

AGREEMENT OF ADHERENCE TO THE OPERATION RULES OF THE ELECTRIC POWER PRODUCTION MARKET

THIS AGREEMENT IS MADE AND ENTERED INTO BY AND BETWEEN THE
COMPAÑÍA OPERADORA DEL MERCADO ESPAÑOL DE ELECTRICIDAD, S.A.
OF THE ONE PART

AND THE MARKET AGENT, AS IDENTIFIED BELOW, OF THE OTHER PART.

Identification of the market agent

1. Name or company name
2. Tax identification number
3. Address
4. Representative: Mr/Ms by agreement, for
5. Purpose: Submission of electric power purchase or sale bids.
6. List of subsidiary and partly owned companies represented by the market agent signing the present contract, as included in Annex I.
7. List of production facilities held by the market agent or represented by same for the purposes of submitting bids on the electric power production market.
Said list is attached as Annex II to the present adherence agreement, which forms an inseparable part of same. The configuration of hydraulic management units shall be subject to approval by the National Electric System Commission.

WITNESSETH

- I WHEREAS pursuant to articles 32 and 33 of the Electrical Industry Act, the market operator assumes, in order to ensure the proper operation of the electrical system, the necessary financial management responsibilities for an efficient development of the electric power production market, and in particular the management of the system of electric power purchase and sale bids.
- II WHEREAS article 19.3 of the Electrical Industry Act provides that the holders of production units, as well as transmission, distribution and marketing operators, and qualified consumers must adhere to the conditions, jointly established by the market operator and the system operator, governing power settlement and payment operations, which must be public, accountable and objective.
- III WHEREAS pursuant to the provisions of article 24.2 of the Electrical Industry Act, the necessary procedures may be stipulated to incorporate electric power demand into the bid system, the management of which is assumed by the market operator.
- IV WHEREAS Royal Decree 2019/1997 of 26th December, which provides for the organisation and regulation of the electric power production market, stipulates that in order to achieve electric power production market agent status, all the producers and auto-producer of electric power, as well as external agents performing the incorporation into national transmission and distribution networks of electric power from other external systems, distributors, resellers

and qualified consumers, must have expressly adhered to the rules and conditions for the settlement in and operation of the electric power production market as established by the market operator, by means of an adherence agreement. Likewise, the aforesaid Royal Decree requires that the format and means of communication of the electric power sell and purchase bids should be duly specified in the adherence agreement, which agreement must also stipulate the terms under which the market operator may execute the financial guarantees submitted by the purchasers in support of their purchases of electric power.

- V WHEREAS in order to carry out the financial management required for an efficient functioning of the electric power production market, as mentioned in number IV above, a set of Market Operation Rules must be established.
- VI WHEREAS in view of all the foregoing, the parties to the present agreement deem that the signing of same duly complies with the prescriptions arising from the Electrical Industry Act and its Implementing Regulations as regards the organisation and regulation of the electric power production market, and consequently the present agreement is the mechanism whereby the duties, responsibilities, rights and obligations of the parties are regulated, and their adherence to the Market Operating Rules is brought into effect.
- VII The market agent identified at the head of the present document expressly adheres to the aforesaid Market Operation Rules, for which purpose he undersigns the present adherence agreement, in accordance with the following

CLAUSES

ONE.- OBJECT OF THE AGREEMENT

The object of the present agreement is to establish the duties, responsibilities, rights and obligations falling upon market agents, the market operator and the system operator within the electric power production market, as well as the aforesaid adherence of the market agent to the Market Operation Rules. Specifically, the present agreement stipulates the financial guarantees to be submitted by those carrying out purchases of electric power, and the execution of same; the characteristics of the electric power purchase and sale bids; the format and the means of communication of the electric power sale and purchase bids; the determination of the matching procedure of electric power sale and purchase bids in the daily and intra-day market; the determination of the final price of electric power, as well as the settlement and payment of same.

TWO.- MARKET AGENTS

The attainment of market agent status calls for compliance with the requisite conditions stipulated in articles 3 and 4 of Royal –Decree 2019/1997 of 26th December, which provides for the organisation and regulation of the electric power production market.

