

Selection of electricity supplier for long-term covering of losses on the transmission network in the year 2012

Rules of selection

Ljubljana, 18th November 2010

Elektro – Slovenija, d.o.o., Ljubljana, hereby publishes the following

Rules for selection of electricity supplier for long term covering of losses on the transmission network in the year 2012

Article 1

In line with the provisions of Articles 4 and 22 of the Energy Act (official consolidated text – Official Gazette of the Republic of Slovenia, no. 27/2007, amendments to Off. Gaz. of RS, nos. 70/2008 and 22/2010), Elektro–Slovenija, d.o.o. (hereinafter: ELES or the Buyer) is obliged to ensure, through the provision of ancillary services, the transmission and quality of electricity supply to all network users.

For this purpose ELES shall conduct selection of electricity supplier for long-term covering of losses on the transmission network in the year 2012 (hereinafter: selection), at which a supplier of electricity for long-term covering of losses shall be selected. In line with the provisions of these Rules, ELES shall select the best supplier with whom it shall enter into a contract for the delivery of electricity for long-term covering of losses on the transmission network in the year 2012.

1 SELECTION OF THE SUPPLIER

Article 2

The supplier shall be selected from among the participants of the selection on the basis of a service fee for the delivery of the long-term quantity of the electricity specified in Article 3 of the Rules for selection of electricity supplier for long term covering of losses on the transmission network in the year 2012 (hereinafter: Rules) under the conditions stipulated therein. The Buyer shall select the most favourable supplier from among the participants who were allowed to participate in the selection by conducting an auction whose subject shall be a service fee for the delivery of electricity.

1.1 SUBJECT OF DELIVERY

Article 3

The subject of delivery is electricity in the following amounts and delivery period:

1. **up to 25 MW of baseload electricity** through the physical delivery of electricity on the Slovenian transmission network in the period from 1st January 2012 at 00.00 h until 31 December 2012 at 24.00 h.

2. **up to 10 MW of peakload electricity** through the physical delivery of electricity on the Slovenian transmission network in the period from Monday to Friday from 8:00 to 20:00h in the period from 1st January 2012 until 31st December 2012.

The Buyer shall determine the amount of electricity to be delivered on the basis of the request form enclosed as an annex to the Sample Contract for the delivery of electricity for long-term covering of losses in the transmission network in the year 2012, which is Annex No. 7 of these Rules. The total amount of electricity delivered in a particular period shall be equal to the sum of all amounts requested for that period by the Buyer on the basis of its requests.

1.2 PRICE

Article 4

The price for a particular quantity of electricity corresponding to an individual request form provided by the Buyer shall comprise:

- a) a fixed price (FC_n) equal to the settlement price of futures contracts attained on the European Energy Exchange AG (hereinafter: EEX) on the day determined by the Buyer in its request form, and
- b) a service fee (M) offered by the selected participant at the auction for service fee for the delivery of electricity. This fee shall represent the costs of performing the service and any other possible costs, as a result of which the final delivery price estimated by the participant may differ from the fixed price, and can also be negative.

Article 5

The precise procedure of price calculation for the purpose of financial settlement of delivered electricity between the Buyer and the Seller is described in detail in the sample of the Contract for the delivery of electricity for long-term covering of losses on the transmission network in the year 2012 which is the Annex 7 of these Rules.

Article 6

The delivery of electricity relates to DAF Slovenian side of the Slovenian border. The acquisition of cross-border transmission capacities is exclusively the supplier's obligation.

2 PARTICIPATION TO THE SELECTION

2.1 SELECTION PARTICIPANTS

Article 7

ELES participates in the selection as the Buyer, which shall be responsible for covering losses on the transmission network in line with the Energy Act and implementing regulations.

Article 8

Participation in the selection is open to all legal entities and natural persons who, under the decree regulating the mode of performing the commercial public service for the organization of the electricity market in Slovenia, have concluded a balance agreement or a contract for the settlement of imbalances with the balance responsible party.

Article 9

Buyer reserves the right to cancel the selection, if at least three (3) participants do not participate in the selection with a complete application or bid or in any other case where Buyer assesses that the purpose of the selection has not been achieved.

