

CONTRACT FOR SERVICES No 1.1-4/2018/241

The Contract for Services has been signed in Tallinn on the 18th of 06 2018 by the following Parties:

Elering AS, registry code 11022625, address Kadaka tee 42, Tallinn, Estonia, represented by the CEO **Taavi Veskimägi**,

AS Conexus Baltic Grid, registration no 40203041605, address Aristida Briana iela 6, Riga, Latvia, represented by the Chairman of the Board **Zane Kotāne**, and the Member of the Board **Gints Freibergs**,

AB "Amber Grid", company code 303090867, address Savanoriu pr. 28, Vilnius, Lithuania, represented by the CEO **Saulius Bilys**,

(hereinafter the three previously mentioned companies are referred to as the Employer)

and

DNV GL Energy Advisory GmbH, (hereinafter: the Contractor), registered Hamburg, registry code HRB 149659,, address Zanderstr. 7, 53177 Bonn, Germany, represented by Mr. Albert Stoffer, Authorized Legal Representative (p.p.) and Mr. Christian Hewicker, Managing Consultant, Markets & Regulation.

(the Employer and the Contractor will be also referred to as separately the Party or together the Parties).

1. OBJECT OF THE CONTRACT

1.1 The object of the Contract is the "Study on the Application of Common Balancing Zone rules in the Baltic States" (hereinafter: "Work").

1.2 The Contractor performs the Work in accordance with the Contract and its Annexes as listed in clause 4 of the Contract (Documents of the Contract). The Work is performed in accordance with the Contract if the Work complies with all requirements arising from the Contract, its Annexes and is in accordance with valid legislation and norms.

2. FEE AND PAYMENT PROCEDURE

2.1 The Employer is obliged to pay the Contractor for the Work performed in accordance with the Contract in the amount of **seventy seven thousand five hundred euros** (77 500 €) (hereinafter: "Fee"), excluding VAT. The Contractor will present invoices to the Employer in three equal parts.

2.2 The Employer has the right to reduce the Fees in the amount of which the value of the Work is lessened for the Employer, in case the Work is incompliant with the Contract and its documents. For the purposes of this clause the value of the lessened Work corresponds to the projected expenses needed to make the Work compliant with the Contract conditions and/or in the amount of which the Work is less valuable to the Employer if it would have been done in accordance with the Contract conditions. The Employer will notify the Contractor of the reduction of the Fees in writing with an explanation for the reduction and with the scope of the reduction. The Employer has the right to clear the reduction of the Fees with sums that the Employer has to pay in accordance with the Contract. The Contractor has to present the Employer a new amended invoice within 3 (three) days after receiving the reduction notification for Fees from the Employer.

2.3 The Parties have agreed that the Employer will transfer the Fee to the Contractor's bank account in following payments: 20% of the Fee will be paid after the acceptance of Stage 1 of the study and 80% of the Fee after the final Stage of the study is conducted. The Parties will sign a legal instrument of transfer and receipt and the Contractor will present the Employer with an invoices (the fee should be invoiced to all three Employers, 1/3 for each) which will be paid by the Employer within 30 (thirty) days after receiving it.

Employer



Contractor



2.4 The Parties have agreed that the payments will be made to the Contractor based on the invoices presented by the Contractor and in accordance with legal instrument of transfer and receipt.

2.5 Alternations of the Fees not specified in the Contract are allowed only with written agreement of both Parties.

2.6 The Employer has the right to clear any kind of claims arising from the Contract with the Fees of the Contract of any other sums payable under other legal relations between the Parties.

2.7 The Employer has to pay the Contractor interest in case of late payments in the amount of 0,025% of the delayed payment per delayed day, but not more than 7% of the amount payable. The Contractor has no claim for interest on the interest of late payment. The Contractor will assume full responsibility for delayed payment arising from incorrect invoicing.

