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ANALYSIS OF EUROPEAN UNION TRANSMISSION AGREEMENTS AND AGREEMENTS BETWEEN TSOs REGARDING CROSS-BORDER TRANSMISSION OF ELECTRICITY

March 11, 2013

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TRANSMISSION AGREEMENTS AND AGREEMENTS BETWEEN TSOs REGARDING CROSS-BORDER TRANSMISSION OF ELECTRICITY

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IN COLLABORATION WITH PIERCE ATWOOD ATTORNEYS LLC.

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1.0 ANALYSIS OF EUROPEAN UNION TRANSMISSION AGREEMENTS AND AGREEMENTS BETWEEN TSOS REGARDING CROSS-BORDER TRANSMISSION OF ELECTRICITY

1.1 INTRODUCTION

This memorandum provides an analysis of selected Transmission Agreements and Agreements between Transmission System Operators (“TSOs”) regarding cross-border transmission of electricity in the European Union (“EU”). Pierce Atwood performed an exhaustive search of all of the TSO websites of EU member countries listed in Annex A and reviewed all materials that were available in English. Almost every TSO website has an English version (Germany’s Eon-Netz and VKW-Netz, Luxembourg’s CREOS and Austria’s Verbund-APG are among the few exceptions) but even when there is an English version of the website, there are very few that have translations of standard agreements in English. In many cases, there are no references to such transmission or cross-border agreements even existing and, when such agreements are mentioned, they are often not available in English.

In most cases, companies wishing to use a country’s internal transmission system or systems (Germany, Austria, Switzerland and Scotland have more than one) are required to enter into a Connection Agreement which obligates them to abide by specified codes. National Grid Electricity Transmission plc (“National Grid”), for example, has a standard Bilateral Connection Agreement, which is used for Directly Connected Power Plants, Directly Connected Distribution Systems, Non-Embedded Customer Sites and Interconnector Owners. That agreement requires compliance with the Connection and Use of System Code, the Balancing and Settlement Code and the Grid Code. Those codes establish the terms of the service to be provided for the transmission system operated by National Grid.

A number of European countries likely still have standard form transmission agreements, (references to such agreements were found on a number of sites, including the Baltic countries, Germany’s 50Hertz, Croatia’s HEP, and a number of other sites) but their agreements are not available in English. The only standard form transmission agreements we were able to locate in English are from Eire, Poland and Finland. Those three agreements are examined in Section II of this report.

With respect to contracts for the use of cross-border interconnections, again there were very few references to standard form agreements between the TSO and potential exporters or importers. All TSO websites have pages on which the results of cross-border auctions can be found, along with date and time closures and submission forms, but all require potential exporters to comply with the applicable Auction Rules for the allocation of capacity or to the rules of the Coordinated Auction Office (“CAO”) responsible for auctioning the capacity in the particular region in which the TSO is located. Where a country has multiple borders, it often has multiple sets of Auction Rules, one for each border and often different sets of rules for different products (intra-day versus daily, monthly and yearly auctions). New rules are sometimes issued each year. In regions where market coupling is integrating entire regions, like the north-western European region, cross-border capacity allocation is based on price coupling that calculates exchanges and prices

in a single calculation. Cross-border transactions are therefore subject to the rules of a trans-national organization, and not to the agreement of the relevant TSOs.

A few countries have entered into agreements with neighboring TSOs for the allocation of capacity, separate from the Auction Rules, which are available in English. Examples of such bi-lateral agreements are individual agreements between Romania's TSO and the TSOs of Hungary, Bulgaria and Serbia, and agreements between the Finnish TSO and Estonia and Sweden, as well as one with Russia, dealing with a particular back-to-back substation.¹

Again, there were few examples of standard form agreements for the use of specified cross-border facilities that were available in English. Three such examples--from the Czech Republic, Slovakia and Finland--are examined in Section III of this report.

2.0 THE TRANSMISSION AGREEMENTS

2.1 OVERVIEW

The three electricity transmission-related agreements analyzed below are:

- The EirGrid Transmission and Use of System Agreement (“the EirGrid Agreement”);
- The Fingrid Main Grid Contract (“the Fingrid Agreement”); and
- The Polish Agreement for Rendering Electric Energy Transmission Services (“the Polish Agreement”).

These agreements reflect different legal traditions and distinct approaches. While the EirGrid Agreement reflects the Common Law approach to contracting, the Fingrid and Slovakian Agreements reflect the Civil Law style. Nevertheless, the three share several common features.

- They are part of a comprehensive legal framework;
- They require monitoring and enforcement by a technically skilled sector regulator; and
- They employ contracts that conform to a Framework Agreement

2.1.1 They are Part of a Comprehensive Legal Framework

For each agreement, there is an overarching Law that establishes the comprehensive legal framework and includes:

- A sector regulator;
- Defined sector activities that require a license from the regulator;
- The establishment of an entity or entities that perform the functions of a Transmission System Operation (“TSO”) and a Market Operator (“MO”);
- The identification of market participants (“Eligible Customers”) that are entitled to connect directly to the Transmission System (“TS”);

¹ Copies of such agreements have already been provided to HIPP and to GSE.

- The establishment of a meter registration system that specifically identifies metering equipment and users associated with them and that contain pertinent data required by codes.
- The requirement to develop a number of codes and/or other legal instruments related to transmission activities that bind all sector participants connected to the Transmission System (“TS”), including:
 - A Trading and Settlement Code governing arrangements for electricity balancing and settlement and which establishes a mechanism that allows the parties to recoup their costs;
 - A Grid Code governing all material technical aspects relating to the planning, operation and use of the Grid.
 - A TSO Code that establishes rules related to the roles and responsibilities of the TSO and each Transmission Owner with regard to system planning and operation.
 - A Metering Code—which specifies the minimum technical design and operational criteria that must be complied with for metering and data collection; and
 - A Security or Safety Code.

While the names of these legal instruments may vary somewhat, their purposes and effects on market participants are clearly discernible.

2.1.2 They Require Monitoring and Enforcement by a Technically Skilled Sector Regulator

- The Electricity sector regulator carries out the following activities:
 - Issues licenses to the sector participants that carry out licensed activities (generation, transmission, distribution, supply, trader operations, TSO and MO operations, and interconnection);
 - Approves various transmission-related agreements (e.g., connection contracts, supply contracts, use of system contracts, other bi-lateral contracts);
 - Approves use of system charges and approves tariffs in regulated markets;
 - Issues rules that bind sector participants (and itself);
 - Approves codes related to system and market operation; and
 - Oversees, monitors and enforces licenses and rules;

2.1.3 They Employ Contracts that Conform to a Framework Agreement

A Framework Agreement governs connection to and use of the high voltage Transmission System (“TS”). It also interacts with a number of other legal instruments that parties wishing to connect to, or use, the Transmission System will, under the law, be required to have in place. Directly or indirectly, the terms of a Framework Agreement will be binding on the Transmission Licensee, the TSO and others that are connected to the Transmission system including Generators, Suppliers, Distribution Network Operators (DNOs) and Interconnectors.

3.0 COMMON PROVISIONS IN EACH AGREEMENT

By and large, the three agreements address similar issues. There are variations in structure (some matters are dealt with in appendices while others are addressed in the body of the agreement) and in detail. Generally speaking the Common Law document provides more detail on nearly all issues while the Civil Law documents are briefer. All agreements describe the legal framework within which the agreements fit and all cite developing EU legislation as an important (and binding) aspect of the approach taken in the agreement.

The following table identifies common topics that are dealt with (one place or another) in each agreement.

TOPICS	EIRGRID	POLAND	FINGRID
Definitions	<ul style="list-style-type: none"> • Detailed • Reference to definitions in other pieces of legislation 	<ul style="list-style-type: none"> • Limited • Reference to definitions in other pieces of legislation 	<ul style="list-style-type: none"> • Limited • Reference to definitions in other pieces of legislation
Preamble	Yes	Yes	Yes
Conditions Precedent	<ul style="list-style-type: none"> • Highly detailed • CPs for validity of contract and • CPs for use of system 	<ul style="list-style-type: none"> • Limited 	<ul style="list-style-type: none"> • Limited
Reps and Warranties	Yes	Yes	Yes
Use of System Issues	Identification of Customer Connection Points Declarations of Maximum Import Capacity at Connection Points Metering Quality and quantity obligations; Right to limit services Maintenance and repair obligations; Outage procedures	Identification of Customer Connection Points Declarations of Maximum Import Capacity at Connection Points Specific obligations on User to maintain IT network. Role of Contractor in Balancing Market (as participant and as market operator in the market) Settlement Services	Fingrid's obligation to maintain the Transmission system and gives it plenary power over users. Identification of Customer Connection Points Rules for new connection points. Declarations of Maximum Import Capacity at Connection Points System

	Reporting obligations	<p>Cross-border Transmission Services</p> <p>The Role of the Contractor as a <i>Participant</i> in the Balancing Market</p> <p>The Role of the Contractor as <i>Market Operator</i> in the Balancing Market</p> <p>Commercial Balancing</p> <p>Right to limit services</p> <p>Use of Reactive Power and Maintenance of Reactive Power Reserves</p> <p>Maintenance of Reactive Power Reserves</p> <p>Quality and quantity obligations</p> <p>Maintenance and Repair obligations</p> <p>Outage Procedures</p> <p>Reporting Obligations</p>	<p>Responsibility</p> <p>Quality and Quantity obligations</p> <p>Maintenance and repair obligations</p> <p>Outage Procedures</p> <p>Measurement Procedures</p> <p>Reporting—detailed treatment</p>
Calculation of Payment Charges	<p>Detailed treatment of different types of fees and how charged</p> <p>VAT and other taxes dealt with</p> <p>Interest on arrears</p> <p>Fee Adjustment procedures</p>	<p>Detailed treatment of different types of fees and how charged</p> <p>VAT and other taxes dealt with</p> <p>Interest on arrears</p> <p>Fee adjustment procedures</p>	<p>Detailed treatment of different types of fees and how charged</p> <p>VAT and other taxes dealt with</p> <p>Interest on arrears</p> <p>Fee adjustment procedures</p>

