



Lahkota prihodnosti

**Auction for the purchase of electricity
in the year 2019**

Auction rules

Kidričevo, 22. 04. 2018

TALUM d.d. Kidričevo publishes the following

Rules for the purchase of electricity in the year 2019

Article 1

Company TALUM d.d. Kidričevo (hereinafter TALUM) shall in cooperation with the company BSP Energy Exchange LL. C. (hereinafter BSP) conduct an auction for the purchase of electricity (hereinafter: Auction), at which bids for the supply of electricity shall be collected. In line with the provisions of these Rules, TALUM shall select one or more bidders with whom it shall enter into a contract for the supply of electricity in the year 2019.

1 SUBJECT OF THE AUCTION

Article 2

The subject of the auction is the following product:

- **Product: 13 MW Base Load - 2019**

The base product is a standardized band electricity product for the physical delivery of electricity, whose supply shall begin on 1st of January 2019 at 00.00 h and end on 31st of December 2019 at 24.00 h.

Article 3

The supply of electric power relates to supply in Slovenia, by which acquisition of cross-border transmission capacities is exclusively the supplier's obligation.

2 AUCTION

2.1 AUCTION PARTICIPANTS

Article 4

TALUM participates in the auction as a buyer.

Article 5

Participation in the auction is open to all legal entities and natural persons who, under the decree regulating the mode of performing the commercial public service for the organization of the electricity market in Slovenia, have concluded a balance agreement or a contract for the settlement of imbalances with the balance responsible party.

Article 6

The Buyer reserves the right to cancel the auction, if at least three (3) participants do not participate in the auction for each individual year of delivery with a complete application or bid or in any other case where the Buyer assesses that the purpose of the auction has not been achieved.

The bids submitted by the applicant are not binding for the buyer. The buyer reserves the right to reject all submitted bids and is not obliged to provide any explanations for taking such decision.

2.2 APPLICATION FOR PARTICIPATION IN THE AUCTION

Article 7

The application for participation in the auction has to include:

- 1. Basic data on participant and authorised auction representatives** (*Attachment No. 1*).
- 2. Requested evidence of fulfilled requirements** (*Attachment No. 2*).
 - 2.1. Regular extract from the court register or an extract from the Slovenian Business Register (AJPES)**, which includes the most recent changes (extract data should not be older than 90 days). If the judicial authorities in the country where the auction participant has its registered office do not issue such certificates, the participant shall replace the said certificate with the certificate of another competent authority.
 - 2.2. Confirmation from the judicial records** stating that the participant is not in a bankruptcy, liquidation or compulsory composition procedure (extract data should not be older than 30 days).
 - 2.3. Certificate of proof of authorisation granted** to the signatory of the application and later of the contract in cases where the signatory is not a director (authorisation date should not be older than 90 days).
- 3. Declaration** of the participant stating that, prior to signing this declaration, it was familiarized and agrees with the Rules (*Attachment No. 3*).
- 4. Declaration** of the participant that he fulfils at least one of the following conditions (*Attachment No. 3*):
 - A delivery of at least 50 GWh of electric energy for end consumers in 2017,
 - A production of at least 50 GWh of electric energy in 2017;
 - Trading quantities of at least 50 GWh of electric energy and that quantities of bilateral contracts or trading are recorded with Market Operator, Borzen, d.o.o., Dunajska cesta 156, SI-1000 Ljubljana, Slovenia.
- 5. Sample contract** containing missing data about the participant, initialled on each page and certified with the participant's stamp (*Attachment No. 4*);

The documents provided by the participant are to be submitted as original copies or as certified copies. The certification is to be performed by a notary public or other competent authority.

The application for participation in the auction is to be sent in the prescribed form: "Auction Application for the purchase of electricity in the year 2019", which was enclosed hereto as Attachment No. 1.

Participants are to deliver their applications by registered mail to the following address: **TALUM d.d. Kidričevo, Tovarniška cesta 10, 2325 Kidričevo, Slovenija**, in sealed envelope with the inscription "AUCTION APPLICATION FOR THE PURCHASE OF ELECTRICITY IN THE YEAR 2019" or in person to the mail room of TALUM. An application shall be deemed duly submitted if delivered to the mail room by **8. 5. 2018 at 16.00h at the latest**.

Applications that are not submitted in line with the previous paragraph shall be rejected by TALUM and returned to the sender.

