

**SOCIALIST REPUBLIC OF VIETNAM**  
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**ELECTRIC POWER RETAIL SERVICE CONTRACT**

No: ..... Dated August 31, 2008

Pursuant to the Civil Law of June 14, 2005;

Pursuant to the Electricity Law of December 3, 2004;

Based on the needs and capacities of the two Parties;

Today, on December 8, 2008 at the XX **Electricity Branch**, we comprise of:

**I. THE SERVICE USER: AA Power Company – (*hereafter called Party A*)**

- Address:

- Tel: Fax:

- Account No.:

- At the Bank:

- Tax code:

- Represented by Mr. (Ms.): XX

- Job title:

authorized by the Director of AA Power Company

**II. THE SERVICE PROVIDER: Mr. (Ms.) BB (*hereafter called Party B*)**

- Current address:

- Permanent Registered Address:

- Identity Card Issued on September ..... At: .....

- Tel: ..... Fax:

**Party A and Party B agree to sign the contract with the following provisions:**

**Article A: Contents of service works**

1. Party A hires and Party B agrees to provide the electric power retail service, with specific works as follows:
  - a) Recording the electricity meter index (electricity consumption volume measured by electricity meters) according to the customer inventory handed over by the Party A and subject to its schedule;

- b) Collecting and submitting electricity charge payments as well as making final payments of electricity invoices according to the customer inventory handed over by the Party A and subject to its schedule;
- c) Other works:
1. *Collecting telecommunication charges*
  2. *Participating in:*
    - Making clearance for corridors of the low voltage grids
    - Repairing low voltage electricity lines from fuses to electricity meters
    - Measuring voltage of the line-end
    - Being the telecommunication service agent
    - Measuring and drawing simple surveys, etc.
    - Recording changes of unusual electricity meters and misused electricity meters
    - Sticking labels
    - Distributing and receiving electricity sale contracts to/from customers
    - Hanging and un-hanging electricity meters for electricity consumers
    - Checking electricity meters
    - Checking electricity consumption according to electricity sales contracts
    - Disseminating safe and economical measures of electricity consumption at areas where the services are provided
    - Cooperating with the Electricity and local government to make clearance for corridors of electricity lines and defend grid assets in the areas where the service is provided.
    - When carrying out the above mentioned works, the Service Provider is to obey rules on the electric power business process, the technical scale of safe electricity, and the operation management process of the Electricity Company.
2. The area where the Service Provider carries out service works is XX, YY and ZZ communes of BB district, AA province.

## **Article 2. Measures to guarantee the contract implementation**

The measure to guarantee the contract implementation is deposits, in details as follows:

1. The deposit amount as stipulated at point a) of item 1, Article 5 of the Regulation on organization and operation of the electric power retail service: deposit limits, depending on conditions and capacity of the Service Provider,

are defined as equal or twice of the electricity invoice value handed over by the Electricity to the Service Provider to collect each period as minimum; and no excess of once, twice of the monthly average electricity invoice value as maximum (of three months before signing service contracts).

2. For the deposit case:

- a) Party B commits to make the deposit in VND by depositing the amount stated in the attached deposit verification certificate of the Bank at its account (or saving books) blockaded at and by the Agriculture and Rural Development Bank of BB district, as stipulated at item 3 of Article 3 of the Regulation on organization and operation of the electric power retail service to guarantee his contract implementation.
- b) Party A sends a letter to the Bank, requesting the Bank to blockade the primary value of Party B's deposit at that Bank; party B withdraws interest income of the deposit according to the Agreement with the Bank. After Party B makes deposits, the deposit verification certificate of the Bank is to be attached with this Contract.
- c) While carrying out services, if Party B violates the obligation of late payment of electricity invoices as scheduled by Party A or delay payment of compensation and/or penalties as agreed by both parties for 3 days or more, Party A is entitled to request the Bank (that keeps Party B's deposits) to pay the amount unpaid by the Party B after bank charges from his deposits. To continue his service provision, Party B is to supplement his deposit stated at item 1 of this Article 2.
- d) Party B receives electricity invoices to collect in each period with the total invoice value equal to 85% of the primary deposit.
- e) Every 6 months or when the government competent authority adjusts electricity prices, Party A may adjust the deposit limit. If Party B has not yet carried out his deposit adjustment by the due date informed by Party A, Party B is to ensure to meet the time limit of collecting and submitting electricity charge payments at the proportion agreed in this Contract and to pay all arising travel expenses.

