



Tariff for the Transmission of Electricity and Ancillary Services

No. 8
Effective as of February 1st 2008

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 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.

Curtailed electricity: Electricity which Landsnet is permitted to curtail due to disturbances in the transmission system or power plants, congestion problems in the transmission system, maintenance or periodical tests. This does not apply to curtailments and rationing according to the ninth paragraph of Art. 9 of the Electricity Act.

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 (In-feed) supply,</u> | <u>Supply voltage:</u> |
|------------------------------------|------------------------|
| Andakílvirkjun | 66 kV |
| Blöndustöð | 132 kV |
| Búrfellsstöð | 220 kV og 66 kV |
| Fljótsdalsstöð..... | 220 kV |
| Hellisheiðarvirkjun | 220 kV |
| Hrauneyjafossstöð | 220 kV |
| Írafossstöð | 132 kV |
| Kröflustöð | 132 kV |
| Lagarfossvirkjun..... | 66 kV |
| Laxárstöð | 66 kV |
| Ljósafofsstöð..... | 66 kV |
| Mjólkárvirkjun..... | 66 kV |
| Nesjavellir | 132 kV |
| Reykjanesvirkjun..... | 130 kV |
| Sigöldustöð | 220 kV |
| Steingrímsstöð..... | 66 kV |
| Sultartangastöð | 220 kV |
| Svartsengi..... | 132 kV |
| Vatnsfellsstöð | 220 kV |

| <u>Points of (Out-feed) delivery,</u> | <u>Delivery voltage</u> |
|--|-------------------------|
|--|-------------------------|

To Power intensive users:

| | |
|--------------------------------------|--------|
| Aðveitustöð ALCAN | 220 kV |
| Aðveitustöð Fjarðaáls..... | 220 kV |
| Aðveitustöð Járblendifélagsins | 220 kV |
| Aðveitustöð Norðuráls | 220 kV |

To Distribution system operators:

| | |
|-------------------|---------|
| Akranes | ..66 kV |
| Bessastaðir..... | 132 kV |
| Blanda | ..11 kV |
| Bolungarvík | ..66 kV |
| Breiðadalur..... | ..66 kV |
| Brennimelur | ..11 kV |
| Búrfell | 11 kV |
| Dalvík..... | ..66 kV |
| Eskifjörður | ..66 kV |
| Eyvindará..... | ..66 kV |

| | |
|-----------------------------|--------|
| Fáskrúðsfjörður..... | 66 kV |
| Fitjar | 132 kV |
| Flúðir..... | 66 kV |
| Geiradalur | 132 kV |
| Glerárskógar | 132 kV |
| Grundarfjörður..... | 66 kV |
| Hamranes | 132 kV |
| Hella..... | 66 kV |
| Hnoðraholt | 132 kV |
| Hólar | 132 kV |
| Hrútatunga | 132 kV |
| Hryggstekkur | 11 kV |
| Húsavík | 33 kV |
| Hveragerði | 66 kV |
| Hvolsvöllur | 66 kV |
| Ísafjörður..... | 66 kV |
| Kópasker..... | 66 kV |
| Korpa | 132 kV |
| Krafla | 11 kV |
| Lagarfoss | 66 kV |
| Laxá..... | 11 kV |
| Laxárvatn | 132 kV |
| Lindarbrekka | 66 kV |
| Ljósafoss | 11 kV |
| Mjólká | 33 kV |
| Neskaupsstaður | 66 kV |
| Ólafsvík | 66 kV |
| Prestbakki | 132 kV |
| Rangárvellir | 66 kV |
| Rauðavatn..... | 132 kV |
| Rimakot | 66 kV |
| Sauðárkrókur..... | 66 kV |
| Selfoss..... | 66 kV |
| Seyðisfjörður | 66 kV |
| Silfurstjarna | 66 kV |
| Stuðlar | 66 kV |
| Svartsengi..... | 132 kV |
| Tálknafjörður | 66 kV |
| Teigarhorn | 132 kV |
| Þorlákshöfn | 66 kV |
| Varmahlíð | 11 kV |
| Vatnshamrar | 66 kV |
| Vegamót | 66 kV |
| Vestmannaeyjar | 33 kV |
| Vogaskeið | 66 kV |
| Vopnafjörður | 66 kV |
| Öldugata í Hafnarfirði..... | 132 kV |

Article 4

4.1 Transmission charges¹

In-feed:

Delivery charge per year..... ISK 3.925.033

Out-feed:

Distribution system operators:

Delivery charge per year..... ISK 3.925.033

Capacity charge per MW per year..... ISK 4.029.942

Energy charge per MWh ISK 291,813

Power intensive users

Delivery charge per year..... USD 60.550

Capacity charge per MW per year..... USD 32.038

Energy charge per MWh USD 1,620

Curtaillable electricity:

Energy charge per MWh ISK 291,81

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 losses²

Ancillary services per MWh.....ISK 25,80

Transmission losses per MWhISK 79,80

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 curtaillable 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 discount is granted on the charge for ancillary services relating to curtaillable electricity amounting to the cost incurred by Landsnet for reserve power.

¹ Number formats are used according to icelandic tradition.

² 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 pay any cost of a special connection point for such electricity.

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 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 February 1st 2008.

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.