

## Appendix 3 to Balance Service Agreement

Valid as of 1 January 2012

**GUARANTEES****1 Guarantee and obligation to lodge guarantee**

Balance Responsible Party shall give Fingrid guarantee and maintain the guarantee as collateral security for the obligations resulting from the Balance Service Agreement. The guarantee also covers the interest costs of the obligations and the realisation charges of the guarantee including interest. The guarantee shall conform to the laws of Finland.

**2 Amount of guarantee**

The amount of guarantee is based on the size of Balance Responsible Party's balance. Balance Responsible Party shall estimate the size of its balance on the basis of the maximum monthly average (MWh/h) of the hourly sums of actual consumption in Balance Responsible Party's consumption balance and of fixed deliveries which take place from its balance responsibility during the same hour over a period of the next 12 months. The size of the balance indicates Balance Responsible Party's guarantee class and further the amount of guarantee required.

The sufficiency of Balance Responsible Party's guarantee is monitored on the basis of imbalance settlement information. This monitoring takes place by calculating the cumulative monthly average (MWh/h) of the hourly sums of actual consumption in Balance Responsible Party's consumption balance and of fixed deliveries which take place from its balance responsibility during the same hour.

The guarantee class and the guarantee requirement are determined on the basis of the following table:

<b>Guarantee class</b>	<b>Size of balance (MWh/h)</b>	<b>Guarantee requirement (€)</b>
0	< 1	200,000
1	1 - 100	320,000
2	101 - 200	440,000
3	201 - 400	640,000
4	401 - 600	860,000
5	601 - 1,000	1,200,000
6	1,001 - 1,500	1,700,000
7	1,501 - 2,000	2,200,000
8	2,001 - 3,000	2,900,000
9	3,001 - 4,000	3,800,000
10	4,001 -	4,500,000

**UNOFFICIAL TRANSLATION**

With respect to fixed deliveries, Balance Responsible Party can offset the fixed deliveries in different directions, made with the same balance responsible party, including fixed deliveries between parties belonging to the balance responsibility of each of these balance responsible parties.

When the Agreement comes into force, Balance Responsible Party's estimate of the size of the balance used in the calculation of the guarantee is XX MWh/h. Balance Responsible Party's guarantee class is hence YY and the guarantee to be lodged is ZZ €.

Fingrid has the right to change the guarantee requirement of a guarantee class if the actual monthly average price of Elspot FIN has exceeded 100 €/MWh during the Agreement period or if the price of some seasonal instrument at NASDAQ OMX Commodities' derivatives market, concerning the Agreement period, exceeds 100 €/MWh. In such cases, the guarantee requirement is changed on a ratio at which the market price of electricity exceeds 100 €/MWh. If the effect of the change turns out to be temporary, the guarantee requirement shall be restored.

### **3 Types of guarantees and their valuation**

Balance Responsible Party shall agree upon its guarantees separately with Fingrid before actually lodging the guarantee. Individually in each case Fingrid accepts as counterparty a financial institution suggested by Balance Responsible Party.

The party giving the guarantee shall be a bank approved by Fingrid, with at least one of the following credit ratings: A2 (Moody's Investors Service Inc.), A (Standard and Poor's Ratings Group), A (Fitch Ratings).

If the party giving the guarantee no longer fulfils the credit rating specified in the second paragraph of this item, Balance Responsible Party shall lodge without delay, when so demanded by Fingrid, a new guarantee in favour of Fingrid. Moreover, if the guarantee becomes unenforceable for any reason whatsoever, Balance Responsible Party shall lodge without delay a new guarantee in favour of Fingrid. As guarantee, Fingrid accepts the following funds and commitments:

1. Funds deposited in Balance Responsible Party's own bank account and pledged in favour of Fingrid and which, according to the account terms, can be immediately withdrawn by Fingrid at any time.
2. On-first-demand type bank guarantee.

The guarantee shall be in a format accepted by Fingrid, and the guarantee documents available on Fingrid's website shall be used in the lodging of the guarantee (pledge agreement and bank guarantee forms).

Pledged funds deposited into the account are valued at the nominal amount of the deposit. Accrued interest on the deposit is not taken into account when valuating the amount of the guarantee. A bank guarantee used as the guarantee is valued at the amount of the bank guarantee.

### **4 Lodging the guarantee**

The lodging of guarantee requires a Balance Service Agreement signed between Balance Responsible Party and Fingrid, with the Balance Service Agreement itemised in the guarantee document.