Billing and Payment	Timing Procedures Disputes	Timing Procedures Disputes	Timing Procedures Disputes
Security Cover	Yes User to maintain Various forms TO to notify changes required Failure to maintain or adjust is breach	Yes User to maintain Various forms TO to notify changes required Failure to maintain or adjust is breach	Yes User to maintain Various forms TO to notify changes required Failure to maintain or adjust is breach
Roles of Parties related to Energization, De-energization and Disconnection	Yes Right of operator Costs	Yes, but less detail	Yes, but less detail
Metering Issues	Obligations of Parties to install and maintain Procedures for faulty equipment	Obligations of Parties to install and maintain Procedures for faulty equipment	Obligations of Parties to install and maintain Procedures for faulty equipment
Disconnection of Metering Points	Yes Right of operator Costs	Yes, but less detail	Yes, but less detail
Compliance with applicable legislation, codes and instructions	Laws <u>Trading and Settlement Code</u> , <u>Grid Code</u> ; <u>Distribution Code</u> ; <u>Transmission Connection Agreement</u> <u>Distribution Connection Agreement</u> .	Specific reference to EU and Polish laws. <u>The Instruction of Transmission System Operation and Maintenance</u> (IRiESP”); Rules of the Regulator <u>Energy Market Information Exchange System</u> (“the WIRE System”). <u>Technical Standards</u>	Specific reference to EU and Finnish Law; <u>General Connection Terms and Specifications for the Operational Performance of Power plants</u> . <u>General instructions for the management of serious disturbance situations in the Power System</u> .

		<u>of the WIRE system.</u>	<u>Operations between Fingrid and the Network Operators in power shortage Situations</u> <u>Application instruction on information exchange.</u> <u>General Connection Conditions</u>
Metering	Obligation to install and maintain Procedures for faulty meters	Obligation to install and maintain Procedures for faulty meters	Obligation to install and maintain Procedures for faulty meters
Provision of Information	Detailed obligations of User and Operator	General obligation to provide information	General obligation to provide information
Assignment and sub-contracts	No right of User to assign without consent of Operator Rights to sub-Contract	No right of User to assign without consent of Operator Rights to sub-Contract	No right of User to assign without consent of Operator Rights to sub-Contract
Variations to Contract	No variations without consent of other party	No variations without consent of other party	No variations without consent of other party
Term	5-Year Term	Indefinite Term	3 Years Parties expected to re-negotiate well before expiration of agreement
Termination	Breach giving rise to termination Notices Effect of termination	Breach giving rise to termination Notices Effect of termination	Breach giving rise to termination Notices Effect of termination
Effect of	Yes	Yes	Yes

Termination			
Damages and Limitation of Liability	<p>Limitation of liability</p> <p>Limited damages for damages to person and property</p> <p>No punitive damages</p>	<p>Amount of Damages pursuant to Tariff and on matters not covered by the tariff, pursuant to the agreement</p> <p>Some damages covered by IRiESP and others by Contract.</p> <p>Limitation of liability</p> <p>No punitive damages</p>	<p>Detailed Treatment</p> <p>Limitation of liability</p> <p>No punitive damages</p>
Force Majeure	<p>Standard Common Law approach.</p> <p>Very detailed</p>	<p>Yes</p> <p>Less Detail</p>	<p>Yes</p> <p>Less Detail</p>
Confidentiality	<p>Yes</p> <p>Covered in Detail</p>	<p>Yes</p> <p>Less detail</p>	<p>Yes</p> <p>Less Detail</p>
Dispute Resolution	<p>Yes</p> <p>Disputes handled by regulator</p> <p>With right of appeal to courts.</p>	<p>Yes</p> <p>Some Disputes handled commercial court and some pursuant to Transmission Rules (IRiESP)</p>	<p>Yes</p> <p>Appeals handled by the courts.</p>
Notices	<p>Yes</p>	<p>No</p>	<p>No</p>
Procedures related to changes in Law and Jurisdiction	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>
Governing Law	<p>Yes</p>	<p>Yes</p> <p>Civil code applies to matters not covered by this agreement</p>	<p>Yes</p> <p>Civil code applies to matters not covered by this agreement</p>
Catalog of Charges	<p>Yes</p>	<p>Yes</p>	<p>Yes</p>

	System Charges Other Charges	System Charges Other Charges	System Charges Other Charges
Billing and Payment Disputes Procedures	Yes	Yes	Yes

Summaries of these three agreements are attached as Annexes B, C and D.

4.0 THE CROSS-BORDER TRANSMISSION AGREEMENTS

4.1 OVERVIEW

The three cross-border transmission agreements analyzed below are:

- Agreement on Transmission Service on Fingrid’s Cross-Border Connection Between Estonia and Finland, No. 284/2010 (“Fingrid Cross-Border Agreement”)
- Agreement on Electricity Transmission through Connecting Lines Between Slovenska elektrizacna prenosova sustava and (“Slovak Agreement”)
- Framework Agreement No. 3210/13-14/xxx on Cross-Border Transmission of electricity through the Transmission System in the Czech Republic in 2013-2014 (“Czech Agreement”)

The three agreements are all very different. The FinGrid Cross-Border Agreement is only three pages long and has no appendices. The Slovakian and Czech agreements, on the other hand, are much longer and contain numerous annexes. They can therefore not be compared article by article in the same way that the Transmission Agreements analyzed above could be compared. Instead they are compared under general topic headings.

From a legal drafting perspective, the FinGrid Agreement makes up for its brevity by the clarity of its expression. The English version of the Czech and Slovak Agreements (both English and native language versions are required to be signed by users of the cross-border system) are discursive, repetitive and obtuse. While the table of contents may serve as models for Georgia, the texts should not.

Because these agreements are described in depth in the comparisons made below, we do not include summaries of the agreements themselves.

5.0 COMMON PROVISIONS IN EACH AGREEMENT

5.1 PARTIES TO THE AGREEMENT

The Fingrid Agreement is between Fingrid and a single customer, Nord Pool Finland Oy, for service on the Estonia-Finland border. It is identical to another agreement executed between the same parties for service on the cross-border connection with Sweden. Both are specifically-related to trade on NordPool’s ELSPOT and ELAS markets.

The Slovak Agreement and Czech Agreements do not identify a particular customer but are required to be executed by any customer wishing to use any of the countries' cross-border interconnections.

5.2 SUBJECT MATTER OF THE AGREEMENT

All three agreements are framework agreements related to transmission for cross-border trading. All three require the execution of further agreements related to specific trades (called a "Transmission Order" in the Fingrid Agreement, a "TrS Contract" under the Czech Agreement and an "individual deal" in the Slovak Agreement).

Under the Fingrid Agreement, Transmission Orders regarding hourly trades are placed in writing and considered binding when confirmed by both Fingrid and Elering Oü (the Finnish market operator). The Customer and Fingrid enter into a separate agreement on the implementation of data exchange. The Agreement states that Transmission Orders are to be placed, and confirmations received, by Fingrid in accordance with the Nordic transmission system operators' practices; however, the Agreement does not go into detail regarding those practices. It simply defines an operating day as a period of time between 00.00 and 24.00 of Central European Time and states that all other times are Finnish times.

The Czech and Slovak Agreements, by contrast, are much more detailed in specifying the practices and commitments to be made by both parties to the Agreements. Under both Agreements, nominations must be submitted through the Damas Energy ePortal in accordance with the Damas Energy Rules.

Under the Czech Agreement, a TrS contract must include specification of the day of the cross-border transmission, the volumes to be transmitted in each hour and the points of entry and exit. The request is submitted on the Damas Energy site and considered binding when accepted by CEPS, the Czech TSO. CEPS in turn submits the relevant information about the TrS contract to OTE, the Czech market operator, in accordance with the contract between CEPS and OTE on data exchange. The User is required to enter into a separate contract with OTE on the settlement of imbalances. The Border Distribution Substations are deemed to be the import and export points for purposes of settlement of volumes.

For imports, the User is required to secure the delivery of electricity at the point of entry into CEPS system from the operator of a neighboring TSO and to secure its taking over at the point of exit from CEPS' system, either by a customer or the operator of a distribution system or at the virtual delivery/taking over point of a market participant registered with OTE for the import. Similarly, for exports, the User is required to secure the receipt of power by CEPS from the operator of a distribution system connected to CEPS or from a power producer directly connected to CEPS' system or from a market participant registered with OTE as an exporter and delivering the power at a virtual delivery/taking over point. Each TrS contract is given a separate transaction number and communication between the CEPS and the User requires the use of secured electronic signatures, confirmed with qualified certificates issued by an accredited provider.

The Czech Agreement specifically states that it does not deal with the process of reservation of capacity on the cross-border connection; rather, it requires a User to comply with the Auction Rules applicable to the particular border crossing being

used. However, once capacity has been allocated to a User in an auction, the User must still nominate the use of that capacity with CEPS through the Damas Energy e-Portal. The submission formats, time frames and procedures to be used for nominations are set out in Annexes B-1, B-2, and B-3 to the Agreement. The time frames for nominations differ, depending on the type of capacity acquired in the auction and also differ as between the TSOs on the other side of the border. The closing times for the CEPS/50HzT (Germany), CEPS/TENNET (Germany) and CEPS/APG (Austria), for example, are different from the CEPS/PSEO (Poland) closing time for long-term capacity.

The Agreement states that market coupling is based on the common daily electricity market and is not a subject of the Agreement. It also requires Users to acknowledge that during the term of the Agreement, the cross-border transmission allocation system may be gradually, or entirely, changed to a new system of cross-border allocation but that the prerequisite for the introduction of such new system is the adoption of the new methodology by all of the TSOs in the entire CEE region.

