

Memorandum of Understanding

1. Parties

RWE Transportnetz Strom GmbH, Germany

TenneT TSO B.V., the Netherlands

2. Consideration

The importance of the interconnection capacity for developing the European electricity market has been emphasised in recent years by the European Commission. Therefore, both regulators and governments are highly interested in the transmission capacity available to their surrounding countries.

Improvement of interconnections and increasing capacity will strengthen the integration process of the northwest European energy market, which is highly supported by the European Commission, regulators, market participants and TSOs.

The situation between Germany and the Netherlands is characterized by grid constraints, so that a joint auction of the grid capacity between both countries was implemented in 2000. The demand for cross-border transmission capacity will remain high in a further evolving electricity market.

As these constraints still persist, TenneT TSO and RWE Transportnetz Strom have initiated a joint study to evaluate the options for increasing the grid capacity by building a new interconnector. The results are that a new Doetinchem (NL) – Niederrhein (D) interconnector will increase the available capacity with a value between 1000 to 2000 MW. Moreover, it is stated that this new line will have a positive impact on system security due to the improved possibilities for balancing the load flows on all connections between Germany and the Netherlands.

3. Goal

TenneT TSO and RWE Transportnetz Strom have decided that they want to improve the interconnection capacity of Germany and the Netherlands by building a new Doetinchem (NL) – Niederrhein (D) interconnector. This shall be built as soon as possible, however the time needed for the project realisation has to be taken into account so that the commissioning of the new line cannot be expected before 2013.



4. Cooperation

TenneT TSO and RWE Transportnetz Strom will cooperate closely in the realisation of the new interconnector, respecting each others' responsibility and position with regard to their respective legal frameworks. This cooperation comprises:

- A joint technical study will finalise the technical concept and its financial consequences, followed by the engineering of the project.
- TenneT TSO and RWE Transportnetz Strom shall contact their respective regulators and authorities to get approval for the necessary funding of the new interconnector as a prerequisite for the project realisation.
- As the licensing process of the new interconnector seems to be the most critical path, both RWE Transportnetz Strom and TenneT TSO shall initiate the licensing and physical planning process immediately.
- The parties shall intensively exchange all relevant information. This information and especially data regarding the system and grid exchanged within the context of the cooperation and project, will be handled under confidentiality and only will be used for the purpose of this cooperation.
- The parties shall jointly communicate with the relevant stakeholders; all communication regarding this cooperation and project will have the approval of both parties.

5. Next steps

RWE Transportnetz Strom and TenneT TSO will both bear the cost for investment and adjustments in their own grids; all other costs related to the project will in principle be shared equally.

After the signing of this Memorandum of Understanding, TenneT TSO and RWE Transportnetz Strom shall make all the relevant agreements in detail which are necessary for effective realisation of the project.

Arnhem (NL) and Dortmund (D), 11 December 2006

RWE Transportnetz Strom GmbH

Dr. Klaus Kleinekorte
Managing Director

TenneT TSO B.V.

Mel Kroon
CEO