SEPS Knowledge Transfer Grid Development

Contract – SEPS / EGI

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Contact: Carlo Degli Esposti

Contact Sheet

Full legal name of lead organisation/ individual:	Elia Grid International SA/NV
Country of registration:	Belgium
Address of registered office:	Joseph Stevensstraat, 7 1000 Brussels Belgium
Telephone number (including country code):	+32 477 988 367
Main contact person for this assignment:	Carlo Degli Esposti
Main contact person's position in the organisation:	Business Partner, Member of the Management Board
Contact person's email address:	Carlo.degliesposti@eliagrid-int.com
Website of the organisation:	http://www.eliagrid-int.com/en

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Introduction EGI

Elia Grid International (EGI) is an international consulting company that offers services in market development, asset management, power system operations and security, system and market operations as well as owner's engineering and investment advisory support both to international clients in the power grid sector and the Elia Group itself.

It is a wholly owned subsidiary of the Elia Group, which consists of two transmission system operators (TSOs): Elia in Belgium and 50Hertz in North-East Germany.

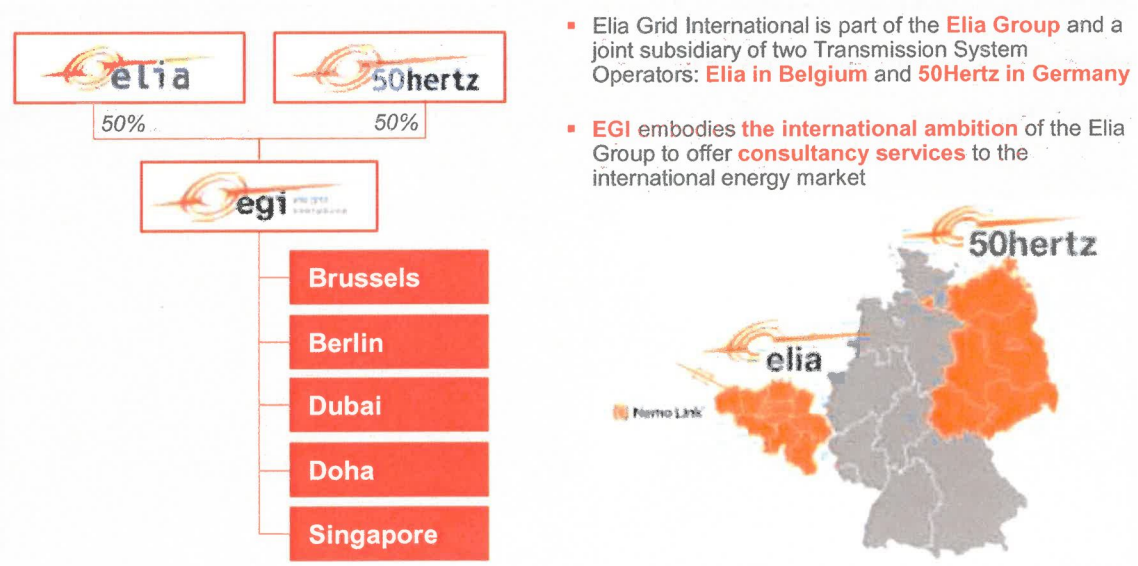
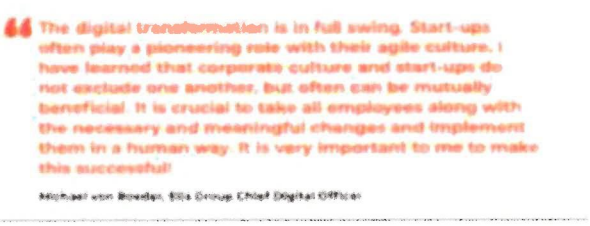


FIGURE 1: EGI AS PART OF THE ELIA GROUP (SOURCE: EGI)



EGI's value proposition stems from its unique blend of in-depth, practical experience of two European electricity transmission system operators with a broader industry-wide perspective by operating in different markets all over the world with a varied staff of professional consultants and experts. This makes it possible for EGI to provide a set of comprehensive and specialised consultancy services based on profound industry knowledge, operational expertise and hands-on TSO experience.