3. For the guarantee case:

- a) Party B hands over to Party A the original guarantee certificate for the obligation of payment to Party A, if Party B has not carried out or mis-carried out his obligations stated in this Contract by the time limit.
- b) The guarantee limit is stated at the guarantee certificate attached with this Contract.
- c) Party B receives electricity invoices with the total value of 85% of the guarantee limit to collect in each period.

- d) While carrying out services, if Party B violates his obligation by delaying final payments of electricity invoices as scheduled by Party A or delaying payment of compensations and/or penalties as agreed in this Contract for 2 days or more, Party A is entitled to request the Guarantor to make such payments on behalf of Party B. In order to continue his service provision, Party B is to send a new guarantee certificate with the above agreed guarantee limit and Party B is to ensure to meet the time limit of collecting and submitting electricity charge payments at the proportion agreed in this Contract.
- e) Every 6 months or when the government competent authority adjusts electricity prices, Party A may adjust the guarantee limit. If Party B has not carried out his guarantee adjustment by the due date informed by Party A, Party A is to adjust quantity of electricity invoices handed over to Party B in each period as agreed above and Party B is to ensure to meet the time limit of collecting and submitting electricity charge payments at the proportion agreed in this Contract.

### **Article 3: Service charges and payment methods**

1. Service charges paid by Party A to Party B (according to the methodology for calculating service charges for the electric power retail service Provider at the attached annex) consist of:
  - a) Service charges for Party B to provide electric power retail services including: recording the electricity meter index; collecting and submitting electricity charge payments, and making final payments of electricity invoices.
  - b) Additional to service charges for Party B to carry out some contents of the customer service and the low voltage grid operation management including works stated at point c) of item 1, Article 1 of this Contract.
  - c) Party B's expenses arising beyond the Contract to carry out requirements of Party A, including: ferry and boats charges, etc if such expenses do not exceed limits currently stipulated by the Ministry of Finance.
2. The above mentioned service charges are agreed by Party A and Party B based on the combination of volume and quality or actual service works carried out in the month.
3. Service charges are paid in cash, twice a month: the first advance is on the 30<sup>th</sup> every month and equal to the minimum salary stipulated by the Government subject to each period and the 2<sup>nd</sup> payment is on the 15<sup>th</sup> every month.
4. Place of service charge payment is at **XX Electricity Branch** (if in cash)
5. In case the service works are not fulfilled as agreed due to the fault of Party B, Party A is entitled to reduce service charges and request for compensations.

## **Article 4: Rights and obligations of Party A**

### **1. Rights of Party A**

- a) Party A has the right to request Party B to follow rules of the electric power operation and business process of the Electricity Company.
- b) Party A has the right to request Party B to carry out service works agreed at Article 1 with the right volume, quality and time limit as stipulated by Party A.
- c) Party A has the right to check and monitor Party B's implementation of provisions agreed in the service contract.
- d) Party A has to the right to enjoy legal interests brought by Party B's performance in the contract implementation process.

