

Yearly and Monthly Auction Rules

for the
Allocation of capacities
on the
interconnection congestion
between the
control areas
of
VERBUND-Austrian Power Grid AG (“APG”)
and
MAVIR Zrt. (“MAVIR”)

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PREAMBLE

The demand for capacity at the Interconnection between APG and MAVIR is usually much higher than the ATC. In order to obtain maximum transparency in the allocation of the ATC and to avoid discrimination in allocating the ATC, auctions shall be held. The Yearly and Monthly Auction Rules are construed in accordance with the regulations set out by European law, in particular by the EU-Regulation, in accordance with Austrian, Hungarian and European law and in accordance with regulations issued by the Austrian and the Hungarian Regulatory Authorities. In order to correspond with these legal requirements the auction covers the reservation of the ATC. The auctioning of the reservation of the ATC aims at providing a transparent method of congestion management.

1. Definitions / Terms

In these Yearly and Monthly Auction Rules (including any Annexes and Forms) the terms defined in this article (where appropriate in plural) shall, for all purposes of these Yearly and Monthly Auction Rules have the meanings specified in this article (unless the context requires otherwise).

Allocated Capacity: for yearly and monthly auctions this is the Reserved Capacity after fulfilling the payment conditions according these Yearly and Monthly Auction Rules as stated in article 11.

Allocated Physical Transmission Right (“Allocated PTR”): Promised Capacity to Auction Participants in yearly or monthly Auction becomes Allocated PTR when payment of the invoiced amount has been made.

APG: VERBUND-Austrian Power Grid AG with registered office in A-1220 Wien, Wagramer Straße 19, IZD-Tower and with the number of the commercial register FN 177696 v.

Auction Office Austria: the entity executing the yearly and monthly auction procedures during the Interim Period and is commissioned by APG and MAVIR.

Auction Participant: A person and/or an entity taking part in the auction procedures set out in the Yearly and Monthly Auction Rules and submitting to the Yearly and Monthly Auction Rules.

Auction Price: the price in EUR to be paid by Auction Participants receiving Reserved Capacity in case the total amount of the requested reservation of network capacity exceeds the ATC.

Yearly and Monthly Auction Rules: the regulations set out in this document applicable to the allocation of the reservation of capacities at the transmission interconnections between the control areas of APG and MAVIR.

Available Transmission Capacity (“ATC”): the part of the NTC that remains available, after each phase of the allocation procedure, for further commercial activity and which shall be offered in the yearly, monthly and daily auction procedures.

Bank Guarantee: Bail in form of an irrevocable and directly enforceable bank guarantee valid for a limited period waiving any exceptions or set-offs.

Bid: is an offer by an Auction Participant to purchase rights to use capacity submitted in an auction pursuant to and in compliance with these Yearly and Monthly Auction Rules; such an offer consists of two values per product (capacity per direction): a Capacity in MW and a Bid Price in Euros per MWh.

Bid Price: the highest price in Euros per MWh which an Auction Participant is willing to pay for 1 MW of Capacity. He must be prepared to pay this Bid Price.

CAO Central Allocation Office GmbH (“CAO”): with its registered office at Gute Änger 15, 85356 Freising, Germany. The CEE TSOs established CAO Cen-

tral Allocation Office in the CEE region in order to facilitate the organization of the common allocation procedures. CAO provides services according to Article 5.1.a during the Interim Period and services according to Article 5.1.b beginning with the start of its operations until 31st of December 2010 for the whole year 2010 and acts – in this capacity as service provider – in the name and for account of Auction Office Austria (“auxiliary person”).

ePortal: an electronic web-based trade portal operated by CAO available on www.central-ao.com.

Capacity: cross-border transmission capacity in MW.

Capacity Auction System: web based cross border capacity allocation application to conduct yearly and monthly auctions.

Curtailment: is the reduction of Capacity in emergency situations where APG and MAVIR must act in an expeditious manner.

Curtailment of Allocated Capacities (Capacity Curtailment): means the reduction of Allocated Capacities by Auction Office Austria (based on the request of MAVIR and/or APG) in respect of the Auction Participants. Curtailment of Allocated Capacities shall only be used in case of unforeseen situations (e.g. Unplanned maintenance). Any such procedure shall be applied in a non-discriminatory manner.

Daily ATC: is a part of the ATC which is offered to the Auction Participants in daily auctions. The auctions for daily ATC will be held by MAVIR (see specific auction rules for daily auctions).

EIC-Code: Energy identification code serving to clear the identification of Auction Participants in a cross-border trade (see <http://www.entsoe.eu/resources/edi/library/eic/cds/area.htm>).

ENTSO-E (“European Network of Transmission System Operators for Electricity”): an International Association with membership of European Transmission Sys-

tem Operators with the aim to contribute to reliable and efficient pan-European and regional markets, ahead of the European Union Third Legislative Package of the Internal Electricity Market.

EU-Regulation: The Regulation (EC) No 1228/2003 of the European Parliament and of the Council of 26 June 2003 on conditions for access to the network for cross-border exchanges in electricity and Directive 2003/54/EC of the European parliament and of Council of 26 June 2003 concerning common rules for the internal market in electricity as valid on the day of issuing of the Yearly and Monthly Auction Rules.

Force majeure: operational conditions and/or events and/or circumstances which are beyond the reasonable control of APG and/or MAVIR, and which cannot be prevented or overcome with reasonable foresight and diligence, such as, but not limited to, international superimposed Loop Flows, if APG and/or MAVIR are only able to counteract them by endangering the security of supply, and/or which cannot be solved by measures which are from a technical, financial and/or economic point of view reasonably possible for APG and/or MAVIR.

Interconnection: a single and/or double circuit lines between the Austrian and Hungarian transmission system which connects the control areas of APG and MAVIR synchronously. In the year 2010 there are two lines, the first operated at the voltage 220 kV (double circuit) between the substation Wien Südost/ Neusiedl and the substation Győr and the second operated at the voltage 400 kV (single circuit) between the substation Wien Südost and the substation Győr.

Interim Period: begins with publication of these Auction Rules and ends on the day CAO starts its operations.

Loop Flow: the difference between the exchange programs and the physical flows at the transmission interconnections.

MAVIR Zrt. (“MAVIR”): with registered office in H-1031 Budapest, Anikó u. 4 and incorporated in the Commercial Register kept by Budapest Court of Justice with the Company Identification No. 01-10-044470.

Monthly ATC: is a part of the ATC which is offered to the Auction Participants in monthly auctions.

Net Transfer Capacity (“NTC”): the maximum exchange program between two control areas compatible with security standards applicable in both areas and taking into account the technical uncertainties on future network conditions.

PTR Holder: User that has obtained Allocated PTR in the Auction or via Secondary Market.

Registration Form: the Registration Form published on CAO's website, www.central-ao.com.

Reserved Capacity: the capacity that the Auction Participant gains by notification of the Auction results.

Reservation Period: the period for which the Yearly ATC, the Monthly ATCs or the Daily ATCs are offered.

Reservation Subperiod: – is a part of Reservation Period in which the Allocated Capacity cannot be guaranteed due to planned maintenance. In such Reservation Subperiods the Allocated Capacities are proportionally curtailed to the amount of the announced reduced ATC. The duration of Reservation Subperiods and the reduced ATCs for the relevant Reservation Subperiods are announced at the date of publication of ATC for the relevant auction. Reservation Subperiods are used to maximise the Yearly and Monthly ATC(s). For the avoidance of doubt, by the submission of the Bids, the Auction Participants acknowledge the announced Reservation Subperiods and neither MAVIR nor APG shall provide any sort of compensation for the Reservation Subperiods, and elaborate their Bid in light of these Reservation Subperiods.

Transfer: is the trading of the Allocated Capacity purchased in the course of yearly and monthly auctions.

Transferee: an Auction Participant that receives Allocated Capacities as a result of a Transfer.

Working Day: every day except for Saturdays, Sundays and any public holiday in Austria as listed in ANNEX 4a attached to these Yearly and Monthly Auction Rules.

Yearly ATC: is a part of the ATC which is offered to the Auction Participants in yearly auctions.

The headings in these Yearly and Monthly Auction Rules are intended solely as a matter of convenience and for reference and shall be given no effect in the construction or interpretation of these Yearly and Monthly Auction Rules.

