

INTERCONNECTION LINE OWNER LICENSE

The Interconnection Line Owner License under number XXXX is granted pursuant to Article 26(1) of the Law Regulating the Electricity Market of 2021 (Law 130(I)/2021).

The Cyprus Energy Regulatory Authority (CERA), exercising its powers under the Law Regulating the Electricity Market of 2021 (Law 130(I)/2021), as well as any other powers it has under any other Laws, Regulations and Decisions for this purpose, grants this License whereby

XXXXX

(ID CARD NO / REG. NO HEXXXXX)

is licensed in accordance with the provisions of the Law to possess rights to perform any of the duties of the Interconnection Line Owner for the interconnection line, as specified in the Law.

Standard Conditions of the Interconnection Line Owner License

This Interconnection Line Owner License is granted subject to the following conditions:

1. Definitions

The words, terms and expressions given a specific meaning under the Law Regulating the Electricity Market of 2021 (Law 130(I)/2021) and the Regulations Regulating the Electricity Market (Issuance of Licenses) of 2004 [Regulatory Administrative Act (KDP) 538/2004] shall have the same meaning in this License.

Other words, terms and expressions used in this License which are not interpreted by the above Law or the aforementioned Regulations, shall have the meaning given to them in this License.

2. Compliance with the Law Regulating the Electricity Market of 2021 and Regulations, Regulatory Decisions and Decisions deriving therefrom

The Licensee shall ensure that all activities covered by this License comply at all times with the Law Regulating the Electricity Market of 2021 and all Regulations and Regulatory Decisions deriving therefrom, as well as with subsequent revisions and amendments thereof.

Non-compliance by the Licensee with any provision of the Law or the Regulations, Regulatory Decisions and Decisions deriving therefrom or the special terms and conditions set out in this License, gives CERA the right to impose an administrative fine on the Licensee and/or suspend or revoke this License.

The Licensee shall comply with any provision of other Laws relating to the provisions of the Law Regulating the Electricity Market of 2021, whether or not they refer to it.

3. Compliance with the Rules arising from the Law Regulating the Electricity Market of 2021

The Licensee shall ensure that he/she/it complies with all the Rules deriving from the Law Regulating the Electricity Market of 2021 and in particular with:

- (1) the applicable Transmission Rules and Distribution Rules; and
- (2) the applicable Electricity Market Rules

4. Compliance with other Laws, Regulations, Decrees and Rules

The Licensee has the obligation and responsibility to comply with the applicable Laws, Regulations, Decrees and Rules of the Republic of Cyprus and to ensure that the Station and the activities covered by this License are consistent with them.

This License does not exempt the licensee from the obligation to obtain any other approvals or licenses required by any other Law.

5. Compliance with European Regulations and Rules related to interconnections

The Licensee shall comply with the provisions and requirements of European Regulations and Rules related to cross-border matters, such as cross-border flows, exchanges and transactions of electricity, as well as capacity allocation and congestion management.

6. Compliance with Network Codes

The Licensee shall cooperate with CERA for the preparation and adoption of the Network Codes, where applicable, and shall comply with their provisions and requirements and the guidelines provided for in the Law Regulating the Electricity Market of 2021 or in Chapter VII of Regulation (EU) 2019/943, as long as they apply or are related to the activities covered by this License.

7. Fees

The Licensee has the obligation to pay to CERA all the fees as defined in the License Fees Regulations in force.

8. Powers to obtain information

The licensee has the obligation to provide CERA with any documents, information or other material that CERA may require for the exercise of its duties, responsibilities and powers.

9. Right to enter and inspect

The Licensee has the obligation to allow CERA or its authorized operators to enter his/her/its premises or means of transport, to provide them with any document or

other material requested and to keep books, documents and registers as requested.

10. Keeping separate accounts

The Licensee has the obligation to keep separate accounts for each of the activities for which it is required to possess a License.

11. Prohibition of cross-subsidization

The Licensee is prohibited from cross-subsidizing between transmission, distribution and supply activities or other electricity or non-electricity activities.

12. Data management

The Licensee must, when managing customers' data, comply with the rules established by CERA and the requirements of the Law concerning Data Management.

13. Non-discrimination

The Licensee shall conduct the activities covered by this License in a manner consistent with equal treatment and non-discrimination among users of the services provided.

14. Obligation of confidentiality

The Licensee is prohibited from announcing or providing to third parties, in any way, confidential data or information of which he/she/it has become aware or notified in the exercise of his/her/its responsibilities and has the obligation to prevent information relating to his/her/its activities from being disclosed in a discriminatory manner.

