

Annex to the General Terms of the Balance Group Coordinator Risk Management, Depositing of Collateral

V 10.00

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ECG = E-Control GmbH

ECA = E-Control Austria

Note: This translation of the German text "*Anhang Risikomanagement, Sicherheitenleistungen zu den AB-BKO'*" 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 in order to cover its delay or default on payment and to cover delay or a default on payment of a third party (BGR). The depositing of the required collateral is one of the conditions for the admission and right to engage in activities as a BGR in the Control Area APG.
2. The balance group representative (BGR) deposits collateral for its balance groups (BG) and commits itself to deposit the collateral by the close of the 2nd clearing.
3. The BGC or a third party it has commissioned monitors compliance regarding the depositing of collateral and manages the collateral in accordance with the provisions set out below.

2 Collateral Requirements

1. The balance group representative (BGR) is under the obligation toward the balance group coordinator (BGC) to deposit collateral in accordance with the following provisions.
2. The collateral requirements for the balance group representatives (BGR) are defined for each balance group based on
 - (i) the turnover of the balance groups (BG) assigned to the balance group representative (BGR) pursuant to 2.1.,
 - (ii) its past clearing turnover with the BGC pursuant to 2.2.,
 - (i) the open positions of the balance groups (BG) assigned to it pursuant to 2.3.

The highest amount that results from the abovementioned procedures is determined as the collateral requirement. The minimum collateral per balance group is EUR 50,000.

3. 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.
4. For closed 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 the clearing for which all metered values and scheduling data become available and the data can no longer be changed.
5. The release of collateral is done pursuant to clause 5.

Consideration of the credit rating

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

If the credit rating is better than class 5 pursuant to the Annex Credit Assessment, the BGC 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 to 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 collateral table.

2.2 Collateral requirements based on historic clearing

When calculating the collateral requirements based on historic clearing results, the invoices of the last twelve months 1st clearings and the final settlement are taken into consideration. The highest monthly invoicing balance per balance group representative (BGR) resulting from the purchase and sale of imbalance energy and clearing price 2 forms the basis for the calculation of the collateral requirements. The collateral requirement based on historic clearing results is the higher amount of

As long as the balance group is active the collateral requirement is calculated as:

- Double the amount of the highest invoice balances of the last twelve 1st clearings settled

After deactivation of a balance group and successful direct debit collection of the last 1st clearing, the collateral requirement is calculated as:

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

The invoice balances include the fees and taxes stated on the respective invoices.

2.3 Collateral requirements based on open positions

The BGC determines the open positions based on the scheduling data available as well as the replacement values for metering data per balance group of the balance group representative and assesses these open positions with assessment prices. The assessment prices are published on the website of APCS.

The open position per balance group is the difference of the sum of energy sold and consumed and the sum of energy bought and produced.

As there are no metering values yet available at the time of the assessment for the assessment period, the BGC calculates replacement values using statistical methods. The methods

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

are published on the website of the BGC (www.apcs.at/...).

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 $\frac{1}{4}$ debit amounts of the preceding day are weighted with a factor of 4. 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 uses all scheduling values until the end of the day of the assessment and which were available at the time of the assessment.

When determining the value of the open positions cleared but not yet settled, the delivery periods are taken into account.

In the case of technical problems at the BGC or the Control Area Manager, the last open position determined is deemed the collateral requirement resulting from the open positions balance.

3 Type of Collateral and Type of Deposit

1. Every balance group representative (BGR) 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 BGC 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 immediately at any time;

- 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 BGC and proof must be furnished that the relevant disclosure and transfer measures have been taken.
- d) It must be ensured that the BGC or a party it has commissioned has the right to directly access the deposit account at any time by way of an irrevocable automatic debit order.
- e) The BGC must be able to directly view the deposit account at any time. For this purpose, the respective account balance must be shown to the BGC or a party it has commissioned (i) in periodic intervals of one month and (ii) upon request of the BGC or of the party it has commissioned in the form of statements of account;
- f) The pledge declaration must comply, at the time it is issued, with the specimen published on the website of the BGC.
- g) Collateral shall be deemed as 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 10 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 as deposited when OeKB as the party commissioned by the balance group coordinator (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 4.