Agents operating in the electric power production market are divided into purchasing and selling agents, hereinafter buyers and sellers, depending on whether their main business involves purchasing or selling electric power respectively.

The market agent acknowledges that he is conversant with the Rules and operating and settlement conditions of the electric power production market, as approved by Resolution of the Ministry of Industry and Energy **and published in ‘Boletín Oficial del Estado’ (official government gazette)**, in accordance with the provisions of article 27.3 of Royal Decree 2019/1997 of 26th December, governing the operation of the electric power production market, as well as any other legal provision as may apply to the said market, and hereby undertakes to fully comply with them, subject to no reservations, restrictions or conditions. This includes the programmes and documentation associated with the Market Operator’s Information System (SIOM), made available by said market operator. The present obligation extends to any amendment of the aforesaid Rules and operating and settlement conditions of the electric power production markets and SIOM programmes.

THREE.- LOSS OF MARKET AGENT STATUS

- 1.- The loss of market agent status may arise from any of the following causes:
 - a) In the case of buyers, cancellation of their entry in the Administrative Register of Distributors, Resellers and Qualified Consumers referred to under article 45.4 of the Electrical Industry Act, or owing to failure to submit or maintain the requisite guarantees, where they have an obligation to do so, in accordance with the Market Operation Rules.
 - b) In the case of sellers, regarding a specific Production Unit which they are the holders of, in those instances provided for under article 21.6 of the Electrical Industry Act.
 - c) In the case of producers, resellers and distributors, any major infringement as provided under article 60 of the Electrical Industry Act which involves the revocation or suspension of the requisite administrative authorisation and attendant temporary disqualification for operating in the electric power production market, as provided in article 64.5 of the Electrical Industry Act.
- 2.- Disqualified market agents must meet any obligations acquired by them prior to their disqualification, as a result of their participation in the electric power production market.
3. Disqualified market agents wishing to be re-qualified must duly apply for re-qualification, expressly stating that the circumstances which led to their disqualification have ceased to exist and that they meet the requisite conditions for acquiring market agent status.
4. Upon re-qualification, the market agent must sign the relevant agreement of adherence to the Market Operation Rules.

FOUR.- NON-COMPLIANCE BY AND PRECAUTIONARY SUSPENSION OF AN AGENT

- 1.- Upon learning of any instance of non-compliance by a market agent, the market operator shall promptly notify said agent in the manner stipulated in the Market Operation Rules. Said agent must rectify said non-compliance within a period of 24 hours.

Should the Agent fail to rectify said non-compliance within the prescribed period, the market operator shall submit to the Ministry of Industry and Energy a proposal for the temporary suspension from the electric power production market of the market agent involved. The market operator shall advise the Market Agents Committee of such a request for temporary suspension.

- 2.- The market agent whose temporary suspension has been requested will have a period of seven (7) working days in which to rectify the instance of non-compliance which gave rise to such a suspension. Should said non-compliance not be rectified within the aforesaid period, the market operator shall proceed, subject to the prior authorisation of the Ministry of Industry and Energy, to suspend the market agent involved on a precautionary basis, for the purposes of submitting purchase and sale bids in the electric power production market, for the duration of the relevant penalising administrative proceedings.
- 3.- In the event that any of the parties to the agreement should fail to comply with any of the obligations stipulated by the present agreement or by the Market Operation Rules, said party will be liable for compensation in respect of any damages arising from said non-compliance, as well as the payment of a financial penalty for every day that the non-compliance or its effects should remain without rectification, in accordance with the provisions of the Market Operation Rules.

