

Unofficial translation

PROCUREMENT PRINCIPLES FOR RESERVE POWER PLANTS USED AS FINGRID'S FAST DISTURBANCE RESERVE

1 Purpose

Fingrid takes care of the maintaining of power reserves in Finland in accordance with system responsibility and principles agreed between the Nordic transmission system operators by utilising its own resources and by purchasing maintaining of reserves from other holders of resources.

This document contains Fingrid Oyj's procurement principles and the general principles concerning the maintaining and use of reserve power plants owned by others, used as fast disturbance reserve. The principles of this document are also applied to production capacity other than gas turbines fulfilling the relevant conditions. These principles are valid until 31 December 2010 unless otherwise stated.

An owner of fast disturbance reserve (Seller) and Fingrid Oyj draw up a right of use contract on the maintaining of readiness for use and on the use of a reserve power plant (Plant) in accordance with the below principles. The objective is to sign the contract for a minimum of 10 years. If necessary, Fingrid may negotiate on the purchase of the Plant (by following items 2 and 3) if the Seller has no need of its own for the Plant.

2 Publication of procurement principles

Fingrid uses the right of use contract to acquire reserve power capacity suited for the maintaining of fast disturbance reserve in accordance with transparent, nondiscriminating and market-focused procedures.

The names and powers of plants contributing to the maintaining of the reserve are published on Fingrid's website.

3 Technical requirements

A Plant accepted for the maintaining of fast disturbance reserve must fulfil the following requirements:

- The nominal power of the Plant must be at least 10 MW.
- The starting time of the Plant to the contractual power must not be more than 15 minutes so that the contractual power can be fed to the nation-wide grid.
- The target value for the starting availability of the Plant must be at least 90 per cent, and the target value for time availability on an annual level must be at least 90 per cent.
- Fingrid must have the real-time measurement information on the active power of the Plant, status information on the generator circuit breaker, status information on the starting availability, and starting command of the Plant in its operation control system.

4 Fingrid's rights of use

Fingrid has the right to use the Plant for the management of system responsibility obligations and for the management of disturbances in the nation-wide grid. Fingrid does not use the Plant to conduct normal electricity trade.

Fingrid has the right to start the Plant and run it in direct control to the maximum power conforming to the operating conditions.

5 Seller's rights and obligations

The Seller does not use the Plant to conduct normal electricity trade or use it as part of normal balance management. If the Seller wishes, the Seller can surrender its own right of use completely. The Seller can use the Plant for short periods of time to correct its balance in its significant disturbances; however, not as a form of procurement replacing Elspot trade. If so agreed separately, the Seller can also use the Plant in potential network disturbances within its area. The right of use is agreed separately in the right of use contract.

If the Seller wishes to use the Plant for its own needs, the Seller must inform Fingrid of this individually in each case in advance or at the latest in conjunction with the starting of the Plant. In this case, the Seller is responsible for all costs related to starting and stopping.

The Seller manages the Plant and keeps it continuously operational. Potential large-scale renovations are to be agreed separately.

The Seller is responsible for the continuous remote and local monitoring of the Plant.

The Seller controls the power and stopping of the Plant at Fingrid's request.

The Seller shall inform Fingrid immediately of changes in the starting availability of the Plant and of issues which may restrict or prevent the use of the Plant. These issues refer to serious damage, planned maintenance, changes in environmental permits, expiry of the lease of the plot and corresponding matters concerning the Plant.

The Seller shall make sure that all the necessary environmental, emission and other official permits of the Plant are valid and that the documents required by these have been drawn up.

The Seller shall take care of the annual reporting and other obligations relating to the environmental permit and emission permit for greenhouse gases. The Seller shall apply for the emission allowances for greenhouse gases, required by the Plant.

The Seller shall take care of the fuel supply of the Plant so that the tanks contain fuel for continuous operation of a minimum of 36 hours at maximum power.

6 Trial starts

Fingrid has a right to carry out a trial start of the Plant once a month. In the trial start, the Plant can be run to the maximum power conforming to the operating conditions or to some other agreed power level.