The Slovak Agreement similarly requires a User to specify the transmission day of the trade and the volume to be transmitted in each hour from the points of entry and exit on the Slovak TSO's system. The User is also required to enter into a contract with the Deviation Billing Authority to ensure its liability for deviations. It must also have a contractual relationship, either directly or through an intermediary, with the foreign operator regarding the transmission of required data. Nominations to use capacity on a specific border allocated to the User in an auction must be submitted via the Damas Energy e-Portal and must comply with certain formats, including the use of secured electronic signatures. Each transaction is separately identified by an alphanumeric string and a contract is concluded as soon as transmission request is confirmed as received.

As with the Czech Agreement, transmission requests must follow certain file formats and be submitted according to schedules specific to a particular "profile" (border crossing). They must contain, among other things, the User's identification code (EIC code), the foreign partner's EIC code, and the Capacity Agreement Identification assigned by the appropriate auction office. The closing times and procedures for the nominations, as with the Czech Agreement, vary depending on the TSO that is on the other side of the border and the type of transaction (intra-day versus long-term). In the case of Slovakia, the TSOs are Mavir (Hungary), PSEO (Poland), WPS (Ukraine) and CEPS (Czech Republic).

5.2.1 Conditions Precedent to the Agreements

A pre-condition to the effectiveness of the Fingrid Agreement is the Customer having executed an implicit auction between Finland and Estonia. The Customer's use of the cross-border capacity is dependent on the Nord Pool Spot implicit auction between Finland and Estonia being operative and the Customer is required to enter into a separate service agreement with Fingrid and Elering Oü.

A pre-condition to the effectiveness of the Slovak Agreement is satisfaction by the Customer of the conditions in the TSO Operator Regulations and its registration with Damas Energy in compliance with Damas Energy Operation Rules.

As a condition for arranging cross-border transmission on individual borders, the Czech Agreement requires users to comply with the prerequisites for registration on the M:N system and the Rules on the CEPS (the Czech TSO) website.

5.2.2 Cross-Border Transmission Price

Under the Fingrid Agreement, there is no charge for the transmission service; however, the Customer pays Fingrid any charges imposed on Fingrid by the authorities for providing the service, as well as related VAT and other indirect taxes related to the transmission service and congestion income collected by the Customer from the trade between Finland and Estonia, in accordance with a separate agreement executed between Fingrid, the Customer and the market operator.

There is also no charge for cross-border electricity transmission under the Czech Agreement.²

Under the Slovak Agreement, the price for electricity transmission over connecting lines is set by the TSO “in accordance with international commitments.” If the border State is a party to the 2010 Inter-TSO Compensation Clearing and Settlement Multi-Year Agreement (“ITC Agreement”), the price is zero. For transmission over connecting lines with countries that are not signatories to the ITC Agreement, the price for electricity transmission is established in accordance with the ITC Agreement or other agreement with the relevant TSO.

5.2.3 Service Interruptions

Unless the Customer has provided security to cover its obligations, Fingrid has the right to interrupt cross-border transmission service (i) if the Customer, despite a written reminder sent by Fingrid, fails to pay monies owing; or (ii) if the Customer is declared bankrupt or been placed in liquidation or been declared insolvent or its share capital has been registered as negative.

CEPS may refuse, modify or interrupt service in the following circumstances: (i) in the event of force majeure or in an emergency; (ii) cases specified in the Energy Act; (iii) whenever the neighboring TSO refuses to confirm a TrS transaction or changes its scope or interrupts the cross-border transmission; (iv) insufficient capacity or the system reliability is threatened; (v) in the even of a settlement dispute with the market operator OTE; (vi) if the User or its Foreign Partner M:N ceases to meet the conditions for registration in the M:N system applicable to the particular border in question; (vii) if the capacity is being curtailed in accordance with the Auction Rules; (viii) if User has not secured the Allocated Transmission Capacity at the moment of making the cross-border transmission request; (ix) if the technical limits of a given profile have been exceeded; (x) if the Auction Office has failed to deliver the necessary data to CEPS or the data is defective; or (xi) the User has failed to provide the financial coverage required.

The Slovak Agreement provides that interruption, rejection and change to transmission of the agreed volume of electricity can only be permitted for the reasons stated in the TSO Operational Code. Those reasons are not described in the agreement.

²²² This is a change from the 2011-2012 version of the agreement; in that version the charge was to be determined by the regulator.

5.2.4 Applicable Law

The Fingrid Agreement stipulates that the agreement is to be governed by Finnish law. The Slovak Agreement states that the Agreement is to be governed by the Slovak Law on regulation of network industries, binding EU legislation, international undertakings and standards arising out of ENTSO-E membership. The Czech Agreement is subject to the Czech Energy Act, implementing regulations, decisions regarding prices adopted by the Energy Regulatory Office, other generally binding legal regulations and the Grid Code.

5.2.5 Default and Remedies

The Fingrid Agreement, in Article 2.3, provides that the TSO “shall guarantee an uninterrupted transmission service for the Customer’s confirmed Transmission Orders...” However, Fingrid is only liable for interruptions in service caused by willful or gross negligence. The TSO is required to compensate the Customer for any direct damage or loss caused by such interruptions but is not liable for indirect damages or loss, including lost profit, loss of production, damaged raw materials, the cost of restarting production or damages paid or ordered to be paid by the Customer.

The Czech Agreement does not specifically state that either party is liable for damages caused to the other party; rather, it states that the Contracting Parties have agreed that they are not liable for any damage caused by events which are excluded by the Energy Act or any other binding legislation. It also excludes lost profits from any compensation payable for breach of the agreement, with the proviso that such exclusion does not apply in the event of willful breaches or gross negligence. It also states that the User acknowledges that any losses caused to the User as a result of a breach by the Auction Office of its duties must be claimed directly against the Auction Office in accordance with the rules governing the Auction Office’s liability.

The Agreement also exempts CEPS from any responsibility for any breakdown in communications between the User’s server and the CEPS server on which the Damas Energy system is run and states that CEPS is not liable to compensate the User or any third party if such breakdown prevents the conclusion of a TrS Contract.

The Slovak Agreement provides that liability for damages is to be governed by the Commercial Code. It also states that damage, suffered by the User as a result of incorrect data provided to the TSO by the CAO regarding the capacity rights allocated to the User through the auction procedure, is limited to the price paid by the User for such capacity rights, up to the level of the original price of the capacity rights.

5.2.6 Settlement of Disputes

Disputes under the Fingrid Agreement which cannot be solved through mutual negotiation are to be resolved through the Helsinki District Court, unless the parties agree to a different procedure in writing.

The Czech Agreement provides that disputes are to be settled in the first instance in an amicable manner by persons appointed by the parties. The party with the claim is to notify the other party in writing, submitting any evidence supporting its claim. In the event of a failure to resolve the dispute in an amicable manner within 30 days of the notification, either party is free to bring the dispute to a court in the Czech

Republic with local jurisdiction over CEPS. The provision regarding local jurisdiction is deemed to be an agreement between the Contracting Parties under the Civil Code.

If a party files a claim with a court, it must immediately notify the other party and the following business day, all communication between the parties through the Damas Energy site is required to be carried out both in electronic form and via fax, in identical format. Such communication form is to continue until settlement of the dispute, formalized in an agreement signed by both parties' representatives.

Under the Slovak Agreement, the settlement of disputes is governed by the TSO Operational Code.

5.2.7 Force Majeure

Only two of the agreements have standard *force majeure* clauses, allowing the TSO to interrupt service without liability in the event of occurrences which they could not have prevented through reasonable means. In the Fingrid Agreement, the interruption of power production caused by *force majeure* events is a covered event. The Czech Agreement includes as *force majeure* events a breach of obligations by the Auction Office as well as a breakdown of transmission, distribution and generation facilities.

The Slovak Agreement, however, does not include a *force majeure* clause. Instead, it provides that events precluding liability are governed by the relevant provisions of the Commercial Code.

5.2.8 Confidentiality

The Fingrid Agreement does not contain a provision regarding confidentiality.

The Czech Agreement contains a standard, reasonably long article on confidentiality, binding both parties to protect confidential information from third parties, with certain standard exceptions for legal, tax and financial advisors, IT providers, the Auction Office and the neighboring TSO for the purpose of executing the negotiated cross-border transmission.

The Slovak Agreement has two short paragraphs in the "Final Provisions" requiring both parties to protect confidential information from third parties.

5.2.9 Term and Termination

The Fingrid Agreement is valid when executed by both parties until terminated by either party. Both parties have the right to terminate for no reason, on 12 calendar months notice, with such notice to be given in writing. Both parties have the right to terminate the agreement with immediate effect if the other party has "essentially violated" the agreement.

The Czech Agreement became effective on January 1, 2013 and terminates on December 31, 2014. The agreement can be terminated before this date by mutual agreement of the parties or if one of the parties withdraws. The User can withdraw if CEPS is in substantial breach of its obligations, if the User refuses to accept changes in the applicable Rules regarding nominations on the Damas website or the specific procedures applicable to each of the Czech borders.

The User, in turn, is entitled to withdraw from the agreement whenever CEPS is in

substantial breach of its obligations, or if it is unwilling to accept changes to the Damas website Rules or changes applicable to specific procedures on one of the Czech borders.

The Slovak Agreement becomes effective when executed by the parties and is made for an indefinite period. It can be terminated at any time by the User for no reason, by giving 30 days notice. The agreement can be terminated by the TSO if: (i) the User fails, despite repeated written notice, fails to perform its obligations under the agreement or under applicable legislation; (ii) the User fails to satisfy the general commercial conditions under the TSO Operator Regulation; or (iii) the User refuses to conclude an amendment to the agreement required by a change in Slovak legislation, TSO Operator Regulations, decisions of the Slovak regulatory authority, binding EU legislation or ENTSO-E standards.

