



Tariff for the Transmission of Electricity and Ancillary Services

No. 2.
Effective as of 1 March 2006
with the exception that charges for ancillary services are effective
as of 1 January 2006

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Article 1

This tariff applies to the transmission of electricity through Landsnet's transmission system.

The tariff also applies to producers connected to Landsnet's transmission system through a distribution system.

Article 2

The following definitions apply and are used in this tariff:

Delivery/supply voltage: The standard voltage (nominal voltage) at which Landsnet delivers/supplies electricity:

Point of supply: A point in a transmission or distribution system where electricity is fed in.

Point of delivery: A point in a transmission or distribution system where electricity is taken out.

Calendar year: 1 January – 31 December each year.

Transmission system: Electrical lines and connected facilities needed to transmit electricity from producers to power intensive users and to distribution system operators at the points of delivery listed in an annex to the Electricity Act No 65/2003, as amended. It extends from the high-voltage side of producers' auxiliary transformers connected to it, cf. Paragraph 3 of Article 5 of the Electricity Act, to the high-voltage side of substation transformers of power intensive users and distribution system operators.

Curtaillable: Electricity which Landsnet is permitted to curtail due to bottlenecks in the transmission system or power plants.

In-feed: Electricity which is supplied to the transmission system or the distribution system.

Power intensive user: A user who uses in one place a minimum of 14 MW of power with an annual utilisation time of 8,000 hours or more and meets other conditions of Landsnet relating to power intensive users.

Out-feed: Electricity delivered to customers out of Landsnet's transmission system, together with the electricity produced in power stations connected to Landsnet through a distribution system.

Article 3

The points of delivery and supply and voltage for the in-feed and out-feed of electricity are as follows:

<u>Points of supply,</u>	<u>Supply voltage:</u>
Laxárstöð	66 kV
Kröflustöð	132 kV
Búrfellsstöð	220 kV and 66 kV
Ljósafofsstöð	66 kV
Sultartangastöð	220 kV
Sigöldustöð	220 kV
Hrauneyjarstöð	220 kV
Vatnsfellsstöð	220 kV
Blöndustöð	132 kV
Írafossstöð	132 kV
Steingrímsstöð	66 kV
Nesjavellir.....	132 kV
Svartsengi.....	132 kV
Andakílvirkjun	66 kV
Mjólkárvirkjun.....	66 kV
Lagarfossvirkjun.....	66 kV
Hellisheiðarvirkjun.....	220 kV
Reykjanesvirkjun.....	130 kV

<u>Points of delivery,</u>	<u>Delivery voltage</u>
Svartsengi.....	132 kV
Fitjar	132 kV
Hamranes	132 kV
ALCAN switchyard	220 kV
Öldugata in Hafnarfjörður	132 kV
Hnoðraholt	132 kV
Rauðavatn.....	132 kV
Korpa	132 kV
Brennimelur	11 kV
Iceland Alloys swithchyard.....	220 kV
Nordural switchyard.....	220 kV
Akranes	66 kV
Vatnshamrar	66 kV
Vegamót	66 kV
Ólafsvík	66 kV
Grundarfjörður.....	66 kV

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Vogaskeið	66 kV
Glerárskógar	132 kV
Geiradalur	132 kV
Tálknafjörður	66 kV
Mjólká	33 kV
Breiðadalur	66 kV
Bolungarvík	66 kV
Ísafjörður	66 kV
Hrútatunga	132 kV
Laxárvatn	132 kV
Blanda	11 kV
Sauðárkrókur	66 kV
Varmahlíð	11 kV
Dalvík	66 kV
Rangárvellir	66 kV
Húsavík	33 kV
Laxá	11 kV
Krafla	11 kV
Lindarbrekka	66 kV
Silfurstjarna	66 kV
Kópasker	66 kV
Vopnafjörður	66 kV
Lagarfoss	66 kV
Eyvindará	66 kV
Seyðisfjörður	66 kV
Neskaupsstaður	66 kV
Eskifjörður	66 kV
Bessastaðir	132 kV
Hryggstekkur	11 kV
Stuðlar	66 kV
Fáskrúðsfjörður	66 kV
Teigarhorn	132 kV
Hólar	132 kV
Prestbakki	132 kV
Búrfell	11 kV
Hvolsvöllur	66 kV
Rimakot	66 kV
Vestmannaeyjar	33 kV
Flúðir	66 kV
Hella	66 kV
Selfoss	66 kV
Ljósafoss	11 kV
Hveragerði	66 kV
Þorlákshöfn	66 kV

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Article 4

4.1 Transmission charges

Delivery charge ISK 3,383,183 per year

In-feed:

Capacity charge ISK 527,997 per MW per year

Energy charge..... ISK 9.56 per MWh

Out-feed:

