

Annex to the General Terms Risk Management, Depositing of Collateral

V 10.00

ENGLISH TRANSLATION – FOR INFORMATION ONLY

Document Management

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ECG = E-Control GmbH

ECA = E-Control Austria

Note: This translation of the German text is provided for convenience purposes only.

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1 Depositing of Collateral

1. Every balance group representative (BGR) has the obligation towards the balance group coordinator (BGC) to deposit collateral to cover the financial consequences of a default on payment and for the event of default of a member of its balance group. The depositing of the required collateral is a condition for admission and authorization to act as a balance group coordinator in the Control Area APG.
2. The balance group representative deposits collateral for its balance groups (BG) and agrees to deposit the collateral by the close of the second clearing.
3. The balance group coordinator or a third party it has commissioned monitors compliance with the obligation to deposit the collateral and manages the collateral in accordance with the provisions set out in the following sections.

2 Collateral Requirements

1. The balance group representative is under the obligation toward the balance group coordinator to deposit collateral in accordance with the following provisions.
2. The minimum collateral per balance group is EUR 50,000.
3. The collateral requirements for the BGR are determined based on
 - (i) the turnover of the balance groups allocated to the BGR pursuant to 2.1.,
 - (ii) the BGR's history of turnover settled with the BGC pursuant to 2.2.,
 - (iii) the open positions of the balance groups allocated to it pursuant to 2.3.
 - (iv) minimum collateral requirement

for each balance group.

The highest amount that results from the abovementioned procedure becomes the collateral requirement.

4. The collateral breaks down into basic collateral and variable collateral. The basic collateral is part of the joint and several liability. The variable collateral may be reduced by a good credit-rating.
5. For deactivated balance groups, collateral must be deposited until the final settlement of accounts of the balance group. A balance group is deemed to have been finally settled when clearing has been completed for which all meter values and schedule data are available and the data can no longer be changed.

6. The release of collateral is done pursuant to clause 5.

2.1 Collateral requirements, based on turnover

The basic collateral and the variable collateral are determined for each balance group pursuant to the table below:

Kategorie neu	Jahresenergieumsatz [MWh]		Sicherheiten		gesamt
	von	bis	Basis	variabel	
1	-	30 000	50 000.00 €	- €	50 000.00 €
2	30 001	60 000	60 000.00 €	60 000.00 €	120 000.00 €
3	60 001	125 000	140 000.00 €	140 000.00 €	280 000.00 €
4	125 001	250 000	225 000.00 €	225 000.00 €	450 000.00 €
5	250 001	500 000	360 000.00 €	360 000.00 €	720 000.00 €
6	500 001	1 000 000	500 000.00 €	500 000.00 €	1 000 000.00 €
7	1 000 001	2 000 000	750 000.00 €	750 000.00 €	1 500 000.00 €
8	2 000 001	5 000 000	1 000 000.00 €	1 000 000.00 €	2 000 000.00 €
9	5 000 001	10 000 000	1 625 000.00 €	1 625 000.00 €	3 250 000.00 €
10	10 000 001	20 000 000	2 250 000.00 €	2 250 000.00 €	4 500 000.00 €
11	20 000 001	30 000 000	3 750 000.00 €	3 750 000.00 €	7 500 000.00 €
12	30 000 001	40 000 000	5 000 000.00 €	5 000 000.00 €	10 000 000.00 €
13	40 000 001	unendlich	7 500 000.00 €	7 500 000.00 €	15 000 000.00 €

After deactivation of a balance group, the last annual energy turnover determined is used in continuation for the six subsequent months.

Annual energy turnover

Energy turnover is the sum of the energy sold per schedule, the imbalance energy sold and consumption. This corresponds to the sum of the energy bought per schedule, the generation and the imbalance energy consumed by a balance group.

In order to determine the annual energy turnover, the values of volumes cleared in the past twelve months are used.

Within the scope of the registration, the annual energy turnover is estimated by the balance group coordinator based on the documents and information provided in the registration process.

The balance group coordinator is authorized to determine, at any time, annual energy turnover projections for the balance groups based on the turnover values observed and to classify the balance groups accordingly in the collateral table.

Consideration of the credit rating

When calculating the amount of the variable collateral based on turnover, the credit rating of the balance group representative is taken into account:

If the credit rating is better than class 5 pursuant to the Annex "Credit Assessment", the balance group coordinator grants an amount ("deductible") which reduces the variable collateral

requirement. The deductible amount determined does not influence the amount of the basic collateral. The deductible amounts applied for each crediting rating class are determined at 1.5% of the own funds. In the case of the lowest credit rating (5), 0%, and for the highest credit rating, (1), a maximum of 6% is granted as deductible, but never more than the variable collateral according to the table.

