

BORZEN, operater trga z elektriko, d. o. o., Dunajska cesta 156, 1000 Ljubljana, Slovenia represented by General Manager Mojca Kert, as the provider of public utility service of the electricity market operator (hereinafter: the Market Operator),

Registration number: 1613383000,

VAT ID : SI 27799468,

and

_____ represented by (Position/First and Last Name) _____, as the balance responsible party (hereinafter: the Balance Responsible Party),

Registration number:

VAT ID:

hereby conclude the following

BALANCING AGREEMENT no. _____

Introductory Provision

Article 1

The contracting parties conclude this Balance Scheme membership agreement on the basis of the Rules on the operation of the electricity market (Official Gazette of the RS, No. 163/22) in order to include the Balance Responsible Party in the Balance Scheme.

Meaning of Expressions

Article 2

The expressions used in this Agreement shall have the meaning as stipulated by the Electricity Supply Act and the applicable Rules on the operation of the electricity market (hereinafter: the Rules).

Subject of the Agreement

Article 3

The subject of this Agreement is:

- The inclusion of the Balance Responsible Party in the Balance Scheme;
- Balancing of the Balance Responsible Party;
- The Balance Group definition;
- Defining how the Balance Responsible Party exercises its rights and obligations;

- Defining how the Market Operator exercises its rights and obligations;
- The imbalance settlement; and
- The financial settlement of imbalance settlement.

Balance Group

Article 4

Balance Group is a group of Balance Scheme members which was established for the purpose of delivering balancing energy, operation of the Balance Responsible Party on the electricity market by governing balance responsibility, and risk management and control of imbalances of the Balance Responsible Party and of the hierarchically inferior members of the Balance Group, and, as such, represents a subject of the imbalance settlement.

By concluding the Balancing Agreement and complying with other conditions stated in Article 5 of this Agreement, the Balance Responsible Party establishes a Balance Group for which it is responsible to the Market Operator.

For as long as this Agreement remains valid, the Balance Responsible Party cannot be included in the Balance Scheme neither with another Balancing Agreement nor as the hierarchically inferior member of other Balance Groups or Subgroups.

The Balance Responsible Party shall be obliged to inform the Market Operator of the conclusion of the compensation agreement which forms the basis for establishing the hierarchically inferior Balance Group or Subgroup Members, and in accordance with the Rules, shall be obliged to submit a statement regarding the conclusion of a compensation agreement and a request for inclusion in the Balance Scheme under Article 33 of the Rules. The notification and the supporting documentation may also be provided by a hierarchically inferior member of the Balance Group.

Balancing Agreement

Article 5

This Balancing Agreement shall be recorded in the Record of Balance Scheme membership agreements within 5 working days from the fulfilment of all requisite conditions for the inclusion in the Balance Scheme.

The Balance Responsible Party is included in the Balance Scheme upon entry into the Record of the Balance Scheme membership agreements. The date of the entry into the Record of Balance Scheme membership agreement shall be considered as the enforcement day of the inclusion into the Balance Scheme.

In the case of the transition of members among Balance Groups or Balance Subgroups, the transition takes effect upon entry into the Record of Balance Scheme membership agreements, which is carried out the first day of the month beginning at least one month later than the moment all conditions have been met for the entry into the Record, or the first day of the month agreed between the Market Operator and the Balance Responsible Party, should that day come later, in accordance with Article 41 of the Rules.

The conditions for inclusion in the Balance Scheme are a concluded Balancing Agreement, a concluded Agreement on the invoicing method, and a submitted required financial guarantee.

The Balance Responsible Party shall provide the required financial guarantees within three months from the date of the Balancing Agreement conclusion, or the Agreement shall be considered rescinded.

The Market Operator shall publish the inclusion of a new Balance Scheme member in the Balance Scheme on its official website.

Obligations and Responsibilities of the Balance Responsible Party

Article 6

The Balance Responsible Party is primarily responsible for:

- reporting a compensation agreement by submitting a statement regarding the conclusion of a compensation agreement that serves as the basis for the establishment of individual hierarchically inferior Balance Subgroups;
- adequate adjustment of financial guarantees on the Market Operator's call;
- notification of concluded closed contracts for the entire Balance Group to the Market Operator;
- report of operational forecasts of the Delivery points belonging to them or any other hierarchically inferior members of the Balance Group to the Market Operator;
- conclusion of an agreement on the invoicing method;
- a financial settlement of imbalance settlement for the Balance Group;
- compliance with the obligations arising from financial settlement of imbalance settlement and
- Submission of data and documentation upon the Market Operator's request on the basis of the Rules.