More information on the Elia Group and EGI can be found on their websites:

- https://www.eliagrid-int.com
- http://www.elia.be

http://www.50hertz.com/en/

Introduction SEPS

Slovenská elektrizačná prenosová sústava, a.s., a company founded and duly existing in accordance with the laws of the Slovak Republic and registered in the Company Register administrated by the District Court in Bratislava I, Section Sa, File 2906/B with registered office located at Mlynské nivy 59/A, 824 84 Bratislava 26, the Slovak Republic; Registration Number of the Company (IČ): 358 29 141, VAT ID: SK 2020261342, tax ID: 2020261342, hereinafter referred to as "SEPS".

Management consulting agreement

Elia Grid International SA, Rue Joseph Stevens 7, 1000 Brussels, Belgium (the "Consultant") and Slovenská Elektrizačná Prenosová Sústava a.s., Mlynské nivy 59/A, 824 84 Bratislava 26, Slovak Republic (the "Client") have today entered into the following agreement (the "Agreement").

1 Engagement

1.1 By this Agreement the Client engages the Consultant to provide consultancy services (the "Services") in the project entitled SEPS Strategic development. The scope and details of the consultancy services are set out in the proposal titled "SEPS Strategic development" (the "Proposal").

1.2 The text of the proposal reports all technical and commercial terms completing the content of the Proposal.

2 Scope of Application

2.1 The following terms and conditions (hereinafter the "Terms and Conditions") apply to sales contracts and contracts for services (performance of services or execution of works), and to any contracts that cover a combination of sales and services. These General Conditions govern the relationship between the Seller and the contracting party (hereinafter the "Customer"). The Seller is an Elia group company which could be Elia System Operator SA/NV, Elia Asset SA/NV, Elia Engineering SA/NV, Elia Grid International or any of these companies' subsidiaries (hereinafter, the 'Seller').

2.2 These General Conditions always prevail over any of the Customer's general conditions, regardless of whether there are any other stipulations or conditions contained in the Customer's order form or any of its documents that may be contrary to these General Conditions, unless the Seller accepts expressly and in writing the applicability of the Customer's conditions in whole or in part. The General Conditions may not be modified tacitly. Any conduct that is contrary to what is contained in the General Conditions—even if tolerated by the Seller—shall not operate as a waiver of these General Conditions.

3 Formation and Elements of the Contract

3.1 Only the Seller's firm offer, which has been accepted unconditionally within the offer's validity period, shall be binding upon the Seller.

In all other instances (e.g., an offer with no validity period, an acceptance that is notified after the offer's expiry, conditional acceptance, modifications to the offer, additional items requested by the Customer, etc.), there shall be a valid contract only if there is a Confirmation of the order i.e. a written acceptance by the Seller of the Customer's order. The Contract shall be subject to the conditions contained in the Confirmation.

If the Customer does not agree with the terms contained in the Confirmation, it must inform the Seller immediately and, in any event, no later than eight (8) calendar days from the date of the Confirmation's sending. Failing which, the Customer is deemed to have accepted the terms of the Order's Confirmation.

3.2 The contract between the Customer and the Seller (hereinafter the "Contract") only concerns the delivery of goods and the execution of works and/or performance of services as described in the Contract (hereinafter "the Goods and/or Works and/or Services").

3.3 The Customer waives the application of Article 1794 of the Belgian Civil Code.

3.4 The Contract is made up of the following documents:

- the Confirmation and—to the extent that the terms contained in the following documents do not depart from those of the Confirmation—the Seller's Offer, the Customer's Order, and any subsequent changes to those documents;
- where applicable, the Seller's technical descriptions and the Customer's technical specifications only to the extent the latter does not depart from the former;
- where applicable, the local regulations that apply to works and construction;
- where applicable, the provisions regarding access, safety, well-being, and the environment;
- these Terms and Conditions.

4 Price

4.1 The price always excludes VAT and does not include taxes and duties that are directly levied on the Goods and/or Works and/or Services. Unless otherwise stipulated, the price does not include the cost of transportation, delivery, or collection of the Goods, nor does it include the cost of fitting or installation. All taxes, charges, duties, and costs shall be borne by the Customer.