### **2. Obligations of Party A**

- a) Organizing training courses and examinations on the process and rules on electric power operation and business and related legal regulations for the Party B.
- b) Providing related documents and information and guidelines on usage of necessary labor equipment for Party B to carry out service works agreed in this Contract.
- c) Checking periodically the low voltage grid (if Party A hires Party B to carry out the low voltage grid operation management and states at item c) of Article 1 of this Contract), and the measuring system.
- d) Fixing schedules for recording the electricity meter index. This schedule may be changed in only special and necessary cases, but has to facilitate Party B and electricity household consumers to collect and pay electricity charges.
- e) Handing over electricity invoices timely, Party A is to be responsible for expenses of any faults caused by invoicing. Making final payments of electricity invoices with Party B, paying services charges to Party B as agreed at Article 3 of this contract.
- f) Sending official letters to the Bank to lift deposit blockade or terminate guarantees when the contract is liquidated by both Parties without any dispute.

## **Article 5: Rights and obligations of Party B**

### **1. Rights of Party B**

- a) Party B has the right to participate in training courses on the low voltage grid operation and electricity power business management held by Party A according to contents and scopes of service works agreed at Article 1 of this Contract.

- b) Party B has the right to request Party A to provide related documents and information and guidelines on usage of necessary tools to carry out the service works agreed in the Article 1.
- c) Party B has the right to cooperate with Party A to check periodically or incidentally the implementation of electricity sales contracts of household consumers in the areas where the services are provided.
- d) Party B has the right to request Party A to pay service charges basing on his performance of services agreed at Article 3 of this Contract.
- e) Party B has the right to request Party A to do procedures with the Bank to lift deposit blockades or terminate guarantees after liquidating this contract without any dispute.

## **2. Obligations of Party B**

- a) Organizing to carry out contents of service works agreed at Article 1. Being prohibited to do works beyond contents of service works agreed at Article 1 of this contract if Party A does not agree.
- b) Recognizing and complying with the current process and regulations of Party A: the Regulation on organization and operation of the electric power retail service issued enclosure to Decision No. XXXX of April 14, 2008 of the Management Board of EVN; the electric power business process and customer communication process; following strictly Party A's operational and technical management process and mechanism of the low voltage grid; being responsible for the safety of individuals carrying out service works hired by Party A; receiving and transferring requests, comments and complaints of electricity consumers to Party A.
- c) Following the schedule to record the electricity meter index, recording exact indices of all electricity meters in the list handed over by the Party A. Informing in time to Party A when discovering unusual phenomena of electricity consumption of customers or electricity meters' errors.
- d) Following the schedule and regulation of Party A on receipt and delivery of electricity invoices, electricity charges collection and payments and final payments of electricity invoices.
- e) Submitting fully electricity charge collection at the time scheduled by Party A. Party B is not entitled to use collected electricity charges for other purposes.
- f) Being prohibited from entrusting other individual or organization to carry out service works without Party A's approvals. Preserving and handing over all Party A's documents after fulfilling service works.
- g) Cooperating with Party A when Party A requests to check periodically or incidentally the electricity sales contract implementation of customers in the service provision list.
- h) Informing in time to Party A of measures to handle the following cases:

- Electricity equipment and grid are not safe, going to cause dangers to the human and cattle.
  - Electricity consumers change their electricity consumption purposes or have cheating behaviors or electricity steals.
  - Electricity consumers do not pay electricity charges after three informing times and 15 days after the first informing time.
- l) Carrying out urgent measures to prevent any danger causing severe break-downs of the grid, threatening safety of the human and equipment , without any necessity of waiting for instruction of Party A if that wait causes damages and losses for Party A, but it is compulsory to report to Party A right after that.

