

TERMS FOR YEARLY AUCTION FOR THE SALE OF ELECTRICITY FROM ECO BALANCE GROUP IN 2020

Zagreb, 11 November 2019

UNOFFICIAL TRANSLATION

CROATIAN ENERGY MARKET OPERATOR Ltd. in accordance with Rules on the sale of electricity hereby issues the Terms for yearly auction for the sale of electricity from ECO balance group in 2020 and publishes them on its website.

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1. INTRODUCTION

Terms for yearly auction for the sale of electricity from ECO balance group in 2020 (hereinafter: Terms) define the methods and conditions of yearly auction for the sale of electricity from ECO balance group in 2020 (hereinafter: Auction). In the case of a conflict between the provisions of Croatian and English (unofficial translation) version of Terms, Croatian version of the Terms will be applied.

Regulation specifics

In accordance with Article 40 paragraph 2 of the Law on renewable energy sources and high efficiency cogeneration ("Official Gazette", No. 100/15, 123/16, 131/17 and 111/18) CROATIAN ENERGY MARKET OPERATOR Ltd. (Hereinafter: HROTE) sells purchased electricity from eligible RES producers on the electricity market, in accordance with the Rules of the sale of electricity.

A contract, in which HROTE acts as Seller, shall be concluded with participants who are successful at Auction in the amount of the purchased electricity bought in Auction and reported in accordance with the Rules on the operation of the organized electricity market ("Official Gazette", No. 107/19).

Electricity is sold in accordance with the contract and without guarantees of origin. In Auctions, conducted according to the Terms, HROTE shall act as the sole seller.

The following Annexes form an integral part of the Terms:

- Auction Application form (hereinafter: Application) (Annex I);
- Authorization for person authorized to participate in auctions form (Annex II);
- Contract sample for the purchase and sale of electricity (hereinafter the "Contract") together with the bank guarantee sample for the settlement of financial liabilities (Annex III);

2. METHOD OF AUCTION IMPLEMENTATION AND AUCTION OBJECT

HROTE shall sell the electricity from the Eco balance group on Auction carried out on the online auction application (hereinafter Trading Platform).

Auction date: 25 November 2019

Product type: Base load

Delivery period: From 1 January 2020 up to 31 December 2020

Lot size (in MWh): 8.784 MWh

No. of lots available at Auction: 60

Price definition: The price is set in EUR/MWh and is rounded to 1 Euro Cent (2 decimal places)].

Price increase step: 0,01 EUR/MWh

Minimal bid: 5 MWh/h

Price determination: Pay As Bid

Starting price: 54 EUR/MWh

Times of individual auction phases:

- 1) Receiving bids for Auction, from 09:00 - 11:00 CET
- 2) Announcement of results, by 12:00 CET
- 3) Deadline for appeals, by 13:00 CET
- 4) Announcement of official results, by 15:00 CET

Test auction: 22 November 2019

Information:

Up to 25 November 2019, 08:30 CET

Telephone number: +385 1 6306 700
 +385 1 6306 711
 +385 1 6306 709
Fax: +385 1 6306 777
E-mail: **AUCTIONS@HROTE.HR**

3. TECHNICAL-INFORMATION SYSTEM OF THE SELLER (HROTE)

Trading Platform enables the exchange of participants' data with HROTE in accordance with these Terms and which also includes program tools for auction implementation.

Access to Trading Platform and its use are made available by using personal identification elements that includes unique user name and password. CROATIAN POWER EXCHANGE Ltd (CROPEX), shall issue a personal identification element to all authorized persons of the Applicants.

The participants shall submit their bids exclusively via Trading Platform. Every bid is binding. By entering a bid, the participant irrevocably accepts the conditions stipulated in these Terms.

Trading Platform is available on **[HTTPS://EKOBG.CROPEX.HR](https://ekobg.cropep.hr)**

4. CONDITIONS FOR COOPERATION

Formal conditions

Any legal or natural person who has signed market participation agreement with HROTE day of Application to Auction, and who meets other conditions stipulated by these Terms, may participate in the Auction.

Application for participation in the Auction (Application) must contain:

1. Auction Application form with Annexes;
2. Authorization for person who is authorized to participate in the Auction;

Deadline for submitting an application: 18 November 2019, by 16:00 CET

The Applicant for participation on the Auction (hereinafter: Applicant) is obliged to submit a guarantee for the seriousness of the bid in the form of a cash deposit.

Deadline for submitting guarantee for the seriousness of the bid: 21 November 2019

Amount of the Guarantee for the seriousness of the bid: The amount of a guarantee for the seriousness of the bid is € 7000 for each MWh / h. The non-resident applicant is obliged to submit a guarantee for the seriousness of the bid with an amount in EUR. The resident applicant is obliged to provide the HRK equivalent guarantee for the seriousness of the bid by the conversion of the applicable EUR guarantee amount in HRK using the middle exchange rate of the Croatian National Bank in force on the date of the guarantee delivery.