4.2 Unless it has been agreed that the prices are firm and non-revisable, prices are subject to revision pursuant to the Agoria (national) index. The reference index number is that of the month preceding the Seller's offer and the new index number is that of the month preceding the execution of the works, services, or supplies.

4.3 An exceptional increase in the prices of raw materials, materials, fuels, or salaries or in the prices that subcontractors and suppliers have charged to the Seller entitles the Seller to revise its own prices to the corresponding amounts.

5 Guarantee

5.1 The Seller can request the Customer to make an advance payment and/or give a security that is adequate for guaranteeing the full payment of the price. Failing to pay this advance or security entitles the Seller to suspend the performance of its obligations without prior and formal notice, and any deadlines imposed on them will be automatically suspended. If the Customer's failure persists, the Seller may terminate unilaterally the Contract and claim damages.

6 Payment – Interest and Costs – Protest

6.1 Despite any protest made in accordance with these Terms and Conditions, all invoices must be paid within thirty (30) calendar days after they have been received. An invoice is considered received three (3) business days after its sending date.

6.2 If an invoice is not paid in full by the above-mentioned period of time, the sum due is increased automatically from its due date by (i) the ECB main refinancing interest rate plus eight percentage points, rounded up to the next half percentage point and (ii) a fixed administrative handling fee of 40,00 euro , and this without prior notice and without prejudice to any claim for damages for collection costs.

6.3 Any protest of an invoice must be notified by registered letter within fifteen (15) calendar days from the invoice's sending date. Failing which the invoice shall be considered accepted.

7 Performance Deadlines

7.1 If the Seller undertakes to fulfil its obligations by a particular date or within a particular period of time (hereinafter the "Deadline"), the Seller shall make every effort that can be reasonably expected of it to meet the Deadline or to minimise any delays. Deadlines are only binding if the Contract expressly stipulates that they are binding or are essential prerequisites of the Contract.

7.2 If the Seller is prevented from complying with the Deadline due to circumstances beyond its control, the Seller may extend the Deadline by an appropriate period that is at least equal to the duration of the circumstances that occurred. These circumstances can be, among others, any social conflict, violence, riots, acts of terrorism, assaults, natural or climatic phenomena, war or state of war, delayed in the supply of goods, materials or parts, delays in transport by land, air or waterways, etc., that jeopardizes the Seller's performance of its obligations. Any similar circumstance which is invoked by one of the Seller's suppliers or subcontractors against the Seller is also valid towards the Customer.

7.3 The Customer must meet its own the deadlines.

8 Intellectual Property Rights

8.1 The Consultant shall retain sole and exclusive ownership and all intellectual property rights (including but not limited to copyright) of all (a) know-how, computer software, computer programs, drafts, documents, information, material, inventions, patents or designs owned by the Consultant which the Consultant may use to provide the Services, and (b) the Work Product (as defined below). The Client shall have a non-transferrable, non-exclusive, royalty-free and perpetual license to use any and all Work Product developed pursuant to this Agreement for its business use, which shall include the use by the Client's affiliates. "Work Product" means any code (whether source or compiled), processes, documentation, records, training materials, designs, drawings, specifications, drafts and data developed by the Consultant pursuant to this Agreement.

8.2 The Client shall retain sole and exclusive ownership of all know-how, computer software, computer programs, drafts, documents, inventions, copyrights, patents or designs owned by the Client which the Consultant may use to provide the Services ("Client Intellectual Property"); provided, however, the Consultant shall have a non-exclusive, royalty-free and perpetual license to use any and all Client Intellectual Property in the Work Product.

9 Performance of the Contract

9.1 The Customer guarantees the correctness and completeness of any information, documents, and/or plans that it has provided to the Seller, and exempts the Seller from inspecting or verifying them unless such inspection or verification is explicitly foreseen in the Contract. The Customer shall indemnify the Seller against any damage arising from the use of the information, documents and/or a plan that it has provided to the Seller and shall guarantee the Seller in any third party claims arising therefrom.

9.2 The Seller undertakes to execute and/or provide the Works and/or Services in accordance with the rules of practice and standards in force. The Seller is not under a duty to advise.