2.2 Collateral requirements, based on historic clearing

When calculating the collateral requirements based on historic clearing, the invoice amounts of the last twelve months cleared in the 1st clearing and the final settlement of accounts per BGR are considered. The highest monthly invoicing balance per BGR from the clearing of imbalance energy consumption, imbalance energy delivery and clearing price 2 of the aforementioned period of observation forms the basis for the calculation of the collateral requirements. With respect to collateral requirements, a differentiation must be made based on the historic clearing between the two situations:

As long as the balance group is active, the collateral requirement is computed as follows:

Double the amount of the highest invoice balances of the last twelve clearings settled.

After deactivation of the balance group and the successful automatic debiting in the last 1st clearing, the collateral requirement is calculated as follows:

For every not yet executed final settlement, double the amount of the highest invoice balance of the last 12 final settlements before deactivation, but not higher than the collateral amount required at the date of deactivation.

The invoice balances are understood to be inclusive of the charges and taxes stated on the respective invoices.

2.3 Collateral requirements, based on open positions

The balance group coordinator determines the open positions based on the available schedule data as well as replacement values for metering data for each balance group of the balance group representative and assesses these open positions with reference prices. The reference prices and how they are calculated is published on the website of APCS.

The open position per balance group is the difference that results from the energy delivered and the energy consumed for each schedule versus the sum of the energy consumed and generated per schedule.

As there were no full metering values yet available for the assessment period at the time of the assessment, the balance group coordinator calculates replacement values using statistical methods. The methods for

- the determination of replacement values, and
- the determination of the indicative prices

are published on the website of the balance group coordinator.

The balance group representative has the obligation to deposit collateral that corresponds as a minimum to the aggregate value of the open positions. For the calculation of the collateral, the quarter-hour debit amounts of the preceding day are weighted with a factor of four. Every deviation (open position) from the current day is factored into the calculation of the collateral as a debit amount. The calculation of the collateral comprises all schedule values until the end of the day on which the assessment is conducted and which are available at the time of the assessment.

When determining the value of the open positions, cleared delivery periods for which the calculated amounts are not yet on the bank account of the balance group coordinator are taken into account.

In the case of technical problems at the balance group coordinator or at the control area manager, the last open position determined is deemed the collateral requirement from the calculation of the open positions.

After deactivation of the balance group, the open positions calculation is not applied to the calculation of the collateral.

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3 Type of Collateral and Type of Deposit

1. Every balance group representative with its registered office in a member state of the European Union (EU) may deposit the following types of collateral:
 - a) Pledge declaration for euro cash deposits pursuant to the criteria of clause 3.2;
 - b) Pledge declaration for securities pursuant to the criteria of clause 3.3 and under the provisions of clause 3.4;
 - c) Bank guarantees pursuant to the criteria of clause 3.5
 - d) Depositing of cash collateral with the balance group coordinator pursuant to the criteria of clause 3.6

2. Pledge declaration for euro cash deposits must meet the following criteria:
 - a) Euro cash deposits must be sight deposits so that the amounts are available at any time immediately;
 - b) Euro cash deposits must be deposited on accounts in the EU, hereinafter referred to as "deposit account";
 - c) The entire deposit account must be pledged in favor of the balance group coordinator and proof must be furnished that the relevant disclosure and transfer measures have been taken.
 - d) It must be ensured that the balance group coordinator or a party it has commissioned has the right to directly access the deposit account at any time under an irrevocable automatic debit order.
 - e) The balance group coordinator must be able to directly view the deposit account at any time. For this purpose, the respective account balance must be shown to the balance group coordinator or a party it has commissioned (i) in periodic intervals of one month and (ii) upon request of the balance group coordinator or of the party it has commissioned in the form of a statement of account;
 - f) The pledge declaration must comply with the specimen published on the website of the balance group coordinator at the time of issue.
 - g) Collateral shall be deemed deposited when OeKB as the party commissioned by the balance group coordinator receives the corresponding statement of account and has taken all of the disclosure and transfer measures required.

3. Pledge declarations for securities must meet the following criteria:
 - a) Single-list securities pursuant to the Directives of the European Central Bank admitted to trading on the Vienna Stock Exchange;
 - b) The securities must meet liquidity class L1A pursuant to the Directives of the European Central Bank (<https://mfi-assets.ecb.int/queryEa.htm>);
 - c) The denomination currency must be EURO;

