Agreement on Settlement of Imbalances

(hereinafter **"Agreement"**)

entered into pursuant to Section 269 (2) of Act No. 513/1991 Coll., the Commercial Code, as amended, pursuant to Section 72 (8) No. 458/2000 Coll., on the Terms of Business and State Administration in the Energy Sectors and on amendments to other laws, as amended, and in compliance with the Energy Regulatory Office Decree No. 365/2009 Coll., on the Gas Market Rules, as amended.

Article 1
Contracting Parties

a) OTE, a.s.

with its registered seat in Prague 8 - Karlín, Sokolovská 192/79, postcode 186 00,
entered in the Commercial Register maintained by the Municipal Court in Prague,
Part B, Insert 7260,
represented by:
Ing. Jiří Šťastný, Chairman of the Board
Ing. Michal Ivánek, Vice-chairman of the Board
Business Registration Number (IČ): 26463318
Tax Registration Number (DIČ): CZ26463318
EIC Code: 27XGOTE-CZ-GAS-R
Bank account No. – fixed prices charged for the Market Operator's services (CZK):
43-1680700207/0100
Bank account No. – settlement account for imbalances, balancing gas, the organized short-term gas market and the market with unused tolerance (CZK): 43-1680710237/0100
Bank account No. – settlement account for the organized short-term gas market (EUR):
43-1680740217/0100
Bank account No. – financial security (CZK): 43-1680730297/0100
Tel.: +420 296 579 160
Fax: +420 296 579 180

hereinafter **"Market Operator"**

b) Name of Company - parent

with its registered seat at (foreign address)
entered in the Commercial Register maintained by …….. under No. ……
represented by ……., head of the organizational unit
with its registered seat at ……
entered in the Commercial Register maintained by the Municipal/Regional Court in ……..,
Part ..., Insert ……,
Business Registration Number (IČ):
Tax Registration Number (DIČ): CZ
EIC Code: …..
Bank information:
Account No. (CZK):
Account No. (EUR):
Holder of gas trading licence No.
Tel:
Fax:
Gas market participant registration No.:

hereinafter **"Subject of Settlement"**

Article 2
Definition of Terms

a) Terms and abbreviations used in this Agreement:

i.) CS OTE – central information system of the Market Operator,

ii.) DM – day-ahead gas market organized by the Market Operator,

iii.) Energy Act – Act No. 458/2000 Coll., on the Terms of Business and State Administration in the Energy Sectors and amendments to other laws, as amended,

iv.) ERO – Energy Regulatory Office,

v.) Forthwith – within three business days,

Business Terms – Business Terms of OTE, a.s. for the gas sector,

vi.) Commercial Code – Act No. 513/1991 Coll., the Commercial Code, as amended,

vii.) Market Rules – Energy Regulatory Office Decree No. 365/2009 Coll., on gas market rules, as amended,

viii.) IM – intra-day gas market organized by the Market Operator,

ix.) Balancing Gas – missing or surplus gas acquired by the Gas Transmission Operator to ensure material balance between the quantity of gas entering and exiting the gas system of the Czech Republic,

x.) Gas Tax Act – Act No. 261/2007 Coll., on Stabilization of Public Finances, Part 45, as amended,

xi.) Value Added Tax Act – Act No. 235/2004 Coll., on the Value Added Tax, as amended.

b) Terms other than those listed above used in this Agreement are interpreted pursuant to the provisions of the Energy Act, the Market Rules and other legal regulations.

Article 3
Scope of Agreement

a) Pursuant to Section 20a (4), letter b) and letter c) of the Energy Act, the Market Operator hereby undertakes under this Agreement to carry out evaluation, billing and settlement of imbalances for the Subject of Settlement, whereas the Subject of Settlement hereby undertakes to pay the price charged in compliance with the relevant price regulation, which is the price for missing and/or surplus balancing gas in an imbalance and the price for an off-tolerance imbalance.

b) Pursuant to Section 20a (4), letter n) of the Energy Act, and Section 35 (1), letter c) of the Market Rules, the Market Operator hereby undertakes under this Agreement to facilitate the Subject of Settlement's participation in the organized short-term gas market and to settle transactions executed thereof by the Subject of Settlement in compliance with the Market Rules and the Terms of Business. On behalf of the Subject of Settlement accessing the organized short-term gas market, the Market Operator pursues activities including, but not limited to

i.) acceptance and evaluation of bids submitted by the Subject of Settlement to the organized short-term gas market,

ii.) inclusion of the transactions executed by the Subject of Settlement on the organized short-term gas market in the imbalance settlement system,

iii.) ensuring billing and settlement of the Subject of Settlement's trades on the organized short-term gas market.