6.0 CONCLUSION

From our review of the European TSO's websites, it appears that stand-alone standard form network services agreements and cross-border transmission agreements are not in wide use in Western Europe and have largely been replaced with a single connection and use of system agreement that requires a user to comply with multiple codes and international conventions, as well as rules established by trans-national bodies like Auction Offices. Those stand-alone transmission and cross-border agreements that are still in use are found primarily in the Baltic States and the countries of Central and Eastern Europe. This move to comprehensive agreements undoubtedly reflects the integration of the Western European markets and the impact of market coupling. Those agreements that are available, however, provide some guidance on the provisions that need to be included in any models used in Georgia.

7.0 ANNEX A

7.1 EUROPEAN TRANSMISSION SYSTEM OPERATORS WEBSITES

- Aere-Tessin Ltd. For Electricity(ATEL), Switzerland: <http://www.atel.ch/>
- Afeersverket svenskakraftnet(SVENSKA KRAFTNET),Sweden: <http://www.svk.se>
- AS Augstsprieguma tikls(Augstsprieguma tikls), Latvia: http://www.ast.energo.lv/index_vidus.htm
- CEPS a.s.(CEPS), Czech Republic: <http://www.ceps.cz/>
- Compagnie Grand Ducale d'Electricite du Luxembourg Net S.A(CEGEDEL Net), Luxembourg: <http://www.cegedel.lu/>
- E.On Netz GmbH(E.On Netz), Germany: <http://www.eon-netz.com>
- EGL Grid AG(EGL Grid), Switzerland: <http://www.eql.ch/>
- Electricity Supply Board-National Grid(ESBNG), Ireland: <http://www.eirgrid.com>
- Elektro Slovenija(ELES), Slovenia: <http://www.tso.eles.si>
- Elia System Operator SA(Elia), Belgium: <http://www.elia.be/>
- EnBW Transportnetze AG(EnBW TN), Germany: <http://www.enbw.com/content/de/index.jsp>
- Energie Ouest Suisse(EOS), Switzerland: <http://www.eos-gd.ch/>
- Energinet.dk(Energinet.dk), Denmark: <http://www.energinet.dk>
- European Transmission System Operators(ETSO): <http://www.etsa-net.org/>
- Fingrid Oyj(FINGRID), Finland: <http://www.fingrid.fi>
- Hellenic Transmission System Operator(HTSO/DESMIE), Greece: <http://www.desmie.gr>
- Lietuvos Energija AB (Lietuvos Energija), Lithuania: <http://www.lpc.lt>
- Mavir ZRt.(MAVIR ZRt.), Hungary: <http://www.mavir.hu>
- National Grid plc(National Grid), United Kindom: <http://www.nationalgrid.com/uk>
- Nordostschweizerische Kraftwerke AG(NOK), Switzerland: <http://www.nok.ch/>
- OU Pohivork(OU Pohivork), Estonia: <http://www.energia.ee>
- PSE Operator SA(PSE-Operator), Poland: <http://www.pse-operator.pl/>
- Red Electrica de Espana S.A.(REE), Spain: <http://www.ree.es/>
- Rede Electrica Nacional,S.A.(REN), Portugal: <http://www.ren.pt/>
- Reseau de Transport d'Electricite(RTE), France: <http://www.rte-france.com/>
- RWE Transportnetz Strom(RWE Transportnetz Strom), Germany: <http://www.rwetransportnetzstrom.com>
- Scottish & Southern Energy plc(SEE), United Kindom: <http://www.scottish-southern.co.uk>
- Slovenska elektrizacna prenosova sustava(SEPS), Slovak Republic: <http://www.sepsas.sk>
- SPTransmission plc(SPTransmission), United Kindom: <http://www.scottishpower.com>
- Statnett SF(STATNETT),Norway: <http://www.statnett.no>
- TenneT TSO B.V.(TenneT TSO), Netherlands: <http://www.tennet.org/>
- Terna-Rete Elettrica Nazionale SpA(TERNA), Italy: <http://www.terna.it/>
- TIWAG-Netz AG(TIWAG-NETS),Austria: <http://www.tiwag-netz.at/>
- Transelectrica S.A.(Transelectrica), Romania: <http://portal.transelectrica.ro>

- Transmission System Operator-Cyprus(TSO-Cyprus),
Cyprus: <http://www.dsm.org.cy/>
- Vattenfall Europe Transmission GmbH(VE Transmission),
Germany: <http://transmission.vattenfall.de>
- Verbund-Austrian Power Grid(VERBUND APG), Austria
: <http://www.verbund.at/>
- VKW-Netz AG(VKW-Netz), Austria: <http://www.vkw-netz.at/>

8.0 ANNEX B

EIRGRID TRANSMISSION AND USE OF SYSTEM AGREEMENT

PARTIES

EirGrid (the licensed TSO/MO) and the User.

OVERVIEW

The purpose of the agreement is to set out the terms and conditions that are agreed by both parties in order for the User to have use of the system. The EirGrid Agreement is not a connection agreement. Connection to the system is made pursuant to a Transmission Connection Agreement or a Distribution Connection Agreement.

The agreement is concluded by the Parties pursuant to an application by the User to use the system. Under the legal framework, both parties are licensed by the regulator. Upon receipt of an application to use the system and subject to conditions, EirGrid is required by the law to conclude the agreement.

STRUCTURE

Definitions

The agreement includes the definitions of commonly used terms of art and directs the reader to the definitions found in the sector law.

Conditions Precedent to a valid agreement and to the Use of the System:

- CPs for a valid agreement:
 - The User must hold a supply license;
 - The User must be a party to the Trading and Settlement Code;
 - The User must have an approved credit rating (as defined by the agreement) or post security in a form foreseen in the agreement or agreed by the TSO;
 - The User must furnish required information related to customers that have concluded a transmission connection agreement as well as other information identified in the agreement.
- CPs to Use of the System
 - The User must be authorized by its Supply License to deliver to premises to be supplied under the Agreement;
 - The User must be a party to a Distribution and Use of System Agreement;
 - The User must be a party to a Transmission Connection Agreement;
 - The User must be a party to the Metering Registration System; and
 - The User must have metering equipment in place that complies with the Metering Code.

Failure to meet conditions precedent or to keep them in force during the term constitutes an event of default.

Representations and Warranties

Here the User represents its full power and authority to conclude the agreement, and that no false statements have been made in order to procure the agreement.

Use of System

- **Maximum Import Capacity:** The User is obligated to confirm Maximum Import Capacity for each Connection Point and to keep the TSO updated on any changes.
- The TSO is required to transport electricity for each Connection Point up to the Maximum Import Capacity.
- In the event that any of the User's customers fail to fulfill any condition precedent, the TSO's obligation to deliver will be reduced by the amount equal to such customer's Maximum Import Capacity.

Calculation and Payment of Charges

- User is obligated to pay the TSO in accordance with the schedule of charges found in Schedule 1. The regulator approves the charges in Schedule 1.
- Charges set out in Schedule 1 include charges for:
 - Use of network facilities;
 - Ancillary services – those services required to maintain system reliability and to support the delivery of energy to customers, including:
 - regulation and load following;
 - spinning reserve;
 - non-spinning reserve; and
 - replacement or supplemental reserve;
 - voltage support; and
 - black start.
 - Other costs related to use of the transmission system.
 - Other charges pursuant to separate agreements (if any) between the TSO and the User;
- The TSO may vary the charges upon approval of the regulator;
- Any changes in the charges must be noticed and published pursuant either to the rules of the regulator or the Law;
- Invoices issued by the TSO must be settled by the User in accordance with the terms of the Trading and Settlement Code;
- Charges are exclusive of VAT or other taxes;
- There is a provision for “discovered charges”, that is, charges reasonably and properly assessed but not recorded. Appropriate details and justifications for discovered charges must be supplied by the TSO to the User.

Billing and Payment

Billing

- The Charging Period is defined in the Agreement.
- The TSO is required to provide sufficient information to allow User to verify the charges.

- The TSO is required to submit an account to the User that specifies each charge during the Charging Period.
- The account is based on data from the metering equipment or on estimated data prepared according to the Trading and Settlement Code, or other data (if any) specified in the Transmission Connection Agreement or the Distribution Connection Agreement.
- Estimated Data is subject to adjustments after receipt of actual data.

Payment

- Electronic transfer from the User within 10 business days of receipt of the invoice;
- Interest accrues on the unpaid amounts on the 11th day.
- A mechanism to resolve a billing dispute is included in Schedule 3.

Security Cover

Security cover provides financial security to the TSO.

- A condition precedent is that the User must have an Approved Credit Rating (a defined term); in the alternative it must supply Security Cover to the TSO.
- The User must notify the TSO of any change in its Approved Credit Rating within 10 business days of the change.
- Security Cover may be provided in the form of:
 - A letter of credit;
 - A cash deposit in an Escrow Account, (the interest on which accrues for the account of the User);
 - A qualifying Guarantee that is reasonably acceptable to the TSO.
- The TSO shall determine the amount of Security Cover required. The amount is based on the User's charges over a period of 3 months as measured from each of the User's registered Connection Points.
- Failure of the User to maintain Security Cover is a ground to terminate the agreement.
- If the amount of security cover required changes, the TSO is obligated to notify User and to adjust accordingly.
- TSO must return a Security Cover to the User within 10 business days of termination of agreement.

Energization, De-Energization and Disconnection

TSO's Action on behalf of Users

- The TSO or its appointee shall carry out any works related to energization, de-energization or disconnection on behalf of the User;
- Upon request by the User, the TSO shall conduct works within a reasonable time;
- Costs related to energization, de-energization or disconnection are for the account of the User and identified in Schedule 2;
- The User is required to indemnify the TSO against losses, damages and claims related to energization, de-energization or disconnection.