Bank account for the transfer of the deposit:

Banka: Hrvatska poštanska banka d.d., Jurišićeva 4, HR-10000 Zagreb
IBAN: HR1023900011300058390
SWIFT: HPBZHR2X

5. AUCTION PARTICIPANTS' RIGHTS AND DUTIES

General

An auction participant can be a legal or natural person who has applied for Auction participation and meets the conditions for participation, and whose participation has been approved by HROTE (hereinafter: Auction participant).

Auction participant shall be obliged to respect these Terms and all instructions and other regulations adopted by HROTE on the basis of these Terms, Rules on the sale of electricity and other relevant legislation.

Auction participant must immediately inform HROTE of any changes to relevant information that could influence the course of the Auction or the receipt of supplied electricity by HROTE and changes of information submitted by the participant during the Application procedure. The participant is also obliged to inform HROTE in the event of insolvency, bankruptcy or liquidation, or other events that could affect the participant's financial situation.

The participant shall guarantee under a criminal and financial liability that their bid or auction participation is not in breach of the applicable regulations of the Republic of Croatia.

Participant exclusion

HROTE may exclude Auction participant from the Auction, should:

- Auction participant break these Terms;
- Auction participant is in bankruptcy proceedings or the preliminary procedure for determining the conditions for the opening of bankruptcy proceedings, in the pre-settlement, in liquidation proceeding, if it is managed by a person appointed by the competent court, if it is in the arrangement with creditors, if it has suspended business activities or if it is in a similar procedure under the law applicable at country of participant's main office,
- Auction participant's market participation agreement with HROTE is cancelled ,
- HROTE's decision to accept Application be approved on the basis of incorrect or false information;
- The participant not fulfil the minimum technical conditions for auction participation;
- The participants cease to exist.

HROTE shall immediately inform Auction participant of their exclusion in writing by post and e-mail. HROTE is entitled to exclude Auction participant any time until the conclusion of the Auction.

Limitation of the HROTE liability

HROTE, including their managers, colleagues, contractors or subcontractors, shall not be liable for the loss, expenses, expenditures or damage that could be caused under these Terms or in connection with them, except for damage that is a consequence of intentional violation, gross negligence or fraud.

6. AUCTION PROCEEDINGS

Auction Application

Application form, which forms an integral part of these Terms, shall be forwarded in writing by e-mail to the HROTE address specified in these Terms. In addition to submitted Application, the Applicant is obliged to submit the attachments specified in the Application Form.

The deadline for submission of the Application is November 18, 2019 until 16:00 CET.

After receiving the Application, HROTE shall verify the completeness and correctness of the Application.

In the event of an incomplete Application, HROTE shall invite the Applicant to eliminate the shortcomings within two (2) days at the latest. Should the Applicant fail to eliminate the shortcomings or amend their Application with the supporting evidence as requested by HROTE by the given deadline for the submission of a complete Application, the Application shall be rejected and in this case HROTE will inform the Applicant without delay.

Applicant is obliged to submit a guarantee for the seriousness of the bid in the form of a cash deposit into the bank account of CROPEX no later than 21 November 2019.

The funds in the deposit account shall not bear interests and shall be returned to any Bidder who was not selected within three (3) working days following the conclusion of the Auction. Working days are all days from Monday to Friday, except national holidays in Croatia. The deposit shall be returned to the selected Bidder the next working day after submitting the relevant financial guarantees stipulated by these Terms.

If the Auction Participant does not submit the signed copies of the Contract to the HROTE within seven (7) days from the day of receipt of the Contract, he shall be deemed to have canceled the conclusion of the Contract and HROTE shall be entitled to keep the amount of the deposit paid for the seriousness of the bid.

HROTE will confirm the participation in the Auction for those Applicants who have submitted a complete Application and meet all the conditions prescribed by these Terms no later than November 22, 2019 at 16:00 h, with notice of the allowed amount in MWh / h for bidding at the Auction, depending on the amount paid to guarantee the seriousness of the bid.

Each Auction Participant shall bear all costs related to the preparation and submission of their Bid, as well as the issuance of a guarantee for the seriousness of the Bid and a guarantee for the settlement of financial liabilities, and HROTE and CROPEX shall in no case be responsible or liable for such costs.

Test auction

Prior to the foreseen Auction execution under these Terms, HROTE will perform a test auction on date 21 November 2016. The test auction can be accessed by all Applicants.

Auction execution

The Auction will be conducted as follows:

1) Receiving bids for Auction, from 09:00 - 11:00 CET

The starting (minimal) price for products on Auction shall be set by HROTE and published on the Trading Platform website before the start of the Auction.

All Auction participants can enter their bid through the Trading Platform.

The amount shall be stated in whole numbers ("lots") and it cannot be lower than 5 MWh/h.

