The English version of this Contract (Annex 3 of the Rules) is for information purposes only. In case of discrepancies between the English and the Bulgarian version of the Contract, the Bulgarian version shall prevail.

CONTRACT

............20....

for provision of balancing capacities and participation in the balancing energy market by registered BSP

This contract is made by and between

"......................................" registered in the Commercial Register at the Registry Agency, VAT number ...., with official address .... , represented by .... - , hereinafter referred to as the BSP on the one hand

AND

"ELEKTORENERGIEN SISTEMEN OPERATOR" EAD, registered in the Commercial Register at the Registry Agency, VAT number 175201304, with official address Sofia, bul. "Tsar Boris III" № 201, represented by …………………………, Executive Director, hereinafter referred to as ESO EAD.

Whereas the parties aim at achieving the balance between production and consumption of electricity and for the secure functioning of the power system and pursuant to Art. 7 of the Tender rules for procuring frequency containment reserve, automatic frequency restoration reserve and manual frequency restoration reserve (the Rules),

It has been agreed as follows:

I. CONTRACT TERM

Art. 1

The Contract shall come into force as from the date of registration of the BSP in the Register of the eligible participants, who have acquired right to participate in tender procedures for provision of balancing services (the Register).

II. SUBJECT OF THE CONTRACT

Art. 2

(1) ESO EAD shall conduct tender procedures for balancing capacities for frequency containment reserve (FCR), automatic frequency restoration reserve (aFRR) and manual frequency restoration reserve (mFRR) and BSP shall participate in these procedures.

(2) BSP shall sell and ESO EAD shall purchase the actual balancing capacities under the terms of the Rules.

(3) BSP and ESO EAD shall sell/purchase balancing energy resulting from their participation in aFRR and mFRR in accordance with the Market rules and this Contract.

III. BALANCING CAPACITY AND BALANCING ENERGY AMOUNTS

Art. 3

For each tender period BSP shall be obliged to provide to ESO EAD amounts of balancing services referred to Art. 2, according to bid ranking for the respective tender procedure, and where bids in the tender procedures are not sufficient - under the terms set out in the Market rules and the Rules.

Art. 4

The amount of energy that is provided/purchased to/by the balancing energy market resulting from participation in FRR (automatic and/or manual), i.e. energy from activated up or down bids, will be calculated and settled between BSP and ESO EAD under the terms of the Market rules and this Contract.

IV. DISPATCHING AND OPERATIONAL DUTIES

Art. 5

(1) Contracted balancing capacity shall be tested according to schedule agreed between the Parties.

(2) Payment for active electrical energy provided during the tests shall be settled under the terms of the Market rules, balancing capacity during tests shall not be paid.

(3) In case of a repair lasting more than 30 days or technical parameters of units/modules providing reserve have been changed as a result of such repair, BSPs who have acquired right to participate in tender procedures for provision of balancing services and Annex 1 of the Rules shall be subject to mandatory testing to prove operating characteristics set in the Register in accordance with a schedule agreed by the parties.

(4) Operating characteristics shall be inspected and tested at any time upon written request of either Party. Costs incurred in such inspections and tests shall be paid by the defaulting Party .

V. DOCUMENTATION

Art. 6

(1) Each Party will maintain complete and accurate information and all documentation necessary for the complete contract performance.

(2) BSP and the ESO EAD shall prepare and maintain:

- log of dispatch orders;
- all protocols, orders, local instructions and other documents concerning the contract performance .

Art. 7

(1) Operational changes shall be coordinated by phone between the engineer on duty of the unit(s)/module(s) providing balancing capacity and ESO EAD's dispatcher on duty and recorded on a tape recorder and in a log. Any changes of duration beyond the duration of the shift shall be confirmed in writing (or electronically) by the engineer on duty, or the dispatcher duty, as soon as possible but no later than the end of the shift.

(2) In the event of a dispute, phone conversations records shall be admitted as evidence.

VI. FINANCIAL OBLIGATIONS AND PAYMENT METHODS (PRICES AND INVOICING)

Art. 8

(1) ESO EAD shall pay BSP, ranked in the tender procedure for the actual amount of balancing capacity provided by BSP for the respective balancing service in MW*h for the tender period.

(2) The actual amount of balancing capacity provided by BSP for the respective balancing service shall be the balancing capacity provided for the time when BSP has performed without deviation from the parameters used to form the ranking in the tender procedure and the parameters specified in the Register. The actual amount of balancing capacity provided shall not exceed the amount of balancing capacity ranked in a tender.

