



*Gestionnaire
du Réseau de Transport d'Electricité*

**RULES OF THE ANNUAL ALLOCATION MECHANISM FOR EXPORT CAPACITIES ON
THE ITALIAN NORTHWEST BORDER FOR 2003**

6 December 2002

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RECITAL

Whereas RTE and GRTN are the transmission system operators respectively in France and in Italy.

In the frame of the liberalization of the electricity market, the AEEG and the CRE entered into an Agreement on transfer capacity allocation over the grid interconnecting Italy to France for the year 2003 ("the Agreement"). The AEEG issued a decision n° **[to be filled in]** dated **[to be filled in]** setting up the rules for a common allocation of capacities on the Italian Northwest Border for 2003 ("the AEEG's Decision").

According to the Agreement and the AEEG's Decision, the 2003 winter values for the transfer capacity on the Italian Northwest Border proposed by the Operators are:

- Two thousand six hundred and fifty (2650) MW from France to Italy; and
- Three thousand and fifty (3050) MW from Switzerland to Italy.

PART A DEFINITIONS

Except where the context requires otherwise, capitalized words and phrases have the meaning given to them below if they are not in contrast with the definitions and meaning given to them in the AEEG' decision:

AEEG:	Refers to the Italian regulatory authority i.e. " <i>Autorità per l'energia elettrica e il gas</i> ", established under the Italian Law 481 of 14 November 1995 to regulate and control the electricity and gas sectors.
AEEG's Web Site :	Means the web site having its address located at: http://www.autorita.energia.it
Allocation Confirmation:	Means the document Notified to the Applicant by the Operators at the end of the Annual Allocation Mechanism detailing the value of the Annual Allocated Capacity.
Allocation Period:	Means the period within the 1 st of January 2003, beginning at 0.00.00 AM to the 31 st of December 2003 ending at 23.59.59 PM.
Allocation Recipient:	Means the Applicant, which has been granted an Annual Allocated Capacity at the end of the Annual Allocation Mechanism.
Annual Allocated Capacity:	Means the annual capacity allocated by the Operators to the Allocation Recipient at the end of the Annual Allocation

	Mechanism.
Annual Allocation Mechanism:	Mechanism for the allocation of the Annual Available Capacity.
Annual Available Capacity:	Refers to the data expressed in B.2.
Appendix:	Means an appendix to the Rules.
Applicant:	Means the legal entity referred to in the Application Form.
Application Form:	Means the application form having its model attached in Appendix 1 and in Appendix 3.
Article:	Means an article to the Rules.
Coefficient <i>a</i>	<p>Refers to the coefficient of reduction that shall apply to the Annual Available Capacity and the Triennial capacity during the Summer on an annual time period basis.</p> <p>The Coefficient <i>a</i> shall be issued by the Operators and displayed on GRTN's and RTE's Web Site.</p>
Coefficient <i>b</i>	<p>Refers to a coefficient of reduction that shall apply to the Annual Available Capacity and the Triennial Capacity during the Intermediary Period on a hourly time period basis.</p> <p>The Coefficient <i>b</i> shall be issued by the Operators and displayed on GRTN's and RTE's Web Site.</p>
CRE:	Refers to the French regulatory authority i. e. " <i>Commission de régulation de l'Electricité</i> ", which composition and powers are set forth in title IV (articles 28 to 43) of the Law N°2000-108 of the 10 th December 2000.
Day (D) :	Means a calendar day within a period of twenty-four (24) Hours, beginning at 0.00.00 AM and ending at 23.59.59 PM. The Day upon which the legal Hour changes will carry either twenty-three (23) Hours or twenty-five (25) Hours, according to the decree published in the Official Journal of the French Republic and Gazzetta Ufficiale of the Italian Republic.
Eligible Customer:	Means the eligible customer under the terms of directive 96/92/EC of the European Parliament and of the Council of 19 December 1996 concerning common rules for the internal market of electricity as adopted in the Italian legislation.
Exchange Contract :	Means the contract signed between an Italian Eligible Customer and GRTN defined by AEEG and regulated by the AEEG's decision n°36/02.