2. Scope of the Yearly and Monthly Auction Rules

This document contains the terms and conditions for the auctioning of the reservation of Yearly and Monthly ATC at the Interconnection between the control areas of MAVIR and APG that is jointly offered by MAVIR and APG.

Auctions for yearly ATC during the year 2010 and monthly and daily ATC for the Interim Period will be held in order to ensure that reservations of ATC will be valid for each side of the Interconnection. All rights and obligations of APG and Auction Participant under these Auction Rules connected to the yearly capacity, among others payment obligations, etc. remain valid after the interim period for the year 2010. Auctions for yearly and monthly ATC will be held by Auction Office Austria; auctions for daily ATC will be held by MAVIR (see specific auction rules for daily auctions).

These Yearly and Monthly Auction Rules in particular are handling the reservations of Yearly and Monthly ATCs in the direction from Austria to Hungary and in the direction from Hungary to Austria.

The valid version of the Yearly and Monthly Auction Rules will be published on the website of the Auction Office Austria and MAVIR. MAVIR and APG reserve the right to amend and/or change the Yearly and Monthly Auction Rules.

Auctions for the Interim Period will be held in order to ensure that Reserved Capacity will be valid for each side of the Interconnectors.

MAVIR and APG will fully accept the results of the individual auction procedures held by the Auction Office Austria.

3. The Auction Office Austria

The Auction Office Austria is responsible for the allocation Yearly and Monthly ATC to Auction Participants through auction proceedings pursuant to these Yearly and Monthly Auction Rules. The Auction Office Austria prepares and conducts yearly and monthly auctions and shall serve as point of contact and source of information for all Auction Participants.

Auction proceedings may be discontinued or interrupted by the Auction Office Austria at any time without prior notice - be it temporarily in case of technical failures, or permanently based on instructions from MAVIR and APG (e.g. change of capacity allocation method). Such temporary or permanent discontinuance will not affect the rights and obligations which have arisen as a consequence of yearly and/or monthly auctions having taken place under these Yearly and Monthly Auction Rules prior to such discontinuance or interruption.

We must point out that we cannot accept responsibility for the security of transfers of electronic Bids. We will however try to keep them as secure as possible.

Receipt of Bids at the Auction Office Austria is the decisive criterion in meeting the time limit.

4. The Auction Office Austria's website

The Yearly and Monthly- and reduced ATC(s) at the relevant Reservation Subperiod(s) if necessary – will be published on the website of the Auction Office Austria (<http://www.auction-office.at>) according to the dates set out in ANNEX 2 and ANNEX 3. In particular, the following information will be published on the Auction Office Austria's website:

Public Section:

- a) These Yearly and Monthly Auction Rules (valid release)
- b) Additional information on the auction proceedings
- c) Names, facsimile and telephone number(s), e-mail address(es) of contact persons of the Auction Office Austria
- d) Forms to be used by Auction Participants
- e) Yearly and Monthly ATCs
- f) Reservation Subperiods and relevant reduced Yearly and/or Monthly ATCs
- g) Summary of the results of the yearly and monthly auctions
- h) Frequently asked questions and answers
- i) Other relevant information

Secure Section:

- a) Electronic bidding portal

Also the registration (see article 6) and the deregistration (see article 7) for the yearly and monthly auctions is handled by the CAO.

5. General Provisions

5.1. Services carried out by CAO

CAO will start its operations in the first half of 2010 and will carry out flow-based auctions for electricity transmission rights at cross-border interconnectors in the CEE Region.

a) For the Interim Period CAO will provide the following services according to these Auction Rules:

1.) Collection of Registration Form for yearly and monthly auctions according to Article 6.1 and ANNEX 6;

2.) Collection of the Bank Guarantees according to Article 6.2 and ANNEX 10;

3.) Collection of Austrian Balance Group acknowledgements according to Article 13 and ANNEX 8, as well as periodical update of membership to Austrian Balance Group according to Article 13

b) Beginning with the first day of operation CAO will provide the following services according to these Auction Rules:

1.) Transfer of yearly capacity according to Article 15;

2.) Resale of allocated yearly PTR according to Article 16;

APG remains the contractual partner of the Auction Participant with regard to yearly PTRs. CAO merely acts as an auxiliary person.

Auction Participants will be informed of the exact date as of which CAO will provide these services 30 (thirty) days in advance.

As of the moment that CAO provide the services, Market Participants have to be registered at CAO as Auction Participants in order to make use of these services. Auction Office Austria will, as of the moment that CAO carries out these services, no longer provide any such services to the Market Participants. After registration at CAO, the Auction Participant is obliged to assign all Allocated PTRs and Promised Capacity to one single EIC Code.

5.2. Violation against the Yearly and Monthly Auction Rules

Prior to, during and after an Auction, Auction Participant shall refrain from any action or behavior which adversely affects or threatens competition in the Auction proceedings, which aims at gaming, or which in any other way disrupts or threatens to disrupt the Auction proceedings, transparency, cost-effectiveness or fairness thereof.

In case of violation of these Yearly and Monthly Auction Rules the Auction Participant may be excluded from further auctions as set forth in article 7.

5.3. Separation of Auction and Fees for Grid Use

A successful Bid which leads to Reserved Capacity creates a contract between MAVIR/APG and the Auction Participant under which MAVIR /APG is to provide the Auction Participant with an option to use capacity on the Interconnectors ("Reserved Capacity") and the Auction Participant is obliged to pay the respective Auction Price, independent of the actual use and other transmission fees such as, but not limited to, transmission fees resulting from cross-border tariffication. By fulfilling the payment conditions in accordance with the Yearly and Monthly Auction Rules Reserved Capacity is guaranteed by MAVIR /APG ("Allocated Capacity") with the exception of circumstances described in articles 14 and 19.

The payment determined covers only the right for the Allocated Capacity at the bottleneck. This option does not include any use of the transmission system to and from the Interconnectors. Said use of the transmission system, including corresponding fees, if any, must be agreed separately with APG on the Austrian side of the border and with MAVIR and/or the competent owners of the Hungarian transmission network on the Hungarian side.

5.4. Curtailment

In case of Curtailment MAVIR and APG will reduce Allocated Capacity according to article 14 and will pay a compensation to the Auction Participant with exception of Force Majeure and during Reservation Subperiod(s).

In cases where the duration of Reservation Subperiod(s) and the reduced ATC(s) for the relevant Reservation Subperiod(s) are announced after the submission of the Bids Auction Participant whose Allocated Capacity has been reduced shall be compensated according to the article 14.2.

5.5. Acceptation of Yearly and Monthly Auction Rules

Furthermore, with the submission of the correct filled out and signed registration form (see ANNEX 6) the Auction Participant accepts the auction regulations set out in these Yearly and Monthly Auction Rules and submits to the Yearly and Monthly Auction Rules without any reservation. If the Auction Participant does not conform to these Yearly and Monthly Auction Rules, the Auction Participant shall be expressly barred from the participation in further auctions and the Bids shall not be accepted by the Auction Office Austria.

5.6. Avoiding of Dominant Market Positions

The Auction Participant accepts that neither he nor a related company of him can – according to § 228 Austrian Commercial Law ("UGB") – bid for more than 40% of the published Yearly or Monthly ATC by auction in case of congestion and the number of Auction Participants is higher than two. The Auction Participant accepts that neither he nor a related company of him can – according to § 228 Austrian Commercial Law ("UGB") – bid for more than 60% of the published Yearly or Monthly ATC by auction in case of congestion and the number of Auction Participants equals two.

For practical reasons in yearly and monthly auctions this procedure is only used if the relevant Yearly or Monthly ATC is higher than 30 MW.

To avoid problems related to the potential use of dominant position of any market player, the relevant Regulatory and/or Competition Authorities, may impose additional restrictions in general or on an individual company on account of market dominance. The Auction Office Austria reserves the right to introduce such restrictions in the course of the year. Any such restriction has to be set forth in advance in Announcement of Available Transmission Capacities.

5.7. Payment

If the Auction Participant does not fulfill or only partially fulfils any obligation resulting from the contract in due time, especially if the Auction Participant does not pay the full Auction Price within the time limits set out in the Yearly and Monthly Auction Rules, MAVIR and APG are entitled either to enforce the completion of the contract and hold the Auction Participant liable for the Auction Price, interests, charges and expenses including attorney's fees, arising from the enforcing of the completion of the contract. The Auction Participant shall not be entitled to offset and/or withhold any debts arising in connection with obligations resulting from an auction to any claim of MAVIR and/or APG, whether or not arising out of an auction. The detailed payment conditions are described in article 11.

