

Amendment No. 2
to
THE MASTER AGREEMENT
on
4M Market Coupling
date of signature 14 November 2014

concluded between

1. **OTE, a.s.**, a company founded and duly existing in accordance with the laws of the Czech Republic and registered in the Company Register administrated by the Municipal Court in Prague, Section B, File 7260 with registered office located at **Sokolovská 192/79, 186 00 Praha 8 – Karlín, the Czech Republic**; Registration Number of the Company (IČ): 264 63 318, hereinafter referred to as “**OTE**” (OTE’s contract No.: XXXXXXXXXX),
and
2. **OKTE, a.s.**, a company founded and duly existing in accordance with the laws of the Slovak Republic and registered in the Company Register administrated by the District Court in Bratislava I, Section Sa, File 5087/B with registered office located at **Mlynské nivy 48, 821 09 Bratislava, the Slovak Republic**; Registration Number of the Company (IČO): 45 687 862, hereinafter referred to as “**OKTE**”,
and
3. **HUPX Magyar Szervezett Villamosenergia-piac Zártkörűen Működő Részvénytársaság** (Hungarian Power Exchange Company Limited by Shares, HUPX Ltd.), a company founded and duly existing in accordance with the laws of Hungary and registered in the Company Register administrated by the Budapest Metropolitan Court, with registered office located at **H-1134 Budapest, Dévai utca 26-28., Hungary**; Registration Number of the Company: 01-10-045666, hereinafter referred to as “**HUPX**”,
and
4. **Operatorul Pietei de Energie Electrica si de Gaze Naturale “OPCOM” S.A.**, a company duly organized and existing under the laws of Romania, with registered office in **16-18 Hristo Botev Blvd, 3rd District, Bucharest 030236, Romania**, registered with Bucharest Trade Register Office under number J40/7542/2000, VAT number (CIF) RO13278352, hereafter referred to as “**OPCOM**”,

and

5. **ČEPS, a.s.** (“ČEPS”), incorporated under the laws of the Czech Republic, having its registered office at **Elektrarenska 774/2, 101 52 Praha 10, Czech Republic**, registered with the Commercial Register kept by the Municipal Court in Prague, Section B, Entry 5597, with the Company Identification No. 25702556; hereinafter referred to as “**ČEPS**”,

and

6. **Slovenská elektrizačná prenosová sústava, a.s.**, a company founded and duly existing in accordance with the laws of the Slovak Republic and registered in the Company Register administrated by the District Court Bratislava I, Section Sa, File 2906/B with registered office located at **Mlynské nivy 59/A, 824 84 Bratislava 26, the Slovak Republic**; Registration Number of the Company (IČO): 358 29 141, hereinafter referred to as “**SEPS**”,

and,

7. **MAVIR Magyar Villamosenergia-ipari Átviteli Rendszerirányító Zártkörűen Működő Részvénytársaság** (MAVIR Hungarian Independent Transmission Operator Company Ltd.), a company founded and duly existing in accordance with the laws of Hungary and registered in the Company Register kept by the Hungarian Company Registry Court of Budapest-Capital Regional Court with registered office located at **H-1031 Budapest, Anikó u. 4., Hungary**; Registration Number of the Company: 01-10-044470, hereinafter referred to as “**MAVIR**”,

and

8. **National Power Grid Company Transelectrica S.A.**, a Romanian company with a dualist management system, having its registered office at 33 General Gheorghe Magheru Blvd., 1st District, Bucharest and mailing address at Olteni no. 2-4, 3rd District, Bucharest, postal code 030786, registered with Bucharest Trade Registry with no. J40/8060/2000 and sole code of identification 13328043, hereinafter referred to as „**Transelectrica**“

and hereinafter referred to individually as a “Party” and collectively as the “Parties”.

Whereas

- A) The Parties have entered into the 4M Master Agreement on Market Coupling dated on 14 November 2014 (hereinafter referred to as the “**Agreement**”), under which the Parties determined the scope and form of cooperation, coordination and data exchange between the Parties for the operation of the common 4M Market Coupling (hereinafter referred to as the “**4M MC**”).

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

G) All capitalized terms not defined but used in this Amendment shall have the same meaning as in the Agreement, unless specified otherwise.