4. The permission to deposit securities is subject to the following conditions:

- a) In the case of collateral provided by 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 if 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 that must 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 BGR or if the BGR 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. It is specifically pointed out that the rating of the issuing bank itself shall be decisive and not the rating of a banking group, if this is applicable.
 - 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 to OeKB as the party commissioned by the BGC in the original.
6. Depositing of cash collateral with the BGC
- a) In the case that the BGC must carry out a margin call according to the rules of the General Terms and it is clear that the balance group representative (BGR) will not be able to comply with the periods for meeting 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 which was 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 balance group representatives (BGR) are therefore under the obligation to present other types of collateral within a period of two months.
7. Any balance group representative (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.
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8. The permit to deposit securities by a balance group representative (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 securities and issuers rejected are published on the website of the BGC;
 - c) A separate securities account is set up with OeKB for every balance group representative (BGR) by the BGC; this securities account will be opened and administrated in the name of and for the account of the BGC by OeKB;
 - d) The securities are to be deposited exclusively on the securities account pursuant to clause 3.8.c; 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 the possibility of immediate realization, and has the right 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 collateral deposited.
9. Request 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 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 balance group representative (BGR) is the highest value calculated pursuant to 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 is responsible for ensuring that there is no shortfall.

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

- 1.) If a **shortfall results from the classification of collateral** pursuant to the table (see 2.1.) or **from historic clearings** (pursuant to 2.2.), the BGR is obligated to deposit the collateral in the required amount by 11:00 a.m. of the day after the next banking workday. If this requirement is not met, the BGC will send a reminder to the balance group representative 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 balance

group representative and also to terminate the contract with the balance group representative.

2.) If the **shortfall results from open positions**, immediate action is required.

a. The BGC has the right to block the schedule components and/or the balance groups of the balance group representative if the balance group concerned has an annual energy consumption of less than 200,000 MWh, effective until further notice as of the close of the following day unless the required collateral has been furnished at the latest by 9:00 a.m. of the following day. After the period of grace of four banking days expires without the situation being remedied, the BGC has the right to terminate the contract with the balance group representative and, subsequently, to block with final effect the schedule components and/or balance groups.

b. If the balance group in question has an annual consumption of more than 200,000 MWh, the BGC has the right to terminate the contract with the balance group representative (BGR) after the period of four banking workdays has expired without remedy and, subsequently, to block the schedule components and/or balance groups.

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.

In the event of a preliminary blocking of a balance group due to a shortfall pursuant to clause 4 2.) a., the regulatory authority has the right to raise an objection and thereby prohibit the blocking.

The BGC informs all market participants, the Control Area Manager and the power exchanges of the point in time

- 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 balance group representative meets its collateral requirements, the block on its balance groups is lifted.

In the case of a shortfall of the BGR, the BGC has the right to retain credit balances from the clearing of imbalance energy until the collateral requirement has been met by the balance group representative.

5 Release of Collateral

Release of collateral due to over-collateralization

If the amount of the collateral deposited is higher than the collateral requirement announced on the clearing platform, the difference in amount is deemed over-collateralization. In the case of over-collateralization, the value of the collateral ascertained may be released on the instructions of balance group representative (BGR) accordingly.

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

The BGC may grant the release of collateral on the request of the balance group representative 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 balance group representatives with metering value components

The collateral requirement expires after the last 2nd clearing for the balance groups of the balance group representative. When the contract is terminated, a one-time collateral requirement is calculated. The collateral requirement is the higher of the following amounts which are released as of the end of the 2nd clearing:

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

Every release of collateral is done on the instructions of the balance group representative and based on 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 balance group representative (BGR) in default,
- b) basic collateral of all balance group representatives within the scope of the joint and several liability

6.1 Joint and Several Liability

Within the scope of the joint and several liability, BGR with active balance groups are liable with their basic collateral defined for their balance groups for third party defaults.

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. For the breakdown for the open receivables within the scope of joint and several liability, the basic collateral pursuant to the collateral table at the time of default applies, with a default being deemed given after the period of grace has expired.

The liability amount of the BGR within the scope of the joint and several liability results from the percentage share in the open receivables. The percentage that applies to the balance group representative is calculated using the share of the basic collateral determined for the balance group representative in relation to the sum of the basic collateral required from all liable balance group representatives.

To realize the collateral, the BGC will request the balance group representative to transfer the amounts to cover 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 realize the basic collateral.

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

If a BGR in default makes a payment after the basic collateral of all balance group representatives has been used, the share of the basic collateral is refunded to the liable BGR up to the amount of the payments made.

6.2 Increasing the Collateral

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