Action by TSO

- The TSO is entitled to energize or de-energize pursuant to Transmission Connection Agreement but must give 2 days prior written notice to User;
- TSO may de-energize any connection point:
 - Pursuant to an instruction based on the Trading and Settlement Code, the Grid Code or the Distribution Code;
 - If the TSO determines it is necessary for safety purposes;
 - If the TSO determines it is necessary to avoid interference with the regularity or efficiency of the Transmission system;
 - In the event of an accident or emergency and to avoid personal injury or physical damage to property, etc.
 - In the event of the termination of the agreement (if it has not been replaced).
 - Costs related to energization, de-energization or disconnection are for the account of the User.
 - The TSO is entitled to take these steps pursuant to the Law.
- The TSO shall determine the extent and nature of any de-energization works to be carried out.
- The TSO shall re-energize the connection point as soon as reasonably practicable after a de-energization.

Disconnection of Metering Points

- The TSO may disconnect a connection point if there is no foreseeable need for it.
- The TSO must send a disconnection notice to the User.
- Disconnection on the basis of no foreseeable need shall be based on best knowledge.
- The TSO is liable to re-imburse the User for any costs incurred on the basis of inaccurate “best knowledge”.
- A third party may ask TSO to disconnect. On the basis of such a request, the TSO shall take the decision whether or not to disconnect.
- The User may ask TSO to disconnect a metering point. On the basis of such a request, the TSO shall take the decision whether or not to disconnect. The TSO shall send disconnection notice to User.

Grid Code

- User specifically undertakes to comply with the Grid Code.

Metering

- The TSO is required to provide and maintain metering equipment as close as possible to connection point.
- Metering equipment shall be capable of providing relevant metering readings required for Use of System Charges and shall comply with Metering Code.
- The User is responsible to ensure that Meter Registration System Operator collects data required under the Trading and Settlement Code and provide it to the User.
- The TSO may collect any data it may reasonably require for Use of System Charges or the efficient operation and planning of the Transmission system.

- If either party believes that the metering equipment is operating outside of agreed margins of error, it shall notify the other party and the parties shall, pursuant to the Metering Code check the equipment.
- The User shall give reasonable access to the metering system by employees of the TSO.

Provision of Information

- User shall give the following information to the TSO:
 - Meter registration numbers;
 - Relevant customer names;
- The Connection Point address shall relate to each Meter Point of Reference and include:
 - The User's customer's Maximum Import Capacity;
 - The User's customer's postal address if different from the Metering point reference number; and
 - Any other information reasonably required by the TSO.
- The User shall notify the TSO of any matter that may cause danger or require urgent attention or affect maintenance or security of the transmission system.

Assignment and Sub-Contracting

- The User may not assign rights or obligations under the Agreement without consent of TSO and such consent not to be unreasonably withheld.
- Rights and obligations of the User may be transferred to an affiliate (defined term) of the User pursuant to the provisions of a performance guarantee to the TSO.
- The TSO may at any time assign or transfer its rights or obligations to the legal successor of the TSO.
- All assignments shall clearly state that the assignee assumes all obligations under this agreement.
- Either party may sub-contract or delegate the performance of obligations without prior consent of the other party. Any assignment will not relieve the assignor from liability under this agreement.
- Either party may enter into arrangements that establish an encumbrance over this agreement. Party claiming the encumbrance shall notify the other party within 10 business days.

Variations

- There shall be no variation of the agreement without a writing signed by both parties.
- A request for a variation that is not agreed to within 1 month may be submitted to the regulator for determination and parties agree to be bound by the regulator's decision.

Term and Termination

- The Agreement has a 5-year term and may be extended by agreement of the parties.
- User may terminate with a 3-day notice in writing or less if agreed by the parties.

- TSO may terminate with a 3-day notice in writing.
- Events of Default:
 - Failure to comply with terms of the agreement or the Grid Code. Failure to remedy such non-compliance within 20 days after the User has been notified of its default by the TSO;
 - An Order of the courts to wind up or dissolve the User;
 - If a receiver of the User is appointed by the courts;
 - If the User enters into a scheme of arrangement that has not been approved by the TSO;
 - If the User is unable to pay its debt under relevant insolvency laws;
 - If the User fails to pay any charges due to the TSO under this agreement or fails to maintain security.
 - If the User transfers ownership or control without the prior written consent of the TSO;
 - After an event of default has occurred, the TSO may give notice to the User that the TSO is exercising its right of termination.
 - If at any time after energization there is no enforceable Transmission Connection Agreement in place the TSO may give whole or partial notice of termination and the agreement shall be deemed amended to remove the right to use the Transmission System at a given connection point.

Effect of Termination

- Upon receipt of the TSO's invoice, the User shall immediately pay to the company amounts related to past charges that have not been paid and any other monies owing under this agreement.
- If the amount is calculated on the basis of an estimation, there shall be a recalculation and adjustment when the actual amount is ascertained.
- Provisions related to termination survive this agreement.

Limitation of Liability

- Neither party shall be liable for breaches caused by Force Majeure.
- Parties only responsible for damages directly caused by the breach that are reasonably foreseeable.
- A price cap of X is applied to all foreseeable damage in any year of the agreement.
- There are no limits of liability for personal injury to a officer, or employee or agent of the Party Not Liable.
- There is no liability for loss of profits, loss of revenue, loss of use, loss of contract or loss of goodwill or indirect or consequential losses, incidental or special damages (including punitive damages).
- These rights are exclusive and each Party waives the right to claim other damages.
- If a legal or injury claim is lodged against a Party not Liable, the Party Liable shall be notified and at its own expense conduct all negotiations to settle the claim.

Force Majeure

- The Agreement contains a Force Majeure clause with the following elements:

- Duty of the non-performing party:
 - to notify the other party as to the circumstances of FM, identifying the event, its expected duration and the obligations affected and furnish reports pursuant to requests of the other party.
 - To use reasonable efforts to remedy inability to perform
 - To notify the other party when ability to resume performance occurs.

Confidentiality

- Rules of confidentiality survive the agreement;
- Each party to treat information and data disclosed by the other party as confidential and proprietary;
- Confidential information defined;
- Exceptions to the rule of confidentiality:
 - Law; and
 - The need to protect or smoothly run the transmission system.

Dispute Resolution

- Schedule 3 governs procedures for billing disputes.
- A party that becomes aware of a dispute is responsible to notify the other party;
- The other party should provide a senior official unrelated to the dispute to resolve the matter with the party having the dispute.
- If failure to reach an agreement, reference to the regulator for resolution.

Miscellaneous

- Counterparts
- Entire Agreement
- Severability
- Waivers
- Notices
- Compliance with the law
- Survival
- Independent Contractors
- No partnership, etc.
- No third party beneficiaries
- Change in Law
- Language
- Governing Law and Jurisdiction

Schedule 1: Catalog of System Charges

Schedule 2: Other Charges

Schedule 3: Billing and Payment Disputes

- The User is required to pay amounts of Use of system Charges that are not in dispute and shall be entitled to withhold the balance pending resolution of the dispute.
- Reasonable endeavors.
- After 20 business days, dispute resolution as per clause 19.
- After resolution, payment within 20 business days. VAT to be paid from original invoice, and Interest of 1 percent over EURIBOR
- Definition of designated dispute.

9.0 ANNEX C

9.1 POLISH AGREEMENT FOR RENDERING ELECTRIC ENERGY TRANSMISSION SERVICES PARTIES

Polskie Sieci Elektroenergetyczne Operator Spolka Akcyjna (Transmission Operator, hereinafter, “TO”) and the Contractor

OVERVIEW

The TO is the transmission licensee and the entity that manages the balancing market.

STRUCTURE

Preliminary Provisions

- The Contractor requires the National Power System and the transmission services provided by TO in order to conduct its business.
- The Contractor is licensed by the regulator (“ORE”) to trade electricity (Appendix 2).
- TO holds an electricity transmission license issued by the regulator.
- TO provides transmission services on the basis of equal treatment pursuant to its license, the Energy Law and the EU legal framework which includes:
 - This Agreement;
 - The Instruction of Transmission System Operation and Maintenance (IRiESP);
 - The transmission tariff approved by the regulator.
- Parties are fully bound by **IRiESP** and any changes to **IRiESP** shall be binding on the Parties without the need to revise the agreement.
- Contractor has received a copy of **IRiESP**.

Subject of Agreement and Main Obligations of the Parties

- This agreement governs national and cross-border transmission services rendered by TO to the Contractor.
- Transmission Services include:
 - Settlement of energy balances related to energy delivered and taken from the national power system in relation to the Contractor’s participation in the Balancing Market managed by TO; and
 - Cross border exchange.
- The Parties principal obligations include:
 - Fulfillment of the Tele-IT infrastructure and information exchange systems as specified in **IRiESP** (and Appendix 1);
 - Removal of disturbances and failures that hinder or make impossible the provision and settlement of transmission services;
 - Timely transfer of data and information required to provide and settle transmission services; and
 - Defining and executing payments for transmission services.

Settlement Services

- The nature of settlement services and the rights and obligations of the Parties related to such services is set out in **IRiESP** and this agreement.
- Access to data and information published by the TO shall be realized through the *Energy Market Information Exchange System* (“the WIRE System”).
- Annex 5 contains:
 - Electric Energy Delivery Points of the Balancing Market which are included in the Contractor’s Schedule Units
 - The algorithms; and
 - The method of defining the volume of real electricity energy delivered at the delivery points (which will be settled on the balancing market).

Cross-border Transmission Services

- The **IRiESP** specifies:
 - The nature of cross-border transmission services;
 - Conditions and principles of the Contractors participation in cross border exchange; and
 - The detailed obligations of the TO and the Contractor related to cross-border services.
- The exchange of data and information required to provide cross border transmission services is carried out through the IT system and within the framework of the Wire System.

