

RULES FOR THE MAINTAINING OF READINESS FOR USE OF FACILITIES CAPABLE OF DEMAND RESPONSE OF ELECTRICITY COVERED BY THE PEAK LOAD CAPACITY SYSTEM, FOR THE USE OF SUCH FACILITIES, AND FOR MAKING THE ELECTRICITY CONSUMPTION AVAILABLE TO THE MARKET

Fingrid or its subsidiary Finextra (hereafter Fingrid) sets the following rules for the maintaining of readiness for use of facilities capable of demand response of electricity (hereafter Consumption for Peak Load Capacity) covered by the peak load capacity, for the use of such facilities, and for making the Consumption for Peak Load Capacity available to the market.

These rules apply to the Consumption for Peak Load Capacity and to the party in possession of it (hereafter Load Holder).

1 MAINTAINING OF READINESS FOR USE OF CONSUMPTION FOR PEAK LOAD CAPACITY

1.1 General rules

The Load Holder shall maintain the technical functioning of the Consumption for Peak Load Capacity in the winter period of 1 December to 28 February and agrees to make a bid of the Consumption for Peak Load Capacity to the balancing power market in accordance with item 2 at least 12 hours before the hour of operation so that the Consumption for Peak Load Capacity can be activated in the balancing power market during the hour of operation.

The Load Holder shall arrange its operations so that it is entitled to participate in the balancing power market in accordance with the valid rules of the balancing power market.

The Consumption for Peak Load Capacity shall be connected to the Finnish power system and its volume shall be at least 10 MW, consisting of either one single consumption facility or several smaller consumption facilities aggregated into a single larger facility. The aggregated consumption facilities can be geographically dispersed. The Consumption for Peak Load Capacity shall be capable of response within 10 minutes from receiving an order to respond.

1.2 Operating personnel

The Load Holder shall ensure that it has sufficient personnel in terms of quantity and expertise to carry out the obligations laid down in these rules.

1.3 Operating time

The Consumption for Peak Load Capacity shall be capable of an activation of at least 200 hours in the winter period of 1 December to 28 February. The Consumption for Peak Load Capacity shall be capable of uninterrupted activation of at least 2 hours, after which it shall be possible to re-activate the Consumption for Peak Load Capacity after an idle period of a maximum of 6 hours (hereafter Idle Period).

1.4 Trial operation

The Consumption for Peak Load Capacity shall be subject to a successful trial operation annually at a period of time agreed upon separately with Fingrid no more than 1 month before the

beginning of the winter period of 1 December to 28 February. The trial operation is used to ensure the technical functioning and verifiability of the Consumption for Peak Load Capacity and the expertise of the operating personnel. The minimum length of the trial operation is 1 hour.

The Load Holder shall be responsible for the execution and costs of the trial operation.

2 USE OF CONSUMPTION FOR PEAK LOAD CAPACITY FOR THE NEEDS OF THE POWER SYSTEM IN THE BALANCING POWER MARKET

2.1 General rules

The Load Holder shall comply with the valid rules of the balancing power market.

The Load Holder is responsible for offering the Consumption for Peak Load Capacity to the balancing power market. The Consumption for Peak Load Capacity is activated in the balancing power market always at Fingrid's request.

Fingrid has the right to monitor the Load Holder's bids to the balancing power market and report these afterwards to the Energy Authority upon request.

2.2 Consumption for Peak Load Capacity in the balancing power market, and pricing

The Load Holder shall submit a bid of the entire Consumption for Peak Load Capacity to the balancing power market in the winter period of 1 December to 28 February. The bids shall be submitted to the balancing power market for each hour at the energy price (€/MWh) reported to the competitive bidding of the National Regulatory Authority, (hereafter Load Price). The Load Price shall be valid for the entire winter period.

The Load Holder is obliged to activate Consumption for Peak Load Capacity covered by the agreement whenever Fingrid requests this either for the needs of the peak load capacity system or for other power balance management needs relating to the management of system responsibility

Fingrid activates a necessary volume of the bids in the order selected by Fingrid, taking into account the price and volume of the bids. Activation takes place after all market-based bids have been activated. After activation, the Load Holder shall update the balancing bids, taking into account the Idle Period.

The price of the most expensive market-term balancing bid activated in the balancing power market is set by Fingrid as the price of an activated balancing bid; however, at least the Elspot price of the corresponding hour. In accordance with Section 3 of the Peak Load Capacity Act (*Laki sähköntuotannon ja -kulutuksen välistä tasapainoa varmistavasta tehoreservistä 117/2011*), the price shall not be below the variable costs of a condensing power plant firing heavy fuel oil, with the value of emission allowances required by the production added to these costs.

3 HANDLING OF CONSUMPTION FOR PEAK LOAD CAPACITY IN IMBALANCE SETTLEMENT

The Consumption for Peak Load Capacity is in the Load Holder's responsibility in the imbalance settlement, and all actual sales related to the Consumption for Peak Load Capacity shall be handled in accordance with valid imbalance settlement rules.