(3) The amount of balancing capacity provided under para. 1 shall be paid at the price for capacity in (BGN/MW)/h of the price bid of BSP.

(4) The balancing capacity for the relevant balancing service shall also be paid for the time the relevant reserve is activated by dispatch order.

Art. 9

(1) ESO EAD shall not pay BSP ranked balancing capacity amount for the entire tender period in the following cases:

1. BSP not participated in the relevant tender procedure and hasn’t ranked by the ESO EAD under the Market rules;
2. BSP commits a violation of Art. 15, para. 1 of the Rules.

(2) ESO EAD shall not pay BSP balancing capacity for the time BSP has not provided the balancing service in accordance with the parameters used for ranking in the tender procedure and the non-performance not constitute a violation under Art. 15, para.1 of the Rules.

Art. 10

For BSP participating in FRR (automatic and/or manual) upwards, the activated balancing energy shall pay at a price in BGN/MWh determined in accordance with the Market rules.

Art. 11

For BSP participating in FRR (automatic and/or manual) downward regulation, the activated balancing energy shall pay at a price in BGN/MWh determined in accordance with the Market rules.

Art. 12

(1) BSP shall issue separate invoices for balancing capacities for FCR and FRR (automatic and manual) and for balancing energy under Art.10 with noted of transaction date for tax purposes - the last day of the accounting month

(2) THE PARTIES shall issue invoices for balancing energy under Art. 10 and Art. 11 with noted transaction date for tax purposes - the last day of the accounting month

Art. 13

(1) The BSP shall attach to the invoices under Art. 12, para. 1:

1. a statement on the accounting period, the balancing capacity ranked by tender for the respective service, reduced respectively by the periods of non-provision, the price and the amount of balancing capacity;
2. a statement on the amounts of balancing energy activated for participate in FRR (automatic and/or manual);

3. a statement elaborated by BSP on its participation in the FCR for the relevant month, it should be confirmed by ESO EAD;
4. information om participation in aFRR from the SCADA/EMS of ESO EAD for the relevant month.
5. information on participation in mFRR for the relevant month.

(2) ESO EAD shall enclose to the invoices under Art. 12, para. 2 information on the amounts of balancing energy.

Art. 14

The original invoices referred to in Art. 12 shall be received by post with return receipt, by courier or by hand, except in cases where the parties have agreed to receive electronic invoices.

Art. 15

Should there be no dispute over the invoices within 10 days as from their receipt under Art. 12, the amounts written in them are deemed as agreed by the parties.

Art. 16

In case within the time specified in Art. 15, any invoice or document referred to in Art. 13 are challenged in whole or partially by the parties and if the challenge is upheld:

1. The BSP /ESO EAD shall issue the documents with the correct amounts and values.
2. The BSP/ESO EAD shall issue credit/debit memos to invoices with the disputed amounts and values in the month following the month of service provided.
3. The Parties obligations on debit/credit notes issued shall be paid within 5 (five) business days of receipt.

Art. 17

The deadline for payment of invoices shall be the 20th of the month following the month when the reporting period has expired.

Art. 18

In the event of delay, the defaulting party shall be liable for a late payment sanction at the legal interest rate as from the day following the due date of the invoice up to and including the day when the amount is credited to the account of the other Party.

Art. 19

Payments are made by direct bank transfer with a payment order in BGN.

VII. FORCE MAJEURE

Art. 20

(1) Each Party shall be excused from liability for partial or total failure to perform its obligations under this Contract if and to the extent that such Party is unable to perform its obligations or such Party is unable to exercise its rights under the Contract due to Force Majeure.

(2) None of the following events shall constitute a force majeure under this contract:

1. failure or inability to make payment under the Contract;
2. late arrival of fuel or equipment and machinery for the units/modules or transmission facilities;
3. damage or normal wear and tear to materials, equipment, machinery or parts of the units/modules or transmission facilities;

4. conversion of a legal entity Party to this contract;
5. at the order of a competent authority within the meaning of Art. 10, para. 1 of the Environmental Protection Act;
6. non-compliance and/or violation of the legal requirements for the exercise of the activity of electricity generation;

(3) The Party that cannot perform its obligations due to force majeure shall notify the other Party in writing of the time of the occurrence, what the force majeure consists of and the end of the event or circumstance as soon as possible, but in any case not later than 48 hours since it has become aware of the force majeure. Neither party shall be entitled to claim a waiver of its obligations under this Contract by reason of Force Majeure during the period between the date on which notice should properly have been given under this article and the date on which notice is actually received by the no declaring Party.