Article 8

In case of an incomplete application, TALUM reserves the right to invite the auction participant concerned to complete the application. TALUM will inform the auction participant of an incomplete application by e-mail within 72 hours after the deadline for application to the auction specified in Article 7 of these Rules. The auction participant is to complete the application within 72 hours after receiving notification of its incomplete application. TALUM may request that the participant provides additional information or evidence to substantiate the application. The auction participants shall provide the requested additional information to the following e-mail addresses: jasna.cus@talum.si and bostjan.korosec@talum.si.

On the basis of a complete application, TALUM shall issue to the auction participant, via e-mail within 24 hours, relevant confirmation of its inclusion in the auction or notice of rejection of the right of participation in the auction, if the application is still not complete.

Article 9

Participation in the auction is open to all bidders whose inclusion in the auction has been confirmed (hereinafter: Auction Participants) in accordance with Article 8 of these Rules. In accordance with the recognized right to participate in the auction BSP shall send all Auction Participants the username and password for access to the EuroMarket trading platform.

2.3 CONDUCTIONG THE AUCTION

2.3.1 TIME OF AUCTION AND BIDDING

Article 10

Submission of bids in the auction is via EuroMarket trading platform of BSP. Access to the platform is via an Internet browser with a valid username and password. Access is allowed only to participants who have been recognized as participants in accordance with Article 8 of these Rules.

Article 11

Testing of access and bidding in the platform will take place on **15. 5. 2018 from 10.00h to 11.00h**.

Article 12

Collection of bids for the auction will take place on **17. 5. 2018 from 10.00h to 11.00h** via the EuroMarket trading platform. The auction will be held for the product, defined in Article 2 of these Rules.

Tenderers may at the time of collection of the bids submit the bids for each year of delivery in a way that they enter the bid for each delivery year with selected amount of **minimum 5 MW** and the price of EUR/MWh rounded to two (2) decimal places. Bids submitted outside the prescribed time for collection of bids are invalid.

Article 13

All valid bids received shall be entered in the book of bids. The order of bids in the book of bids shall be determined according to the »lowest price« criterion per year, where bids with lower prices are given priority.

In the event of several bids with the same price, the bid with older time stamp will have priority.

Article 14

All valid bids entered in the book of bids shall be deemed as valid till 30 minutes after the auction gate closure time (till 11.30h), which is also the deadline for TALUM to confirm the results.

Article 15

BSP monitors the entire process of execution of the auction and ensures that the process is conducted in accordance with these Rules and other relevant legislation. TALUM has in the course of the auction the right to shorten or extend the duration of the auction, or temporarily or permanently suspend the auction if it considers that it is necessary for the correct execution of the auction. In the event of suspected breach of these Rules and/or other legislation TALUM may eliminate individual Auction participant from the auction or cancel already accepted bids of this Auction Participant.

TALUM has to inform Auction participant of such measures by e-mail as soon as possible.

Any behaviour of participant that has the purpose or effect of interference the auction process or inadmissible influence on its outcome, is considered a serious breach of these Rules, which results in the elimination of participant from this auction and cancelation of already accepted bids of this participant.

2.4 DETERMINATION AND PUBLICATION OF AUCTION RESULTS

Article 16

Selected bids are bids with the lowest price EUR/MWh where the last partially or fully accepted bid sets the price at the auction (marginal price).

Article 17

TALUM shall, two working days after the auction at the latest, on the day of the auction, notify the auction participants of the official results of the auction and send them confirmations of selection. The selected auction participants shall, on the basis of relevant confirmations of selection, sign contract for the purchase of electricity in the year 2019. The bid of the selected participants shall be valid until a relevant contract is signed.

Article 18

TALUM has the right to cancel the auction in any phase thereof. If the auction is cancelled after conclusion of the auction, the activities applied to the cancelled part of the auction and specified in the previous Article of these Rules shall not be performed.

3 EXCLUSION OF LIABILITY

Article 19

TALUM in BSP shall not be held liable for any direct or indirect damage resulting from:

- a participant's inability to participate in the auction or any failure to attend the auction,
- late submission of a bid,
- an auction participant's error in submitting the bid,
- cancellation of the auction.

4 DISPUTES

Article 20

In case of any disputes arising from different interpretations of the provisions of these Rules, the Slovenian version of the document shall prevail.