6. Participation in Auctions

6.1. Registration Requirements

In order to qualify for participation in yearly and/or monthly auctions, the Auction Participant must comply with all requirements set forth in these Yearly and Monthly Auction Rules.

All the documents requested for participation to the auctions have to be sent to the following address: CAO Central Allocation Office GmbH; Gute Änger 15, 85356 Freising, Germany, at least 5 working days before the start of the first relevant auction by the Auction Participant. If this deadline is missed the relevant TSO cannot guarantee the participation of the Auction Participant.

In any case the Auction Participant:

- must send the Statement of acceptance/Registration form as given in ANNEX 6 to CAO,
- must fulfill all conditions as in article 6.2.

In addition the Auction Participant must fulfill the following conditions:

- Recognition by the Austrian regulatory authority as representative of a balance group
- or
- has a valid EIC -Code

6.2. Admission and Financial Guarantees

In order to qualify for participation in yearly and/or monthly auctions, the Auction Participant shall comply with all requirements set forth in these Yearly and Monthly Auction Rules including the “**Capacity Auction System - Manual**” set out in ANNEX 7.

For participation in the Yearly and/or Monthly Auction the Auction Participant is required to provide CAO with a Bank Guarantee issued by a bank with long-term credit rating of “BBB-” (S&P) or “Baa3” (Moody's) or “BBB-“ (Fitch/IBCA) or higher securing overdue payment if the User fails to pay. The minimal amount of the Bank Guarantee, which has to be submitted by Auction Participant **to CAO** in order to participate in the Auctions, is fifty thousand (50.000,00) Euro.

As soon as this Auction Participant obtains Capacity at the Yearly Auctions, he has to increase the amount of his Bank Guarantee to the amount which covers all outstanding debts resulting from the Yearly Auctions of Assigned PTRs within five (5) Working Days. The increase of Bank Guarantee has to be

provided **to APG via** e-mail (netz.apg@verbund.at) (copy) and via post (original) within five (5) Working Days. Otherwise the Auction Participant will lose the Assigned Capacity acquired at the yearly Auctions and won't be allowed to participate in the further auctions or in the secondary market until he has provided a Bank Guarantee with the amount requested.

Instead of increasing the amount of the Bank Guarantee APG will accept in advance payment for the total amount for all kind of auctions (e.g. yearly and/or monthly auction) within five (5) Working Days after the publication of the auction results (relevant deadline Y3, see article 8.1 and/or relevant deadlines M3; see article 9.1) to the account set out in article 11.

In the case of insufficient funds of the business account for the automatic collection or if the payment is not settled on the 20th day of the same month, APG will draw the Bank Guarantee. If, however, an Auction Participant can't fulfill his payment obligations, the Auction Participant will lose the Capacity awarded through the auction (Assigned PTRs) and shall be liable pursuant to the General Provisions set out in article 5. Such released Capacity will be auctioned in the daily auction – or if applicable in the following monthly auction. Moreover, the Auction Participant shall be excluded from all following auctions – yearly, monthly and daily auctions – until that date when the Auction Participant remits sufficient funds to the business account for APG and/or Bank Guarantee and all payments of the Auction Participant are settled.

By submitting the duly signed and completed registration form to CAO, the Auction Participant confirms that it has read, understood and accepted the present Yearly and Monthly Auction Rules and that it will follow any and all instructions given by the CAO, MAVIR and/or APG, in particular in case of ambiguity in these Yearly and Monthly Auction Rules or non-availability of the Capacity Auction System.

By signing and submitting the registration form to CAO, the Auction Participant authorizes the Auction Office Austria to verify the Auction Participant's respective statements. The Auction Participant shall be informed about the admission or rejection by mail. In case of rejection of its registration request, CAO shall inform the Auction Participant of the reasons for the rejection.

An Auction Participant who has been declared bankrupt or insolvent or granted suspension of payment, or against whom a petition for bankruptcy, insolvency or suspension of payment has been filed, does not qualify for participation in yearly, monthly and daily auctions.

Subject to all existing requirements being fulfilled, the original countersigned copy of the registration form and the procedure (password, user ID) for entering the secure yearly and/or monthly auction website shall be sent to the Auction Participant by registered mail and/or by e-mail and telephone. By getting the admission from CAO to join the auctions procedures the Auction Participant shall submit to APG an Austrian business account according to article 11 in order to be able to join the auctions.

The password shall be kept with particular care and may under no circumstances be passed to others or made accessible in any other way (including non-authorized representatives of the Auction Participant). Responsibility for all transactions authorized using the password shall be borne by the Auction Participant.

6.3. Notification of Changes

The requirements for participation set forth in these Yearly and Monthly Auction Rules must be fulfilled at all times when participating in yearly and/or monthly auction proceedings. As a consequence, the Auction Participant shall promptly inform CAO in writing of any changes effecting fulfillment of the requirements concerned.

Changes concerning the Auction Participant's contact data and statements set forth in the registration form submitted by the Auction Participant shall be notified to CAO in writing.

7. Deregistration, exclusion and deactivation of Auction Participants

7.1. Deregistration

Should the Auction Participant not wish to participate in any further yearly and monthly auctions, it **may submit** a written request for deregistration to CAO. The request will be granted on condition that

1. the Auction Participant no longer possesses rights to use any Allocated Capacity awarded in yearly and/or monthly auctions and
2. the Auction Participant has fulfilled all its obligations towards MAVIR and/or APG.

Auction Participants who have been deregistered may apply for readmission by completing the registration process pursuant to article 6 above.

7.2. Exclusion

Should the Auction Participant in any manner (a) infringe these Yearly and Monthly Auction Rules, (b) declare bankruptcy, become insolvent or be granted suspension of payment, (c) become object of a petition for bankruptcy, insolvency or suspension of payment or (d) be in default of payment (e) loss of entitlement to register net schedules in Hungary or Austria (termination of registration of a balance group) then the Auction Participant can be excluded from further yearly and monthly auctions by Auction Office Austria without delay. The barring shall promptly be notified to the Auction Participant by both facsimile transmission and mail. The Auction Participant shall be obligated to pay the Auction Price for already awarded Reserved Capacity.

The Auction Participant shall be obligated to pay any remaining invoices or claims of APG within a period of five working days after notification of its exclusion by Auction Office Austria.

Auction Participants who have been excluded by the Auction Office Austria may apply for reconsideration.

8. Yearly Auction Procedure

Separate yearly auctions for the year 2010 shall be held for the reservation of capacity in each of both directions and executed by Auction Office Austria:

Auction Y1: deals with the direction from Hungary to Austria;

Auction Y2: deals with the direction from Austria to Hungary.

Yearly auctions take place on the dates mentioned in ANNEX 2.

8.1. Deadlines for Yearly Auctions

For the yearly auctions the following deadlines are valid and the respective dates are set out in ANNEX 2:

Deadline Y1: deadline for Publishing of Yearly ATC and Reservation Subperiods if applicable;

Deadline Y2: deadline for bid submission for allocation of Yearly ATC at 12:00 (CET) on the date set out in ANNEX 2;

Deadline Y3: deadline for publication of yearly auction results at 18:00 (CET) on the date set out in ANNEX 2.

8.2. Determination and Publication of Yearly ATC

The yearly NTC is determined by MAVIR and APG in accordance with the applicable technical rules, particularly in accordance with the applicable rules published by the ENTSO-E, applicable laws and regulations.

The relevant Yearly ATC (part of yearly NTC) and – if applicable – the Reservation Subperiods will be published on the website of the Auction Office Austria (<http://www.auction-office.at>) according to the dates set out in ANNEX 2.

8.3. Bidding for Yearly ATC

The Bids for allocation of Yearly ATC in the respective direction shall be submitted in electronic form via the Capacity Auction System – in accordance with the “Capacity Auction System - Manual” set out in ANNEX 7.

Each legitimated (registered) Auction Participant shall deliver his Bids for yearly auction from deadline Y1 till deadline Y2. The Bids delivered to the Auction Office Austria shall be binding and cannot be withdrawn or modified after deadline Y2.

The Auction Participant must be prepared to pay the Auction Price for his Reserved Capacity in addition to other transmission fees such as, but not limited to, transmission fees resulting from cross-border tariffication.

