
PROJECT COORDINATION AGREEMENT

by and among

THE STATE OF MONTENEGRO,

TERNA – RETE ELETTRICA NAZIONALE S.P.A.

and

CRNOGORSKI ELEKTROPRENOSNI SISTEM A.D.

January 25, 2011

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PROJECT COORDINATION AGREEMENT

This **PROJECT COORDINATION AGREEMENT** (this “Agreement”) is entered into as of January 25, 2011 by and among the State of Montenegro, represented by the Government of Montenegro being herein represented by Mr. Vladimir Kavarić, Minister of economy, in accordance with the Government resolution number 03-179/2 dated January 21, 2011. (“Montenegro”), Terna – Rete Elettrica Nazionale S.p.A., a joint stock company organized and existing under the laws of Italy, having its registered office in Rome, Italy, at Viale Egidio Galbani 70, registered at no. 05779661007 on the register of enterprises of Rome, represented by Mr. Fabio Todeschini in his capacity as attorney-in-fact by virtue of Power of Attorney notarized by Luca Troili as Public Notary in Rome, on October 7, 2010, Rep. 15543 Racc. 7537, certified through apostille issued by the competent Italian Court on October 11, 2010, n. 3368/2 (“Terna”), and Crnogorski Elektroprenosni Sistem AD, a joint stock company organized and existing under the laws of Montenegro, having its registered office in 81000 Podgorica, at Bulevar Svetog Petra Cetinjskog 18, Montenegro, registered with the Central Registry of the Commercial Court in Podgorica under the registration no. 4-0008972/001, represented by Mr. Zoran Đukanović, in his capacity of Chairman, as evidenced and authorized by the board of directors’ resolution dated October 8, 2010 (the “Company” or “CGES”). Each of Montenegro, Terna and the Company is referred to herein as a “Party,” or, collectively, as the “Parties.” Unless otherwise indicated herein, capitalized terms used herein shall have the meanings ascribed to them in Annex 1 attached hereto.

RECITALS

WHEREAS, on July 28, 2009, Terna and the Company executed a term sheet (the “Term Sheet”) setting forth the guidelines and certain terms and conditions for the implementation of the Strategic Partnership and the construction and operation of the new entire electricity interconnection system between Italy and Montenegro, comprising the New Interconnection, the Associated Network Infrastructures, and at least one of the Additional Network Infrastructures;

WHEREAS, on February 6, 2010, Montenegro and the Italian Government entered into an intergovernmental agreement (the “Intergovernmental Agreement”) declaring their institutional support and agreement concerning the construction and operation of the New Interconnection, the Associated Network Infrastructures, the Additional Network Infrastructures and the implementation of the Strategic Partnership;

WHEREAS, pursuant to the Intergovernmental Agreement, *inter alia*, Terna shall be responsible for the construction of the New Interconnection, which shall be owned by Terna and form an integral part of the Italian transmission network (as public infrastructure), and the Company shall be responsible for the construction of the Associated Network Infrastructures, which shall be owned by the Company and form an integral part of the Montenegrin transmission network (as public infrastructure);

WHEREAS, pursuant to the Intergovernmental Agreement, the State of Montenegro and the Republic of Italy also agreed that the transmission capacity made available by the New Interconnection and the relevant congestion revenues should be split as follows: 80% to the Italian power system and 20% to the Montenegrin power system;

WHEREAS, pursuant to that certain Agreement on Sale and Purchase through Subscription of Newly Issued Shares in Capital Increase (the “Sale and Purchase Agreement”), dated as of November 23, 2010, by and among Terna, the Company and Montenegro, Terna acquired approximately 22% of the outstanding capital stock of Company (on a fully-diluted basis) through the subscription of a capital increase reserved to Terna;

WHEREAS, in furtherance of the Strategic Partnership, the Parties have entered into a strategic and shareholders' agreement (the "Shareholders' Agreement"), dated as of the date hereof, pursuant to which, *inter alia*, they agreed on certain aspect of the management and corporate governance of the Company, including voting on the level of the Company's shareholders' assembly and board of directors;

WHEREAS, the Parties acknowledge and agree that the investments by Terna pursuant to the Sale and Purchase Agreement and in the New Interconnection are made with the goal and for the purpose of implementing the Strategic Partnership, completing the construction of the New Interconnection, the Associated Network Infrastructures and at least one of the Additional Network Infrastructures; the Parties further acknowledge and agree that Terna is fully relying on the fact that the Associated Network Infrastructures and at least one of the Additional Network Infrastructures will be completed within the deadlines agreed by the Parties and indicated in this Agreement and that the completion of the Associated Network Infrastructures and at least one of the Additional Network Infrastructures within such deadlines is essential to Terna and that CGES is fully relying on the fact that the New Interconnection will be completed within the deadline agreed by the Parties and indicated in this Agreement and that the completion of the New Interconnection within such deadline is essential to CGES;

WHEREAS, the Parties further acknowledge and agree that the construction of the Associated Network Infrastructures, the Additional Network Infrastructures, and of a portion of the New Interconnection will require certain permits, concessions or authorizations (including environmental, regulatory, energy and building permits, concessions or authorizations) to be issued and released by the competent Montenegrin Governmental Bodies and that Terna is relying on the fact that Montenegro will support the Company, Terna and/or the relevant entity (as the case may be) in order to obtain all such permits, concessions or authorizations and rights over the land, necessary for the construction of the Associated Network Infrastructures, the Additional Network Infrastructures and the portion of the New Interconnection located in or otherwise subject to the jurisdiction of Montenegro, in each case subject to the relevant applicant fulfilling Montenegrin law requirements for issuance of such permits, concessions and authorizations; and

WHEREAS, in furtherance of the Strategic Partnership, the Parties desire to set forth in this Agreement the terms and conditions for the construction of the New Interconnection and the Associated Network Infrastructures and certain key terms and conditions for the construction of the Additional Network Infrastructures, including any relevant milestones and deadlines, as well as the mechanisms for cooperation, coordination and oversight to be shared by the Parties to ensure the timely and proper completion of these projects.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein contained, and for other valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties hereby agree as follows:

ARTICLE I.

NEW INTERCONNECTION, ASSOCIATED NETWORK INFRASTRUCTURES AND ADDITIONAL NETWORK INFRASTRUCTURES.

Section 1.1. The New Interconnection.

(a) The Parties agree that the "New Interconnection" shall mean the new electricity interconnection between Italy and Montenegro, which shall be composed of the following

infrastructures: (i) the ground cables connecting the AC/DC Converter Station in Italy, located in Cepagatti, with the existing Italian transmission grid at the 400 kV Villanova substation (the “Villanova Grid Connection”); (ii) the AC/DC Converter Station of Cepagatti in Italy (the “Cepagatti AC/DC Station”); (iii) the DC ground cable located in the Italian territory (the “Italian Ground Cable”) connecting the Cepagatti AC/DC Station to the landing point in Italy, located in the municipality of Pescara (the “Italian Landing Point”); (iv) the entire High Voltage Direct Current (HVDC) undersea interconnection power cables running between the Italian Landing Point and the landing point in Montenegro, located in the municipality of Kotor (the “Montenegrin Landing Point”), including the electrodes system and the related medium voltage cables allowing the return of electricity to be used only under contingency operation (the “Undersea Cable”); (v) the DC ground cable located in the territory of Montenegro connecting the Montenegrin Landing Point to the AC/DC Converter Station in Montenegro (the “Montenegro Ground Cable”); (vi) the new AC/DC Converter Station in Montenegro, including the related 400 kV bus bars and those bays necessary for the infrastructures of connection to the new AC 400 kV Tivat/Kotor substation (the “Montenegrin AC/DC Station”, and together with the Montenegro Ground Cable, the Montenegrin Landing Point and the portion of the Undersea Cable located in territory of, or subject to the jurisdiction of, Montenegro, the “Montenegrin NI Portion”). For additional clarity, a technical description of the components of the New Interconnection is attached hereto as Annex 2.1.

(b) Terna shall be solely in charge and responsible for the project, design, authorizations request, construction, operation and maintenance of the New Interconnection, which the Parties agree shall be owned by Terna and form an integral part of the Italian transmission network (as public infrastructure), and shall perform, or shall cause its subsidiaries, Affiliates, contractors or subcontractors to perform, all such activities and construction in line with the terms and conditions set forth herein.

(c) As of the date hereof, the forecasted capital expenditure necessary to complete the satisfactory and timely construction of the New Interconnection is € 758 million (the “Initial New Interconnection CAPEX”). Terna shall be solely responsible for funding, and/or ensure the funding of, the construction of the New Interconnection regardless of whether the amount of the Initial New Interconnection CAPEX will be exceeded. Any costs and expenses necessary for the completion of the New Interconnection shall be exclusively borne by Terna including those that are above and beyond the Initial New Interconnection CAPEX. For the avoidance of doubt, the Parties acknowledge and agree that the final costs and expenses related to and associated with the construction of the Montenegro Ground Cable and the Montenegrin AC/DC Converter Station will depend, *inter alia*, on the final location of the New Tivat/Kotor Substation and that Terna shall exclusively bear the costs and expenses relating or associated to such infrastructures regardless of the location of the New Tivat/Kotor Substation.

Section 1.2. The Associated Network Infrastructures.

(a) The Parties agree that the “Associated Network Infrastructures” shall mean the new transmission infrastructures in the Montenegrin transmission network necessary to the operation and full utilization of the New Interconnection, composed of the following infrastructures: (i) the new AC 400 kV Tivat/Kotor substation (the “New Tivat/Kotor Substation”), including those 400 kV bus bars and bays, necessary for the infrastructures of connection of the New Tivat/Kotor Substation to the Montenegro AC/DC Station, to the Montenegrin existing electricity transmission grid and to the existing 400 kV Pljevlja

substation; (ii) the 400kV transmission lines connecting the New Tivat/Kotor Substation to the existing Montenegrin electricity transmission grid (in particular, the existing 400 kV line “Podgorica 2 – Trebinje” in an Input-Output configuration), (iii) the AC transmission infrastructures (lines or cables), if any, connecting the New Tivat/Kotor Substation to the Montenegrin AC/DC Station (the “AC Transmission Infrastructures”), (all such infrastructures, lines and cables contemplated in items (i) to (iii), collectively, the “Grid Connections in Montenegro”); and (iv) the new 400 kV transmission line between the existing 400kV Pljevlja substation and the New Tivat/Kotor Substation (the “Pljevlja-Tivat/Kotor Transmission Line”), internal to the electricity transmission network of Montenegro. For additional clarity, a technical description of the components of the Associated Network Infrastructures is attached hereto as Annex 2.2.

(b) The Company shall be responsible for the project, design, authorizations request, construction, operation and maintenance of the Associated Network Infrastructures, which the Parties agree shall be owned by the Company and form an integral part of the Montenegrin transmission network (as public infrastructure), and shall perform, or shall cause its Affiliates, contractor or subcontractors to perform, all such activities and construction in line with the terms and conditions set forth herein.

(c) As of the date hereof, the forecasted capital expenditure necessary to complete the satisfactory and timely construction of the Associated Network Infrastructures is € 100.28 million (the “Initial Associated Network Infrastructures CAPEX”), of which the forecasted capital expenditure necessary to complete the satisfactory and timely construction of Grid Connections in Montenegro is € 34.15 million (the “Initial Grid Connections in Montenegro CAPEX”) and the forecasted capital expenditure necessary to complete the satisfactory and timely construction of Pljevlja-Tivat/Kotor Transmission Line is € 66,13 million (the “Initial Pljevlja-Tivat/Kotor Transmission Line CAPEX”). The Company shall be solely responsible for funding, and/or ensure the funding of, the construction of the Associated Network Infrastructures regardless of whether the amount of the Initial Associated Network Infrastructures CAPEX will be exceeded. Any costs and expenses necessary for the completion of the Associated Network Infrastructures shall be exclusively borne by the Company including those that are above and beyond the Initial Associated Network Infrastructures CAPEX. For the avoidance of doubt, the Parties acknowledge and agree (x) that costs and expenses related to and associated with construction of the infrastructures indicated in paragraphs 1.2(a)(ii), (iii) and (iv) above will depend, *inter alia*, on the final location of the New Tivat/Kotor Substation and (y) that the Company shall exclusively bear the costs and expenses relating or associated to such infrastructures regardless of the location of the New Tivat/Kotor Substation.

Section 1.3. The Additional Network Infrastructures.

(a) The Parties acknowledge and agree that (i) the construction of at least one of the Additional Network Infrastructures is necessary for the full utilization of the New Interconnection, regardless of whether it is constructed and operated as private or public interconnection, and the Parties shall discuss in good faith whether to proceed with the construction of just one or both of the Additional Network Infrastructures, depending on their technical and economic feasibility as assessed by Terna and the Company following costs-benefits analyses and considering the time plan for their realization and also the willingness of the transmission system operator(s) of the relevant neighboring country(ies) to enter into a

TSO Binding Agreement, (ii) the construction of at least one of the Additional Network Infrastructures shall be developed in parallel with the New Interconnection and shall be completed in accordance with the deadlines determined in this Agreement, subject to the transmission system operator of the relevant neighboring country entering into a TSO Binding Agreement concerning the development and construction of at least one of the Additional Network Infrastructure, (iii) it is the intent of the Parties that the Additional Network Infrastructures shall be constructed and operated as “private interconnectors” in accordance with Electricity Regulations 714/2009 and 1228/2003 provided that their technical and economic feasibility will be proven in the reasonable opinion of Terna and the Company, and (iv) the Parties will use their reasonable best efforts to support the realization of the Additional Network Infrastructures as “private interconnectors,” as best to serve the public interest and minimize the economic impact on Montenegrin customers.

(b) The Parties agree to use their reasonable best efforts, also through their representatives in the Working Groups, to finalize the feasibility studies (to the extent not already finalized) with respect to at least one of the Additional Network Infrastructures as promptly as possible.

(c) The Parties, also considering the technical, economic, legal and regulatory analysis performed, shall evaluate and negotiate in good faith the scheme of implementation (in particular whether the interconnection shall be “public” or “private”) of at least one of the Additional Network Infrastructures as soon as possible and use their reasonable efforts to enter into a TSO Binding Agreement in connection with such infrastructures in accordance with the terms and conditions of this Agreement (including, for the avoidance of doubt, the definition of “TSO Binding Agreement” as set forth in Annex 1 to this Agreement).

(d) If the Parties determine in good faith that the implementation of the Additional Network Infrastructure(s) is feasible as “private interconnector(s)”:

- (i) the construction and operations of such infrastructure(s) shall be the responsibility of a consortium (one for each of the two, if both are constructed) to be formed for such a purpose;
- (ii) [OMISSIS]
- (iii) any investments necessary for the construction of the Additional Network Infrastructure(s) shall be made by the parties thereto in proportion to their ownership interest in each of such consortia, unless differently agreed among them;
- (iv) any revenues deriving from the incremental net transfer capacity due to the Additional Network Infrastructure(s) which belong to the consortium will be distributed among the members of the relevant consortium in proportion to their ownership interest in such consortium, unless differently agreed among them;
- (v) the Parties agree that they will negotiate in good faith the legal structure of the consortium and the associated transaction documents relating thereto, including the TSO Binding Agreement, the shareholders/partnership’s agreement and other agreements regulating the creation of the consortium, its governance, the rights and obligations of the parties related to the Additional Network Infrastructure(s) and

such other aspects as customary for similar transactions in light of the relevant ownership interests in the consortium by its members and the principles set forth in this paragraph (d);

- (vi) each of the Parties shall give full support to the development and implementation of the Additional Network Infrastructure as "private interconnector" and undertakes to use its best effort to develop, realize and commission such infrastructure within the deadline indicated in paragraph (a) above.

(e) If the Parties determine that it is not technically and/or economically feasible to operate an Additional Network Infrastructure(s) as "private interconnector," in accordance with Electricity Regulations 714/2009 and 1228/2003 and/or that the regulatory frameworks of Montenegro and the relevant neighboring country (Serbia and/or Bosnia-Herzegovina) do not allow such operation, the construction of one of such Additional Network Infrastructures shall be the responsibility of the Company and the transmission system operator from the relevant neighboring country, subject to the transmission system operator of the relevant neighboring country entering into a TSO Binding Agreement concerning the development and construction of at least one of the Additional Network Infrastructures with the Company, in which case the completion of the construction and commissioning of at least one of the Additional Network Infrastructures shall occur no later than (x) June 30, 2014 if the TSO Binding Agreement is executed within the TSO Binding Agreement Deadline or, (y) 36 months after the execution of a TSO Binding Agreement if such agreement is executed after the TSO Binding Agreement Deadline. In this event, the Company, the transmission system operator of the relevant neighboring country and, possibly Terna (if Terna so chooses at its discretion and if the transmission system operator of the relevant neighboring country so agrees) may, but will not be obliged, enter into a new project coordination agreement (the "Additional Network Infrastructure Project Coordination Agreement"), or such other agreements that the relevant parties may agree for such project that may set forth specific project schedules, milestones, deadlines and related penalties (in line with or in addition to the milestones, deadlines and related penalties with respect to the Additional Network Infrastructure(s) set forth in Sections 3.3 and 4 of this Agreement) to make sure that this project proceeds in accordance with the agreed schedule and that no Party is harmed as a result of delays and will be prepared consistent, *mutatis mutandis*, with the provisions of this Agreement.

(f) The construction and scheme of investment (private or public) of transmission infrastructures included within the Additional Network Infrastructures will be subject to approval of the Montenegrin Ministry of Economy, and/or the Montenegrin Energy Regulatory Agency (ERA), as well as any competent authorities from the involved countries, in accordance with the relevant local law.

(g) Each Company and Terna undertakes to use its best efforts to develop and carry out the construction of the Additional Network Infrastructure(s) in cooperation with the transmission system operators of the relevant neighboring country, regardless of whether such Additional Network Infrastructure(s) are eventually classified as "private" or "public" interconnector(s). Furthermore, Montenegro agrees to (i) use its best efforts to plan the projects contemplated in the Additional Network Infrastructures within the Detailed Spatial Plan and (ii) to support the Company, Terna and/or the relevant entity (as the case may be) in order to obtain all permits, concessions and authorizations and appropriate rights on the land necessary for the construction of the Additional Network Infrastructures (whether it is

constructed and operated as private or public interconnection), provided that the Company, Terna and/or the relevant entity (as the case may be) submits all requisite documentation and fulfill other requirements for such permits, concessions and authorizations and acquisition of appropriate rights on the land in accordance with the Montenegrin law.

ARTICLE II.

PURPOSE – MILESTONES AND DEADLINES.

Section 2.1. Overall Goal and Deadline.