Extracting Point(s):	Refers to the extracting point(s) mentioned by the Applicant in his Application Form.
GRTN :	Means the Italian transmission system operator i.e. " <i>Gestore della Rete di Trasmissione Nazionale</i> " Spa having its registered office Via Pilsudski, 92, 00197, Rome, Italy.
GRTN's Web Site:	Means the web site having its address located at : http://www.grtn.it
Hour (H) :	Means Paris and Rome time and a period of sixty (60) minutes.
Import/Export Rules in France:	Access rules for imports and exports on the French public power transmission network i. e. " <i>Règles d'Accès au Réseau Public de Transport Français pour des Importations et des Exportations</i> ", in its latest version in force, as published on RTE's web site.
Import/Export Rules in Italy:	Access rules imports and exports on the Italian power transmission network as provided by the decree n.79/99, AEEG's decisions and all implementation acts such as "Regole tecniche di connessione , Regole di dispacciamento.
Intermediary Capacity :	During the Intermediary Period, the Annual Available Capacity shall be multiplied by the Coefficient α .
Intermediary Period:	Refers to the month of August except 1 st and 2 nd of August.
Interruptible Capacity:	Refers to the capacity supplied by the Operators to Interruptible Customers. The Interruptible Capacity is four hundred and fifty (450) MW and shall be allocated for 2003 and 2004.
Interruptible Customer:	Refers to the Italian final eligible customer as defined on the list of the AEEG's web site on the date of publication of the Rules. The Interruptible Customer must fulfil the requirements of article 5, item 3, of the Italian Ministry Decree of the 21 st November 2000, as amended by the Decree of Ministry for Productive Activities of the 10 th December 2001 and the technical requirements published on GRTN's Web Site.
Italian Northwest Border:	Means the interconnection lines linking the French and the Swiss transmission networks to the Italian transmission network.
Long-Term Capacity:	Capacity allocated pursuant to the long-term contracts signed before the limit time period to adapt the directive

	96/92/CE in the national law.
MW:	Megawatts
Nomination or to Nominate :	Means the User's schedules for its Annual Allocated Capacity and the Reserved Capacity.
Notification or to Notify:	Refers to the different forms of notification as laid out in Article D.8.
Operators:	Means RTE and GRTN standing together as joined operators.
Participation Agreement :	Means the " <i>Accord de participation aux règles d'accès au réseau public de transport français pour des exportations et des importations</i> " in force between RTE and the Allocation Recipient or the User to use the Annual Allocated Capacity on the France-Italy border.
Parties :	Means the Allocation Recipient and the Operators.
Party :	Means the Allocation Recipient or the Operators.
Requested Capacity:	Means the annual capacity (expressed in whole MW numbers) requested by the Applicant in his Application Form.
Réseau de Transport de l'Electricité (RTE) :	Means the transmission system operator in France i.e. " <i>Réseau de Transport de l'Electricité</i> ", located Immeuble Ampère 34-40 rue Henri Régault 92400 Courbevoie, an independent division of Électricité de France public company having its registered office in Paris, France.
Reserved Capacity:	Refers to the capacity stated in Article B.1.
RTE's Web Site :	Means the web site having its address located at: http://www.rte-france.com
Rules :	Means the hereby Rules of the Annual Allocation Mechanism for export capacities on the Italian Northwest Border for 2003, its recital and Appendices.
Summer Capacity :	Means the Annual Allocated Capacity multiplied by the Coefficient a.
Summer :	Means the period from the 1 st of May to the 30 th of September. During the month of August, only the 1 st and 2 nd of August shall be included within the Summer.
Triennial Capacity:	Triennial Capacity allocated jointly by the Operators to interruptible customers in December 2001, valid from 1 st January 2002 to 31 st December 2004.
User:	Means the legal entity that has signed a mandate issued by the Allocation Recipient in order to Nominate only on the France-Italy border. The User shall have entered into a

Participation Agreement with RTE. As the case may be, the User can be the same legal entity as the Allocation Recipient.