4 UNAVAILABILITY OF CONSUMPTION FOR PEAK LOAD CAPACITY

4.1 Reports

The Load Holder shall immediately inform Fingrid of malfunctions in the Consumption for Peak Load Capacity, where the malfunctions may limit the use of the Consumption for Peak Load Capacity or prevent it completely (hereafter Unavailability). The Load Holder's obligation specified under item 2.2 to make a balancing bid is not valid during an Unavailability concerning the Consumption for Peak Load Capacity.

4.2 Fees

The maintenance compensation specified under section 5 is not paid for the period of time when the Consumption for Peak Load Capacity is not available to the peak load capacity system as specified under item 1 of these rules

A minimum of one hour of unavailability in a day will incur the loss of maintenance compensation for the entire day in question.

The amount of daily maintenance compensation shall be calculated by dividing the maintenance compensation for the entire agreement period by the number of days in the agreement period.

5 MAINTENANCE COMPENSATION FOR READINESS FOR USE

The compensation to be paid for the maintenance of the peak load capacity is determined on the basis of an operating agreement signed between the Load Holder which offers the Consumption for Peak Load Capacity for the system and Fingrid as well as on the basis of a procurement decision for peak load capacity, made by the Energy Authority.

The compensation for the maintenance of the peak load capacity is paid to the Load Holder in retrospect. The Load Holder shall send an invoice concerning the maintenance of readiness for use in the three-month period on 6 March or on the first subsequent weekday. Fingrid shall pay the maintenance compensation within two months by the end of April.

The sales proceeds received by the Load Holder are deducted from the maintenance compensation if the up-regulating price in the balancing power market is higher than the price of the Consumption for Peak Load Capacity, which participates in the peak load capacity arrangement, reported in conjunction with the procurement procedure (hereafter Load Price). The deducted sales proceed is calculated as the difference between the up-regulating price and the Load Price as far as the volume of peak load capacity activated in the balancing power market is concerned.

A sales loss credited to the Load Holder is added to the maintenance compensation if the up-regulating price in the balancing power market is smaller than the Load Price. The sales loss is calculated as the difference between the up-regulating price and the Load Price as far as the volume of peak load capacity started in the balancing power market is concerned.

6 INFORMATION EXCHANGE AND REPORTING

The Consumption for Peak Load Capacity covered by the agreement shall be subject to real-time measurement by Fingrid, or it must be possible to verify a power change otherwise in real time.

The Load Holder shall report the following information to Fingrid:

- Planned timing of trial operation, and trial operation report covering the issues stated under section 1.4.
- Events preventing readiness for use shall be reported immediately.
- Disturbances which have occurred shall be reported within 2 working days after the disturbance.
- A separate monthly report shall be submitted of all those periods when the Consumption for Peak Load Capacity has been activated in the balancing power market.
- The amount of the compensation to be paid for the maintenance of readiness for use, with the sales proceeds or sales losses specified under section 5 deducted from or added to the compensation.

Fingrid has the right to deliver reports to the Energy Authority upon request.

Fingrid has the right to publish actual changes in production at a power plant unit covered by the agreement, as well as actual sales volumes activated on the balancing power markets.

7 REVIEW AND AMENDMENTS TO RULES

If these rules and conditions need to be changed due to legislative amendments or other action by authorities, they shall be subjected to the approval of the Energy Authority before they come into effect.

8 DISSOLUTION OF AGREEMENT, AND REFUNDING AND RECOVERY OF MAINTENANCE COMPENSATION

The dissolution of the peak load capacity agreement and the refunding and recovery of the maintenance compensation take place as stipulated under Sections 16 and 17 of the Peak Load Capacity Act (Laki sähköntuotannon ja -kulutuksen välistä tasapainoa varmistavasta tehoreservistä, 117/2011).

If the Load Holder violates intentionally the obligation of the public service, the Energy Authority may order the peak load capacity agreement to be cancelled and may require the Load Holder to refund the compensation that Fingrid has paid the Load Holder by virtue of the agreement, if the peak load capacity agreement has been cancelled as stipulated under Section 16, Subsection 1 of the Peak Load Capacity Act or if the Load Holder has otherwise violated the peak load capacity agreement.

9 FORCE MAJEURE

In the case of force majeure, Fingrid and the Load Holder have the right to restrict the maintaining of Consumption for Peak Load Capacity specified in these rules or to interrupt it completely.

Cases of force majeure are deemed to cover any events which the Load Holder or Fingrid could not have prevented through reasonable caution and which make the fulfilment of these rules impossible or impair it essentially or make it financially or otherwise unreasonable.

Cases of force majeure include war, country's internal unrest, vandalism, sabotage, explosion, fire, flooding, storm or other exceptional weather conditions, general interruption in traffic, strike or stoppage of a key employee group, lock-out ordered by an employer organisation, measures by authorities, or some other similar reason with as significant and unusual consequences. Force majeure is also considered to cover such damage in the power production or power transmission system caused by the above causes for which no reasonable preparations could have been made, taking into account the principles for electricity supply security generally applied to the Nordic power systems

Fingrid and the Load Holder shall inform each other without delay of the occurrence and end of any force majeure event.

The maintenance compensation is not paid for the period of force majeure