

## Credit Support Annex

to the

### Contract for Differences being a PSO-Supported Contract Financial Energy Master Agreement

with an Effective Date of: .....

between

**ELECTRICITY SUPPLY BOARD**

("Party A")

and

.....  
("Party B")

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This Credit Support Annex (the "**Annex**") shall constitute an Annex to, and shall modify, supplement, amend, form part of and be subject to the Master Agreement referred to above and to which it is annexed at the time of its execution.

## CREDIT SUPPORT ANNEX

The Parties agree to provide each other with Eligible Credit Support according to the following provisions. This shall serve to collateralize outstanding obligations between the Parties from time to time pursuant to the Agreement.

### Clause 1 Definitions and Interpretation

1. **Definitions:** In addition to the other terms and phrases in the Master Agreement, the capitalized terms used in this Annex shall have the meanings set out in Appendix 1.
2. **Interpretation:** Headings and titles are for convenience only and do not affect the interpretation of this Annex. Unless otherwise described, references in this Annex to paragraphs are to paragraphs of this Annex. In the event of inconsistency between this Annex and other provisions of the Master Agreement, this Annex will prevail. In the event of inconsistency between Clause 14 and the other provisions of this Annex, this Clause 14 will prevail. References to "transfer" in this Annex mean, in relation to Cash, payment, and in relation to other assets, delivery.

### Clause 2 Valuation Agent and Determination of Valuations

1. **Valuation Agent:** The Valuation Agent shall be the agent designated as such in Clause 14.5. Should the Parties not have determined a Valuation Agent under Clause 14.5, the Party asserting a claim for transfer under Clause 3 or Clause 4 shall be the Valuation Agent. Should a Material Reason have occurred in relation to the Valuation Agent designated in accordance with sentences one or two of this Clause 2.1, the Party in relation to which the Material Reason does not subsist shall assume the function of Valuation Agent for so long as the Material Reason subsists.
2. **Determination of Valuations:** The Valuation Agent or the Party assuming the function of Valuation Agent in accordance with Clause 2.1 shall determine the Base Currency Equivalent at the Valuation Time on each Valuation Day and inform the Parties at the Notification Time of:
  - (a) the amount of any Exposure;
  - (b) the Value of any Eligible Credit Support held under this Annex;
  - (c) the amount of any Credit Support Amount; and
  - (d) the amount, if any, which may be transferred pursuant to Clause 3 or Clause 4 if requested by the Transferee.

### Clause 3 Credit Support Obligations

1. **Credit Support Obligations:** Upon demand by a Party (the "Transferee") on or promptly following a Valuation Day, the other Party (the "Transferor") shall transfer to the Transferee Eligible Credit Support in an amount equal to the amount by which the Credit Support Amount of the Transferee exceeds the Eligible Credit Support held by the Transferee at the Valuation Time. Eligible Credit Support demanded but not received by a Party prior to a Valuation Time shall be deemed to be held by it, provided that the transfer of such Eligible Credit Support is due on or after such Valuation Time.
2. **Delivery of Eligible Credit Support:** Subject to Clause 8, should a Transferor receive a request for Eligible Credit Support in accordance with Clause 3.1, then the Transferor shall transfer to the Transferee the requested Eligible Credit Support not later than close of business on three (3) Business Days following such request by either:
  - (a) transferring Cash to the account of the Transferee specified in Clause 13; or
  - (b) providing a Letter of Credit.

### Clause 4 Return of Eligible Credit Support

1. **Excess Credit Support:** Upon written request by the Transferor on or promptly following a Valuation Day, the Transferee shall within three (3) Business Days of receipt of such request, transfer to the Transferor Eligible Credit Support in an amount equal to the amount by which the Eligible Credit Support held by the Transferee exceeds the Credit Support Amount of the Transferee at the Valuation Time.
2. **Return of Eligible Credit Support:** Subject to Clause 8, should a Transferee receive a request pursuant to Clause 4.1, then the Transferee shall transfer to the Transferor the requested Eligible Credit Support not later than close of business on the third Business Day following such request by either:
  - (a) transferring Cash to the account of the Transferor specified in Clause 13; or
  - (b) where the Eligible Credit Support is a Letter of Credit, and as preferred by the Transferor, waiving its rights, in part or in whole, under, or agreeing to the amendment or revocation of the Letter of Credit and, where relevant, its return. The Transferee may waive its rights conditional upon the transfer of other Eligible Credit Support such that its Value, when

added to the Value of the remaining Eligible Credit Support held by the Transferee, equals the Credit Support Amount of the Transferee.)