The Role of the Contractor as a *Participant* in the Balancing Market

- This agreement governs the role of the Contractor as a participant (Trading Company type) in the Balancing Market
- For each of its Schedule Units, the Contractor shall appoint a Market Operator of (Trade Operator type or a Trade Technical Operator), which shall:
 - be authorized to dispose of the Contractor’s schedule units; and
 - be responsible for the delivery of commercial and technical data between the TO and the Contractor.
- If the Contractor does not appoint such a Market Operator, the Contractor itself shall carry out the Market Operator activities.
- The Contractor is entitled to change the Market Operator or delegate certain tasks to a separate entity that will perform the function of the Market Operator or Metering Operator.
- The Contractor is responsible for acts and omissions of the Market Operator as if they were the Contractor’s own.
- If the contractor changes the Market Operator, Appendix 2 of this agreement will have to be updated to reflect the change.
- A change of the Market Operator shall be made in the following way:
 - Contractor delivers to TO a declaration of authorization of the Market Operator. The declaration is signed by the person authorized to act for the Contractor and by the newly appointed Market Operator. The declaration shall be according to the form in Appendix 3.
 - Together with the declaration the Contractor also delivers a declaration on the revocation of the authority of the previous Market Operator; also according to the form in Appendix 3.

- Not later than 14 days after receipt of the change, the TO shall notify the Contractor of its acceptance of the declaration by sending a revision to Appendix 3 that reflects the changes.
- The TO notifies the contractor and the newly appointed Market Operator of the changes to Annex 3. The earliest such changes can enter into force is the beginning of the new settlement period, but in any event it shall not happen less than 10 days after the notice.
- The TO informs the contractor and the current Market Operator of the date at which they shall cease performing the functions of Market Operator.
- The Contractor's activities as a Participant in the Balancing Market entails:
 - The date from which the Contractor shall become a Balancing Market Participant
 - The Contractor as Balancing Market participant to identify codes and a list of persons authorized to contact TO.
 - Specification of the Contractor's Schedule Units
 - Specification of the assignment of a Market Operator(s) to the Contractor's schedule units.
 - A list of the Market Participants for which the Contractor acts as the reserve supplier.
 - A list of the Balancing Market Participants in relation to which all the Energy Sale Contracts are notified in the One-Party Notification Mode, together with a description of the functions performed by each of the Balancing Market Participants (the supervisory party/the subordinate party) of the Energy Sale Contracts.
- The Contractor shall, pursuant to this agreement, make notifications of Energy Sale Contracts with other Balancing Market Participants in the One Party Notification Mode in accordance with the **IRiESP**.

The Role of the Contractor as *Market Operator* in the Balancing Market

- This agreement governs the role of the Contractor as a Market Operator in the Balancing Market.
- The Contractor performs its function as Market Operator for an identified Schedule Unit of a Balancing Market Participant according to the scope of its authorization. Any changes to that scope shall be pursuant to this agreement.
- The Contractor, acting as the Market Operator for a Balancing Market Participant acts pursuant to the *Agreement for Transmission Services* concluded by that Balancing Market Participant with the TO.
- The Contractor acting as Market Operator the Contractor, acquires access to data and information published by the TO. It also exchanges data and information with the TO on the Balancing Market through the WIRE System.
- The scope of data and information acquired through the WIRE System are specified in the **IRiESP** and posted on the TO's website; *Technical Standards of the Wire System*.
- The Contractor's participation as a Participant in the Balancing Market entails:
 - The date from which the Contractor begins to act as Market Operator on the Balancing Market;

- The identification data of the Contractor as the Market Operator --including identity codes;
- A list of persons authorized by the Contractor as Market Operator to file cross-border exchange schedules with the TO.
- A list of the Schedule Units in the control of the Contractor for which the Contractor plays the role of Metering Operator and which includes their identification codes.
- Notification of the end of a state of emergency shall be sent by TO to the FAX numbers identified in this agreement.
- In the event of Agreement termination by either Party, the Contractor, acting as Market Operator, shall promptly inform those Balancing Market Participants for whose Schedule Units the Contractor acts as the Market Operator.
- Starting from Agreement termination, the TO shall cease accepting the Energy Sale Contracts from the Contractor acting as the Market Operator appointed by other Balancing Market Participants for their schedule units.

Commercial Balancing

- The Contractor, acting as a Balancing Market Participant, may, within the scope of his schedule units, act on behalf of the reserve supplier according to the terms of the **IRiESP**.
- All other conditions and rules of the Contractor's participation in commercial balancing are specified in the **IRiESP**.

Limitations in the Execution of the Agreement's Provisions

- The TO reserves the right to limit or suspend the provision of services under this agreement if such provision is rendered impossible due to:
 - Events of Fore Majeure;
 - Introduction pursuant to the **IRiESP**, of pauses and limitations in the supply and consumption of electric energy;
 - The occurrence of events specified in the **IRiESP** that threaten or cause the loss of electric energy feeding continuity;
 - An announcement by the TO in accordance with the **IRiESP** of a State of Emergency;
 - Application of curtailments of reserved cross-border exchange transmission capacity volumes based on commonly binding regulations.
 - The occurrence of failures in the TO's IT systems necessary to render services (not from inappropriate operation of such systems);
 - The occurrence of failures in power systems of other electricity transmission systems operators that render it impossible (fully or in part) for the TO to perform services subject to this Agreement.
 - The introduction of pauses or limitations on the Intra Day Balancing market under **IRiESP**.
- TO also reserves the right to limit or suspend the provision of services in the following cases:
 - Delays by the contractor in the settlement of payments;
 - The Contractor's failure to establish, complete or renew Security; and

- The Contractor's breach of the provisions of this agreement or of the **IRiESP** that have not been remedied a maximum of 14 days after having received notice of such breach by the TO.
- Pursuant to this agreement and the **IRiESP**, the TO will, as soon as possible, inform the Contractor of the curtailment or the suspension of services.
- If the limitation or suspension occurs as a result of the Contractor's failure to renew security, withdrawal and renewal of services shall be pursuant to IRiESP and Appendix 4. In all other cases such services shall be withdrawn renewed and immediately and not later than 72 hours.
- The Parties shall undertake all actions necessary to minimize effects of limited or suspended services.
- If circumstances make it impossible to provide services for longer than 10 days, the Parties shall promptly undertake negotiations to adjust provisions of this agreement to the new conditions.
- With the exceptions of breaches by the Contractor related to failure to settle payments or to renew security or related to breaches of IRiESP, pauses or limitations in the provision of transmission services shall not serve as the basis for claims by either party for damages.
- Costs related to the limitation or suspension or withdrawal of services shall be borne by the Contractor in the amount of costs actually incurred by the TO if the damages are the Contractor's fault.

Definition of Payments and Settlement Terms

- The Contractor shall pay fees for services pursuant to the rates and conditions set out in the Tariff.
- Fees for transmission services are set in the Tariff.
- Rules for settlement of transmission services are specified in the Tariff and in the IRiESP. The TO sends the settlement documents to the Contractor pursuant to IRiESP.
- Quantitative, value and financial settlements shall be made pursuant to the IRiESP.
- Settlement shall be made through the Contractor's bank Accounts.
- The contractor shall place supplement and renew the security of proper Agreement executions pursuant to IRiESP ad Appendix 4.
- Where the TO suspends services owing to agreement termination as a result of the Contractor's fault, all TO receivable les due shall immediately mature.

Liability of the Parties for non-execution or improper Execution of the Agreement

- Rebates and Charges for non-execution or improper execution shall be pursuant to the Tariff.
- Where the TO pays a rebate, the Contractor shall not be entitled to additional damages.
- In cases not specified in the Tariff, the responsibility of the Parties for non-execution shall be limited to actual losses, excluding lost profits.
- Complaints related to issues included in the IRiESP complaint procedures shall be settled pursuant to IRiESP.
- Other complaints shall be notified by the Parties within 14 business days from the date of the circumstances giving rise to the complaint.
- Filing of a complaint shall not release the Parties from their obligation to perform their duties under the agreement.

Information Exchange and Confidentiality

- The scope for information exchange is set out in the IRiESP and the agreement.
- Information exchanged is subject to protection pursuant to the IRiESP.
- Where information is transmitted by FAX, the transmitter shall conserve a copy as proof of sending the message.

Amendments and Renegotiation of the Agreement. Settlement of Disputes

- Amendments to this agreement shall be by way of a negotiated written Annex.
- Where there is a change in law, the Parties shall negotiate in good faith to adapt this agreement to the new circumstances.
- If a new tariff is introduced or the existing tariff is changed, the TO shall provide an Annex to the Agreement to the Contractor which shall amend the provisions of the agreement. Contractor will sign the annex within 14 business days of the new tariff becoming effective.
- If the **IRiESP** is amended and the Contractor fails to terminate the agreement, the TO shall provide the Contractor with an annex to the Agreement and the Contractor shall sign such annex within 14 days of receipt.
- If there is a dispute related to performance under this agreement, the Parties shall seek to resolve it through negotiations.
- If a dispute is not settled within 30 days, it shall be resolved under Polish law by the Economic Court competent for the seat of the TO.
- Where a dispute is governed by the complaint procedures of **IRiESP**, such procedures shall be exhausted prior to taking the matter to court.
- The existence of a dispute or a complaint does not release the Parties from their obligations to perform under this agreement.

Termination of the Agreement

- Either Party may terminate with a three-month notice in writing to the other Party.
- If the TO terminates this agreement, the TO shall send a written notification of such termination with proposed elements of a new agreement.

- Either Party may terminate with a one-month notice in the following circumstances:
 - Where there are violations of the agreement that have not been remedied within 14 days of notice from the non-breaching party; and
 - Where there is a threat of insolvency or agreements with creditors.
- The TO may terminate with 30 day notice if:
 - The Contractor delays payment more than one month after receipt of an invoice and the TO gives a 2 week notice of such delay; or
 - If the Contractor fails to place, renew or supplement security.
- If the TO amends the **IRiESP**, the Contractor may terminate the agreement with a 10 day notice.
- If the regulator revokes a license to their party, the other Party shall have the right to terminate with immediate effect.
- When the agreement has been terminated, the TO shall promptly release security posted by the Contractor after it has been confirmed that the Contractor is no longer in breach of the agreement.