For further consideration each Bid must contain the following unambiguous and legible specifications:

1. The specification of the relevant yearly auction and product.
2. The value of the Bid in EUR/MWh (max. two decimals).
3. The amount, in blocks of 1 MW, of the transmission capacity to be reserved in MW.

Bids must state the highest Auction Price the Auction Participant is willing to pay.

Bids specifying all the above-mentioned data must be submitted, without any reservation. For each auction number, several bids may be submitted. Such bids submitted are valid independent of each other.

Bids which do not fulfil the above requirements will not be considered in the allocation procedure. The Auction Participant shall be responsible for the evi-

dence of the timeliness of the delivery of the bids to the Auction Office Austria.

8.4. Allocation of Yearly ATC

The Capacity Auction System reviews and collects all submitted Bids between the deadline for Publishing of Yearly ATC (deadline Y1) and the deadline for bidding (deadline Y2). After expiry of deadline Y2 all valid Bids are listed by the Capacity Auction System in order of decreasing price offers.

For a detailed description regarding the valid deadlines for yearly auction see article 8.1.

The details of the allocation process of Yearly ATC to Auction Participants are described in ANNEX 1.

8.5. Notification on the Results of Yearly Auction

The Auction Office Austria will provide each Auction Participant, whether successful or not, with the following data approximately 18:00 (CET) at the deadline for publication of yearly auction results (deadline Y3):

1. Specification of the relevant yearly auction,
2. Reservation Period and Reservation Subperiods,
3. Amount of Reserved Capacity in MW
4. Value of payment for the purchased Reserved Capacity in EUR.

The overall, anonymous results of a yearly auction will be published on the website of Auction Office Austria at approximately 12:00 (CET) at deadline Y3.

For a detailed description regarding the valid deadlines for yearly auction see article 8.1.

9. Monthly Auction Procedure

Separate monthly auctions for the Interim Period shall be held for the reservation of capacity in each of both directions and executed by Auction Office Austria:

Auction M1: deals with the direction from Hungary to Austria;

Auction M2: deals with the direction from Austria to Hungary

Monthly auctions take place on the dates mentioned in ANNEX 3.

9.1. Deadlines for Monthly Auctions

For the monthly auctions the following deadlines are valid and the respective dates are set out in ANNEX 3:

Deadline M1: deadline for Publishing of Monthly ATC and Reservation Subperiods if applicable;

Deadline M2: deadline for bid submission for allocation of Monthly ATC at 12:00 (CET) on the date set out in ANNEX 3;

Deadline M3: deadline for publication of monthly auction results at 18:00 (CET) on the date set out in ANNEX 3.

9.2. Determination and Publication of Monthly ATC

The monthly NTC is determined by MAVIR and APG in accordance with the applicable technical rules, particularly in accordance with the applicable rules published by the ENTSO-E, applicable laws and regulations.

The relevant Monthly ATC (part of monthly NTC) and – if applicable – the Reservation Subperiods will be published on the website of the Auction Office Austria (<http://www.auction-office.at>) according to the dates set out in ANNEX 3.

9.3. Bidding for Monthly ATC

The bids for allocation of Monthly ATC in the respective direction shall be submitted in electronic form via the Capacity Auction System – in accordance with the “Capacity Auction System – Manual” set out in ANNEX 7.

Each legitimated (registered) Auction Participant shall deliver his bids for monthly auction from deadline M1 12:00 (CET) (see ANNEX 3) to the deadline for bid submission (deadline M2). The bids delivered to the Auction Office Austria shall be binding until the end of the relevant monthly auction and cannot be withdrawn or modified after deadline M2).

He must be prepared to pay these bids in addition to other transmission fees such as, but not limited to, transmission fees resulting from the cross-border-tariffication.

For further consideration each bid must contain the following unambiguous and legible specifications:

1. The specification of the relevant monthly auction and product.
2. The value of the Bid in EUR/MWh (max. two decimals) per Reservation Period.
3. The amount, in blocks of 1 MW, of the transmission capacity to be reserved in MW.

Bids must state the highest Auction Price the Auction Participant is willing to pay.

Bids specifying all the above-mentioned data must be submitted, without any reservation. For each auction number, several bids may be submitted. Such bids submitted are valid independent of each other.

Bids which do not fulfil the above requirements will not be considered in the allocation procedure. The Auction Participant shall be responsible for the evidence of the timeliness of the delivery of the bids to the Auction Office Austria.

9.4. Allocation of Monthly ATC

The Capacity Auction System reviews and collects all submitted Bids between the deadline for Publishing of Monthly ATC (deadline M1) and the deadline for bid submission for awarding Monthly (deadline M2). After deadline M2 all valid Bids are listed by the Capacity Auction System in order of decreasing price offers.

For a detailed description regarding the valid deadlines for monthly auctions see article 9.1.

The details of the allocation process of Monthly ATC to Auction Participants are described ANNEX 1.

9.5. Notification on the Results of Monthly Auctions

The Auction Office Austria will provide each Auction Participant, whether successful or not, with the following data approximately at 18:00 (CET) at the deadline for publication of monthly auction results (deadline M3):

1. Specification of the relevant monthly auction,
2. Period of reservation and Reservation Subperiods,
3. Amount of reserved transmission capacity for the auction participant in MW
4. Value of payment for the purchased reservation of capacity in EUR for the period of reservation.

The overall, anonymous results of a monthly auction will be published on the website of Auction Office Austria at approximately 12:00 (CET) at deadline

M3. For a detailed description regarding the valid deadlines for monthly auctions see article 9.1.

10. Exceptional Circumstances

Exceptional circumstances shall be serious disturbance to the functioning of the IT System(s) or devices used by Auction Office Austria.

Exceptional circumstances may be the reason for changing, cancelling or suspending an Auction. In case of exceptional circumstances, the Auction Office Austria shall inform all Auction Participants via telephone, fax or e-mail of the cancellation of the relevant auction(s) and inform Auction Participant about the new date of the auction. The TSOs will also publish information on their Auction Websites, if available.

In cases where auctions are cancelled and/or repeated all Bids already submitted to the Auction Tool(s) are deemed as invalid and must be submitted again.

11. Accounting, Losing of Reserved Capacity

The payment and accounting of the Auction Price for yearly and monthly auctions will be handled by APG in its own name and for account of APG and MAVIR. To secure the payment of the Auction Price the Auction Participant who has obtained Reserved Capacity

- has to communicate to APG an Austrian business account within five working days after getting the positive registration confirmation by mail from Auction Office Austria by mail according to article 6.2;
- enables APG to effectuate automatic collection with a direct debit authorization in APG's favour (the form for the direct debit authorization is shown in ANNEX 5)
- for participation in the Yearly and/or Monthly Auction the Auction Participant is required to provide CAO with a Bank Guarantee as specified in article 6.2

and

- has to provide sufficient funds.

Yearly Auctions will be invoiced in twelve monthly amounts. Each amount is to be paid **two months in advance**. The amount of January 2010 and February 2010 will be invoiced at the same time – directly after the publication of yearly auction results (relevant deadlines Y3, see article 8.1) – and the other months will be invoiced month by month (e.g. amount for March 2010 in January 2010). Invoices for yearly auctions are collected automatically from the Austrian business account not later than on the 10th day of the month for the second month following, free of charge and without deduction and/or offsetting (i.e. not later than on the 10th of January 2010 for March 2010).

Monthly Auctions will be invoiced directly after the publication of monthly auction results (relevant deadlines M3, see article 9.1) and will be collected automatically from the Austrian business account.

APG is entitled to make adjustments of the payment due to increases or introduction of taxes, duties, etc.. Value added tax will be charged according to the European and Austrian tax law.

In the case of insufficient funds of the business account for the automatic collection or if the payment is not settled on the 20th day of the same month, APG will draw the Bank Guarantee. Also APG will withdraw from the obligations resulting from these Yearly and Monthly Auction Rules and the Auction Participant will lose Reserved Capacity awarded through an auction and shall be liable pursuant to the General Provisions set out in article 5. Such released Reserved Capacity will be auctioned in the daily auction – or if applicable in the following monthly auction. Moreover, the Auction Participant shall be excluded from all following auctions until that date when the Auction Participant remits sufficient funds to the business account for APG and all payments of the Auction Participant are settled.