2.2 APPLICATION FOR THE SELECTION

Article 10

The application for participation in the selection has to include:

1. **Basic data on the participant and authorized selection representatives** (Annex No. 1);
2. **Requested evidence of fulfilled requirements** (Annex No. 2);
 - 2.1. **Regular extract from the court register or an extract from the Slovenian Business Register (AJPES)**, which includes the most recent changes (extract data should not be older than ninety (90) days). If the judicial authorities in the country where the selection participant has its registered office do not issue such certificates, the participant shall replace the said certificate with the certificate of another competent authority;
 - 2.2. **Confirmation from the judicial records** stating that the participant is not in a bankruptcy, liquidation or compulsory composition procedure (extract data should not be older than thirty (30) days);
 - 2.3. **Certificate of proof of authorisation granted** to the signatory of the application, and later of the contract, in cases where the signatory is not a director (authorisation date should not be older than ninety (90) days);
3. **Bid Bond** (Annex No. 3) in the value of EUR 300,000, and valid until 31st December 2010. The contents of the bank guarantee are to be the same as the contents of Annex No. 3. If the participant presents a bank guarantee issued by a foreign bank, the bank must have a prime rating. ELES may verify a foreign bank's rating with the Bank of Slovenia;
4. **Declaration** of the participant stating that, prior to signing this declaration, it was familiarized and agrees with the Rules (Annex No. 4);
5. **Sample contract** containing missing data about the participant, **initialled on each page** and certified with the participant's stamp (Annex No. 7).

The documents provided by the participant are to be submitted as original copies or as certified copies. The certification is to be performed by a notary public or other competent authority.

The application for participation in the selection is to be sent in the prescribed form: **»Application for the selection of electricity supplier for the long-term covering of losses on the transmission network in the year 2012«**, (enclosed hereto as Annex No. 1).

Participants are to deliver their applications by registered mail to the following address: **Elektro – Slovenija, d.o.o., Hajdrihova 2, 1000 Ljubljana, with the inscription “LOSSES 2012 – CONFIDENTIAL, DO NOT OPEN”**, or in person to the mail room on the 3rd floor of the building. An application shall be deemed duly submitted if delivered to the mail room by **Thursday, 2nd December 2010 at 13:00 h at the latest**.

Applications that are not submitted in line with the previous paragraph shall be rejected by ELES and returned to the sender.

Article 11

In case of an incomplete application, ELES reserves the right to invite the participant concerned to complete the application. ELES will inform the participant of the selection of an incomplete application by fax within 24 hours after the deadline for application to the selection specified in Article 10 of these Rules. The participant is to complete the application within 48 hours after receiving notification of its incomplete application. On the basis of a completed application, ELES shall issue to the participant, via e-mail within 24 hours, relevant confirmation of its inclusion in the selection.

ELES may request that the selection participant provides additional information or evidence to substantiate the application.

2.3 CONDUCTING THE AUCTION FOR SERVICE FEE

Article 12

The auction for service fee shall be conducted publicly and in the presence of a notary. The selection may be attended only by participants whose participation in the selection has been confirmed in line with Article 11 of these Rules.

Article 13

Participants of the auction for service fee are to submit their opening bids on the prescribed form, **»Offer at the auction for service fee for the delivery of electricity for long-term covering of losses on the transmission network in the year 2012«** (enclosed in Annex No. 5 of these Rules). Each auction participant is entitled to submit only one opening bid.

In case that auction participant sends more than one opening bid, ELES will consider only the opening bid with the lowest price. Auction participants are to submit their opening bids by registered mail to the following address: **Elektro – Slovenija, d.o.o., Hajdrihova 2, 1000 Ljubljana, in a closed envelope bearing the inscription “LOSSES 2012 BID – CONFIDENTIAL, DO NOT OPEN”,** or in person to the mail room on the 3rd floor of the building by **Thursday, 9th December 2010 at 10:45 h at the latest**, or to the notary, at his/her request, in a closed envelope at the beginning of the auction.

Bids that are not submitted in line with the previous paragraph shall be rejected by ELES and returned to the sender.

Participation in the auction shall be allowed to not more than two representatives of participant, who prove their identity by presenting a personal document and an authorisation for participation in the auction granted by the auction participant. The identification procedure shall be conducted by the notary prior to the commencement of the auction.

2.3.1 TIME OF THE AUCTION AND BIDDING

Article 14

The auction will take place on **Thursday, 9th December 2010 from 11:00 h** onward in ELES' quarters at the address of Elektro – Slovenija, d.o.o., Hajdrihova 2, 1000 Ljubljana. The auction shall consist of two (2) rounds, an opening and a first round. Participants may in the first round change their bids by submitting new bid in a closed envelope. Each auction round will presumably last ten (10) minutes. The exact start and end time of each auction round shall be announced by the notary. Bids submitted outside the time notified by the notary will be invalid.