FIVE.- SELLING AGENTS' RIGHTS

In addition to those rights arising from the Electrical Industry Act and its Implementing Regulations, sellers in the electric power production market shall have the following rights:

- 1.- The right to take an active part in the electric power production market and submit, through the market operator, bids for the sale or, whenever appropriate, the purchase of electric power.
- 2.- Sellers shall likewise be entitled to an acknowledgement of receipt by the market operator of their electric power sale bid and to require that said market operator verify, according to the Market Operation Rules, the electric power sale bid issued by the seller and, should the seller so request it, notify the seller of the outcome of said verification, and accept the offer and include it in the matching up process provided that it meets the requisite conditions.
- 3.- Likewise, the selling agents shall be entitled to have their electric power purchase or sale bid, if found to have been submitted in due form, duly matched up if the price bid for the relevant scheduled time slot is less than or equal to the marginal price corresponding to the bid issued by the last production unit whose entry into the system was necessary to meet the electrical power demand, in

accordance with the provisions of the Market Operation Rules, provided that there is a sufficiency of purchase bids at a price equal to or higher than the marginal price.

In the event of simple and complex electric power sale bids concurring within the same daily time schedule, sellers are entitled to have the complex bids included in the matching up process, subject to the conditions stipulated in the Market Operation Rules.

The market operator and, as appropriate, the system operator, must provide supporting evidence of the reasons why a complex bid was not accepted, and hence excluded from the matching-up process.

- 4.- The selling agent shall likewise have the right to require that the market operator and the system operator respect the confidentiality of the information provided to said operators by the aforesaid agent upon submitting the electric power sale or purchase bid, under the terms of and for the duration periods stipulated in the Market Operation Rules.
- 5.- Sellers also have the right to require that their production unit be included in the order of economic precedence resulting from the matching up of bids according to the electric power sale prices presented to the market operator for each reference period, both in the event that all the electric power sale bids submitted should be considered as simple bids in the matching up process, and in the event that simple and complex electric power sale bids should concur in said matching up process.

Sellers shall likewise have the right to require that the Seller's production unit for which the seller has submitted a number of electric power sale bids to the market operator, should take precedence in the order of entering into operation with respect to other production units according to the order of precedence referred to in the foregoing paragraph, provided that the bid involved is duly matched up, and subject to any such technical constraints as may exist in the transmission network or in the system.

- 6.- Lastly, the parties acknowledge that the seller shall be entitled to receive the payment due in respect of the electric power actually supplied, as provided by Law 54/1997, its implementing regulations, the Market Operation Rules and the system operation standards and procedures.

SIX.- PURCHASING AGENTS' RIGHTS.

Buyers of electric power in the production market shall have the following rights:

- 1.- The right to take an active part in the electric power production market and to submit, through the market operator, bids for the purchase or, whenever appropriate, the sale of electric power.

- 2.- The right to obtain the relevant information arising from their participation in the electric power production market, as well as to require the market and System operators to maintain the confidentiality of the information provided to them by the purchaser, subject to the deadlines and conditions stipulated in the Market Operation Rules.
3. Purchasers shall likewise be entitled to have their accepted bids matched up provided that said bids meet the conditions prescribed in the present agreement and in the Market Operation Rules regarding the operation of the bid matching-up system.
- 4.- They shall likewise have the right to obtain the supply of electric power requested at the marginal price corresponding to the bid submitted by the last production unit whose entry into the system was necessary to meet the demand in the period involved.

In the event of the electric power purchase bid include the maximum price which the purchaser is prepared to pay for the electric power requested, the right to receive the electric power supply requested in the purchase bid, provided that said bid should have been duly matched up as a result of the maximum electric power purchase price being equal to or greater than the minimum bid by the sellers in the electric power production market, without prejudice to the application of the Share rule contained in the Market Operation Rules in the event of there being excess demand at the resulting marginal price for the scheduled time slot and there being sufficient electric power available at the matching up price for that time slot.

SEVEN.- SELLING AGENTS' OBLIGATIONS

Electric power selling agents are subject to the following obligations:

- 1.- To issue electric power sale bids through the market operator, for every one of their **authorised** production units, provided that they are not involved in bilateral contract schemes which, owing to their characteristics, are excluded from the bid system, and that they are not subject to a situation of unavailability accepted by the system operator.

The information contained in the bid, as well as the format it must conform to, shall be specified in the Market Operation Rules.

