



Company Name

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Imbalance Settlement Agreement
Main Agreement

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1 Parties

This agreement (the "Imbalance Settlement Agreement" or the "Agreement") has been entered into force between:

- 1) eSett Oy (business ID 2582499-7), Lökkisepäntie 23, 00620 Helsinki, Finland ("eSett")
- 2) Company (business ID 123456), Address Postal Code City Country ("BRP")

eSett and BRP are hereinafter collectively referred to as the "Parties" and individually as a "Party".

2 Definitions

The following definitions are used in this Agreement:

Term	Definition
Balance Agreement	An agreement between the Balance Responsible Party and a Nordic TSO, that stipulates the terms and conditions for balance management in the respective Market Balance Area.
Balance Obligation	An obligation of the Balance Responsible Party to continuously plan for and achieve balance between the electricity supplied and withdrawn by one or several producers, consumers or traders of electricity and to perform the financial settlement of any Imbalances arising from the electricity supplied and withdrawn by these parties. Balance Obligation requirements are defined and governed by the TSO responsible for the Market Balance Area where the Balance Responsible Party operates.
Balance Responsible Party	A company that has a valid Imbalance Settlement Agreement with eSett and a valid Balance Agreement with a TSO and manages a Balance Obligation on its own behalf as a producer, consumer or trader of electricity or on the behalf of other producers, consumers or traders of electricity.
Collateral	An economic guarantee that is used for securing the performance of the obligations of the Balance Responsible Party.
Distribution System Operator (DSO)	An owner of a distribution grid that has the responsibility to distribute electricity from producers to customers. The DSOs have the responsibility to meter production, consumption and exchange and report the metered data to the involved stakeholders. This term refers also to the operators of closed distribution networks.

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Imbalance	The difference between supplied and withdrawn amounts of electricity within the scope of a Balance Obligation. For balance to be maintained in the power system, any Imbalances need to be compensated for by other Imbalances in the opposite direction or by the activation of reserves by the TSO. A definition of Imbalances and their calculation is found in the NBS Handbook.
Imbalance Settlement	The calculation and invoicing of the Balance Responsible Parties' Imbalances and thereto related fees as well as selected products and services in the Balancing Market.
Market Balance Area (MBA)	An area within the power system that provides (exchange) schedules that represent a basis for the monitoring of imbalances. The Day-ahead price is always the same within a MBA.
NBS Countries	The countries participating in the Nordic Imbalance Settlement at any given time. The NBS Countries may change from time to time.
Nordic Imbalance Settlement	A harmonized and centralized Imbalance Settlement model applied in the NBS Countries.
Online Service	A web-based communication platform, which is eSett's primary means of communicating information to Balance Responsible Parties and other parties of the Nordic Imbalance Settlement.
Settlement Amounts	Payable amounts arising in the Nordic Imbalance Settlement. The Settlement Amounts include both payables of the BRP to eSett and receivables of the BRP from eSett.
Settlement Information	The data and information related to the BRP's Balance Obligation that is required by eSett in order for eSett to be able to carry out the Imbalance Settlement. Certain parts of the Settlement Information shall be reported by Balance Responsible Parties and other parts shall be reported by Distribution System Operators as stipulated in the NBS Handbook.

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Transmission System Operator (TSO)	A Transmission System Operator (TSO) has the responsibility for the security of supply, for the real-time coordination of supply and demand in the power system, and for the operation of the high-voltage grid. The TSO also carries the ultimate responsibility for the Imbalance Settlement according to the national laws. In this document "TSO" refers primarily, and "Nordic TSO" refers solely, to the Transmission System Operators in Denmark (Energinet) Finland (Fingrid), Norway (Statnett) and Sweden (Svenska kraftnät).
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Other definitions related to Imbalance Settlement shall have the meaning specified in the valid version of NBS Handbook at any given time (available on www.esett.com).

3 Contract Documents

The following Appendices constitute an inseparable part of the Agreement. If the Agreement and its Appendices contradict each other, the Agreement has precedence. The Appendices shall be applied in their numerical order.

1. Fees
2. Collaterals
3. Nordic Imbalance Settlement Handbook: Instructions and rules for market participants (NBS Handbook, available on www.esett.com).

In addition, the Parties acknowledge that BRP has entered into the following Balance Agreement(s) with relevant Nordic TSO(s) in the country(ies) where BRP operates. The Balance Agreement(s) is/are attached to this Agreement for information purpose.