Article 15

ELES will publicly open all received bids specified in Article 13 of these Rules and check if all the data in the form entitled “Offer at the auction for a service fee for the delivery of electricity for long-term covering of losses on the transmission network in the year 2012” are entered in line with the provisions of Article 17 of these Rules.

Article 16

Participants may change their opening bids in the first round of the auction. The service fee offered by each participant in the first round must be lower or equal to the service fee offered by that same participant in the opening round, otherwise the bid offered in the opening round shall be deemed valid.

If the authorized representative of a participant fails to attend the auction in person or fails to deliver a new bid in the first round of the auction, the participant's opening bid shall remain valid.

Article 17

Bids are to be submitted on the prescribed form enclosed hereto as Annex No. 5, and are to contain the following information:

- name of company (auction participant),
- bid number,
- authorised person for participation to the auction,
- service fee in EUR/MWh and rounded off to EUR 0.01.

Article 18

In the event of several bids with the same price, ELES shall conduct additional auction rounds which may be attended by all auction participants. ELES will conduct additional auction rounds up to the moment where only one auction participant with the best bid can be selected.

Article 19

ELES shall, at the end of each auction round, select, from among the validly submitted bids, the most favourable bid, i.e. the bid with the lowest service fee and shall publish:

- the list of participants with valid bids,
- the lowest offered service fee.

Article 20

All bids shall be deemed valid until the receipt of official notice of auction results. The bid of the selected participant shall be valid until a relevant contract is signed.

2.4 PUBLICATION OF SELECTION RESULTS

Article 21

ELES shall, within one day after conclusion of the selection, notify the selection participants of the official results of the selection and send them confirmations of selection. The selected selection participant shall, on the basis of relevant confirmation of selection, sign a Contract for the delivery of electricity for long-term covering of losses on the transmission network in the year 2012.

Article 22

ELES shall publish, within one day after conclusion of the selection, the official selection results from the last auction round:

- the name of selected participant,
- offered service fee of selected participant,
- anonymous list of all offered service fees.

Article 23

ELES has the right to cancel the selection in any phase thereof. If the selection is cancelled after conclusion of the selection, the activities specified in the previous two Articles of these Rules shall not be performed.

3 EXCLUSION OF LIABILITY OF AUCTION OPERATOR

Article 24

ELES shall not be held liable for any direct or indirect damage resulting from:

1. participant's inability to participate at the selection/auction or any failure to attend the auction,
2. late submission of a bid,
3. an auction participant's error in completing the prescribed bid form,
4. cancellation of the selection/auction.

4 DISPUTES

Article 25

In case of any disputes arising from different interpretations of the provisions of these Rules, the Slovenian version of the document shall prevail.

5 CONTRACTUAL RELATIONSHIPS

Article 26

The selected selection participant shall, at the time of contract signature, submit a performance bond (Annex No. 6) in the amount of € 1,000,000.00, valid until 28th February 2013. The contents of the performance bond are to be equal to the contents specified in Annex No. 6. If the performance bond submitted by the selected participant is issued by a foreign bank, the bank must be a first-rate bank. ELES has the right to check the rating of the foreign bank with the Bank of Slovenia.

ELES shall, not later than ten (10) days after the conclusion of the selection, enter into a contract with the selected participant. The contract shall be concluded at the location of ELES' head office.

Ljubljana, 18th November 2010

Elektro-Slovenija, d.o.o.

CEO

Mijan Jevšenak, M.Sc.

Annex No. 1: Application for the selection of electricity supplier for long-term covering of losses on the transmission network in the year 2012

APPLICATION FOR THE SELECTION OF ELECTRICITY SUPPLIER FOR LONG-TERM COVERING OF LOSSES ON THE TRANSMISSION NETWORK IN THE YEAR 2012

The participant is hereby submitting an application to participate in the selection of electricity supplier for long-term covering of losses on the transmission network in the year 2012, organized by Elektro-Slovenija d.o.o..

The mutual relations between selection participants and the selection organizer are regulated in accordance with the Rules for selection of electricity supplier for long-term covering of losses on the transmission network in the year 2012.