- 2.- To carry out the supply of electric power under the conditions resulting from the matching up process, unless the production unit has been taken out of the matching up process owing to technical restraints.
- 3.- Not to withdraw from the daily market an electric power sale bid previously submitted to the market operator, without having replaced it with another sale bid for the same production unit and the same scheduled time slot, unless the bid should be withdrawn by the agent in the event of the production unit being exempted from the obligation of submitting bids, without prejudice to the compliance by the agent of his legal obligations.

- 4.- To accept the results of the matching-up process performed under the conditions prescribed by the Market Operating Rules, without prejudice to any claims as may apply.
- 5.- To maintain the confidentiality of the data regarding access to the market operator's computer system, to ensure safe keeping of the computer system passwords and to report any incident regarding the security of the information.

EIGHTH.- PURCHASERS' OBLIGATIONS

Purchasing agents are subject to the following obligations:

- 1.- Purchasers in the electric power production market must submit adequate financial guarantees, the acceptance of which is the responsibility of the market operator under the conditions specified in the Market Operation Rules to ensure the collection by sellers of the full amount due in respect of the electric power supplied by them in the production market at the final price, subject to the limit of the amount covered by said financial guarantees.

- 2.- The following obligations for purchasers arise from the issue of electric power purchase bids:

The obligation to ensure that the electric power purchase bid should meet the requirements specified by the Market Operation Rules as to the format and the information contained.

The obligation to accept the results of the matching up process performed under the conditions prescribed by the Market Operating Rules, without prejudice to any claims as may apply.

The obligation to pay, under the terms prescribed by the Market Operation Rules, the price of the electric power supplied, provided that their electric power purchase bid should have been matched and that the supply has taken place.

Not to withdraw an electric power purchase bid previously submitted to the market operator, without having replaced it with another purchase bid for the same consumption unit and the same scheduled time slot, unless the bid should be withdrawn by the agent himself, without prejudice to the compliance by the agent of his legal obligations.

- 3.- To maintain the confidentiality of the data regarding access to the market operator's computer system, to ensure safe keeping of the computer system passwords and to report any incident regarding the security of the information.
- 4.- Distributors shall be subject to the obligation of reporting to the market operator the amount of electric power they intend to purchase directly from facilities with special status.

- 5.- Distributors shall likewise be subject to the obligation of submitting to the market operator electric power purchase bids for an amount equivalent to the difference between the total amount of electric power they have to supply and the electric power purchased by them from producers with special status.

NINE.- DUTIES AND RESPONSIBILITIES OF THE MARKET OPERATOR

In addition to those duties arising from the Electrical Industry Act and its Implementing Regulations, the market operator shall be subject to the following duties:

1. To receive the sale offers issued for every scheduled time slot by the holders of the various electric power production facilities, as well as accepting the power purchase bids, together with associated financial guarantees, as appropriate.
2. To match up the sale and purchase bids, starting from the lowest price bid, until demand is met for each scheduled time slot, and setting the final rates, in accordance with the provisions of the Market Operation Rules.
3. To settle and notify the payments due and amounts receivable on the basis of the final electric power rates resulting from the electric power production market, as stipulated by the Market Operation Rules.
4. To ensure the secrecy of the confidential information entrusted to him by the market agents, in accordance with the Market Operation Rules.

The market operator shall be subject to the following further responsibilities regarding sellers:

- a) To acknowledge the receipt of electric power sale bids.
- b) To make available the information contained in the bids such that the market agents may reproduce in their computer systems the matching up process, in accordance with the provisions of the Market Operation Rules.
- c) To verify the electric power sale bid submitted by the seller and to notify him of the outcome of said verification.
- d) To accept the electric power sale bid if the outcome of the verification referred to in the foregoing paragraph is positive, and to include said bid in the matching up process and order of economic precedence.
- e) To make available to sellers, should they so request, the details of whether or not the bid has been included in the matching up process and, in the event of exclusion, to provide justification for same.
- f) To maintain the confidentiality of the information made available by the seller in the electric power sale bid from the moment that such a bid was submitted until

thirty (30) days after the closure of the dealing session for which said sale bid was intended.