Working day

Means a day which is not Saturday or Sunday, or a holiday in Paris or in Rome.

PART B ANNUAL AVAILABLE CAPACITY FOR THE FREE MARKET ON THE NORTHWEST BORDER

The Annual Available Capacity is calculated as defined below if it is not in contrast with the definition and meaning given to it in the AEEG's decision.

B.1 Reserved Capacity

The Operators consider that the following capacities shall be construed as Reserved Capacity and that shall not be taken into account in the Annual Available Capacity.

B.1.1 Long-Term Capacity

According to the Agreement, a Long-Term Capacity is allocated according to the existing long-term contracts (signed before entering into force of the European directive 96/92/EC).

The Long-Term Capacity is equal to the power profile stated in the contracts provided that these contracts are devoted to supply the Italian franchised market. Namely:

- One thousand and four hundreds (1400) MW from France to Italy;
- Six hundreds (600) MW from Switzerland to Italy.

B.1.2 Capacity reserved for the Italian franchised market

One hundred (100) MW are allocated to the Italian franchised market for the year 2003. According to the Agreement, the repartition of this capacity, allocated by GRTN to the Italian franchised market between the electrical borders of France and Switzerland, must be proportional to the transfer capacity on the Italian Northwest Border for 2003 and shall be rounded to ten MW.

B.1.3 Capacity autonomously allocated by the Swiss operators

This capacity is equal to 50% of the capacity remaining on the electrical border of Switzerland and Italy after deduction of the Long-term Capacity and the capacity reserved for the Italian franchised market that is to say one thousand and two hundreds (1200) MW.

B.1.4 Triennial Capacity

On 14 and 18 December 2001, GRTN, in co-ordination with RTE, published the rules applicable to the allocation of a Triennial capacity from 2002 to 2004 and an annual capacity for the year 2002.

RTE and GRTN have allocated to Italian Eligible Customers with “interruptible loads” according to the Agreement, an annual interruptible capacity of five hundreds (500) MW valid from 2002 to 2004.

B.1.5 Third States capacity

As resulting from the Agreement some capacities have been reserved to third States embedded in the Italian territory and to Corsica, namely:

- For electricity import into the Republic of San Marino: forty two (42) MW;
- For electricity import into the State of Città del Vaticano: fifty (50) MW;
- For electricity transit through the Italian grid from continental France to Corsica: fifty-five (55) MW.

B.2 Annual Available Capacity for the free market

The Annual Available Capacity is the difference between the total capacity for the Northwest Border (five thousand and seven hundreds (5700) MW) and the Reserved Capacity.

Therefore, according the Agreement, the Annual Available Capacity is:

- One thousand three hundred and three (1303) MW for the Non-Interruptible Annual Available Capacity; and
- Four hundred and fifty (450) MW for the Interruptible Annual Available Capacity.

PART C ANNUAL ALLOCATION MECHANISM

C.1 Prerequisite conditions

C.1.1 Eligibility

The Applicant undertakes to:

- Be duly incorporated and validly existing under the laws of its country of incorporation;
- Have the full power and authority to enter into and perform the Rules and acquire and exercise rights under the terms of the Rules;
- Be licensed to trade in electricity in at least one of the Member States of the European Union and have or will have one or more User(s); or
- Be an Eligible Customer.

The Applicant warrants it has entered into or will enter into after the closing of the Annual Allocation Mechanism:

- An Exchange Contract with GRTN or has a counterpart which is a party to an Exchange Contract; and only for the France-Italy border.
- A Participation Agreement with RTE or, as the case may be, the Applicant will Notify RTE about the information related to the User according to Article C.6.

C.1.2 Legal and regulatory conditions

The Applicant undertakes to abide by all the European and national relevant laws and regulations or whatsoever AEEG's and CRE's prescriptions in force.