The price shall be rounded in two decimal places and it cannot be lower than the starting (minimal) price.

If the quantity or price of a bid does not comply with the above, the bid will be automatically rejected by the Trading Platform.

The order in the bid register shall always be determined by the "price/time stamp" criterion; this means that bids with a higher price shall be given the advantage. If there are several bids within the same price, bids that arrived first shall have precedence.

Auction participant, by submitting the Bid, accepts the attached draft text of the Contract on the Sale of Electricity from the ECO Balance Group (Annex III).

2) Announcement of results, by 12:00 CET

Trading Platform shall identify the successful participants to whom the products have been granted by the price/time stamp criterion.

In the event that aggregate amount of received bids for the total quantity of MWh/h is lower or equal to the requested quantity of MWh/h, all bids shall be accepted at their asking prices.

In the event that the submitted bids for quantity of MWh/h exceed the offered quantities of MWh/h, the following rules shall apply:

- a. Bids shall be accepted according to the price from those ranking higher to those ranking lower, until the entire quantity of the requested MWh/h is fulfilled. If the last bid quantity in the bid list exceeds the remaining quantity of the requested MWh/h, then such bid shall be accepted only in the amount equal to the remaining amount of energy required.
- b. If two (2) or more Auction participants have supplied valid bids with the same prices and neither of them can be fully accepted, the system shall choose the bid which arrived earlier.

The method for price determination is offer price ("pay-as-bid" option), whereby each successful Auction participant pays the price stipulated in their applicable bid.

Auction results will be published through the Trading Platform no later than 12:00 CET on the day of the Auction. Auction participants shall review the Auction results and may file an appeal in writing by e-mail.

3) Deadline for appeals, by 13:00 CET

Auction participant may file an appeal to the HROTE by e-mail to auctions@hrote.hr by 13:00 CET on the day of the Auction. HROTE will reject all appeals received after the prescribed deadline that are not understandable, signed and certified by the responsible person.

The appeal must be comprehensible and contain all that is necessary to be proceeded.

Auction participant's inability to access Trading Platform is not a valid reason to appeal against the auction results.

HROTE shall examine the justification of the appeal against the Auction results and forward its decision to the Auction participant by e-mail within two (2) hours after receiving the appeal.

If the appeal relates to an error in determining the selected Auction Participants and / or the price of the winning Bid and the HROTE accept it, HROTE may cancel the Auction and notify all Auction Participants by e-mail or publish the corrected results of the Auction.

4) Announcement of official results, by 15:00 CET

After the expiry of the deadline for appeals or after a decision has been taken on all possible appeals, the Auction results shall be deemed final. HROTE shall publish the final results on

HROTE's website and inform Auction participants by e-mail. HROTE will send a signed Contract to the successful Auction participants on the basis of the Auction results (sample in Annex III).

Auction participant who has been successful in Auction (Buyer) shall be obliged to submit all additional documents that supports merits of the Application that shall possibly be requested by HROTE and to return the signed copies of the Contract within seven (7) days after receiving them and to deliver the bank guarantees as prescribed in the Contract and these Terms.

Should the successful Auction participant fail to submit the aforementioned documents, that shall possibly be requested, and sign the Contract within the period set in the preceding paragraph, or a breach of these Terms or other relevant legislation be established, HROTE shall have the right to offer the products on Auction to the next most successful bidder from the bid register or to repeat the Auction.

The Auction report, which includes information on the product, quantity available on Auction, number of participants and number of successful participants, shall be published on HROTE's website. HROTE may publish the names of the successful bidders and/or the average agreed price on its website. Auction participants shall not have access to the bid register, kept by HROTE. They are only able to see their own bids.

The participant's e-mail address that is used by HROTE in Auction shall be the address stipulated in the "Contact information during auction".

7. AUTHORISED PERSONS FOR TRADING

Every participant shall designate one person within the Application who are authorized to enter and manage the purchase bids through Trading Platform. The form is an integral part of these Terms and of the Application (Annex II).

The authorized persons for trading may be changed only until 22 November 2019 at 16:00 CET.

8. REPORTING OF A CONTRACT

The buyer will be responsible for reporting transactions regarding this contract according to the Rules on the operation of the organized electricity market ("Official Gazette", No. 107/19) through contractual schedules and relevant REMIT regulations.

9. EXCEPTIONAL CIRCUMSTANCES

Exceptional circumstances are those which prevent the normal execution of the Auction.

Serious disturbances in the functioning of equipment or devices used by HROTE shall be deemed as exceptional circumstances.

Exceptional circumstances may be the reason for the cancellation or suspension of Auction.

Auction participants shall bear all the risks, and, pursuant to article 1054 of the Civil Obligations Act, agree for HROTE to annul, declare unsuccessful, terminate or delay Auction in case of exceptional circumstances, and in such cases shall not seek any compensation of damage which Auction participants might potentially incur as a result of the above.

