

ARTICLES OF ASSOCIATION
for
Vestegnens
Kraftvarmeselskab I/S
VEKS

30.11.2011

THIS AGREEMENT is made between the Municipalities of Albertslund, Brøndby, Glostrup, Greve, Hvidovre, Høje-Taastrup, Ishøj, Køge, Roskilde, Rødovre, Solrød and Vallensbæk concerning the foundation of a joint partnership for the transmission of power plant heat for the purpose of realizing the basic plan drawn up by Planlægningselskabet founded 6 September 1982, covering

Power plant heat and district heat in the Vestegnen (the western district) - a provisional extension plan, May 1983.

VEKS-extension plan, up-dated, January 1984.

See moreover the enclosed "Commentary on the proposal for Articles of Association", January 1984.

As a basis for co-operation we have agreed on the following.

ARTICLES OF ASSOCIATION FOR VESTEGNENS KRAFTVARMESELSKAB I/S.

NAME AND REGISTERED OFFICE

§ 1

Para 1.

The name of the Partnership is Vestegnens Kraftvarmeselskab I/S (abbreviated VEKS). The registered office of the Partnership is Albertslund Municipality.

OBJECTS

§ 2

Para 1.

The primary objective of the Partnership is, within the area covered by the municipal partners, to utilize the heat supplied by CHP plants, where such heat is generated from the power and surplus heat from combustion of waste products and from other major industrial enterprises, etc. as well as the heat from local heat plants - in order to ensure society and the individual consumer the most economical utilization of heat for the heating of buildings and hot water supply as well as the comfortable cooling down of buildings.

Para 2.

The Partnership shall plan, project, finance and construct a transmission system from the combined heat and power plant at Avedøre Holme, from other regional heat supply plants, including the transmission system of the central municipalities from waste combustion plants, major industrial

companies, etc., for municipal district heat supply companies and local distribution companies and other major consumers, in accordance with the municipal partial plans for district heat, see, however, article 3 (2). Already established parts of the transmission system or pipe-line system, which carry out transmission-like tasks can after negotiation be taken over or rented by the Partnership.

Para 3.

The Partnership shall operate and maintain the transmission system.

Para 4.

The Partnership shall buy heat and other energy from the producers of power plant heat and other associated producers and suppliers of heat, and companies, cf. article 4, and shall sell heat to the municipal district heat supply companies, distribution companies and other major consumers, cf. para 2 hereof and article 5. It is assumed that the Partnership will charge uniform prices for the amounts of heat delivered from the transmission system - independent of the location of the customers according to the extension plan, cf. also article 5 (5).

Para 4.a.

Irrespective of the provisions of article 2 (4), VEKS may in special cases fix prices that are lower than the pool price or other special conditions.

This provision shall be applicable only to the extent that it is necessary to ensure connection with an outlying district which for price reasons would not otherwise choose to be connected. The provision must only be applied to the extent it is estimated that it will not result in an increase of the ordinary pool price which is higher than would have been the case if the area in question had not been connected. The special price shall as far as possible be limited in time and shall be subject to a clause about upward adjustment if the circumstances motivating the low price should change in a manner which makes a price increase competitive compared to the consumer's alternative heating options.

Para 4.b.

If to the advantage of VEKS a supply area can by an interim arrangement be connected to the power plant heat system earlier than via the planned transmission network, and if this is financially to the benefit of the supply area, the cost of such an interim arrangement shall be paid by the supply area. If the amount to be paid for such an interim arrangement is so large that the earlier connection to VEKS is not an economic advantage to the supply area, VEKS may defray part of the expenses for the interim arrangement. A necessary pre-condition for the earlier connection to VEKS is that it can take place without an increase of the ordinary pool price.

Para 5.

The Partnership may sell heat to customers outside the area of the municipal partners on conditions that are different from the conditions prevailing within the area of the municipal partners.

Para 6.

The Partnership shall ensure optimal utilization of the production and transmission capacity in order to have the maximum security of supply and the cheapest possible heat supply.

Para 7.

Furthermore, the Partnership may build and operate facilities or acquire facilities and operate these, including power and heat generating facilities, in which surplus energy can be utilized. It is a precondition that the Partnerships solely undertakes tasks which each of the participating municipalities would be able to undertake according to law.

Para 8.

The Partnership shall be financially independent.

Para 9.

The Partnership may enter into co-operation on a national or regional level with other companies, organizations and authorities.

§ 3.

Para 1.

The Partnership shall provide the necessary organization for operating the transmission system and for co-ordinating the heat production and for directing the planning, construction, performance and maintenance of the transmission system.

Para 2.