The Applicant also undertakes to obtain all the required authorizations that shall be necessary for its participation to the Annual Allocation Mechanism.

C.1.3 Miscellaneous

There shall not be any collusion between the Applicants so they shall not be able to unfairly influence the Annual Allocation Mechanism.

Within the Allocation Period, or during the Nominations, if it occurs to the Operators that an Applicant has unreasonably or insincerely filled in the Application Form, the Operators shall

be able to inform the CRE and the AEEG about any restriction or under-using of the Allocated Capacities.

The Parties commonly agree that the Rules shall not restrain the Operators to adopt different allocation rules during the Allocation Period.

C.2 Provisions for Interruptible Customer to participate to the Annual Allocation Mechanism (cf Appendix 1 and 2)

To participate to the Annual Allocation Mechanism, an Applicant who has the quality of Interruptible Customer has to send to GRTN an Application Form according to Appendix 1.

The provisions to be fulfilled by the Interruptible Customer concerning the content of application and the modalities for application are defined in Appendix 2.

C.3 Provisions for Eligible Customers and traders to participate to the Annual Allocation Mechanism (cf Appendix 3 and 4)

To participate to the Annual Allocation Mechanism, an Applicant has to send to GRTN an Application Form according to Appendix 3.

The provisions to be fulfilled by the Applicant concerning the content of application and the modalities for application are defined in Appendix 4.

C.4 Accuracy and completeness

The Applicant undertakes that all data and other information provided to the Operators pursuant to the Rules are and will remain accurate and complete in all material respects.

The Applicant must promptly Notify the Operators about any related modification.

C.5 Nature

The purpose of the Application Form is to grant a right of access to the Requested Capacities on a duration (basis) commonly agreed. Each Application Form must be construed as an irrevocable and unconditional request binding upon the Operators and the Applicant.

Once the Application Form has been submitted to the Operators, it can only be withdrawn with the Operators' consent.

C.6 Information about the User

The Applicant undertakes to mail to RTE a mandate signed by the User(s) and the Applicant stating the name(s), qualification(s) and address of its (their) User(s) before 27th of December 2002.

If the mandate is not properly provided or lately provided, the Application Form shall be deemed inadmissible as set forth in Article C.8.1.

C.7 Annual Allocation Mechanism

C.7.1 Closing

The closing of the Annual Allocation Mechanism shall occur eight (8) business days after the AEEG and CRE's formal approval of the Rules and no later than December 23rd 2002.

Results of the Annual Allocation Mechanism shall be Notified to the Applicant on the Operators' web sites no longer than three (3) Days after the closing of the Annual Allocation Mechanism and shall be confirmed according to Article C.8.

C.7.2 General principles

The Annual Allocation Mechanism shall occur within two (2) time periods.

C.7.2.1 For Interruptible Annual Available Capacity

The allocation of the Interruptible Annual Available Capacity (450 MW) shall be calculated according to a pro rata coefficient equal to the ratio between the Interruptible Annual Available Capacity and the total of the admissible Requested Capacities within the Application Forms for Interruptible Customer.

C.7.2.2 For Non-Interruptible Annual Available Capacity

The Operators shall allocate the Non Interruptible Annual Available Capacity (1303 MW) according to a pro rata mechanism (see point C.7.4) who take into account the Non Interruptible Annual Available Capacity and the total of the admissible Requested Capacities within the Application Forms for Eligible Customers and traders.

C.7.3 Rules of calculation for the allocation of the Interruptible Annual Available Capacity

Within the admissible Application Forms, the Operators shall record the total Requested Capacity. If the total Requested Capacity exceeds the value of the Interruptible Annual Available Capacity, the Operators shall perform a pro-rata repartition according to the following principles:

- The Operators shall apply the coefficient stated in Article C.7.2.1 to each admissible Requested Capacity;
- The Operators shall round off the Annual Allocated Capacity to the lower MW.