#### Clause5

##### Minimum Transfer, Threshold and Independent Amounts

1. **Minimum Transfer Amount:** In the event that a Minimum Transfer Amount has been agreed for a Party in Clause 14.1, that Party shall be obliged to transfer pursuant to Clause 3 or Clause 4 only if the Value of the Eligible Credit Support to be transferred is at least equal to such Minimum Transfer Amount.
2. **Threshold Amounts:** In the event that a Threshold Amount has been agreed for a Party in Clause 14.2, that Party shall be obliged to transfer pursuant to Clause 3 or Clause 4 only if the Exposure of the other Party minus any Independent Amount of such Party, in addition to the first Party's Independent Amount if any, is at least equal to the Threshold Amount.
3. **Independent Amounts:** In the event that an Independent Amount has been agreed for a Party in Clause 14.9, such amount shall be added to the Exposure of the other Party when determining the Credit Support Amount of such other Party, and shall be deducted from its own Exposure when determining its own Credit Support Amount.

#### Clause6

##### Exchange of Eligible Credit Support

**Exchange of Eligible Credit Support:** Subject to the approval of the Transferee (not unreasonably to be withheld), the Transferor may replace, in whole or in part, any Eligible Credit Support provided under this Annex by Eligible Credit Support of the same or higher Value. The Transferee shall have no obligation to transfer the Eligible Credit Support which it holds until it has received the replacement Eligible Credit Support.

#### Clause7

##### Transfer of Title, Representation and No Security Interest

1. **Transfer of Title:** Each Party agrees that all right, title and interest in and to any Eligible Credit Support or Interest Amount which it transfers to the other Party under the terms of this Annex will vest in the Transferee free and clear of any liens, claims, charges or encumbrances or any other interest of the Transferor or of any third person.
2. **Representation:** Each Party represents to the other Party (which representation is deemed to be repeated on each day on which it transfers Eligible Credit Support or an Interest Amount) that it is the sole owner of or otherwise has the right to transfer all such Eligible Credit Support or Interest Amount to the other Party under this Annex, free and clear of any security interest, lien, encumbrance or other restriction.
3. **No Security Interest:** Nothing in this Annex is intended to create or does create in favour of either Party any mortgage, charge, lien, pledge, encumbrance or other security interest in any cash or other property transferred by one Party to the other Party under this Annex.

#### Clause8

##### Dispute Resolution

1. **Objections:** Should a Party object to the Valuation Agent's calculation of Eligible Credit Support to be transferred, or the Value of any Eligible Credit Support, then such Party will notify the other Party and the Valuation Agent (if not the other Party), setting out the reasons for the objection, not later than the close of business on the Business Day following the day on which the relevant demand for Eligible Credit Support is received, or on the Business Day on which Eligible Credit Support is Transferred, as relevant.
2. **Undisputed Amounts:** Where a Party disputes the Valuation Agent's calculation of Eligible Credit Support to be transferred, the appropriate Party will transfer the undisputed amount, if any, to the other Party no later than the time such transfer is due pursuant to this Annex.
3. **Resolution:** The Parties will consult each other in an attempt to resolve disputes. If the Parties fail to resolve a dispute by the Resolution Time, then the Valuation Agent will recalculate the Eligible Credit Support to be transferred and/or the Value of Eligible Credit Support as of the Recalculation Day in accordance with the Auction Rules. Following a recalculation pursuant to this Clause 8.3, the Valuation Agent will notify each Party (or the other Party if relevant), as soon as possible but in any event not later than the Notification Time on the Business Day following the Resolution Time, of the results of the recalculation and the means of arriving at those results. The appropriate Party will, upon demand following such notice, make the appropriate transfer.
4. **No Material Reason:** The failure by a Party to transfer any amount which is the subject of a dispute to which this Clause 8 applies will not constitute a Material Reason for as long as the procedures set out in this Clause 8 are being carried out. For the avoidance of doubt, upon completion of those procedures, Clause 10 of this Annex will apply to any failure by a Party to make a required transfer on the relevant due date.