(4) During the force majeure, each Party shall bear its costs incurred as a result of the event. The Party claiming force majeure shall not be relieved of its obligations under the contract if that Party was in default at the time the force majeure occurred.

(5) The Parties shall make their best efforts to reduce the consequences of the force majeure event and shall consult to develop and implement a plan to minimize the losses borne by either of the Parties.

(6) An event does not qualify as force majeure if:

1. its effects of could have been avoided by the performance of the obligations under this Contract;
2. the effect of that event could have been avoided or reduced by taking all measures which may be reasonably required.

VIII. CONFIDENTIALITY

Art. 21

The ESO EAD and the BSP shall treat as confidential any information received in relation to the performance of this Contract.

Art. 22

Neither Party to this Contract shall, without the prior written consent of the other Party, disclose in any manner or form to any third party any information of which they become aware in relation to the performance of the Contract. Disclosure of information to a third party shall be permissible only to the extent necessary for the purpose of performance of the Contract and in the cases provided by law.

IX. DATA PROTECTION

Art. 23

The Parties will process the personal data included in this Contract jointly with that which they would have received while the same is in force for the purposes of managing this contractual relationship. The Parties shall ensure that data subjects have been informed of the processing of their data and of their rights relating to the processing of their personal data. This data will be kept for as long as the legal relationship lasts, after which the data will be blocked and retained only for the period necessary for the exercise or defense of any claims.

X. TERMINATION

Art. 24

This contract is terminated:

(1) By excluding BSP from the Register of the admitted BSPs, who have acquired the right to participate in tender procedures for the provision of balancing capacity, under Art. 10 of the Rules.

(2) In the event of force majeure lasting more than twenty (20) days, upon three (3) days written notice by either Party.

Art. 25

In the event of termination for force majeure, neither Party shall compensate the other for the consequences of such termination.

XI. LIABILITY AND INDEMNITIES

Art. 26

Neither Party shall be liable for any damages suffered by the other Party that do not arise out of a Party's breach of an obligation under this Contract.

XII. DISPUTE RESOLUTION

Art. 27

Any dispute arising out of or in relation to the application and performance of this Contract, its breach, termination, validity or interpretation shall be referred to the competent court in the city of Sofia.

XII. GENERAL PROVISIONS

Art. 28

Each provision of this Contract is separate from the others and if one or more becomes or is held to be invalid, void or illegal or is in any way not permitted to be enforced, the validity and legality of the others will not be affected, and the Parties will endeavor to replace them with new provision(s) which comply with the laws of the Republic of Bulgaria.

Art. 29

(1) The provisions of the Rules shall apply to all matters not covered by this contract.

(2) In the event of a conflict between the provisions of this contract and the Rules, the applicable provisions of the Rules shall apply.

Art. 30

BSP shall not be entitled to be substituted under this contract or in any way assign any or all of its rights (including its claims) and/or obligations hereunder or otherwise to be excused from performance hereunder without the prior written consent of ESO EAD.

Art. 31

Except as permitted by law, ESO EAD shall not be substituted under this contract or in any manner assign any or all of its rights and/or obligations hereunder.

Art. 32

BSP shall not pledge its claims under this Contract without the prior written consent of ESO EAD

Art. 33

(1) All communications between the Parties shall be in writing, except where the Rules provide otherwise and/or where relevant notices are published on the web-based tendering platform.

(2) Operational orders or automatic assignments shall be communicated in accordance with the regulation under Art. 115 of the Energy Act.

(3) The addresses for correspondence of the parties are:

BSP:	**ESO EAD:**
……………….	Sofia 1618
……………….	Bul. Tsar Boris III №201
Fax:…………..	Fax: 02/96 26 189
Tel:...................	Tel.: 02/ 96 96 802

In the event of a change of address, BSP shall notify ESO EAD as soon as possible in writing.

Art. 34

This Contract supersedes all prior agreements between the parties governing matters regulated by this Contract. For the sake of legal certainty and clarity, it should be borne in mind that this Contract does not affect the validity of clauses which are outside its scope.

This contract is executed in two original counterparts, one for each of the parties.

FOR BSP:	**FOR ESO EAD:**
……………….	**…………………**