3. TERM OF THE WORK AND DELAY

3.1 The Contractor must complete and hand over the Work to the Employer as follows:

3.1.1 Design Phase: Report of the concept/framework proposal for balancing and operational balancing (40 days after conclusion of the Contract);

3.1.2 Implementation Phase: Draft documents of the detailed balancing rules and standard balancing contract for common balancing zone applicable for balance responsible parties and draft documents of operational balancing rules and inter-TSO agreement to be followed by TSOs in dispatching physical flows in balancing zone and in taking balancing actions (90 days after conclusion of the Contract);

3.1.3 Workshop within August 2018.

3.2 If the Contractor has not performed the Work or part of the Work on time, the Contractor must pay the Employer a contractual penalty of 0,025% (zero point zero twenty five percentage) of the Fee of the whole Work for every day of delay, but not more than 10% (ten percentage) of the Fee. The contractual penalty shall be the sole and exclusive remedy for any delay.

3.3 The Employer is not responsible for any expenditure or damages arising from the Contractors work stoppage unless the stoppage is caused by Employers actions that are contradicting with the Contract.

4. DOCUMENTS OF THE CONTRACT

4.1 The rights and obligations of the Parties are designated in the Contract and its Annexes which form an integral part of the Contract. The order of appliance of the contractual documents is as follows:

4.1.1 Tender documents (including annexes) issued by the Employer;

4.1.2 Tender proposal presented by the Contractor

4.2 In case of contradiction between the Contract and the contractual documents listed in clause 4.1 the Parties will follow the Contract.

5. THE RIGHTS AND OBLIGATIONS OF THE CONTRACTOR

5.1 The Contractor is obliged to:

5.1.1 co-ordinate all sub-contractors with the Employer and on the request of the Employer submit additional information (including qualification documents) concerning the sub-contractors who are directly conducting the Work. The Contractor takes full responsibility for the actions and/or failure to act of the sub-contractors even if the sub-contractors have been approved by the Employer;

5.1.2 acquire all authorisations and/or confirmations needed to fulfil the Work or organize the acquiring of the named authorisations and confirmations;

5.1.3 inform the Employer immediately of all circumstances that might prevent concluding the Work in accordance with the Contract;

5.1.4 enable the Employer to check the progress of the Work and give the Employer any kind of information that is connected with the Work or work process;

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5.1.5 hand over the Work to the Employer free of any kind of third party claims. The same term applies in case of premature termination of the Contract in accordance with the Contract by one Party if a portion of the Work is handed over during the termination of the Contract;

5.1.6 keep confidential information that was acquired by conducting the Work during and after the Contract validation period;

5.1.7 reply to all notifications and declarations of intention concerning fulfilment of the Contract or Contract disputes within 5 (five) working days;

5.1.8 ensure that the Work will comply with all contractual requirements and/or legislative norms on completion;

5.1.9 be unbiased and independent of any financial interests of third parties, also of any circumstances that might harm the interests of the Employer. The Contractor is obliged to inform the Employer immediately of any circumstances that might conflict with the named obligations;

5.1.10 fulfil other obligations arising from the Contract, Estonian legislation and the Employers rights.

5.2 The Contractor has the right:

5.2.1 to get paid for the completed Work in accordance with the Contract.

6. THE RIGHTS AND OBLIGATIONS OF THE EMPLOYER

6.1 The Employer is obliged to:

6.1.1 take over the completed Work from the Contractor (also digitally presented Work);

6.1.2 sign the legal instrument of transfer and receipt within 5 (five) working days from receiving it or give objections to the Work within the named time period;

6.1.3 keep confidential information that was acquired by conducting the Work during and after the Contract validation period. Information that might harm the Contractor's rights is referred to as confidential;

6.1.4 reply to all notifications and declarations of intention concerning fulfilment of the Contract or Contract disputes within 5 (five) working days;

6.1.5 fulfil other obligations arising from the Contract.

6.2 The Employer has the right to:

6.2.1 stop all Work if the Contractor is not fulfilling its contractual obligation and the non-fulfilment might jeopardize the Work process and/or completion of the Work. Stopping the Work does not release the Contractor from the obligation to complete the Work by the due date named in the Contract and the Employer preserves all rights arising from the Contract including the right for penalty as stated in clause 3.2.