**Clause9**  
**Interest income on Cash**

1. **Interest Income on Cash:** The Transferee shall pay interest on Cash at the Reference Interest Rate set out in Clause 14.8. Interest Amounts shall be calculated annually and shall be paid within five (5) Business Day following such calculation and received during the preceding month to the account of the Transferor specified in Clause 13.

2. **Negative Interest.** Reference is made to the ISDA 2014 Collateral Agreement Negative Interest Protocol as published by the International Swap Dealers Association, Inc. which is hereby incorporated by reference with effect from the Effective Date of this Credit Support Annex (the "Implementation Date" as defined therein) under which this Credit Support Annex shall constitute a Protocol Covered Collateral Agreement.

**Clause10**  
**Material Reason**

**Material Reason:** For the purposes of Section 5(g) of the Master Agreement, a Material Reason shall also exist with respect to a Party if such Party fails to transfer, when due, Eligible Credit Support under Clause 3, Clause 4 or Clause 8 or a Letter of Credit Default has occurred, and such failure or Letter of Credit Default is not cured within (3) Business Days of written demand by the other Party.

**Clause11**  
**Termination of the Agreement**

**Termination of the Agreement:** In the event of Early Termination of the Agreement, the Valuation Agent shall determine the Base Currency Equivalent of all Eligible Credit Support provided under this Annex as of the Early Termination Date. Such amount shall be included in the net amount in respect of an Early Termination Date to be determined pursuant to Section 6 of the Master Agreement as part of Unpaid Amounts payable by the Transferee. At the same time, all claims of the Parties for the transfer of Eligible Credit Support pursuant to Clause 3 or Clause 4 shall expire.

**Clause12**  
**Expenses**

Each Party will pay its own costs and expenses in connection with performing its obligations under this Annex, and neither Party will be liable for any such costs and expenses incurred by the other Party.

**Clause13**  
**Bank Accounts**

Transfers of Cash pursuant to Clause 3 and Clause 4 as well as payments of Interest Amounts shall be effected to the following accounts:

Party A: Electricity Supply Board

**EUR Bank Account**

Account Name: ESB PG Trading  
Bank Name: []  
Swift Code: []  
IBAN: []

**GBP Bank Account: N/A**

Account Name: []  
Bank Name: []  
Swift Code: []  
IBAN: []

Party B: [XXX]

**EUR Bank Account**

Account Name: []  
Bank Name: []  
Swift: []  
IBAN: []

**GBP Bank Account N/A**

Account Name: []  
Bank Name: []  
Swift: []  
IBAN: []

**Clause14**  
**Specifications**

1. **Minimum Transfer Amount** means with respect to Party A: Not Applicable; and  
**Minimum Transfer Amount** means with respect to Party B: EUR10,000 (Euro ten thousand)  
  
The Minimum Transfer Amount with respect to Party B shall be zero if (a) a Material Reason or Additional Termination Event as occurred and is continuing in relation to that Party, or its Credit Support Provider, or (b) the Credit Support Amount with respect to both Parties on a Valuation Day is zero and there are no outstanding Transactions.
2. **Threshold Amount** means with respect to Party A: N/A, and  
**Threshold Amount** means with respect to Party B: 0.  
  