(a) In line with the Parties' overall goal, (i) Terna agrees to ensure that the New Interconnection is commissioned in line with the parameters and criteria set forth in Annex 2.5 attached hereto (“NI Commissioning Status”) no later than April 30, 2015, (ii) the Company agrees to ensure that Grid Connections in Montenegro are commissioned in line with the parameters and criteria set forth in Annex 2.5 attached hereto (“GC Commissioning Status”) no later than October 31, 2014, and (iii) the Company agrees to ensure that the Pljevlja-Tivat/Kotor Transmission Line is commissioned in line with the parameters and criteria set forth in Annex 2.5 attached hereto (the “Pljevlja-Tivat/Kotor Commissioning Status”) no later than October 31, 2015.

(b) If, in accordance with the provisions of Section 1.3(e), one of the Additional Network Infrastructures shall be developed by the Company and the relevant neighboring transmission system operator as public interconnection (and not as “private interconnector” in accordance with Electricity Regulations 714/2009 and 1228/2003), the Company, subject to a TSO Binding Agreement concerning the development and construction of at least one of the Additional Network Infrastructures between the Company and the transmission system operator/independent system operator of the relevant neighboring country having been executed within July 1, 2011, agrees to use its best efforts to ensure that the construction of such Additional Network Infrastructure will be completed and be commissioned no later than June 30, 2014 (the “Additional NI Commissioning Deadline”), in line with the parameters and criteria set forth in Annex 2.5 attached hereto (the “Additional Network Infrastructures Commissioning Status”), provided, however, that if the TSO Binding Agreement is not executed within the TSO Binding Agreement Deadline, the Additional Network Infrastructures Commissioning Status shall occur no later 36 months after the execution of a TSO Binding Agreement.

(c) The Parties may modify the parameters for the NI Commissioning Status, the GC Commissioning Status, the Pljevlja-Tivat/Kotor Commissioning Status and the Additional Network Infrastructures Commissioning Status or the dates of the deadlines indicated in paragraphs (a) and (b) above only by mutual agreement among them, without prejudice to the provisions of Section 4.6 hereof.

Section 2.2. Intermediate Milestones and Deadlines for the New Interconnection and Associated Network Infrastructures.

The Parties agree that the following intermediate milestones and sub-milestones (and corresponding deadlines) are necessary to ensure that the New Interconnection attains the NI Commissioning Status, the Grid Connections in Montenegro attain the GC Commissioning Status, and the

Pljevlja-Tivat/Kotor Transmission Line attains the Pljevlja-Tivat/Kotor Commissioning Status by the deadlines indicated in Section 2.1(a) above. Terna, the Company and/or Montenegro (as the case may be), with respect to the activities and milestones indicated in paragraph (a) below, and the Company and/or Montenegro (as the case may be), with respect to the activities and milestones indicated in paragraph (b) below, shall use their best efforts to ensure that the intermediate milestones and sub-milestones indicated below are accomplished no later than the corresponding deadlines for such milestones and sub-milestones:

(a) The New Interconnection. The intermediate milestones and corresponding deadlines for the development, construction and commissioning of the New Interconnection are set forth in this Section 2.2(a) and a further detailed description of these milestones (and any relevant sub-milestones) and corresponding deadlines is set forth on Annex 2.1 attached hereto. The Parties may modify these intermediate milestones and sub-milestones related to the New Interconnection (and/or their corresponding deadlines) only by mutual agreement among them, without prejudice to the provisions of Section 4.6 hereof:

- (i) Authorization for construction and operation. Terna shall use its best efforts to obtain from the Italian Ministry of Economic Development the authorization for the construction and operation of the Villanova Grid Connection, the Italian Ground Cable, the Cepagatti AC/DC Station, and the portion of the Undersea Cable in territory subject to Italian jurisdiction as set forth in greater detail in Annex 3 (the “Italian NI Authorization”) no later than as indicated in Annex 2.1 (the “Italian NI Authorization Deadline”).
- (ii) Procurement of Materials and Labor. Terna shall initiate and complete (by awarding the works and executing binding agreements with the relevant third parties) the process to procure the materials and work for the Terna Procurement Works as part of the components and elements of the New Interconnection, (the “NI Procurement Process”) no later than as indicated in Annex 2.1 (the “NI Procurement Process Deadline”). The Parties agree that, notwithstanding anything to the contrary contained in this Agreement, the NI Procurement Process Deadline is established also based on the assumption that all Terna Procurement Triggering Events will be fully satisfied and fulfilled no later than February 1, 2012 and in any event before the NI Procurement Process Deadline. The Parties therefore agree that the NI Procurement Process shall not be completed by Terna - and the NI Procurement Process Deadline and all subsequent deadlines applicable to Terna and Terna’s obligations relating thereto, including, without limitation, the NI Opening of Works Deadline (as defined below) and NI Commissioning Deadline (as defined below) shall not start running and/or, as the case may be, shall be suspended and postponed as indicated below - until all the Terna Procurement Triggering Events have been fully satisfied and fulfilled; provided further, that (I) if satisfaction and fulfillment of the Terna Procurement Triggering Event under point (1) of the definition of “Terna Procurement Triggering Events” is prevented by a Terna’s act or omission, provided that Terna’s act or omission materially contributed to preventing such satisfaction and fulfillment, such triggering event shall be deemed as satisfied and fulfilled and (II) upon full satisfaction and fulfillment of the Terna Procurement Triggering Events (including pursuant to point (I) above) the NI Procurement Process Deadline (and all subsequent deadlines applicable to and Terna’s obligations relating thereto, including, without limitation, the NI Opening of Works Deadline (as defined below)

and NI Commissioning Deadline (as defined below)) will enter into effect as postponed by adding to such original deadline (as such original deadline may already have been postponed pursuant to other provisions of this Agreement) the length of the time passed between the above date of February 1 2012 indicated as assumption for the full satisfaction and fulfillment of all Terna Procurement Triggering Events to the date on which the last of the Terna Procurement Triggering Events has been satisfied and fulfilled (including pursuant to point (I) above).

Furthermore, with respect to the Montenegrin NI Portion, the Parties agree the following:

I Planning of Montenegrin NI Portion within Governmental Detailed Spatial Plan.

- (1) Within the framework of cooperation among the relevant Montenegrin authorities, the Company and Terna for the development and preparation of the Governmental Detailed Spatial Plan, Terna shall prepare and deliver to the competent Montenegrin authorities the documentation and technical data necessary pursuant to Montenegrin law in order to plan the Montenegrin NI Portion within the Governmental Detailed Spatial Plan, as such authorities, documentation and data are specifically indicated and listed in Annex 2.1-bis and in line with the key technical features and solutions set forth in Annex 2.1-ter (with specific reference to the assignment of spaces for the infrastructures to be built by Terna in the Montenegrin territory and the connecting points) and those defined by Montenegro in the approved General Spatial Plan, such documents and data to be delivered in reasonable advance throughout the process of development and finalization of the Governmental Detailed Spatial Plan, also taking into account their relevance for the entire process of finalization of such spatial plan, so as to allow the planning of the Montenegrin NI Portion within the Governmental Detailed Spatial Plan no later than the Montenegrin NI Portion planning within the Detailed Spatial Plan Deadline and required documentation and data to be delivered in any event no later than 60 days before such deadline.
- (2) Following and subject to Terna preparing and submitting the documentation referred to in point (1) of this paragraph, the Company and Montenegro shall use their best efforts to procure that the Montenegrin NI Portion is planned within the Governmental Detailed Spatial Plan (the "Montenegrin NI Portion Detailed Spatial Plan"), which has to be formally approved and adopted by the competent Ministry(ies) of Montenegro (together with the positive environmental impact assessment report), no later than as indicated in Annex 2.1 (the "Montenegrin NI Portion planning within Detailed Spatial Plan Deadline"), provided further, that if Terna fails to submit the documentation referred to in point (1) of this paragraph I within the period indicated thereby, the Montenegrin NI Portion planning within the Detailed Spatial Plan Deadline will be postponed by adding to such original deadline the length of the time passed between the date indicated in point (1) of this paragraph I and the date on which Terna will have submitted all relevant documentation referred to in point (1) of this paragraph I.

The Company shall inform and consult in advance with Terna with respect to all relevant phases of the process relating to the planning of the Montenegrin NI Portion within the Governmental Detailed Spatial Plan and take into reasonable consideration Terna's comments, suggestions and/or recommendations, if any, as to

the documentation, studies and data to be submitted and approved. The Parties acknowledge and agree that, for the proper preparation of the procurement process, it is essential that the approved and adopted Montenegrin Portion Detailed Spatial Plan is substantially in line with the key technical features and solutions set forth in Annex 2.1-ter, with specific reference to the assignment of spaces for the infrastructures in the Montenegrin territory and the connecting points.

II Main Design and Side Studies.

- (1) Following and subject to the actual planning of Montenegrin NI Portion within the Governmental Detailed Spatial Plan, Terna shall prepare the documentation and technical data necessary for the main design plans and any side studies, as such documentation and data are specifically indicated in Annex 2.1-bis, required pursuant to Montenegrin law in order to obtain from the competent Ministry(ies) of Montenegro the construction permission for the construction of the Montenegrin NI Portion.

III Expropriation and Land Rights Acquisition.

- (1)

[OMISSIS]

- (2) Following and subject to the planning of the Montenegrin NI Portion within the Governmental Detailed Spatial Plan:

(x) Terna shall execute with the Public Company “Morsko dobro” (or such other competent Montenegrin Governmental Body) and Montenegro shall procure that the Public Company “Morsko dobro” (or such other competent Montenegrin Governmental Body) executes with Terna, the Maritime Property Lease Agreement;

(y) Montenegro shall (i) execute, and/or cause any Governmental Body (other than municipalities) (as the case may be) to execute, with Terna agreement(s) granting or conferring to Terna, in each case subject to consideration in line with applicable law and standard and prior experience and practice, all ownership and/or easement rights (such rights to be valid, perpetual and fully enforceable also vis-à-vis any third party) on the land owned by Montenegro or by such other relevant Governmental

Body (other than maritime property referred to in paragraph (2) (x) above and the land owned by municipalities), including on the land possibly owned by Montenegro as a consequence of the completion of any expropriation process, which is necessary to develop, construct and maintain the Montenegrin NI Portion, and (ii) execute and/or submit (and cause the relevant Governmental Body (other than municipalities) to execute and/or submit) all such documents, deeds, filings, registrations and agreements and take all other actions and formalities required under Montenegrin law to formalize and give full effect to all the foregoing, all the above (the “Montenegrin NI Portion Land Rights Acquisition Process”) no later than as indicated on Annex 2.1 (the “Montenegrin NI Portion Land Rights Process Deadline”);

(w) the Parties acknowledge and agree that the Montenegrin AC/DC Station shall be developed and built on land fully owned by Terna and, therefore, the process and activities under this paragraph III shall be carried out accordingly; and

(z) if under applicable Montenegrin law Terna will not be entitled to be direct beneficiary of the expropriation process, the Company after the completion of expropriation process shall (i) execute with Terna agreement(s) granting or conferring to Terna, in each case subject to consideration in line with the amount paid by the Company to acquire the relevant rights over the land as part of the expropriation process, ownership and/or easement rights (such rights to be valid, perpetual and fully enforceable also vis-à-vis any third party) on the land and rights expropriated by the Company, which is necessary to develop, construct and maintain the Montenegrin NI Portion, and (ii) execute and/or submit all such documents, deeds, filings, registrations and agreements and take all other actions and formalities required under Montenegrin law to formalize and give full effect to all the foregoing.

IV Construction Permission.

- (1) Following and subject to the substantial completion of the expropriation and land rights acquisition process indicated in paragraph III above relating to the Montenegrin NI Portion, Terna shall prepare, or arrange for preparation, and submit to the competent Montenegrin authorities, the main design plans, any side studies and other documentation and technical data as required pursuant to Montenegrin law, as such plans, studies, documentation and data are specifically indicated in Annex 2.1-bis, in order to obtain all the necessary construction permissions, approvals and consents from the relevant authorities, including, in particular, the construction permission from the competent Ministry(ies) of Montenegro for the construction of the Montenegrin NI Portion, within a reasonable timeframe taking into reasonable account the status of the projects, the works, studies, documentation and activities already done and prepared, the expected deadlines and the time reasonably necessary to implement possible variations and changes to the projects.
- (2) Following and subject to the submission by Terna of the relevant documentation referred to in point (1) of this paragraph IV as required pursuant to Montenegrin law, Montenegro shall do its best effort to ensure that Terna will obtain all the necessary construction permissions, approvals and consents from the relevant authorities, including, in particular, the construction permission from the competent

Ministry(ies) of Montenegro, for the construction of the Montenegrin NI Portion (the “Montenegrin NI Construction Permission”) no later than as indicated in Annex 2.1 (the “Montenegrin NI Portion Construction Permission Deadline”), provided further, that if Terna fails to submit all relevant documentation referred to such point (1) at least 20 days before the Montenegrin NI Portion Construction Permission Deadline, the Montenegrin NI Portion Construction Permission Deadline will be postponed by adding to such original deadline the length of the time passed between the same Montenegrin NI Portion Construction Permission Deadline minus 20 days and the date on which Terna will have submitted the relevant documentation referred to in point (1) of this paragraph IV.

The Company shall inform and consult in advance with Terna with respect to all relevant phases of the process relating to the above authorization process and take into reasonable consideration Terna’s comments, suggestions and/or recommendations, if any, as to the documentation, plans, studies and data to be submitted with respect to the Montenegrin NI Construction Permission.

- (3) The Parties, in their respective capacity and roles, shall use their best efforts to amend or supplement the main design plans and side studies and other documentation as necessary from time to time in order to comply with regulatory or legal requirements of Montenegrin law and facilitate the receipt of any and all necessary governmental approvals, consents or permissions for the construction of the Montenegrin NI Portion, including the Montenegrin NI Construction Permission.

V Cooperation and Support.

The Company and Montenegro shall fully cooperate with and assist Terna with the preparation and submission of all documentation, plans, studies and technical data abovementioned at (I)(1), (II)(1), possibly, (III)(1) and (IV)(1) as well as in the process of acquisition of all land and related rights necessary for the construction and operation of the Montenegrin NI Portion. For the avoidance of doubt, such obligation to cooperate with and assist Terna shall not be understood as obligation of the Company or Montenegro to finance or to assume any financial obligations or incur any costs with respect to the preparation and submission of the above documents, plans, studies and technical data or to finance or to assume any financial obligations or incur any costs with respect to the acquisition of all land and related rights necessary for the construction and operation of the Montenegrin NI Portion, provided however, that if CGES will finally carry out the expropriation process indicated at (a)(III)(1), CGES shall initially bear all the costs, expenses and financial obligations relating to such process and Terna will reimburse CGES of such costs in accordance with Section 2.2(a)(III)(2)(z).

- (iii) Construction. After completion of the aforementioned intermediate milestones, sub-milestones and/or part thereof, Terna shall initiate the construction and realization (*i.e.*, shall commence the works and construction activities on-site) of the New Interconnection in both Italian and Montenegrin territories, no later than as indicated in Annex 2.1 (the “NI Opening of Works Deadlines”) and shall complete all necessary construction activities in respect of, and shall commission, the New

Interconnection as set forth in Annex 2.5, prior to April 30, 2015 (as adjusted pursuant to the terms of this Agreement, including, but without limitation to, paragraph (iv) below) (the “NI Commissioning Deadline”); provided, however, that notwithstanding anything to the contrary contained in this Agreement, (A) the Parties agree that the construction and realization of the New Interconnection shall be subject to and shall not be initiated by Terna (and the NI Opening of Works Deadlines and NI Commissioning Deadline shall be suspended and postponed as indicated below) until all Terna Procurements Triggering Events and Terna Construction Triggering Events have been fully satisfied and fulfilled, provided, further, that (I) if satisfaction or fulfillment of the Terna Procurement Triggering Event under point (1) of the definition of “Terna Procurement Triggering Events” or the Terna Construction Triggering Event under point (iii) of the definition of “Terna Construction Triggering Events” is prevented by a Terna’s act or omission, provided that Terna’s act or omission materially contributed to preventing such satisfaction and fulfillment, the relevant triggering event (as the case may be) shall be deemed as satisfied and fulfilled, and (II) upon all Terna Procurements Triggering Events and Terna Construction Triggering Events having been fully satisfied and fulfilled (including pursuant to point (I) above), the NI Opening of Works Deadline and the NI Commissioning Deadline will enter into effect as postponed by adding to such original deadlines (as such original deadlines may already have been postponed pursuant to Section 2.2(a)(ii) or otherwise under the Agreement) the amount of time passed from the original deadline to the date on which the last of the Terna Procurement Triggering Events and Terna Construction Triggering Events has been satisfied and fulfilled (including pursuant to point (I) above); and (B) the Parties agree that the commissioning of the New Interconnection shall be subject to and shall not be initiated by Terna (and the NI Commissioning Deadline shall be suspended and postponed as indicated below) until (1) the commissioning process for the Grid Connections in Montenegro has been fully and successfully concluded and (2) all the NI Commissioning Conditions have been fully satisfied and fulfilled (provided, that if satisfaction or fulfillment of the NI Commissioning Conditions is prevented by a Terna’s act or omission, provided that Terna’s act or omission materially contributed to preventing such satisfaction and fulfillment, such NI Commissioning Conditions shall be deemed as satisfied and fulfilled), provided, further, that upon the successful conclusion of the commissioning process for the Grid Connections in Montenegro and all NI Commissioning Conditions having been fully satisfied and fulfilled pursuant to this point B(2), the NI Commissioning Deadline will enter into effect as postponed by adding to such original deadline (as such original deadline may already have been postponed pursuant to Section 2.2(a)(ii) or otherwise under the Agreement) the amount of time passed from such original deadlines to the date on which the commissioning process for the Grid Connections in Montenegro is finally and successfully concluded and all NI Commissioning Conditions have been fully satisfied and fulfilled as indicated above.

- (iv) Postponement of Opening of Works Deadline and NI Commissioning Deadline due to delays in supply of HVDC Cable. The Parties agree that Terna may unilaterally suspend and prolong both the NI Opening of Works Deadline and the NI Commissioning Deadline (as possibly suspended and postponed pursuant to the provisions of Section 2.2(a)(ii)), only once with respect to both deadlines simultaneously and for a maximum of 12 months, by serving written notice to the

Company no later than 60 days in advance of the NI Procurement Process Deadline (as possibly suspended and postponed pursuant to the provisions of Section 2.2(a)(ii)), provided further that Terna delivers to the Company reasonable supporting evidence of the constraint and delay in the manufacturing, delivery and/or supply to Terna of the HVDC cable necessary for construction of Network Interconnection. Suspension and prolongation of the NI Opening of Works Deadline and the NI Commissioning Deadline pursuant to this paragraph (iv) will automatically result in suspension and prolongation of: (i) the ANI Opening of Works Deadlines relating to the Grid Connections and the ANI Grid Connections Commissioning Deadlines (as possibly suspended and postponed pursuant to the provisions of Section 2.2 (b) (vii)); and (ii) the Additional NI Commissioning Deadline (as possibly suspended and postponed pursuant to the provisions of Section 3.3(e)), so that each of the ANI Opening of Works Deadlines relating to the Grid Connections and ANI Grid Connections Commissioning Deadlines, as well as the Additional NI Commissioning Deadline will be postponed by adding to each such original deadline (as such original deadline may already have been postponed pursuant to Section 2.2 (b) (vii) and Section 3.3(e), respectively) the length of time identical to the period for which the NI Opening of Works Deadline and the NI Commissioning Deadline has been postponed pursuant to this paragraph (iv).