The decimal part of the Annual Allocated Capacity which has not been allocated according to the above provision will be summed up and divided into single bands of one (1) MW each.

These residual Annual Available Capacity not allocated shall be allocated to Applicants, according to the related decimal parts arranged in a decreasing order up to allocation of all the residual Annual Available Capacity.

If, there are several requests with the same decimal part for the last residual Annual Available Capacity, the allocation will be made through a draw procedure.

No Applicant shall be granted an Annual Allocated Capacity higher than 10% of the Annual Available Capacity.

C.7.4 Rules of calculation for the allocation of the Non Interruptible Annual Available Capacity

The rules of calculation are defined according to articles B. 2. and B. 8. of the Agreement and article 8 of the AEEG's Decision.

Within the admissible Application Forms, the Operators shall record the total Requested Capacity. If the total Requested Capacity exceeds the value of the Non Interruptible Annual Available Capacity, the Operators shall perform a pro-rata repartition according to article 8 of the AEEG Decision and according to articles B. 2. and B. 8. of the Agreement.

The Operators apply the above mentioned pro-rata repartition for each Applicant and calculate the Annual Allocated Capacity for each Applicant. This Annual Allocated Capacity will be proportionally shared by the Operators between the France-Italy border and the Switzerland-Italy border according to the Requested Capacity on each border.

If the sum of the Annual Allocated Capacity on one border exceeds the available capacity for that border, a coefficient “K” shall be calculated and then applied for transferring the exceeding assigned capacity from that border to the other border.

C.8 Capacity Allocation Confirmation

C.8.1 Inadmissibility notification

All the Application Forms that do not fulfill the conditions set forth in Articles C.2 and C.3 shall be deemed inadmissible under the terms and conditions set forth in the Appendix 2 and 4. Therefore, all the relevant values will not be recorded within the Annual Allocation Mechanism.

In the event of an Application Form partly inadmissible, only the Requested Capacity admissible shall be recorded within the Annual Allocation Mechanism under the terms and conditions set forth in the Appendix 2 and 4.

The Applicant will be timely Notified about the partial or entire inadmissibility of its Application Form after the closing of the Annual Allocation Mechanism.

C.8.2 Notification of Allocation Confirmation

The Operators will timely Notify the Applicants about the Confirmation of Allocation, whether total or partial.

C.9 Nominations of the Annual Allocated Capacity and the Reserved Capacity

The Annual Allocated Capacity and the Reserved Capacity shall be Nominated by the User according to the below schedules:

- To GRTN: Nominations for the Annual Allocated Capacity shall reach GRTN on a weekly basis according to Import/Export Rules in Italy.
- To RTE: Nominations for capacity stated in Article PART B on the France/Italy Interconnection shall reach RTE on D-1 according to the time limit defined in the Import/Export Rules in France.

If any part of the capacity stated in Article PART B shall not be Nominated to RTE on the France/Italy border according to the time limit defined above, this capacity shall be re-

implemented in the daily allocation mechanism on the France-Italy border as published on the Operators' web sites.

C.10 Specific provisions related to the Maintenance Period on the France-Italy border

During the Allocation Period, the Annual Allocated Capacity and the Triennial Capacity shall be reduced for works, and maintenance purposes ("the Maintenance Period").

The Maintenance Period shall take place during at least thirty-five (35) Days.

The Maintenance Period shall be widespread within the year 2003. The Operators shall publish on a monthly basis and on their respective Web Sites, the Maintenance Period schedules.

Two (2) weeks before each Maintenance Period, the Operators shall Notify the Allocation Recipient and the User about the Maintenance Period duration and about the reduction of the Annual Allocated Capacity and of the Triennial Capacity.

C.11 Specific provisions related to the Guarantee of the Annual Allocated Capacity on the France-Italy border

In case of difficulties to maintain the safety of the Operators' electrical networks, the Operators may use all available balancing means in order to guarantee the Annual Allocated Capacity.