The market operator is subject to the following further responsibilities in relation to buyers:

- a) To acknowledge the receipt of electric power purchase bids.
- b) To make available to purchasers the information contained in the bids such that the market agents may reproduce in their computer systems the matching up process, in accordance with the provisions of the Market Operation Rules.
- c) To verify, under the conditions stipulated by the Market Operation Rules, the electric power purchase bid submitted by the buyer and to notify him of the outcome of said verification.
- d) To accept the electric power purchase bid if the outcome of the verification referred to in the foregoing paragraph is positive, and to include said bid in the matching up process and order of economic precedence.
- e) To advise the buyer, should the latter so request, of whether or not the electric power purchase bid specifying the price of the electric power requested has been included in the matching-up process and, in the negative case, of the reasons for such exclusion.
- f) To maintain the confidentiality of the information made available by the buyer in the electric power purchase bid from the moment that such a bid was submitted until thirty (30) days after the closure of the dealing session for which said purchase bid was intended.

TEN.- GUARANTEES

Market agents acting in the capacity of electric power purchasers in the production market must submit to the market operator an adequate financial guarantee to fully cover the financial liabilities arising from their participation in said market, such as to ensure the payment in full to sellers of the amounts due in respect of the electric power supplied, at the final rate established for same, together with any tax due.

Failure to provide such a financial guarantee, non-acceptance of same by the market operator, on the grounds of its inadequacy, or failure to maintain or update such a financial guarantee will cause the market agent to be excluded from operating in the production market.

The market agent hereby accepts, upon signing the present adherence agreement, the execution of the financial guarantees, which must meet the requirements and be made available under the conditions specified in the Market Operation Rules. The execution of said guarantees shall also be subject to the applicable provisions of said Market Operation Rules.

In any event, purchasers who incur in a delay in the payment of their electric power purchases shall be required to pay, without prejudice to their liability for damages arising from such delay, interest on arrears in respect of the pending amounts, calculated as from the date on which the pending payment was due, until the date on which it was finally paid up. The applicable rate for the interest on arrears shall be that set by the Market Operation Rules.

ELEVEN.- SUPERVISION

The Market Agents Committee, referred to in article 33 of the Electrical Industry Act, shall be responsible for the supervision and monitoring of the financial management of the system and, hence, for the enforcement of the provisions of the present adherence agreement and of the Market Operation Rules, under the terms of article 28 of Royal Decree 2019/1997 of 26th December, which provides for the organisation and regulation of the electric power production market.

The Market Agents Committee shall have access to the market operator's information systems in order to facilitate due performance of its duties.

TWELVE.- CONFIDENTIALITY

The market agent and the market operator undertake to respect the confidential nature of information classified as such, to which they may have had access as a result of their participation in the electric power production market. For the purposes of the present agreement, any information made generally available to the public or which the market agent or market operator have legitimately received from a third party, or the disclosure of which is considered necessary by the competent judicial or administrative authorities, shall not be deemed confidential.

THIRTEEN.- DETERMINATION OF THE FINAL POWER RATE, SETTLEMENT AND PAYMENT.

In order to perform the settlement, the market operator shall follow the procedure established in the Market Operation Rules. In any event, the amounts payable to sellers in the electric power production market as a result of said settlement shall include, as appropriate, the following items:

- a) The amounts due for the electric power actually produced at the marginal rate for each relevant scheduled time slot in which the production facility was processed, plus the amount corresponding to the intra-day market.
- b) The cost associated with alterations in the normal operation of the bid system.
- c) Remuneration for the guaranteed power levels effectively delivered to the system during the relevant scheduled time slot.
- d) Remuneration for supplementary services required during the relevant scheduled time slot.

The market operator shall carry out the provisional and final settlements and resolve, subject to a prior report by the Market Agents Committee, on any incidents arising in same, under the terms specified in the Market Operation Rules.

FOURTEEN.- REVIEW OF THE MARKET OPERATION RULES

- 1.- The Market Operation Rules may be reviewed, altered or amended in accordance to the appropriate provisions set out in said Market Operation Rules, with the participation of the Market Agents Committee.
- 2.- In any event, the adherence by each market agent to the Market Operation Rules entails adherence to any such alterations as may be introduced into same.