c) Pursuant to Section 20a (5), letter a) and letter b) of the Energy Act, the Subject of Settlement hereby undertakes under this Agreement to provide the Market Operator free of charge with balance sheets and other data in compliance with the provisions of Section 61 (2), letter a) and letter i) of the Energy Act.

d) In the event the Subject of Settlement is subject to the obligation to secure the safety standard of gas supply in compliance with the Energy Act, it hereby undertakes under this Agreement to provide the Market Operator free of charge with data on the scope of the safety standard and the method of securing it pursuant to Section 73a (4) of the Energy Act.

e) Pursuant to Section 20a (4) letter i) and Section 61 (1), letter e) of the Energy Act, the Market Operator hereby undertakes under this Agreement to provide the Subject of Settlement with relevant data on gas supply and consumption and other information required for billing of gas supply and consumption and related to the customer's right to change supplier.

f) An integral part of the Agreement herein are the Terms of Business approved by the ERO, which are attached hereto as Appendix 1 to this Agreement and are also posted in the electronic form on www.ote-cr.cz.

Article 4
Rights and Obligations of the Parties

a) Rights and obligations of the Parties not included in this Agreement and the Business Terms are laid down by generally binding legal regulations.

b) The Market Operator is obligated to facilitate the Subject of Settlement's secure access to CS OTE in compliance with the provisions of the Business Terms (www.ote-cr.cz).

c) The Market Operator is obligated to provide the Subject of Settlement with technical support for use of CS OTE through Help Desk operated at business hours specified on the Market Operator's Web site.

d) The Market Operator is obligated to notify the Subject of Settlement about any change made to CS OTE within the time limits corresponding to the significance of the changes.

e) The Market Operator is obligated to pay the Subject of Settlement due amounts determined on the basis of evaluation and settlement in the event a liability of the Market Operator arises from settlement of imbalances. The method of evaluation and settlement is defined in the Market Rules and the Business Terms.

f) The Subject of Settlement is obligated to pay the Market Operator due amounts determined on the basis of evaluation and settlement in the event a liability of the Subject of Settlement arises from settlement of imbalances. The method of evaluation and settlement is defined in the Market Rules and the Business Terms.

g) Pursuant to the Business Terms, the Market Operator is obligated to ensure settlement of the Subject of Settlement's trades on the organized short-term gas market, whereby this settlement is unrelated to the metered values of gas supply and consumption.

h) The Subject of Settlement is obligated to pay the price charged by the Market Operator under Article 5 of this Agreement hereunder within time limits and in a manner set forth in this Agreement and in the Business Terms.

i) The Subject of Settlement is obligated to notify the Market Operator about any insolvency proposal filed against it.

j) The Market Operator shall accept, confirm and process nominations and renominations submitted by the Subject of Settlement in compliance with the Market Rules and the Business Terms.

Article 5
Pricing

a) Prices charged for the Market Operator's services pursuant to Section 17 (9) of the Energy Act and Section 35 of the Market Rules are laid down by the respective Price Decision of the Energy Regulatory Office and paid by the Subject of Settlement directly to the Market Operator in a manner specified in the Market Rules, the ERO Price Decision and the Business Terms, whereas in the event of any change to the relevant ERO Price Decision, the new price shall become effective as of the date of coming into force of the ERO Price Decision change.

b) The price for balancing gas pertaining to the Subject of Settlement's imbalance for the relevant gas day, which the Subject of Settlement has not nominated for the following gas day, is laid down in compliance with the Market Rules and the relevant ERO Price Decision.

c) The price for off-tolerance imbalance is laid down by the relevant ERO Price Decision.

d) The price for gas traded on DM and the method of its calculation is laid down pursuant to the Business Terms.

e) The price for gas traded on IM equals the sale or purchase price of gas traded on IM.