5 CONTRACTUAL RELATIONSHIPS

Article 21

TALUM shall in three (3) working days after the conclusion of the auction enter into a Contract sample selected supplier/s in accordance with the selected bids and send it to selected supplier/s in the signature.

Kidričevo, 22. 4. 2018

TALUM d.d. Kidričevo
Chair of the Board
Marko Drobnič

Attachment No. 1: Auction application for the purchase of electricity in the year 2019

AUCTION APPLICATION FOR THE PURCHASE OF ELECTRICITY IN THE YEAR 2019

The participant is hereby submitting an application to participate in the auction for the purchase of electricity in the year 2019 organized by TALUM d.d. Kidričevo.

The mutual relations between auction participant and the auction organizer are regulated in accordance with the Rules for the purchase of electricity in the year 2019.

BASIC DATA ON PARTICIPANT

Participant's full name	
Participant's address	
Place/postal code	
Country	
Phone number	
Fax	
E-mail	
Participant's tax number	
Participant's registration number	
Transaction account number and bank branch	
Person in charge of accession contract signature – name and surname	

AUTHORISED AUCTION REPRESENTATIVES

Name and surname	Phone number	Fax	E-mail	Signature

Stamp and signature of the authorised representative:

Attachment 2: Required evidence of fulfilled terms

REQUIRED EVIDENCE OF FULFILLED TERMS

- **Regular extract from the court register or an extract from the Slovenian Business Register (AJPES)**, which includes the most recent changes (extract data should not be older than 90 days). If the judicial authorities in the country where the auction participant has its registered office do not issue such certificates, the participant shall replace the said certificate with the certificate of another competent authority.

- **Confirmation from the judicial records** stating that the participant is not in a bankruptcy, liquidation or compulsory composition procedure (extract data should not be older than 30 days).

- **Certificate of proof of authorisation granted** to the signatory of the application and later of the contract in cases where the signatory is not a director (authorisation date should not be older than 90 days).

The required evidence is to be enclosed in the original or notary-certified copy. The certification is to be performed by a notary public or other competent authority.

Attachment No. 3: Declaration

DECLARATION

The participant to the auction for the purchase of electricity in the year 2019 _____ (company name), hereby declares the following:

1. That, prior to signing this declaration, I was made aware of, and agree with, the Rules for the purchase of electricity in the year 2019.
2. That all data provided in this application and in the annexes quoted therein are true and accurate, and that I fulfil all the legally prescribed conditions for performing the activities being the subject of this auction.
3. I agree that TALUM d.d. Kidričevo may, whenever deemed necessary, carry out the necessary inquiries with competent bodies and acquire data from competent records. The data acquired is to be used exclusively for the needs of TALUM d.d. Kidričevo.
4. I agree with the contents of the enclosed sample contract, which I confirm with initials and an official stamp. In the event that I am selected, I commit myself to conclude a contract with the same contents.
5. I fulfil one of the following conditions:
 - I delivered at least 50 GWh of electric energy for end consumers in 2017,
 - I produced of at least 50 GWh of electric energy in 2017;
 - I traded at least 50 GWh of electric energy and that quantities of bilateral contracts or trading were recorded with Market Operator, Borzen, d.o.o., Dunajska cesta 156, SI-1000 Ljubljana, Slovenia.

Place: _____

Date: _____

Signature: _____

Stamp:

Attachment No. 4: Sample Contract for the purchase and delivery of electricity in the year 2019

CONTRACT SAMPLE

**CONTRACT No. _____
for the purchase and delivery of electricity in the year 2019**

concluded between:

TALUM d.d. Kidričevo

Tovarniška cesta 10,
2325 Kidričevo, Slovenija,
Tax number: SI 67572782,
represented by Chair of the Board Marko Drobnič
hereinafter **TALUM** or **Buyer**,

and

Company _____,
Address _____,
Place _____,
Country _____,
Tax number: _____,
represented by _____,
hereinafter _____ or **Supplier**.

or jointly as **the Parties**

Recitals

In accordance with Rules for the purchase of electricity in the year 2019, the Buyer has conducted an auction for the purchase of electricity in the year 2019. Based on the conducted auction the Supplier has been selected to deliver the requested quantity of electricity in accordance with the provisions of this Contract.