The Partnership may, subject to agreement with the individual municipal partner(s), establish local distribution networks in the municipality/municipalities in question. In that connection the Partnership may undertake the planning, construction, building and operation, as well as financing, including the raising of loans, cf. article 7(4), and ownership of the facilities. The finances connected with building, operation, financing etc. shall be separated from the other main tasks of the Partnership in terms of accounting. In addition, the Partnership can, subject to guidelines laid down by the Board, finance expenses related with connecting up future customers to the district heat system.

Para 3.

The Partnership shall be entitled to acquire and own limited liability companies in full or in part provided that such companies include as their objective to carry on business having a direct influence on the objectives of the Partnership, i.e. any power or other energy generating activities (such as entry into a power and heat company, entry into a Joint Venture for the utilization of geothermal energy). Any resolution to this effect, however, requires consensus among the municipal partners, cf Article 17.

§ 4.

Para 1.

In connection with the Partnership entering into agreements concerning the purchase of heat and other energy the Partnership shall ensure the use of the least expensive heat in the aggregate heat supply.

Para 2.

When entering into agreements with combined heat and power plants and suppliers of power plant heat, the advantage of deriving power plant heat from the combined electricity and heat production shall as far as possible benefit the heat side. This principle should be adhered to in the period after expiry of the agreement with ELKRAFT concerning heat from Avedøreværket, and in connection with other agreements concerning purchase of power plant heat. Para 3.

The Board of Directors shall, cf. article 10(4e), work out guidelines for entering into agreements with local plants/suppliers, etc.

§ 5.

Para 1.

In connection with the Partnership's sale of heat and other energy the municipal partners are agreed that the guidelines in paras 2-5 shall be observed.

Para 2.

The Partnership shall enter into agreements with the individual municipal partners concerning the connection of the transmission system to the individual distribution systems.

Para 3.

After the period mentioned in article 17(4) the municipal partners shall be bound to contribute to the implementation of the extension plan.

Para 4.

The Partnership shall enter into agreements with municipal district heat supply companies, distribution companies and other major consumers, cf. article 2(2), that wish to buy heat and other energy from the Partnership.

Para 5.

The Board of Directors shall, cf. article 10(4e), work out guidelines for agreements with municipal district heat supply companies, distribution companies and others.

LIABILITY AND RESPONSIBILITY

§ 6.

Para 1.

The municipal partners shall be held liable, directly, jointly and severally and with their entire property, in respect to the Partnership's obligations towards any third party.

Para 2.

In the mutual relationship among the municipal partners, each municipal partner shall be liable for such part of the Partnership's obligations as corresponds to the planned purchase of district heat from the fully developed plant. A survey is attached in Appendix 1.

Para 3.

If the municipal partners' purchase of district heat from the fully developed system deviates substantially from what is planned according to para 2 above, the basis of liability can be changed subject to agreement among the members of the Board of Directors. In the absence of such agreement any member may require that the question be submitted to arbitration, cf. article 18.

Para 4

Any change required in the basis of liability, cf. para 3, may take effect from 1 January 1990 at the earliest. After that changes may take place only every fourth year.

Para 5.

The municipal partners are owners of the Partnership pro rata to their liability according to paras 2 and 3 of this article.

FINANCING AND ECONOMY

§ 7.

Para 1.

The capital required for the fulfilment of the objects of the Partnership may be provided by contributions from the municipal partners, from the taking up of loans, from sales revenues, contribution of plant or other capital increments.

Para 2.

None of the municipal partners shall be obliged to make contributions of capital.

Para 3.

The contributions made by the municipal partners to Planlægningselskabet shall be transferred to the Partnership and shall bear interest and be repayable as the Board of Directors may decide.

Contributions to Planlægningselskabet made by municipalities which are not signatories to this agreement shall not be repayable.

Para 4.

In the cases mentioned in article 3(2) the Partnership may, irrespective of the provision in article (1), contract loans for which only the municipal partner(s) in question is (are) liable.

BOARD OF DIRECTORS

§ 8.

Para 1.

The Board of Directors shall consist of 22 members representing the municipal partners in accordance with the individual municipalities' relative share of liability, cf. article 6(2). In accordance with the planned purchase of district heat at the foundation of the Partnership, cf. Appendix 1, the Board of Directors shall be composed as follows:

Municipality	Distribution of liability	Numbers of Board members
		%
Albertslund	13.21	3
Brøndby	10.14	2
Glostrup	5.69	1
Greve	5.78	1
Hvidovre	13.16	3
Høje Taastrup	14.01	3
Ishøj	3.82	1
Køge	6.63	1
Roskilde	18.05	4
Rødovre	5.78	1
Solrød	2.31	1
Vallensbæk	1.42	1
Total	100.00	22

Para 2.