Article 6
Financial Security of Liabilities

a) The Subject of Settlement shall provide the Market Operator with sufficient financial security to cover any financial obligations to the Market Operator arising from its activity on the gas market.

b) The method of determining financial security, permitted forms of financial security and conditions for using financial security are laid down in Part 6 of the Business Terms.

c) The Subject of Settlement is obligated to submit to the Market Operator proof of the provision of financial security by the Subject of Settlement within 10 days after this Agreement has come into force. The Subject of Settlement is not required to provide this proof for the portion of the financial security that has been provided in the form of cash deposited into the Market Operator's bank account designated for financial security.

d) The Subject of Settlement is obligated to properly fill out the Form for Determining Financial Security included in the Business Terms and attached hereto as Appendix 2 to this Agreement, and to notify the Market Operator in a manner laid down in the Business Terms about any change within three business days following the date of executing the change.

e) Unless both parties have agreed otherwise, financial security provided in the form of cash deposited into the Market Operator's bank account designated for financial security shall be returned to the Subject of Settlement within 10 calendar days after settlement of all financial obligations of the Subject of Settlement to the Market Operator arising from this Agreement.

f) The Subject of Settlement acknowledges that in the event of launching insolvency proceedings against the Subject of Settlement due to an act of bankruptcy or impending bankruptcy, the Market Operator is entitled to exercise the right of lien instrument defined under Section 175 and the following Sections of Act No. 40/1964 Coll., the Civil Code, as amended.

Article 7
Terms of Payment and Billing

a) In compliance with the Business Terms, the Subject of Settlement is obligated, within 10 days after this Agreement has come into force, to establish with its account maintained by a bank or its branch in the territory of the Czech Republic cash collection rights for the Market Operator and its accounts listed under Article 1 of this Agreement, and to provide the Market Operator with proof of having established these rights. The Market Operator holds the rights to collect cash from the Subject of Settlement's account with the aim to secure due payments from the Subject of Settlement pursuant to Article 5 of this Agreement and to letter b) of Article 7 of this Agreement.

b) Pursuant to the Business Terms, activities resulting in payments subject to billing include:

   i.) Settlement of the difference between preliminary imbalance and non-nominated preliminary imbalance,

   ii.) Settlement of the difference between metered imbalance and non-nominated metered imbalance,

   iii.) Daily settlement of DM and IM.

c) Payments between the Market Operator and the Subject of Settlement are executed as non-cash transfers.

d) Settlement of payments for imbalances (balancing gas in imbalances) caused by the Subject of Settlement, which the Subject of Settlement has not nominated in compliance with the Market Rules, and gas purchased and sold by the Subject of Settlement through DM and IM, are billed once a month together with off-tolerance imbalances by issuing a tax document under the terms defined in Article 8 of this Agreement.

e) Payment by the Market Operator or the Subject of Settlement arising from the relevant tax document is not overdue if the billed amount is credited to the respective Party's account on the last day of the due date.

f) In the event the Market Operator or the Subject of Settlement is unable to make the payment by the due date or at the required amount, it is obligated to notify the other Party forthwith. Should such event occur, the right to charge late payment interest remains in effect pursuant to Article 10 of this Agreement.

Article 8
Issuance of Tax Documents

a) The Parties hereby have agreed that the Market Operator shall issue tax documents (hereinafter **"documents")** on behalf of the Subject of Settlement in connection with supplies executed by the Subject of Settlement under the terms of this Agreement.

b) The subject matter of this Agreement includes no other supplies related, directly or indirectly, to issuing the documents, such as the obligation to file a relevant tax return, declare or pay the respective tax, keep record of the issued documents or retain and store the issued documents.

c) The Subject of Settlement authorizes the Market Operator by signing of this Agreement hereunder to issue all documents falling into the categories of documents specified under letter a) of Article 8 herein on behalf of the Subject of Settlement, whereas the Market Operator acknowledges this authorization.

d) The Subject of Settlement hereby undertakes by signing of this Agreement hereunder to accept all documents specified under letter a) of Article 8 herein, issued by the Market Operator on behalf of the Subject of Settlement, provided these documents comply with the relevant terms and conditions laid down by legal regulations, in particular the Value Added Tax Act and the Gas Tax Act.

e) The Subject of Settlement hereby undertakes to provide the Market Operator duly and in a timely manner with all data required for issuing the relevant documents by the Market Operator under the terms of this Agreement.

f) The Market Operator has no obligation to verify the accuracy of the data provided by the Subject of Settlement for issuing of documents under the terms of this Agreement.

g) The Market Operator is authorized to issue documents for the Subject of Settlement under this Agreement in the electronic form complying with the relevant terms and conditions laid down by legal regulations, in particular the Value Added Tax Act and the Gas Tax Act.