10. GUARANTEE FOR THE SETTLEMENT OF FINANCIAL LIABILITIES

The buyer is obliged, within eight (8) days from the date of the mutual signature of the Contract, in order to ensure payment related to the unpaid liabilities of payment for electricity delivered and received from the ECO Balance Group and the unpaid liabilities related to the price difference for undelivered electricity from the ECO Balance Group in accordance with these Terms, submit to HROTE:

- irrevocable, unconditional bank guarantee in favor of HROTE, payable on first written call, "with no complaint", issued by bank acceptable to HROTE, in the form prescribed in Annex III. of these Terms, either via SWIFT messages from HROTE's commercial bank: Privredna banka Zagreb d.d. (<https://www.pbz.hr/hr>), or by post with contact information of the issuer. In the event that main office of the issuer of the bank guarantee is not on Croatian territory, delivery of bank guarantee is allowed only through SWIFT messages by Privredna banka Zagreb d.d. The buyer is obliged to submit a guarantee in HRK equivalent determined by the conversion of the EUR to HRK using the middle exchange rate of the Croatian National Bank effective at the date of issue of the bank guarantee.

- or deposit a cash deposit into the transaction account (IBAN) of HROTE: HR4124020061300013175, SWIFT: ESBCHR22, opened at Erste & Steiermärkische Bank d.d., Jadranski trg 3A, 51000 Rijeka. The buyer is obliged to submit a guarantee in HRK equivalent determined by the conversion of the EUR to HRK using the middle exchange rate of the Croatian National Bank effective at the date of issue of the bank guarantee.

HROTE reserves the right to refuse a bank guarantee from a bank that is not acceptable by HROTE. Acceptable bank is considered as the bank with main office in the Republic of Croatia who meets the following capital requirements: regular rate of core capital of at least 4.5%, the rate of core capital of at least 6% and the rate of the total (regulatory) capital of at least 8%. If the bank is based outside of the Republic of Croatia, the buyer's bank shall send bank guarantee by SWIFT message to HROTE's bank, which will verify the solvency of the buyer and submit a bank guarantee to HROTE via SWIFT message.

Guarantee for the settlement of financial liabilities amount = 10% of total contractual amount, VAT included.

Currency of guarantee for the settlement of financial liabilities is Croatian kuna (HRK).

All costs arising from the process of realizing the bank guarantee shall be borne by the buyer whose guarantee is being realized.

The financial guarantees must remain valid for at least two (2) months after the finished supply under Contract, that is, until February 28, 2021.

If the selected Auction Participant fails to provide HROTE with a guarantee for the settlement of financial liabilities within eight (8) days from the date of the mutual signature of the Contract, HROTE has the right to keep the amount of the deposit paid for the seriousness of the bid.

In the event of a realization of a financial guarantee, the buyer must replace the realized bank guarantee or used cash deposit with a new one immediately or within three (3) days at the latest.

HROTE shall use the financial guarantee if payments are not made in accordance with the Contract.

**PRILOG I – OBRAZAC ZAHTJEVA ZA SUDJELOVANJE NA AUKCIJI / ANNEX I –
AUCTION APPLICATION FORM**

**ZAHTJEV ZA SUDJELOVANJE NA AUKCIJI /
AUCTION APPLICATION**

- Godišnja aukcija za prodaju električne energije iz EKO bilančne grupe u 2020. godini/
Yearly auction for the sale of electricity from ECO Balance Group in 2020

INFORMACIJE O TRŽIŠNOM SUDIONIKU /

**INFORMATION ABOUT MARKET
PARTICIPANT:**

Naziv ili ime i prezime / <i>Name:</i>	Click here to enter text.
Adresa / <i>Address:</i>	Click here to enter text.
Država / <i>Country:</i>	Click here to enter text.
Matični broj subjekta / <i>Registration number:</i>	Click here to enter text.
OIB / <i>VAT number:</i>	Click here to enter text.
Odgovorna osoba / <i>Legal representative:</i>	Click here to enter text.

INFORMACIJE O BANCI /

BANK INFORMATION:

Naziv poslovne banke / <i>Business bank name:</i>	Click here to enter text.
Adresa poslovne banke / <i>Business bank address:</i>	Click here to enter text.
Broj računa banke / <i>Bank account number (IBAN):</i>	Click here to enter text.
SWIFT kod / <i>SWIFT Code:</i>	Click here to enter text.

KONTAKT PODACI TIJEKOM POSTUPKA PRIJAVE /

CONTACT INFORMATION DURING APPLICATION PROCEDURE:

Kontakt osoba / <i>Contact person:</i>	Click here to enter text.
Telefonski broj / <i>Telephone number:</i>	Click here to enter text.
E-mail:	Click here to enter text.
Fax:	Click here to enter text.