10 Price for the consultancy services

10.1 Honorary for the knowledge transfer on the Grid Development is **€95.000,-** (ninety-five thousand Euros)

10.2 Payment schedule

- 100% of the total amount (95.000 € - ninety-five thousand euros) due at the submission of the findings report.

All payments are due 30 calendar days after the date of the invoice. In case of bank holiday or weekend falling on the 30th day, the payment moves to the first working day after the bank holiday or weekend.

11 Offer validity

Offer is valid 30 (thirty) days after the issue date.

12 Publication and entry into force

Since SEPS is an obliged person pursuant to the Slovak Act No 211/2000 Coll. on free access to information (the "Act on free access to information") and since this legal obligation is to be fulfilled regardless of the governing law of the Agreement, Parties agree that:

- the Agreement itself and related tax documents will be published in the manner required by the Act on free access to information;
- the Agreement enters into force on the day of signature by both Contracting Parties and becomes effective on the day following the day of its publication in accordance with § 47a par. 1 of the Slovak Civil Code.

13 Signatures for acceptance

Brussels, 19th July 2022

For Elia Grid International:

Carlo Degli Esposti
Business Partner – Member of the Management Board

Frédéric van Cauteren
Head of Business Development – Member of the Management Board

For Slovenská elektrizačná prenosová sústava, a.s

Mr. Peter Dovhun
Chairman of the Board of Directors

Mr. Marián Širanec
Vice-Chairman of the Board of Directors

ANNEX – Peer Review: Grid Development

Annex A1. Our proposal: scope of work

To provide an in-depth short-term knowledge transfer of the grid planning department of SEPS for the upcoming challenges to submit the ten-year network development plan to URSO (the Slovak energy regulator) in fall 2022, EGI recommends conducting peer review workshops in the summer of 2022. Through this process, quick wins can be identified by EGI and implemented by SEPS before the according deadlines. Within the scope of work, EGI will support the implementation process through additional Q&A sessions and with an additional workshop session to deep dive into potential additional aspects of our methodology during Q4 2022.

Annex A2. The EGI approach to the solution

Our general approach to grid planning topics:

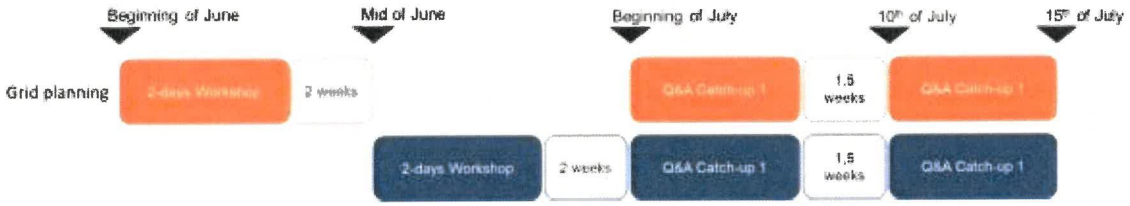
1. Focus on strategic questions in the domain of:
    a. system development,
    b. system long- and short-term planning,
2. Our scope will concentrate on the knowledge transfer.
3. Given the urgency to present the new grid planning and grid development plan in the course of fall 2022, we suggest the following approach to implement quick wins via a peer review:
    a. The work focuses on possible quick wins or quick fixes to present a grid planning and a grid development plan by the end of August/mid of September. Our understanding is that the new grid development plan is already in an advanced stage with a planned delivery of the draft by end of August.
    b. To provide a peer review to the ongoing grid development plan and propose possible practical recommendations for improvements i.e. recommendations that could ease the approval process taking into account the short timeline and advanced stage of the ongoing process (quick wins or quick fixes).
4. The concepts delivered before the summer break will be integrated with an additional session during Q4 which will tackle all concepts of our grid planning approach and methodology which have been deemed not essential to cope with the regulatory deadlines in the end of August.