h) The Market Operator is authorized to issue a single document complying with the relevant terms and conditions laid down by legal regulations, in particular the Value Added Tax Act and the Gas Tax Act.

i) The Market Operator hereby undertakes to issue the respective documents within 15 days after the end of the calendar month in which the relevant supply took place.

j) The Market Operator hereby undertakes to issue the relevant documents in two counterparts. The Market Operator shall retain one counterpart of the document for its own needs, whereas it agrees to send the other counterpart of the document to the Subject of Settlement on the day of issuing the first respective counterpart in the electronic form.

k) The Subject of Settlement hereby undertakes to review the accuracy of the data stated in the other counterpart of the issued document within three days after its receipt and to notify the Market Operator in writing about any found discrepancy within the same period.

l) The Market Operator hereby undertakes to make a correction of the relevant document within three days after receipt of written notice about a discrepancy thereof by issuing a new document, unless agreed upon otherwise by both Parties. The provisions of this Article of this Agreement apply to issuing an amended document.

m) The Market Operator hereby undertakes to issue no other documents on behalf of the Subject of Settlement than the documents specified under letter a) of this Article of this Agreement.

n) The Market Operator is not permitted to authorize a third party to issue documents without prior written agreement with the Subject of Settlement.

o) The Subject of Settlement hereby undertakes to provide the Market Operator in writing with any data required for issuing documents under the terms of this Agreement, and also data requested in writing by the Market Operator. The Subject of Settlement agrees to provide the data requested by the Market Operator within five days after receipt of the written request.

p) Basic data required for issuing documents under the terms of this Agreement include information on the Parties specified in Article 1 of this Agreement, whereas this information is deemed, for purposes of this Agreement, information provided by the Subject of Settlement.

q) The Subject of Settlement is obligated to notify the Market Operator in writing about any change to the data provided by the Subject of Settlement under this Article of this Agreement without undue delay but no later than within two calendar days after the end of the calendar month for which the documents are to be issued, including the corrected data.

r) To issue documents for the relevant calendar month, the Market Operator is authorized to use data known to it under this Article herein within three days after the end of the calendar month for which the documents are to be issued, unless agreed upon otherwise in writing by both Parties.

s) The Market Operator is authorized to assign the respective documents its own registration number, starting always with the Subject of Settlement's registration number in CS OTE. The Market Operator is not obligated to provide any other registration number in the document than the foregoing own assigned registration number.

t) The Market Operator is authorized to use Exhibits listed in Appendix 4 to this Agreement for calculation of data provided in the document.

u) Pursuant to the Value Added Tax Act the Market Operator agrees that the documents issued by the Subject of Settlement can be issued in the electronic form.

v) Unless this Agreement explicitly stipulates otherwise for specific instances, the issued documents shall be deemed duly delivered if sent by electronic mail.

w) The Market Operator holds no responsibility for any damage arising from stating incorrect or incomplete data in documents issued on behalf of the Subject of Settlement in the event the Subject of Settlement has provided the Market Operator with incorrect or incomplete data.

x) The Market Operator is in no respect responsible for proper and timely issuance of documents under this Agreement in the event the Subject of Settlement has not fulfilled its obligations arising from this Article of this Agreement.

y) The Market Operator is in no respect responsible for declaration and payment of taxes by the Subject of Settlement or for other obligations arising for the Subject of Settlement from issuing the documents, directly or indirectly, including keeping files related to the issued documents or retaining and storing the issued documents.

Article 9
Claims

Procedures for filing and settlement of claims, including all binding time limits, are defined in the Business Terms.

Article 10
Late Payment Interest

a) For each started day of delay in fulfilling a financial obligation under this Agreement, the creditor has the right to charge the defaulting Party late payment interest on the outstanding sum in the amount determined by generally binding legal regulations.

b) In the event either Party pays late payment interest on an outstanding amount that has been invoiced erroneously, the respective Party shall be reimbursed for the late payment interest immediately after the error has been documented.