If the available balancing means are not sufficient to maintain the safety of the Operators' electrical networks, the Operators shall apply the following principles:

- If the Operators are aware about this reduction before Nomination, the Annual Allocated Capacity and the Triennial Capacity shall be reduced on a pro-rata basis;
- If, this reduction shall happen after Nomination, the pro-rata reduction shall apply to all Nominated schedules.

PART D GENERAL PROVISIONS

D.1 Coming into force and duration of the Rules

The Rules shall come into force as date of their publishing on the Operators' web sites and will expire on the 31st December 2003 at 23 .59.59 P.M.

D.2 Loss of the right to use the Annual Allocated Capacity

D.2.1 Loss of the right to use the Annual Allocated Capacity due to the Allocation Recipient's fault

The Allocation Recipient shall lose the right to use the Annual Allocated Capacity if:

- The Allocation Recipient does not comply anymore with the provisions of Article C.1;
- The Allocation Recipient has not respected one or several of the obligations stated in the Rules after a formal demand from the Operators Notified by delivery recorded letter remained unanswered for ten (10) Days;
- The Allocation Recipient or the User has a monthly rate of use of his Annual Allocated Capacity lower than 80% for Non Interruptible Customer and traders, lower than 90% for Interruptible Customer. The monthly rate of use of the Annual Allocated Capacity is the ratio between the effective transited energy and the maximal energy that could have transited according to the Annual Allocated Capacity;
- Others condition provided in the Appendix 2 and 4.

Loss of the right to use the Annual Allocated Capacity shall be effective immediately upon reception of a delivery recorded letter from the Operators.

The above provisions shall also apply to the beneficiaries of the Triennial Capacity.

D.2.2 Renunciation of the right to use the Annual Allocated Capacity by the Allocation Recipient

The Allocation Recipient may renounce of the right to use its Annual Allocated Capacity at any time through Notification by delivery recorded letter.

The renunciation will be effective as of the second business day after the date of reception of the delivery recorded letter or at any later date specified.

D.2.3 Termination in case of an event of Force Majeure

Each Party shall renounce to the Annual Allocated Capacity in case of an Force Majeure event as set forth in Article D.5.

D.3 Guarantee prices and reimbursement

D.3.1 Guarantee price

D.3.1.1 For the Allocation Recipient

In accordance with AEEG's Decision, the guarantee price for the importation from Italy on the Italian Northwest Border is:

0.3 € / MWh

To this amount shall be added any applicable taxes.

The invoicing will be issued by GRTN to the Allocation Recipient.

D.3.1.2 For the User on the France-Italy border

In accordance with CRE's decision n° **[to be filled in]**, the guarantee price for exportation from France to Italy is:

0.7 € / MWh

To this amount shall be added any applicable taxes.

The invoicing will be issued by RTE to the User.

D.3.2 Reimbursement by RTE to the User

RTE may reimburse the User at the end of the Allocation Period or if one of assumption set forth in Article D.2 occurs.

The reimbursement shall take into account the difference between the guarantee price invoiced by RTE to the User and the congestion charges effectively incurred by RTE for the management of the France-Italy interconnection ("the Difference").

As the case may be, the Difference shall be reimbursed to the User on a pro rata basis of the exported energy.

The reimbursement shall take place within two (2) months after the end of the Allocation Period.

If one of the assumptions set forth in Article D.2 occurs, the reimbursement shall also take place two (2) months after at the end of the Allocation Period.

The reimbursement shall occur only if the Difference exceeds 0.5% of the total amount of the congestion charges effectively incurred by RTE.

D.4 Conditions of payment

D.4.1 GRTN's conditions of payment

The Allocation Recipient shall pay to GRTN, on a monthly basis, the guarantee fees set forth in Article D.3.1.1.

With reference to the energy imported in the previous month, GRTN shall issue an invoice, by the 20th day of each month, to the Allocation Recipient.