### **Article 6: Loss compensation and penalties for contract violations**

1. Party A is responsible for compensating Party B in the following cases: late payment of service charges as agreed at item 3 of Article 3 of this contract, the compensation amount is equal to interest incomes of the late payment amount, i.e the late payment amount multiples with the highest lending interest rate of the Bank (of Party A's account) and multiple with the number of late payment days from the payment date to the date when Party A is to make payment to Party B.
2. Part B has responsibility to compensate Party A in the following cases:
  - a) Late payments of electricity charges as scheduled by Party A, the compensation amount is equal to interest incomes of the late payment amount, i.e the late payment amount multiples with the highest lending interest rate of the Bank (of Party A's account) and multiples with the number of late payment days from the payment date to the date when the Party A is to make payment to Party B.
  - b) Losing electricity invoices and /or electricity payment amounts: the compensation is the total amount stated in the electricity invoices and /or the lost amounts and having to compensate according to item 1 of this Article.
  - c) Mis-recording indices of electricity meters causing losses to Party A: the compensation amount is the actual losses.
  - d) Party A suffers losses or Party A has to compensate the electricity consumers or other third party, and/or pay penalties to the state managing agencies due to the Party B's faults: the compensation amount is equal to the loss and/or equal to the compensation or penalty expenses made by Party A.
  - e) If Party B terminates the contract unilaterally (except cases agreed at Article 9 of this contract), Party B is to pay the compensation amount equal to the invoice value to be collected by Party B in a month

- multiplying with the highest lending interest rate of the Bank (of Party A's account).
- f) Causing break-down of the grid; causing damages to working equipments or electric equipments of Party A, the compensation amount is equal to the expenses for break-down settlement or compensation value for the damage.
3. Party A is to pay the penalty equal to 8% of the compensation amount for violating the contract obligations (i.e the obligation value of the contract violation) if Party A violates cases stated at item 1 of this Article.
  4. Party B is to pay penalties for violating the contract obligations:
    - a) The penalty is equal to 8% of the compensation amount for violation cases stated at point a) and d) of item 2 of this Article.
    - b) The penalty is equal to 8% of the wrong calculated amount due to mis-recording the electricity meter index
    - c) Time limits for payments of compensation and penalties: the violator is to make payments of compensations or penalties to the violatee within 10 days since the date of minutes on defining compensation value or penalty value.

#### **Article 7: Other agreements**

The two Parties have the agreement in the Annex of this Contract and legal regulations of the Electricity sector.

#### **Article 8: Settling disputes**

The two Parties commit to implement strictly provisions signed in this Contract. In case of arising disputes, the two Parties are to negotiate for settlement. The two Parties are entitled to sue at the People Court if they cannot self-settle those disputes.

#### **Article 9: Cases of unilateral termination of the contract**

1. Party A is entitled to terminate unilaterally its contract implementation in the following cases:
  - a) Party B colludes with customers to the make measuring system operation incorrect under any forms or to mis-record the electricity meter index;
  - b) Party B carries out collection and submission of electricity charge payments under 90% continuously for 3 months;
  - c) Party B delays his submission of electricity and telecommunication charges payments 3 days after the receipt date of invoices for 3 times in a month and continuously in 2 months.
  - d) If continuous implementation of the contract is to Party A's disadvantage, Party A is to inform to Party B 15 days in advance



2. Party B is entitled to terminate unilaterally his contract implementation in case Party A delays payment of service charges 5 days since the time limit agreed at item 3 of Article 3 of this Contract.
3. If any of the two Parties is not able to implement the contract due to force majeure (natural disasters, fires, severe diseases, etc), that Party is to send a written letter to the other Party, requesting for the contract termination within 15 days since the starting date of the event. The two parties have the obligation to liquidate the contract within 15 days since the termination date of the contract.

**Article 10: Implementation Provision**

1. This Contract comes into effect since the signing date and valid for 3 years (for the cases of deposits or guarantee certificates before signing the contract)
2. The Contract comes into effect since the certifying date of the Bank for deposits (or guarantees) and valid for 3 years (for the cases of deposits or guarantees after signing the contract).
3. Annexes of this Contract are the integral part of this Contract
4. In the implementation period, if any Party has the need to terminate, change, supplement or extend the contract, the Party is to inform the other Party 30 days in advance for mutual settlement. The termination, change, supplement or extension of the contract comes into effect only when the two Parties agree in writing.
5. The contract is made into 2 original copies, each kept by one party with equal value.