Article 11
Damage Liability and Settlement

a) Damage settlement is governed by the provisions of Sections 373 to 386 of the Commercial Code and arrangements between the Parties hereunder.

b) The Parties hereby undertake to notify each other about any and all events that they believe may cause damage, and to make every effort to avert potential damage.

c) Both the Market Operator and the Subject of Settlement are entitled to claim settlement of damage inflicted on it as a result of the other Party's breach of obligations, even in the event the said breach of obligations is subject to contractual penalty. The harmed Party may claim damage settlement in excess of the contractual penalty.

d) The Party affected by circumstances voiding its liability is obligated to notify the other Party in writing forthwith about such circumstances. At the other Party's request, the Party citing the circumstances voiding liability shall submit to the other Party evidence of the cited circumstances occurring.

e) The Parties are not subject to liability for partial or full breach of obligations under this Agreement in the event this breach has resulted from circumstances voiding liability (the provisions of Sections 352 to 354 of the Commercial Code and the related provisions of the Energy Act).

Article 12
Dispute Resolution

a) The Parties hereby agree to make every effort to reach an amicable settlement of any disputes arising from this Agreement.

b) In the event the Parties fail to reach an amicable settlement of the dispute, either of the Parties may file a lawsuit with the regular court within the territorial jurisdiction of the Market Operator. This change in territorial jurisdiction has been agreed upon between the Parties pursuant to Section 89a) of the Civil Procedure Code.

Article 13
Communication

a) In Appendix 3 to this Agreement, the Parties have designated persons authorized for communication in contractual and operations matters. Contractual matters mean primarily proposed changes to this Agreement, including its Appendices. Operations matters mean primarily provision of data on bids, nominations and renominations pursuant to the Market Rules, determining imbalances, settlement of imbalances, evaluation of the organized short-term gas market, terms of payment and claims. The persons stated in Appendix 3 to this Agreement are authorized under this Agreement to conduct joint negotiations within the scope of the matters they are authorized to handle. In the event the conclusions of such negotiations result in proposed change to the Agreement, it is deemed solely a proposal for change to the Agreement.

b) A basis for change in contractual matters, including registered data about the Subject of Settlement and its representatives, is provision of written documentation, which is understood as a registered letter or personal delivery. The time of delivery in this case is deemed the date of delivery of the documents by registered mail or the date of personal delivery and receipt by the Market Operator.

c) A message referring to operations matters may be sent electronically (by e-mail, fax) in a secure manner pursuant to the Business Terms. The time of delivery by e-mail or fax is deemed the date of receipt of the e-mail or receipt of the automatic fax transmission confirmation.

d) The Subject of Settlement shall obtain security features for access to CS OTE in a manner defined in the Business Terms. A list of access cards, including access rights for specific cards and persons authorized for communication on behalf of the Subject of Settlement, who are the cardholders, is part of Appendix 3 to this Agreement.

Article 14
Confidentiality

a) Both Parties hereby undertake to treat any and all information contained in this Agreement or made available to them under this Agreement as confidential and, therefore, shall keep it in secrecy, agree to use it for no other purposes than for performance of this Agreement, protect it from disclosure and not divulge it to any third party without prior written consent of the disclosing Party until the relevant information is in the public domain. The Parties shall not disclose the confidential information to any person other than their advisors and employees designated to fulfil their obligations under this Agreement. The confidentiality obligation does not apply to information accessible to the general public or information disclosure of which is warranted by a generally binding legal regulation.

b) Should either of the Parties commit wilful breach of the confidentiality obligation under letter a) of this Article of this Agreement, it is obligated to pay the other Party a penalty of CZK 200,000 (two hundred thousand Czech crowns) for each breach of the confidentiality obligation.

c) The Subject of Settlement hereby acknowledges that the CS OTE supplier has been provided access to information ensuing from this Agreement, whereby the supplier also deems the information confidential. The Market Operator is responsible for the CS OTE supplier’s compliance with the terms of information protection.

Article 15
Term of Agreement

a) This Agreement is entered into for an indeterminate period and shall come into force on the date of signing by both Parties. The Agreement becomes effective on the date of depositing financial security pursuant to Article 6 of this Agreement and provision of a document on establishing the right to collect cash pursuant to Article 7 of this Agreement.

b) The Market Operator has the right to rescind the Agreement in the event the Subject of Settlement has insufficient financial security to cover its transactions on the gas market for the period of five business days following the date on which the Market Operator found out about insufficient financial security balance. In the event the insufficient financial security pertains to coverage of supply to customer points of delivery, the Market Operator has the right to rescind the Agreement if the financial security balance of the Subject of Settlement does not become sufficient by 7:00 a.m. on the day following the date on which the Market Operator found out about insufficient financial security balance.

