



Company Name

Balancing Service Settlement Agreement
Main Agreement

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1 Parties

This agreement (the "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 ("BSP")

eSett and BSP 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
Balancing Service Provider	A company that has a valid Settlement Agreement with eSett and a valid BSP Agreement or another agreement with Transmission System Operator (TSO) or otherwise bound by terms and conditions set forth by TSO. A balancing service provider means a market participant with reserve-providing units (e.g. production units) or reserve-providing groups (regulation units) able to provide balancing services to TSOs.
Collateral	An economic guarantee that is used for securing the performance of the obligations of the Balance Service Provider.
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.

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Settlement	The calculation and invoicing of the Balancing Services and related fees in the Balancing Market.
Settlement Amounts	Payable amounts arising in the Settlement. The Settlement Amounts include both payables of the BSP to eSett and receivables of the BSP from eSett.
Settlement Information	The data and information related to the BSP's Obligation that is required by eSett in order for eSett to be able to carry out the Settlement. The Settlement Information shall be reported as stipulated in the NBS Handbook.
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 TSOs using eSett Settlement service carry 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).

Other definitions related to 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 Appendix (applicable as valid from time to time and available on the website of or from eSett or relevant TSO) constitutes an inseparable part of the Agreement. If the Agreement and its Appendix contradict each other, the Agreement has precedence. The Appendices shall be applied in their numerical order.

1. Fees

Fee Appendix defines payments and fees stipulated by the TSOs, if any, which are to be paid by the BSP and invoiced by eSett.

2. Collaterals

Collateral Appendix defines the collateral requirements eSett may require as security for the performance of BSP obligations under this Agreement. Collaterals are defined with reference to collateral requirements in the respective BSP Agreement or in another agreement with TSO, or terms and conditions set forth by TSO.

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

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In addition, the Parties acknowledge that BSP has entered into the BSP Agreement(s) or another agreement with relevant Nordic TSO(s) or is otherwise bound by terms and conditions set forth by TSO(s) in the country(ies) where BSP operates.

4 Background and purpose

- 4.1 eSett has been appointed by the Nordic TSOs to operate a centralized Imbalance Settlement and provide Settlement related services on behalf of the Nordic TSOs for the Market Balance Areas in the NBS Countries pursuant to the relevant national electricity market acts in the respective countries.
- 4.2 The BSP wishes to act as a Balancing Service Provider 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 Settlement and the rights and obligations of the Parties to this Agreement relating to the Settlement. The NBS Handbook (Appendix 3) sets out the detailed rights and obligations of the BSP in the Settlement and the BSP hereby accepts to be bound by the relevant chapters of NBS Handbook valid at any given time.
- 4.4 For the BSP to be entitled to act as a Balancing Service Provider in a particular Market Balance Area, it needs to have a valid Balance Service Settlement Agreement with eSett, as well as a valid agreement(s) with the respective TSO if required by the TSO or it needs otherwise to have accepted the terms and conditions set forth by the respective TSO. Furthermore, the BSP needs to fulfill all the requirements on a Balancing Service Provider defined in the NBS Handbook in order to be entitled to start and continue acting as a Balancing Service Provider.
- 4.5 The fundamental relations between eSett and the BSP shall be governed by this Agreement and its Appendix(es).

5 BSP's Rights and Obligations

- 5.1 The BSP shall be responsible for the financial settlement against eSett on those reserve products where TSO has assigned the financial settlement to eSett.
- 5.2 The BSP shall follow the rules and instructions set out in the NBS Handbook in accordance with the procedures and schedules defined in the NBS Handbook, in order for eSett to be able to settle the BSP's reserves in an efficient and timely manner.
- 5.3 The BSP shall provide eSett with structure information, including BSP's contact information, and keep the information up-to-date, pursuant to the NBS Handbook. The BSP 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.
- 5.4 The BSP shall have the right to access their own Settlement Information provided by eSett. The BSP shall verify the Settlement Information and take necessary actions to correct any possible deficiencies or discrepancies in accordance with the NBS Handbook.
- 5.5 The BSP 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.

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- 5.6 The BSP shall provide eSett with Collateral as security for its obligations in the 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.
- 5.7 The BSP shall without delay deliver any information required by eSett for assessing the BSP's financial position. This information shall be delivered in writing or in some other format requested by eSett. If securities of the BSP are publicly traded and the BSP 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.
- 5.8 The BSP shall communicate electronically with eSett in accordance with the NBS Handbook valid at any given time.