KONTAKT PODACI TIJEKOM PROVOĐENJA AUKCIJE /

CONTACT INFORMATION DURING AUCTION:

Kontakt osoba / <i>Contact person:</i>	Click here to enter text.
Telefonski broj / <i>Telephone number:</i>	Click here to enter text.
E-mail:	Click here to enter text.
Fax:	Click here to enter text.



KONTAKT PODACI ZA FINACIJSKI OBRAČUN /

CONTACT INFORMATION FOR FINANCIAL SETTLEMENT:

Kontakt osoba / *Contact person*: [Click here to enter text.](#)

Telefonski broj / *Telephone number*: [Click here to enter text.](#)

E-mail: [Click here to enter text.](#)

Fax: [Click here to enter text.](#)

Kao potpisnik izjavljujem / *The undersigned declare that:*

- da sam suglasan s odredbama definiranim u Uvjetima za godišnju aukciju (u daljnjem tekstu: Uvjeti) za koju se prijavljujem, uvjetima za prijavu i sudjelovanje na aukciji te sam upoznat s pravilima, kao i odredbama i zahtjevima propisanim Uvjetima /
We are fully aware of the conditions stipulated in the terms for yearly auction we are applying for (hereinafter: the "Terms"), conditions for applying and participating in auctions and that we are bound by the rules, as well as the provisions and demands stipulated in the Terms;
- da sam suglasan da mi pravo na sudjelovanje na Aukciji može biti opozvano u slučaju kršenja odredbi Uvjeta ili bilo kojeg drugog relevantnog propisa /
We are aware that our right to participate in auction may be revoked in the event of a breach of the provisions of the Terms or any other relevant legislation and regulation;
- da ću sklopiti ugovor o kupoprodaji električne energije iz EKO bilančne grupe, koji je dio Uvjeta, u slučaju odabrane ponude/*We will conclude a supply contract, which is an integral part of the Terms, in the event of a successful bid;*
- da ću bez odgode podmiriti sve poslovne i porezne obveze i podnijeti sva sredstva osiguranja plaćanja sukladno Uvjetima /
We will promptly settle all business and tax liabilities, and submit all securities and financial guarantees, as required by the terms;
- da se protiv mene ne vodi kazneni postupak koji se odnosi na obavljanje naše djelatnosti/
We are not the subject of criminal proceedings concerning the pursuit of our activity.
- da ne postoje uvjeti za isključenje iz točke 5. Uvjeta /
That conditions for exclusion from chapter 5 of the Terms don't exist.

OBVEZNI PRILOZI / MANDATORY ANNEXES:

- Dokument kojim se potvrđuje da je potpisnik zahtjeva, kasnije i Ugovora, ovlašten za podnošenje zahtjeva, odnosno za potpisivanje Ugovora (u slučaju da nije odgovorna osoba) /
Document confirming that the person signing the application form, and at a later stage the Contract, is authorised to do so (if the signatory is not the Legal representative);
- Punomoć osobi koja je ovlaštena za sudjelovanje na Aukciji /
Authorisation for person who is authorised to participate in the Auction.

Tijekom formalne provjere Zahtjeva, HROTE može zatražiti dodatnu dokumentaciju od Podnositelja zahtjeva. / *During the formal verification of the auction Application HROTE may request additional documents from the Applicant.*

U / *In* [Click here to enter text.](#), dana / *on* [Click here to enter a date.](#)

Pečat, potpis / *Stamp, signature*

PRILOG II – PUNOMOĆ ZA SUDJELOVANJE NA AUKCIJI / ANNEX II – AUTHORISATION FOR PERSON AUTHORISED TO PARTICIPATE IN AUCTIONS

- Godišnja aukcija za prodaju električne energije iz EKO bilančne grupe u 2020. godini /
Yearly auction for the sale of electricity from ECO Balance Group in 2020

Osoba navedena u nastavku sa svojim kontakt podacima smatrat će se ovlaštenom sudjelovati na gore odabranoj aukciji koja će se održati u skladu s uvjetima za godišnju aukciju za prodaju električne energije iz EKO bilančne grupe (u daljnjem tekstu: "Uvjeti") i za podnošenje i upravljanje ponudama za kupnju u ime i za račun Podnositelja zahtjeva.

The person listed below with his contact details shall be deemed as authorised to participate in above stated auctions performed in accordance with the terms for yearly auction for sale of electricity from ECO Balance Group in 2020 we are applying for (hereinafter: the "Terms") and to enter and manage the purchase bids on behalf of the said Applicant.

INFORMACIJE O PODNOSITELJU ZAHTJEVA/

ABOUT THE APPLICANT:

Naziv ili ime i prezime / <i>Name</i>	Click here to enter text.
Matični broj subjekta / <i>Registration number</i>	Click here to enter text.

OVLAŠTENA OSOBA /

AUTHORISED PERSON:

Ime i prezime / <i>Name and surname</i>	E-mail	Telefonski broj / <i>Telephone number</i>	Broj mobilnog telefona / <i>Mobile phone number</i>
Click here to enter text.	Click here to enter text.	Click here to enter text.	Click here to enter text.