c) Furthermore, the Market Operator may rescind the Agreement in the event the Subject of Settlement has not complied with the obligations arising from this Agreement, unless the Agreement stipulates otherwise, and has failed to comply with the obligations despite written notice within a period stated in this notice. The duration of this period shall be at least five (5) business days.

d) The Subject of Settlement has the right to rescind the Agreement in the event the Market Operator has committed wilful breach of the obligations laid down in this Agreement and has failed to remedy this breach despite written notice within a period stated in this notice. The duration of this period shall be at least five (5) business days.

e) Rescission must be submitted in the written form and comes into effect at its delivery to the other Party. In the event of doubt, rescission notice is deemed delivered on the third day after it was posted.

f) Either Party may terminate the Agreement whereas the Market Operator is obligated to state the reason for termination. The termination term runs for one month starting on the first day of the month following delivery of written notice to the other Party.

g) Furthermore, the Agreement may be terminated by mutual agreement between the Contracting Parties.

Article 16
Place of Supply for Purposes of VAT

I.

Statement of the Subject of Settlement

a) The Subject of Settlement hereby declares that the organizational unit referred to in Article 1 of this Agreement is not a business establishment pursuant to the Value Added Tax Act, as amended. Furthermore, the Subject of Settlement hereby declares that it has no other representation in the territory of the Czech Republic that may be deemed a business establishment and that no supply provided by the Operator is intended for the organizational unit or any other representation of the Subject of Settlement in the Czech Republic.

b) The Subject of Settlement hereby undertakes to notify the Market Operator without undue delay, but no later than within 10 days, about any change in the line of business

of the organizational unit that would result in setting up a business establishment and, furthermore, in the event any other establishment arises for the Subject of Settlement in the territory of the Czech Republic. Should such event occur, relevant information must be provided in writing without undue delay, but no later than within 10 days following the date of setting up a business establishment of the Subject of Settlement in the Czech Republic.

c) The Subject of Settlement hereby undertakes that in the event the relevant tax administration authorities deem its organizational unit or other representation in the Czech Republic a business establishment for purposes of value added tax and, as a result, the Market Operator is required to pay additional tax and/or the tax administrator levies sanction or tax attribution thereof pursuant to relevant legal regulations, such as fines and penalties, tax increase, or late payment interest, due to erroneous value-added tax declaration, the Subject of Settlement shall fully refund all such assessed and additionally assessed tax payments and reasonable expenses of the Market Operator arising from administrative proceedings related to the assessment and additional assessment, with the exception of the expenses arising from proceedings whereby the tax administrator has ordered the Market Operator to pay these expenses due to inactivity or breach of legal obligations by the Market Operator pursuant to Section 30 (7) of Act No. 337/1992 Coll., on Administration of Taxes and Fees.

d) The Subject of Settlement shall make the refund based on written notice by the Market Operator and following submission of documentation on additional tax assessment and levying related sanctions and tax attribution by the tax administrator for the Market Operator, and documents proving that the Market Operator has paid the tax administrator the additionally assessed tax and related sanctions and tax attribution. The Subject of Settlement shall make the refund without undue delay, no later than within one week after delivery of said notice and documentation listed above to the Subject of Settlement regardless of whether the decision on additional tax assessment and other levied payments has become enforceable and legitimate. The Subject of Settlement shall reimburse the Market Operator for the sanctions and tax attribution levied by the tax administrator due to late tax payment up to the amount of the sanctions and tax attribution in accordance with late tax payment by the substitute due date of payment of additionally assessed tax pursuant to Section 46 of Act No. 337/1992 Coll., on Administration of Taxes and Fees.

e) The obligation of the Subject of Settlement under the foregoing Article is in no way affected by whether the Market Operator has exercised statutory remedial measures against the decision on additional tax assessment and other levied payments, or not. In the event the decision hereof is cancelled or mitigated and the additionally assessed or levied payment in full or partially returned to the Market Operator or set off against another tax obligation the refund of which is not within the scope of the Subject of Settlement's obligations under the foregoing Article, the Market Operator is obligated to reimburse the Subject of Settlement the corresponding amount reduced by reasonable expenses incurred to exercise remedial measures that resulted in cancellation or mitigation of the relevant decision.