The expiry date for the payment is thirty (30) Days from the date of issuance of the invoice and the payment shall be made exclusively by crediting the total invoiced amounts on the bank account indicated in the invoice. If the maturity date of the invoice shall fall on a day which is not a Working Day the payment shall be due on the next following Working Day ("The Payment Date").

For full or partial non payment late payment, delay interests shall be debited for each day of delay, calculated on the basis of the Euribor one month (basis 365) rate quoted on The Payment Date increased by 3%.

D.4.2 RTE's conditions of payment

D.4.2.1 Issuing invoices

RTE will send the invoices to the User by the 30th Day of month M+1 for the amounts due for the month M.

D.4.2.2 Contesting an invoice

Any claim relative to an invoice shall be made by recorded delivery letter to RTE within thirty (30) Days of the date of issue of the invoice. Beyond this period, the invoice will be deemed accepted by the User.

Contesting an invoice does not suspend the obligation to pay the sums invoiced.

D.4.2.3 Invoice payment conditions

The User shall pay the invoice within fifteen (15) Days of the date of issue of the invoice, by bank transfer to the account specified by RTE in the invoice. If the User adopts the direct debit system, the sums invoiced will be debited on the 15th Day after the date of issue of the invoice.

Any bank charges relative to the settlement of the invoice shall be borne by the User.

If the payment occurs by bank transfer, the User will ensure that its bank transmits the corresponding invoice number with the payment order. In the event of a SWIFT transfer, the User undertakes to ensure that the invoice number will be specified on the line "Payment reason".

The absence of the invoice number means that RTE shall manually identify the transfers made to its account. Such manual identification will give rise to an administrative fee of one hundred (100) €, which will be added to the next issued invoice.

D.4.2.4 Late payment charge

In the event of full or partial non-payment of the sums invoiced, the said sums will be subject to a charge rate without any further notification required.

The charge rate is equal to the European Central Bank's interest rate as published on the date of the said invoice increased by seven (7) points.

This interest is calculated from the first Day following the due date of payment of the invoice until the effective date of payment of the invoice.

These penalties are subject to the applicable taxes and duties.

D.5 Force Majeure

Force Majeure event refers to any unforeseen, uncontrollable and external event, which renders the execution of all or part of one of the Party's contractual obligations impossible.

In addition, the Parties consider the following exceptional circumstances as a Force Majeure event:

- Voluntary destruction due to acts of war, riots, pillage, sabotage, bomb attacks, or criminal acts;
- Damage caused by accidental and uncontrollable events for which third parties are responsible, such as explosions or airplane crashes;
- Natural disasters, i.e. direct material damage whose immediate cause is the abnormal intensity of a natural agent, where the usual procedures to prevent such damage could not prevent its happening or could not be implemented;

- Irresistible atmospheric phenomena due to their magnitude, and to which electrical networks, and particularly overhead networks, are specially vulnerable, for example such as frost, wet snow, storm;
- Power cuts due to striking personnel, only if such cuts fulfill the general characteristics of Force Majeure;
- The outages imposed by public authorities for defense or public safety reasons.

The Party which invokes a Force Majeure event shall Notify the other Party describing the event of Force Majeure and its foreseen duration.

The contractual obligations between the Parties, with the exception of that of confidentiality detailed in Article D.6 will be suspended from the date of reception of the aforementioned Notification.

In no circumstances, the Parties can be held responsible nor held to pay any compensation for the prejudice suffered by one or the other due to the non execution or faulty execution of all or part of their contractual obligations when such non execution or faulty execution is due to an event of Force Majeure.

If a Force Majeure event lasts for more than thirty (30) Days, either Party may ends the right to use the Annual Allocated Capacity without giving rise to any right to indemnification to the other Party. Termination shall be notified to the other Party by recorded delivery letter. Termination will be effective upon the date of receipt of said recorded delivery letter.