The Balance Responsible Party shall bear non-fault liability for any loss or damage (including the costs incurred in the process) caused by the infringement of the applicable Rules.

Exclusion of the Market Operator's Liability

Article 7

The contracting parties agree that the Market Operator shall not be liable for any damage or loss arising from the implementation of any actions or suspension regulated by regulations, provided that its actions were not intentional or due to considerable negligence.

The contracting parties agree that the Market Operator shall in no case be liable for any damage or loss arising from events that are the outcome of amendments to regulations in force or actions of the competent authorities, and any other events beyond the control of the Market Operator.

The contracting parties agree that the Market Operator shall by no means be liable for the supply and reception of electricity resulting from transactions on the electricity market. In addition, the Market Operator shall in no case be liable for any damage which is the outcome of electricity supply failures or failures in electricity systems.

The contracting parties agree that the Market Operator may temporarily technically prevent the Balance Responsible Party from operating on the electricity market in events that require such action in accordance with Article 36 of the Rules. In these cases the Market Operator shall not be liable to Balance Scheme members for damage or loss that might result from technical prevention from operating on the electricity market.

The contracting parties agree that the Market Operator shall in no case be liable for disabled or impeded transactions on the electricity market resulting from a malfunction in communications, equipment, the central data processing system, etc.

Unless otherwise provided by the applicable Rules or by any other applicable regulation or agreement, the Market Operator shall not be liable to any Balance Scheme member for damages, including all direct and indirect damages, loss of profit, or delay due to the circumstances or events described in this Article.

Imbalance Settlement

Article 8

The imbalance settlement shall be carried out in accordance with the Rules.

The Financial Settlement of Imbalance Settlement

Article 9

By concluding this Agreement, the Balance Responsible Party shall also agree on the performance of the financial settlement of imbalance settlement. .

On the basis of this Agreement, the Balance Responsible Party acquires the status of the Financial Settlement Participant on the day this balancing Agreement enters into force.

As the Clearing Agent, the Market Operator ensures the financial settlement of claims and liabilities of the Balance Responsible Party, who is acting as the Financial Settlement Participant, arising from the imbalance settlement in the extent of the submitted and redeemable guarantees, in accordance with the applicable Rules.

In accordance with the applicable Rules, the Balance Responsible Party acting as the Financial Settlement Participant is obliged to:

- notify the Market Operator of any change that could affect its financial liability and of any changes of data or circumstances that affect the implementation of the liabilities referred to in this Agreement;
- submit the required financial guarantees in the prescribed time limit and
- settle the financial liabilities within the prescribed time limits.

By concluding this Agreement and in the event of submitting a deposit, the Balance Responsible Party undertakes to sign an irrevocable authorisation for using its deposited funds on a deposit account managed by the Market Operator.

By concluding this Agreement, the Balance Responsible Party also undertakes to sign an Agreement on the invoicing method. With an Agreement on the invoicing method, the Market Operator and the Financial Settlement Participant agree that invoices for imbalances are issued by the Market Operator on behalf of the Balance Responsible Party and on its account.

Obligation to Inform

Article 10

The Balance Responsible Party is obliged to immediately report, in writing, any changes that could affect the validation of this Agreement.

All financial and other consequences resulting from late reporting of changes shall be borne by the Balance Responsible Party.

The Market Operator may at any time request that the Balance Responsible Party provides appropriate evidence of the fulfilment of conditions for the Balance Scheme membership within 8 working days.

Submission of Data and Information

Article 11

Upon request the Balance Responsible Party shall provide the Market Operator with all information or documentation on the conduct on the electricity market within 8 working days, including all contracts that were concluded by the Balance Responsible Party on the market and are relevant for the uninterrupted operation of the electricity market as a whole.

By signing this Agreement, the Market Operator undertakes to use all data and information that were gathered directly or indirectly during the imbalance settlement and the financial settlement of imbalance settlement solely for the purposes relating to clearing and imbalance settlement, and shall not disclose them to third parties, unless performing the obligations that arise from the regulations in force, especially from the Electricity Supply Act, the regulations issued on its basis, and from the applicable Rules, as well as from the provisions of this Agreement.

Specific Provision on Mutual Relations

Article 12

The Market Operator informs the Transmission System Operator about the formation of a Balance Group and submits the contact information of the Balance Responsible Party and other relevant data in accordance with this Agreement.