BASIC DATA ON PARTICIPANT

Participant's full name	
Participant's address	
Place/postal code	
Country	
Phone	
Fax	
E-mail	
Participant's tax number	
Participant's registration number	
Transaction account number and bank branch	
Person in charge of accession contract signature - name and surname	

AUTHORISED AUCTION REPRESENTATIVES

Name and surname	Phone	Fax	E-mail	Signature

Stamp and signature of authorized person:

Annex No. 2: Required evidence of fulfilled terms

REQUIRED EVIDENCE OF FULFILLED TERMS:

- **Regularly extract from judicial records or AJPES**, with most recent changes included (extract data should not be older than ninety (90) days). If the judicial authorities in the country where the selection participant has its registered office do not issue such certificates, the participant shall replace the said certificate with the certificate of another competent authority.

- **Confirmation from judicial records**, stating that the participant is not in a bankruptcy, liquidation or forcible settlement procedure (extract data should not be older than thirty (30) days).

- **Certificate of proof of authorisation granted** to the signatory of the application and later of the contract in cases where the signatory is not a director (authorisation date should not be older than ninety (90) days).

The required evidence is to be enclosed in the original or notary-certified copy. Certification is to be performed in the office of a notary or other competent body.

Annex No. 3: Bid Bond

BID BOND

Name of bank: _____

Place and date: _____

Principal: _____

Bond No. _____

In accordance with the Rules for selection of electricity supplier for long-term covering of losses on the transmission network in the year 2012, published on the website www.eles.si. For the requirements of the beneficiary, Elektro-Slovenija, d.o.o., the selection participant _____ shall submit to the beneficiary a Bid Bond issued by a bank in the amount of € 300.000,00.

The Bank undertakes to pay the amount specified above in the following cases:

- a) If the participant withdraws or changes its bid during the period of validity specified in the bid, or
- b) If the participant, after being notified by the beneficiary of the acceptance of its bid during the validity term of the bid, fails to conclude the Contract.

We hereby undertake to pay the beneficiary, within 15 days after receipt of the beneficiary's first demand in writing, the amount specified above without any objections, provided the beneficiary specifies in its request that it is entitled to such amount due to the fulfilment of one or both of the cases specified above, and specifies which of the cases is involved.

The request for payment of the above-mentioned amount is to be submitted to the Bank and is to contain:

1. the beneficiary's original letter requesting payment of the above amount in accordance with the above-mentioned paragraph, and
2. the original copy of Bond No.: _____/_____

This Bond shall be reduced by each amount collected under this Bid Bond.

This Bid Bond shall be valid until the selected participant at the above-mentioned selection enters into an agreement with the Client.

If no demand for payment of the amount guaranteed hereunder is received from you by 31st December 2010, this Bid Bond shall cease to be valid irrespective of whether it is returned to us or not.

This Bid Bond is not transferable.

The Bank
(signature and stamp)

Annex No. 4: Declarations

DECLARATIONS

The participant to the selection of electricity supplier for long-term covering of losses on the transmission network in the year 2012, _____ (company name), hereby declares the following:

1. that, prior to signing this declaration, it was made aware of, and agrees with, the Rules for selection of electricity supplier for long-term covering of losses on the transmission network in the year 2012.
2. that all data provided in this application and in the annexes quoted therein are true and accurate, and that it fulfils all the legally prescribed conditions for performing the activities being the subject of this selection.
3. I agree that Elektro-Slovenija, d.o.o. may, whenever deemed necessary, carry out the necessary inquiries with competent bodies and acquire data from competent records. The data acquired is to be used exclusively for the needs of Elektro-Slovenija, d.o.o..
4. I agree with the contents of the enclosed sample contract, which I confirm with the initials and official stamp. In the event that I am selected, I commit myself to conclude a contract with the same contents within ten (10) days after conclusion of the selection.

Place: _____

Date: _____

Signature: _____

Stamp:

Annex No. 5: Offer at the auction for a service fee for the delivery of electricity for long-term covering of losses on the transmission network in the year 2012

**OFFER AT THE AUCTION FOR A SERVICE FEE FOR THE DELIVERY OF ELECTRICITY
FOR LONG-TERM COVERING OF LOSSES ON THE TRANSMISSION NETWORK IN THE
YEAR 2012**

Name of company (participant):	
Bid number:	
Authorized person:	

	Price (EUR/MWh):
Service fee EUR/MWh (rounded to 0.01):	

Stamp and signature of authorized person:

Annex No. 6: Performance Bond

PERFORMANCE BOND

Name of bank:

Place and date:

Principal:

Bond No.

