

UNITED KINGDOM

**CONTRACT GUIDANCE FOR THE SUPPLY FROM A VRE PLANT THROUGH THE PUBLIC
GRID**

Between

The IEC Industry

In the Following: IEC

And

The VRE production company

In the Following: VRE

Together: The Parties,

The following contract will be concluded

§ 1 Objective

- (1) Supply IEC with electricity from a variable renewable energy plant owned and operated by VRE
1. (...where relevant to the Parties, indicate specifics of the plant, attach Annex with details)
2. ...
- (2) Adaptation of IEC's electricity demand through shifting production processes to times of high generation from VRE's variable renewable power plant
- (3) Any other objectives

§ 2 Conduct of the Parties towards each other

Due diligence and good faith

§ 3 Electricity supply

- (1) VRE shall supply electricity to VRE from the variable renewable energy plant(s) identified; supply without reserve or balancing electricity and net of VRE own demand
- (2) Obligation for IEC to primarily use the electricity from the VRE plant(s) (take or pay); Clause allowing IEC to contract a third party supplier, where electricity from the VRE plant is insufficient; possibly identify the supplier
- (3) Obligation for VRE to operate the plant(s) at least a certain number of hours per year; explanation that surplus electricity exceeding IEC demand will not be bought from IEC
- (4) Possibly obligation for IEC to adapt production processes/demand to generation forecast from VRE (in particular where price signal is deemed insufficient)
- (5) Obligation on VRE to provide IEC with forecast; possibly attach Annex with template for such forecast

§ 4 Price of the electricity

- (1) Possibly agreement on minimum prices for the VRE electricity to give VRE some investment security
- (2) Clause on variable prices in order to set incentives for IEC to shift demand; reference to Price Sheet/Terms and Conditions of VRE in Annex; explanation that net prices, not including taxes and surcharges; clause explaining that in particular surcharges which come attached to grid use are not included (e.g. grid use tariffs etc.)
- (3) Adaptations to the prices – when set out in price sheet – to be communicated in advance; possibly vest a termination right for IEC

§ 5 Renewable electricity and guarantees of origin

- (1) VRE to prove renewable quality of the electricity through guarantees of origin
- (2) No extra price for guarantees of origin

§ 6 Grid use and metering

- (1) IEC to have grid use contract with grid operator
- (2) VRE to have grid use contract
- (3) Definition of the grid operator in charge for metering; likely the ones to whom IEC/VRE are connected

§ 7 General Terms and Conditions

Clause that VRE's General Terms and Conditions apply¹

§ 8 Duration of the contract

- (1) Entry into force

¹ Note: Where General Terms and Conditions include liability clause, such cannot limit liability for bad performance, allow substantially different performance, or exclude obligation to perform. Compare: Report D3.1, Model Contracts, p. 32.

- (2) Duration of the contract: possibly several years and/or with annual prolongation in case none of the Parties terminates it
- (3) Rules on termination

§ 9 Confidentiality

(Standard) clause on confidentiality

§ 10 Liability

- (1) No liability for VRE in case of disturbances in supply through disruption in grid operation or connection, provided not caused by non-authorized measures of VRE
- (2) Obligation on VRE – where this can be reasonably expected – to inform IEC about grid-related disturbances
- (3) Liability clause (Note: “test of reasonableness”²)

§ 11 Force Majeure

Parties freed from obligations in case of Force Majeure, where not otherwise provided for in contract; possibly reference to the terms of the Law

§ 12 Transferral of rights

- (1) Clause on whether the Parties can transfer their rights and under which conditions

§ 13 Derogatory clause

Example: In the event that one of the clauses of this contract should be or become either invalid or impossible to perform, the other clauses of this contract will not be affected. The Parties will replace the respective provision by a valid provision which is valid and can be performed, but which comes as close as possible to the result of the provision replaced.

² Compare: Report D3.1, Model Contracts, p. 32.

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§ 14 Amendments and additions

- (1) All amendments in writing, including amendments to this clause
- (2) Clause stating whether oral side agreements have been made/other relations between parties in place.

Done

..., the.....

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IEC

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VRE