If the Auction Participant is not able to communicate an Austrian Business Account to APG, APG will accept in advance payment **for the total amount for yearly and/or monthly auctions** within five working days after the publication of the auction results (relevant deadline Y3, see article 8.1 and/or relevant deadlines M3; see article 9.1):

Bank Austria – UniCredit Group

Am Hof 2a

1010 Vienna

IBAN: AT06 1200 0506 1660 3600

BIC: BKAUATWWXXX

Pursuant to the General Provisions set out in article 5 of these Yearly and Monthly Auction Rules the Auction Participant is not entitled to offset any debts that arise in the connection with an yearly and/or monthly auction to any claim on APG, whether or not arising out of the auction. Transmission fees such as, but not limited to, resulting from the cross-border-tariffication, including all relevant and allowable charges, will be charged independently of the payment for congestion management.

If time limits expire on public holidays, payment should be received on the preceding Working Day. Should the time limits expire on Sundays or public holidays following a Sunday, payment should be received on the following Working Day. In case of delayed payment APG is entitled to charge interest rates on a due amount for each commenced day of the delay. The interest rate is set regularly on the first business day of each calendar month of the year as a fixed amount equaling (base rate of the OENB +8 % p.a.) percent. This interest rate is valid for the given month. Base rate of the OENB is defined for the purposes of these Yearly and Monthly Auction Rules as the interest rate. Its value is specified daily by the Austrian National Bank. APG is entitled to make adjustments of the payment due to increases or introduction of taxes, duties, etc.

VAT and other taxes or levies – if any – shall be invoiced in accordance with the applicable laws.

12. Use of Allocated Capacity

General grid access for the use of Allocated Capacity is not covered by the scope of the Auction Rules unless otherwise stipulated in the following provisions.

MAVIR and APG will carry out the transmission services according to the respective auction results in compliance with the legal requirements of grid access in each control area, possible electricity import bans and applicable market rules of MAVIR and APG.

Upon reservation of transmission capacity in the course of an auction, MAVIR and APG will commit themselves to ensure that the Allocated Capacity is operationally feasible for the Auction Participant or the new holder of capacity solely at the Interconnection with the exception of Force majeure and/or Reservation Subperiods and/or unplanned network conditions.

The use of Allocated Capacities operates via the delivery of fixed and binding schedules to MAVIR and APG in compliance with the legal requirements of grid access in each control area, possible electricity import bans and applicable market rules of APG and MAVIR. The reserved capacities are used on the basis of the schedules disposal respecting the principle 1:1 (exclusive partnership).

To **use** Allocated Capacity from **yearly and/or monthly auctions** operates via the delivery of fixed schedules to MAVIR and APG for the following day and before weekends and before the days listed in ANNEX 4b for the following days until and including the next Working Day must be received by:

APG before 08:00 (CET).

MAVIR before 08:00 (CET).

Modifications after this time are not possible. Use is generally based on the principle "use it or lose it". This means that reservations which are not used by

fixed schedules at 08:00 (CET) will be made available to all market participants in the daily allocation procedures (see specific auction rules for the daily auctions).

In the case, if the Auction Participants (from the respective pair 1:1 – exclusive partnership) deliver the incompatible schedules of transmission, the schedules will be refused and the Auction Participant will be informed. In so far as the schedules do not tally in transmission value terms (MW) only, but the transmission direction tallies, less-valued transmission shall be accepted unless the schedules tally in the transmission direction, such unmatched schedules shall not be accepted - none electricity transmission shall be effected.

In order to use the Allocated Capacity a valid Contract governing the access to the Transmission System of Hungary in 2010 must be concluded with MAVIR before the use of Allocated Capacity for transmission on MAVIR side pursuant to effective version of Trade Code and legal regulations on electric energy in Hungary.

The Allocated Capacity use respecting the principle 1:1 (exclusive partnership) means, that the use is enabled only to a registered market participants (one is registered on the APG side and he meets the requirements of APG and his partner is registered on the MAVIR side and he meets requirements of MAVIR for the use of Allocated Capacities). The subjects meeting these requirements are registered by APG on the basis of the information exchange between APG and MAVIR. Confirmation of this registration shall be issued by APG. APG performs the registration of the exclusive partnership on the basis of a joint application of the exclusive partners. The registration is performed only for the whole calendar month and the application must be delivered to the Auction Office Austria at least 5 (five) working days prior the 1st day of a calendar month, for which the registration is required.

13. Nomination Process

For using Allocated Capacities the Auction Participant has to fulfil the following requirements of both control areas:

For APG:

- must be recognized by the Austrian regulatory authority as representative of a balance group.

In case the PTR holder is not a recognized Austrian balance group the PTR holder shall sign a membership to an Austrian recognized Balance group (ANNEX 8), This balance group is from now on responsible for the nomination process.

ANNEX 8 shall be received from the Austrian Auction Office latest 5 (five) working days till 12:00 before the Allocated Capacity takes effect.

The membership to a balance group can be changed on a monthly basis. The new ANNEX 8 shall be received from the Auction office latest 5 working days till 12:00 before the first day of the next month.

and for MAVIR:

- the user of the Allocated Capacity has to be a Balance responsible party or a member of a Balance Group in Hungary.

14. Curtailment

Should it become necessary to reduce the Allocated Capacities (Curtailment of the Allocated Capacities) – except for Reservation Subperiods –, the Auction Participants will be informed as soon as possible.

Before the deadline of the submission of the schedules the Allocated Capacities shall be reduced by Auction Office based on the request of MAVIR and/or APG.

After the confirmation of the submitted schedules, the reduction of the confirmed schedules shall be implemented pursuant to the proceedings set forth in the relevant laws, and shall only be used in emergency situations where the relevant TSO must act in an expeditious manner and redispatching or coun-

trading is not possible. Any such procedure shall be applied in a non-discriminatory manner.

Curtailment of Allocated Capacities owing to circumstances which do not constitute Force Majeure or during Reservation Subperiod(s) entitles the Auction Participant to a proportionate refund of the Auction Price. Capacity decrease due to and during Reservation Subperiod(s) do not entitle the Auction Participant to any refund.

14.1. Curtailment of Allocated Capacities

In case of Curtailment MAVIR and/or APG informs the Auction Participant of a Curtailment of Allocated Capacities and will submit the values of the reduced Capacities. The Auction Participant have to submit their schedules to APG and to MAVIR taking into consideration the reduced Capacities.

In case of Curtailment of Allocated Capacity from a yearly and/or monthly auction – before a schedule can be transmitted to MAVIR and/or APG (before 08:00 (CET) respectively of the relevant day) –, the Auction Participant whose Allocated Capacity has been curtailed shall also be compensated for each MW and each hour of the capacity which have not been available. The calculation of compensation is according to the formula set out in Article 14.2.

In cases of capacity Curtailment following priority order is used:

1. Capacity allocated in daily auction.
2. Capacity allocated in monthly auction.
3. Capacity allocated in yearly auction

Within each of the above listed groups of capacities, there will be used proportional Curtailment.

14.2. Calculation of compensation

Auction Participants who have Allocated Capacity from yearly and/or monthly auctions shall be compensated as follows:

$$\text{Compensation}(EUR) = \sum_{h=1}^n AP(EUR / MW / h)_{Y,M} \cdot C(MW)_h$$

AP: Auction Price of relevant year Y or month M and direction

C: Curtailment in hour h

n: Numbers of hours to be curtailed

MAVIR and/or APG shall inform immediately the Auction Participant whose Allocated Capacity is curtailed and by the 5th calendar day of the following month the Auction Office shall notify to the Auction Participant the evaluation of compensation amount in the yearly and/or monthly invoice.

APG shall pay the compensation in an evaluated and notified amount to Auction Participant based on invoice. The refund shall be netted with the relevant yearly, and/or monthly auction invoice.

15. Transfer of Allocated Capacities

15.1. Transfer until CAO starts Operations

Transfer of Allocated Capacities is performed for both directions by Auction Office Austria during the Interim Period. After this period it is performed by CAO.