(b) The Associated Network Infrastructures. The intermediate milestones and corresponding deadlines for the construction and commissioning of the Associated Network Infrastructures refer to each of the single infrastructures composing the ANI, as described in Section 1.2 (a), and are set forth in this Section 2.2(b) and a further detailed description of these milestones (and any relevant sub-milestones) and corresponding deadlines is set forth on Annex 2.2 attached hereto. The Parties may modify the intermediate milestones, sub-milestones related to the Associated Network Infrastructures (and/or their corresponding deadlines) only by mutual agreement among them, without prejudice to the provisions of Section 4.6 hereof:

- (i) Feasibility Study. The Company shall commission the necessary study or studies to ascertain the feasibility of, and to determine the best options for, the construction of the various components of each of the Associated Network Infrastructures (the “ANI Feasibility Studies”) and such studies shall be completed for the various components and infrastructures. A copy of the ANI Feasibility Studies shall be shared with Terna.
- (ii) Planning of ANI within the Governmental Detailed Spatial Plan. The Company shall prepare all documents, technical data and materials related to, and necessary for pursuant to Montenegrin law, the planning of the Associated Network Infrastructures within the detailed spatial plan and duly submit them to the competent authorities (the “ANI Detailed Spatial Plan”). Montenegro and the Company shall use their best efforts to procure that the ANI Detailed Spatial Plan is formally approved and adopted by the competent Ministry(ies) of Montenegro (together with the positive environmental impact assessment report) no later than as indicated in Annex 2.2 (the “ANI Detailed Spatial Plan Deadline”).
- (iii) Design Plans and Side Studies. The Company shall prepare the documentation and technical data necessary for preliminary design plans and any side studies required

pursuant to Montenegrin law in order to obtain the planning of ANI within the Governmental Detailed Spatial Plan and the expropriatory process for the Associated Network Infrastructures (the “ANI Preliminary Design Plans and Side Studies”) and such preliminary design plans and side studies shall be completed and presented to the relevant authorities no later than as indicated in Annex 2.2 (the “ANI Preliminary Design Plans and Side Studies Deadlines”). The Company shall amend or supplement such design plans and studies as necessary, from time to time, finally achieving level of main design plans (the “ANI Main Design Plans and Side Studies”), in order to comply with regulatory or legal requirements and in order to facilitate the receipt of any and all necessary governmental approvals, consents or permissions for the construction of the Associated Network Infrastructures, including the ANI Construction Permission.

- (iv) Expropriatory Process. The Company shall prepare expropriatory study/ies based on inputs from the approved Governmental Detailed Spatial Plan including the ANI Preliminary Design Plans and Side Studies and any other information necessary or required under Montenegrin law and practice with respect to the Associated Network Infrastructures and shall submit such study/ies to the relevant authorities in order to ensure that the expropriatory process for the acquisition of all land and related rights necessary for the construction of the Associated Network Infrastructures commences (the “Commencement of ANI Expropriatory Process”). The Company and Montenegro shall use their best efforts to ensure that the entire expropriatory process with respect to the Associated Network Infrastructures shall be completed not later than as indicated in Annex 2.2 (the “ANI Expropriatory Process Completion Deadlines”).
- (v) Procurement of Materials and Labor. The Company shall initiate and complete (by awarding the works and executing binding agreements with the relevant third parties) the process to procure the materials and works for the Company Procurement Works as part of the components and elements of the Associated Network Infrastructures (the “ANI Procurement Process”) no later than as indicated in Annex 2.2 (the “ANI Procurement Process Deadlines”). The Parties agree, that notwithstanding anything to the contrary contained in this Agreement, the ANI Procurement Process Deadlines are established also based on the assumption that the Company and Montenegro Triggering Event will be fully satisfied and fulfilled before the ANI Procurement Process Deadlines. The Parties therefore agree that the ANI Procurement Process shall not be completed by the Company - and the ANI Procurement Process Deadline and all subsequent deadlines applicable to the Company and the Company’s obligations relating thereto, including, without limitation, the ANI Opening of Works Deadline (as defined below) and ANI Commissioning Deadline (as defined below) - shall not start running or, as the case may be, shall be suspended and postponed until the Company and Montenegro Triggering Event has been fully satisfied and fulfilled, provided, however, that (I) if satisfaction or fulfillment of the Company and Montenegro Triggering Event is prevented by a Company’s act or omission, provided that the Company’s act or omission materially contributed to preventing such satisfaction and fulfillment, the triggering event shall be deemed as satisfied and fulfilled and (II) upon full satisfaction and fulfillment of the Company and Montenegro Triggering Event (including pursuant to point (I) above) the ANI Procurement Process Deadlines (and

all subsequent deadlines applicable to and the Company's and Montenegro's obligations relating thereto, including, without limitation, the ANI Opening of Works Deadline (as defined below) and ANI Commissioning Deadlines (as defined below)) will enter into effect as postponed by adding to each of such original deadlines (as such original deadlines may already have been postponed pursuant to other provisions of this Agreement) the length of the time passed between the original deadline for the completion of the ANI Procurement Process (as indicated in Annex 2.2) to the date on which the Company and Montenegro Triggering Event has been satisfied and fulfilled (including pursuant to point (I) above).

- (vi) Construction Permission. The Company shall prepare, or arrange for preparation, and submit to the competent Montenegrin authorities the requests and all main design plans, side studies, documentation and technical data required by Montenegrin law for obtaining all the necessary construction permissions, approvals and consents from the relevant authorities, including, in particular, the construction permission from the competent Ministry(ies), for the construction of the Associated Network Infrastructures (the "ANI Construction Permission") and shall obtain the ANI Construction Permission no later than as indicated in Annex 2.2 (the "ANI Construction Permission Deadlines").

- (vii) Construction. The Company shall initiate (*i.e.*, shall commence the works and construction activities on-site) the construction of the Associated Network Infrastructures no later than as indicated in Annex 2.2 (the "ANI Opening of Works Deadlines") and shall complete all necessary construction activities in respect of, and shall commission the Grid Connections, as set forth in Annex 2.5, no later than as indicated on Annex 2.2 (the "ANI Grid Connections Commissioning Deadlines") and the Tivat/Pljevlja connection, as set forth in Annex 2.5, no later than as indicated on Annex 2.2 (the "Tivat/Pljevlja Commissioning Deadline") (the ANI Grid Connections Commissioning Deadlines and the Tivat/Pljevlja Commissioning Deadline together being referred to as "ANI Commissioning Deadlines"), provided, however, that notwithstanding anything to the contrary contained in this Agreement, the Parties agree that (x) the construction and realization of the Associated Network Infrastructures shall be subject to and shall not be initiated by the Company (and the ANI Opening of Works Deadlines and ANI Commissioning Deadlines shall be suspended and postponed as indicated below) until the Company and Montenegro Triggering Event has been fully satisfied and fulfilled, provided, further, that (I) if satisfaction or fulfillment of the Company and Montenegro Triggering Event is prevented by a Company's act or omission, provided that the Company's act or omission materially contributed to preventing such satisfaction and fulfillment, the triggering event shall be deemed as satisfied and fulfilled, and (II) upon the Company and Montenegro Triggering Event having been fully satisfied and fulfilled (including pursuant to point (I) above), the ANI Opening of Works Deadline and the ANI Commissioning Deadline will enter into effect as postponed by adding to such original deadlines (as such original deadlines may already have been postponed pursuant to other provisions of this Agreement) the amount of time passed from such original deadlines to the date on which the Company and Montenegro Triggering Event has been satisfied and fulfilled (including pursuant to point (I) above); and (y) the ANI Grid Connections Commissioning Deadlines shall be suspended and postponed in accordance with Section 2.2(a)(iv).

ARTICLE III.

PROJECT DEVELOPMENT, CONSTRUCTION, COORDINATION AND OVERSIGHT

Section 3.1. Project Standards, Cooperation and Liabilities.

(a) The Parties agree that the planning, development, designing, engineering, procurement, construction, testing, completion and operation of the New Interconnection by Terna and of the Associated Network Infrastructures by the Company shall conform, comply and satisfy the terms, conditions, methods, techniques, practices and standards imposed or required by (i) all applicable laws and regulations (including relevant permits, concessions and authorizations), (ii) Good Industry Practice and (iii) any other standard, term, condition, requirement specifically provided in this Agreement, including, with respect to (1) the management and procurement of construction services and works (*e.g.*, bid and contracting process, selection and award of the works to contractors, inspection, quality control, testing, start-up and commissioning), (2) the development and implementation of an organization that can effectively manage and perform the tasks of all the different phases (*e.g.*, quality and quantity of staff, systems and procedures), (3) the reliability, efficiency, functioning of the relevant infrastructures and works (4) the full, efficient, economic and safe commercial operation of, with respect to Terna, the New Interconnection, and, with respect to the Company, the Associated Network Infrastructures, and (5) the materials and methods used for the construction of the New Interconnection by Terna and the Associated Network Infrastructures by the Company shall be new and of first-class quality and standard and conform in all material respects with the applicable construction standards promulgated by IEC, CENELEC and CIGRE Recommendation and the International Organization for Standardization (“ISO”), in any case having also regard to CEI and MEST (JUS) standards as applicable to the infrastructures located in the territory of Italy and Montenegro, respectively.

(b) The Parties agree to perform their respective activities indicated in Article II hereto under their exclusive responsibility and to cooperate with each other while performing such activities. To this end, the Parties undertake to provide each other with all necessary and reasonable data, documentation, or other information pertaining to their areas of responsibility and with respect to the technical details of the electrical systems or materials required for the realization of the New Interconnection and the Associated Network Infrastructures and to discuss, and do their best effort to agree, in good faith, any technical issue or problem that may arise during the development of the New Interconnection and the Associated Network Infrastructures. Each Party will ensure that the technical characteristics of the infrastructures and works with respect to which they are responsible under this Agreement shall be fully consistent with the characteristics set forth in Annexes 2.1 and 2.2.

Section 3.2. Composition and Roles of the Coordination Committee.

(a) For purposes of facilitating the coordination and the timely and efficient realization of the various elements of the New Interconnection by Terna and the Associated Network Infrastructures by the Company and the fulfillment of the project goals and deadlines set forth in Article II, the Parties agree to establish a committee (the “Coordination Committee”) that shall be composed of three members appointed by Terna (who may be selected also among the directors of the Company designated by Terna pursuant to the Shareholders’ Agreement), three members appointed by the Company and two members

appointed by the Ministry of Montenegro responsible for the economic and energy matters and the Ministry of Montenegro responsible for spatial planning and environmental matters, respectively.

(b) The Coordination Committee shall be tasked with assisting, supporting and monitoring the operational and technical commitments undertaken by the Parties in this Agreement and facilitate the coordination of the different infrastructures, including (i) the exchange and flow of information between Terna and the Company, as contemplated in this Agreement, (ii) the specific coordination of the Parties with respect to the aspects of the New Interconnection and the Associated Network Infrastructures (*e.g.*, the location of the Montenegrin Landing Point and the Montenegrin AC/DC Station) that will necessitate active cooperation and joint planning, (iii) monitoring the status and advancement of the various projects related to the New Interconnection and the Associated Network Infrastructures, (iv) making non-binding proposal to modify any intermediate milestones, sub-milestones or the related deadlines associated therewith, and (v) making non-binding proposal to resolve any problems or issues concerning the planning, construction or implementation of any of the components of the New Interconnection and the Associated Network Infrastructures. The Parties acknowledge and agree that the Coordination Committee shall have no authority or powers to make decisions binding upon the Parties but shall be entitled to issue recommendations, proposals and/or observations to the Parties and provide support and assistance to them in connection with the development of the New Interconnection and the Associated Network Infrastructures and shall have consultative and coordinating purposes.

(c) Beginning with the month following the execution of this Agreement, the Coordination Committee shall meet in person or telephonically at least once every month to discuss the items set forth in Section 3.2(b) and any other issues relating to the coordination of the construction and implementation of the New Interconnection and the Associated Network Infrastructures. Either Terna or the Company may request additional meetings of the Coordination Committee with reasonable advance notice.

(d) A minutes of each meeting of the Coordination Committee shall be prepared and circulated to all the other members of the Coordination Committee for their approval. The language of the meeting of the Coordination Committee and of the minutes of the meeting shall be the English language.

(e) A quorum consisting of at least one member appointed by Terna and one member appointed by the Company shall be necessary for a valid meeting of the Coordination Committee. The Coordination Committee shall rule by unanimous consent of all members present.

(f) The Coordination Committee has, and shall have, no authority to direct or relieve any of the Parties from its duties, obligations or liabilities under this Agreement nor to increase, decrease or otherwise alter the Parties' respective rights and obligations hereunder. The recommendations, proposals and/or observations of the Coordination Committee shall not bind any of the Parties and neither Party shall be entitled to claim any extension of time based on them.

(g) For illustrative purpose only, an overall project plan for the New Interconnection, the Associated Network Infrastructures and the Additional Network Infrastructures in Gantt diagram format is attached as Annex 2.4.

Section 3.3. Additional Network Infrastructures.

(a) In accordance with the provisions of Section 1.3(e), in the event that any of the Additional Network Infrastructures are developed by the Company as public infrastructure (and not as “private interconnector” in accordance with Electricity Regulations 714/2009 and 1228/2003), the Parties agree that the provisions of Sections 3.1 and 3.2 and 3.3(c) shall apply *mutatis mutandis* to the planning, development, designing, engineering, procurement, construction, testing, completion and operation of such Additional Network Infrastructures and the Coordination Committee established pursuant to Section 3.2 shall also assist, support, monitor and coordinate the timely and efficient realization of the various elements of the New Interconnection and the Associated Network Infrastructures with the various elements of the Additional Network Infrastructures. Furthermore, in the event that one of the Additional Network Infrastructures are developed by the Company and the transmission system operator of the neighboring country as public infrastructures (*i.e.*, not as “private interconnector” in accordance with Electricity Regulations 714/2009 and 1228/2003), the Parties agree that, subject to the transmission system operator/independent system operator from the relevant neighboring country agreeing to it, Terna may elect, at its sole discretion, to be a party to the relevant TSO Binding Agreement (for the avoidance of doubt, such election to be made only prior to the signing of the Binding TSO Agreement), and, should Terna decide not to be a party to it, the Company agrees that with reasonable advance before entering into any TSO Binding Agreement and any other agreement or arrangement with the transmission system operator/independent system operator from the relevant neighboring country relating to the development and construction of such Additional Network Infrastructures, it shall inform and consult with Terna and take into reasonable consideration Terna’s comments, suggestions and/or recommendations.

(b) The Company shall do its best efforts to ensure that a TSO Binding Agreement with one of the neighboring transmission system operators/independent system operator with respect to the development and construction of at least one of the Additional Network Infrastructures is executed within the deadline indicated in Annex 2.3 (the “TSO Binding Agreement Deadline”), provided, however, that (i), without prejudice to Terna’s right to terminate the Agreement pursuant to Section 5.3(a)(ii) the Company shall not be liable to Terna if the TSO Binding Agreement is not executed by the TSO Binding Agreement Deadline or at a later date as a result of unwillingness of the neighboring transmission system operators/independent system operator to execute such agreement and (ii) the Company shall continue pursue in good faith the execution of such TSO Binding Agreement with the transmission system operators/independent system operator of the neighboring country.

(c) Moreover, in the event that any of the Additional Network Infrastructures are developed by the Company and the transmission system operator of neighboring country as public infrastructure (not as “private interconnector” in accordance with Electricity Regulations 714/2009 and 1228/2003), and subject to the execution of a TSO Binding Agreement, the Parties further agree, each in its respective capacity, to use their best efforts to ensure that the intermediate milestones and sub-milestones indicated below are fulfilled and incorporated in all material respects into other future agreement(s) (including any Additional

Network Infrastructure Project Coordination Agreement, if any) concerning the construction of any Additional Network Infrastructure that may be possibly entered among the relevant parties and, without prejudice to the provisions of Sections 3.3(d) and 3.3(e), that such intermediate milestones and sub-milestones shall be accomplished no later than the corresponding deadlines for such milestones and sub-milestones indicated below:

- (i) Planning of Additional Network Infrastructures within the Governmental Detailed Spatial Plan. The Additional Network Infrastructures should be planned within the detailed spatial plan and such Additional NI Detailed Spatial Plan should be formally approved and adopted by the competent Ministry(ies) of Montenegro no later than as indicatively indicated in Annex 2.3.
- (ii) Design Plans and Side Studies. The documentation and technical data necessary for any preliminary design plans and any side studies required pursuant to Montenegrin law in order to obtain the planning of Additional NI within the Governmental Detailed Spatial Plan and the expropriatory process for the Additional Network Infrastructure(s) (the “Additional NI Preliminary Plans and Side Studies”) (as well as any amendments or supplements to such design plans and studies necessary to comply with regulatory or legal requirements and to achieve level of main design plans (the “Additional NI Main Plans and Side Studies”) in order to facilitate the receipt of any and all necessary governmental approvals, consents or permissions for the construction of the Additional Network Infrastructure(s)) should be prepared and such design plans and side studies should be completed and submitted to the relevant authorities no later than as indicatively indicated in Annex 2.3.
- (iii) Expropriatory Process. If required, an expropriatory study based on inputs from the Additional NI Detailed Spatial Plan described in clause (i) above, the Additional NI Preliminary_Designs and Side Studies described in clause (ii) above, and any other information necessary or required under Montenegrin law and practice with respect to any Additional Network Infrastructure should be prepared and submitted to the relevant authorities in order to ensure that the expropriatory process for the acquisition of all land and related rights necessary for the construction of the Additional Network Infrastructure(s) begins no later than as indicatively indicated on Annex 2.3 . The full approval and adoption of this expropriatory study by the relevant authorities and the entire expropriatory process with respect to the Additional Network Infrastructure(s) should be completed no later than as indicatively indicated on Annex 2.3.
- (iv) Procurement of Materials and Labor. The process to procure the materials and works for, and any necessary labor for, the construction of the Additional Network Infrastructure(s) should be initiated and completed (by awarding the works and executing binding agreements with the relevant third parties in respect thereto) no later than as indicatively indicated in Annex 2.3.
- (v) Construction Permission. The necessary construction permissions, approvals and consents from the relevant authorities, including, in particular, the construction permission from the competent Ministry(ies) of Montenegro, for the construction of the Additional Network Infrastructures (the “Additional NI Construction Permission”) should be obtained no later than as indicatively indicated in Annex 2.3.