4. Balance Agreement DK/FI/NO/SE (*separate Appendices 4a – 4d*)

4 Background and purpose

- 4.1 eSett has been appointed by the Nordic TSOs to operate a centralized Imbalance Settlement and provide Imbalance Settlement related services on behalf of the Nordic TSOs for the Market Balance Areas in the NBS Countries pursuant to the national Electricity Acts in the respective countries.
- 4.2 The BRP wishes to act as a Balance Responsible Party in one or several of the Market Balance Areas in the NBS Countries.
- 4.3 The purpose of this Agreement is to define the terms and conditions for the Nordic Imbalance Settlement and the rights and obligations of the Parties to this Agreement relating to the Nordic Imbalance Settlement. The NBS Handbook (Appendix 3) sets out the detailed rights and obligations of the BRP in the Nordic Imbalance Settlement and the BRP hereby accepts to be bound by the NBS Handbook valid at any given time.

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- 4.4 For the BRP to be entitled to act as a Balance Responsible Party in a particular Market Balance Area, it needs to have a valid Balance Agreement with the respective TSO, as well as a valid Imbalance Settlement Agreement with eSett. The Imbalance Settlement Agreement covers all Balance Agreements that the BRP has signed with the TSOs in the NBS Countries. Furthermore, the BRP needs to fulfill all the requirements on a Balance Responsible Party defined in the NBS Handbook in order to be entitled to start and continue acting as a Balance Responsible Party.
- 4.5 The fundamental relations between eSett and the BRP shall be governed by this Agreement and its Appendices.

5 BRP's Rights and Obligations

- 5.1 The BRP shall be responsible for the financial settlement against eSett of the Imbalances, reserves and fees related to its Balance Obligation. If the BRP operates in Sweden, the scope of obligation also includes the reconciled energy for profiled deliveries.
- 5.2 The BRP shall follow the rules and instructions set out in the NBS Handbook and continuously report its Settlement Information to eSett in accordance with the procedures and schedules defined in the NBS Handbook, in order for eSett to be able to settle the BRP's imbalances in an efficient and timely manner.
- 5.3 The BRP shall have the full responsibility for the Balance Obligation related to the electricity supply and withdrawal of any market participants within the scope of its Balance Obligation. The BRP shall ensure that any market participants within its Balance Obligation are aware of and follow the rules and instructions in the NBS Handbook to the extent that these rules and instructions apply to such parties.
- 5.4 The BRP shall provide eSett with structure information, including BRP's contact information, and keep the information up-to-date, pursuant to the NBS Handbook. The BRP gives its consent that eSett shall have a right to use and publish the structure information needed by the other market participants in the electricity market.
- 5.5 The BRP shall have the right to access their own Settlement Information provided by eSett. The BRP shall verify the Settlement Information and take necessary actions to correct any possible deficiencies or discrepancies in accordance with the NBS Handbook.
- 5.6 The BRP shall make adequate funds available in a timely manner to ensure due settlement of the payments to eSett related to this Agreement, pursuant to the more detailed provisions set forth in Chapter 8 and the NBS Handbook.
- 5.7 The BRP shall provide eSett with Collateral as security for its obligations in the Imbalance Settlement, pursuant to the more detailed provisions set forth in Chapter 9 and Appendix 2, and exercise due care to ensure that its Collateral at all times meets the Collateral Requirement defined by eSett.
- 5.8 The BRP shall without delay deliver any information required by eSett for assessing the BRP's financial position. This information shall be delivered in writing or in some other format requested by eSett. If securities of the BRP are publicly traded and the BRP is obliged to publish information affecting its financial position by virtue of the Securities Market Act or similar legislation in the jurisdiction where the securities are listed, or some other corresponding provision or order by authorities, the obligation to supply information on the basis of this Agreement item shall not be broader than the obligation prescribed by these.
- 5.9 The BRP shall communicate electronically with eSett in accordance with the NBS Handbook valid at any given time.

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6 eSett's Rights and Obligations

- 6.1 eSett shall execute the Nordic Imbalance Settlement and associated settlements on behalf of the TSOs according to this Agreement and its Appendices.
- 6.2 eSett shall maintain neutrality and adhere to customary business practices in any interaction with the BRP.
- 6.3 eSett shall make the Settlement Information from the TSOs and DSOs available to the BRP in accordance with the NBS Handbook.
- 6.4 eSett shall publish the results of the Imbalance Settlement according to the NBS Handbook.
- 6.5 eSett shall have the right to use and distribute any Settlement Information as set out in the NBS Handbook, including but not limited to the publishing of balance settlement related market surveillance information on its webpage and in the Online Service.
- 6.6 eSett shall invoice and settle the Settlement Amounts in accordance with the procedures and schedules defined in the NBS Handbook.
- 6.7 eSett shall ensure that information received is treated in a confidential manner, unless otherwise agreed upon or if disclosure of information is required by law, court order or any governmental or Regulatory Body. Notwithstanding this, eSett shall have the right to disclose to the respective TSO any information required by the TSO for it to be able to carry out the Transmission System Operator's tasks including but not limited to Settlement Information, Settlement Amounts, Collateral Requirement, Deposited Collateral and market surveillance information.
- 6.8 eSett shall keep a register of the companies who act as Balance Responsible Parties in the NBS Countries. eSett shall provide the DSOs extracts from this register so as to enable them to verify the information on Balance Responsible Parties.