II.

a) In connection with a possible decision of the tax administrator on additional tax assessment due to the erroneous value added tax declaration described above, the Market Operator hereby undertakes to discuss with the Subject of Settlement any use of statutory remedial actions against this decision of the tax administrator and related proper evidence so that the Market Operator may exercise the statutory remedies, if needed, within the given time limit.

b) Furthermore, the Market Operator hereby undertakes that in the event it does not exercise any statutory remedies or in the event the decision on additional tax assessment due to the erroneous value added tax declaration will not be cancelled or mitigated as a result of exercising the statutory remedial actions, the Market Operator shall amend the tax documents pursuant to the Value Added Tax Act for the supplies executed by the Market Operator under this Agreement to the Subject of Settlement on which the tax administrator levied additional tax due to the erroneous value added tax declaration.

c) In the event the tax administration authorities deem the organization unit or other representation of the Subject of Settlement in the Czech Republic a business establishment for purposes of value added tax and, as a result, the Subject of Settlement is subject to additional value added tax assessment for the supplies executed by the Subject of Settlement under this Agreement on Settlement of Imbalances to the Market Operator, the Market Operator hereby undertakes to refund the additionally assessed tax to the Subject of Settlement based on the amended tax documents issued by the Subject of Settlement pursuant to the Value Added Tax Act and delivered to the Market Operator together with documents on additional tax assessment by the tax administrator.

Article 17
Final Provisions

a) All rights and obligations of the Parties arising from this Agreement cease to apply as of the date of expiry of the Agreement, with the exception of the obligations contained in the provisions hereof, the nature of which warrants their survival of the Agreement.

b) The provisions pertaining to information protection, damage settlement, contractual penalties and dispute resolution remain in effect after the termination of this Agreement pursuant to the provisions of Article 6 of this Agreement and Articles 5.5 and 6.6 of the Business Terms.

c) The Parties hereby acknowledge that should any provision of this Agreement or its Appendices be deemed invalid in the future, then such provision shall not invalidate the other provisions of this Agreement. In such event the invalid provision of the Agreement shall be substituted with an enforceable provision, which will most closely correspond to the contents of the invalid provision.

d) This Agreement can be modified and supplemented solely by attaching written Appendices numbered in a rising order and signed by authorized representatives of the Parties hereof. The other Party is obligated to provide an opinion on a draft Appendix within 14 days following its receipt. The Party which has sent the draft Appendix is bound by it for the same period.

e) Legal relations between the Parties are governed by Czech law. The governing language of the Agreement is Czech.

f) Legal relations between the Parties hereto are governed, aside from the provisions contained in the text of this Agreement, by the Business Terms. The Subject of Settlement hereby acknowledges that the contents of the Business Terms are known to it. In the event any provision of this Agreement diverges from or contradicts the wording of the Business Terms, then the wording of the Agreement supersedes the wording of the Business Terms.

g) Both Parties fully accept the integral parts of this Agreement, attached as the following Appendices:

   i.) Appendix 1 – Business Terms in the electronic form (www.ote-cr.cz)

   ii.) Appendix 2 – Form for Determining Financial Security

   iii.) Appendix 3 – Persons authorized for communication in contractual and operations matters

   iv.) Appendix 4 – Exhibits of calculation formulas for data included in tax documents

h) In the event any provision of this Agreement is superseded by new legislation, both Parties hereby undertake to substitute the affected provision of this Agreement with a new provision ensuing from the new legislation, or they shall agree upon a provision which will as closely as possible achieve the purpose intended by both Parties when drafting this Agreement. All other provisions of the Agreement shall remain unaffected.

i) This Agreement has been executed in two counterparts of which each Party receives one original copy. The Business Terms are valid and binding for both Parties as of the day of approval by the Energy Regulatory Office and posting on the Web site www.ote-cr.cz. They are an integral part of this Agreement in the electronic form.

j) The Parties hereby acknowledge they have read this Agreement in detail, agree with its contents and are not aware of any obstacles, third party claims or other legal defects that would prevent entering into this Agreement or render it invalid. In witness whereof, the authorized representatives of the Parties attach their signatures below.

Prague, date ……..… Place, date ……

OTE, a.s.: Company Name:

…… ……..

