

Trading Agreement 2

Gross Bidding Agreement

[Name of Participant]

GROSS BIDDING AGREEMENT

Notice

Please ensure that this document when executed does not contain any square brackets, footnotes, explanatory notes etc except those which are intended to remain in the document (if any). Please initial each page in the bottom right hand corner, and ensure that signatures are by duly authorised persons, accompanied by evidence of authorisation and personal identification etc as further instructed by N2EX.

entered into between

[insert company name of Participant], with reg. no. [insert registration number] in the [insert home state] Company Register (the "**Participant**");

and

Nord Pool Spot AS, a Norwegian limited company with reg. no **984 058 098** in the Norwegian Company Register ("**NPS**");

individually referred to as a "**Party**" and collectively to as the "**Parties**",

1 GENERAL

- 1.1 NPS operates the Auction Market pursuant to the Trading Rules of N2EX as may be changed from time to time (the "**Trading Rules**"), and offers to eligible Participants a gross bidding arrangement for the Auction Market on the terms and conditions of this agreement.
- 1.2 The Participant is a Participant on the Auction Market, and wishes to participate in Gross Bidding on the terms and conditions of this agreement and the Trading Rules.
- 1.3 This agreement supplements the relevant membership agreements with the Participant and the Trading Rules. In case of conflict this agreement shall prevail.
- 1.4 This agreement only applies to Electricity Volumes placed under the incumbent(s) transmission system operator(s) within the United Kingdom, and only to Orders and Transactions in the Auction Market.

2 INTERPRETATION

- 2.1 Terms defined in the Definitions of the Trading Rules (joint Trading and Clearing Appendix 1) shall have the same meaning in this agreement, and any principles of interpretation of the Trading Rules shall apply accordingly to this agreement. In addition, the following terms shall have the meaning ascribed to them below:
 - a. "**Annual Generated Electricity Quantity**" means the Participant's total annual generation of electricity within the United Kingdom as stated in its annual report for the applicable calendar year.
 - b. "**Gross Bidding**" means the placement of Orders and Transactions in electricity on the Auction Market in the Gross Bidding Portfolios, under an arrangement entailing that a reduced fee is paid for the amount of purchase and sales volumes that nets to zero whereas standard fees are paid for the remaining volume (and this agreement constitutes such an arrangement).
 - c. "**Gross Bidding Portfolio**" means a Trading Portfolio designated for either purchase or sales Transactions (respectively) under this agreement in accordance with Appendix 1 hereto, and which may be changed by written and duly signed notice from the Participant (in the substantial format of Annex 1) subject to the consent of NPS.
 - d. "**Gross Volume Fee**" means the fees specified as such in the Fee Schedule (joint Trading and Clearing Appendix 7).

- e. **“Standard Volume Fee”** means fees in the Fee Schedule joint Trading and Clearing Appendix 7) not being Gross Volume Fees.

2.2 This agreement shall prevail in the event of conflict with the Trading Rules.

3 GROSS BIDDING

3.1 The Participant undertakes to conduct Gross Bidding in accordance with this agreement and the Trading Rules.

3.2 The Participant undertakes to carry out Gross Bidding only through the relevant Gross Bidding Portfolios, and acknowledges that any Orders and Transactions not registered to the Gross Bidding Portfolios will be excluded from application of this agreement. The Participant undertakes in respect of each Gross Bidding Portfolio to:

- a. only register Orders and Transactions for the Auction Market;
- b. only register Bids and purchase Transactions to the “purchase” designated Gross Bidding Portfolios; and
- c. only register Offers and sales Transactions for the “sales” designated Gross Bidding Portfolios.

3.3 NPS may, at its discretion and subject to available functionality of applicable systems, implement technical measures to ensure the Participant’s compliance with clause 3.2 above.

4 MINIMUM VOLUME COMMITMENT

4.1 In each calendar year the Participant shall submit Offers in respect of a minimum of thirty per cent (30%) of its Annual Generated Electricity Quantity (the **“Minimum Volume”**), as calculated on an annual basis.

4.2 If the Participant enters into this agreement part way through a calendar year, the Minimum Volume will be prorated with respect to the remainder of that calendar year (e.g. if the Participant enters into this agreement effective from 200 days of the calendar year remaining the applicable Minimum Volume shall be $30\% \times 200/365 = 16.44\%$ of the Annual Generated Electricity Quantity for that year). Thereafter the Minimum Volume shall apply in full for each subsequent calendar year.

4.3 In order for NPS to determine whether the Minimum Volume is met, the Participant shall forthwith upon finalization of its annual report for each calendar year provide NPS with information on the Annual Generated Electricity Quantity for the applicable calendar year together with a copy of such annual report.

4.4 NPS may change the Minimum Volume by unilateral decision, provided that in case the Minimum Volume is increased (i) such increased Minimum Volume shall not become effective until the following calendar year and (ii) the Participant shall have written notice no less than two (2) weeks prior to the time which the Participant must notify NPS of termination (if it so chooses) pursuant to clause 6.2 below. NPS may stipulate the specific conditions for any decrease of the Minimum Volume from time to time.

4.5 If the Participant does not fulfil the Minimum Volume in accordance with clause 4.1 above, or in case of the Participant’s breach of clause 3.2 above, NPS shall have the right to charge the Participant the Standard Volume Fee in respect of all Transactions in the Gross Bidding Portfolios in that calendar year (and clauses 5.1 - 5.3 will not apply in such case).