Allocated Capacities awarded in yearly and/or monthly auctions can be transferred by Auction Participants to other interested Auction Participants under the following conditions and fill in the form of ANNEX 11:

- It is only allowed to transfer Allocated Capacity bought in the course of the yearly and monthly auction to legitimated market participants;
- It is only allowed to transfer Allocated Capacity in periods of whole calendar weeks from Monday 0:00 (CET) till Sunday 24:00 (CET) ("period of transfer"). If a calendar month does not end on Sunday, the time period from Monday 0:00 (CET) to the last day of the calendar month 24:00 (CET) as well as the time period from the first day of the following calendar month 0:00 (CET) to the immediate following Sunday 24:00 (CET) constitute each a period of transfer. The example in Table 1 shows the periods of transfer of the months January and February 2010.
- It is only allowed to transfer Reserved Capacity if the Auction Price is paid (i.e. Allocated Capacity) e.g. in advance for the relevant month (incoming payment on the bank account mentioned in article 11).
- The number of transferable capacity can be 1 MW or integral multiple of 1MW. The transferable volume should not exceed the volume of Reserved Capacity (gained at auction) and hourly volume should be the same for the period of reserve capacity transfer.
- Auction Participants – both the new and the old holder of Allocated Capacity – are obliged to inform APG about any such transfer at least five (5) working days (Monday to Friday) before the period of transfer starts in writing by fax under the following address:

VERBUND- Austrian Power Grid AG

Ing. Günther Mann
Am Johannesberg 5
A-1100 Wien
Austria
Fax: +43 1 53113-53219

The transfer becomes effective by delivery of the confirmation of APG on its own behalf by fax both to the new and the old holder of such transferred reservation of capacity. After confirmation of the transfer by APG only the new

holder of the capacity shall be entitled to use the transferred capacity. APG is not obliged to examine the rightful transfer between the old holder and the new holder of the capacity. In case the transfer does not comply with the Yearly and Monthly Auction Rules or the Auction Participant announces to transfer more and/or other capacity than it has purchased in the course of an auction the whole transfer shall not be valid. Any disputes arising from disagreements between the old and the new holder of the capacity do not affect the validity of the transfer after confirmation by APG.

The old holder of the reservation is obliged to impose and assign all obligations resulting from the participation in the auction procedures to the new holder of the transferred reservation of capacity. The old and the new holder of such transferred reservation of capacity shall be jointly and severally liable for all obligations resulting from the participation in the auction procedures until all obligations resulting from the participation in the auction procedures are fulfilled. This regulation is also applicable in case of several transfers. This means, that in case of transfer of the reservation of capacity to several Auction Participants all market participants involved in any such transfer shall be jointly and severally liable for all obligations resulting from the participation in the auction procedures.

January 2010					
Mo		4	11	18	25
Tu		5	12	19	26
We		6	13	20	27
Th		7	14	21	28
Fr	1	8	15	22	29
Sa	2	9	16	23	30
So	3	10	17	24	31

February 2010					
Mo		1	8	15	22
Tu		2	9	16	23
We		3	10	17	24
Th		4	11	18	25
Fr		5	12	19	26
Sa		6	13	20	27
So		7	14	21	28

Periods of Transfer		
01.01.	-	03.01.
04.01.	-	10.01.
11.01.	-	17.01.
18.01.	-	24.01.
25.01.	-	31.01.
01.02.	-	07.02.
08.02.	-	14.02.
15.02.	-	21.02.
22.02.	-	28.02.

Table 1: Periods of transfer in example for January and February 2010

15.2. Change of Transfer Process

As of the moment that CAO performs the transfer service, the transfer will be carried out according to these Auction Rules.

This change of the process for evidence of the transfers does not affect other rights and obligations of APG and Auction Participant under these Auction Rules.

15.3. General Provisions

The PTR transfer will be supported by the ePortal for PTR allocated in yearly Auction Process.

Only Allocated PTR can be a subject of a transfer.

Both Auction Participants, i.e. transferor and transferee, have to fulfil prerequisites for accessing the ePortal.

15.4. The Process of Transfer of Allocated PTR

The Auction Participant, who possesses Allocated PTR, is allowed to transfer the Allocated PTR to another Auction Participant on a self-service basis.

Allocated PTR can be transferred on an hourly basis.

Auction Participants who intend to transfer Allocated PTR may offer a PTR transfer in any time period, and any amount, through the ePortal to other Auction Participants.

Allocated PTR transfer should be confirmed in the ePortal by a transferee within 4 hours, and by D-2 12:00 CET/CEST at the latest; otherwise, the transfer is cancelled and the PTR remains with the transferor.

Transferred PTR will receive a new CAI in the ePortal.

The ePortal provides information on the PTR allocated to individual Auction Participants. All Allocated PTR transfer history will be stored in the ePortal.

Receipt of offer for transfer submitted by transferor and receipt of confirmation submitted by transferee will be confirmed by Auction Office Austria respectively CAO.

The receipt of the confirmation at the ePortal is the decisive criterion in meeting the time limit.

15.5. Legal Consequences of a Transfer of Allocated PTR

Both Auction Participants, i.e. transferor and transferee, accept that all rights and obligations resulting from these Auction Rules (with exception of payment for the allocation of PTR) are transferred together with the PTR. It concerns also the right for compensation in case of curtailment and in case of resale of capacity.

16. Resale of PTRs

16.1. General Provisions

As of the moment that CAO starts its operations, Auction Participants will have the possibility to resale PTRs via CAO and its ePortal and according to these Auction Rules.

The Auction Participant, who possesses Allocated PTR, is allowed to resale the Allocated PTR via Auction Office Austria respectively CAO to TSOs. Resale of the Allocated PTR will be provided via the ePortal for PTR allocated in the yearly and monthly Auction Process.

Only Allocated PTR allocated in yearly and monthly Auction Process may be subject of a resale. A resale of PTR allocated in daily Auction Process shall not be accepted.

16.2. The Process of Resale of Allocated PTR

Resale to monthly Auction Process:

PTR allocated in yearly Auction Process can be resold via Auction Office Austria respectively CAO to CEE TSOs. The amount of PTR to be resold shall be equal for all hours of the month.

Notification of resale of the Allocated PTR shall be submitted by an Auction Participant to the ePortal by 12:00 CET/CEST (noon), two (2) Working Days before deadline M1 for the relevant month.

An Auction Participant who resold PTR to TSOs via Auction Office Austria respectively CAO is entitled to receive per each resold MW and hour financial compensation equal to the Auction Price determined at the relevant monthly Auction Process (including if the Auction Price is zero because of no congestion), however the compensation may not exceed the original payment (Auction Price) for reservation of 1 MW and hour of the resold PTR paid by Auction Participant.

The financial compensation for the resale will be settled by APG.

Resale to daily Auction Process:

PTR allocated in yearly and/or monthly Auction Process can be resold via Auction Office Austria respectively CAO to CEE TSOs.

Notification of resale of Allocated PTR shall be submitted by an Auction Participant to the ePortal by D-2 12:00 CET/CEST.

An Auction Participant who resold PTR to CEE TSOs via Auction Office Austria respectively CAO is entitled to receive per each resold MW and hour a financial compensation equal to the Auction Price determined in the relevant daily Auction Process (including if the Auction Price is zero because of no congestion), however the compensation may not exceed the original payment (Auction Price) for reservation of 1 MW and hour of the resold PTR paid by Auction Participant.

The financial compensation for the resale will be settled by APG.

If Auction Participant submits a notification of Allocated PTR resale according to the rules stated in this Article, Auction Office Austria respectively CAO will confirm the receipt of the notification. Receipt of the notification confirmed by assigned time stamp is the decisive criterion in meeting the time limit. By confirmation of the notification delivery the Allocated PTR resale becomes effective.

In case the relevant daily Auction Process is cancelled no compensation may be claimed by the Auction Participants.

All Allocated PTR resale history will be stored in the ePortal.

17. Waiver of Right to Compensate

The Auction Participant is not entitled to offset and/or withhold any debts that arise in connection with a yearly and/or monthly auction to any claim on MAVIR and/or APG, whether or not arising out of an yearly and/or monthly auction.

18. Notices

Except where these Yearly and Monthly Auction Rules provide otherwise, any notice given under these Yearly and Monthly Auction Rules must be in writing and addressed to the Auction Office Austria as follows:

Notification by mail: Auction Office Austria,
Alserbachstraße 14 - 16,
A-1090 Wien

Notification by e-mail: capacities@auction-office.at

Notification by phone: +43 1 2537 272 90

Notification by facsimile transmission: +43 1 2537 272 96

19. Limitation of Liability

MAVIR and/or APG shall not be liable for any damage caused by slight negligence. Claims for damages arising out or related to the Yearly and Monthly Auction Rules and/or the Contract are limited to the damages typical and foreseeable, unless MAVIR and/or APG have acted wilfully or by gross negligence. In no event shall MAVIR and/or APG be liable for any loss of profit, loss of business, or any other indirect incidental, special or consequential damages of any kind. In any case the liability of MAVIR and/or APG for damages arising out or related to the Yearly and Monthly Auction Rules shall be limited to hundred thousand (100.000,00) Euro in total.