U / *In* Click here to enter text., dana / *on* Click here to enter a date.

Pečat, potpis / *Stamp, signature*

ANNEX III – SAMPLE OF THE CONTRACT FOR THE PURCHASE/SALE OF ELECTRICITY FROM ECO BALANCE GROUP

_____ (Recipient's name)
_____ (Recipient's address)
_____ (Postcode and city)
Registration number: _____
OIB/Tax number: _____
Taxable person: _____ (YES / NO)
Represented by: _____ (Legal representative)
(Hereinafter referred to as: the "Buyer")

And

CROATIAN ENERGY MARKET OPERATOR Ltd.

Ulica grada Vukovara 284, 10000 Zagreb,
OIB: 75801633608
Represented by: Boris Abramović, director
(Hereinafter referred to as: the "Seller"),

shall conclude

A CONTRACT ON THE PURCHASE/SALE OF ELECTRICITY FROM ECO BALANCE GROUP NO. _____

INTRODUCTORY PROVISIONS

Article 1

The contracting parties agree that this Contract is concluded on the basis of the Law on renewable energy and high-efficiency cogeneration ("Official gazette", No. 100/15, 123/16, 131/17, 111/18), Rules on the sale of electricity (hereinafter referred to as: the "Rules") and Terms for yearly auction for sale of electricity from ECO balance group in 2020 (hereinafter referred to as: the "Terms").

Terms are considered an integral part of this Contract.

SUBJECT OF THE CONTRACT

Article 2

This Contract specifies the conditions and the method for the sale/ supply and the purchase/ receipt of electricity between the contracting parties on the basis of the results of yearly auction for sale of electricity from ECO balance group in 2020 (hereinafter referred to as: the Auction) dated 25 November 2019 executed in accordance with the Rules and Terms.

Article 3

Sale of electricity from ECO balance group in 2020.:

- DELIVERY PERIOD: from 01.01.2020 at 00:00 hours till 31/12/2020 at 24:00 hours
- DELIVERY CAPACITY AND PROFILE: X MWh/h every day of the year, Monday – Sunday, from 00:00 hours to 24:00 hours.

Seller will supply from its ECO balance group and the buyer will purchase in total _____ (total supply amount) MWh of electricity, from ECO balance group.

PAYMENT DEADLINES AND TERMS

Article 4

In accordance with the accepted bids at Auction, contracting parties agree that the price(s) for product: Base load shall be _____ (contract price in EUR/MWh rounded to two decimal places for a particular product quantity) EUR/MWh excluding VAT.

Article 5

Seller shall charge VAT on top of the price from Article 4 in accordance with legislation in force.

Article 6

(1) Seller shall charge the Buyer the total value of the supplied electricity under this Contract in accordance with the provisions of this Contract.

(2) Seller shall issue invoices twice a month on the basis of the monthly dynamics of the electricity supply, namely:

- For the delivery period from the 1st up to the 15th of the month;
- For the delivery period from the 16th up to the last day of the month.

(3) The invoices for the supplied electricity shall be issued within three (3) days after the delivery period. The payment deadline is ten (10) days from the invoice date.

(4) The invoice from paragraph 3 of this Article will be issued by Seller to the Buyer in HRK equivalent determined by conversion of EUR to HRK using the middle exchange rate of the Croatian National Bank effective on the last day of the delivery period referred to in paragraph 2 of this Article, rounded to two decimal places.

Article 7

Should the Buyer fail to settle their due liabilities within the deadline stipulated on the invoice, Seller will charge them statutory interest for late payment.

Article 8

(1) If the Buyer fails to settle its due payment liabilities, and he has accepted the electricity, Seller has the right to use the guarantee for the settlement of financial liabilities and to

unilaterally withdraw from the Contract if the Buyer does not deliver new guarantee for the settlement of financial liabilities within three (3) days from the date of activation of the guarantee for the settlement of financial liabilities.

(2) If the Contract is terminated due to reasons stipulated in the paragraph 1 of this Article, also in the case of the Buyers unilateral withdrawal, the Buyer is obliged to pay Seller the outstanding liabilities for the supplied electricity and to cover the damage that occurred due to the unsupplied electricity.

(3) The Buyer shall be deemed to have unilaterally withdraw from the Contract on the date on which the Seller received written notice of withdrawal.

(4) In the event of termination of the Contract referred to in paragraph 2 of this Article, if the Seller was a committed party to the Contract, he will also be entitled to compensation for more damages if he has suffered the same.

(5) Should the contract referred to in paragraphs 1 and 2 of this Article be terminated, Seller may sell the rest of the electricity that would belong to the Buyer if the Contract was not terminated on new auction which would be held for the electricity that was not delivered to the Buyer or on the day ahead CROPEX market, whereby the eventual negative difference between the achieved selling price and the contract price or weighted average price achieved on CROPEX day ahead market and the contract price shall be borne by the Buyer.