In accordance with the Contract for the delivery of electricity for long-term covering of losses on the transmission network in the year 2012 concluded between beneficiary Elektro-Slovenija, d.o.o and (name of the seller), the Seller shall deliver to the beneficiary, at the time of signing the contract, a performance bond in the amount of EUR 1,000,000.00 (in words: one million euros).

We hereby undertake to pay the Contracting Authority, within 15 days after receipt of the beneficiary's first demand in writing, the amount up to the full value of this Performance Bond, if the seller fails to fulfil its contractual obligations in the agreed quantity and by the deadlines specified in the above-mentioned contract. The beneficiary shall determine the value of compensation as specified in the above-mentioned contract.

Our obligation shall also apply in the event of the partial fulfilment of contractual obligations, i.e. if the delivered quantity of electricity is lower than the quantity requested from the beneficiary.

The request for payment of the above-mentioned amount is to be submitted to the Bank and is to contain:

1. the beneficiary's original letter requesting payment of the above amount in accordance with the above-mentioned paragraph, and
2. the original copy of Performance Bond No.:/.....

This Performance Bond shall be reduced by each amount collected under this guarantee.

This Performance Bond shall be valid until 28th February 2013. After this deadline, the Performance Bond shall cease to be valid irrespective of whether it is returned to us or not.

This Performance Bond is not transferable.

The Bank
(Signature and stamp)

Annex No. 7: Sample Contract for the delivery of electricity for long-term covering of losses on the transmission network in the year 2012

Sample Contract

CONTRACT No. ____/2012
for the delivery of electricity for long-term covering of losses
on the transmission network in the year 2012

concluded between:

Elektro-Slovenija, d.o.o.

Hajdrihova 2
1000 Ljubljana

Slovenia

represented by CEO Milan Jevšenak, M.Sc.

VAT reg.no.: SI20874731

hereinafter referred to as **ELES**, or the **Buyer**, or jointly as the **Parties**

and

SELLER _____,
Address _____,
Place _____,
Country _____,
represented by _____,
VAT reg.no.: _____,

hereinafter referred to as _____, or the **Seller**, or jointly as the **Parties**

RECITALS

With the conclusion of the Contract for the delivery of electricity for long-term covering of losses on the transmission network in the year 2012 (hereinafter: Contract) the Buyer fulfil its obligations laid down by national legislation, under which the Buyer is responsible for covering of losses on the transmission network.

The Seller undertakes to deliver to the Buyer the requested quantity of electricity in the contractual period in accordance with the provisions of this Contract. The delivery of electricity relates to the DAF Slovenian side of the Slovenian border.

Article 1

Subject of Contract

The subject of this Contract is the delivery of electricity for long-term covering of losses on the Slovenian transmission network in the period from **01st January 2012 to 31st December 2012**. The Seller undertakes to deliver, within the contractual period, electricity to the Buyer in the quantities defined in Article 2 and at the price defined in Article 3 of this Contract.

Article 2

Characteristics of delivery electricity

The Buyer shall determine the quantity of delivered electricity on the basis of the request forms specified in Annex No. 1. The total quantity of electricity delivered in an individual period shall be equal to the sum of all requested quantities for the respective period as requested by the Buyer on the basis of the request forms enclosed in Annex No. 1. The Buyer undertakes to ensure that the total requested quantity in the whole period shall not be higher than:

- a) 25 MW base load for the period from 1st January 2012 to 31st December 2012,
- and
- b) 10 MW peak load from Monday to Friday in the period from 08:00 h to 20:00 h for the period from 1st January 2012.until 31st December 2012.

The Buyer may, in its request form enclosed in Annex No. 1, decide to purchase electricity in quantities which jointly do not exceed the above values, and choose among delivery products that are equivalent to the products of futures contracts on the European Energy Exchange AG (hereinafter: EEX) and are defined in the table below.