REPRESENTATIVE OF PARTY A      REPRESENTATIVE OF PARTY B

(Signed and stamped)

(Signed)

## ANNEX OF THE CONTRACT

(enclosure to the Contract No: .... dated of August 31, 2008)

### METHODOLOGY FOR CALCULATING SERVICE CHARGES

#### A. SERVICE CHARGES

##### 1/ Unit price of electricity

The monthly service charge the Electricity is to pay for the implementation of the works stated at Article 1 of this Contract is defined as follows:

$$TDV = N \times V_{dg} \times Kr$$

In which:

- TDV: Monthly service charge to be received by the Service Provider
- N: Total invoice amount recorded, collected and made final payment to the Service Provider in the month
- $V_{dg}$ : Unit Price = VND 1219 per invoice
- \*Kr: Net Collection Index

$$Kr = \frac{DT_{th}}{DT_{pt}}$$

$DT_{th}$ : Turnover collected in the month of the Service Provider

$DT_{pt}$ : Turnover to be collected in the month to pay to the

Electricity.

##### 2/ Unit price of telecommunication:

Based on the number of invoices to be collected and made final payment by the Service Provider in the month, the monthly service charge paid to the Service Provider by the Electricity is defined as follows:

$$TDV = N \times V_{dg}$$

In which:

- TDV: Monthly service charge received by the Service Provider
- N: Total number of invoices to be collected and made final payment in the **month**
- $V_{dg}$ : Based on the percentage of total invoices collected and made final payments in the total invoices to be collected in the month, each service charge per invoice respectively as follows:

+ Collected 100%	VND 3,000 per invoice
+ Collected over 95%	VND 2,800 per invoice
+ Collected over 90%	VND 2,600 per invoice
+ Collected over 80%	VND 2,400 per invoice
+ Collected over 70%	VND 2,400 per invoice
+ Collecting less than 70%	VND 2,000 per invoice

## **B/ GRATUITY**

### **1/ Gratuity for fulfilling the electricity invoice collection service**

Based on the standard scale of marks for service fulfillment, the gratuity is paid respectively as follows:

- Max. mark = 100 points	Gratuity is VND 535.68 per invoice
- Excellent mark: over 95 points	Gratuity is 40% of VND 1219 per invoice
- Good mark: over 90 points per invoice	Gratuity is 30% of VND 1219
- Strong mark: over 80 points per invoice	Gratuity is 20% of VND 1219
- Fulfillment mark: over 70 points per invoice	Gratuity is 10% of VND 1219
- Unfulfillment mark: less than 70 points	No Gratuity

### **2/ Gratuity and penalties for preventing electric power loss:**

The official document No. 4639/QD-BLDTTr-3 of October 24, 2007 of the Regulation on gratuity and penalties for preventing electric power loss in the rural electric power retail service is applicable.

## **C/ PETROL EXPENSES**

- Subsidies of 4 travels from/to Service Office to/from the Electricity Branch per month (to make final payment)
- Cost norm is 2.7 litres per 100 km
- Unit price of petrol subject to each period price

## **D/ FERRY AND BOAT CHARGES:**

Ferry and boat charges are based on the actual expenses verified by the owner of means of transport arising from recording the electricity meter index and collecting electricity invoice payments

## **E/ ADDITIONAL WORKS:**

- Making clearance for the low voltage grid: VND 33,000 per working day
- Measuring the voltage: VND 5,000 per position with full data
- Surveying new electricity meters: VND 5,000 per complete dossier
- Sticking labels: VND 200 per electricity meter
- Distributing and receiving dossiers of electricity sale contracts: VND 500 per contract

**F/ FINAL PAYMENT**

- Every month, Party B is responsible for synthesizing and reporting final payments and works fulfilled in parallel with final payments of electricity and telecommunication charges verified by the Electricity Branch Manager in order to synthesize expenses together with service charges.
- In cash payment methodology in the monthly service charge list
- This Annex is an integral part of the Contract No.: 01 /CNDBD.3/HDDV of August 31, 2008.

REPRESENTATIVE OF PARTY A    REPRESENTATIVE OF PARTY B