IN CONSIDERATION OF THE ABOVE, THE PARTIES HEREBY AGREE, UNDER THE TERMS AND CONDITIONS OF THIS AMENDMENT, AS FOLLOWS:

§ 1

Preamble of the Agreement shall be replaced and shall read as follows:

OTE, OKTE, HUPX Ltd., ČEPS, SEPS, and MAVIR have agreed to develop a multilateral market price coupling covering at least the Czech Republic, the Slovak Republic and Hungary based on their intensive mutual cooperation with necessary support of National Regulation Authorities (NRAs). The CZ-SK-HU Market Coupling ("CZ-SK-HU MC") started to perform the operation of the CZ-SK-HU coupled day-ahead electricity markets on 11 September 2012 for the delivery day 12 September 2012.

On 6 December 2011 Transelectrica, OPCOM and ANRE (Romanian National Regulation Authority) sent a Letter of Intent to the CZ-SK-HU MC Project's Steering Group, in which they expressed their interest in joining the CZ-SK-HU MC Project. Romanian parties also expressed their commitment regarding the extension of CZ-SK-HU MC towards Romanian markets with the signing of Memorandum of Understanding on 11 July 2013.

The Parties agreed to extend the CZ-SK-HU MC with establishing and operating a multilateral market price coupling scheme that covers at least the Czech Republic, Slovakia, Hungary and Romania based on their intensive mutual cooperation.

Article 16 of Regulation (EC) 714/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the network for cross-border exchanges in electricity contains rules on congestion management which prescribe (among others) that "network congestion problems shall be addressed with non-discriminatory market-based solutions which give efficient economic signals to the market participants and transmission system operators involved". Article 16 also stipulates that "network congestion problems shall preferentially be solved with non-transaction based methods, i.e. methods that do not involve a selection between the contracts of individual market participants." The selected solution and governance arrangement of the Market Coupling goal is to be in line with these requirements, and to allocate the cross-border transmission capacity efficiently by applying a single price Market Coupling algorithm.

Common organized day-ahead electricity market based on implicit cross-border capacity allocation with use of the Market Coupling mechanism is exercised by Transmission System Operators and Power Exchanges.

The Agreement regulates the Czech-Slovak-Hungarian-Romanian day-ahead Market Coupling (4M Market Coupling or 4M MC) operation based on the design compatible with the relevant EU Target Model. The Parties' intention is to have a solution in compliance with the CACM, the current / future relevant network codes or guidelines and SDAC coupling mechanism [usage of up-to-date DA MCO Function, based on the Price Coupling of Regions (PCR) solution according to the approved MCO Plan, chapter 5.1.1 para. 1], to ensure the establishment of the Single Day-Ahead Coupling (SDAC) in the near future, and to support the implementation of the CACM.

The CACM entered into force in August 2015. The relevant and already applicable CACM provisions were taken into account by the Parties while drafting the Second Amendment to the Agreement.

In accordance with the CACM provisions, the Parties entered into Single Day-Ahead Coupling Operations Agreement ("DAOA") which sets forth the rights and obligations of the Parties in connection with the implementation of the SDAC, including the common operation and further development thereof. As the SDAC is an implementation of the CACM, it requires cooperation of all TSOs and all NEMOs at European level within the scope of the CACM. DAOA shall cover two phases:

- An interim phase (the "Interim Phase") during which there will be two parallel market couplings, one of MRC and one of 4M MC. These couplings shall be considered on an equal basis as jointly forming, for this interim period, the SDAC in the implementation of the CACM;
- An enduring phase (the "Enduring Phase") during which there will be one SDAC only, under which MRC and 4MMC are coupled.

The Parties acknowledge that all necessary design and implementation steps have been taken (e.g. selection of the coupling algorithm, shipping design, IT systems and the respective providers, defining roles of the Parties).

§ 2

Following abbreviations shall be added to the "Abbreviations" section of the Agreement and shall read as follows:

CACM	<i>Commission Regulation (EU) 2015/1222 of 24 July 2015 establishing a guideline on capacity allocation and congestion management, as amended from time to time.</i>
DAOA	<i>Single Day-Ahead Coupling Operations Agreement</i>
SDAC	<i>Single Day-Ahead Coupling</i>

§ 3

Definitions of “European Price Coupling” and “Market Coupling Function” shall be omitted from the “Definitions” section.