Product code	Delivery period		Product type	No. of supply hours
	from	to		
F1BY (Cal-12)	1 st Jan 2012	31 st Dec 2012	BASE	8784

F1PY (Cal-12)	1 st Jan 2012	31 st Dec 2012	PEAK	3132
F1BQ (1/12)	1 st Jan 2012	31 st Mar 2012	BASE	2183
F1BQ (2/12)	1 st Apr 2012	30 th Jun 2012	BASE	2184
F1BQ (3/12)	1 st Jul 2012	30 th Sep 2012	BASE	2208
F1BQ (4/12)	1 st Oct 2012	31 st Dec 2012	BASE	2209
F1PQ (1/12)	1 st Jan 2012	31 st Mar 2012	PEAK	780
F1PQ (2/12)	1 st Apr 2012	30 th Jun 2012	PEAK	780
F1PQ (3/12)	1 st Jul 2012	30 th Sep 2012	PEAK	780
F1PQ (4/12)	1 st Oct 2012	31 st Dec 2012	PEAK	792

Article 3

Contract Price

The Seller shall deliver electricity to the Buyer in the quantities specified by the Buyer in its request forms and at different prices. The price for an individual quantity of electricity corresponding to an individual request form shall be comprised of:

- a) a fixed price (FC_n) equal to the settlement price of futures contracts attained on the EEX and on the date specified by the Buyer in its request form, and
- b) a service fee (M) for the delivery of electricity offered by the Seller at the Selection of electricity supplier for long-term covering of losses on the transmission network in the year 2012 on (date) _____, which is the subject of this Contract and amounts to _____ EUR/MWh.

The equation used to calculation the total contract price for the quantity of each request is:

$$P_n = FC_n + M$$

where:

- P_n total contractual price of an individual request,
 FC_n fixed price,
 M service fee.

Prices do not include VAT.

Article 4

Determination and Fixing of Electricity Price

The price of electricity (FC_n) represents the fixed price of an individual request submitted by the Buyer in the form of Annex No. 1, and is equal to the settlement price of an individual futures contract attained on EEX on day D. The price fixing date (D) is determined by the Buyer not later than by day D-1 until 12:00 h using the form enclosed hereto as Annex No. 1. The price fixing

date (D) can be only the trading day of the derivatives market on the EEX. The Buyer sends a properly completed request form (Annex No. 1) to the Seller by fax to number _____. The Seller delivers, by not later than the end of day D+1, a signed request form in which it enters the settlement prices on day D for the futures contracts specified by the Buyer in Annex No. 1. Annex No. 1 is an integral part of the Contract and represents a basis for fixing the price specified in Article 3 hereof.

If the settlement price was not fixed or published on day D, the Seller shall notify the Buyer thereof on the same day. In such cases the Buyer shall determine a new day for fixing the price.

Article 5

Payment Terms & Conditions

The Seller shall issue an invoice to the Buyer for the total quantity of delivered electricity until 5th day of each month for the previous month, which corresponds to the quantities requested by the Buyer in Article 2, and the pertaining quantities determined on the basis of Articles 3 and 4 of this Contract. The total amount of the invoice shall be equal to the sum of quantities of delivered electricity specified in each request form.

The Buyer shall settle an invoice within thirty (30) days after the date of issue of a relevant invoice by making payment to the bank account specified in the invoice. A copy of the invoice is to be sent to ELES by fax, and the original invoice is to be sent subsequently by post.

In case of any delay in payment, the Buyer shall pay to the Seller default interest in an amount equal to the relevant monthly EURIBOR rate (as determined by Reuters or its equivalent on a first working day of a respective month) plus two (2) percentage points (calculated on a per-annum basis). Default interest shall be charged monthly from the date when payment was due to the date when payment is received.

Article 6

Non-delivery or Non-takeover of Electricity

If the Seller fails to deliver all or part of the contractual quantity, and such failure is not the consequence of force majeure specified in Article 8 hereof, the Buyer shall have the right to charge the Seller a penalty for undelivered electricity in the amount of undelivered (missing) electricity multiplied by the difference between the price of the substitute purchase and the contractual price. The price of the substitute purchase is equal to the cost of purchase of the missing quantity of electricity on the daily market in Slovenia.

If the Buyer fails to takeover all or part of the contractual quantity and such failure is not the consequence of force majeure specified in Article 8 hereof, the Seller shall have the right to charge the Buyer a contractual penalty for the non-taken-over quantity of electricity in the amount of the undelivered (missing) electricity multiplied by the difference between the contractual price and the price of substitute sale. The price of substitute sale is equal to the revenue from the sale of surplus electricity on the daily market in Slovenia.