- (vi) Construction - Opening of Works. The construction process should be initiated (opening of the works and construction activities on site) no later than as indicatively indicated in Annex 2.3.

(d) Without prejudice to the provisions of paragraph (f) below, the Company shall complete all necessary construction activities related to, and shall commission, the Additional Network Infrastructure(s) as set forth in Annex 2.5 no later than the Additional NI Commissioning Deadline, provided that a TSO Binding Agreement concerning the development and construction of one of the Additional Network Infrastructures has been executed no later than TSO Binding Agreement Deadline, provided further that if the TSO Binding Agreement is executed after the TSO Binding Agreement Deadline, the Additional Network Infrastructures Commissioning Status shall occur no later than 36 months after the execution of the TSO Binding Agreement.

(e) Without prejudice to the provisions of paragraph (f) below and Section 5.3(a)(ii), the Parties acknowledge and agree that (i) in the event that a TSO Binding Agreement has not been executed by the TSO Binding Agreement Deadline, the indicative deadlines set forth in Annex 2.3 with respect to the items 3.3(c)(i)-(vi) and 3.3 (d) shall be suspended and postponed accordingly and will enter into effect as postponed by adding to each of such original indicative deadline the length of the time passed between the TSO Binding Agreement Deadline and the date of execution of the TSO Binding Agreement.

(f) The Parties acknowledge and agree that in the event that a TSO Binding Agreement has not been executed by December 1, 2011 (the "TSO Binding Agreement Final Deadline"), the provisions of Section 5.3(a)(ii) of this Agreement shall apply.

Section 3.4. Adjustment of Capex.

Without prejudice to the provisions of Section 1.2(c), the capital expenditures relating to the Associated Network Infrastructures and possible changes to the Initial Associated Network Infrastructures CAPEX Estimate shall be made consistent with the budget and Business Plan of the Company in force from time to time.

Section 3.5. Authorizations, Permits and Cooperation.

The Company shall periodically inform Terna as to the status of the necessary authorizations and permits (including the ANI, the Montenegrin NI and Additional NI Construction Permission) and expropriation process relating to the construction and operation of the Associated Network Infrastructures, the Montenegrin NI Portion and the Additional Network Infrastructures.

Section 3.6. Contractors and Compensation; Liabilities of the Parties.

(a) The Parties agree that the selection of the contractors, subcontractors, services providers and suppliers by Terna with respect to the different activities and works related to the New Interconnection and by the Company with respect to the different activities and works related to the Associated Network Infrastructures shall be made in accordance with applicable laws and ensuring that they possess high level of skill, care diligence, knowledge and expertise required and in accordance with Good Industry Practice. Each Party shall be exclusively responsible vis-à-vis such contractors, subcontractors, services providers and suppliers for the

fulfillment of the obligations (and, in particular, payment obligation) set forth in the relevant contracts entered with them and for the management of such contracts and counterparts. Each Party shall be fully responsible for the delays caused or attributable to its contractors, subcontractors, services providers and suppliers except as otherwise expressly provided hereunder.

(b) Each Party shall be solely responsible for any and all damages, losses, costs, claims and expenses, excluding, however, any consequential damages or loss of profits of indemnified Party (“Losses”) to the other Party and to third parties arising from or in connection with (i) any acts, defaults, omissions, works or activities performed by such Party or any of its officers, directors, employees, representatives, agents, contractors, subcontractors or services providers in connection with this Agreement (without prejudice to the rights each Party may have against any such third party entities or persons) and (ii) any violation by such Party or any of its officers, directors, employees, representatives, agents, contractors, subcontractors or services providers of applicable law, regulations, permits, concessions or authorizations.

(c) To the extent any Party suffers any Losses (such Party, an “Indemnified Party”) arising from or in connection with the acts, defaults, omissions, works or activities of any other Party (an “Indemnifying Party”) and for which such Indemnifying Party is solely responsible pursuant to Section 3.6(b) above, the Indemnifying Party shall indemnify and hold harmless the Indemnified Party for any and all such Losses.

(d) The Parties shall act in good faith to mitigate any Losses indemnifiable to them pursuant to this Agreement.

Section 3.7. Future Commercial Agreement(s) and Commercial Operation.

Without prejudice to the provisions of the next paragraph, Terna and the Company agree to use their best effort to execute commercial agreement(s) which shall, *inter alia*, regulate the matters set forth in further details in Annex 4 in line with the contents of the same Annex 4.

The Parties agree that the New Interconnection will be put into commercial operation once Terna and the Company will have executed commercial agreement related to the New Interconnection transfer capacity allocation, based on the agreements and arrangements between the competent authorities of Italy and Montenegro and based on the split of capacity and relevant revenues distribution as set forth in the Intergovernmental Agreement (*i.e.*, 80% Terna, 20% Company in the course of the first 40 years from the commencement of commercial operation of New Interconnection and thereafter in accordance with the agreement of Terna and CGES), unless different agreements are reached among the competent authorities of Italy and Montenegro.

ARTICLE IV.

KIND OF DELAYS, JUSTIFIED DELAYS AND REMEDIES

Section 4.1. Purpose of Remedial Measures.

The Parties agree that the timely and efficient completion of the New Interconnection by Terna and of the Associated Network Infrastructures and, in the event that any of the Additional Network

Infrastructures are developed by the Company as public infrastructure (and not as “private interconnector” in accordance with Electricity Regulations 714/2009 and 1228/2003), of at least one of the Additional Network Infrastructures by the Company are necessary for the proper realization of the Strategic Partnership and to justify the considerable investments being undertaken by Terna and the Company. To this end, the Parties agree that the measures set forth in this Article IV (collectively, the “Remedial Measures”) are necessary in order to ensure the successful and timely completion and commissioning of the New Interconnection, the Associated Network Infrastructures and, in the event that any of the Additional Network Infrastructures are developed by the Company as public infrastructure (and not as “private interconnector” in accordance with Electricity Regulations 714/2009 and 1228/2003), at least one of the Additional Network Infrastructures no later than June 30, 2014 (other than the Pljevlja-Tivat/Kotor Transmission Line which shall be completed and commissioned by the Company prior to October 31, 2015) by enforcing the deadlines relating to the intermediate milestones and sub-milestones set forth in Article II hereof.

Section 4.2. Missed Deadlines.

(a) Unless otherwise modified by Terna and the Company, if Terna fails to meet any of the following deadlines, other than for a reason representing a Justifiable Delay Event, each such deadline will constitute an “NI Level 1 Missed Deadline”:

- (i) the Italian NI Authorization Deadline;
- (ii) the NI Procurement Process Deadlines (as possibly suspended and postponed pursuant to the provisions of Section 2.2(a)(ii)); provided, however, that such deadlines shall never constitute a NI Level 1 Missed Deadline (or any missed deadline, an event triggering any termination right pursuant to Article V, or any other fault) unless all of the Terna Procurement Triggering Events have been fully satisfied and fulfilled (including pursuant to Section 2.2(a)(ii)(I) and Terna fails to meet the NI Procurement Process Deadlines as suspended and postponed pursuant to the provisions of Section 2.2(a)(ii);
- (iii) the NI Opening of Works Deadlines (as possibly suspended and postponed pursuant to the provisions of Section 2.2(a)(iii) or Section 2.2(a)(iv)); provided, however, that such deadline shall not constitute a NI Level 1 Missed Deadline (or any missed deadline, an event triggering any termination right pursuant to Article V, or any other fault) unless all of the Terna Procurement Triggering Events and all of the Terna Construction Triggering Events have been fully satisfied and fulfilled (including pursuant to Section 2.2(a)(ii)(I) and Section 2.2(a)(iii)(A)(I), respectively) and Terna fails to meet the NI Opening of Works Deadlines as suspended and postponed pursuant to the provisions of Section 2.2(a)(iii) or Section 2.2(a)(iv).

(b) Unless otherwise modified by Terna and the Company, if Terna fails to meet, other than for a reason representing a Justifiable Delay Event the following deadline, such deadline will constitute an “NI Level 2 Missed Deadline”:

- (i) the NI Commissioning Deadline (as possibly suspended and postponed pursuant to the provisions of Sections 2.2(a)(ii) 2.2(a)(iii) or Section 2.2(a)(iv)); provided, however, that such deadline shall not constitute a NI Level 2 Missed Deadline (or any missed deadline, an event triggering any termination right pursuant to Article V,

or any other fault) unless all of the Terna Procurement Triggering Events and all of the Terna Construction Triggering Events have been fully satisfied and fulfilled (including pursuant to Section 2.2(a)(ii)(I) and Section 2.2(a)(iii)(A)(I)) and Terna fails to meet the NI Commissioning Deadline as suspended and postponed pursuant to the provisions of Section 2.2(a)(ii), Section 2.2(a)(iii) or Section 2.2(a)(iv)(3); provided, further, that such deadline shall not constitute a NI Level 2 Missed Deadline (or any missed deadline, an event triggering any termination right pursuant to Article V, or any other fault) to the extent that the commissioning process for the Grid Connections has not been fully and successfully concluded and all NI Commissioning Conditions have been fully satisfied and fulfilled (including pursuant to Section 2.2(a)(iii)(B)(2)).

(c) Unless otherwise modified by Terna and the Company, if the Company and/or Montenegro fails to meet, other than for a reason representing a Justifiable Delay Event, any of the following deadlines in relation to any of the single infrastructures composing the ANI, as described in Section 1.2 (a), each such deadline will constitute an “ANI Level 1 Missed Deadline”:

- (i) the ANI Detailed Spatial Plan Deadline;
- (ii) the ANI Preliminary Design Plans and Side Studies Deadlines;
- (iii) the ANI Expropriatory Process Completion Deadlines;
- (iv) the ANI Procurement Process Deadlines (as possibly suspended and postponed pursuant to the provisions of Section 2.2(b)(v)); provided, however, that such deadlines shall never constitute an ANI Level 1 Missed Deadline (or any missed deadline, an event triggering any termination right pursuant to Article V, or any other fault) unless the Company and Montenegro Triggering Event has been fully satisfied and fulfilled (including pursuant to Section 2.2(b)(v)(I)) and the Company fails to meet the ANI Procurement Process Deadlines as suspended and postponed pursuant to the provisions of Section 2.2(b)(v);
- (v) the ANI Construction Permission Deadlines; and
- (vi) the ANI Opening of Works Deadlines (as possibly suspended and postponed pursuant to the provisions of Section 2.2(b)(vii) or Section 2.2(a)(iv)); provided, however, that such deadlines shall never constitute an ANI Level 1 Missed Deadline (or any missed deadline, an event triggering any termination right pursuant to Article V, or any other fault) unless the Company and Montenegro Triggering Event has been fully satisfied and fulfilled (including pursuant to Section 2.2(b)(vii)(I)) and the Company fails to meet the ANI Opening of Works Deadlines as suspended and postponed pursuant to the provisions of Section 2.2(b)(vii) or Section 2.2(a)(iv).

(d) Unless otherwise modified by Terna and the Company, if the Company fails to meet, other than for a reason representing a Justifiable Delay Event, any of the following deadlines in relation to any of the single infrastructures composing the ANI, as described in Section 1.2 (a), each such deadline will constitute an “ANI Level 2 Missed Deadline”:

- (i) the ANI Grid Connections Commissioning Deadlines (as possibly suspended and postponed pursuant to the provisions of Section 2.2(b)(vii) or Section 2.2(a)(iv)); provided, however, that such deadlines shall never constitute an ANI Level 2 Missed Deadline (or any missed deadline, an event triggering any termination right pursuant to Article V, or any other fault) unless the Company and Montenegro Triggering Event has been fully satisfied and fulfilled (including pursuant to Section 2.2(b)(vii)(I)) and the Company fails to meet the Grid Connections Commissioning Deadlines as suspended and postponed pursuant to the provisions of Section 2.2(b)(vii) or Section 2.2(a)(iv);
- (ii) the Tivat/Pljevlja Commissioning Deadline (as possibly suspended and postponed pursuant to the provisions of Section 2.2(b)(vii)); provided, however, that such deadlines shall never constitute an ANI Level 2 Missed Deadline (or any missed deadline, an event triggering any termination right pursuant to Article V, or any other fault) unless the Company and Montenegro Triggering Event has been fully satisfied and fulfilled (including pursuant to Section 2.2(b)(vii)(I)) and the Company fails to meet the Tivat/Pljevlja Commissioning Deadline as suspended and postponed pursuant to the provisions of Section 2.2(b)(vii).

(e) Unless otherwise modified by Terna and the Company, if any of the following deadlines are not met, other than for a reason representing a Justifiable Delay Event, each such deadline will constitute a “Montenegrin NI Portion Level 1 Missed Deadline”:

- (i) the Montenegrin NI Portion planning within Detailed Spatial Plan Deadline (as possibly suspended and postponed pursuant to the provisions of Section 2.2(a)(I)(2));
- (ii) the Montenegrin NI Portion Land Rights Process Deadline; and
- (iii) the Montenegrin NI Portion Construction Permission Deadline (as possibly suspended and postponed pursuant to the provisions of Section 2.2(IV)(2)).

(f) In the event one of the Additional Network Infrastructures is developed by the Company as public infrastructure (and not as “private interconnector” in accordance with Electricity Regulations 714/2009 and 1228/2003), unless otherwise modified by the Parties, if the completion of the construction activities and the commissioning of at least one of the Additional Network Infrastructures as set forth in Annex 2.5 does not occur (i) if a TSO Binding Agreement has been executed within the TSO Binding Agreement Deadline, by the Additional NI Commissioning Deadline (as possibly suspended and postponed pursuant to the provisions of Section 2.2(a)(iv)), or (ii) if the TSO Binding Agreement is executed after the TSO Binding Agreement Deadline, within 36 months after the execution of the TSO Binding Agreement, each such failure to meet the above deadlines will constitute an “Additional Network Infrastructure Level 2 Missed Deadline” on the part of the Company.

Notwithstanding the above and any other provision to the contrary in this Agreement, the Parties agree that if the Company fails to complete the construction and commission at least one of the Additional Network Infrastructures as set forth in Annex 2.5 (i) by the Additional NI Commissioning Deadline (as possibly suspended and postponed pursuant to the provisions of Section 2.2(a)(iv)) as a result of a TSO Binding Agreement concerning the development and construction of at least one of the Additional Network Infrastructures among the Company and the transmission system operator/independent system operator of the relevant neighboring country not having been executed

within the TSO Binding Agreement Deadline, this missed deadline shall not constitute an Additional Network Infrastructure Level 2 Missed Deadline (or any missed deadline, an event triggering any termination right pursuant to Article V other than a termination pursuant to Section 5.3, or any other fault).

Section 4.3. Remedial Measures for Level 1 Missed Deadlines.

(a) Without prejudice to the provisions of Article V, in the event that Terna has missed a NI Level 1 Missed Deadline, Terna shall have 20 Business Days after notice thereof from the Company to complete the intermediate milestone and/or sub-milestone associated with such deadline and to this end Terna shall propose a comprehensive and detailed recovery plan with the proposal to accelerate its activities for the purpose of overcoming the relevant delay and meet and satisfy the relevant NI Opening of Works Deadlines and NI Commissioning Deadline and, thereafter, to take the necessary steps consistent with this plan.

(b) Without prejudice to the provisions of Article V, in the event that the Company and/or, as the case may be, Montenegro has missed an ANI Level 1 Missed Deadline or a Montenegrin NI Portion Level 1 Missed Deadline, the Company and/or, as the case may be, Montenegro shall have 20 Business Days after notice thereof from Terna to complete the intermediate milestone and/or sub-milestone associated with such deadline and to this end the Company shall propose a comprehensive and detailed recovery plan with the proposal to accelerate its activities for the purpose of overcoming the relevant delay and meet and satisfy the relevant ANI Opening of Works Deadlines and ANI Commissioning Deadlines or the relevant Montenegrin NI Portion Level 1 Missed Deadlines and, thereafter, to take the necessary steps consistent with this plan.

Section 4.4. Remedial Measures for Level 2 Missed Deadlines.

(a) Without prejudice to the provisions of Article V, in the event that Terna has missed a NI Level 2 Missed Deadline, Terna shall have 12 full weeks after notice thereof from the Company to complete the milestone associated with such deadline (the “NI Level 2 Deadline Cure Period”) and to this end Terna shall propose a comprehensive and detailed recovery plan with the proposal to accelerate its activities for the purpose of overcoming the relevant delay and meet and satisfy the NI Commissioning Deadline and, thereafter, to take the necessary steps consistent with this plan. If Terna is unable to satisfactorily complete the milestone by the end of the NI Level 2 Deadline Cure Period, Terna shall pay, upon request, to the Company an amount in liquidated damages for every full month of delay subsequent to the expiration of the cure period equal to Euro [OMISSIS]. The sum specified in this provision represents an agreed estimate of losses likely to be suffered by the Company in the event of delay in achieving the relevant deadline and is not a penalty. For the avoidance of doubt, the Parties agree that for the purpose of this sub-clause (a) of Section 4.4, liquidated damages will not be payable for any commenced month of delay, if the relevant milestone is completed within that month.

Notwithstanding the foregoing, the aggregate amount of liquidated damages payable pursuant to this Section 4.4 (a) shall not exceed € [OMISSIS] (the “NI Commissioning Level 2 Missed Deadline Cap”).

(b) Without prejudice to the provisions of Article V, in the event that the Company has missed an ANI Level 2 Missed Deadline, the Company shall have 12 full weeks after notice thereof from Terna to complete the milestones (as the case may be) associated with such deadline (the “ANI Level 2 Deadline Cure Period”) and to this end the Company shall propose a comprehensive and detailed recovery plan with the proposal to accelerate its activities for the purpose of overcoming the relevant delay and meet and satisfy the ANI Commissioning Deadlines and, thereafter, to take the necessary steps consistent with this plan.