Final Provisions

- Neither Party may transfer rights and obligations under this agreement without the prior written consent of the other Party.
- TO retains the right to assign receivables from the Contractor to a third party with notice to the Customer.
- Provisions of the Civil Code and other legal acts shall apply to matters not regulated by this agreement.
- TERM: This agreement is for an indefinite time.

10.0 ANNEX D

10.1 FINGRID MAIN GRID CONTRACT 2012-2015

PARTIES

Fingrid, the System Operator (“SO”), and the Customer.

OVERVIEW

This agreement sets out the terms and conditions pursuant to which the Customer may transmit electricity from the Main Grid through the Customer’s Connection Points (identified in Appendix 1). It references and is concluded pursuant to numerous pieces of governing law, including EU law and Finnish law.

STRUCTURE

Validity of Contract

- The agreement enters into force upon its concluded by the Parties.
- It is valid for 3 years.
- The Parties are expected to negotiate a new contract that corresponds to this one well before the expiration of this agreement.

Development of Main Grid

- Fingrid is responsible to develop the Finish Grid as well as other interconnected power systems. Grid development is based on:
 - future needs;
 - a well-functioning electricity market in the Baltic region;
 - efficient costs; and
 - properly managing the ageing grid.
- The Customer may request from Fingrid new Connection Points in order to better accommodate changes in production, consumption, imports or exports.
- New connections shall be in accordance with Fingrid’s General Connection Terms and Specifications for the Operational Performance of Power plants.
- The Customer is required to notify Fingrid of production, consumption, imports and exports related to new connection points or of essential changes to existing connection points identified in this contract.
- Fingrid may determine the moment when a new connection is added or a change to an existing connection is made.
- Works to reinforce the Main Grid to support connection changes and the settlement of related costs shall be agreed by Fingrid and the Customer.
- Fingrid’s long-term development plan runs 15 years ahead and shall be updated by Fingrid as required.
- At Fingrid’s request, the Customer is required to provide information on electricity consumption and production forecasts related to the Customer’s Connection Points.
- Fingrid agrees to keep confidential information confidential.
- Fingrid shall provide the Customer with information on essential changes in the Main Grid as early as possible.

System Responsibility

Content of System Responsibility.

- The Finnish Electricity Market Act specifies that Fingrid is the SO.
- The SO is responsible:
 - for technical functioning;
 - system security;
 - for Balance Management; and
 - to ensure technical compatibility of the Finnish system with interconnected systems.
- Fingrid may impose terms and conditions related to:
 - operation of the transmission system;
 - the operation of power plants; and
 - the loads connected to the Transmission system.
- Fingrid is entitled to give instructions to power plants related to:
 - active and reactive power;
 - start up of system reserves; and
 - the disconnection or limitation of loads or electricity production for system security or for the clearing of serious disturbances.
- The Customer is required to comply with all conditions, instructions and regulations issued by Fingrid.
- Customer shall ensure by way of agreements that third parties connected to the Customer's network also follow the terms and conditions to implement system responsibility and connections as required by this contract.

Power System Management

- Fingrid maintains and operates the Main Grid and connections to other grids through agreements with other system operators and through license terms and conditions established by the regulator (the Energy Market Authority).
- Fingrid monitors the power system through its operation control system.
- The Operation Control System also has information about customers connected to the Grid if such information is necessary to ensure system security.
- Fingrid is responsible to clear serious disturbances and to restore the system to its normal condition.
- The Parties will follow Fingrid's instructions "General instructions for the management of serious disturbance situations in the Power System, and Operations between Fingrid and the Network Operators in power shortage Situations".

Information Exchange for system Security

- The Parties agree to provide to each other whatever information may be required to maintain system security.
- To coordinate transmission outages, the Customer shall annually (by end January) report (or shall require an electricity producer to report) to Fingrid as agreed by the Parties:
 - Preliminary maintenance periods of power plants of 50 MVA that are connected to the Customer's network; and

- Any extraordinary operating situations.
- At Fingrid's request, the Customer shall report power plant production plans.
- The Customer shall report (or shall require an electricity producer to report) to Fingrid directly disturbance situations in power plants of 100 MVA that are connected to the Customer's network.
 - Reports shall be made within 10 minutes from the start of the disturbance.
 - Reports shall state the name of the machinery, details as to the lost power and estimated duration of the interruption.
 - Full reports shall follow as soon as possible thereafter.
- The Customer shall report to Fingrid preliminary outage needs and extraordinary operating situations in Customers networks of at least 110 KV if they have an impact on the Main Grid.
- The Customer shall report well in advance of potential changes in transmission outage needs already reported.
- Fingrid coordinates and maintains a transmission outage plan for the grid.
- Fingrid shall report preliminary consolidated transmission outage needs in the 110 kV network annually by end of March.
- The Customer shall inform Fingrid of disturbances in a 110 kV network as soon as possible after the beginning of a disturbance.
- The information on disturbances shall include estimated duration of the disturbance.
- Parties shall inform each other immediately of any known compelling transmission outage needs and of extraordinary situations which have a rapid schedule and of their corresponding impacts.

Real Time Information Exchange

- The Parties shall carry out real time information exchanges pursuant to Appendix 2 and 3.
- The Customer shall report directly to Fingrid (or shall require an electricity producer to report) to Fingrid directly in real time.
- The party responsible to deliver real time information to Fingrid is responsible for specification, procurement, maintenance and telecommunication costs of information exchange up to the interface in compliance with the Application instruction on information exchange.
- If the Customer fails to comply with obligations related to information exchange, Fingrid shall arrange the information exchange and charge the Customer reasonable costs related thereto.

Quality Restrictions and Interruptions of Main Grid Service

Voltage and Frequency Variations in Electricity Transmission

- Fingrid maintains information related to voltage and frequency variations in the 110 kV network.
- Customer shall comply with those variations.
- If the Customer has requirements over and above those maintained the information published, it may do so through its own systems or by agreeing with Fingrid special conditions.

- Customer connections shall comply with Fingrid's "General Connection Terms" as modified from time to time.

Faults and Disturbance Situations

- The objective is high quality transmission and a minimum of disturbance.
- Fingrid has the right to restrict the Customer's Main Grid service or to interrupt it completely.
- To prevent a disturbance or hazard, or in the event of a fault, or to protect system security or to clear or avoid a disturbance, the Parties have the right to disconnect electrical equipment from the network or to disconnect themselves from the network without advance warning.
- The Parties shall take immediate action at their own costs to eliminate a disturbance.
- The Parties shall immediately inform each other of faults and disturbances that may adversely affect the other Party.
- Fingrid has the right to restrict the Customer's Main Grid service or to interrupt it if the Customer's network shows flaws or faults that may disturb the main power system.

Maintenance, Repairs and Modifications of the Main Grid

- Fingrid may restrict or interrupt Main Grid service for maintenance, repair modification or inspection of work on its grid after it has negotiated on the restriction or interruption with the Customer.
- Fingrid shall, as much as possible, take into account Customer's needs when scheduling an interruption.
- Parties shall as much as possible, coordinate outage arrangements and limit their duration.

Finishing of Open Delivery

- Fingrid may interrupt Main Grid service if the Customer's agreement concerning the open delivery of electricity terminates without a new agreement entering into force.

Restrictions

- Pursuant to its obligations related to system responsibility, Fingrid may interrupt or restrict direct or indirect use, production, import or export of electricity if the power system is threatened.
- Customer shall maintain consumption restriction plans that conform to "The Operations between Fingrid and Network Operators in Power Shortage Situations".

Use of Reactive Power and Maintenance of Reactive Power Reserves

Use of Reactive Power

- Fingrid shall supply reactive power at the Customer's connection points, subject to the Application instruction for the Supply of Reactive Power and maintenance of reactive power reserves set out in Appendix 4.
- Reactive power supply and receipt shall take place hourly in accordance with Appendix 1.

- Fingrid's reactive power obligations shall remain in effect during all normal operating situations of the grid.
- Reactive power is monitored first at the regional level. Regions are created taking into account the proximity of the Customer's Connection Points.
- Where reactive power levels in a region are exceeded, the use of reactive power shall be negotiated with the owner of the Connection Point causing the excess.
- If negotiations do not lead to a reduction in use of reactive power, Fingrid may invoice the owner of the Connection Point for the highest hourly average power in a calendar month.
- Price for electricity exceeding the power window is stated (liquidated) in the contract.
- Fingrid shall report to the Customer the regional use and Connection Point specific use of reactive power as per Appendix 4.

Maintenance of Reactive Power Reserves

- Generators over 10 MVA connected to the grid must support the system with reactive power reserves during faults and disturbances.
- Generators over 10 MVA may also agree separately for short periods of time during repair and maintenance at power plants.
- Other generators over 10 MVA shall reserve half of the reactive power generating capacity and intake capacity of the generator measured at the generator voltage level.
- The Customer shall require third parties potentially connected to the network to follow the maintenance obligation related to reactive power reserve.
- Fingrid shall pay the Customer compensation for the reactive power reserves to the extent of generators over 10 MVA connected to the Main Grid pursuant to Annex 5.
- Compensation shall be paid on basis of annual net production of active power produced on the basis of Decree 309 of the Ministry of Trade and Industry, 2003.
- There shall be no deduction for own consumption energy where a generator has not produced electricity.
- The price which forms the basis for compensation is agreed by the Parties and stated in the contract.

Invoicing Measurements and Electricity Production Reports

Arranging the Measurements

- Fingrid shall arrange and maintain measurements of electric energy transmitted through the Connection Point.
- Fingrid's measurements may take place at the connection point or elsewhere if it cannot be arranged at the connection point.
- Customer shall inform Fingrid of building projects, switching changes or faults that require changes in measurements, corrections of readings or the definition of calculation measurement readings.

