

## Description of routines for establishing security

April 2 2004

The routines describe rules for the practical cooperation between the balance responsible market player, the banks and Statnett. The balance responsible market player is obliged to use a bank amongst those approved by Statnett at any one time.

### ROUTINE 1: WEEKLY SECURITY REQUIREMENTS

Action	Deadline*
Statnett calculates new security requirements and publishes these on the Internet	Mon 10 a.m.
When updated security requirements are published on the web pages the players will be contacted by mail	
The balance responsible market player logs into the web pages with user id and password and accesses the information on security requirements for his own company	
The balance responsible market player considers whether they have adequate security and contacts his bank in order to possibly raise more security in the deposit account or as a bank guarantee. The balance responsible market player is responsible for the bank informing Statnett on raised security by Tuesday at 10 am.	Mon 2 p.m.
The bank sends a confirmation to Statnett on raised security: <ol style="list-style-type: none"> <li>1. Deposit account: information** is sent to Statnett on e-mail <a href="mailto:avregning@statnett.no">avregning@statnett.no</a></li> <li>2. Bank guarantees: if the player has raised more security as a bank guarantee, the bank sends a copy of the bank guarantee to Statnett on fax: +47 22527252</li> </ol> Such confirmation is only sent for players with alterations in raised security	Tues 10 a.m.
Statnett combines raised security for all players and compares this with the requirement. Statnett verbally reminds players who have not raised sufficient security.	Tues at 1 p.m.
Balance responsible market players with a reminder must provide security the same day	Tues 2 p.m.
Final deadline for the bank to send confirmation to Statnett that players with reminders have provided security. The confirmation is only related to players with reminders, and these players are to give the bank notice to report to Statnett by Wednesday at 10 a.m. if security is still not adequate, routine 6 is put into action: Default	Wed at 10 a.m.

\*) If the deadline falls on a public holiday or weekend, the deadline is the following bank working day, at the same time

\*\*) The information shall contain the following information: Company registration number, name of the player, account number, disposable amount, date. The information is preferably to be sent as a semicolon-divided file. See Appendix 1.

## ROUTINE 2: CONTINUOUS EVALUATION OF THE SECURITY REQUIREMENT

During the week the need for increased security may be revealed. The routine will then be as follows:

Action	Deadline*
Statnett contacts the player by phone and informs that the security must be increased	Day 0 3 p.m.
On the same day Statnett sends a confirmation of, and the justification for the security requirement by mail	Day 0
The balance responsible market player contacts his bank to increase the amount in the deposit account or put up a bank guarantee, as well as giving notice that confirmation must be sent to Statnett.	
The bank sends a confirmation to Statnett about raised security: <ol style="list-style-type: none"> <li>1. Deposit account: information** is sent to Statnett by mail: <a href="mailto:avregning@statnett.no">avregning@statnett.no</a></li> <li>2. Bank guarantees: if the player has raised more security as a bank guarantee, the bank sends a copy of the bank guarantee to Statnett by fax: +47 22527252</li> </ol>	Day +1 12 noon
If security is not sufficient, routine 6 is implemented: Default	Day +1 1 p.m.

## ROUTINE 3: RELEASE OF RAISED SECURITY

In the case of too much security the excess should be released in accordance with the following routine:

Action	Deadline
The player contacts Statnett with a request to release the security	Continuous in the time between 9a.m. and 3 p.m.
Statnett deals with the request: <p>Requests before 12 noon are answered the same day.</p> <p>Requests after 12 noon are answered the next bank working day</p>	+ 3 hours after receipt
Statnett sends confirmation by mail to the bank with copy to the player. The confirmation shall contain the following information: <ul style="list-style-type: none"> <li>- Deposit account: if the release concerns a deposit account the confirmation must provide information about name of the player, account number, minimum disposable amount in the deposit account, date</li> <li>- Bank Guarantee: if the release concerns bank guarantees, the confirmation shall in addition give information on the minimum requirement to the bank guarantee.</li> </ul>	+ 3 hours after receipt
The balance responsible market player sends a fax to his own bank with a request for withdrawal in line with the above correspondence and disposal authorities.	

#### ROUTINE 4: NEW BALANCE RESPONSIBLE MARKET PLAYERS

The establishment of initial security for new balance responsible market players follows this procedure:

Action	Deadline
Statnett registers that access to the wholesale market is applied for (the establishment of a balance agreement). The player shall then be granted access to the web pages, where subsequent security requirements are presented.	Continuous
The player must establish a deposit account or raise a bank guarantee through one of the approved banks.	3 bank working days before trading
The player notifies Statnett about contact persons concerning security (names, mail address, telephone and fax).	3 bank working days before trading
Statnett and the player agree on security amount, which must be put up before trading in the wholesale market can begin.	3 bank working days before trading
The player is obliged to raise security as agreed, as well as to notify the bank to send confirmation to Statnett.	3 bank working days before trading
The bank sends confirmation to Statnett about raised security: <ol style="list-style-type: none"> <li>1. Deposit account: information** is sent to Statnett by mail: <a href="mailto:avregning@statnett.no">avregning@statnett.no</a></li> <li>2. Bank guarantees: if the player has raised security as bank guarantee, the bank sends a copy of the bank guarantee to Statnett by fax: no +47 22527252</li> </ol>	3 bank working days before trading
Trading may start	
The week after trading has begun revised security requirements will be published on the Internet and routine 1 followed	

#### ROUTINE 5: TERMINATION OF BALANCE AGREEMENT

When the balance agreement is terminated and all requirements met, the security requirement will be terminated

Action	Deadline
Statnett receives notice of termination of the balance agreement and keeps a track of the player's outstanding amount	Continuous
When all claims are met Statnett will notify the bank with information that the player is no longer a balance responsible market player, that all claims are met and that all security raised shall be released. A copy is sent to the player. The notification shall be sent in writing per fax or by letter. Statnett shall send any bank guarantees/pledge agreement in return to the bank.	Immediately after all claims have been met

## Unofficial translation. Official documents are in Norwegian language

### ROUTINE 6: DEFAULT

If the balance responsible market player does not raise security in line with the balance agreement and the set of rules, this routine is normally followed

Action	Deadline
If Statnett has not received adequate security in accordance with routines 1 and 2, contact is made with the player in order to: <ol style="list-style-type: none"><li>1. Give notice that the balance agreement is considerably in default.</li><li>2. Inform that Statnett can withhold payment for trading in the regulated power market without further notice.</li><li>3. Inform that Statnett may shorten the payment deadlines for invoices.</li><li>4. Inform that the player now may be excluded from the wholesale market.</li><li>5. Inform that Statnett may prepare special security requirements for the player.</li></ol> On this basis new security requirements are established, as well as agreeing if and when security may be in place.	Day 0
Confirmation from the bank on raised security shall reach Statnett after special agreement: <ol style="list-style-type: none"><li>1. Amount on a deposit account -&gt; by mail</li><li>2. Bank guarantee -&gt; by fax</li></ol>	As agreed
Individual follow up of the player	

In special cases Statnett can claim default on the balance agreement and start an action against the player with deviating processes and shorter deadlines than the routines described in 1-6. In such a case Statnett must inform the player about this.

### APPENDIX 1: Example of a semicolon-divided file

These are samples of how information is arranged in a semicolon-divided file:  
(company registration number, name of player, account number, disposable amount, yyyyymmdd)

1234554321;Hafslund;20401612345;10000000;20040319  
2345665432;Fjordkraft;20401655576;50000000;20040319  
3456765432;Ishavskraft;20401698677;20000000;20040319