Information that is necessary for effective competition and the efficient operation of the electricity market shall be made public.

15. Provision of information and cooperation with the Interconnection Line Operator, Transmission System Operator - Cyprus, Distribution System Operator, Market Operator and other system operators

(1) The Licensee is required to provide the Interconnection Line Operator, the Transmission System Operator - Cyprus (TSOC), the Distribution System Operator,

and the Electricity Market Operator with all the information that it possesses as an Interconnection Line Owner and which is necessary for the performance of their obligations deriving from the Law, the Regulations, Rules, Decisions and Regulatory Decisions of CERA and their Licenses, in order to ensure safe and effective management, coordinated development and interoperability of the interconnection line of the Transmission System and the Distribution System, as well as proper functioning of the electricity market.

(2) The Licensee shall provide to other operators of interconnected systems, in such manner and as often as may be reasonably required, such information as may be reasonably required by other system operators, in order to ensure safe and efficient functioning, coordinated development and interoperability of the interconnected systems.

(3) The Licensee shall draw up and maintain in force a cooperation protocol with the Interconnection Line Operator, the TSOC and the Market Operator which ensures that any issue that falls under the control of the Licensee, in the capacity of the holder of this License, or also under the control of the Interconnection Line Operator or the control of the TSOC or the control of the Market Operator and affects the capability of the Licensee or of the Interconnection Line Operator or of the TSOC (as the case may be) to continue the operational functioning of the Interconnection Line or the Cyprus Transmission System or affects the capability of the Market Operator, shall be treated or handled (the issue) in such a way that the Licensee or the Interconnection Line Operator or the TSOC or the Market Operator be able, on an ongoing basis, to continue the proper operational functioning of the interconnection line or the Cyprus Transmission System or the proper functioning of the electricity market.

(4) The protocols concluded on the basis of this condition shall be submitted to CERA for approval prior to their conclusion and are subject to amendment at the joint request by the parties to CERA or at the request of CERA.

16. Interconnected System Protocols

(1) In compliance with the provisions of Articles 108, 109 and 110 of the Law Regulating the Electricity Market of 2021, the holder of this license, for the purposes of exercising its powers, shall conclude, as the Interconnection Line

Owner, the necessary Interconnected System Protocols with the Interconnection Line Operator and the TSOC (or shall cooperate in the conclusion thereof) with the aim of promoting and ensuring, inter alia, the interoperability of the interconnected systems and the proper, safe and smooth operation of the electric lines and the interconnection lines as regulated in the aforementioned legislation, the interoperability requirements and rules pursuant to Articles 34 to 47 and Article 57 of Regulation (EU) 2019/943 and Articles 24 and 40 of Directive (EU) 2019/944 and any respective amendments thereto.

(2) The Licensee, for the purposes of fulfilling the activities covered by this License, shall exercise all the powers specified in the Law Regulating the Electricity Market of 2021 and shall comply with the conditions of the Interconnected System Protocols. The Licensee, the Interconnection Line Operator and the TSOC shall consult each other and keep the protocols concluded in force in accordance with the instructions and requirements of CERA.

(3) The protocols shall be approved by CERA and revised accordingly whenever the TSOC, the Interconnection Line Operator, the Interconnection Line Owner or CERA deem necessary.

17. Ten-year Interconnection Line Development Plan

It is the Licensee's responsibility, in accordance with the Law and the Regulations, Regulatory Decisions and/or Decisions deriving therefrom, to carry out maintenance and construction works or implement any other works in accordance with the Interconnection Line Development Plan and the conditions of Interconnected System Protocols as well as to ensure that all transmission requirements and all obligations under the Law and the Rules, Regulatory Decisions and/or Decisions deriving therefrom are met as fully, efficiently and economically as possible.

In order to fulfill its duties, the Licensee must ensure that it has the necessary human, technical, material and financial resources.

18. Statement of Assets of the Interconnection Line Owner under a Regulated Asset Base

The Licensee is required to keep a regulated asset base statement in which the

value of the Interconnection Line Owner's assets taken into account for regulatory purposes is determined, in compliance with each Regulatory Decision and/or Decision issued by CERA in which the relevant asset classification criteria, the method of determining their value, as well as all necessary details for the implementation and updating of the statement shall be defined.

19. Regulating and recovering management costs of the Licensee

The fees and charges collected by the Licensee for all the services offered in accordance with the conditions of this License, shall be determined pursuant to the requirements of the Law, the Regulations in force and the Regulatory Decisions of CERA for billing procedures.