**Article 1
SUBJECT OF CONTRACT**

Subject of this contract is the delivery of the requested quantity of electricity in the year 2019. Based on that, the Supplier undertakes to deliver, within the contractual period, electricity to the Buyer in the quantities defined in the Article 2 and at the price defined in the Article 3 of this Contract, while the Buyer undertakes to collect the electricity and pay the contractual price to the Supplier in accordance with the provisions of this Contract.

Article 2
CHARACTERISTICS OF DELIVERED ELECTRICITY

The delivery of electricity shall have the following characteristics:

- _____ MW of base load electricity for the period from 1 January 2019 from 00:00 to 31 December 2019 until 24:00.

Article 3
CONTRACT PRICE

The price for the base load electricity in the year 2018 under Article 2 hereof, expressed in EUR for each MWh, is _____ EUR/MWh for the whole contractual period. The contractual price does not include VAT.

Article 4
CHARGING AND PAYMENT

The Supplier shall charge electricity, which is the subject of this contract, on a monthly basis, from the first day of the month up to and including the last day of the month.

The Supplier shall issue an invoice until the 8th calendar day of the following calendar month for the supplied quantity of electricity according to the contractually agreed price under Article 3 hereof.

The Buyer is obliged to pay the issued invoice in thirty (30) days after the expiration of the monthly accounting period to the transaction account of the Supplier, as indicated in the issued invoice.

The Buyer is obliged to notify the Supplier in written form on any irregularities, contained in the invoice, in the period of eight (8) days.

The Buyer is obliged to pay the indisputable part of the invoice in the time period, stated in the preceding paragraph.

The Supplier is obliged to give a written reply regarding irregularities in the period of eight (8) days, counting from the day of receipt of the notification.

The contractual parties agree that a set-off or cession is an acceptable form of payment, whereby the contractual parties explicitly agree to reach a prior written agreement each time, regarding the stated method of payment.

Article 5
NON-SUPPLY OF ELECTRICITY or UNCOLLECTING ELECTRICITY

If the Supplier shall not supply the contractual quantity of electricity in full or partly, in accordance with the agreed characteristic of supply under Article 2 hereof, and the non-fulfilment of supply is not justified by circumstances of force majeure or the non-fulfilment of obligations of the Buyer, the Supplier is obliged to pay compensation to the Buyer for the non-supplied quantities of electricity, whereby the amount of such compensation is calculated as a product between:

- discrepancy, if positive, between the contractually agreed price and the price, according to which the Buyer purchased (or could purchase) the quantity of non-supplied electricity on the market with due diligence and in accordance with the rules on trading with electricity;
- non-supplied quantity of electricity; and
- ratio, which amounts to 1,05.

If the Buyer does not take off the contractual quantity of electricity in full or partly, in accordance with the agreed characteristic of supply under Article 2 hereof, and the non-fulfilment of non-accepted electricity is not justified by circumstances of force majeure or the non-fulfilment of obligations by the Supplier, the Buyer is obliged to pay the Supplier compensation for the non-accepted quantities of electricity, whereby the amount of such compensation is calculated as a product between:

- discrepancy, if positive, between the contractual price and the price, according to which the Supplier sold (or could sell) the quantity of uncollected electricity on the market with due diligence and in accordance with the rules on trading with electricity;
- non-accepted electricity; and
- ratio, which amounts to 1,05.

Amounts, which are due for payment in accordance with the provisions of this Article, shall be invoiced and paid in accordance with the provisions under Article 4 hereof. The provisions of Article 4 hereof, regarding charging and payment, shall thereby be applied mutatis mutandis for both contractual parties.

Article 6 DISPUTE RESOLUTION

The parties hereto undertake to settle any disputes arising from this Contract by mutual agreement. Any difficulties encountered by any of the parties hereto shall be communicated to the other party in writing.

If the parties hereto fail to settle a dispute by mutual agreement, the dispute shall be resolved by the competent court in Ptuj.

Any dispute in connection with this Contract shall not release the parties hereto from the fulfilment of their contractual obligations.

The Slovenian law applies for the regulation of mutual rights and obligations, which are not explicitly regulated in this contract, excluding the application of the United Nations Convention on Contracts for the International Sale of Goods (CIGS / Vienna convention).