7. DEFECTS OF WORK

7.1 If any defects, errors or inaccuracies are detected in the Work or the Work otherwise does not comply with the requirements arising from the Contract, the Employer will request the Contractor to eliminate such defects, errors or inaccuracies free-of-charge elimination within 10 days to bring such Work into conformity with the requirements of the Contract. If the Contractor fails to fulfil the aforementioned request during 10 days or refuses to eliminate defects, errors or inaccuracies within a reasonable period of time, the Employer has the right to make any necessary changes in and additions to the work or have thereof made at the expense of the Contractor, and/or reduce the Fee according to clause 2.2.

7.2 If the Contractor fails to fulfil the request specified in clause 7.1 within a reasonable period of time or fails to duly fulfil thereof, the Employer has the right to cancel the Contract in spite of using the rights stated in clause 7.1.

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7.3 If the Employer exercises the right specified in clause 7.1 to make any necessary changes in and additions to the Work or has thereof made at the expense of the Contractor, the Contractor shall compensate the Employer for the expenses incurred for making such changes and additions within ten (10) days as of receiving a relevant justified request.

7.4 Any approvals given by the Employer during performance of the Work and/or the acceptance of the Work by Employer in conformity with the Contract shall not release the Contractor from the due performance of any obligation under the Contract nor liability and any other consequences provided by the law and/or the Contract upon failure to perform such obligations or undue performance thereof, neither do the aforementioned approvals and/or acceptance of the work by the Employer in accordance with this Contract exclude or restrict the exercise of any rights of the Employer under the Contract. The Contractor shall not be liable for any defects caused by the instructions that the Employer gives to the Contractor during performance of the Contract, provided that the Contractor informed the Employer in writing of the matter that such instructions endanger due performance of the Work.

7.5 The Employer shall notify the Contractor of the circumstance that the Work does not comply with the requirements arising from the Contract within two weeks as of the detection of such a circumstance, if the referred circumstance could not be identified upon acceptance of the work for objective reasons.

7.6 The Contractor is responsible and liable for fulfilling all Contract conditions and the Employer has the right to present a claim against the Contractor.

8. COMPENSATION FOR DAMAGE

8.1 The Parties shall be liable for the non-performance or undue performance of the obligations assumed by the Contract pursuant to the procedure and to the extent provided by the Contract and legislation of the Republic of Estonia. If the Contract is violated, a Party may use any legal remedies arising from the legislation or the Contract, whether separately or jointly. A Party shall compensate the other Party for any proprietary damage caused by the non-performance or undue performance of the obligations under the Contract, except for unearned income.

8.2 A Party shall be liable for the damage caused by the activities of its representative (a member of the management board or its substitute body or any other person representing the Party) and persons whom the Party uses for performance of its obligations, including employees, servants, subcontractors, representatives or mandataries in the same manner as for the damage caused by its own activities.

8.3 The use of any legal remedy provided by the Contract or legislation (the request to perform an obligation, claim for contractual penalty, claim for a late interest or interest, termination of the contract, suspension of performance of its obligations, etc) shall not deprive the suffered Party of the right to additionally demand from the other Party a compensation for all proprietary damage caused to the suffered Party.

8.4 Nothing in this Contract shall limit either party's liability for personal injury or death caused by its negligence, or its liability in the tort of deceit. Neither party shall be liable for any indirect, incidental, special, punitive, or consequential damages, or any loss of profits, revenue, data, or data use. The consultants maximum liability for any damages arising out of or related to this contract, whether in contract, tort, or otherwise, shall be limited to five times the fees paid and payable under the Contract. The parties each confirm that all the exclusions and limitations of liability set out in this clause are fair and reasonable having regard to all the relevant circumstances.

9. FORCE MAJEURE

9.1 A Party shall not be liable for violation of its obligations if the Party certifies that it violated the obligation due to an obstacle that the Party could not affect and, based on the principle of reasonability, the Party could not be expected to take into consideration such obstacle upon conclusion of the Contract or avoid thereof or overcome such obstacle or its consequences.

9.2 If the obstacle specified in clause 9.1 is only temporary, the Party shall not be liable for violation of the obligation only during the time period when the obstacle affects performance of the obligation.