- (i) If the Company is unable to satisfactorily complete the milestone by the end of the ANI Level 2 Deadline Cure Period, the Company shall pay, upon request, to Terna an amount in liquidated damages for every full month of delay subsequent to the expiration of the cure period equal to € [OMISSIS], in case of ANI Grid Connections Commissioning Deadlines, and € [OMISSIS] in case of Tivat/Pljevlja Commissioning Deadlines, save with respect to, and to the extent of, the amount of liquidated damages payable by Montenegro pursuant to item (ii) below.
- (ii) If the Company is unable to satisfactorily complete the relevant milestone by the end of the ANI Level 2 Deadline Cure Period and the relevant ANI Construction Permission Deadline (ANI Construction Permission Deadlines being for the purpose of this Section 4.4 (b)(ii) referred to as “Montenegro Deadlines”) had not been previously met for any reason whatsoever (including, in whole or in part, for any breach, action or omission by the Company, non-fulfillment or delays by the same Company of any prior or subsequent deadline or of any covenant or best effort commitment contained in this Agreement, or, in any event, for any reason however attributable or imputable to the Company or to any third party) – and, therefore, regardless of the actual cause and basis of such failure - , Montenegro shall pay, upon request, to Terna an amount in liquidated damages equal to (1) € [OMISSIS], for every full month of delay subsequent to the expiration of the cure period applying to the relevant ANI Grid Connections Commissioning Deadlines, and (2) € [OMISSIS] for every full month of delay subsequent to the expiration of the cure period applying to the Tivat/Pljevlja Commissioning Deadline, it being understood that the amount(s) to be paid by Montenegro under this paragraph shall be calculated, separately for each infrastructure composing the Associated Network Infrastructures, by multiplying the abovementioned amounts with the number of full months passed from the Montenegro Deadline relating to the relevant infrastructure to the actual date on which the relevant ANI Construction Permission has been finally obtained, all the above, regardless of the actual cause and reason for which the ANI Level 2 Missed Deadline has not been met (including, if it has not been met, in whole or in part, for any breach, action or omission by the Company, non-fulfillment or delays by the same Company of any prior or subsequent deadline or of any covenant or best effort commitment contained in this Agreement, or, in any event, for any reason however attributable or imputable to the Company or to any third party), it being understood that the Company shall pay the amount in liquidated damages equal to € [OMISSIS], in case of ANI Grid Connections Commissioning Deadlines, and € [OMISSIS] in case of Tivat/Pljevlja Commissioning Deadlines for every full month of delay exceeding the delay attributable pursuant to this paragraph to and paid by Montenegro.

The respective sums specified in this provision represents an agreed estimate of losses likely to be suffered by Terna in the event of delay in achieving the relevant deadline and is not a penalty. For the avoidance of doubt, the Parties agree that for the purpose of this sub-clause (b) of Section 4.4, liquidated damages will not be payable for any commenced month of delay, if the relevant milestone is completed within that month.

Notwithstanding the foregoing, the aggregate amount of liquidated damages payable pursuant to this Section 4.4 (b) shall not exceed € [OMISSIS] in case of ANI Grid Connections Commissioning Deadlines, and € [OMISSIS] in case of Tivat/Pljevlja Commissioning Deadline (in each case, the “ANI Commissioning Level 2 Missed Deadline Cap”).

(c) In the event that the Company has missed an Additional Network Infrastructure Level 2 Deadline, the Company shall have 12 full weeks after notice thereof from Terna to complete the milestone associated with such deadline. If the Company is unable to satisfactorily complete the milestone by the end of the above remedy period, the Company shall pay, upon request, to Terna an amount in liquidated damages for every full month of delay subsequent to the above cure period that the milestone remains unattained equal to € [OMISSIS]. The sum specified in this provision represents an agreed estimate of losses likely to be suffered by Terna in the event of delay in achieving the relevant deadline and is not a penalty. For the avoidance of doubt, the Parties agree that for the purpose of this sub-clause (c) of Section 4.4, liquidated damages will not be payable for any commenced month of delay, if the relevant milestone is completed within that month.

Notwithstanding the foregoing, the aggregate amount of liquidated damages payable pursuant to this Section 4.4 (c) shall not exceed € [OMISSIS].

Section 4.5. Other Remedial Measures.

The Parties acknowledge and agree that the remedies indicated in Sections 4.3 and 4.4 above, including, in particular, the payment of any amounts set forth in Section 4.4, shall not relieve the defaulting Party from its obligations to carry out and complete its portion of the New Interconnection, Associated Network Infrastructures, or Additional Network Infrastructures (as the case may be) or from any other of its obligations and liabilities (including indemnification obligations and liabilities for breaches) under this Agreement and applicable law and shall be without prejudice to any other rights, powers, remedies or actions the non-defaulting Party may have under this Agreement, the Shareholders’ Agreement, applicable law or otherwise, provided, however, that without prejudice to the provisions set forth in Sections 4.4, 5.2 (c), (d), (e) and (f) below, any amount of damages to which an indemnified party may be entitled to shall always include the total amount of liquidated damages payable by the indemnifying party pursuant to Section 4.4, and further provided that no Party shall in any event be liable to the other Party(ies) for lost profits or consequential damages.

Section 4.6. Force Majeure Events and Justifiable Delays.

(a) The Parties agree that any material and adverse event occurring after the date hereof that is not directly or indirectly imputable to a Party which invokes it (or its officers, employees, constructors, subcontractors, service providers, etc.), was unforeseen at the time of the execution of this Agreement, whose occurrence and effects are not controllable by such Party and beyond its reasonable control, could not be avoided or prevented by the affected

Party, and which prevents such Party from fulfilling its contractual obligations under this Agreement shall be deemed a “Force Majeure Event.” For illustrative purposes, Force Majeure Events include, but are not limited to, the following: (i) earthquakes, (ii) volcanic eruptions, (iii) waterspouts, (iv) tornados, (v) acts of war, (vi) acts of terrorism, (vii) acts of sabotage, or (viii) national or local industrial labor strikes, each having a significant impact on the performance of one or more of the obligations set forth in this Agreement; provided, however, that the Parties agree that the following shall not constitute a Force Majeure Event (1) any event which arises or has arisen as a result of a breach, negligent act or omission of the Party affected, (2) labor strikes specific to the business of Terna or the Company (or their contractors, subcontractors, services providers, etc.), (3) change of applicable law unless such change is expressly and compulsorily required by EU law, (4) with respect to Terna only, failure to obtain Italian NI Authorization, and (5) with respect to the Company and Montenegro only, failure to obtain the ANI Construction Permission(s), or any other necessary approvals, authorizations or consents required to construct the Associated Network Infrastructures or the Additional Network Infrastructures.

(b) Any Party intending to invoke a Justifiable Delay Event to excuse its delayed completion or non-performance of an intermediate milestone or sub-milestone (or any other contractual obligation under this Agreement) must immediately notify each other Party of the occurrence of the Justifiable Delay Event and must produce within 25 Business Days all necessary evidence to document the occurrence of the Justifiable Delay Event, its estimated duration and the proposed measures the affected Party shall take in order to mitigate or obviate the effects of such events.

(c) Each of the Parties agrees to use its best efforts to minimize and, to the extent possible, overcome the consequences of the Justifiable Delay Event within the most reasonable period of time possible.

(d) Any Party that properly notifies the other Parties of the existence of a Justifiable Delay Event shall be excused from the performance of its contractual obligations for so long as the Justifiable Delay Event actually materially impairs such Party’s ability to perform its contractual obligations under this Agreement. However, any Party affected by a Justifiable Delay Event shall not be excused from any of its other contractual obligations that are not materially impacted by such Justifiable Delay Event and any Justifiable Delay Event shall not be applicable to any deadlines or milestones not actually materially impacted by such event and the Party invoking a Justifiable Delay shall remain obligated to perform those obligations which are not actually impaired by such event.

(e) To the extent a Party has incurred a Justifiable Delay with respect to any deadline or milestone listed in Article II hereof, such Party shall not be subject to the Remedial Measures set forth in this Article IV for failing to meet such deadline or milestone for so long as (1) the Justifiable Delay Event has an actual material effect on such delay, (2) the circumstances of the Justifiable Delay Event shall not have arisen, whether in whole or in part, by some default, omission or neglect by the Party claiming the relief (for this purpose, the Company and Montenegro shall be deemed a single party), and (3) the Party claiming the relief shall have given the other the notice pursuant to Section 4.6(b) and shall have used all reasonable endeavors to minimize the effect of the circumstances giving to the Justifiable Delay Event. Once a Justified Delay has ended, a Party shall propose a comprehensive and detailed recovery plan with the proposal to accelerate its activities for the purpose of

overcoming the relevant delays and to meet and satisfy the applicable deadlines for the completion of the construction and commissioning of the relevant infrastructure and, thereafter, to take the necessary steps consistent with this plan and shall be once again subject to the Remedial Measures set forth in this Article IV for any missed deadlines or uncompleted milestones; it being understood that any applicable deadlines shall be adjusted by adding to the original dates of such deadlines the amount of time equal to the length of the Justifiable Delay.

ARTICLE V.

TERMINATION

Section 5.1. General Termination.

This Agreement shall continue in full force and effect and shall terminate: (i) by written agreement of the Parties hereto, or (ii) forthwith upon written notice by Terna or the Company (as the case may be), at such time when an effective, binding and final order being made for the liquidation, bankruptcy, insolvency or other equivalent or analogous proceedings of Terna or the Company, other than to effect a scheme of *in bonis* reorganization, reconstruction or amalgamation; save for any of its provisions which are expressed to come into effect or continue in force after termination.

Section 5.2. Termination with Accountability.

[OMISSIS]

then the Company, shall be entitled to forthwith terminate the Agreement by written notice to Terna.

[OMISSIS]

[OMISSIS]

then Terna shall be entitled to forthwith terminate the Agreement by written notice to the Company and Montenegro.

(c) If the Company terminates the Agreement pursuant to Section 5.2(a) above, the Company, shall be entitled to receive and recover from Terna:

- (i) all costs, expenses and losses reasonably incurred by the Company for the planning, development, designing, engineering, procurement and construction of the Associated Network Infrastructures only after the date hereof;
- (ii) all costs, expenses and losses reasonably incurred by the Company for the planning, development, designing, engineering, procurement and construction of the Additional Network Infrastructure(s), if any;
- (iii) all costs, expenses and losses (1) for materials, goods, services or works ordered and of which the Company is legally liable to accept delivery or pay damages in the event of failure to accept delivery, and/or (2) of canceling and/or terminating any contract or arrangement with contractors, subcontractors, suppliers of materials and goods, service providers or, however, relating to the performance of works and incurred by the Company as a result of the termination, provided that the Company actually cancels and terminates such contracts and arrangements, in all cases relating to the Associated Network Infrastructures and the Additional Network Infrastructure(s), the above costs, expenses and losses to be determined without double counting;
- (iv) the amount of any other expenditure which in the circumstances was reasonably incurred by the Company in the expectation of completing the Associated Network Infrastructures and the Additional Network Infrastructure(s);

- (v) the liquidated damages accrued and payable as of the date of termination (if any) pursuant to Section 4.4(a); and
- (vi) any other damages suffered or incurred by the Company as a result of termination of this Agreement,

less:

- (I) any insurance proceeds received as a result of termination of this Agreement, reduced for any insurance premiums paid to obtain and maintain such insurance; and
- (II) the proceeds received from terminating any hedging or similar arrangements entered into in connection with the projects or the financing of the projects contemplated by this Agreement,

((I) and (II) being “**Permissible Deductions**”) actually received by the Company and/or Montenegro.

(d) If Terna terminates the Agreement pursuant to Section 5.2(b) (i)-(iii) above, Terna shall be entitled to receive and recover from the Company and Montenegro (on a joint and several basis):

- (i) all costs, expenses and losses reasonably incurred by Terna and its Affiliates for the planning, development, designing, engineering, procurement and construction of the New Interconnection after the date hereof;
- (ii) (1) all costs, expenses and losses reasonably incurred by Terna and its Affiliates for the planning, development, designing, engineering, procurement and construction of the Additional Network Infrastructure(s), if any, if such infrastructure is planned and developed as “private interconnection” and (2) all costs, expenses and losses reasonably incurred by Terna and its Affiliates for the planning, development, designing, engineering, procurement and construction of the Additional Network Infrastructure(s), if any, if such activities are requested by CGES or Montenegro;
- (iii) all costs, expenses and losses (1) for materials, goods, services or works ordered and of which Terna and/or its Affiliates are legally liable to accept delivery or pay damages in the event of failure to accept delivery, and (2) of canceling and/or terminating any contract or arrangement with contractors, subcontractors, suppliers of materials and goods, service providers or, however, relating to the performance of works and incurred by Terna and/or its Affiliates as a result of the termination, provided that Terna and/or its Affiliates actually cancel and terminate such contracts and arrangements, in all cases relating to the New Interconnection and the Additional Network Infrastructure(s), the above costs, expenses and losses to be determined without double counting;

- (iv) the amount of any other expenditure which in the circumstances was reasonably incurred by Terna and/or its Affiliates in the expectation of completing the New Interconnection and the Additional Network Infrastructure(s);
- (v) the liquidated damages accrued and payable as of the date of termination (if any) pursuant to Section 4.4(b) and (c);
- (vi) reasonable costs and expenses of repatriation of Terna's and Terna Affiliates' personnel and of the contractors' and subcontractors' staff and workmen employed in connection with the New Interconnection and the Additional Network Infrastructure(s) as of the date of termination; and
- (vii) any other damages suffered or incurred by Terna as a result of termination of this Agreement,

less any Permissible Deductions actually received by Terna.

(e) If Terna terminates the Agreement pursuant to Section 5.2(b) (iv)-(vii) above, Terna shall be entitled to receive and recover from the Company:

- (i) all costs, expenses and losses reasonably incurred by Terna and/or its Affiliates for the planning, development, designing, engineering, procurement and construction of the New Interconnection after the date hereof;
- (ii) (1) all costs, expenses and losses reasonably incurred by Terna and its Affiliates for the planning, development, designing, engineering, procurement and construction of the Additional Network Infrastructure(s), if any, if such infrastructure is planned and developed as "private interconnection" and (2) all costs, expenses and losses reasonably incurred by Terna and its Affiliates for the planning, development, designing, engineering, procurement and construction of the Additional Network Infrastructure(s), if any, if such activities are requested by CGES or Montenegro;
- (iii) all costs, expenses and losses (1) for materials, goods, services or works ordered and of which Terna and/or its Affiliates are legally liable to accept delivery or pay damages in the event of failure to accept delivery, and (2) of canceling and/or terminating any contract or arrangement with contractors, subcontractors, suppliers of materials and goods, service providers or, however, relating to the performance of works and incurred by Terna and/or its Affiliates as a result of the termination, provided that Terna and/or its Affiliates actually cancel and terminate such contracts and arrangements in all cases relating to the New Interconnection and the Additional Network Infrastructure(s), the above costs, expenses and losses to be determined without double counting;
- (iv) the amount of any other expenditure which in the circumstances was reasonably incurred by Terna and/or its Affiliates in the expectation of completing the New Interconnection and the Additional Network Infrastructure(s);
- (v) the liquidated damages accrued and payable as of the date of termination (if any) pursuant to Sections 4.4(b) and (c); and

- (vi) reasonable costs and expenses of repatriation of Terna's and Terna Affiliates' personnel and of the contractors' and subcontractors' staff and workmen employed in connection with the New Interconnection and the Additional Network Infrastructure(s) as of the date of termination;
- (vii) any other damages suffered or incurred by Terna as a result of termination of this Agreement,

less any Permissible Deductions actually received by Terna.

(f) Notwithstanding anything to the contrary in this Agreement or applicable law, neither Party shall be entitled to seek indemnification also for loss of profits or consequential damages in the event of termination of this Agreement under this Section 5.2.

(g) Termination under this Section 5.2 shall not affect or prejudice Terna's or the Company's or Montenegro's existing rights, powers, or remedies under this Agreement or applicable law, or any provision of this Agreement that is expressly provided to come into effect or continue in effect after such termination.

(h) The Parties shall act in good faith to mitigate the losses resulting from termination of this Agreement indemnifiable pursuant to this Article 5.2.

Section 5.3. Justifiable Events of Termination.

(a) If:

- (i) a Force Majeure Event occurs and its effects continues for a period of 12 months; or
- (ii) [OMISSIS]
- (iii) [OMISSIS]

then each of Terna and the Company in the cases under (i) and (iii) above, or Terna in the case under (ii) above, shall be entitled to terminate forthwith this Agreement by written notice to the other Parties, to be sent in case of item (ii) above, upon penalty of forfeiture, within 3 weeks after occurrence of the above event.

(b) Termination under this Section 5.3 shall not affect or prejudice Terna's or the Company's or Montenegro's rights and entitlements to the liquidated damages accrued and payable as of the date of termination (if any) pursuant to Sections 4.4(a), 4.4(b) and 4.4(c) (as the case may be) or any provision of this Agreement that is expressly provided to come into effect or continue in effect after such termination and each of the Parties will bear all the costs and expenses and losses incurred (or to be incurred) up to, and as a consequence of, the termination (including possible penalties or termination fees due to contractors, subcontractors, suppliers of materials and goods, service providers).

Section 5.4. General Provisions.

(a) Notwithstanding anything to the contrary herein contained, if this Agreement terminates for whatever reason, the provisions set forth in Section 4.4 (to the extent that the event giving rise to the application of the relevant provisions has occurred and the relevant obligations have not been discharged), Article V, Article VI, Article VII and Article VIII, shall survive such termination and continue to apply.

(b) The termination of this Agreement shall be without prejudice to any liability or obligation in respect of any matters, undertakings or conditions that shall not have been observed or performed by the relevant Party prior to such termination.

ARTICLE VI.

GOVERNING LAW, DISPUTE RESOLUTION AND ARBITRATION AND WAIVER OF IMMUNITY

(a) This Agreement, and any dispute or claim arising out of or in connection with it or its subject matter, shall be enforced, construed and interpreted in accordance with the substantive laws of England without regard to its conflict of law rules to the extent that the application of the laws of another jurisdiction would be required thereby.

(b) In the event that any dispute, controversy or claim arising from, connected to or related in any manner with this Agreement arises, including but not limited to, its interpretation, making, performance, breach, termination, expiration, or invalidation, the Parties agree to submit to final arbitration before a panel of three arbitrators under the Rules of Arbitration of the International Chamber of Commerce (the “ICC” and “ICC Rules”).

(c) The arbitration panel shall have the exclusive right to determine the arbitrability of any disputes. In the event of any conflict between the ICC Rules and any provisions of this Agreement, this Agreement shall govern.

(d) The arbitration shall be conducted in English in Paris, France. All proceedings of the arbitration, including arguments and briefs, shall be conducted in English. The parties agree to take all reasonable steps necessary to protect the confidentiality of any Confidential Information in the arbitration and in any related court proceedings, including the entry of a confidentiality order by the arbitration panel. An arbitration may be commenced under this Agreement against more than one other Party, and each Party to this Agreement shall not unreasonably oppose their being joined as an additional Party to an arbitration involving other Parties. In the event that more than one arbitration proceeding is instituted under this Agreement, the Shareholders’ Agreement and/or the Sale and Purchase Agreement, the Parties shall not unreasonably oppose their consolidation.