- d) The rating must correspond as a minimum to the rating category of "investment grade" assigned by at least two international rating agencies.
 - e) The securities to be deposited must have a remaining time to maturity of at least two years at the time of depositing.
 - f) The remaining time to maturity of the securities to be deposited shall at no time during the period of deposit exceed a period ten years;
 - g) Own issues and issues of affiliated companies of a company group (as defined in § 15 Stock Corporation Act or § 115 Limited Liability Act) are not permitted to be deposited as collateral.
 - h) Collateral shall be deemed deposited when OeKB as the party commissioned by the balance group coordinator receives the corresponding statement of account for the securities account and has taken all of the disclosure and transfer measures required and the relevant permit has been issued for the depositing of securities by APCS pursuant to clause 3 4.
4. The permission to deposit securities is subject to the following conditions:
- a) In the case of collateral provided in the form of securities, 80% of the current market value of the securities shall be credited against the collateral required.
 - b) The securities shall be deposited on a securities account of OeKB which has been pledged in favor of the BGC;
 - c) The BGC retains the right to refuse certain securities and also issuers of securities, even in cases when these meet the criteria pursuant to clause 3.3;
 - d) Any security that has not been accepted as collateral by the BGC shall be excluded from the calculation of the collateral required to be deposited.
5. Bank guarantees must meet the following criteria:
- a) Bank guarantees must be issued by an independent bank with its registered office in the EU or in Switzerland. Independence is not given if the guarantor bank holds, directly or indirectly, more than 10% in the balance group representative or if the balance group representative holds, indirectly or indirectly, more than 10% in the guarantor bank;
 - b) The remaining time to maturity of the bank guarantee must have a term of at least twenty-four months at any time during the period of deposit;
 - c) The bank guarantee must comply with the specimen published on the website of the BGC.
 - d) The issuing bank must have as a minimum the rating category of "investment grade" assigned by at least two international rating agencies. For the sake of clarity, we would like to state that the rating of the issuing bank itself, and not that of a banking group, if given, shall be decisive.
 - e) The BGC retains the right to refuse banks even if these meet the criteria pursuant to clause 3.5;
 - f) Bank guarantees shall be deemed deposited if they have been handed over in the original to OeKB as the party commissioned by the BGC.
6. Depositing of cash collateral with the BGC:
- a) If the balance group coordinator must make a margin call according to the rules set out in the General Terms and it is clear that the BGR will not be able to comply with the deadlines of the

margin call, the BGC shall have the right to request the deposit of cash collateral on the margin call account of the BGC;

- b) The cash collateral shall be deemed deposited as soon as the corresponding amount has been credited to the account of the BGC;
 - c) Cash collateral deposited on the margin call account is released as soon as other types of collateral in addition to the already deposited collateral have been deposited in the amount of the margin call.
 - d) The margin call account of the BGC is not intended to be used permanently for the depositing of collateral. The BGR is therefore under the obligation to present other types of collateral within a period of two months.
7. Every BGR with its registered office in a country outside of the European Union (EU) may deposit the following types of collateral:
- a) Securities pursuant to the criteria of clause 3.3 and under the provisions of clause 3.8;
 - b) Depositing of cash collateral with the BGC pursuant to the criteria of clause 3.6, with clause 3.6d) not being applicable.
8. The permission to deposit securities by a BGR with its registered office in a country outside of the European Union (EU) is subject to the following conditions:
- a) In the case of collateral provided in the form of securities, 80% of the current market value of the securities shall be credited against the collateral required.
 - b) The BGC retains the right to refuse certain securities and also issuers of securities even if these meet the criteria pursuant to clause 3.3. A list of the securities and issuers rejected is published on the website of the BGC;
 - c) A separate securities account is set up for every BGR by the BGC; this securities account is opened and administrated by OeKB in the name of and for the account of the BGC;
 - d) The securities are deposited exclusively on the securities account in accordance with clause 3.8.; other types of depositing of collateral are not permitted;
 - e) The BGC reserves the right to examine the securities as to whether they meet the principles governing eligible collateral and if they can be immediately realized, and also to reject them on the basis of these criteria. The BGC shall immediately notify the BGR in the case of rejection. Any security that has not been accepted as collateral by the BGC shall be excluded from the calculation of the required collateral.
9. Demand to deposit additional collateral to secure the value of the collateral
- The BGC has the right to demand additional collateral if the value no longer corresponds to the value at the time of deposit or is no longer available in a sufficient amount or if there are well-founded doubts regarding the stability of the value.

4 Consequences in the Event of a Shortfall

The collateral requirement imposed on the BGR is the highest value calculated in accordance with clause 2.

If the sum of the collateral deposited is lower than the collateral requirement, the difference in amount shall be considered a shortfall. The BGR must make sure that no cases of shortfall occur.

The respective current collateral requirement may be viewed by the BGR in the login area of the APCS clearing platform. Every BGR is under the obligation to avoid shortfalls and must check the status of collateral requirements daily.