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9.3 A Party shall be deemed to be liable for violation of the obligation if liability for violation of the obligation is held, under clause 9.1 by its representative (a member of the management board or its substitute body or any other person representing the Party), a person whom the Party uses for performance of its obligations, including an employee, servant, subcontractor, mandatory or any other person with whom the Party entrusted the performance of the Contract or a part thereof.

9.4 If a Party is not liable for violation of the obligation in accordance with clause 9.1, the other Party may suspend performance of its obligation, to demand a late interest on an amount that has fallen due, to terminate the Contract and use legal remedies other than the actual performance of the obligation and the claim for compensation for damage.

9.5 A Party who violates the obligation due to the obstacle specified in clause 9.1 shall immediately notify the other Party of such obstacle and its effect on the Party's ability to perform the obligation after the Party became or should have become aware of the obstacle. Upon failure to notify, the Party shall be liable for damage caused thereby to the other Party.

9.6 The Party may not rely on violation of the obligation by the other Party and consequently may not use any legal remedies if violation of the obligation was caused by its own behaviour.

9.7 Occurrence of the obstacle specified in clause 9.1 shall not release the Parties from the obligation to apply any measures to avoid or reduce damage caused by violation of the obligation.

10. GOVERNING LAW AND INTERPRETATION

10.1 Upon conclusion, performance and termination of the Contract and upon resolution of any disputes arising from the Contract, the provisions of the Contract shall apply and, upon absence of relevant provisions in the Contract, the provisions of the Estonian legislation shall apply. If the Parties fail to resolve any disputes arising from the Contract by agreement of the Parties, both Parties have the right to turn to Harju County Court for resolution of disputes.

11. AMENDMENT AND EXPIRY OF THE CONTRACT

11.1 The Contract may be amended only by written agreement of the Parties.

11.2 The Contract shall expire:

11.2.1 by performance the Contract;

11.2.2 by withdrawal from or cancellation of the Contract in the events specified in the Contract or the legislation on the basis of an application from one Party;

11.2.3 upon termination of the Contract by agreement of the Parties.

11.3 The Employer shall have the right to cancel the Contract:

11.3.1 and demand compensation of entire damage incurred if the Contractor violates the obligations under the Contract or legislation to such an extent that continuation of the Contract is related to substantial additional expenses or risks for the Employer or the continuance of the Contract cannot be expected of the Employer for any other substantial reason (substantial violation of the Contract);

11.3.2 upon the Contractor's delay in completion of the Work for more than fifteen (15) days, also if it is apparent that under the given circumstances the Contractor cannot perform the Work so that the completion of the Work would not be delayed for more than fifteen (15) days.

11.3.3 for any other reason if the Employer compensates Contractor for all expenses incurred by the latter in conformity with the Contract for performance of the part of the Work that was actually delivered to the Employer;

11.3.4 in other events directly prescribed by the Contract.

11.4 The Contractor has the right to suspend the performance of the Contract and/or cancel the Contract:

11.4.1 if the Employer delays in paying for the Work for more than thirty (30) days as of presenting an invoice by the Contractor;

Employer



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11.4.2 in other events directly prescribed by the Contract.

11.5 Cancellation of the Contract by one Party on the grounds specified in the Contract shall take place by a corresponding notice to the other Party in writing.

11.6 Expiry of the Contract shall release both Parties from performance of their obligations under the Contract unless otherwise provided by the Contract.

11.7 Upon termination of the Contract by the Employer on the grounds specified in clauses 11.3.1 or 11.3.2, the Employer shall pay to the Contractor for the completed Work.

11.8 Upon expiry of the Contract for any reasons, including invalidity of the Contract, the provisions that by their nature provide for the rights and obligations of the Parties after expiry of the Contract shall be applied also after expiry of the Contract. The provisions of the above sentence shall particularly apply to the provisions that determine resolution of disputes between the Parties, the obligation to pay the Fee prescribed by the Contract, the procedure for calculation and payment of the Fee, the guarantee, the manner of interpretation of the provisions of the Contract, confidentiality, liability of the Contract and compensation for damage.