(e) The arbitration panel shall award the prevailing party its reasonable attorney’s fees and costs, arbitration administrative fees, panel member fees and costs, and any other costs associated with the arbitration. The Parties agree that notifications of any proceedings, reports, communications or any other document shall be effective and shall be valid and sufficient service thereof if sent as set forth in Section 7.1 of this Agreement. In no event the arbitration panel may award punitive, consequential and/or special damages.

(f) Before commencing the arbitration and even thereafter, the Parties may apply to any competent judicial authority for interim or conservatory measures.

(g) Each Party represents that it is entering into this Agreement in a commercial capacity and that with respect to this Agreement it is in all respects subject to civil and commercial law. Each Party hereby irrevocably and unconditionally and to the fullest extent permitted by law:

- (1) agrees that, should the other Party bring legal, arbitration or other proceedings against it or its assets arising out of or in connection with this Agreement, no immunity from such proceedings (which shall be deemed to include without limitation, suit, attachment prior to judgment, other attachment, the obtaining of judgment, execution and other enforcement) shall be claimed by or on behalf of itself or with respect to its assets; and
- (2) waives any such right of sovereign or other immunity which it or its assets wherever located now has or may hereafter acquire.

ARTICLE VII.

CONTACTS AND NOTICES, ENTIRE AGREEMENT AND BINDING AGREEMENT, ASSIGNMENT, NO THIRD PARTY BENEFICIARIES.

Section 7.1. Notices.

Notices to the Parties shall be sent in writing to their respective addresses set forth on Annex 7.1 attached hereto. Any Party may require notices to be sent to a different address by giving notice to the other Parties in accordance with this Section 7.1. Any notice or other communication required or permitted hereunder will be in English, in writing, and will be deemed to have been given upon receipt if and when delivered personally, sent by facsimile transmission (the receipt by the sender of a positive transmission report being deemed evidence of such delivery) or by hand messenger or recognized air courier service to such Parties at such address. If a notice is delivered, faxed and mailed on a day which is not a Business Day or after business hours (6:00 PM Central European Time), such notice shall be deemed to be received as of the opening of business on the next following Business Day.

Section 7.2. Entire Agreement; Binding Agreement, Assignment, No Third Party Beneficiaries.

(a) This Agreement, including the recitals, Annexes attached hereto, together with the Sale and Purchase Agreement and the Shareholders' Agreement and the documents, instruments and other agreements executed or delivered pursuant thereto, contain all the understandings and agreements between the Parties with respect to the Company and the transactions contemplated herein, and supersedes any other understandings or agreements, either oral or written, including the Term Sheet.

(b) This Agreement will be binding upon the Parties hereto, their successors, heirs, legatees, devisees, permitted assigns, legal representatives, executors and administrators, except as otherwise provided herein. No person other than the Parties, their respective successors and permitted assigns shall have any rights hereunder and nothing in this Agreement shall confer any rights upon any person which is not a Party to this Agreement.

This Agreement and the rights and obligations hereunder shall not be assignable or transferable, in whole or in part, by any Party hereto other than in accordance with and to the extent provided in this Agreement.

ARTICLE VIII.

MISCELLANEOUS

Section 8.1. Representations and Warranties of the Parties.

Each of the Parties represent and warrants (to the extent applicable to it) to the others that:

(a) it has the full power, capacity and authority to enter into and to undertake and perform its obligations under this Agreement which when executed will constitute valid and binding obligations on it in accordance with its terms; there are no obligations, undertakings or third-party rights that may affect its powers to execute and perform the Agreement and its provisions;

(b) the entry and the performance by it of this Agreement will not result in any breach of any provision of applicable law and/or its constitutive documents (including the by-laws) or any contractual obligation and/or result in any claim by a third party against the other Parties hereto; and

(c) except as otherwise specifically indicated, no prior approval, consent or authorization from any public authority or other third party is required in connection with the execution and performance of this Agreement.

Section 8.2. Confidential Information.

(a) Each Party agrees that the Confidential Information shall be kept confidential and shall not be sold, traded, published or otherwise disclosed to anyone in any manner whatsoever, including by means of photocopy or reproduction, provided, however, that a Party may disclose such Confidential Information (i) to its Affiliates, advisers, directors, officers and representatives who need to know that Confidential Information for purposes relating to this Agreement, (ii) in connection with the resolution of any dispute among any of the Parties, (iii) with the consent of the other Parties, (iv) as required by applicable law or any court of competent jurisdiction, any governmental official or regulatory authority (including stock exchange authorities) or any binding judgment, order or requirement of any other competent authority, (v) in connection with any litigation, and (vi) any announcement made or information provided in accordance with paragraph (b) below. Each Party shall exercise at least the same degree of care in preventing the disclosure of any Confidential Information obtained by such Party to any third party, other than as provided in the preceding sentence, as such Party exercises in maintaining the confidentiality of its own confidential proprietary information. Each Party shall use all reasonable endeavors to ensure that their respective Affiliates and their respective officers, employees, agents and professional and other advisers keep confidential any Confidential Information. For purposes hereof, "Confidential Information" means (i) all proprietary or non-public information relating to the Company, its subsidiaries, or the business of the Company (ii) all information relating to the customers, business, assets or affairs of the other Parties which they may have or acquire through the

exercise of its rights or performance of its obligations under this Agreement; or (iii) which relates to the contents of this Agreement, the Shareholders' Agreement and the Sale and Purchase Agreement (or any agreement or arrangement entered into pursuant thereto). The term "Confidential Information" does not include information that (a) is already in such Party's possession, provided that such information is not subject to another confidentiality agreement with or other obligation of secrecy to any person, (b) is or becomes generally available to the public other than as a result of a disclosure, directly or indirectly, by such Party or such Party's representatives in breach of this Agreement, (c) is or becomes available to such Party on a non-confidential basis from a source other than any of the Parties hereto or any of their respective representatives, provided that such source is not known by such Party to be bound by a confidentiality agreement with or other obligation of secrecy to any person, or (d) is independently developed by the relevant party. The provisions of this paragraph shall survive for one year following the termination of this Agreement.

(b) The Parties shall not make any public announcement relating to this Agreement any of the provisions contained herein or the transactions contemplated hereby without the prior written approval of the other Parties. This does not affect any announcement or disclosure required by applicable law or any regulatory body or the rules of any recognized stock exchange, but the party with an obligation to make an announcement or disclosure shall consult with the other party/parties so far as is reasonably practicable before complying with such obligation.

Section 8.3. Terna and Affiliates.

The Parties acknowledge and agree that the fulfillment of Terna's obligations set forth hereunder can be fulfilled and satisfied by Terna and/or by one or more of its Affiliates, provided that if Terna's obligation hereunder is performed by one or more of its Affiliates Terna shall remain liable with respect to the proper performance of such obligations under this Agreement.

Section 8.4. Language.

This Agreement shall be executed in English, which shall be the only language governing this Agreement. Should any translation of this Agreement or part thereof be made or required pursuant to Montenegrin law for any reason or purpose whatsoever, the Parties agree that the English version shall prevail.

Section 8.5. Savings Clause.

Except as otherwise provided, if any provision of this Agreement, or the application of such provision to any person or circumstance, is held to be invalid, the remainder of this Agreement, or the application of such provision to persons or circumstances other than those as to which it is held invalid, will not be affected thereby. Any invalid or unenforceable provision of this Agreement shall be replaced with a provision, which is valid and enforceable and most nearly reflects the original intent of the invalid and unenforceable provision. In the event that applicable law is subsequently amended or interpreted in such a way to make any provision of this Agreement that was formerly invalid valid, such provision will be considered to be valid from the effective date of such interpretation or amendment.

Section 8.6. Amendment; Waiver.

(a) No provision of this Agreement may be amended, modified or waived in whole or in part at any time without an agreement in writing executed by the Parties.

(b) No waiver of any breach of any of the terms of this Agreement shall be effective unless such waiver is expressly made in writing and executed and delivered by the Party against whom such waiver is claimed. The waiver by any Party hereto of a breach of any provision of this Agreement shall not operate or be construed as a further or continuing waiver of such breach or as a waiver of any other or subsequent breach. Except as otherwise expressly provided herein, no failure on the part of any Party to exercise, and no delay in exercising, any right, power or remedy hereunder, or otherwise available in respect hereof at law or in equity, shall operate as a waiver thereof, nor shall any single or partial exercise of such right, power or remedy by such Party preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

Section 8.7. Costs and Expenses.

Each Party shall bear all fees, costs and expenses incurred by it in connection with the preparation, negotiation, entry into and implementation of this Agreement.

Section 8.8. Specific Performance.

The Parties hereto agree that irreparable damage could occur in the event the provisions of this Agreement were not performed in accordance with the terms hereof and that the Parties hereto will be entitled to specific performance of the terms hereof and/or an injunction or other equitable relief to prevent breaches of this Agreement, in addition to any other remedy at law or equity, and any requirement for the securing or posting of any bond in connection with the obtaining of any such injunctive or other equitable relief is hereby waived.

Section 8.9. Liability of Montenegro.

The Parties agree that Terna may seek any payment, damage, loss, indemnity, liquidated damages, or other amount from Montenegro pursuant to this Agreement only in cases and under the circumstances where an obligation, covenant, payment, undertaking, responsibility or liability (whether several or joint and several) of Montenegro is set forth in this Agreement (including, without limitation, pursuant to Section 8.12(h)).

The Parties furthermore agree that in case Terna seeks any payment, damage, loss, indemnity, liquidated damages, or other amount from Montenegro pursuant to this Agreement, Montenegro may not commence or pursue any claim, action, proceeding or arbitration or otherwise seek any compensation, recourse or indemnification (also by way of set-off) – whether as a consequence of any joint and several liability of the Company and Montenegro under this Agreement or otherwise - from or against the Company for any amounts paid or due by Montenegro pursuant to this Agreement.

Section 8.10. Gross-Up

The Parties agree that in case Terna seeks any payment, damage, loss, indemnity, liquidated damages, or other amount from the Company pursuant to this Agreement, any amount to be paid on that basis by the Company to Terna shall be increased by the amount necessary for Terna, as a result of being

a shareholder of the Company, not to indirectly bear any cost or loss resulting from any such payment being made by the Company.

For the avoidance of doubt, the gross-up provided in paragraph 1 of this Section 8.10 shall not apply if and to the extent the amount indemnifiable or indemnified by CGES to Terna is an amount which CGES is undoubtedly able to recover or be compensated by virtue of such amount being explicitly recognized by Energy Regulatory Authority as part of tariff approved to CGES payable to it in the three years following the incurrence of the obligation of CGES to pay a indemnity to Terna pursuant to this Section 8.10 and the amount has been actually and definitively recovered or received by CGES (after deducting any costs incurred in making such recovery and any Tax incurred as a result of receipt of such recovery).

Section 8.11. Counterparts.

This Agreement may be executed in several counterparts, and all so executed will constitute one agreement, binding on all of the Parties hereto, even though all Parties are not signatories to the original or the same counterpart. For purposes hereof, facsimile signatures shall be binding on the Parties to this Agreement.

Section 8.12. General Interpretive Principles.

For purposes of this Agreement, except as otherwise expressly provided or unless the context otherwise requires:

(a) the terms defined in this Agreement, as set forth on Annex 1 attached hereto or elsewhere in the Agreement, include the plural as well as the singular, and the use of any gender herein shall be deemed to include the other gender;

(b) references herein to “Articles,” “Sections,” “paragraphs,” and other subdivisions without reference to a document are to designated Sections, paragraphs and other subdivisions of this Agreement;

(c) a reference to a paragraph without further reference to a Section is a reference to such paragraph as contained in the same Section in which the reference appears, and this rule will also apply to other subdivisions;

(d) the words “herein,” “hereof,” “hereunder” and other words of similar import refer to this Agreement as a whole and not to any particular provision;

(e) the term “include,” “includes” or “including” will be deemed to be followed by the words “without limitation.”;

(f) when calculating the period of days before which, by which or following which any act is to be done or any step is to be taken pursuant to this Agreement, the day that is the reference date in calculating such period shall be excluded. If the last day of such period is not a Business Day, the relevant period shall end on the next following Business Day;

(g) all figures that are expressed in Euros shall include their equivalent in other currencies, as the case may be;

(h) whenever in this Agreement reference is made to an obligation, covenant, agreement, undertaking or effort of “the Company and Montenegro” or “Montenegro and the Company”, such obligation, covenant, agreement, undertaking or effort shall be joint and several between the Company and Montenegro; and

(i) whenever in this Agreement a reference is made that a Party shall “cause” or “procure” for something, that Party shall be obliged to ensure that such objective is, in fact, reached, including, without limitation, through any right to direct or cause the direction of a person or any corporate or other body of such person and shall be fully responsible if such objective is not finally reached.

* * *

IN WITNESS WHEREOF, the Parties hereto have executed this Project Coordination Agreement as of the date first written above.

THE STATE OF MONTENEGRO

By: _____

Name:
Title

TERNA RETE ELETTRICA NAZIONALE S.P.A.

By: _____

Name:
Title

CRNOGORSKI ELEKTROPRENOSNI SISTEM AD

By: _____

Name:
Title

ANNEX 1

DEFINITIONS

The following terms shall have the following meanings:

“AC Transmission Infrastructures” has the meaning ascribed thereto in Section 1.2(a).

“Additional Network Infrastructures” means New Montenegro-Serbia Interconnection Line and the New Montenegro-Bosnia and Herzegovina Interconnection Line.

“Additional Network Infrastructures Commissioning Status” has the meaning ascribed thereto in Section 2.1(b).

“Additional Network Infrastructure Project Coordination Agreement” has the meaning ascribed thereto in Section 1.3(e).

“Additional Network Infrastructure Level 2 Missed Deadline” has the meaning ascribed thereto in Section 4.2(f).

“Affiliate” means with respect to any person, any other person directly or indirectly controlling, controlled by or under common control with such first person. The term “control” (including with correlative meanings, the terms “controlling,” “controlled by” and “under common control with”) shall mean as applied to or in reference to any person, any person (i) of which any person holds (directly or indirectly) more than 50% of the votes at such person’s ordinary shareholders’ meetings, (ii) over which any person exercises a dominant influence at such person’s ordinary shareholders’ meetings through the direct or indirect exercise of voting rights, or (iii) over which any person exercises a dominant influence through contractual arrangements.

“Agreement” means this Project Coordination Agreement, as the same may be amended, supplemented or otherwise modified from time to time in accordance with its terms.

“Additional NI Commissioning Deadline” has the meaning ascribed thereto in Section 2.1(b);

“Additional NI Main Plans and Side Studies” has the meaning ascribed thereto in Section 3.3(c)(ii);

“Additional NI Preliminary Plans and Side Studies” has the meaning ascribed thereto in Section 3.3(c)(ii);

“ANI Commissioning Deadlines” has the meaning ascribed thereto in Section 2.2(b)(vii).

“ANI Commissioning Level 2 Missed Deadline Cap” has the meaning ascribed thereto in Section 4.4(b).

“ANI Construction Permission” has the meaning ascribed thereto in Section 2.2(b)(vi).

“ANI Construction Permission Deadlines” has the meaning ascribed thereto in Section 2.2(b)(vi).

“ANI Detailed Spatial Plan” has the meaning ascribed thereto in Section 2.2(b)(ii)

“ANI Detailed Spatial Plan Deadline” has the meaning ascribed thereto in Section 2.2(b)(ii)

“ANI Expropriatory Process Completion Deadlines” has the meaning ascribed thereto in Section 2.2(b)(iv).

“ANI Feasibility Studies” has the meaning ascribed thereto in Section 2.2(b)(i).

“ANI Grid Connections Commissioning Deadlines” has the meaning ascribed thereto in Section 2.2(b)(vii).

“ANI Level 2 Deadline Cure Period” has the meaning ascribed thereto in Section 4.4(b).

“ANI Level 1 Missed Deadline” has the meaning ascribed thereto in Section 4.2(c).

“ANI Level 2 Missed Deadline” has the meaning ascribed thereto in Section 4.2(d).

“ANI Main Design Plan and Side Studies” has the meaning ascribed thereto in Section 2.2(b)(iii).

“ANI Preliminary Design Plans and Side Studies Deadlines” has the meaning ascribed thereto in Section 2.2(b)(iii).

“ANI Opening of Works Deadlines” has the meaning ascribed thereto in Section 2.2(b)(vii).

“ANI Preliminary Design Plans and Side Studies” has the meaning ascribed thereto in Section 2.2(b)(iii).

“ANI Procurement Process” has the meaning ascribed thereto in Section 2.2(b)(v).

“ANI Procurement Process Deadlines” has the meaning ascribed thereto in Section 2.2(b)(v).

“Associated Network Infrastructures” has the meaning ascribed thereto in Section 1.2(a).

“Business Day” means any day, other than a Saturday, a Sunday or any statutory holiday in Rome, Italy or Podgorica, Montenegro.

“Business Plan” means the latest business plan of the Company approved by Terna and Montenegro in accordance with the Shareholders’ Agreement.

“Cepagatti AC/DC Station” has the meaning ascribed thereto in Section 1.1(a).

“Commencement of ANI Expropriatory Process” has the meaning ascribed thereto in Section 2.2(b)(iv).

“Company” has the meaning ascribed thereto in the preamble of this Agreement.

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“Company Procurement Works” means the procurement of the materials and works for the components and elements of the Associated Network Infrastructures, as indicated in Annex 5.

“Confidential Information” has the meaning ascribed thereto in Section 8.2(a).

“Coordination Committee” has the meaning ascribed thereto in Section 3.2(a).

“Force Majeure Event” has the meaning ascribed thereto in Section 4.6(a).

“GC Commissioning Status” has the meaning ascribed thereto in Section 2.1(a)(ii).

“Good Industry Practice” means those methods, techniques, standards and practices which, at the time they are to be employed and in light of the circumstances known or reasonably believed to exist at such time, are generally recognized and accepted as best practices and procedures adopted by participants in the electricity transmission industry in Europe.

“Governmental Body” shall mean any: (a) supra-national, national, federal, state, regional, provincial, territorial, municipality, local, or other jurisdiction of any nature; or (b) governmental or quasi governmental authority of any nature (including any governmental division, department, agency, commission, official, organization, unit, body or entity and any arbitral tribunal, court or other tribunal or self-regulating organization).

“Grid Connections in Montenegro” has the meaning ascribed thereto in Section 1.2(a).

“ICC” has the meaning ascribed thereto in Article VI.

“ICC Rules” has the meaning ascribed thereto in Article VI.

“Initial Associated Network Infrastructures CAPEX” has the meaning ascribed thereto in Section 1.2(c).

“Initial Grid Connections in Montenegro CAPEX” has the meaning ascribed thereto in Section 1.2(c).

“Initial New Interconnection CAPEX” has the meaning ascribed thereto in Section 1.1(c).

“Initial Pljevlja-Tivat/Kotor Transmission Line CAPEX” has the meaning ascribed thereto in Section 1.2(c).

“Intergovernmental Agreement” has the meaning ascribed thereto in the recitals of this Agreement.