If a municipal partner is represented by only one member in the Board of Directors, it shall be entitled to designate an observer who shall have access to participate in Board meetings.

Para 3.

If the basis of liability is changed, cf. article 6(3) to such an extent that it affects the distribution of Board members according to para 1, the representation on the Board by the individual municipal

partners shall be adjusted in such a manner that it will be in conformity with the basis of liability. In the absence of agreement the question shall be settled by arbitration according to article 18.

Para 4.

A municipal partner's representative(s) on the Board shall be elected from among the members of the local council in question. The first such election shall take place after the foundation of the Partnership and thereafter in connection with the constituent meetings in the local council of the municipal partners immediately following a local council election.

Para 5.

For each member of the Board, the local council shall, moreover, elect from among the members of the local councils a personal proxy who shall replace the said member in his absence.

Para 6.

Members of the Board of Directors shall hold office until new members of the Board have been appointed.

PROCEDURAL RULES FOR THE BOARD OF DIRECTORS

§ 9.

Para 1.

At the first meeting of the Board of Directors after the municipal partners have appointed new members in accordance with article 8(4) the Board shall appoint from its members a chairman and vice-chairman, an auditor as well as representatives for the competent bodies of other companies and organizations.

Para 2.

In the chairman's absence the vice-chairman shall take his place.

Para 3.

Board meetings shall be held as often as required, however, normally once every quarter. Board meetings shall be convened subject to 14 days' notice in writing and shall state the agenda. All material for evaluating the issues on the Board's agenda shall be forwarded to the members not later than eight days before the meeting of the Board of Directors.

Para 4.

Board meetings shall be convened when not less than three members of the Board representing not less than three municipal partners wish for a meeting to be held, and the agenda shall be stated.

Para 5.

The Board of Directors constitutes a quorum when not less than half of the members representing not less than half of the municipal partners are present.

Para 6.

Each member of the Board of Directors shall have one vote. Observers shall not be entitled to vote.

Para 7.

Records shall be kept of all resolutions made by the Board, and these shall be signed by the members of the Board present.

Para 8.

The Board of Directors shall determine its own order of business.

Para 9.

The members of the Board shall receive from the Partnership travelling and subsistence allowances for any loss of income due to participation in meetings of or on behalf of the Board of Directors according to the provisions of the Municipal Administrative Act. The chairman and the vice-chairman shall receive remuneration.

POWERS OF THE BOARD OF DIRECTORS

§ 10.

Para 1.

The Board of Directors shall be the supreme authority of the Partnership.

Para 2.

The Board of Directors shall make decisions in all matters concerning fulfilment by the Partnership of the objects and implementation of tasks, as described in articles 2-5.

Para 3.

The Board of Directors shall supervise the daily management of the Partnership and may give the management instructions and directions.

Para 4.

The matters dealt with by the Board of Directors shall be decided by simple majority. However, the following decisions require agreement by at least 3/4 (three fourths) of the members of the Board:

- a. Acquisition, sale and mortgaging of real property
- b. Contraction of loans and the undertaking of guarantee commitments
- c. Extension plans and changes hereof
- d. Principles of payment and changes hereof
- e. Guidelines for entering into agreements for purchase, cf. article 4(3); and for sale, cf. article 5(5), of heat and other energy

- f. Budgets
- g. Agreements in accordance with article 3(2)
- h. Application of the provisions of article 2(4a and 4b)

Para 5.

One or more members of the Board of Directors may require questions which are of material importance to the Partnership, including the questions stated in para 4 above to be considered twice by the Board - the second time after the member(s) of the Board has(have) been given a reasonable respite in which to present the question to the municipal councils of the Board member(s) concerned.

DAILY MANAGEMENT

§ 11.

Para 1.

The Board shall employ a management to deal with day-to-day operations and shall appoint the daily manager to be in charge of the affairs of the Partnership - in accordance with the instructions and directions given by the Board of Directors.

Para 2.

The Board of Directors may employ the daily manager and in special cases other employees with status as public servants.
The Board of Directors shall adopt a public servants regulation and possibly a pensions regulation.

In case of the dissolution of the Partnership a public servant shall be bound to take over a suitable position in one of the municipalities which are members of the Partnership, provided that he/she is offered such employment. Provision for this obligation shall be included in the public servants regulation and in the individual letters of employment contracts.

The public servants regulation and pensions regulation as well as salaries and other conditions for the individual public servant shall be approved by the Salary and Wage Board established by the Municipal Administrative Act.