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Funds deposited in Balance Responsible Party's own bank account shall be pledged in favour of Fingrid so that Balance Responsible Party uses a separate pledge agreement to pledge the itemised bank account and the funds deposited into the account in favour of Fingrid. Once Balance Responsible Party has duly signed the pledge agreement, an acknowledgement confirmed with the signature of the account bank shall be acquired for the pledge agreement, indicating that the bank has been informed of the pledging of the bank account and of the funds deposited into the account in favour of Fingrid and that the bank waives its right of set-off concerning such funds. Fingrid shall have a right to use the bank account without the consent of Balance Responsible Party which is the account holder. The pledge agreement together with a balance statement of the account certified by the bank, specifying the amount deposited into the account and Fingrid's right to use the account, shall be delivered to Fingrid.

If Balance Responsible Party uses an on-first-demand type bank guarantee as guarantee, the guarantee shall be delivered to Fingrid for safe keeping.

Balance Responsible Party shall always be responsible for the administrative costs and expenses caused by the lodging of the guarantee.

**5 Validity period of guarantee**

The validity period of the pledge agreement shall not be limited; instead, the pledge agreement shall be valid until further notice. The pledged account shall not have a specific maturity date; instead, it shall be in force until further notice and withdrawable immediately at any time.

A bank guarantee shall be valid until further notice, but the guarantor can terminate it with a period of notice of three (3) months by sending a registered letter to Fingrid.

If a bank terminates a valid bank guarantee, Balance Responsible Party shall deliver a new bank guarantee in favour of Fingrid no later than two (2) months before the expiry of the terminated bank guarantee; however, so that the replacing bank guarantee can commence no later than when the terminated bank guarantee expires.

**6 Returning the guarantee**

The guarantees lodged shall be returned when the national imbalance settlement during the validity of the Balance Service Agreement has been completed and when the obligations laid down in the Agreement between the parties have been fulfilled.

**7 Guarantee management and informing of required guarantees**

Balance Responsible Party shall monitor the sufficiency of its guarantees and increase the amount of the guarantee in advance and on its own initiative.

Fingrid informs Balance Responsible Party if it appears that Balance Responsible Party's guarantee class is going to increase. At Fingrid's request, Balance Responsible Party shall verify the guarantee class and lodge, if necessary, within three (3) days, an additional guarantee which conforms to the new guarantee class.

Balance Responsible Party shall inform Fingrid in writing of the increase in guarantees. Fingrid shall confirm the increase in guarantees in writing once the additional guarantee has been lodged.

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If Balance Responsible Party has not lodged the required additional guarantee in full within the above-mentioned period of three (3) days, Fingrid shall inform Balance Responsible Party in writing that Fingrid will terminate the Balance Service Agreement unless Balance Responsible Party lodges the additional guarantee within one (1) day. Fingrid shall also inform Nord Pool Spot to the effect that Fingrid has approached Balance Responsible Party in the above-mentioned matter.

If Balance Responsible Party has not lodged the required additional guarantee in full within the above-mentioned period of one (1) day, Fingrid shall terminate the Balance Service Agreement with immediate effect. At the same time, Fingrid shall inform the electricity market parties and Nord Pool Spot to the effect that no imbalance settlement information on Balance Responsible Party shall be handled in imbalance settlement after the termination.

Balance Responsible Party shall inform Fingrid in writing if Balance Responsible Party's guarantee class decreases. Balance Responsible Party and Fingrid shall agree jointly on a new guarantee class and its starting date. Fingrid shall confirm the new guarantee class to Balance Responsible Party in writing. Fingrid shall return the excess guarantee within fourteen (14) days from the date on which the final imbalance settlement for the period preceding the change was carried out and when Balance Responsible Party's financial obligations have been performed.

**8 Insufficiency of guarantees**

If Balance Responsible Party has not lodged the full guarantee required by Fingrid by the deadline set by Fingrid, Fingrid has the right to terminate the Balance Service Agreement with immediate effect.

**9 Realisation of guarantees**

If Balance Responsible Party fails to fulfil any of its obligations based on the Balance Service Agreement, Fingrid is entitled, without hearing Balance Responsible Party or without obtaining any judgement or decision or without complying with formalities prescribed by law or without giving notice of the sales of the guarantee, to sell or give to be sold the guarantees pledged to Fingrid as guarantee in an appropriate way which secures the interests of the parties, and to use the result of the realisation to cover the obligation based on the Balance Service Agreement and the realisation and interest costs. Fingrid can use the result of the realisation of guarantees to write off receivables arising from the Balance Service Agreement.