Distribution system operators:

Capacity charge ISK 3,107,541 per MW per year

Energy charge..... ISK 225.02 per MWh

Power intensive users

Capacity charge ISK 1,238,737 per MW per year

Energy charge..... ISK 62.64 per MWh

Curtailed electricity:

Energy charge..... ISK 225.02 per MWh

Charges for ancillary services and transmission losses are not included in the transmission charges above and are collected separately pursuant to Section 4.2

4.2. Charge for Ancillary Services and transmission losses¹

Ancillary services ISK 34.02 per MWh

Transmission losses ISK 65.49 per MWh

- 4.3. A discount of 5% is granted on the capacity charge and energy charge pursuant to Section 4.1 where electricity is delivered to distributors at a nominal voltage over 66 kV.
- 4.4 No capacity charge is imposed on curtailable electricity delivered at a nominal voltage 132 kV or below and if the power out-feed is in excess of 1MW.
- 4.5 A capacity charge for out-feed is calculated based on the average of the four highest 60-minute monthly power-peaks of the year for each delivery point.
- 4.6 A capacity charge for in-feed is calculated based on the aggregate nominal capacity of all generators of each power plant.
- 4.7 A discount is granted on the charge for ancillary services relating to curtailable electricity amounting to the cost incurred by Landsnet for reserve power.

¹ Charges for transmission losses and ancillary services will be adjusted based on Landsnet's purchases of losses and ancillary services.

Article 5

Charges for ancillary services and transmission losses are imposed only on out-feed, with the exception provided for in Section 8.3.

Article 6

Points of delivery shall, as a rule, be metered separately. However, points of delivery within an interconnectably operated distribution network area shall be metered collectively provided that each point of delivery can handle at least $1/(n-1)*100\%$ of the total consumption of the distribution network area, where "n" is the number of points of delivery.

Article 7

- 7.1 Each customer will be charged a delivery charge for each point of supply and for each point of delivery when the customer is connected to the transmission system at more than one connection point within the point of supply or point of delivery and at different voltage, cf. Article 3.
- 7.2 A discount is granted on the out-feed delivery charge if the maximum power out-feed is as follows:
- In the range of 3.0 – 6.0 MW the discount is 40%.
 - Less than 3.0 MW the discount is 70 %.
- 7.3 At each point of delivery, Landsnet will provide customers with one connection point for the delivery voltage specified in Article 3. Customers shall pay all costs of any requested additional connection point; the same applies to connection points for a different voltage than that specified in Article 3.
- 7.4 Buyers of curtailable electricity shall also pay any cost of a special connection point for such electricity, cf. Article 3.

Article 8

- 8.1 Distribution system operators shall pay out-feed charges pursuant to Article 4 for electricity produced in power plants connected to Landsnet through a distribution system, as follows:
1. For energy produced in power plants under 1MW, no out-feed charge is paid.
 2. For electricity produced in power plants in the size range of 1-3.1 MW, no out-feed charge is paid at the lower limit of the range, but the charge then increases proportionally up to 75% of the full out-feed charge at the upper limit.
 3. For energy from power plants of 3.1 – 7 MW, 75% of the full out-feed charge is paid.
- 8.2 Distribution system operators shall pay a charge for ancillary services pursuant to section 4.2 for electricity which is produced in power plants connected to Landsnet through a distribution system and does not enter the Landsnet transmission system.
- 8.3 Distribution system operators shall pay a charge for transmission losses, cf. Section 4.2, for energy which is produced in power plants connected to Landsnet through a distribution system and does not enter the Landsnet transmission system pursuant to the same rules that apply to the payment of out-feed charges under Section 8.1.
- 8.4 Charges pursuant to Section 8.1 shall be settled separately.

Article 9

9.1 This tariff assumes a minimum average power factor of $\cos\phi$ 0.9 at the out-feed at distribution systems at each point of supply, except as otherwise specified in separate contracts between Landsnet and the customer.

9.2 In the event that the average power factor of a single month falls below the above limit the energy charge and capacity charge pursuant to Article 4 shall increase by 2% for each 1% that the power factor falls below the limit.

Article 10

The price of balancing power is variable as determined by the market price at any time and will be posted on the website of Landsnet www.landsnet.is.

Article 11

This tariff is established by Landsnet hf. in compliance with the income revenue cap determined by Orkustofnun for Landsnet hf. and is effective as of 1 March, except for the charges for ancillary services and transmission losses pursuant to Section 4.2, which are effective as of 1 January 2006.

Article 12

Orkustofnun (the National Energy Authority) supervises the compliance of Landsnet with the provisions of the Electricity Act No. 65/2003 and with conditions applicable to its activities pursuant to statutory law and government regulations.