D.6 Confidentiality

Commercially sensitive information shall be considered as being confidential, in accordance with the provisions of the directive 96/92/EC of the European Parliament and of the Council of 19 December 1996. All the information exchanged in respect of the Rules shall be construed as confidential. The Capacity Requested, The Annual Allocated Capacity and the name of the name of Allocation Recipient aren't commercially sensitive information.

The receiving Party may only use it within the frame of the execution of the Rules and may not transmit such information to third parties without the prior written consent of the other Party subject to such third parties agrees on the same confidentiality obligation.

Each Party shall take all necessary steps to ensure that its employees abide by this confidentiality obligation.

Each Party shall notify the other Party as soon as practicable of any violations of the obligations arising from the present Article.

However, the obligations arising from the present Article are not applicable:

- If the receiving Party can prove that at the time of its communication the said information was already available to the public ;

- If the information is required by a government authority (Minister in charge of Electricity, Chief Engineer, Commission for Electricity Regulation, Anti-trust bodies, etc.) for the performance of its missions. The Party which has been contacted by the government authority shall inform the other Party of such a request as soon as practicable, and request the government authority to respect the same confidentiality obligations as set out herein.

Likewise, these obligations are no longer applicable if the receiving Party can prove that such information was received lawfully from a third party or has become available to the public.

The Parties shall undertake to abide by the confidentiality obligation herein throughout the Allocation Period and for a period of five (5) years following the end of the Allocation Period.

D.7 Transfer of rights and obligations

Neither Party may transfer, in any way, any of the rights and obligations arising from the Rules without the prior written consent of the other Party.

In the event of a change in the legal status of the Allocation Recipient and/or the User, i.e. through merger or take over or change of name, they will inform the Operators of any change by recorded delivery letter as soon as possible and in any cases at least fifteen (15) Days before the said modification becomes applicable.

D.8 Notifications

During the Allocation Period, Notifications within the framework of the Rules shall be made to the address specified in the Application Form or to any other address specifically mentioned by one Party to the other.

Notifications shall be made in writing and communicated by one the following means:

- In person, by hand, against a receipt; or
- By recorded delivery letter; or
- By fax; or
- By e-mail.

Notification will be deemed to have been received:

- On the Day of reception by hand against a receipt; or
- On the Day indicated on the acknowledgement slip of a recorded delivery letter; or

- On the Day and on the Hour of the confirmation issued by the receiving Party's fax or computer.

D.9 Contractual documents

It is commonly agreed by the Parties that all of the Appendices attached to the Rules shall be construed as an entire part of the Rules.

If a provision appearing in an Appendix is not explicitly mentioned in the articles of the Rules, does not deprive the said provision of its legal value.

D.10 Responsibility

The Operators are jointly liable to the Allocation Recipient for allocating and providing capacities acquired by the Allocation Recipient.

The Parties shall under no circumstances be liable one to another for indirect and consequential damage such as loss of contracts, loss of chance and loss of revenues.

The Party which considers it has been subject to such a prejudice shall inform the other Party by Notification within a period of ten (10) Days following the event or its discovery.

D.11 Applicable law and language

The Rules and all the related documents are subject to Italian law.

Notwithstanding any translations which may be made of the Rules, whether signed or not, the sole applicable language for interpretation or application of the Rules is English, except for the Appendices, where English and/or Italian language shall apply.

D.12 Dispute resolution

In the event of a dispute arising among RTE and GRTN from the interpretation or execution of the Rules and all related documents, the Parties shall undertake to meet in view of an amicable solution.

The requesting Party shall send to the other Party a proposal for a meeting in view of an amicable solution to the dispute. This proposal shall be sent by recorded delivery letter mentioning the reason of the dispute.

If no agreement is found within thirty (30) Days starting from the above mentioned notification date, each Party can submit the dispute to settlement in application of the rules of the International Chamber of Commerce for arbitration.

Three (3) arbiters shall be assigned to the case.

The arbitration location shall be Rome, Italy.

The arbitral decision shall be definitely binding upon the Parties.