Article 7 FORCE MAJEURE

According to this contract, force majeure is considered as a circumstance, specified in the Obligations Code, especially unexpected natural events, which have the features of a natural disaster (flooding, earthquakes, fire, etc.); emergencies, wars, embargo, general strikes; measures of competent authorities at all levels; failure of communication and information system of the System operator of the transmission system due to which the contractor shall not fulfil one's obligations of supply or collection of electricity; temporary termination of supply or collection of electricity or disregard of obligations of an individual contractor by

the System operator of the transmission system; protective measures of emergencies in the electricity system, which shall be implemented by the system operator on the basis of Article 146 of the Energy Act-1; and other circumstances, causes and other events, which are not possible to foresee, prevent, eliminate or avoid (hereinafter: force majeure), and hold as a consequence the inability to fulfil contractual obligations for each or individual contractor of this contract.

Occurrence of force majeure exempts the contractual party from fulfilling obligations for the duration of force majeure; it also exempts the contractual party from the obligation to pay compensation due to non-fulfilment of contractual obligations during force majeure.

In the event of occurrence as well as withdrawal of force majeure, the contractual party, which is making reference to force majeure, is obliged to immediately inform the counterparty, otherwise, the contractual party shall be held responsible for all, hereby incurred actual loss.

If the subsequent inability of fulfilment occurred after the period of fulfilment, the contractual party, which claims it, shall pay the counterparty compensation due to non-fulfilment of obligations.

Article 8 TAXES AND CHARGES

Any taxes, charges, duties or other costs in Slovenia will be borne by the Buyer when so demanded by the relevant authorities of Slovenia, and any taxes, charges, duties or other costs relating to the export of electricity will be borne by the Supplier according to the law of the country in which the Supplier may purchase electricity or through which electricity may be transported.

Article 9 TORT LIABILITY

The contractual parties agree to be held responsible for each other for a possible loss in accordance with general rules of the Obligations Code.

The contractual parties agree and commit to endeavour with due diligence to the maximum extent possible, to reduce loss, which could occur on the basis of this contract or in relation to it.

Article 10 BUSINESS SECRET

The contractual parties agree and explicitly commit to permanently keep the conclusion of this contract as a business secret, including all data, information and documents, which originate from the contractual documentation, and other data, which originate from the contractual relationship or are related to the contractual relationship, except data, which are considered public according to the applicable legislation.

The contractual party shall be liable for the compensation of material and immaterial loss due to the violation of a business secret.

Article 11

ANTI-CORRUPTION CLAUSE

The contractual parties commit not to promise, offer or give, and that they are informed that an acceptance of any kind of undue advantage (e.g. presents, payments in the form of money or other valuables, directly or indirectly) is not allowed for the purpose of acquiring business or to conclude business under more favourable terms and conditions, for the omission of due supervision over the implementation of contractual obligations, or for other behaviour or suspension, which causes loss to the company, or the acquirement of undue advantage is enabled to the employee, contractual party or third party.

Article 12 DURATION AND TERMINATION OF THE CONTRACT

This Contract becomes effective on the date of its signing, and is applied from 1. 1. 2019 until 31. 12. 2019 inclusive.

The contractual parties agree that the contract may be annulled in a consensual matter by concluding an annex to this contract.

Each contractual party may withdraw from the contract before the expiration date, specified in the first paragraph of this Article, due to serious violation of contractual obligations. Non-fulfilment of contractual obligations shall be considered as a serious violation of contractual obligations.

Withdrawal from the contract shall be sent to the counter party through a registered letter, in which a reasonable ground for a withdrawal from the contract and the date of termination of a contract shall be stated.

Upon the initiation of compulsory composition proceeding or bankruptcy against an individual contractual party, any contractual party (either a creditor or debtor in a compulsory composition or bankruptcy) may unilaterally terminate this contract in an immediate manner.

The termination of this Contract does not exclude fulfilment of already occurred financial obligations arising from this Contract.

Article 13 FINAL PROVISIONS

The contracting parties undertake to promptly notify the other party of any kind of changes that might affect the implementation of this Contract.

Amendments and supplements to this contract shall be concluded in written form with the consent and signature of both parties.

If any of the contractual provisions are or shall become invalid, this shall not affect other contractual provisions. Invalid provision is replaced by a valid one, which must as much as possible suit the purpose, which the contractual parties wished to achieve with the invalid provision.

The Contract is written in two (2) copies, each of which shall be deemed as an original copy. Each party hereto receives one signed copy of this Contract.

Kidričevo, _____

Place and date, _____

TALUM d.d. Kidričevo
Chair of the Board
Marko Drobnič

xx (Supplier)

(position of authorised person)

(Name and Surname)