THE BOARD OF DIRECTORS' OFFICIALS COMMITTEE

§ 12.

To ensure efficient exchange of information, professional discussion and dialogue between the municipal partners and VEKS' management, an officials committee will be established for which each municipal partner shall appoint up to two individuals from the administration of the municipality.

POWER TO BIND THE PARTNERSHIP

§ 13.

The Partnership shall be bound by the signatures of the chairman of the Board, the vice- chairman of the Board and the daily manager, not less than two jointly,

SUPERVISION

§ 14.

Para 1.

The Partnership shall be governed by the rules applying at any time to supervision, including:

- a. Change of this present agreement
- b. Entry and withdrawal by the municipal partners
- c. Dissolution of the Partnership
- d. Remuneration to the chairman and vice-chairman
- e. Employment and dismissal of auditors
- f. Entry into the companies mentioned in article 2(9) provided that the approval of the supervisory authority would have been required - had it been a municipality joining such company.
- g. Acquisition of or participation in the companies mentioned in 3.3 requires the approval of the supervisory authority.

Para 2.

Decisions on wages and salaries shall be approved by the Municipal Wage and Salary Board.

Para 3.

The Partnership may contract loans and possibly give guarantees, etc. in accordance with the rules set by the Ministry of the Interior under the Municipal Administrative Act.

BUDGET, ACCOUNTS AND AUDIT

§ 15.

Para 1.

The financial year of the Partnership shall be the calendar year.

Para 2.

The financial statement shall be prepared and signed by the Board of Directors and the daily manager - and shall be audited by the auditor appointed. The financial statement shall be approved by the Board not later than 1 May, after which the financial statement shall be sent out to the municipal partners and published.

Para 3.

The budget and estimated budget adopted for the following years shall be sent to the municipal partners for information not later than 15 June prior to the year covered by the budget.

ADMISSION OF NEW MUNICIPAL PARTNERS

§ 16.

New partners can be admitted provided that not less than seven municipalities representing at least 75% of the expected purchase of heat (Appendix 1) consent thereto.

ACQUISITION OF OTHER COMPANIES

§ 17

Any resolution involving the participation in a company by Article 3.3 shall require consensus among the municipal partners.

As part of its deliberations to acquire a company, a municipal partner may authorize the board members appointed by the municipality in question to accept the acquisition of a company on behalf of the municipality within a further stipulated framework.

DISSOLUTION OF THE PARTNERSHIP, ETC.

§ 18.

Para 1.

Any decision concerning dissolution of the Partnership or amalgamation with other organizations shall be made by unanimous decision of the municipal partners.

Para 2.

Any surplus/deficit in connection with dissolution of the Partnership shall be paid to/covered by the municipal partners pro rata to their liability, cf. article 6(2-4).

Para 3.

The provisions of the Municipal Administrative Act shall apply to the dissolution of the Partnership.

Para 4.

In the period until the extension plan together with the time schedule and financial plans have been adopted, and agreements with ELKRAFT and the central municipalities have been made, a municipal partner can withdraw from the Partnership subject to three months' notice in writing which shall be notified also to the other municipal partners.

Para 5.

In the period following the period mentioned in para 4 above a municipal partner can withdraw from the Partnership if the other municipal partners agree to it and on the conditions applying to withdrawals, cf., however, subsection 6 and section 60(2) of the Municipal Administrative Act.

Para 6.

Where the municipal partners agree to the withdrawal by a municipal partner, but cannot agree on the conditions herefor, the conditions will be determined by the arbitration court mentioned in article 18, cf. however, para 7 hereof.

Para 7.

In case of withdrawal by a municipal partner according to paras 4-5, it shall continue to be liable with respect to fulfilment of the liabilities encumbent on the Partnership at the time of withdrawal. The liability shall continue until the liability has either been terminated or until the Partnership could have lawfully released itself of the liability.

ARBITRATION

§ 19.

Para 1.

Any dispute concerning the meaning, interpretation or application of the provisions of these Articles of Association or the relationship between the Partnership and one of the municipal partners or mutually among the individual municipal partners with regard to co-operation under the Partnership shall - after an attempt at settling the dispute amicably between the parties to the dispute be finally settled by arbitration in accordance with the following rules.

Para 2.

The party that wishes to have the dispute submitted to a court of arbitration shall notify this to the other(s) and shall give a brief account of why arbitration is requested. Each of the parties may then within 14 days ask the President of the Eastern Division of the High Court to set up a court of arbitration to deal with the case.

Para 3.

The court of arbitration shall consist of 3 members of whom one member shall be an expert on energy supply matters - unless the parties according to the nature of issue agree on another composition as regards the two members. The third member who shall be the chairman of the court of arbitration shall be a High Court Judge.