Ing. Jiří Šťastný, Chairman of the Board

……

Ing. Michal Ivánek, Vice-chairman of the Board

Appendix 3 to the Agreement

Individuals authorized for communication in contractual and operations matters

First Name	Surname	Scope of communication	Telephone	E-mail	Mobile phone	Access card holder YES/NO	Access card number (ID USER)	Scope of access card authorization (Read/Write)
On behalf of the Subject of Settlement								
On behalf of OTE, a.s.								
Jakub	Nečesaný	Smluvní, CS OTE	+420 296 579 177	jnecesany@ote-cr.cz				
Pavel	Rodryč	Short-Term Market	+420 296 579 193	prodryc@ote-cr.cz				
Ondřej	Záviský	Billing, Financial Security	+420 296 579 187	ozavisky@ote-cr.cz				

Appendix 4 to the Agreement

Exhibits of calculation formulas for data included in tax documents

Exhibit 1:

VAT base and calculation – payment in EUR (exclusive of Gas Tax)

In the event the offer price is quoted in EUR and payment is executed in EUR, the calculation procedure is as follows:

- VAT base is the price for gas supply without VAT quoted in EUR;
- VAT is calculated in EUR from the VAT base quoted in EUR;
- VAT base quoted in EUR and VAT quoted in EUR are converted to CZK;
- To convert the VAT base quoted in EUR and VAT quoted in EUR, the exchange rate of the Czech National Bank (CNB) is applied valid for OTE on the date of gas supply by the Subject of Settlement.

Calculation formula:

	EUR	CZK	Calculation
Offer price in EUR	30,000		
Tax in EUR	5,700		30,000*19%
Tax base in CZK		750,000	30,000*25.000
VAT in CZK		142,500	5,700*25.000
CNB exchange rate on the date of supply	25.000		

Exhibit 2:

VAT base and calculation – payment in EUR (inclusive of Gas Tax)

In the event the offer price is quoted in EUR and payment is executed in EUR, the calculation procedure is as follows:

- The offer price quoted in EUR is converted using the exchange rate of the Czech National Bank valid for OTE on the date of gas supply by the Subject of Settlement;
- VAT base is the sum of the adjusted price for gas supply without VAT quoted in CZK and the rate of Gas Tax in CZK;
- VAT is calculated from the VAT base quoted in CZK.

Calculation formula:

	EUR	CZK	Calculation
Offer price in EUR	30,000		
Offer price in CZK		750,000	30,000*25.000
Gas Tax in CZK		10,000	x MWh*30.60
Tax base in CZK		760,000	750,000 + 10,000
VAT in CZK		144,400	760,000*19%
CNB exchange rate on the date of supply	25.000		

Exhibit 3:
VAT base and calculation – payment in CZK (exclusive of Gas Tax)

In the event the offer price is quoted in EUR and payment is executed in CZK, the calculation procedure is as follows:

- The offer price quoted in EUR is converted using the exchange rate of OTE's bank valid for the relevant supply;
- VAT base is the price (payment) for gas supply without VAT quoted in CZK;
- VAT is calculated in CZK from the VAT base, exclusive of the VAT rate, quoted in CZK.

Calculation formula:

	EUR	CZK	Calculation
Offer price in EUR	30,000		
VAT base in CZK		735,000	30,000*24.500
VAT in CZK		139,650	735,000*19%
Total amount due in CZK		874,650	

OTE's bank exchange rate 24.500

Exhibit 4:

VAT base and calculation – payment in CZK (inclusive of Gas Tax)

In the event the offer price is quoted in EUR and payment is executed in CZK, the calculation procedure is as follows:

- The offer price quoted in EUR is converted using the exchange rate of OTE's bank valid for the relevant supply;
- VAT base is the sum of the price for gas supply without VAT quoted in CZK and the Gas Tax rate in CZK;
- VAT is calculated in CZK from the VAT base quoted in CZK.

Calculation formula:

	EUR	CZK	Calculation
Offer price in EUR	30,000		
Offer price in CZK		735,000	30,000*24.500
Gas Tax in CZK		10,000	xMWh*30.60
Tax base in CZK		745,000	735,000 + 10,000
DPH v CZK		141,550	745,000*19%

OTE's bank exchange rate 24.500

Exhibit 5:

VAT base and calculation – payment in CZK (exclusive of Gas Tax)

In the event the price for imbalance is quoted in CZK and payment is executed in CZK, the calculation procedure is as follows:

- VAT base is the price for imbalance in CZK;
- VAT is calculated in CZK from the VAT base quoted in CZK;
- VAT is rounded to hallers.

Calculation formula:

	EUR	CZK	Calculation
Price for imbalance in CZK		35,431.48	
VAT in CZK		6,731.9812	35,431.48*19%
VAT in CZK - rounded		6,731.98	