5 GROSS BIDDING FEES

5.1 To the extent that the gross volumes traded under the Gross Bidding Portfolios are corresponding (i.e. nets to zero), the Participant shall be charged a Gross Volume Fee with respect to the applicable volume. Any net difference in volumes traded under the Gross Bidding Portfolios (i.e. net “surplus” purchase or sales volumes) shall be charged the Standard volume Fee with respect to the applicable volume.

5.2 Subject to clause 4.5 and notwithstanding clause 5.1, the total Trading and Clearing fees for

Gross Bidding Portfolios will be calculated on an hourly basis (per clock hour from the top of each hour) as follows:

$Total\ Fee = (VFs * A) + (VFg * G)$, where

VFs = Standard Volume Fee.

VFg = Gross Volume Fee.

A = the absolute value of the difference between the applicable sales volume and applicable purchase volume: $(= \text{abs}(S-P))$

S = the sales volume

P = the purchase volume

G = the sum of the sales volume and the purchase volume minus the absolute value of the difference between the two volumes: $(S+P - A)$

- 5.3 There shall be a maximum Gross Volume Fee per calendar year stated in the Fee Schedule (joint Trading and Clearing Appendix 7). The Gross Volume Fee per calendar year may not exceed such maximum volume when calculated pursuant to clause 5.2 (i.e. any exceeding Gross Volume Fee shall not be charged). For the avoidance of doubt, this clause shall not apply to any Standard Volume Fees.
- 5.4 Fees under this agreement will be calculated as part of the regular invoicing of the Participant pursuant to the Trading Rules, on the presumption that the Participant complies with clause 4 above. To the extent clause 4.5 applies, such revised fees shall be invoiced the Participant separately and within three (3) months from the annual report is received pursuant to clause 4.3.

6 TERM AND TERMINATION

- 6.1 This agreement shall take effect from **[insert date]**
- 6.2 The initial period of this agreement is twelve (12) months, during which the agreement cannot be terminated except where so mandated by law or in the case of material default by either Party (in which case the other Party shall be allowed to terminate). Following the initial period the agreement will automatically renew on a revolving calendar year basis unless terminated by a Party by giving two (2) months written notice prior to the end of the calendar year (with effect from the immediately following calendar year).

7 MISCELLANEOUS

- 7.1 **Notices.** Any notice required to be given under this agreement or the Trading Rules by the Participant shall be given by authorised representatives and in writing to authorised representatives of NPS, unless as otherwise prescribed in the Trading Rules.
- 7.2 **Entire agreement** This agreement and the Trading Rules contain the whole agreement between NPS and the Participant relating to the subject matter of this agreement and the Trading Rules and supersede any previous arrangement, understanding or agreement between them relating to that subject matter. Each Party acknowledges that, in entering into this agreement, it has not relied on, and shall have no right or remedy in respect of, any statement, representation, assurance or warranty other than as expressly set out in this agreement and the Trading Rules. Nothing in this Section 7.2 shall limit or exclude any liability for fraud.
- 7.3 **Severability.** In the event that any one or more provisions of this agreement shall for any reason be held to be invalid, illegal or unenforceable, the remaining provisions shall remain valid and enforceable.
- 7.4 **Assignment.** The Participant may not transfer, novate or assign this agreement or its rights under the Trading Rules without the prior written consent of NPS.
- 7.5 **Counterparts.** This agreement may be executed in any number of counterparts, each of which when executed shall constitute an original of this agreement, but all the counterparts shall together constitute the same agreement.

- 7.6 **Waiver.** No failure or delay by a party to exercise any right or remedy provided under this agreement or by law shall constitute a waiver of that or any other right or remedy.
- 7.7 **Contracts (Rights of Third Parties) Act 1999.** A person who is not a party to this agreement (except for the Clearinghouse in its role as central counterparty for the Auction Market) shall not have any rights under or in connection with it by virtue of the Contracts (Rights of Third Parties) Act 1999.

8 CHOICE OF LAW AND DISPUTE RESOLUTION

- 8.1 This agreement shall be governed by, construed and take effect in accordance with English law.
- 8.2 The English courts shall have exclusive jurisdiction to settle any claim, dispute or difference that may arise out of or in connection with this agreement, including any question as to its existence, validity or termination.
- 8.3 Each Party irrevocably waives any objection which it may have now or hereafter to the laying of the venue of any proceedings in the English courts and any claim that any such proceedings have been brought in an inconvenient forum, and further irrevocably agrees that a judgement in any proceedings brought in the English courts shall be conclusive and binding upon such Party and may be enforced in the courts of any other jurisdiction in accordance with the enforcement law of that jurisdiction.

* * *

IN WITNESS OF THEIR AGREEMENT each Party has caused its authorised representative to execute this agreement effective as of the date of signature by both Parties.

This agreement has been made in three (3) originals, where NPS and the Clearinghouse each keeps one (1) version and the Participant keeps one (1) version.

For and on behalf of [Participant name]

Signature

Name and title (printed letters)

Date:

For and on behalf of Nord Pool Spot AS

Signature

Name and title (printed letters)

Date:

Annex 1: Gross Bidding Portfolios

SIGNATURES

Signatures must be evidenced by company certificate (not older than 1 (one) month from issue) or similar document authorising signature, and be accompanied by a certified copy certified copy(ies) of official ID (drivers license, passport or similar) containing signature sample of the signing person(s).

ANNEX 1: GROSS BIDDING PORTFOLIOS

Trading Portfolio	Short Code	Type (sale/purchase)

For and on behalf of [Participant name]

Signature

Name and title (printed letters)

Date:

TEMPLATE