§ 4

Following definitions in the “Definitions” section of the Agreement shall be replaced and read as follows:

<i>Coordinator</i>	<i>Means the party having the DA MCO Function Assets installed fulfilling the management of the daily market coupling sessions and performing the 4M MC matching and calculation of the MC results each day on a defined rotational basis.</i>
<i>DA MCO Function Assets</i>	<i>Means the systems, procedures, algorithms and service provider contracts used for the DA MCO Function.</i>
<i>DA MCO Function/Market Coupling Function</i>	<i>Means the development and maintenance of algorithms, systems and procedures for Single Day-Ahead Coupling, processing input data on cross-zonal capacity and allocation constraints provided by coordinated capacity calculators, operating the price coupling algorithms and validating and sending Single Day-Ahead Coupling results to NEMOs.</i>
<i>Day-Ahead Operational Agreement</i>	<i>Means this Single Day-ahead Coupling Operations Agreement, including all the Annexes thereto.</i>
<i>Enduring Phase</i>	<i>Means the period during which there will be one Single Day-Ahead Coupling only, under which MRC and 4MMC are coupled.</i>
<i>Interim Phase</i>	<i>Means the period during which there will be two parallel market couplings, one of MRC and one of 4M MC. These couplings shall be considered on an equal basis as jointly forming, for this interim period, the Single Day-Ahead Coupling in implementation of CACM.</i>
<i>Multi-Regional Coupling/MRC</i>	<i>Means the day-ahead electricity market organised by North-West Europe, South-West Europe and Italian Borders Working Table parties based on implicit cross-border capacity allocation.</i>
<i>NEMO (nominated electricity market operator)</i>	<i>Means an entity designated by the competent authority to perform tasks related to single day-ahead or single intraday coupling.</i>
<i>Power Exchange/ PX</i>	<i>Power Exchange, the entity which is the operator of the organized</i>

electricity day-ahead market in the relevant Market Area. For the avoidance of any doubt, for the purpose of this Agreement, unless otherwise expressly specified, PX shall have the same meaning as NEMO.

Single Day-Ahead Coupling

Means the auctioning process as defined in the definition 26 of the article 2 of the CACM.

§ 5

Article 1 paragraph 1.1 of the Agreement shall be replaced and read as follows:

- 1.1 *The TSOs of CZ, SK, HU and RO are responsible for the cross-border capacity calculation according to the EU and their national laws. Within the framework of the Market Coupling, the TSOs cooperate with the PXs of CZ, SK, HU and RO in order to organize the implicit allocation of cross-border capacities on the Czech-Slovak, Slovak-Hungarian and Hungarian-Romanian border in connection with the implementation of the Single Day-Ahead Coupling.*
- 1.1.1 *The TSOs and PXs of CZ, SK, HU and RO shall jointly cooperate with MRC for further development thereof for the Interim Phase.*

§ 6

Article 1 paragraph 4 of the Agreement shall be replaced and read as follows:

- 1.4 *The scope and form of cooperation, coordination and data exchange for operation of Market Coupling determined in this Agreement are harmonized with the main principles of the MRC to ensure future smooth transition into the Single Day-Ahead Coupling.*

§ 7

In Article 3 paragraph 1 of the Agreement, the introductory sentence shall be replaced and read as follows:

- 3.1 *The TSOs and PXs are obliged to perform the tasks in accordance with the CACM, especially:*

§ 8

In Article 5 paragraph 1 of the Agreement, point (a) shall be replaced and read as follows:

- a) *to maintain and operate or procure the operation of the DA MCO function, which ensures meeting the criteria described in Annex 4, so that efficient allocation of ATCs is ensured using all Bids from all Market Areas and the exact ATC values provided by TSOs according to the procedure described in Annex 3;*

§ 9

Article 6 paragraph 4 of the Agreement shall be replaced and read as follows:

- 6.4. *The PX, not having installed the DA MCO Function Assets needed to perform the roles identified for the Market Coupling Function by itself, shall arrange the contract with a subcontractor in accordance with this Article in order to perform the Market Coupling Function on its behalf and in its name, i.e. to act as the 4M MC Coordinator in a rotational basis or, in case of technical*

problems of 4M MC Coordinator, to take over the 4M MC Coordinator role subject to Incident Committee decision.

§ 10

Article 9 paragraph 1 of the Agreement shall be replaced and read as follows:

9.1. The Parties shall be free to express written or oral positions or opinions in their own name, unless such opinion prejudice or negatively affect the collective and/or individual interests and/or the reputation of the other Parties.

§ 11

Article 9 shall be extended with a new paragraph:

9.7. All Parties acknowledge that some decisions are taken under DAOA by the High Level Meeting or by the Joint Steering Committee, as stated in DAOA and shall be valid also in respect of 4M MC, if unanimously approved by all Parties under DAOA. All Parties acknowledge that some decisions concerning Change Control Procedure may have an impact on SDAC and shall be approved in parallel at 4M MC SC level and MRC level according to DAOA.