6 eSett's Rights and Obligations

- 6.1 eSett shall execute the Settlement and associated services on behalf of the local TSO according to this Agreement and its Appendices.
- 6.2 eSett shall maintain neutrality and adhere to customary business practices in any interaction with the BSP.
- 6.3 eSett shall make the Settlement Information available to the BSP in accordance with the NBS Handbook.
- 6.4 eSett shall publish the results of the 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 and the publishing 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, and market surveillance information.
- 6.8 eSett will have the right to keep a public register of the companies who act as Balancing Service Providers in the NBS Countries.

7 Fees and Taxes

- 7.1 The TSOs stipulate payments and fees, if any, which are to be paid by the BSP and invoiced by eSett. The fees may vary between the NBS Countries. The currently valid fee rates are set forth in Appendix 1. The fees and fee rates may be amended with one (1) month's notice period.

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- 7.2 The Settlement Amounts and other fees invoiced to the BSPs 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 BSP 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.
- 8.2 The BSP shall hold an account ("Settlement Account") in a bank, which has been approved by eSett to be used in the Settlement ("Settlement Bank"). The BSP shall grant eSett disposal rights to the funds on the Settlement Account in accordance with terms which shall be defined by eSett. The BSP 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 BSP's payables to eSett directly from the Settlement Account without any separate approval of the debit by the BSP.
- 8.4 eSett shall be entitled at any time to receive up to date information about the balance and transactions on the BSP's Settlement Account.
- 8.5 All 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 BSP 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 BSP, 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 With reference to collateral requirements in the respective BSP Agreement or in another agreement with, or terms and conditions set forth by TSO, eSett may require collateral as security for the performance of its obligations under this Agreement. If required, the BSP shall 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.

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- 9.2 Assessment of Collaterals will take place continuously as to whether the collateral requirements are to be increased or decreased. BSP shall make sure that the Collaterals cover the collateral requirement valid at any time continuously. If the collateral requirement exceeds the Collateral provided, BSP 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 electricity generation, obstacles in meeting commitments to third parties or non-realised benefits of the agreements, unless such damage is caused by gross negligence or willful intent.
- 10.3 eSett shall under no circumstances be liable for any damage to the BSP caused by errors or deficiencies in the Settlement when these errors or deficiencies result from the failure of any market party defined in the NBS Handbook to timely submit correct Settlement Information to eSett. Moreover, eSett shall have no liability for damages caused by failure of any third-party such as telecommunication systems or other components of third-party infrastructure that has prevented the BSP from receiving or reporting information.

11 Breach of Agreement

- 11.1 The BSP shall at any and all time comply with the terms and conditions in this Agreement including the versions of the Appendices including 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 BSP fails to provide sufficient Collateral within the time frame specified in Appendix 2 to meet the Collateral Requirement published by eSett.
 - b) The BSP 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 BSP fails to report, repeatedly or in such a way that it prevents eSett from carrying out the Settlement, its Settlement Information to eSett in accordance with the instructions and schedules set out in the NBS Handbook.
 - d) The BSP fails to have a valid BSP Agreement(s) or another relevant agreement with TSO(s) or it otherwise is no longer bound by the terms and conditions set forth by the TSO(s) or fails to follow the balancing or other terms and conditions set by the TSO(s) or fails to have a valid agreement with eSett and the Settlement Bank on the Settlement Account and its disposal.
 - e) The BSP is declared bankrupt or placed in liquidation or shows any other indication of being insolvent.
- 11.2 eSett shall inform the respective TSO(s) of any material breaches of the Agreement.

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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, embargoes, export control laws, sanctions, 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 BSP 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.
- 14.2 eSett may adopt amendments in the Appendices, by giving a notice at least one (1) month beforehand.
- 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 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 BSP has the right to terminate this Agreement with one (1) month's period of notice. Such termination shall be made in writing.

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- 15.4 eSett has the right to terminate this Agreement 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 BSP, 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 BSP Agreement or another agreement, have the right to terminate the BSP Agreement or this other agreement with the BSP with immediate effect.
- 15.6 Under no circumstances shall eSett be liable for any loss to the BSP caused by the termination of the Agreement following a material breach of the Agreement by the BSP.
- 15.7 On the termination of the Agreement, the provisions of the Agreement shall apply until the BSP has met the commitments in respect of this Agreement.

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.

17 Dispute Resolution

- 17.1 Should a dispute arise in connection with the Agreement, 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.

18 Signatures

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

..... Helsinki,

Company Name eSett Oy

.....
 (Name) (Name)
 (Title) (Title)

