



BECKER BÜTTNER HELD

UNITED KINGDOM

**CONTRACT GUIDANCE FOR THE BUSINESS MODELL "ELECTRICITY BILL REDUCTION
WITH ON-SITE VRE"**

United Kingdom

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 of renewable electricity to IEC by VRE, from variable renewable energy power plant on IEC's property
- (2) IEC to adapt demand to production patterns of the variable renewable energy power plant; optimization of supply and demand
- (3) Any other objectives)

§ 2 Conduct of the Parties towards each other

Due diligence and good faith

§ 3 Electricity Supply Contract

- (1) Contract to be concluded between the Parties, under which 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) Possibly right for IEC to market surplus electricity freely; alternative: explanation that IEC does not take on surplus electricity and right for VRE to market the electricity¹
- (4) Obligation for VRE to operate the plant(s) at least a certain number of hours per year
- (5) Possibly obligation for IEC to adapt production processes/demand to generation forecast from VRE (in particular where price signal is deemed insufficient)

¹ On self-consumption, and the availability to get an export fee for selling surplus electricity to the grid, see: Report D3.1 Model Contracts, p. 46f. Note as well, that in such case, an electricity supply license may need to be obtained.

- (6) Obligation on VRE to provide IEC with forecast; possibly attach Annex with template for such forecast
- (7) Provisions on the price of the electricity: possibly minimum prices (for VRE to have some financial security), variable prices (to give incentive for IEC to adapt consumption patterns), agreement on price adaptations

§ 4 Liability under the Electricity Supply Contract

- (1) Possibly agreement that VRE not liable for delays in delayed start of the electricity supply, except for intent or gross negligence, and/or exclusion of financial penalties
- (2) Exclusion of liability for disturbances in the supply due to faults in the infrastructure (owned and operated by IEC)
- (3) Possibly (where such risk shall be taken from VRE) exclusion of liability for VRE for deviations from the forecast, i.e. more or less production and the potential need for IEC to buy/sell on the market

§ 5 Technical specifications relating to the construction of the variable renewable energy power plant

- (1) Definition of the variable renewable energy power plant (source, size, etc), reference to annex for specifications
- (2) List of minimum "non-negotiable" points (i.e. source, size, location...) where such exist
- (3) Definition of location of the variable renewable energy power plant, reference to map in annex
- (4) Clause on how to deal with changes to the original plans (i.e. different equipment etc to be used), possibly negotiations in good faith

§ 6 Specifications relating to the operation of the variable renewable energy power plant

- (1) Obligation on VRE to maintain the variable renewable energy power plant operational and ensure proper functioning

- (2) Possibly define authority of IEC in operation of the variable renewable energy power plant, where such authority is agreed between the Parties

§ 7 Contract on access and use of IEC's infrastructure

- (1) Contract to be concluded that IEC has to build and operate infrastructure connecting the variable renewable energy power plant to the connection point at IEC's property to which electricity is to be supplied²
 - (2) Infrastructure to include certain minimum facilities, in particular metering
1. ...
- (3) IEC to grant VRE the right to access and use such infrastructure for the purposes of delivering electricity to IEC; possibly explanation that this is not an exclusive (i.e. discriminatory) right
 - (4) IEC not to charge any costs for access and use of infrastructure; neither costs for balancing or reserve will be passed on to VRE
 - (5) Possibly (where IEC is responsible for marketing surplus production) possibility for IEC to regulate down VRE

§ 8 Contract on access and use of IEC's industrial property

- (1) Parties to construct a right for VRE to access and use IEC's property for the duration of the contract, possibly through limited personal servitude
- (2) After termination of the contract, VRE to remove any legacy stemming from the variable renewable energy power plant, if not agreed otherwise

§ 9 Time frame for the construction and operation of the variable renewable energy power plant

- (1) Start date of construction
- (2) Definition of certain interim steps

² On different options of setting this up, i.e. closed distribution networks, and balancing obligations, see: Report D3.1. Model Contracts, p. 47.

- (3) Envisioned date for becoming operations
- (4) Duration of operation (e.g. 15 years)
- (5) Clause determining what happens in case of delays

§ 10 Duration of this contract

- (1) Entry into force
- (2) Duration
- (3) Rules on termination
- (4) Possibly rules on extension

§ 11 Option to purchase the variable renewable energy power plant

Possibly, option for IEC to purchase the variable renewable energy power plant after duration of the contract; if so provisions on agreement on price (e.g. based on expert opinion), explanation that in such case VRE shall not be obliged to remove it

§ 12 Liability

(Standard) Liability clause

§ 13 General Terms and Conditions

Agreement on applicable General Terms and Conditions

§ 14 Economic Viability Clause

Possibly, clause that where circumstances arise that affect the economic viability of the project (for either party), Parties to negotiate in good faith

§ 15 Confidentiality

(Standard) Confidentiality clause

§ 16 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

§ 17 Transferral of rights

Clause on whether the Parties can transfer their rights and under which conditions

§ 18 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 provision which is valid and can be performed, but which comes as close as possible to the result of the provision replaced.

§ 19 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