The trial starts are carried out in accordance with a regular schedule agreed upon in advance. The Seller is responsible for carrying out the trial starts at regular intervals.

If Fingrid or the Seller has started the Plant for its own needs and at least 15 days have elapsed from the previous start of a unit, the start replaces the next scheduled trial start.

7 Fees

For the right of use and for the use of the Plant, Fingrid pays the following fees determined on a cost basis:

- right of use fee (€/MW, month)
- starting fee (€/start/gas turbine)
- energy fee (€/MWh)

Fingrid signs the right of use contract with the Seller on the basis of a quotation made by the Seller, considering Fingrid's reserve needs. A quotation may be accepted if the right of use fee specified in it is based on actual and acceptable operation and capital costs of the Plant. The potential right of use by the Seller or the potential deteriorated reliability of the Plant are taken into account as a factor reducing the right of use fee. Fingrid pays the right of use fee for the period of time during which the Plant is available to Fingrid as fast disturbance reserve. The amount of the right of use fee is adjusted every three years in accordance with the cost trend in the maintaining of the Plant. Costs caused by environmental and other permit obligations are included in the fixed monthly right of use fee paid by Fingrid.

Fingrid pays a starting fee for each start based on Fingrid's needs, and an energy fee for electricity production conforming to Fingrid's needs.

The energy fee is determined as follows: $E = LF \times N$, where:

LF = price of fuel (€/t)

N = coefficient which takes into account the efficiency and the calorific value of the fuel (t/MWh)

The starting fee and energy fee are bound to the most recent available monthly (15th day of the month) consumer price of light fuel oil (excluding value-added tax), as published by the Finnish Oil and Gas Federation. If it is necessary to apply for emission allowances separately because of Fingrid's use, these are taken into account in the energy fee.

If only Fingrid has a right of use to the Plant, Fingrid shall pay the costs caused by regular trial operation. The Seller is responsible for the costs of extra trial operation outside the agreed trial operation schedule.

If the Seller also has a right of use to the Plant, the costs of trial operation are divided in equal proportions between Fingrid and the Seller.

8 Annual maintenance, other maintenance, repairs of failures

Annually by the end of September, the Seller shall draw up for Fingrid a suggested maintenance schedule for the next calendar year, taking into account the annual maintenance and other planned service and repairs. An agreement on the schedule is made jointly by the end of the year. After this, the extra maintenance times are agreed jointly so that the timing of maintenance does not compromise the sufficiency of Fingrid's fast disturbance reserve.

If the Plant is composed of several units, the annual maintenance of the units must not be carried out simultaneously with the exception of the maintenance of shared equipment.

The Seller confirms the schedule of each individual maintenance shutdown and, if necessary, agrees with Fingrid on potential schedule changes no later than 2 weeks before the planned beginning of each shutdown.

Unless the Seller and Fingrid have agreed otherwise for failures at the Plant, the Seller shall take immediate action to correct a detected failure.

9 Starting guarantee

No starting fee is levied of a failed start.

If the starting of the Plant at Fingrid's request in accordance with the agreed starting time fails twice successively, no right of use fee is levied for the next month.

10 Handling of electricity produced

If the Plant is started at Fingrid's request, the electricity produced is recorded in Fingrid's balance.

If the Plant is started for the Seller's needs, the electricity produced is recorded in the Seller's balance.

Electricity produced in trial operation is handled in accordance with the right of use contract.

11 Information exchange and reporting

Fingrid's operation control system must have the measurement and status information and controls of the Plant specified under item 3. Their implementation is agreed separately.

The Seller shall inform Fingrid immediately of all events, failed starts and disturbances which have prevented the starting availability of the Plant during an operation period of the Plant, and send a relevant report no later than 3 weekdays after the event.

The Seller shall report the following to Fingrid monthly:

- abnormal events in the maintaining of readiness for use, maintenance work carried out and other events affecting the availability of the Plant
- trial operation
- monthly production reports for those periods during which the Plant has been in production
- fuel reports and emission allowance reports monthly after the finished production periods

Moreover, the Seller shall send a summary of the monthly reports annually by the end of January, containing a calculation of the unavailability time caused by maintenance and repairs.