The Balance Responsible Party and the Market Operator exchange contact information for persons responsible for the reporting of closed contracts, operational forecasts, financial settlement of imbalance settlement, and other communication purposes.

On the basis of the Record of Open Contracts and in accordance with the Rules, the Market Operator shall define the Delivery points in the transmission and distribution system for which the Balance Responsible Party must report operational forecasts for the production and consumption of electricity, and any changes thereto. Within the technical possibilities available for these Delivery points, the Balance Responsible Party has to take into consideration the requests of the Transmission System Operator for the production or consumption change, which could occur due to real-time operational difficulties.

Termination of the Agreement

Article 13

The Market Operator may terminate a Balancing Agreement concluded with the Balance Responsible Party on the basis of a justified termination of the Balancing Agreement without notice and with effect from the moment the cessation of the Balance Scheme membership is entered into the Record of Balance Scheme membership agreements:

- If the Balance Scheme member was admitted on the basis of untrue or false information;
- If legal consequences occur as a result of the bankruptcy or liquidation proceedings of the Balance Scheme member;
- If the Balance Scheme member fails to enable the examination of the documentation relating to the transactions concluded on the electricity market;
- If the Balance Scheme member violates the provisions of the regulations in force concerning the electricity market, or the provisions of other applicable regulations that can influence the Balance Scheme member's ability to act in accordance with the Rules;
- If the Balance Scheme member fails to fulfil its obligations under the Balancing Agreement;
- If the Balance Scheme member fails to act on the basis of the Market Operator's warning in the event that subordinate members of the Balance Scheme violate the Rules, or fails to cancel the compensation agreement on the basis of the Market Operator's warning;
- If the Balance Scheme member does not conclude an Annex to the Balancing Agreement on the Market Operator's call, which would ensure compliance of the agreement content with the Rules;
- If the Balance Scheme member breaches the Rules in any other way.

When a hierarchically inferior Balance Subgroup of the Balance Responsible Party breaches the provisions of the applicable regulations governing the electricity market, or the provisions of other applicable regulations which can influence the Balance Scheme member's ability to act in accordance with the Rules, the Market Operator shall warn the Balance Responsible Party and require the infringements to be brought to an end. If the infringements are not rectified, the Balance Responsible Party shall cancel the compensation agreement concluded with such a member on the basis of the Market Operator's warning, or arrange the cancellation of the compensation agreement between the subordinated Balance Scheme members in order to cease the membership of the infringer. If the infringements are not remedied despite the Market Operator's warning, the Market Operator may terminate the Balancing Agreement concluded with the Balance Responsible Party.

The Balance Responsible Party may terminate the Balancing Agreement, if it has fulfilled and settled all outstanding obligations towards the Market Operator on the day of its exit from the Balance Scheme, and

- it has no hierarchically inferior Balance Group Members, it is not a supplier to any consumer or producer, and it does not supply any self-owned Delivery points, all of which ceases its membership in a Balance Scheme, or
- it concludes a compensation agreement which becomes a new foundation for its membership in a Balance Group or Subgroup, which makes it the Balance Subgroup Responsible Party.

The termination of the Balancing Agreement by the Balance Responsible Party becomes effective on the day of the entry of the termination into the Record of Balance Scheme membership agreements. The entry of the termination shall be made within 5 working days from receipt of the notification of the termination of the Balancing Agreement.

In the case of the termination of the Balancing Agreement by the Balance Responsible Party, the latter can indicate the desired day of the entry into the Record of Balance Scheme membership agreements, which also specifies the date when the termination of the Balancing Agreement shall take effect, and which shall in no case be prior to the expiry of 5 working days referred to in the previous paragraph.

The financial guarantees submitted by the Balance Responsible Party shall remain valid and/or the Market Operator shall retain them until potential liabilities arising from imbalance settlement, including annual imbalance settlement recalculation, have been settled.

In the event of transition of the Balance Responsible Party to another Balance Group as the Balance Subgroup Responsible Party, it shall acquire a statement from the superior Balance Responsible Party stating that the financial guarantees of the superior Balance Responsible Party may also be used to cover the liabilities arising from the annual recalculation of the Balance Subgroup Responsible Party, in accordance with paragraph 7 of Article 38 of the Rules.

In the case of the termination of the Balance Scheme membership agreement or the rescission of the Balance Scheme membership agreement, all closed contracts entered into the Record of Closed Contracts, where one of the contracting parties is the excluded Balance Scheme member, shall be considered rescinded from the date of the membership cessation.