Annex A2.I. Methodology for the Peer review

1. The peer review will be conducted by two workshops (each 2-days duration), in the general approach. These workshops are designed as working sessions enabling a peer-to-peer exchange/interviews focusing on the key challenges SEPS need to tackle.
2. The two main topics of the workshops will touch the grid planning methodology and the establishment of the grid development plan.
3. Kick-off steps:
    a. Before the kick-off, EGI will review the key documentation on the processes in order to get acquainted with the current implementation and status of completion.
    b. We will then sit together with SEPS in a pre-workshop online meeting, to align on our experts' understanding on the key objectives and scope, to indicate any potential additional material that we need to review and the key topics that should be the focus of the workshop sessions according to the strategic priorities.
4. The structure of each workshop will be based on the review of each fundamental aspect of the topic (grid development and planning), organised in working sessions, in the light of the local challenges and drivers for development.
5. The approach of each session will be in the form of peer-to-peer interviews of the SEPS experts, discussing the key challenges faced in the ongoing process. The workshops will aim to map the key challenges in the processes and to discuss possible recommendations (quick-wins) that could be implemented in the short timeframe. We propose to structure the exchange as follows:

a. A short introduction on the session and respective challenges and how it has been tackled by SEPS. This introduction will not aim to present extensively best practices, but rather confirm the understanding on how each point is tackled in the current implementation in the SEPS processes.
b. A peer-to-peer interview/discussion with SEPS experts, to put the evaluation in the context of SEPS and discuss the key challenges of the ongoing process. Our experts will tackle these issues trying to assess possible gaps and discuss with the SEPS experts possible improvement points, taking into account the existing framework (identification of quick-wins). We believe that such an open and collaborative approach is needed in order to identify solutions that could be implementable in the ongoing process and timeframe.

After the workshop we will review the key findings and identify possible actions for the short-term (quick wins): actions that could be implemented in the current ongoing process. After each workshop, we will plan the possibility of two online catch-up with the experts, indicatively of 2-3 hours (depending on the number and criticality of the questions to be tackled and the quick wins identified), to round-up the outcomes of the discussion.



In the timeline here above, the white boxes represent the lag time between the events, to review the last discussion and organise the next one.

6. Each workshop and catch-up session will be followed up by a written review of what has been discussed, so to keep track of the key gaps identified in each session and the recommendations to mitigate them.
7. We will not undertake actions to design any new procedure or system: we believe that it is fundamental that SEPS experts assess internally how to best close the gaps we have been highlighting, so to realise a first part of the knowledge transfer process.
8. We will conduct a final deep dive session (1- or 2-days' workshop, not detailed in the work program here above) during Q4 2022 to tackle all topics and elements related to our grid planning methodology which have been considered unessential for supporting SEPS in the view of the regulatory delivery term of end of August 2022.

Annex A2.II. Deliverables

After the two days' workshop	Report about the identified gaps and high level suggestions on the action plan to fill them
After every Q&A session	Q&A session report with the questions from SEPS and the answers from EGI experts

Annex A3. The team

The key experts on the proposed Project Team have been specifically selected by EGI for their deep technical knowledge, analytical skills, and experience, to fully satisfy the requirements of the project. We are further fully confident that this team with its unique TSO and strategic expertise, will deliver services of the highest quality, on time and within budget.

Role in the Project	Name of Expert
Project Director	Carlo Degli Esposti
Project Manager	Gregor Herndlhofer

TABLE 1: EGI EXPERT TEAM

Role in the Project	Name of Expert
Expert	Fabian Georges
Expert	Dr Georgios Papaefthymiou

Carlo Degli Esposti – Director Strategy, Market & Regulation - EGI

Carlo has been gathering a multifaceted international career as senior team leader and gas and electricity expert across Italy, Belgium and Germany, where he has been working for top-tier utilities (Terna, E.ON, Uniper, TenneT and others) across the whole of the energy value chain (generation, trading, transport). His broad set of competencies and knowledge ranges from electricity and gas market design, tariff design and commodity pricing, asset management, portfolio optimization, investment decision-making and project financing, power system operation and market entry strategies, especially for new business related to electricity generation and P2X.