APG and MAVIR undertake to carry out the provisions set out in the Yearly and Monthly Auction Rules with the diligence of a careful businessman and control area manager in compliance with the applicable regulations set out by European law, respectively by the EU-Regulation, Austrian and Hungarian law and by the Austrian and Hungarian Regulatory Authorities.

Deviating from § 1298 ABGB the burden of establishing guilt is fully on the Auction Participant.

Liability for a breach of contract damaging life, physical well-being, or health that has been caused wilfully, by gross negligence, or by a felony offense cannot be validly excluded.

Any contractual clause shall be null and void if it beforehand limits or excludes liability for damage proceeding from wilful or gross negligence; injury to life, physical well-being, or health; or the consequences of a crime.

20. Force Majeure

MAVIR and/or APG shall not be held liable for non-performance, defective performance or delayed performance of obligations arising from these Yearly and Monthly Auction Rules if and to the extent that said non-performance, defective performance or delayed performance is due to circumstances

over which the obliged party has no influence, including but not limited to Force Majeure or other circumstances the relevant party is not responsible for and which cannot be solved by measures which, from a technical, financial and/or economic point of view, can reasonably be taken by MAVIR and/or APG.

21. Miscellaneous

Notwithstanding special provisions set out in these Yearly and Monthly Auction Rules no modification of the contract between MAVIR and/or APG on the one hand and the Auction Participant on the other hand shall take effect unless it is in writing, by fax or e-mail confirmed, executed and delivered by MAVIR and/or APG.

If any part or provision of the Yearly and Monthly Auction Rules and/or its Annexes are or become invalid, illegal, void and/or unenforceable, the remaining part(s) shall continue to be valid and enforceable and shall not be affected thereby. Any invalid, illegal, void and/or unenforceable part(s) or provision(s) shall be replaced by valid, legal and/or enforceable part(s) or provision(s) in order to achieve the intended economic and legal effect as far as possible.

If these Auction Rules are replaced by new Auction Rules, this circumstance shall be notified to the Auction Participants 30 (thirty) days in advance.

22. Confidentiality

By operation and performance under Yearly and Monthly Auction Rules MAVIR and/or APG and its affiliates, if any, may receive or have access to Auction Participant 's confidential information. Confidential information shall include all information delivered in writing and designated as "Confidential", or disclosed other than in writing, information as to which the person to whom such information is disclosed, prior to or essentially concurrent with such disclosure, is made aware that confidential information may be or is being dis-

closed. MAVIR and APG agrees to hold the confidential information in confidence and not to disclose or make such confidential information available, in any form, to any third person or to use such confidential information for any purpose other than the contemplation of the provisions of these Yearly and Monthly Auction Rules except to public authorities.

The provisions of this article 22 shall not apply to any information disclosed to MAVIR and APG as contemplated by said article if:

- a. before such disclosure it was public knowledge or, after such disclosure, becomes public knowledge through no fault of MAVIR and APG;
- b. it was known to MAVIR and APG before that disclosure;
- c. after that disclosure the same information is received by MAVIR and APG from a third party owing no obligation of secrecy to the respective Auction Participant in respect to such information.

23. Amendments and Changes

Any amendments and changes to these Yearly and Monthly Auction Rules shall be notified to the Auction Participants by means of publication of the respective new version of these Yearly and Monthly Auction Rules on the website of Auction Office Austria. Such notification shall include reference to the articles amended or changed and the date on which the new version of these Yearly and Monthly Auction Rules enters into force. Each version of these Yearly and Monthly Auction Rules shall bear its specific number.

24. Applicable law and disputes

These Auction Rules and its Annexes including the issue of its valid conclusion and its pre- and post contractual effect shall be governed by the laws of Austria with the exclusion of the provisions of Austrian International Private Law, such as the IPRG and the EVÜ.

The place of jurisdiction for all disputes, arising from the auction processes, concerning the monthly and yearly auctions, shall be the competent Court at the registered seat of the Auction Office Austria in Vienna.

In case that court decisions rendered by the competent Austrian Court cannot be executed and/or enforced in the jurisdiction of the opponent/adversary of APG and/or MAVIR these rules and all disputes arising out of these rules and its Annexes or related to its violation, termination or nullity shall be finally settled under the Rules of Arbitration and Conciliation of the International Arbitral Centre of the Austrian Federal Economic Chamber in Vienna (Vienna Rules) (Vienna International Arbitral Centre, VIAC) by one or more arbitrators appointed in accordance with these rules.

The number of arbitrators shall be three. The substantive law of Austria shall be applicable. The language to be used in the arbitral proceedings shall be English.

According to Directive 2003/54/EC of the European Parliament and of the Council (Directive) any party having a complaint against the auction procedure may refer the complaint to the national Regulatory Authority which acting as dispute settlement authority till first working day after publishing auction results. Concerning to the Directive in case of a complaint regarding cross border trade this complaint shall be submitted and resolved primarily by the affected national Regulator.

-Regulators are allowed to supervise the auctions within 8 days after receiving complain(s). Respective Regulator shall submit this request to the Auction Office at latest on the working day following the disclosure of the publication of auction results.

-In case of violation of agreed Auction Rules the resolution of the Respective Regulator shall be conducted.

-Regulator of the affected country shall co-operate in the dispute settling process.



The place of performance of all obligations of the Auction Participants resulting from the yearly and monthly auctions held in accordance with the Yearly and Monthly Auction Rules and its Annexes shall be the registered seat of the Auction Office Austria in Vienna.

ANNEX 1: Auction Procedure

The Auction Office Austria (via Capacity Auction System) collects all bids during the Interim Period. After expiry of the relevant deadline(s) for bid submission (whether yearly and/or monthly auctions) – see article 8.1 for yearly auction deadlines and article 9.1 for monthly auction deadlines – all valid Bids are listed by the Capacity Auction System in order of decreasing price offers. In case two or more delivered bids offer the same price per MW of the NTC for the auctioned capacities, the earliest will take priority (the decisive criterion is the electronic time stamp).

If the sum of all Bids submitted for a given Auction falls short of or equals the total Interconnection Capacity, no clearing price is charged.

If the sum of all Bids submitted for a given Auction exceeds the Interconnection Capacity, a clearing price is charged. Up to the Bid (marginal Bid), which represents the level above which the sum of the Interconnection Capacity requested by the Auction Participants exceeds the Interconnection Capacity, each Auction Participant receives the Interconnection Capacity requested at the price of this marginal Bid. In cases where several Bids have the same price, the priority shall be given to Bids with earlier time stamp.

The clearing price determined according to the above principle is used as a basis for calculating the Auction Price and apply to all holders of Allocated Capacities.

ANNEX 2: Scheduled dates of the yearly auction for 2010

23.11.2009	Publication of the Yearly ATC for 2010
10.12.2009	Deadline of bidding for yearly auction for 2010
11.12.2009	Information of results of yearly auction for 2010

ANNEX 3: Scheduled dates of the monthly auctions in 2010

Monthly Auction January	
09.12.2009	Publication of the Monthly ATC for January
16.12.2009	Deadline for bidding monthly auction January
17.12.2009	Information of results of results January
Monthly Auction February	
07.01.2010	Publication of the Monthly ATC for February
15.01.2010	Deadline for bidding monthly auction February
16.01.2010	Information of results of results February
Monthly Auction March	
05.02.2010	Publication of the Monthly ATC for March
10.02.2010	Deadline for bidding monthly auction March
11.02.2010	Information of results of results March
Monthly Auction April	
05.03.2010	Publication of the Monthly ATC for April
10.03.2010	Deadline for bidding monthly auction April
11.03.2010	Information of results of results April
Monthly Auction May	
07.04.2010	Publication of the Monthly ATC for May
13.04.2010	Deadline for bidding monthly auction May
14.04.2010	Information of results of results May
Monthly Auction June	
07.05.2010	Publication of the Monthly ATC for June
11.05.2010	Deadline for bidding monthly auction June
12.05.2010	Information of results of results June
Monthly Auction July	
08.06.2010	Publication of the Monthly ATC for July
15.06.2010	Deadline for bidding monthly auction July
16.06.2010	Information of results of results July