7 Fees and Taxes

- 7.1 The TSOs stipulate national fees, which are to be paid by the BRP and invoiced by eSett. The fee rates are set forth in Appendix 1. The fees and fee rates may be amended with one (1) month's notice period.
- 7.2 The Settlement Amounts and other fees invoiced to the BRPs by eSett are subject to value-added tax (VAT) in all the NBS Countries pursuant to the laws and rules governing value-added taxes in these countries. Each Party shall in their capacity as buyers and sellers of energy products in the different NBS Countries be responsible for the value-added taxes that in accordance with the specifications in the NBS Handbook and aforementioned laws and rules are the responsibility of the buyer and the seller of energy products in respective country.
- 7.3 The VAT conventions of eSett's invoices to the BRP are subject to change if there are changes in the VAT legislation in the NBS Countries.

8 Invoicing and payments

- 8.1 The invoicing and payments of the Settlement Amounts shall be made in accordance with the procedures and schedules specified in the NBS Handbook.

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- 8.2 The BRP shall hold an account ("Settlement Account") in a bank, which has been approved by eSett to be used in the Imbalance Settlement ("Settlement Bank"). The BRP shall grant eSett disposal rights to the funds on the Settlement Account in accordance with terms which shall be defined by eSett. The BRP shall enter into any necessary agreements with its Settlement Bank to enable the settlement of payments in accordance with the procedures and schedules specified in the NBS Handbook.
- 8.3 eSett shall be entitled to debit the BRP's payables to eSett directly from the Settlement Account without any separate approval of the debit by the BRP.
- 8.4 eSett shall be entitled at any time to receive up to date information about the balance and transactions on the BRP's Settlement Account.
- 8.5 All Imbalance Settlement payments shall be carried out with shared costs, which means that the payer shall be responsible for the fees charged by the payer's bank and the payee shall be responsible for the fees charged by the payee's bank. Typically, the payee will receive the payment amount with the service fees of its bank deducted.
- 8.6 The BRP shall be responsible for all fees charged by its Settlement Bank including but not limited to fees for the Settlement Account, fees for executing outgoing payments to eSett whether initiated by eSett or the BRP, fees for receiving incoming payments from eSett, fees for reporting of Balance Information to eSett, and fees related to the provision and administration of Collateral.

9 Collaterals

- 9.1 The BRP shall, as security for the performance of its obligations under this Agreement, provide Collateral to eSett in the manner and time stipulated by eSett. eSett uses Collaterals to mitigate the settlement risk, and shall therefore have the right to enforce the provided Collaterals in accordance with the Collateral terms specified in Appendix 2. The Collateral terms specify, among other things, how the Collaterals are determined, lodged, monitored and returned.
- 9.2 Assessment of Collaterals will take place continuously as to whether the collateral requirements are to be increased or decreased. BRP shall make sure that the Collaterals cover the collateral requirement continuously. If the collateral requirement exceeds the Collateral provided, BRP shall increase the amount of the Collateral immediately at its own initiative.

10 Liability

- 10.1 The Parties shall be liable to each other for damage caused by negligence or with intent.
- 10.2 Damages shall not be payable as a consequence of indirect damage, including but not limited to loss of profits, decrease in generation, obstacles in meeting commitments to third parties or non-realised benefits of the agreements, unless such damage is caused by gross negligence or wilful intent.
- 10.3 eSett shall under no circumstances be liable for any damage to the BRP caused by errors or deficiencies in the Imbalance Settlement when these errors or deficiencies result from the failure of any Balance Responsible Party, any Distribution System Operator or any Transmission System Operator to timely submit correct Settlement Information to eSett. Moreover, eSett shall have no liability for damages caused by failure of third-party telecommunication systems or other components of third-party infrastructure that has prevented the BRP from receiving or reporting information.