Carlo has been leading several multiparty projects to the delivery of key pieces of European energy regulation (the ETSO proposal Inter TSO Compensation for Transit, which represents the equivalent for electricity of the EU Roaming agreement for telecoms, singed by 42 European TSOs and being translated by the European Commission in Regulation 838/2010, impacting on transmission asset capped valued to 100mEUR ; coordination of the TSOs for the Central Western European Region – France, Germany, Netherlands, Belgium and Luxembourg – for the creation of a single electricity market area in the region, trading yearly more than 500 TWh of power, with 275 members over 8 countries after its expansion to Switzerland, Austria and UK). Carlo has been supporting TenneT TSO in Germany to draft the Regulatory and Financing principles for a meshed HVDC grid in the North Sea to facilitate the integration of Offshore wind power with the perspective of reaching 400 GW of installed power in 2050. In the perspective of a radical change of how energy will be used in the future decades, Carlo has been helping several utilities in Italy and Germany, especially distribution system operators, in redesigning their asset management policies and operations, so to optimize their regulatory result and improve the overall efficiency in maintenance and grid development.

Carlo hold both Italian and German nationalities, holds a master's degree in Electrical Engineering with honors from University of Bologna (Italy, 1999) and an Executive MBA from HEC Paris (France, 2010). He speaks fluently and writes proficiency in five languages.

Gregor Herndlhofer – Senior Consultant - EGI

Gregor has more than 10 years of experience in Consulting, out of which 8 years he worked in the energy industry. His focus has been on strategy and long-term investment planning, including modelling of electricity and gas markets, financial valuation and risk and sensitivity analysis.

He has been responsible for the Project Management of various commercial, technical and HSE Due Diligences in the energy industry, including, but not limited to thermal generation units, electricity, gas and district heating networks in addition to renewables and hydrogen. Furthermore, Gregor supported clients in the development of offshore HVDC infrastructure to electrify oil and gas platforms.

He has more than 8 years of wholesale electricity market modelling experience, next to the impact analysis of power plants and electricity infrastructure, incl. Cost-Benefit Analysis and decarbonization studies. Gregor has an MSc of the University of Tilburg and a BSc from WU (Vienna University of Business and Economics) and speaks fluently German and English.

Fabian Georges - Head of Power System Operations & Grid Development - EGI

Fabian has more than 18 years of professional experience in the field of transmission system operation, energy systems also with high RES share, grid planning and modelling of energy systems as well as drafting of technical regulations and network codes for transmission system operators. He is able to provide not only his expertise, but also reflect experiences of the TSOs in Belgium and Germany as well as international best practices in terms of system planning and operations. Fabian holds Master of Science in Electrical Engineering from the University of Louvain (Université Catholique de Louvain - UCL) as well as a Master in Management from the same university. Fabian has attended programs at the Vlerick Business School and Florence School of Regulation. Currently, Fabian is Head of Power System Operations and Development at Elia Grid International (EGI) – an international consulting company. Prior to joining EGI, Fabian held different positions at the Belgian TSO Elia related to strategic grid planning, market modelling, investment portfolio management, RES integration, grid studies, offshore grids, cross-border interconnectors, socio-economic evaluation of grid projects and European collaboration for the development of cross-border interconnections. In his career Fabian managed a number of projects in the electricity sector, including international consultancy projects.

Dr Georgios Papaefthymiou – Senior Expert Power System Operation and Security - EGI

Dr Georgios Papaefthymiou works as a Principal Consultant in EGI and has more than 19 years of professional experience in the power sector on technical, economic and policy aspects related to power system and markets development and operation with a focus on renewable energy integration. Prior to joining EGI in 2016, he worked as Senior Consultant Power Systems and Markets at Ecofys, combined to a research associate position at Delft University of Technology. He has worked and managed a wide variety of projects in topics including power system and network planning and security assessment, integration of renewable energy sources, power system flexibility, power market design, offshore (HVDC) grids, energy storage and distributed energy resources integration. He has a unique knowledge of the full range of technical, economic and policy aspects related to the future development of power systems and power markets and a profound modelling knowledge ranging from network analyses (stochastic steady state assessment), power system operational optimization (unit commitment/energy dispatch), investment analysis (network and generation) as well as transmission technologies.

He offers a rare combination of practical experience from industry, managerial skills and excellent academic competences coupled to a research background manifested by more than 70 publications in international journals and conference proceedings. He holds an MSc on Power Engineering from the University of Patras, Greece with focus on High Voltage equipment technology, and a PhD in Electrical Engineering from Delft University of Technology, in Integration of variable renewables in power system operations and planning. He is native Greek s^1peaker, fluent in English, German, Italian and Dutch.