The parties shall issue an invoice for the total quantity of undelivered/non-taken-over electricity until the 5th day of each month for the previous month. The parties hereto shall make payment of any invoice issued in accordance with the provisions of this Article within thirty (30) days after the date of issue of a relevant invoice.

The Seller shall, at the time of signing this Contract, deliver to the Buyer a performance bond in the value of EUR 1,000,000.00 (in words: one million euros 00/100), which the Buyer shall be entitled to encash in the event that the Seller fails to settle its invoices specified in the previous paragraph of this Article.

Article 7

Applicable Law

The parties hereto undertake to settle any disputes arising from this Contract by mutual agreement. Any difficulties encountered by any of the parties hereto shall be communicated to the other party in writing.

If the parties hereto fail to settle a dispute by mutual agreement, the dispute shall be resolved by the competent court in Ljubljana.

Any dispute in connection with this Contract shall not release the parties hereto from the fulfilment of their contractual obligations.

Any legal relationships arising from and not defined in this Contract shall be regulated by the provisions of the Energy Act and related implementing regulations, the provisions of the Obligation Code, and other relevant Slovenian legislation.

Article 8

Force Majeure

A force majeure event shall be deemed to include any breakdowns on transmission lines occurring as the result of natural disasters (floods, earthquakes, fires) and preventing the delivery or

takeover of electricity hereunder.

If any of the parties hereto is prevented from fulfilling its obligations due to a force majeure situation, that party's obligations under this Contract shall be suspended until the force majeure situation has ended. If one of the parties hereto incurs expenses that are caused by the other party being in a force majeure situation, that Party shall not be entitled to the reimbursement of such expenses.

Each of the parties hereto shall duly notify the other party of the occurrence of a force majeure event; otherwise it shall bear responsibility for any non-fulfilment of the Contract.

Article 9

Taxes and Charges

Any taxes, charges, duties or other costs in Slovenia will be borne by the Buyer when so demanded by the relevant authorities of Slovenia, and any taxes, charges, duties or other costs relating to the export of electricity will be borne by the Seller according to the law of the country in which the Seller may purchase electricity or through which electricity may be transported.

Article 10

Confidentiality

The parties hereto undertake not to disclose, either in writing, orally or in electronic form, the details of this Contract to any third party without the written consent of the other party. This restriction shall not apply to the banks and competent state bodies of both parties, which are entitled to inspect relevant data.

Article 11

Legal Succession

The contracting parties undertake to promptly notify the other party of any changes occurring in their status during the validity of this Contract, and to effect the transfer of rights and obligations hereunder to new legal entities. It shall be deemed that the rights and obligations hereunder have been transferred to legal successors when the legal successor has confirmed the acceptance of rights and obligations hereunder in writing and when the other contracting party consents to such transfer.

Article 12

Other Conditions

This Contract becomes effective on the date of its signing, and is applied from 1st January 2012 until 31st December 2012 inclusive. The termination of this Contract does not exclude any settlement of financial obligations arising from this Contract.

Any modifications of or amendments to this Contract shall be concluded in writing (amendment of the Contract), subject to the consent and signatures of both parties hereto.

The Contract is written in two (2) copies, each of which shall be deemed as an original copy. Each party hereto receives one signed copy of this Contract.

Ljubljana, _____

Place and date _____

On behalf of ELES:

CEO

Milan Jevšenak, M.Sc.

On behalf of the Seller:

(position of authorized person)

(name and surname)

Annex No. 1: Form for the transmission of the request for the price fixing

**REQUEST FOR A PRICE FIXING FOR DELIVERY OF ELECTRICITY
FOR LONG-TERM COVERING OF THE LOSSES ON THE
TRANSMISSION NETWORK IN THE YEAR 2012**

In accordance with Article 4 of the Contract for the delivery of electricity for long-term covering of losses on the transmission network in the year 2012, the Buyer Elektro-Slovenija, d.o.o. is fixing the price of delivery of electricity for products and amounts specified in the table below.

Delivery date		Product	Quantity	Product Code	Day D ¹	Price ²
From	To	BASE/PEAK	MW			€/MWh

This form is an integral part of the Contract and represents a basis for fixing the price specified in Article 3 of the Contract for the delivery of electricity for long-term covering of losses on the transmission network in the year 2012.

Date:

Date:

Stamp and signature of the Buyer

Stamp and signature of the Seller:

¹ The day for which the price is fixed, filled in by the Buyer

² Seller fills in settlement price in accordance with Article 4 of the Contract