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11 Breach of Agreement

- 11.1 The BRP shall at any and all time comply with the terms and conditions in this Agreement including the versions of the Appendices and the NBS Handbook that are valid at the given time. Failures and events that are considered material breaches of the Agreement include, but are not limited to, the following:
- a) The BRP fails to provide sufficient Collateral within the time frame specified in Appendix 2 to meet the Collateral Requirement published by eSett.
 - b) The BRP fails to provide necessary funds on its Settlement Account within the time frame specified in the NBS Handbook to enable the settlement of its outstanding Settlement Amounts.
 - c) The BRP fails to report, repeatedly or in such a way that it prevents eSett from carrying out the Imbalance Settlement, its Settlement Information to eSett in accordance with the instructions and schedules set out in the NBS Handbook.
 - d) The BRP fails to have a valid Balance Agreement with the Nordic TSO or fails to follow the balancing terms and conditions set by the Nordic TSO in the Market Balance Area where the BRP acts as a Balance Responsible Party.
 - e) The BRP is declared bankrupt or placed in liquidation or shows any other indication of being insolvent.

12 Force Majeure

- 12.1 A Party shall not be liable for the failure to perform its obligations pursuant to the Agreement where, to the extent and for the duration of such failure, performance is prevented as a consequence of circumstances such as labour disputes, fire, natural disasters, acts of sabotage, war, insurrection or riots, accidents which such party could not reasonably have foreseen at the time of the execution of the Agreement and the consequences of which he could not reasonably have avoided or overcome.
- 12.2 It is a condition precedent to a Party's right to invoke any of the above-stated circumstances that such party has notified, or has made reasonable efforts to notify, the other Party of the occurrence of any such circumstance. Notice shall be provided without unreasonable delay after such time as the Party invoking the circumstance realised or should have realised that a circumstance exists which may be invoked as the grounds for release from the obligation to perform under the Agreement.
- 12.3 Following such time as the grounds for release from the obligation to perform have ceased to exist, the Party invoking such grounds shall notify the other Party thereof and, where possible, also provide notice as to when the delayed performance will be executed.

13 Assignment

- 13.1 The BRP may not assign, in whole or in part, any of its rights or obligations under the Agreement without the written consent of eSett.

14 Amendments and additions

- 14.1 Amendments and additions to this main body of the Agreement shall, in order to be valid, be made in writing and signed by both Parties' authorised representatives.

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- 14.2 eSett may adopt amendments in the Appendices, by giving a notice at least one (1) month beforehand. It is acknowledged, that each TSO has the right to amend their national Balance Agreement (Appendix 4a-d) as specified in the respective Balance Agreement.
- 14.3 If new regulations concerning the single European electricity market or amendments to the national Laws and regulations or new implementing provisions which bind eSett, where these have not been taken into account when entering into this Agreement, come into force during the validity of this Agreement, eSett shall have the right to change the terms and conditions of this Agreement accordingly.

15 Term and Termination

- 15.1 The Agreement will come into a force after both Parties have signed the Agreement.
- 15.2 Regarding the implementation of services in Denmark, each service provided by eSett shall be implemented at the starting date informed later by Energinet and eSett together. The rights and obligations of the Parties agreed in this Agreement concerning a particular service, shall become effective at the starting date of the said service. This Agreement shall be valid until further notice.
- 15.3 The BRP has the right to terminate this Agreement with one (1) month's period of notice. Such termination shall be made in writing.
- 15.4 eSett has the right to terminate this Agreement (excluding appendices 4a-d) with three (3) months' period of notice. Such termination shall be made in writing.
- 15.5 In any event of material breach of the Agreement by the BRP, eSett shall have the right to terminate this Agreement, partly or in full, with immediate effect. It is further acknowledged that in any such event, any TSO may, in accordance with the national Balance Agreement, have the right to terminate the Balance Agreement with the BRP with immediate effect.
- 15.6 Under no circumstances shall eSett be liable for any loss to the BRP caused by the termination of the Agreement or the termination of any Balance Agreement following a material breach of the Agreement by the BRP.
- 15.7 On the termination of the Agreement, the provisions of the Agreement shall apply until the BRP has met the commitments in respect of this Agreement or fully transferred its commitments to another Balance Responsible Party.

16 Governing Law

- 16.1 This Agreement is governed by and shall be construed in accordance with laws of Finland, excluding its conflict of law principles. However, it is acknowledged that the national Balance Agreements (Appendix 4a-d) are governed by the laws of each respective country.

17 Dispute Resolution

- 17.1 Should a dispute arise in connection with the Agreement (excluding the appendices 4a-d), the Parties shall initially attempt to resolve their conflict through negotiation. If this does not succeed, the dispute shall be finally settled by arbitration in accordance with the Arbitration Rules of the Finland Chamber of Commerce. The arbitration proceedings shall be conducted in Helsinki, Finland, in the English language.

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18 Signatures

This Agreement has been executed in two (2) identical original counterparts, one for each Party.

.....,

Helsinki,

Company Name

eSett Oy

.....

.....

Minnakaisa Ahonen

CEO