§ 12

With respect to the § 11 of the Amendment No. 2, the numbering of subsequent paragraphs under sections A, B, C and D of the Article 9 (9.7 – 9.30) shall be amended accordingly (9.8 – 9.31).

§ 13

Article 17 paragraph 3 of the Agreement shall be replaced and read as follows:

[REDACTED]

§ 14

Article 19 of the Agreement shall be replaced in its entirety and read as follows:

Article 19 Contractual framework for 4M MC as part of the SDAC

[REDACTED]

[REDACTED]

§ 15

Following annexes of the Agreement shall be replaced with the ones attached to this Amendment:

- Annex 3 Operational Procedures,
- Annex 6 List of Public Holidays and
- Annex 7 Change Control Procedure.

§ 16

All provisions of the Agreement unaffected by the Amendment shall remain unchanged, in full force and effect. Relevant provisions of the Agreement are applicable on this Amendment as well.

§ 17

The Amendment enters into force and becomes applicable as of the date on which the last Party signs the Amendment (*date of validity and date of applicability*), however, the paragraphs 1-4, 5 (only related to paragraph 1.1.1), 11, 12, 14 and Annex 7 in paragraph 15 of the Amendment will enter into force only with the date of the entry into force of the SDAC DAOA Agreement.

§ 18

The Amendment constitutes an integral and inseparable part of the Agreement. If one or more provisions of this Amendment are or become invalid, illegal, unenforceable or non-binding, the remaining provisions shall continue to be valid, binding, and enforceable to the extent permitted by law. The Parties undertake to replace the invalid, illegal, unenforceable or non-binding provisions by provisions which, while not suffering the defects of the replaced provisions, come as close as possible to the intention and purpose, both economically and otherwise, of these provisions.

§ 19

The Amendment is executed in eight (8) counterparts and each counterpart shall be deemed an original for all purposes. Each Party will obtain one (1) counterpart.

§ 20

The parties hereby acknowledge that regardless of the governing law of the Agreement, OTE, a. s., is the obliged person within the meaning of the section 2/1 of Czech Act No 340/2015 Coll. on Registration of Contracts (the "Act on Registration") and therefore the Amendment including the Agreement as well as the information concerning this Agreement can be published by OTE, a. s., in the Czech Registry of Contracts in accordance with section 5 of the Act on registration.



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to

THE MASTER AGREEMENT

on

4M Market Coupling

date of signature 14 November 2014

OTE

By:

[Redacted Name]
[Redacted Title]

Signature:

By:

[Redacted Name]
[Redacted Title]

Signature:

Date: _____

Amendment No. 2

to

THE MASTER AGREEMENT

on

4M Market Coupling

date of signature 14 November 2014

OKTE

By:

[Redacted signature]

Signature:

By:

[Redacted signature]

Signature:

Date: _____

Amendment No. 2

to

THE MASTER AGREEMENT

on

4M Market Coupling

date of signature 14 November 2014

HUPX

By:

[Redacted]

By:

[Redacted]

Signature:

Signature:

Date: _____

Amendment No. 2

to

THE MASTER AGREEMENT

on

4M Market Coupling

date of signature 14 November 2014

OPCOM

By:

[Redacted signature]

By:

[Redacted signature]

Signature:

Signature:

Date: _____

Amendment No. 2

to

THE MASTER AGREEMENT

on

4M Market Coupling

date of signature 14 November 2014

ČEPS

By:

[Redacted signature]

Signature:

By:

[Redacted signature]

Signature:

Date: _____

Amendment No. 2

to

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4M Market Coupling

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SEPS

By:

[Redacted]

By:

[Redacted]

Signature:

Signature:

Date: _____

Amendment No. 2

to

THE MASTER AGREEMENT

on

4M Market Coupling

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MAVIR

By:

[Redacted signature]

Signature:

By:

[Redacted signature]

Signature:

Date: _____

Amendment No. 2

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on

4M Market Coupling

date of signature 14 November 2014

Transelectrica

By: [Redacted]

[Redacted]

Signature:

By: [Redacted]

[Redacted]

Signature:

By: [Redacted]

[Redacted]

Signature:

By: [Redacted]

[Redacted]

Signature:

By: [Redacted]

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Signature:

Date: _____