12. DECLARATIONS OF INTENT

12.1 All declarations of intent related to the Contract and its performance which do not deviate from the conditions of the Contract shall be deemed to be submitted in conformity with the Contract if those declarations of intent have been given to the other Party against signature or sent by letter, fax or e-mail and have been technologically registered (except when the Contract requires that declarations of intent be submitted only in writing), at the following contact addresses or numbers:

12.1.1 The Employer:

Elering AS | Phone: +372 715 1222 | E-mail address: info@elering.ee

AS Conexus Baltic Grid | Phone: +371 67 087 900 | E-mail address: info@conexus.lv

AB "Amber Grid" | Phone: +370 5 236 0855 | E-mail address: info@ambergrid.lt

12.1.2 The Contractor

DNV GL Energy Advisory GmbH

Phone: +492284469000

E-mail address: salesdesk.germany@dnvgl.com

Any declarations of intent related to the Contract and its performance, which do not deviate from the conditions of the Contract, shall be deemed to be valid only if they are given by the accordingly authorised representatives of the persons specified in clauses 13.2.

13. MISCELLANEOUS

13.1 By signing the Contract, the Contractor and Employer shall confirm that they have sufficiently examined the documents being part of the Contract and have a complete overview, which is sufficient for the performance of the Contract, concerning the volume, scope and other circumstances of the Work to be performed, and they are able to perform the obligations arising from the Contract.

13.2 The contact persons of the Parties shall be:

13.2.1 The project manager of the Employer is Ms **Elis Paas**, who has the right to represent the Employer on behalf of the Employer in any matters arising from the Contract which do not result in a such change in the conditions of the Contract or in the volume of the Work that the total cost of the Contract would be increased or the content of the ordered work would be substantially changed.

Phone: +372 53474193

E-mail address: elis.paas@elering.ee

13.2.2 The project manager of the Contractor is Mr. Christian Hewicker, who has the right to represent the Contractor on behalf of the Contractor in any matters arising from the Contract, except for amendment of the Contract.

Employer



Contractor



Phone: +49 228 44690-56, mobile: +49 173 5151953

E-mail address: Christian.hewicker@dnvgl.com

13.3 In case the Work or a part thereof, including the documents being the object of the Contract constitute a work subject to copyright protection in accordance with the legislation, the Contract shall be deemed by agreement of the Parties to be also a copyright contract in the meaning of the Copyright Act with the following consequences:

13.3.1 Contractor grants the Employer exclusive rights regarding intellectual property rights, including proprietary copyrights, for an unlimited period of time in connection with the Work deliverables delivered under the Contract;

13.3.2 The Contractor will transfer to the Employer the ownership of the Work, including all documents;

13.3.3 The Fee payable to the Contractor under the Contract shall be deemed by agreement of the Parties to include also the remuneration in the meaning of the Copyright Act.

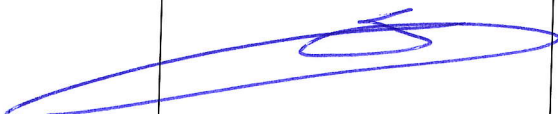



13.4. The Contract is made in four original copies, of which all four Parties shall have one.

The Employer

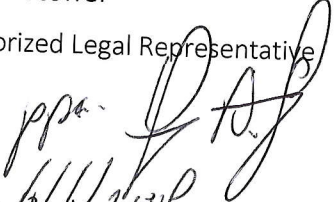

On behalf of Amber Grid:

On behalf of Conexus Baltic Grid:

On behalf of Elering:

<p>Saulius Bilys CEO</p>  <p>Date: _____</p>	<p>Zane Kotāne Chairman of the Board</p>  <p>Gints Freibergs Member of the Board</p>  <p>Date: _____</p>	<p>Taavi Veskimägi CEO</p>  <p>Date: 18.06.2018</p>
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The Contractor

<p>Albert Stoffer Authorized Legal Representative</p>  <p>Date: 6/6/2018</p>	<p>Christian Hewicker Managing Consultant, Markets & Regulation</p>  <p>Date: 6/6/2018</p>
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Employer

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