“ISO” has the meaning ascribed thereto in Section 3.1(a).

“Italian Ground Cable” has the meaning ascribed thereto in Section 1.1(a).

“Italian Landing Point” has the meaning ascribed thereto in Section 1.1(a).

“Italian NI Authorizations” has the meaning ascribed thereto in Section 2.2(a)(i).

“Italian NI Authorizations Deadline” has the meaning ascribed thereto in Section 2.2(a)(i).

“Justifiable Delay” means any delay with respect to a deadline set forth in Article II that is directly caused by Justifiable Delay Events.

“Justifiable Delay Event” means: (1) a Force Majeure Event, (2) as to the Company, delays directly attributable to (a) changes to schedules, milestones or deadlines previously approved by Terna or its representative in the board of directors of the Company, (b) a specific action or omission previously approved by Terna or its representative of the board of directors of the Company, which, on its own,

could reasonably be expected, at the time of consideration, to result in a change to schedules, milestones or deadlines, or (c) the failure by Terna or its board designated member to approve the implementation of an action that is necessary for the construction of the Associated Network Infrastructures or Additional Network Infrastructures (as the case may be) and is consistent with the previously approved plans, schedules, milestones and deadlines, (3) as to Terna, delays directly attributable to (a) changes to schedules, milestones or deadlines previously approved by the Company, or (b) any specific action or omission previously approved by the Company, which, on its own, could reasonably be expected, at the time of consideration, to result in a change to schedules, milestones or deadlines.

“Losses” has the meaning ascribed thereto in Section 3.6(b).

“Maritime Property Lease Agreement” shall mean the agreement between Terna or its Affiliate and the Public Company “Morsko dobro” (or such other competent Montenegrin Governmental Body) under which Terna shall be granted a long-term lease on the Montenegrin maritime property, as such property is defined by the Law on Maritime Property (*Zakon o morskom dobru, Official Gazette of Montenegro n.14/92, 27/94, 51/08 and 21/09*), for a period of 99 years, or, if earlier, until the termination of the Project Coordination Agreement or the Network Interconnection ceases its operation, in exchange for an annual lease fee in line with applicable law and standard and prior experience and practice.

“Montenegrin AC/DC Station” has the meaning ascribed thereto in Section 1.1(a).

“Montenegrin Landing Point” has the meaning ascribed thereto in Section 1.1(a).

“Montenegrin NI Construction Permission” has the meaning ascribed in Section 2.2 (a)IV(2).

“Montenegrin NI Portion” has the meaning ascribed thereto in Section 1.1(a).

“Montenegrin NI Portion Construction Permission Deadline” has the meaning ascribed in Section 2.2(a)IV(2).

“Montenegrin NI Portion planning within Detailed Spatial Plan Deadline” has the meaning ascribed in Section 2.2(a)I(2).

“Montenegrin NI Portion Land Rights Acquisition Process” has the meaning ascribed in Section 2.2(a)III(2).

“Montenegrin NI Portion Land Rights Process Deadline” has the meaning ascribed in Section 2.2(a)III(2).

“Montenegrin NI Portion Level 1 Missed Deadline” has the meaning ascribed thereto in Section 4.2(e).

“Montenegro” has the meaning ascribed thereto in the Preamble of the Agreement.

“Montenegro Deadlines” has the meaning ascribed thereto in Section 4.4(b)(ii).

“Montenegro Ground Cable” has the meaning ascribed thereto in Section 1.1(a).

“New Interconnection” has the meaning ascribed thereto in Section 1.1(a).

“New Montenegro-Bosnia and Herzegovina Interconnection Line” means a new 400 kV transmission line between Pljevlja, Montenegro and Visegrad, Bosnia and Herzegovina.

“New Montenegro-Serbia Interconnection Line” means a new 400 kV transmission line between Pljevlja, Montenegro and Bajna Basta, Serbia.

“New Tivat/Kotor Substation” has the meaning ascribed thereto in Section 1.2(a).

“NI Commissioning Conditions” means (i) Terna and the Company having executed agreement(s) on network and system operation management relating to the New Interconnection, which shall, *inter alia*, regulate matters as set forth in further details in Annex 6; (ii) the adoption by the relevant authorities of Montenegro of the procedure for the first energization of the Montenegrin AC/DC Station in accordance to good practice and Montenegrin laws and standards; and (iii) the adoption and enactment by the Company of the technical document relating to the operational procedures for the energization of the Montenegrin AC/DC Station based on an agreement on its content to be reached between the National Dispatching Centers of Terna and the Company.

“NI Commissioning Deadline” has the meaning ascribed thereto in Section 2.2(a)(iii).

“NI Commissioning Level 2 Missed Deadline Cap” has the meaning ascribed thereto in Section 4.4(a).

“NI Commissioning Status” has the meaning ascribed thereto in Section 2.1(a).

“NI Level 2 Deadline Cure Period” has the meaning ascribed thereto in Section 4.4(a).

“NI Level 1 Missed Deadline” has the meaning ascribed thereto in Section 4.2(a).

“NI Level 2 Missed Deadline” has the meaning ascribed thereto in Section 4.2(b).

“NI Opening of Works Deadlines” has the meaning ascribed thereto in Section 2.2(a)(iii).

“NI Procurement Process” has the meaning ascribed thereto in Section 2.2(a)(ii).

“NI Procurement Process Deadlines” has the meaning ascribed thereto in Section 2.2(a)(ii).

“Party” or “Parties” has the meaning ascribed thereto in the preamble of this Agreement.

“person” or “Person” means an individual, limited or general partnership, limited liability company, limited liability partnership, trust, joint venture, association, body corporate, unincorporated organization, trustee, executor, administrator, legal representative, government (including any governmental or public entity) or any other entity, whether or not having legal status.

“Plan of Development” has the meaning ascribed to it in the Shareholders’ Agreement.

“Pljevlja-Tivat/Kotor Commissioning Status” has the meaning ascribed thereto in Section 2.1(a)(iii).

“Pljevlja-Tivat/Kotor Transmission Line” has the meaning ascribed thereto in Section 1.2(a).

“Remedial Measures” has the meaning ascribed thereto in Section 4.1.

“Sale and Purchase Agreement” has the meaning ascribed thereto in the recitals of this Agreement.

“Shareholder Steering Committee” has the meaning ascribed thereto in Section 2.7(c) of the Shareholders’ Agreement.

“Shareholders’ Agreement” has the meaning ascribed thereto in the recitals of this Agreement.

“Strategic Partnership” means, collectively, (i) the consummation of the Investment Agreement, (ii) the execution and implementation of the Shareholders’ Agreement, (iii) the construction of the Associated Network Infrastructures by the Company, and (iv) the construction of at least one of the Additional Network Infrastructures.

“Terna” has the meaning ascribed thereto in the preamble of this Agreement.

[OMISSIS]

“Terna Procurement Works” means the procurement of the materials and works for the components and elements of the New Interconnection, as indicated in Annex 8.

“Tivat/Pljevlja Commissioning Deadlines” has the meaning ascribed thereto in Section 2.2(b)(vii).

“TSO Binding Agreement” means a binding agreement concerning the development and construction of at least one of the Additional Network Infrastructures among the Company, the transmission system operator/independent system operator of the relevant neighboring country and (at Terna’s sole discretion) Terna, which shall at least include and regulate the following items and aspects, also considering the outcome of the feasibility studies jointly conducted by, and the discussions among, the Company, the transmission system operator/independent system operator of the relevant neighboring country and Terna over the scheme of implementation: (i) whether or not such infrastructures shall be constructed and operated as “private interconnectors” (– in whole or in part - in accordance with Electricity Regulations 714/2009 and 1228/2003) or as public infrastructures, also taking into account the outcome and recommendation of the relevant parties, (ii) starting and ending points, line layout and preliminary routing, (iii) evaluation related to the investments for the entire infrastructure and the main elements and components, and (iv) construction and commissioning deadlines and the remedies, which shall correspond to and be in line with and reflect construction, commissioning deadlines and the remedies set forth in this Agreement with respect to the Additional Network Infrastructures, and where appropriate the other provisions of this Agreement, it being understood that should the Company finally sign a final and binding agreement concerning the development and construction of at least one of the Additional Network Infrastructures with the transmission system operator/independent system operator of the relevant neighboring country such agreement shall be considered the “TSO Binding Agreement, even if the requirements and items set forth in this definition are not included in that agreement.

“TSO Binding Agreement Deadline” has the meaning ascribed thereto in Section 3.3(b).

“TSO Binding Agreement Final Deadline” has the meaning ascribed thereto in Section 3.3(f).

“Undersea Cable” has the meaning ascribed thereto in Section 1.1(a).

“Villanova Grid Connection” has the meaning ascribed thereto in Section 1.1(a).

“Working Group for the New Montenegro-Bosnia and Herzegovina Interconnection Line” means the group to be composed of representatives of Terna, the Company and the transmission system operator and/or independent system operator from Bosnia and Herzegovina, whose task is to finalize the feasibility study of the New Montenegro- Bosnia and Herzegovina Interconnection Line and to analyze whether it is technically and economically feasible to operate such a line and whether the regulatory frameworks of Montenegro and Bosnia and Herzegovina allow the New Montenegro- Bosnia and Herzegovina Interconnection Line to be built and operated as a “private interconnector”, in accordance with Electricity Regulations 714/2009 and 1228/2003.

“Working Group for the New Montenegro-Serbia Interconnection Line” means the group composed of representatives of Terna, the Company and the transmission system operator from Serbia, whose task is to finalize the feasibility study of the New Montenegro-Serbia Interconnection Line and to analyze whether it is technically and economically feasible to operate such a line and whether the regulatory frameworks of Montenegro and Serbia allow the New Montenegro-Serbia Interconnection Line to be built and operated as a “private interconnector”, in accordance with Electricity Regulations 714/2009 and 1228/2003.

“Working Groups” mean (i) the Working Group for the New Montenegro-Serbia Interconnection Line and (ii) the Working Group for the New Montenegro-Bosnia and Herzegovina Interconnection Line.

ANNEX 2.1

**TECHNICAL DESCRIPTIONS, MILESTONES AND DEADLINES FOR THE NEW
INTERCONNECTION**

- **General features and technical description of New Interconnection**

The “New Interconnection” constitutes the new electricity link between Italy and Montenegro with the following main technical characteristics:

- High Voltage Direct Current (HVDC) link in a bipolar scheme, with entirely metallic return in normal operation (emergency return via marine electrodes or equivalent solution only in contingency operation);
- Power rating: 1000 MW;
- Rated voltage: +/- 500 kV;
- Length: about 420 km (390 km undersea cable);
- 2 HVDC converter stations: 4 modules, 2 at Cepagatti (Italy) and 2 at Tivat/Kotor (Montenegro);
- Electricity exchanges possible in a bidirectional way.

The “New Interconnection” shall be composed of the following infrastructures:

a) Italian Side

(i) *Ground cables and link in Villanova Substation (“Villanova Grid Connection”)*

The ground HVAC (High Voltage Alternate Current) cables connecting the AC/DC Converter Station in Italy, located in Cepagatti, with the existing Italian transmission grid at the 380 kV Villanova substation, features of which are:

- about 1,5 km of length;
- 2 HVAC underground cables lines

(ii) *Converter Station (“Cepagatti AC/DC Station”)*

The AC/DC Converter Station of Cepagatti in Italy shall be constituted by 2 HVDC modules (each one of 500 MW rating power). Each module is constituted by the following principal elements:

- HV equipment (380 kV bus bars, bays for connection to AC network and bays for AC filters);
- AC filters;
- conversion transformers connecting the AC grid with the AC/DC Converter Station;
- conversion bridges;
- relevant DC equipment;

- filters on DC side.

(iii) *HVDC Ground cables (the “Italian Ground Cables”)*

The DC ground cables located in the Italian territory, connecting the Cepagatti AC/DC Station with the landing point in Italy, located in the municipality of Pescara:

- 2 HVDC underground pole lines, about 15 km of total length;
- 2 Medium Voltage (MV) cables connecting the marine electrode with the Converter Station;
- optics fibres (or equivalent communication transmission systems);
- 2 trenches.

(iv) *HVDC Undersea cables (“Undersea cables”)*

The High Voltage Direct Current (HVDC) undersea interconnection power cables run between the Italian Landing Point and the landing point in Montenegro, located in the municipality of Kotor (the “Montenegrin Landing Point”), including the electrodes system and the related medium voltage cables (the “Undersea Cable”):

- About 77 km in the Italian territorial waters;
- 2 HVDC undersea pole lines;
- optics fibers (or equivalent communication transmission systems);
- MV cables to connect the marine electrode and the converter station;
- Marine electrode.

On Italian side, the preliminary project has been drawn up with the option to realize the lay-out of link completely redundant. This option is not included in the scope of this agreement.

b) Montenegrin Side

(v) *HVDC Undersea cables (“Undersea cables”)*

- About 30 km in the Montenegrin territorial waters;
- 2 HVDC undersea pole lines;
- optics fibers (or equivalent communication transmission systems);
- MV cables to connect the marine electrode and the converter station;
- Marine electrode.

(vi) *HVDC Ground cables (the “Montenegro Ground Cable”)*

The DC ground cable located in the territory of Montenegro connecting the Montenegrin Landing Point to the AC/DC Converter Station in Montenegro.

- About 11 km of length ;
- HVDC underground cables (2 pole lines);
- optics fibers (or equivalent communication transmission systems);
- 2 MV cables connecting with the marine electrode and the converter station;
- 2 trenches.

1

[OMISSIS]

(vii) Converter Station (“Montenegrin AC/DC Station”)

The AC/DC Converter Station of Tivat/Kotor shall be constituted by 2 HVDC modules (each one of 500 MW rating power). Each module is constituted by the following principal elements:

- HV equipment (400 kV bus bars, bays for connection to AC network and bays for AC filters, compensation equipment as necessary);
- AC filters;
- conversion transformers that connect the AC grid at the converter AC/DC;
- conversion bridges;
- relevant DC equipment;
- filters in DC side;

The technical characteristics shall be the same of the converter station on Italian side.

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[OMISSIS]

▪ **Reference Milestones and Deadlines**

1 Subject to TERNA’s final verification regarding technical and constructive feasibility and spaces handling and Montenegrin Government procedures for insertion into Detailed Spatial Plan.

2 Subject to TERNA’s final verification regarding technical and constructive feasibility and spaces handling and Montenegrin Government procedures for insertion into Detailed Spatial Plan.

Level 1 milestones and deadlines

NI portion in the Italian territory		NI portion in the Montenegrin territory	
Milestone	Deadline	Milestone	Deadline
Italian NI Authorization	[OMISSIS]	Montenegrin NI Portion Insertion into Detailed Spatial Plan	[OMISSIS]
NI Procurement Process (completion: awarding main contracts)			[OMISSIS]
		Lex Specialis	[OMISSIS]
		Public land acquisition	[OMISSIS]
		Montenegrin NI Construction Permission	[OMISSIS]
NI Opening of Works			[OMISSIS]

Level 2 milestone and deadline

NI portion in the Italian territory		NI portion in the Montenegrin territory	
Milestone	Deadline	Milestone	Deadline
NI Commissioning			[OMISSIS]

ANNEX 2.1 BIS

DOCUMENTS TO BE PREPARED AND/OR SUBMITTED FOR THE INSERTION OF THE
MONTENEGRIN NI PORTION INTO DETAILED SPATIAL PLAN AND TO OBTAIN THE
MONTENEGRIN NI CONSTRUCTION PERMISSION

- THE PLANNING OF THE MONTENEGRIN NI PORTION INTO DETAILED SPATIAL PLAN

The documentation required by TERNA to allow the insertion of the Montenegrin NI Portion into Detailed Spatial Plan is listed hereafter:

- preliminary technical solution regarding the infrastructure, including basic data of technical description and functionality;
- preliminary estimations for size of infrastructures and needed spaces;
- basic electrical schemes for the infrastructures;
- further comments, suggestions and opinions by TERNA regarding the above documentation, if timely and formally requested by the Government of Montenegro.

All the above data, documentation and information will satisfy required provisions of article 38 of the Spatial planning and construction law no. 01-1567/2 of 11th August 2008 for the planning document preparation.

- OBTAINMENT OF THE MONTENEGRIN NI CONSTRUCTION PERMISSION

The documentation required by TERNA for the obtainment of the Montenegrin NI Construction Permission is listed hereafter:

- the construction permission request, prepared in accordance to the predefined standard procedure;
- the main design of the infrastructure (delivered in four copies), as set forth and listed in article 80 of the Spatial planning and construction law no. 01-1567/2 of 11th August 2008 and pertinent to the infrastructure in subject;
- the report on the conducted revision over the main design, delivered by business organizations (reviewer) which meet the conditions referred in articles 83, 84 and 85 of the “Spatial planning and construction law”;
- the documentation proving evidence of the ownership right or other rights over the buildable land.

All the above data, documentation and information will satisfy required provisions of “Spatial planning and construction law” no. 01-1567/2 of 11th August 2008.

ANNEX 2.1 ter

KEY TECHNICAL FEATURES AND SOLUTIONS OF THE MONTENEGRIN NI
PORTION

[OMISSIS]

- Key Technical Features and Solutions

CGES will deliver to TERNA by December 2010 technical information needed to build and operate the infrastructures constituting the Montenegrin NI Portion. In particular:

- 1 Converter Stations specifications
- 2 AC networks characteristics
 - 2.1 System voltages
 - 2.2 System Frequencies
 - 2.3 Short circuit current level
 - 2.4 AC Negative Sequence
 - 2.5 Pre-Existing AC voltage harmonic
 - 2.6 AC system harmonic impedances up to 50th Harmonic (2,5 kHz)
 - 2.7 Insulation levels
 - 2.8 AC protection system
- 3 AC networks integration requirements
 - 3.1 Reactive power limitations
 - 3.2 AC harmonic limitations
 - 3.3 Audible noise, radio interference and electric and magnetic fields
- 4 AC networks simplified schemes
 - 4.1 TERNA HV station
 - 4.2 CGES HV station
- 5 Environmental data
- 6 Auxiliary services supply
- 7 HVAC SUBSTATIONS COMPONENTS

ANNEX 2.1 (II)(1)

DOCUMENTS AND INFORMATION REQUIRED FOR THE EXPROPRIATION
PROCESS

Based on current Montenegrin legislation and assuming that the Law Specialis mentioned in the Project Co-ordination Agreement and having as a subject the modalities for expropriation process related to the Montenegrin NI portion by TERNA will be approved, TERNA will be required to prepare and submit the following documentation and information:

- **Proposal for the public interest for expropriation by TERNA** (reference to art.14 of the Expropriation Law no. 55/00, 12/02, 28/06)

The proposal for the public interest for expropriation shall be submitted by Terna, as the expropriation user. The proposal for determining the public interest shall be submitted to the Government through the administration body competent for registration of rights on immovables and it shall contain the data on immovables that the determination of public interest is proposed for and the purpose of expropriation.