Measurements at Location other than Connection Point

- Where a measurement occurs in a Customer's network, the hourly transmission and transformer losses between the connection point and the measurement point shall be included in Fingrid's power balance.
- If the measurement occurs in the Fingrid grid at a point other than the Customer's Connection Point, the losses shall be included in the Customer's power balance.
- Based on the location of the measurement, Fingrid shall invoice or credit the Customer on the basis of the calculated hourly loss energy volumes.
- Loss energy shall be calculated and invoiced or credited on a 6-monthly basis.
- The price of loss energy is agreed by the Parties and stated to be the hourly price within the reporting area in the Elspot Market or if that price is no longer applicable, on the basis of a price defined hourly by a corresponding market in Finland.

Quality Requirements Concerning Measurements

- Measuring instruments are subject to valid recommendations of Finish Energy Industries as generally applied.
- If an instrument causes a measurement error exceeding 2 percent plus or minus, the party affected by the error has the right to demand correction of grid invoicing.
- Corrections shall be based on available measurement information and using outside experts if necessary, at the expense of the party demanding correction. If the correction is justified, the party responsible for the defect shall pay the cost.
- There shall be no corrections for amounts less than 100 EU.

Space Reservation for Measurement

- Where the measurement instruments are not located at Fingrid's facilities, the Customer shall reserve sufficient space in its or a third party's facilities for the measurement instruments.
- Customer shall provide access to Fingrid's representative to the substation at no cost.

Electricity Production Reports

- For invoicing purposes, the Customer shall report to Fingrid the net electricity production volumes of power points connected to its network, itemized by individual power plants.
- Energies shall be given in hourly series. Power plants less than 1 MVA are excluded.
- Formula: The net production of a power plant is determined by deducting from gross production the own consumption energy as defined by Decree 309.
- At Fingrid's request the Customer shall deliver the measurement and calculation criteria for internal consumption of energy used in the determination of net production.
- Fingrid shall use the power plant specific electricity production reports as reported to the imbalance settlement for Main Grid invoicing purposes.

- At Fingrid's request the Customer shall deliver to Fingrid annually (by the end of January) information related to the previous year's total volumes of electricity production and internal consumption energy itemized by the various power plants.
- Corrections to production reports shall be made retroactively for a period of six months.
- There shall be no corrections for amounts less than 100 EU.

Fees and their Determination

- Fingrid will confirm Customer charges annually.
- Fingrid shall notify Customer in September in fee changes together with the rationale therefor.
- Current fees are set out in the contract.
- Measurement points are identified and described in Appendix 1.

Consumption Fee

- The Customer shall pay a Consumption fee based on volume of electric energy delivered to Customer's network.
- The unit price for the Consumption fee is stated in the contract in Euros per MWh.

Fee For Output from the Main Grid

- The Customer shall pay a fee for output from the Grid based on the volume of flow through the connection point.
- The unit price for the fee for output from the main grid is stated in the contract in Euros per MWh.

Fee for Input into the Main Grid

- Customer to pay fee for input to the Grid based on volume of flow through the connection point.
- The unit price for the fee for input into the main grid is stated in the contract in Euro's per MWh.

Netting

- Where the Customer has several Connection Points, fees for input to the grid and output from the grid shall be determined on a net sum principle.

Value Added Tax and other Indirect Taxes and Charges

- Where Customer has several Connection Points, fees for input to the grid and output from the grid shall be determined on a net sum principle.
- The Customer shall notify Fingrid regarding those measurements that are to be netted and the agreement of the Parties as to a responsible customer that will carry out the netting.
- Parties may agree separately that energy volumes for the same hour used as the basis of invoicing can also be added together at the connection points to the Main Grid.

Value-Added Tax and other indirect taxes

- Customer shall also pay Fingrid the applicable VAT and any other potential indirect taxes and charges imposed on Fingrid by the relevant authorities.

Terms of Payment

Period of Payment

- The Customer shall pay fees on a monthly basis based upon an invoice raised by Fingrid.
- Payment period is 14 days and the due date shall be marked on the invoice.
- If invoicing is delayed as a result of the Customer's actions, the period of payment shall be shortened. If more than 14 days, the Customer shall pay interest on arrears for the overdue period.

Complaints

- Any complaints by the Customer regarding the invoice shall be made in writing and without delay.
- A complaint does not exempt the Customer from the payment obligation by the due date unless otherwise agreed by the Parties.

Interest on Arrears

- If the Customer's payment is delayed and the invoice is not essentially correct, the Customer shall pay Fingrid the annual interest on arrears stated in the invoice from the due date to the date of receipt of payment.

Default of Payment

- Fingrid is entitled to interrupt Main Grid service if the Customer, despite a written complaint by Fingrid,
 - essentially defaults on payments or
 - if the Customer is declared bankrupt or goes into liquidation, or
 - if a competent authority declares it insolvent.
- Interruption, however, can be avoided if the Customer posts a sufficient guarantee.

Adjustment of Fees and Contractual Terms

Measures by Authorities

- Changes that have a direct and essential on Fingrid's costs but which could not have been foreseen when preparing this contract shall be taken into account as factors increasing or reducing fees. These include taxes, public charges and obligations due to national or EU legislation.

Elimination of Disparity

- If reasons beyond the Parties' control lead to evident disparity in the performance of contractual obligations, the Parties shall negotiate in good faith to make appropriate adjustments. Reasons may include changes in financial or commercial circumstances, legislative changes, or measures of competent authorities.

Market Information

- Fingrid is obligated under applicable laws to publish market information.
- Customer shall comply and ensure that those connected to its network also comply with statutory obligations concerning market information.

Damages

General Conditions

- Customer's equipment shall comply with Fingrid's connection terms.
- Customer is entitled to damages for personal injury or damage to property if the Main Grid service does not conform to this contract or the connection agreement.

Damages Payable to the Customer

- Fingrid shall be liable to pay damages to the customer for damage to property or personal injury caused by negligence that is not considered slight.
- There shall be no liability for damages if the Customer's electrical equipment does not conform to the connection agreement and this has an impact on the occurrence of the damaged.
- There shall be no liability for damages if the Customer could have prepared to prevent or limit the damage by means of protective equipment.
- Fingrid shall not be liable for damages to property caused by an individual outage in transmission or for damage to property caused by disturbance in electricity networks owned by others.
- Fingrid shall not be liable for loss of profits loss of production, damaged raw material, costs of restarting production, costs of replacing arrangements for transmission service as a result of outage, damage to equipment of the Customer's customer or other consequential damages.
- Fingrid's total liability for all damage or injury suffered by customers shall not exceed 10 million Euro in a calendar year.
- Damages for each year shall be paid in January of the following year after the amount of damages has been established.
- If the total amount of damages exceeds 10 million Euro, all damages shall be reduced in proportion to the amount of damages.

Damages Payable to the Customer's Customer

- Fingrid shall pay the Customer damages which the Customer has paid to its customer if the Customer's liability is based on imperative legal provisions.
- No indirect damage or injury needs to be paid to a Customer's customer when the Customer is connected to the high voltage network.
- Fingrid's liability for damages is not related to standard compensations for power failures.
- Payment of damages shall not be required for damages less than 10 thousand Euros.
- Customer is required to notify Fingrid immediately as to damages or injuries.
- No liability to pay for damages that could have been prevented by the Customer or the Customer's customer through preventive measures.
- Fingrid's total liability for all damages suffered by customers shall not exceed 2 million euros in a relevant year.
- Compensation for damage or injury can only be claimed in the relevant year.
- Damages to be paid in the following January.
- If the total amount of damages exceeds 2 million Euro, all damages shall be reduced in proportion to the amount of damages.

Customer's Liability for Damage

- Customer shall pay damages to Fingrid for material damage or personal injury caused by negligence that is not slight.
- No damages need to be paid if Fingrid could have avoided the damage by employing preventive measures.
- There shall be no liability for damages or injury arising from interrupted electricity transmission.
- There shall be no liability for loss of profits, damaged raw materials, costs of restarting production, costs of replacing arrangements for the transmission service as a result of the outage, damage to equipment of Fingrid's customer or other consequential damages of a similar nature.

Other Liability

- Neither Fingrid nor the Customer shall be liable for any damages not stated in this contract.

Confidentiality

- The parties agree to keep confidential any information that is understood to be confidential information.
- Parties shall store confidential information carefully.
- Confidentiality obligations survive the expiration of this contract.
- Confidentiality obligations shall last for a maximum of 10 years.

Amendments to Contract

- Fingrid reserves the right to amend this contract if there are changes in the European electricity regime or to the Finnish Electricity Market Act or other new rules.
- Any changes to the contract must be approved by the regulator.

Force Majeure

- In the event of force majeure, Fingrid may restrict the Customer's Main Grid service or interrupt it completely.
- Force Majeure covers events that Fingrid could not have prevented through reasonable caution and that make Fingrid's Main Grid service impossible or financially impracticable. Examples are given.
- Fingrid shall inform the Customer of the occurrence of force majeure as well as its end, without delay.

Transferring and Terminating the Contract

Transferring the Contract

- The Parties are entitled to transfer this contract to a third party with the advance written consent of the other party.

Terminating and Dissolving the Contract

- Customer may terminate the contract with a 1-month notice period.
- Either party may terminate if the other party has essentially breached this contract.

Disputes

- Disputes shall be settled through mutual negotiations.
- Failure to settle through mutual negotiations will be solved by the Hensinki District Court in the first instance.
- Parties may vary the dispute settlement procedure.

Other Terms of Contract

- Parties agree to provide each other without delay with the necessary information required to implement this contract. Automatic data transfer shall be employed if possible.

Appendix 1: Customer's Connection Points and measurements used as the basis of invoicing

Appendix 2: Application Instruction for Information Exchange

Appendix 3: Customer Specific Information for Information Exchange

Appendix 4: Application Instruction for the Supply of Reactive Power and Maintenance of Reactive Power Reserves

Appendix 5: Reactive Power Reserve Plants

USAID Hydropower Investment Promotion Project (USAID-HIPP)

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