FIFTEEN.- ENTRY INTO FORCE, TERM AND AMENDMENTS

1. Pursuant to article 27.2 b) of Royal Decree 20109/1997 of 26th December, which provides for the regulation and organisation of the electric power production market, it falls upon the market operator to submit to the Ministry of Industry and Energy, for approval, any proposed amendments to the present agreement deemed appropriate for an improved enforcement of the provisions of the Electrical Industry Act and its implementing regulations.

The market operator shall be obliged to submit to the Ministry of Industry and Energy proposed amendments to the present adherence agreement whenever necessary in order to ensure compliance with the provisions of the currently effective legislation and implementing regulations, which proposals shall be decided upon by said Ministry, following a report by the National Electrical System Commission (CNSE).

Likewise, the market operator, upon its own initiative and following a report by the Market Agents Commission, shall review the present Rules whenever appropriate. Said Commission's report must be issued within 15 days, and will be deemed to have been issued once such a period has elapsed. After a period of six months from the initial approval of these Rules, a process of review of same will commence, subject to the rules provided in the present Rule. In like manner, the market operator shall submit to the Ministry of Industry and Energy the proposed amendments to the Market Operation rules submitted by the Market Agents Committee.

2. In any event, the market operator may issue such operating instructions as may be required to ensure that the Market Operation Rules are applied in the most efficient manner, following a report by the Market Agents Committee, to be issued within a period of 15 days, and which will be deemed to have been issued once such a period has elapsed. These instructions must be observed by all buyers and sellers which take an active part in the electric power production market.

The market operator may issue user guidelines to ensure that an efficient use is made by market agents of the computer systems required for the normal operation of the electric power production market.

SIXTEEN.- NOTICES

1. All notices required to be made under this agreement of adherence the Market Operation Rules shall be conveyed to the parties at the address indicated in this agreement. Parties may, however, designate a different address for the conveyance of such communications, by notice not less than seven days prior to said change of address.
2. Notices may be conveyed by any means which provides evidence of the contents and the receipt of same.

SEVENTEEN.- GOVERNING LAW AND SETTLEMENT OF DISPUTES

1. The present adherence agreement and Market Operation Rules shall be governed by the laws of Spain.
2. Any controversy arising from, or relating to, the application of the present Market Operation Rules shall be settled in accordance with the provisions of article 8.1.14^a of the Electrical Industry Act and Interim Provision 8 of Royal Decree 2019/1997 of 26th December. Any controversy, disputes, claims and disagreements arising in this respect shall, without prejudice to the competencies of the National Electrical System Commission, be submitted, with the express waiver of the right to any other Magistrate or Court having competency over the matter, either to arbitration by said Commission, pursuant to article 8.1.10.^a of Law 54/1997, or to arbitration at law to be performed in the city of Madrid by three arbitrators, in accordance with the rules of the UNCITRAL and the provisions of the Private Law Arbitration Act of 5th December, 1998, entailing the express acceptance of the resulting award. The parties agree to submit any controversy between them which, owing to legal reasons, cannot be submitted to arbitration, to the Courts and Tribunals of the city of Madrid, with express waiver of the right to any other Magistrate or Court having competency over the matter.

Acceptance by Compañía Operadora del Mercado Español de Electricidad, S.A. of the adherence by the market agent identified at the heading of this document to the present agreement and to the Market Operation Rules.

“Compañía Operadora del Mercado Español de Electricidad, S.A.”, with registered address at 6, Alfonso XI, 28014 Madrid and, for and on behalf of same, its Chairman Ms. Maria Luisa Huidobro y Arreba, hereby accepts the adherence of the market agent identified at the heading of this document to the Market Operation Rules, under the terms and conditions set out in the present adherence agreement.

(Place and date)

The Market Agent, on its own behalf and on behalf of its subsidiary or partly owned companies, or the companies it represents.

Compañía Operadora del Mercado Español de Electricidad, S.A.