Para 4.

The court of arbitration shall lay down its procedure and can make decisions about the separate hearing of disputes involving several municipal partners or several grounds for action. The court of arbitration may allocate the costs of the case.

Para 5.

The decision made by the court of arbitration shall be final and binding on the parties.

CHANGE OF THE AGREEMENT

§ 20.

Any change of this agreement shall be subject to mutual agreement by the municipal partners.

COMING INTO OPERATION

§ 21.

This Agreement shall take effect on 14-12-1984, with regard to article 11(2), however not until 28-6-1985.

The above provisions applying to Vestegnens Kraftvarmeselskab I/S have been approved by letters from the Supervisory Board (Tilsynsrådet) for Copenhagen County of 12-8-1985, and from the Supervisory Board for Roskilde County of 26-8-1985.

The provisions of article 11(2), have not, however, been approved by letters from the Supervisory Board for Copenhagen County until 14-10-1985 and from the Supervisory Board for Roskilde County 7-10-1987.

The provisions of article 2(4), however, have not been approved by letters from the Supervisory Board for Copenhagen County until 28-8-1987 and from the Supervisory Board for Roskilde County 30-7-1987.

The provisions of article 3(2), however, have not been approved by letters from the Supervisory Board for Copenhagen County until 13-7-1993 and from the Supervisory Board for Roskilde County 2-7-1993.

The provisions set out in Articles 2, 2.7, 3.3, 14.1, 17-18-19-20 and 21 have been amended and approved in writing by the Supervisory Council under Copenhagen County on 28 March 2000.

The provisions set out in Articles 8.1 and appendix 1 have been amended and approved in writing by the Supervisory Council under Copenhagen County on 6 December 2001.

The provisions of article 2(7), 3(2), 8(1), 12 and Appendix 1 to the Articles of Association have been amended and approved in writing by the State Administration for Greater Copenhagen on 21 November 2011, the State Administration for Zealand on 30 November 2011 and the 12 municipal partners as follows:

Albertslund Municipality:

Amendments to the Articles of Association approved by the local council on 28 June 2011.

Brøndby Municipality:

Amendments to the Articles of Association approved by the local council on 15 June 2011

Glostrup Municipality:

Amendments to the Articles of Association approved by the local council on 8 June 2011

Greve Municipality:

Amendments to the Articles of Association approved by the city council on 21 June 2011

Hvidovre Municipality:

Amendments to the Articles of Association approved by the local council on 31 October 2011

Høje-Taastrup Municipality:

Amendments to the Articles of Association approved by the city council on 21 June 2011

Ishøj Municipality:

Amendments to the Articles of Association approved by the city council on 7 June 2011

Køge Municipality:

The entry of the municipality was approved by the city council on 14 December 2010

Roskilde Municipality:

Amendments to the Articles of Association approved by the city council on 31 August 2011

Rødovre Municipality:

Amendments to the Articles of Association approved by the local council on 27 August 2011

Solrød Municipality:

Amendments to the Articles of Association approved by the city council on 30 Mai 2011

Vallensbæk Municipality:

Amendments to the Articles of Association approved by the local council on 22 June 2011

APPENDIX 1
Articles of Association of
14 December 1984
Rev. 20.01.2011

Liabilities and ownership in Vestegnens Kraftvarmeselskab I/S - cf. article 6 of Proposal for Articles of Association of December 1984.

In accordance with a unanimous recommendation by the Board of Directors of VEKS-Planlægningselskab the liabilities and ownership of VEKS-Transmissionsselskab are to be directly related to the individual municipalities' expected purchase of power plant heat/district heat after completion of the full extension - according to the municipalities own specifications and VEKS' updates extension plan from January 1984.

Owing to the uncertainty of the development phase of the transmission system it has, however, been found most expedient not for the time being to include in the basis of liabilities the future heat purchases by major government and county institutions - if such institutions are not today connected to a collective district heat supply in the municipality.

On the basis of these guidelines the following distribution of liabilities and ownership shall apply in VEKS Transmissionsselskab:

Expected purchase of heat 1999 (for Køge 2025)

Municipality	TJ	%
Albertslund	1.485	13.21
Brøndby	1.140	10.14
Glostrup	640	5.69
Greve	650	5.78
Hvidovre	1.480	13.16
Høje Taastrup	1.575	14.01
Ishøj	429	3.82
Køge	745	6.63
Roskilde	2.030	18.05
Rødovre	650	5.78
Solrød	260	2.31
Vallensbæk	160	1.42
Total	11,244	100.00