but if a Material Reason or Additional Termination Event has occurred and is continuing with respect to Party B or its Credit Support Provider, the Threshold Amount in respect of such Party shall be zero.
3. **Valuation Time:** means 5pm Dublin time on the Business Day immediately preceding the Valuation Day or date of calculation, as applicable.
4. **Valuation Day:** means the thirteenth (13<sup>th</sup>) Business day of every month that is a Business Day for Party A and Party B or as advised by the Valuation Agent from time to time.
5. **Valuation Agent:** means Party A.
6. **Notification Time:** means 3p.m., Dublin time, on a Valuation Day.
7. **Resolution Time:** means 5p.m., Dublin time on the Business Day following the date on which a notice is given that gives rise to a dispute under Clause 8.
8. **Reference Interest Rate** means EURIBOR  
If such page(s) ceases to be available, the relevant interest rate shall be determined by reference to any successor page thereto
9. **Independent Amount** means with respect to Party A: not applicable, and  
**Independent Amount** means with respect to Party B: As determined by Party A in accordance with the Auction Rules
10. **Base Currency** means Euro
11. **Eligible Currency:** Euro and Pound Sterling
12. **Additional provisions:**
  - a) **Transfer:** All transfers under this Annex of Letters of Credit shall be made, in case of, (a) a Transferor, by the Transferor giving written instructions (including, for the avoidance of doubt, instructions given by facsimile transmission or electronic messaging system) to an issuer of a Letter of Credit, (i) to issue a Letter of Credit to the Transferee and such Issuer issuing the requested Letter of Credit to the Transferee and the Transferee confirming receipt of a Letter of Credit or, (ii) to increase the amount of an outstanding Letter of Credit and such Issuer increasing the outstanding amount of the relevant Letter of Credit accordingly; and (b) in the case of a Transferee, (i) by the Transferee delivering its original copy of the Letter of Credit to the Transferor together with any other documents necessary to constitute a legally valid surrender of the Letter of Credit in accordance with applicable law such that the Transferee's rights under the Letter of Credit are effectively terminated, or (ii) by the Transferee (acting reasonably and in good faith) consenting to a decrease in the amount of an outstanding Letter of Credit and executing such documentation as may be required by the Issuer to decrease such amount under the outstanding Letter of Credit and such Issuer decreasing the outstanding amount of the relevant Letter of Credit accordingly.
  - b) **Agreement as to single Transferor and Transferee** Party A and Party B agree that, notwithstanding anything to the contrary in this Annex, (A) the term "Transferor" as used in this Annex means only Party B, (B) the term "Transferee" means only Party A, and (C) only Party B will be required to make transfers of Eligible Credit Support hereunder.
  - c) **Definitions.** The following definitions shall be added in Appendix 1:  
  
"Business Day" means, a day on which commercial banks are open for business (including dealings in foreign exchange and foreign currency deposits) in London and Dublin.  
  
"Auction Rules" means the Tullett Prebon Irish Power (SEM) CfD Auction – Seller Protocol and Auction Rules Version 2 dated 21 March, 2018 as may be replaced, amended, modified or supplemented from time to time.

13. **Rounding:** Amounts to be transferred in accordance with Clause 3 and Clause 4 shall be rounded up to the nearest integral multiple of € 10,000.00 (Euro ten thousand)

14. **Demands and Notices.** All demands, specifications and notices, including new or renewals of Letters of Credit under this Credit Support Annex will be made to the respective Parties as specified below:

Party A: **Electricity Supply Board**

Address: Two Gateway, East Wall Road Dublin 3, D03 A995

Disputes in relation to Credit Support Amount:

Attn: Middle Office – Credit – Collateral Queries  
Email: ESBTradingMO@esb.ie

New or renewals LCs to be sent to:  
Attn: Back Office Manager - Collateral Management Group – ATTN: Marie Connolly  
Address: As above  
Email: ETR\_Settlement@esb.ie  
Telephone: +353 (0)1 702 7498

Party B: [XXX]

Address: []  
Attn: []  
Telephone: []  
Email: []

Executed by the duly authorised representative of each Party effective as of the Effective Date.

"Party A"  
*Electricity Supply Board*

"Party B"  
[XXX]

\_\_\_\_\_  
Name:  
Title:  
Date:

\_\_\_\_\_  
Name:  
Title:  
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**Appendix 1**  
**Defined Terms**

Terms used in this Annex shall have the following meanings:

**"Base Currency"** has the meaning set out in Clause 14.10.

**"Base Currency Equivalent"** means, in respect of any amount denominated in the Base Currency, such Base Currency amount, and, in respect of any amount denominated in an Eligible Currency, the amount of Base Currency required to purchase such amount of Eligible Currency at the spot exchange rate determined by the Valuation Agent for value on the day that the relevant determination is being made.

**"Cash"** means an amount of money in the Base Currency or any Eligible Currency.

**"Credit Support Amount"** means in relation to a Transferor on a Valuation Day, (i) the aggregate of the Transferee's Exposure as determined by the Valuation Agent in accordance with the Auction Rules plus (ii) all Independent Amounts applicable to the Transferor, if any, minus (iii) all Independent Amounts applicable to the Transferee, if any, minus (iv) the Transferor's Threshold Amount. Calculations which result in a negative number shall be deemed to be zero.