Temporary Technical Prevention from Operating on the Electricity Market

Article 14

The Market Operator may temporarily technically prevent the Balance Responsible Party or a hierarchically inferior Balance Scheme member from operating on the electricity market:

- if the Balance Scheme member fails to meet outstanding financial obligations;
- if the Balance Scheme member fails to submit financial guarantees required by the Market Operator;
- if the Balance Scheme member does not conclude an Annex to the Balancing Agreement on the Market Operator's call, which would ensure compliance of the agreement content with the Rules;
- if the Balance Scheme member fails to act in accordance with paragraph 1 of Article 11 of this Agreement;
- if the Balance Scheme member fails to meet technical, staff and other conditions necessary to ensure the use of the Market Operator's information system or the settlement system;
- upon the request of the Transmission System Operator if the operations of the Balance Scheme member threaten the stability of the operation of the electricity system;
- if the Market Operator cancels the Balancing Agreement in accordance with this Agreement and the Rules when the reasons arise for the cancellation of the Balancing Agreement by the Market Operator; or
- due to a request from the Energy Agency.

A temporary technical prevention from operating on the electricity market shall be immediately entered into the Record of Balance Scheme membership agreements and shall apply as long as the reasons from the previous paragraph persist. Every time a temporary technical prevention from operating on the electricity market is implemented, the Market Operator shall inform by email the Balance Responsible Party, the Transmission System Operator and the Energy Agency, which in the event of a request stated in Article 17 of this Agreement decides on the measures to be taken.

In the event of a temporary technical prevention from operating on the electricity market, members shall be prevented from reporting of operational forecasts and closed contracts whose contracting party is a member, who is temporarily technically prevented from operating on the electricity market for the period of its prevented operation; the measure shall be published on the Market Operator's website. Closed contracts that were recorded with a member as a contracting party shall be removed from the records, by the effect of the temporary technical prevention from operation on the electricity market. All members of the balance scheme, who were listed as a contracting party in the removed closed contracts, are notified electronically.

Enforcement of the Agreement

Article 15

By signing this Agreement, the contracting parties undertake to act professionally and adhere to the applicable Electricity Supply Act and statutory acts issued on its basis, and the applicable Rules.

The contracting parties agree that the provisions from the applicable Rules relating to the mutual rights and obligations of the contracting parties constitute an integral part of this Agreement.

If the Balance Responsible Party does not agree with the amendment of the Rules, it is allowed to withdraw from this Agreement within 15 days after the publication of the amendment. If the Balance Responsible Party does not withdraw from this Agreement it shall be deemed that it agrees with the amendment of the Rules and consents that the amendment becomes a constituent part of this Agreement.

The contracting parties undertake to make every effort to ensure the enforcement of this Agreement.

The contracting parties undertake to interpret the provisions of this Agreement in the spirit of the applicable Electricity Supply Act and statutory acts issued on its basis, and the applicable Rules.

The Amendments and Supplements to the Agreement

Article 16

The contracting parties shall settle all prospective amendments and supplements of this Agreement with a written annex to this Agreement.

Dispute Settlement

Article 17

In the event of a temporary technical prevention from operating on the electricity market, the Balance Responsible Party shall have the opportunity to file a request with the Energy Agency within 15 days from sending the notification referred to in paragraph 2 of Article 14 of this Agreement, in accordance with the procedure under Articles 414 to 419 of the Energy Act (Official Gazette of the RS, No. 60/19 – uradno prečiščeno besedilo, 65/20, 158/20 – ZURE, 121/21 – ZSROVE, 172/21 – ZOEE in 204/21 – ZOP), to decide on dispute resolution with the Market Operator.

Article 18

All disputes arising out of or in connection with this Agreement shall to the extent possible be settled amicably by negotiation between the parties; in the event that this is not possible, the parties agree that

the eventual disputes shall be settled by the competent court in Ljubljana.

The governing law of this Agreement is the law of the Republic of Slovenia.

Original Copies of the Agreement

Article 19

This Agreement is written and signed in two (2) identical copies in the Slovene language; one (1) for each contracting party.

Validity of the Agreement

Article 20

This Agreement shall enter into force on the day it is signed by both contracting parties, and shall enter into service in accordance with Article 5 of this Agreement.

_____, _____

Ljubljana, _____

General Manager

General Manager

Mojca Kert