of a cross-border trade, the party to the trade whose order was placed on the market area for which the volume weighted average price is calculated shall be taken.

1.11.1. The volume weighted average price for Lithuanian market area is calculated by adding up all buy or sell volumes multiplied by the transaction price and then dividing by the total amount of buy or sell trades accordingly:

$$\text{BGSi}_{Lithuania} = \frac{\sum(\text{Price}_{LT} \times \text{Quantity}_{LT})}{\text{Quantity}_{LT}}$$

Price LT – buy or sell price of the trade
 Quantity LT – buy or sell volume of the trade

1.11.2. The volume weighted average price for common Latvian-Estonian market area is calculated by adding up all buy or sell volumes multiplied by the transaction price and then dividing by the total amount of buy or sell trades accordingly:

$$\text{BGSi}_{Latvia-Estonia} = \frac{\sum(\text{Price}_{LV-EE} \times \text{Quantity}_{LV-EE})}{\text{Quantity}_{LV-EE}}$$

Price LV-EE – buy or sell price of the trade
 Quantity LV-EE – buy or sell volume of the trade

1.11.3. The volume weighted average price for Finnish market area is calculated by adding up all buy or sell volumes multiplied by the transaction price and then dividing by the total amount of buy or sell trades accordingly:

$$\text{BGSi}_{Finland} = \frac{\sum(\text{Price}_{FI} \times \text{Quantity}_{FI})}{\text{Quantity}_{FI}}$$

Price FI – buy or sell price of the trade
 Quantity FI – buy or sell volume of the trade

4. Publication of the index

- 1.12. Index is calculated and published in euros, VAT excluded.
- 1.13. Daily values of BGSi as well as daily BGSi values of separate market areas are published and updated every 10 minutes on the Company's website: <https://www.getbaltic.com/en/market-data/trading-data>.
- 1.14. Monthly values of BGSi as well as monthly BGSi values of separate market areas are published and updated on the first day of the month at 07:00 (EET is used in winter time and EEST in summer time) on the Company's website: <https://www.getbaltic.com/en/market-data/trading-data/>.

5. Review of the specification

- 1.15. In case of major changes in market size, number of market areas, inclusion of new products or removal of currently traded products from trading and/or in case of appearance of other factors that could affect the index's ability to reflect the actual market situation and the price of natural gas, the Company would initiate amendment of the Specification. The Company will inform about any amendments of the Specification by publishing the information on its website in advance.

6. Final provisions

- 1.16. The principles set out in the Specification shall be applied when calculating index for the periods from 1 July 2017.
- 1.17. The Specification may be amended, supplemented or repealed by the order of Chief Executive Officer of the Company.
- 1.18. The Company publishes the amendments to the Specification publicly on its website immediately after the relevant decision has been adopted.