**"Eligible Credit Support"** means either:

- (a) Cash; or
- (b) a Letter of Credit.

**"Eligible Currency"** has the meaning set out in Clause 14.11.

**"Exposure"** means in relation to a Party on a Valuation Day and subject to Clause 8 in the case of dispute, the amount, if any, determined by the Valuation Agent in accordance with the Subscription Rules that would be payable to that Party by the other Party (expressed as a positive number) or by that Party to the other Party (expressed as a negative number) pursuant to Clause 11 of the Agreement if all Transactions were being terminated as of the relevant Valuation Time, on the basis that (i) that Party is the Terminating Party, and (ii) the Termination Amount shall be calculated in the Base Currency. For the avoidance of doubt, such amount shall include sums due and payable, but for which payment has not been received.

**"Independent Amount"** has the meaning set out in Clause 14.9.

**"Interest Amount"** means with respect to an Interest Period, the aggregate sum of the Base Currency Equivalents of the amounts of interest determined for each relevant currency and calculated for each day in that Interest Period on the amount of the Eligible Credit Support comprised of Cash and held by the Transferee, determined by the Valuation Agent for each such day as follows:

- (a) the amount of cash denominated in the relevant currency on that day; multiplied by
- (b) the Reference Interest Rate in effect on that day; divided by
- (c) 360 or in the case of GBP, 365.

**"Interest Period"** means the period from (and including) the first day of the calendar month preceding the transfer of the Interest Amount to (and including) the last day of that calendar month.

**"Letter of Credit"** means a standby letter of credit, bank guarantee or similar document in a format acceptable to the Transferee denominated in the Base Currency or an Eligible Currency issued irrevocably by a leading commercial bank with a credit rating of at least A- from Standard & Poor's Rating Group, a division of McGraw-Hill or any successors thereto or A3 by Moody's Investors Services, Inc. or any successors thereto which obliges the bank to pay the amount guaranteed therein upon first demand of the Transferee.

**"Letter of Credit Default"** means

- (i) the credit rating of the issuer of the Letter of Credit is withdrawn or downgraded below a rating of "A-" by Standard & Poor's a division of McGraw Hill or any successor thereto ("S&P") or "A3" by Moody's Investor Service, Inc. or any successor thereto (Moody's);
- (ii) the issuer of the Letter of Credit fails to comply with or perform its obligations under such Letter of Credit and such failure continues after the lapse of any applicable grace period;
- (iii) the issuer of the Letter of Credit disaffirms, disclaims, repudiates or rejects, in whole or in part, or challenges the validity of such Letter of Credit;
- (iv) any event analogous to an event specified in Section 5 of the Master Agreement occurs with respect to the issuer of the Letter of Credit;
- (v) the Letter of Credit fails or ceases to be in full force and effect; or
- (vi) the Letter of Credit expires or terminates in accordance with the terms within the next thirty (30) calendar days.

**"Minimum Transfer Amount"** is the amount designated as such in Clause 14.1.

**"Notification Time"** means the time designated as such in Clause 14.6.

**"Recalculation Day"** means the Valuation Day that gives rise to the dispute under Clause 8, provided, however, that if a subsequent Valuation Day occurs under Clauses 3 or 4 prior to the resolution of the dispute, then the "Recalculation Day" shall mean the most recent Valuation Day under that Clauses 3 or 4.

**"Reference Interest Rate"** has the meaning set out in Clause 14.8.

**"Resolution Time"** has the meaning set out in Clause 14.7.

**"Threshold Amount"** has the meaning set out in Clause 14.2.

**"Transferee"** has the meaning set out in Clause 3.

**"Transferor"** has the meaning set out in Clause 3.

**"Valuation Agent"** means the agent designated as such in Clause 14.5 or otherwise provided for in Clause 2.

**"Valuation Day"** means any Business Day designated as such in Clause 14.4.

**"Valuation Time"** means the time designated as such in Clause 14.3.

**"Value"** means, for any Valuation Day or other day for which Value is calculated pursuant to this Annex, and subject to Clause 8 in the case of the dispute, with respect to:

- (a) Eligible Credit Support that is Cash, the Base Currency Equivalent of such amount; and
- (b) Eligible Credit Support that is a Letter of Credit, the Base Currency Equivalent of the face value of such Letter of Credit.