- **Expropriation preparatory activities** (reference to the art.15, 16 and 17 of the Expropriation Law no. 55/00, 12/02, 28/06)

Prior to the submitting of the proposal for expropriation, Terna can request to be allowed to carry out the necessary preparatory activities for expropriation purposes on a specific immovable property (land survey, geodetic measurements and surveying and similar) in order to develop the preliminary feasibility study or proposal for expropriation.

The proposal for permit for carrying out preparatory activities shall be submitted to the administration body competent for registration of rights on immovables and shall include the purpose on the basis of which the expropriation has to be proposed, the immovable property on which preparatory activities are intended to be performed, owner of that immovable property, nature, scope and purpose of activities, as well as their duration.

Preparatory works can be done if the related permission is issued by the body competent for registration of rights on immovables.

- **Proposal for expropriation** (reference to Section III of the Expropriation Law no. 55/00, 12/02, 28/06 and article 20, 21 and 22):

Terna shall submit the proposal for expropriation to the administration body competent for registration of rights on immovables and to the regional unit in the municipality on whose territory the immovable property proposed for expropriation is located:

- the name and headquarters of the party submitting the proposal for expropriation (the expropriation user);
- the immovable property proposed to be expropriated and the location of that immovable property;
- the owner of the immovable property proposed to be expropriated and his habitual residence or headquarters;
- the purpose that expropriation is proposed for.

In addition to the above mentioned documents, Terna has to submit:

- excerpt from the cadastre of immovables and other public books where rights on immovables are registered, which contains data on immovable property proposed to be expropriated;
 - proof of public interest proclamation;
 - a certificate that the expropriation user paid in a special deposit account of the Ministry of Finance funds in the amount of market price of the immovable property proposed to be expropriated.
- **Financial offer** (reference to art. 25 of the Expropriation Law no. 55/00, 12/02, 28/06)
Within 15 days from the day of receiving the decision on expropriation, Terna shall submit to the regional body competent for property relations a written offer regarding the form and amount of compensation for the expropriated immovable property.

ANNEX 2.2

TECHNICAL DESCRIPTIONS, MILESTONES AND DEADLINES FOR THE ASSOCIATED
NETWORK INFRASTRUCTURES

The single infrastructures composing the ANI are individually considered in the following schedules.

For each infrastructure a description of the asset is provided as well as the envisaged scheduling of the activities leading to their construction is defined.

Reference deadlines are associated with all steps of advancement envisaged for each of the ANI.

The achievement of the ANI deadlines reported in the contract means the achievement of each of the deadlines for each single infrastructure composing the ANI.

Schedule A: the 400/110 kV substation Tivat/Kotor

▪ General features and technical description

400/110 kV substation “Tivat/Kotor” shall be connected to the existing Montenegrin transmission network on an “in-and-out” principle by cutting the existing 400kV line Podgorica – Trebinje in the area of Čevo (Nikšić municipality).

[OMISSIS]

The new substation could be constructed in either of two ways:

- adjacent to Montenegrin AC/DC Station
- on the separate ground parcel in case of spatial limitations, however in the vicinity of Montenegrin AC/DC Station

The infrastructure is planned to consist of double busbar systems and shall provide connection to the Montenegrin AC/DC Station as well as to the existing transmission network on the Montenegrin coastal region.

400/110 kV Substation “Tivat/Kotor” is to be projected as a substation with following bays:

- OHL Podgorica
- OHL Trebinje
- OHL Pljevlja
- Transformer 1
- Transformer 2
- Connections to the convertor station
- Connection bay (Spare bay)
- Coupler bays³

While on the 110 kV side there should be bays for OH lines for connection to the 110 kV network on the Montenegrin coastal region, two for the transformers and one coupler bay.

On the 110 kV bus bars, at least four bays are envisaged for overhead lines.

³ Solution with 4 different 400 kV separated bus bars will be taken into consideration due to the reliability reasons.

Reference Milestones and Deadlines

Level 1 milestones and deadlines

Ref.	Milestone	Deadline
1.	Detailed Spatial Plan	[OMISSIS]
2.	Preliminary Design Plans and Side Studies	[OMISSIS]
3.	Expropriatory Process Start	[OMISSIS]
4.	Procurement Process Completion	[OMISSIS]
5.	Expropriatory Process Completion	[OMISSIS]
6.	Construction Permission	[OMISSIS]
7.	Opening of Works	[OMISSIS]

(*) Most of side studies and preliminary design will be developed during the period of insertion into DSP

Level 2 milestone and deadline

Ref.	Milestone	Deadline
8.	Commissioning	[OMISSIS]

Schedule B: 400 kV transmission OHLs connecting Tivat/Kotor to the existing 400 kV Podgorica 2-Trebinje transmission OHL

- **General features and technical description**

400kV line Podgorica 2 - “Tivat/Kotor” is a partly new overhead line to be built during the reconstruction of the existing 400kV line Podgorica – Trebinje.

The new part (approximately 20 km⁴) is to be constructed from the intersection point Čevo to the new substation “Tivat/Kotor”.

400kV line Trebinje - “Tivat/Kotor” is a partly new overhead line to be built during the reconstruction of the existing 400 kV line Podgorica – Trebinje. The new part (approximately 20 km⁵) is to be constructed from the intersection point Čevo to the new substation “Tivat/Kotor”.

Its route will follow previously described line Podgorica 2 - “Tivat/Kotor”

- **Reference Milestones and Deadlines**

Level 1 milestones and deadlines

Ref.	Milestone	Deadline
1.	Detailed Spatial Plan	[OMISSIS]
2.	Preliminary Design Plans and Side Studies	[OMISSIS] (*)
3.	Expropriatory Process Start	[OMISSIS]
4.	Procurement Process Completion	[OMISSIS]
5.	Expropriatory Process (completion)	[OMISSIS]
6.	Construction Permission	[OMISSIS]
7.	Opening of Works	[OMISSIS]

⁴ Subject to Montenegrin Government procedures for insertion into Detailed Spatial Plan.

⁵ Subject to Montenegrin Government procedures for insertion into Detailed Spatial Plan.

(*) Most of side studies and preliminary design will be developed during the period of insertion into DSP

Level 2 milestone and deadline

Ref.	Milestone	Deadline
8.	Commissioning	[OMISSIS]

Schedule C: the 400 kV line Pljevlja 2 - “Tivat/Kotor”

- **General features and technical description**

400kV line Pljevlja 2 - “Tivat/Kotor” is an asset aimed to enhance full utilization of the HVDC link in the severe conditions, by directly connecting the strong generation node – Pljevlja with future HVDC link connection point. The line is expected to be around 160 km₆ long. Technical details on it will analyze possibilities for connection Pljevlja 2 with new HPP Komarnica, possibly other power sources and substation “Tivat/Kotor”.

- **Reference Milestones and Deadlines**

Level 1 milestones and deadlines

Ref.	Milestone	Deadline
1.	Detailed Spatial Plan	[OMISSIS]
2.	Preliminary Design Plans and Side Studies	[OMISSIS] (*)
3.	Expropriatory Process Start	[OMISSIS]
4.	Procurement Process Completion	[OMISSIS]
5.	Expropriatory Process Completion	[OMISSIS]
6.	Construction Permission	[OMISSIS]
7.	Opening of Works	[OMISSIS]

(*) Most of side studies and preliminary design will be developed during the period of insertion into DSP

Level 2 milestone and deadline

Ref.	Milestone	Deadline
8.	Commissioning	[OMISSIS]

6 Subject to Montenegrin Government procedures for insertion into Detailed Spatial Plan.

ANNEX 2.3

TECHNICAL DESCRIPTIONS, MILESTONES AND DEADLINES FOR THE ADDITIONAL NETWORK INFRASTRUCTURES

Schedule A: the new 400kV interconnections with Serbia

- **General features and technical description**

The new 400 kV interconnection with Serbia shall improve reliability of the SEE regional network and provide solid reserve for full utilization of the interconnection during most the severe conditions. All analyzed options of new interconnections with Montenegrin north-west neighbor countries are connected to existing 400/220/110 KV substation Pljevlja 2.

The new interconnection with Serbia shall be more precisely described by corresponding documents prepared in cooperation with Serbian transmission system operator.

- **Reference Milestones and Deadlines**

Milestones and deadlines

Ref.	Milestone	Deadlines (*)
1.	Detailed Spatial Plan	[OMISSIS]
2.	TSO Binding Agreement	[OMISSIS]
3.	Preliminary Design and Side Studies	[OMISSIS]
4.	Expropriatory Process Start	[OMISSIS]
5.	Procurement Process Completion	[OMISSIS]
6.	Expropriatory Process Completion	[OMISSIS]
7.	Construction Permission	[OMISSIS]
8.	Opening of Works	[OMISSIS]

Milestone and deadline

Ref.	Milestone	Deadline
9.	Commissioning	[OMISSIS]

(*): In case the TSO Binding Agreement is executed with a delay after the TSO Binding Agreement Deadline, deadlines envisaged successively to TSO Binding Agreement Deadline are correspondingly postponed with the same delay.

Schedule B: the new 400 kV interconnections with Bosnia-Herzegovina

- **General features and technical description**

The new 400 kV interconnection with Bosnia-Herzegovina shall improve reliability of the SEE regional network and provide solid reserve for full utilization of the interconnection during most the severe conditions. All analyzed options of new interconnections with Montenegrin north-west neighbor countries are connected to existing 400/220/110 KV substation Pljevlja 2. The best solution so far identified is 400kV line Pljevlja – Visegrad.

The new interconnection with BiH shall be more precisely described by corresponding documents prepared, where applicable, in co-operation with BiH system operator NOS BiH and/or BiH transmission operator Elektroprijenos.

- **Reference Milestones and Deadlines**

Milestones and deadlines

Ref.	Milestone	Deadlines (*)
1.	Detailed Spatial Plan	[OMISSIS]
2.	TSO Binding Agreement	[OMISSIS]
3.	Preliminary Design and Side Studies	[OMISSIS]
4.	Expropriatory Process Start	[OMISSIS]
5.	Procurement Process Completion	[OMISSIS]
6.	Expropriatory Process Completion	[OMISSIS]
7.	Construction Permission	[OMISSIS]
8.	Opening of Works	[OMISSIS]

Milestone and deadline

Ref.	Milestone	Deadline
9.	Commissioning	[OMISSIS]

(*): In case the TSO Binding Agreement is executed with a delay after the TSO Binding Agreement Deadline, deadlines envisaged successively to TSO Binding Agreement Deadline are correspondingly postponed with the same delay.

ANNEX 2.4

**OVERALL PROJECT PLAN FOR NEW INTERCONNECTION, ASSOCIATED NETWORK
INFRASTRUCTURES AND ADDITIONAL NETWORK INFRASTRUCTURES (IN GANTT
DIAGRAM FORMAT)**

[OMISSIS]

ANNEX 2.5

COMMISSIONING STATUS OF THE NEW INTERCONNECTION, ASSOCIATED
NETWORK INFRASTRUCTURES AND ADDITIONAL NETWORK INFRASTRUCTURES

Hereafter are reported the parameters and criteria to be adopted to verify whether the mentioned infrastructures are considered as complying with its Commissioning Status.

- **Parameters and Criteria for New Interconnection Commissioning Status**

- The construction of infrastructure components and subsystems are completed;
- The testing phase over infrastructure components and subsystems are completed;
- The Converter Stations are “ready for energization”;
The technical document related to the operational procedures for the energization of the Converter Station is prepared.

The New Interconnection Commissioning Status will however require as a prerequisite that the Grid Connections Commissioning Status is achieved.

- **Parameters and Criteria for Grid Connections Commissioning Status**

- The construction of infrastructure components and subsystems are completed;
- The testing phase over infrastructure components and subsystems are completed;
- The Tivat/Kotor Station and OHL are “ready for energization”;
- The technical document related to the operational procedures for the energization of the station and OHL is prepared.

- **Parameters and Criteria for the Pljevlja-Tivat/Kotor transmission line Commissioning Status**

- The construction of infrastructure components and subsystems are completed;
- The testing phase over infrastructure components and subsystems are completed;
- The Tivat/Kotor Station and OHL are “ready for energization”;
- The technical document related to the operational procedures for the energization of the station and OHL is prepared.

- **Parameters and Criteria for Additional Network Infrastructures Commissioning Status**

- The construction of infrastructure components and subsystems are completed;
- The testing phase over infrastructure components and subsystems are completed;
- The OHLs are “ready for energization”;
- The technical document related to the operational procedures for the energization of OHL is prepared.

ANNEX 3

ITALIAN NI AUTHORIZATION DETAIL

The Sole Authorization for construction and operation of new electrical transmission infrastructures (*Autorizzazione Unica*) is issued by the competent Ministry (Ministry of Economic Development) pursuant to [Article 26] of Law 239/04 and includes Declaration of Public Utility aiming at giving the proof that the infrastructure is urgent and cannot be delayed as well as the tools to make any necessary compulsory purchase to build the line (preliminary constraint to expropriation DPR 327/2001).

National Law 239/2004 provides one single authorization procedure and one single consultation process and public debate for the requested formal advices of all the concerned authorities affected by the new transmission infrastructure. The procedure is carried out by the Ministry of Economic Development with all the concerned Authorities in order to get the advice and observations by all the parties involved.

Authorities that take part to the single consultation process are:

- all the Ministries involved by the new transmission line (i.e. Ministry of Health, Ministry of Internal – Fire Department, Ministry of Infrastructures, Ministry of Communications, Ministry for Cultural Activities and Heritage, Ministry of Environment);
- Local Authorities (Region, Province, Municipality);
- Owners of interference infrastructures (railways, highways).

In case the public hearing ends with a positive opinion by the Region (that includes all opinions concerning landscape, town planning, water, mining aspects and so on) and of the majority of the concerned Authorities, the Authorization is granted and made public through the publication in the Official Gazette.

ANNEX 4

MATTERS TO BE REGULATED IN FUTURE COMMERCIAL AGREEMENTS

Transmission capacity allocation and revenue distribution

Transmission capacity allocation and revenue distribution issues will be defined by a separate agreement to be drafted in accordance to the relevant provisions of Terms Sheet, Intergovernmental Agreement as well as EC and National Authorities guidelines and directives, provided, however, that the transmission capacity available for the allocation will be shared among the Parties in the proportion 80% Terna – 20% Company.

In case of a common bilateral or multilateral-coordinated capacity allocation mechanism, the Parties will ensure that the relevant revenues will be shared in the same proportion.

Inter-TSO compensation (ITC) mechanism

Transit costs due to the energy flows through the undersea HVDC link, both in the Montenegrin and the Italian transmission grid, will be handled within the Inter-TSO compensation (ITC) mechanism, or similar inter-TSO agreement, as defined at European level, respecting the fact that the elements of the NI represent integral part of the Italian transmission system, while elements of ANI (and, if entirely developed and operated as public infrastructure(s), the Additional Network Infrastructure(s)) on territory of Montenegro represent integral part of the Montenegrin transmission system. To the aim of ITC purposes, electrical losses in the NI elements will be handled by the Parties considering that the New Interconnection will be entirely owned by Terna and that the New Interconnection available transmission capacity will be allocated as follows: 80% by Terna – 20% by the Company, in line with the Intergovernmental Agreement.

ANNEX 5

LIST OF COMPANY'S PROCUREMENT WORKS

- **Grid Connections in Montenegro**

Substation 400/110 kV “Tivat/Kotor”

Supply of at least the following equipment:

- two transformers 400/110kV 300MVA

400 kV transmission OHLs connecting Tivat/Kotor to the existing 400 kV Podgorica 2-Trebinje transmission OHL

Supply of at least the following equipment:

- HVAC (400 kV) components and equipments of bays in Tivat/Kotor substation;
- part of materials for construction of 400 kV OHLs.

- **Pljevlja-Tivat/Kotor Transmission Line**

Supply of at least the following equipment:

- HVAC (400 kV) components and equipments of bays in Tivat/Kotor substation and Pljevlja substation;
- main materials for the construction of 400 kV OHL Pljevlja-Tivat/Kotor (i.e. towers, conductors and insulators).

ANNEX 6

**KEY ITEMS OF THE NETWORK AND SYSTEM OPERATION MANAGEMENT
AGREEMENTS**

Before starting the NI Commissioning, at least the following agreements shall be subscribed by the Parties:

- Test sequence list;
- Operating Procedures;
- Maintenance Procedures.

Operating and Maintenance procedures will be prepared in the spirit of good ENTSO-E practice with common objective to provide secure operation of the interconnected power systems and ensure full exploitation of HVDC interconnection (considering however a period of ordinary planned maintenance, normally equal to two weeks a year), with full awareness that strong meshing of the ENTSO-E power system requires a common understanding of technical and organizational processes and procedures in terms of network and system operation management, in line with ENTSO-E standards, recommendations and guidelines.

The content will be defined during the construction phase by the Parties and agreed upon at least six months before the start of NI Commissioning phase.

ANNEX 7.1

NOTICE INFORMATION

If to Terna:

TERNA Rete Elettrica Nazionale S.p.A.
Via Egidio Galbani, 70
00156 Roma
Italia
Attention: Avv. Filomena Passeggio

Facsimile: +39 06 8313 8218
E-mail: filomena.passeggio@terna.it

with a copy to (which shall not constitute notice):

Cleary Gottlieb Steen & Hamilton LLP
Via San Paolo, 7
20121 Milano
Italia
Attention: Avv. Matteo Montanaro

Facsimile: +39 02 8698 4440
E-mail: mmontanaro@cgsh.com

If to the Company:

CrnoGorski Elektroprenosni Sistem AD
Bulevar Svetog Petra Cetinjskog, 18
81000 Podgorica
Montenegro

Attention: Ljubo Knezević

Facsimile: +382 20 225 962

E-mail: ljubo.knezevic@cgcs.me,

With a copy to (which shall not constitute notice):

Attention: Aleksandar Mijušković

Facsimile: +382 20 241 616

E-Mail: aleksandar.mijuskovic@cgcs.me

If to Montenegro:

The Government of Montenegro

Attention: Deputy Minister for Economy

Ministry of Economy

Rimski Trg, 46, Podgorica, Montenegro

Phone: +382 20 482 163

Facsimile: + 382 20 234 027

ANNEX 8

LIST OF TERNA PROCUREMENT WORKS

- **CABLES**

Supply of the following parts:

- HVDC marine cables;
- HVDC terrestrial cables.

- **CONVERTER STATION in Cepagatti and Tivat/Kotor**

Supply of the following parts:

- HVAC equipments;
- Converter transformers;
- Converter bridges (valves, etc...);
- relevant DC equipment;
- HVDC equipments;
- Control system.