(6) If the price of electricity that Seller achieved on the newly held auction or day ahead CROPEX market is lower than the already achieved contract price for the unsupplied electricity after the termination of the Contract, the Buyer is obliged to pay Seller the difference in price that equals the product value of:

- The difference between the contract price and the price Seller achieved on the newly held auction or day ahead CROPEX market, for sale of electricity from ECO balance group;
- The quantity of unsupplied electricity under the provisions of this Contract; and
- Coefficient of the cost of re-sale that amounts to 1.05.

(7) Should the average weighted price of electricity that Seller achieves on day ahead CROPEX market or newly held auctions be higher than the already achieved price for the unsupplied electricity in the example from paragraph 6 of this Article, the Buyer shall not be entitled to the realized difference in price.

(8) The parties agree that the Seller may, in the event of termination of the contract referred to in paragraphs 1 and 2, issue an invoice to the buyer for the difference in price for the unsupplied electricity referred to in paragraph 6 of this Article.

(9) The Seller has the right to use the guarantee for the settlement of financial liabilities in the event that the Buyer fails to pay the due claim referred to in paragraph 8 of this Article.

Article 9

(1) Seller shall withdraw from this Contract without notice:

- If, for the duration of the Agreement, the participant is in bankruptcy proceedings or the preliminary procedure for determining the conditions for the opening of bankruptcy proceedings, the pre-settlement, in liquidation proceeding, if it is managed by a person appointed by the competent court, if it is in the arrangement with creditors, if it has suspended business activities or if it is in a similar procedure under the law applicable at country of participant's main office,
- The participant ceases to be registered as a market participant in the electricity market in Croatia,
- The Buyer ceases to exist;
- The Buyer does not submit the financial guarantee for the settlement of financial liabilities within the deadline as stipulated in the Terms.

(2) If the Contract is terminated in accordance with paragraph 1 of this Article, the provisions of Article 8 shall apply.

Article 10

(1) The Seller shall have the right to unilaterally terminate the Contract if the Buyer fails to accept the electricity in the contractual delivery period defined in Article 3 of this Agreement by not submitting, for more than two (2) times, in accordance with the Rules for Organizing the Electricity Market, contractual schedule with delivery values according to Article 3 of this Contract.

(2) The Seller shall inform the Buyer in writing after the occurrence of each situation described in paragraph 1 of this Article.

(3) The notice shall be deemed to have been delivered by sending the notification referred to in paragraph 2 of this Article to the Buyer's e-mail address referred to in paragraph 1 of Article 12 of this Agreement.

(4) If the Contract is terminated in accordance with paragraph 1 of this Article, the difference shall be settled on the basis of the formula from Article 8 of this Contract.

SECURITY FOR PAYMENTS

Article 11

In order to secure the fulfilment of their obligations, the Buyer must submit financial guarantees as stipulated in the Terms within eight (8) days after the conclusion of the Contract.

COMMUNICATION

Article 12

(1) Contact information used in operative communication regarding this Contract shall be the following:

For the Buyer:

Contact person: _____

Mobile No. _____

Landline No. _____

Fax: _____

E-mail: _____

For Seller:

Landline No. + 385 1 6306 700;

Fax: + 385 1 6306 777;

E-mail: **EKOBG@HROTE.HR**

(2) In case of change of the information referred to in paragraph 1 of this Article, the Buyer shall immediately notify the Seller of the changes and shall be responsible for the accuracy of the submitted information.

(3) The Seller shall promptly notify the Buyer of changes to its contact information.

FORCE MAJEURE

Article 13

Under this Contract unexpected natural phenomena, such as natural disasters (floods, earthquakes, fire etc.) and other phenomena that cannot be prevented or avoided and cause inability to fulfil their contractual obligations by one of the parties to this Contract, shall be considered a force majeure event.

Article 14

The occurrence of a force majeure event shall absolve Seller and the Buyer of their obligations for the duration of the force majeure event, as well as the obligation to pay compensation due to non-fulfilment of contractual obligations during the duration of the force majeure event.

Article 15

The contracting party that refers to a force majeure event must immediately and in a reliable manner inform the other contracting party of its occurrence and cessation, otherwise it shall be responsible for all associated actual damage.

ENFORCEMENT OF THE CONTRACT

Article 16

- (1) Should any provision of this Contract be recognized as invalid or unenforceable or become invalid or unenforceable, this shall not affect the remaining provisions of this Contract.
- (2) By signing this Contract, the contracting parties undertake to act professionally and show respect towards the applicable Rules, Terms and other relevant regulations.