20. Public Service Obligations

The Licensee has the obligation to fulfill all Public Service Obligations in accordance with the Legislation and Decrees which are in force or will be in force during the period of validity of the License that he/she/it holds and to comply with any Decisions of the Minister which are made in accordance with Articles 111 and 112 of the Law Regulating the Electricity Market of 2021.

21. Update on participation in other activities

The Licensee shall at all times keep CERA informed of any direct or indirect interests it may have in any electricity company, outside of Cyprus and the above countries, as well as any other electricity companies it intends to acquire directly or indirectly.

22. Change in the ownership status of the legal person

Any change in the ownership status of the legal person (Licensee) shall be made in accordance with the provisions referred to in the Law Regulating the Electricity Market of 2021 and the Regulations, Regulatory Decisions and Decisions deriving therefrom as well as the subsequent revisions and amendments thereof.

Where the Licensee is a legal person and intends to make a change in its ownership status, it is required to obtain the prior written approval of CERA.

Where the Licensee changes the ownership status following a relevant approval by CERA, it must inform CERA within one month from the date of the change.

23. Disposal of assets

(1) The Licensee shall prepare and maintain a register of all relevant assets. It should keep such register up-to-date and its content accurate and provide a copy thereof to CERA on an annual basis.

(2) Where the Licensee intends to dispose of any asset or relinquish the operational control it has over it or waive any right it has to it, he/she/it has the obligation to submit a written notice to CERA at least one (1) month in advance. CERA has the right to request any additional relevant information.

(3) The Licensee may dispose of or waive its right to any asset if -

(α) CERA confirms in writing that it consents to such disposal or waiver, under the conditions that CERA may impose or

(β) CERA does not inform the Licensee in writing of any objection to such disposal or waiver of his/her/its right to an asset, or relinquishment of its control within the notice period.

(4) CERA does not grant its consent if it justifiably considers that the disposal or waiver will adversely affect the Licensee's ability to fulfill his/her/its obligations under applicable laws or regulations or the activities authorized or required by this License;

(5) CERA issues instructions from time to time requiring the Licensee to notify it of proposed disposals of his/her/its relevant assets in a specified description. Those instructions shall include guidelines regarding certain categories of disposals which cannot be carried out until CERA agrees to them or a certain period of time has passed.

(6) If the assets or any of them are used or made available for use or if they are proposed to be used or made available by the Licensee for interests other than or in addition to the performance of the activities authorized or required by this License, the Licensee shall notify in writing and provide to CERA the necessary information regarding their use.

For the purposes of this condition –

“disposal” shall include any sale or transfer or assignment of rights to another person or creation of any encumbrance in respect of any asset;

“asset” shall include any land, transmission system equipment or other material asset used when carrying out work authorized by this license where the asset has

a replacement value of more than one hundred thousand euros (€100,000.00).

24. Code of conduct

The Licensee shall prepare and submit to CERA for approval a code of conduct that applies to all managers and persons employed under a contract of employment and shall ensure that the code is included in all contracts of employment with him/her/it.

25. Amendment to the License

This License may be amended in accordance with the provisions referred to in the Law Regulating the Electricity Market of 2021 and the Regulations, Regulatory Decisions and Decisions deriving therefrom as well as subsequent revisions and amendments thereof.

Where the Licensee wishes to amend particulars or conditions of the License he/she/it has the obligation to submit for approval to CERA, in a timely manner, a request for the amendment of the License.

26. Period of validity of the License

This License is valid for years from the date on which it is granted.

27. Extension of the validity of the License

The validity of this License may be extended in accordance with the provisions of the Law Regulating the Electricity Market of 2021 and the Regulations, Regulatory Decisions and Decisions deriving therefrom as well as subsequent revisions and amendments thereof.

Where the Licensee intends to request an extension of the period of validity of the License he/she/it holds, the licensee has the obligation to submit for approval to CERA, in a timely manner, a request for an extension of the period of validity of the License before its expiry.

28. Suspension and revocation of the License

This License may be suspended or revoked in accordance with the provisions of the Law Regulating the Electricity Market of 2021 and the Regulations, Regulatory Decisions and Decisions deriving therefrom as well as subsequent revisions and amendments thereof.

29. Termination of the License

Where the Licensee intends to terminate the activities for which this License has been granted, he/she/it is required to submit to CERA a written notice of termination of the license and obtain CERA's prior written approval. CERA shall not withhold such an approval unreasonably.

Nicosia, XXXXXX (date)

President

Vice president

Member