Monthly Auction August	
08.07.2010	Publication of the Monthly ATC for August
13.07.2010	Deadline for bidding monthly auction August
14.07.2010	Information of results of results August
Monthly Auction September	
03.08.2010	Publication of the Monthly ATC for September
11.08.2010	Deadline for bidding monthly auction September
12.08.2010	Information of results of results September
Monthly Auction October	
07.09.2010	Publication of the Monthly ATC for October
14.09.2010	Deadline for bidding monthly auction October
15.09.2010	Information of results of results October
Monthly Auction November	
07.10.2010	Publication of the Monthly ATC for November
12.10.2010	Deadline for bidding monthly auction November
13.10.2010	Information of results of results November
Monthly Auction December	
05.11.2010	Publication of the Monthly ATC for December
10.11.2010	Deadline for bidding monthly auction December
11.11.2010	Information of results of results December

ANNEX 4a: Austrian Public holidays in 2010

01.01.2010 (Friday)	New Year's Day
06.01.2010 (Wednesday)	Epiphany
04.04.2010 (Sunday)	Easter Sunday
05.04.2010 (Monday)	Easter Monday
01.05.2010 (Saturday)	Labour Day
13.05.2010 (Thursday)	Ascension Day
23.05.2010 (Sunday)	Whit Sunday
24.05.2010 (Monday)	Whit Monday
03.06.2010 (Thursday)	Corpus Christi
15.08.2010 (Sunday)	Assumption Day
26.10.2010 (Tuesday))	National Day
01.11.2010 (Monday)	All Saints' Day
08.12.2010 (Wednesday)	Immaculate Conception
25.12.2010 (Saturday)	Christmas Day
26.12.2010 (Sunday)	St. Stephen's Day

ANNEX 4b: Days when no daily auction is held in 2010(indicative)

Date:	Description:
01.01.2010 (Friday)	New Year's Day
06.01.2010 (Wednesday)	Epiphany
15.03.2010 (Monday)	Anniversary of the Revolution 1848-49
04.04.2010 (Sunday)	Easter Sunday
05.04.2010 (Monday)	Easter Monday
01.05.2010 (Saturday)	Labour Day
13.05.2010 (Thursday)	Ascension Day
23.05.2010 (Sunday)	Whit Sunday
24.05.2010 (Monday)	Whit Monday
03.06.2010 (Thursday)	Corpus Christi
15.08.2010 (Sunday)	Assumption Day
20.08.2010 (Friday)	Foundation Day/St. Stephen's Day
23.10.2010 (Saturday)	National Day
26.10.2010 (Tuesday))	National Day
31.10.2010 (Sunday)	Reformation Day
01.11.2010 (Monday)	All Saints' Day
08.12.2010 (Wednesday)	Immaculate Conception
24.12.2010 (Friday)	Christmas Eve
25.12.2010 (Saturday)	Christmas Day
26.12.2010 (Sunday)	St. Stephen's Day/Boxing Day
31.12.2010 (Friday)	New Year's eve



ANNEX 5: Form for the direct debit authorization

name:
street:
zipcode/city:
phone:
fax:



VERBUND-Austrian Power Grid AG
A-1220 Wien, Wagramer Straße 19, IZD-Tower
Phone: +43-(0)-50313-56159
Fax: +43-(0)-50313-52089
Mail: netz.apg@verbund.at

Authorization for direct debit collection

Hereby we revocably authorize you to collect debts at maturity from our bank account by debit advice. Herewith our bank shall be authorized to cash the debit advice, whereas there is no obligation for redemption, particularly if our bank account offers insufficient coverage. We reserve the right to revoke the debts collection within 42 days after the date of debts collection without stating the reason.

Account number:	Name of bank:	Bank code:
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To (payee):

location, date:	signature:
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ANNEX 6: Registration Form

To be sent to: CAO Central Allocation Office GmbH; Gute Änger 15, 85356 Freising, Germany

Phone: 00 49 (0)8161 49005 – 0; Fax: 00 49 (0)8161 49005 - 105

Company	
Name according to commercial register	
Department	
No. of Commercial Register	
Address	
Post Code	
Country	

Balance Group Information	
Name of Balance Group	
Nomination will be performed with this BG?*	YES <input type="checkbox"/> NO <input type="checkbox"/>
EIC Code	
E-Mail	

Member data	
Commercial Representative	
Telephone	
Fax	
E-mail	

Auction Participant	
Name (User)	
Telephone	
E-mail	
Name (User)	
Telephone	
E-mail	

* If "NO" the Auction Participant needs to submit a valid "Membership of recognized Austrian Balance Group" (ANNEX 8) form in due time for the final usage of Allocated Capacities!

date, signature



ANNEX 7: Capacity Auction System - Manual

The manual of the “**Capacity Auction System**” is an integrative part of these Yearly and Monthly Auction Rules and is hosted on the homepage of the Auction Office Austria (www.auction-office.at).



ANNEX 8: Form of Acknowledgement of “Membership of recognized Austrian Balance Group”

To be sent to: CAO Central Allocation Office GmbH; Gute Änger 15, 85356 Freising, Germany

Phone: 00 49 (0)8161 49005 – 0; Fax: 00 49 (0)8161 49005 - 105

	Auction Participant	Austrian Balance Group
Name of the company/ Austrian Balance Group:		
Address:		
EIC-Code		
Contact Person/ Representative:		
Telephone No.:		
Fax No.:		
E-mail address:		

	From	To
Period:		

By signing this acknowledgement the representative of the Austrian Balance Group confirms that the Auction Participant is a member of its balance group during the above given period and commits itself to handle the corresponding cross border schedule for the Auction Participant.

This form shall be delivered to the following fax numbers:

To MAVIR + 36 1 356 6893

To APG +431 53113 – 53219

Confirmation		
	Auction Participant registered/identified by APG:	Name of the Austrian Balance Group:
Date:		
Signature:		

ANNEX 9: Form for “1:1” – system notification

This form shall be delivered to the following fax numbers:

To MAVIR + 36 1 356 6893

To APG +431 53113 – 53219

	APG	MAVIR
Name of the company		
Address		
VAT No. (if available)		
EIC-Code		
Contact Person		
Telephone No.		
Fax No.		
E-mail address		

	From	To
Period		

Confirmation done by nominated companies		
	<i>Name of the company registered/identified by APG</i>	<i>Name of the company registered/identified by MAVIR</i>
Date		
Signature and stamp		

	APG's approval	MAVIR's approval
Date		
Signature		



ANNEX 10: Form for Bank Guarantee

Beneficiary	VERBUND-Austrian Power Grid AG; 1220 Wien; Wagramer Straße 19; IZD-Tower
Guarantee No	
Sellers	
Buyers (our clients)	
regarding	

For the participation of our Client to the Auction for the Allocation and Assignment of Physical Transmission Rights to use interconnection capacity for electricity transfers between Austria and Hungary at the time period starting from 01.12.2009 and ending on we understand from our clients that they have to furnish a payment guarantee in your favour.

This being premised, we,, [Wien], upon request of our clients herewith issue this guarantee and undertake irrevocably to transfer to you within 10 (ten) bank working days as from receipt of your first written demand obligations, without examination of the underlying legal relationship and waiving all objections, stating that our clients have not fulfilled their contractual arising therefrom, for the amount of EUR _____

altogether, to an account to be indicated by you.

Our guarantee will be automatically reduced by the amount of any payment effected to you by our clients through us with reference to our a.m. guarantee number.

Our guarantee will expire automatically

- as soon as we have received back the present instrument,
- however, on, at the latest, even if the present instrument is not resold to us, unless your claims by letter (sent by registered mail or by courier service), if any, have reached us on or before that date.

Any assignment, pledge or other disposition in favour of a third party of the right to draw under this present guarantee is subject to our prior express approval.

Any charges arising in connection with this guarantee are borne by our client.

This guarantee is governed by and shall be construed in accordance with the laws and regulations of the Republic of Austria. Place of performance is Vienna, Austria.



ANNEX 11: Capacity Transfer Form

This form shall be delivered to the following fax numbers:
 To APG +431 53113 – 53219

	Old holder of capacity	New holder of capacity
Name of the company		
EIC-Code		
Contact Person		
Telephone No.		
Fax No.		
E-mail address		

	From	To	Auction Typ: CCT	CAI
Time period				

Amount [MW]	
From area	
To area	

	Old holder of capacity	New holder of capacity	APG's approval
Date			
Signature			