PROTECTION OF CONFIDENTIAL INFORMATION

Article 17

- (1) Buyer with signing this Contract gives consent to the Seller to use official data and certain information contained in this Contract on the Buyer, only for the purposes of its own records and the purpose of the publication of certain information in the framework of Terms, and in particular those rights and obligations that Seller has as a public authorities in accordance with applicable regulations on the right of access to information.
- (2) The Contracting Parties agree to use all data and information exchanged between them solely for the purpose of conducting the Auctions.
- 3) For the purpose of protecting the personal data of individuals with regard to the possible processing of personal data in the performance of this Agreement, the Contracting Parties undertake to apply the provisions of the General Data Protection Regulation (REGULATION (EU) 2016/679 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 27 April 2016 on the protection of individuals with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46 / EC) and the Law on the implementation of the General Data Protection Regulation.

AMENDMENTS TO THE CONTRACT

Article 18

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

DISPUTE RESOLUTION

Article 19

- (1) The contracting parties shall seek to settle any dispute, arising in connection with this Contract by conciliation between the parties.
- (2) Should this not be possible the parties shall agree on the competent court in Zagreb that decides in the subject matter concerned.

(3) Relevant law applicable to this Contract is the law of the Republic of Croatia.

Article 20

(1) This Agreement shall enter into force with the signature of the authorized representatives of the Contracting Parties.

(2) If the dates of signature of the authorized representatives of the Contracting Parties differ, this Agreement shall enter into force on the date of its subsequent signature.

Article 21

(1) This Contract is written and signed in two (2) identical copies in Croatian *and English (in case Buyer's main office is not located in Republic of Croatia)* language one (1) for each contracting party.

(2) *In the case of a conflict between the provisions of Contract copies in Croatian and English, Croatian version of the Contract will be applied.*

In Zagreb, on _____

In _____, on _____

Signatory:

Signatory:

SAMPLE OF THE BANK GUARANTEE FOR THE SETTLEMENT OF FINANCIAL LIABILITIES

_____ (name, address and VAT number of bank guarantor) (hereinafter: the Guarantor), issued as requested and for the account of the company _____ (name, address and VAT number of the Client) (hereinafter: the Client) in favour of the company CROATIAN ENERGY MARKET OPERATOR Ltd., with headquarters in Zagreb, Vukovarska ulica 284, VAT number: 75801633608, incorporated in accordance with the laws of the Republic of Croatia (hereinafter: the Guarantee Beneficiary) a non-transferable, irrevocable, unconditional guarantee for the proper performance of the Contractual obligations, payable on first call, as follows

BANK GUARANTEE no. _____

for the proper performance of Contractual obligations

1. According to the provisions of the Contract on the purchase/sale of electricity from the ECO balance group No. _____, dated _____ and the applicable Rules on the sale of electricity, Terms for yearly auction fro the sale of electricity from ECO balance group and other rules and regulations adopted by the Guarantee Beneficiary the Client is obliged to submit to the Guarantee Beneficiary a bank guarantee in the amount of HRK _____ (enter the amount as determined in the Contract), to settle financial liabilities arising from the purchase of electricity from the ECO balance group.
2. In accordance with the above said, at the request of the Client, and for the performance of the provisions in the Contract related to the unpaid liabilities of payment for electricity delivered and received from the ECO Balance Group and the unpaid liabilities related to the price difference for undelivered electricity from the ECO Balance Group, the Guarantor hereby provides an irrevocable and unconditional guarantee to the Client and undertakes to pay the Guarantee Beneficiary regardless of any objection by the Client, by the respective bank(s), and/or by anyone else who claims to be acting on behalf of the Client the amount noted in this Guarantee, up to the amount of HRK _____ (enter the amount) (written in words: _____) at first call by the Guarantee Beneficiary for collecting payment, submitted by registered mail to the address of the Guarantor _____ (specify the address of the Guarantor's bank), which states that the Client has failed to meet its obligations to pay the as stipulated by the Contract, and along with the call the Guarantee Beneficiary shall submit copies of unpaid invoices. For the requirement of identification, the Guarantor's bank shall check and verify the authenticity and validity of the Guarantee Beneficiary's signatures that appear on the call. Obligations arising from this Guarantee will automatically be deducted by all amounts paid by the Guarantor based on this Guarantee.

3. This guarantee is valid until 28 February 2021.
4. Upon expiration of the Guarantee, the Guarantee Beneficiary shall return to the Guarantor the original Guarantee. After the expiry of the Guarantee, all the Guarantor's obligations towards the Guarantee Beneficiary cease, regardless of whether the original Guarantee has been returned to the Guarantor or not.
5. This Guarantee shall come into force on the date of its issue.
6. Disputes arising from this Guarantee will be resolved before the Commercial Court in Zagreb.
7. This Guarantee has been drafted in a one (1) original copy.
8. This Guarantee is subject to the Uniform Call Guarantee Rules (UPGP), 2010 Edition, MTK Publication no. 758th

Place and date of issuing

For the Guarantor (name of Bank Issuer)

.....(name and surname of authorised signatory)

..... (position of authorised signatory)