- 1.) If a **shortfall results from the classification of collateral pursuant to the table** (pursuant to 2.1.) or **from historic clearing** (pursuant to 2.2.), the BGR is obligated to deposit the collateral in the required amount by 11:00 hrs. on the day following the next banking workday. If this requirement is not met, the BGC will send a reminder to the BGR and will grant a period of grace of four banking workdays. If this period expires without result, the BGC has the right to block the balance groups of the BGR and also to terminate the contract with the BGR.
- 2.) If the **shortfall results from open positions**, immediate action is required.
 - a. The BGC has the discretion to temporarily block the schedule components and/or the balance groups of the BGR effective at the close of the following day, if the required collateral is not furnished at the latest before 9:00 hrs. of said day. Should no block be put into effect despite a shortfall, the situation is monitored constantly, and if applicable, blocked according to the same procedure on the next day. After a period of grace of four banking days expires without the situation being remedied, the BGC has the right to terminate the contract with the BGR, and, as a consequence to block the schedule components and/or balance groups with final effect.

The blocking of the schedule components is done either for the entire delivery and/or consumption side of the balance or for both sides of the balance, with preference being given to the least severe means by which any future damage to a third party can be avoided.

A balance group will not be blocked if the BGC assesses the probability of damage that may result from the joint and several liability as minor or if the suitable technical and organizational measures can be taken to ward off damage under the title of joint and several liability.

When applying these criteria, special attention must be paid to maintaining an orderly and reliable supply of energy in the interest of end customers.

The balance group coordinator informs all market participants, the control area manager and the electricity exchanges of the point in time of

- when the blocking of scheduling components and/or balance groups takes effect
- the date on which the termination of the contract takes effect.

As soon as the BGR meets its obligation to supply collateral required, the block on its balance groups shall be lifted.

In the case of a shortfall of the BGR, BGC has the right to retain credit balances from the netted imbalance energy until the BGR meets the collateral requirements.

5 Release of Collateral

Release of collateral due to over-collateralization

If the sum of the collateral deposited is higher than the collateral requirement notified on the clearing platform, the difference in amount is deemed over-collateralization. In the case of over-collateralization, the value determined for the collateral may be released in the relevant amount on the instructions of the BGR.

Release due to termination of the contractual relationship for BGR with balance groups without metering value components:

The BGC may grant the release of collateral upon the request of the BGR for balance groups without active metering value components within the last nine months prior to the termination of the contractual relationship. This release may be granted at the earliest as of the seventh month after the termination of the contractual relationship with the BGC.

Release due to termination of the contractual relationship for BGR with metering value components:

The collateral requirement expires after the close of the last second clearing for the balance groups of the BGR. On termination of the contractual relationship, the collateral requirement is calculated as follows, with the higher of the two amounts being the one that must be deposited:

- For every not yet executed final settlement, double the amount of the highest invoice balance of the last 12 final settlements before termination of the contract, but not higher than the collateral amount required on the date of contract termination,
- the minimum collateral.

Every release of collateral is done upon request of the BGR and a positive review by the BGC.

6 Realization of Collateral

If payment obligations are not met despite reminders and the granting of a period of grace of two banking workdays, the BGC has the right to realize the collateral on deposit. The realization is done in the following sequence:

- a) Basic and variable collateral of the BGR in default
- b) Basic collateral of all BGRs within the scope of joint and several liability pursuant to clause 6 6.1.

6.1 Joint and Several Liability

Within the scope of the joint and several liability, BGR with active balance groups are liable with the basic collateral as defined for these balance groups in the collateral table for payment defaults of a third party BGR.

The liability of the BGR within the scope of the joint and several liability is limited to the amount of the open receivables and all further open receivables expected from the clearing of imbalance energy with the BGR in default. The breakdown of the open receivables within the scope of joint and several liability is determined by the basic collateral according to the collateral table of the BGR with active balance groups at the time of default, which is deemed given after the period of grace of two banking workdays has expired without remedy.

The amount which the liable BGR must cover within the scope of the joint and several liability is expressed as a percentage share of the open receivables. The percentage that applies to each liable BGR is determined based on the share of the required basic collateral of the liable BGR's active balance groups in the sum of the basic collateral required of the active balance groups of all BGRs.

To realize the collateral, the BGC will request the BGR to transfer the amounts under the joint and several liability to an account of the BGC. If the funds transfer is not done in time, the BGC has the right to sell the basic collateral.

Pursuant to § 1358 Austrian Civil Code, the claim against the market participant in default is assigned to the BGR liable under the joint and several liability in the amount of the contribution due. The BGC has the right to offer the liable BGR the collection of amounts due from the market participants in default. In order for the BGC to assume the collection of the open receivables, an assignment agreement must be sent by the liable BGR to the BGC. The BGC will make the appropriate specimen available for this purpose.

If a BGR in default makes payments after the basic collateral of all BGRs has been accessed, the percentage shares in the basic collateral are refunded to the liable BGRs up to the amount of the payment made.

6.2 Topping up Collateral

If the collateral deposited by the BGR has been used by the BGC or a party it has commissioned to settle open receivables or to meet the contribution amount for the joint and several liability, the BGR is under the obligation to top up the basic and variable collateral within four banking workdays to the required amount.