

Terms and conditions for electronic auction of the gas storage operator, company MND Energy Storage a.s. (hereinafter the “Storage Operator”), for the reservation of the monthly storage capacity with fixed output to be held on 29 March 2023 (hereinafter the “Auction Terms and Conditions”)

Legal Disclaimer

This is an unofficial translation. Official documentation for the auction sale is drafted in Czech language. If any discrepancies arise between English and Czech wording, the Czech wording shall prevail.

Opening Clauses

These auction terms and conditions have been developed in line with valid and effective, generally binding Regulation No. 349/2015 Coll. on the Rules of the Gas Market (hereinafter “Market Rules”), and Code of gas storage operator, company MND Energy Storage a.s. (hereinafter the “Code”), in particular.

Fundamental prerequisite of participation in the auction to be held on 29 March 2023 under the Auction Terms and Conditions (hereinafter “Auction”) are set in the Code and specified in these Auction Terms and Conditions.

Other matters concerning the Auction which are not specifically governed by these Auction Terms and Conditions or the Code shall be governed by the Market Rules.

Basic Parameters of Auction Terms and Conditions

<i>Type of storage capacity reserved:</i>	Monthly storage capacity – only the fixed withdrawal output under Article 50 Section 5 Letter b) of Market Rules
<i>Date Auction is held:</i>	29 March 2023, 10 a.m. (CEST)
<i>Storage period:</i>	12 storage months reserved within the storage period from 1 April 2023, 6 a.m., and ending on 1 April 2024, 6 a.m.
<i>Storage capacity offered:</i>	0 GWh
<i>Injection output:</i>	0 MWh/day
<i>Withdrawal output:</i>	5 000 MWh/day

(Withdrawal output hereinafter also as only “storage capacity”)

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1. Opening Price and Method of Calculation of Monthly Price

The unit price for the Service is to be determined according to the following equation:

$$P_U = P_F + K$$

Where:

P_U represents a unit price for the withdrawal output and is established in CZK per 1 MWh/gas day of the reserved withdrawal output;

P_F represents starting price at fixed costs equal to **2.50CZK per 1 MWh/gas day of the reserved withdrawal output;**

K represents a coefficient on which the Auction participants bid within respective Auction rounds; for the first round of the Auction it equals „**0CZK per 1 MWh per day**“ (zero Czech crowns per one megawatthour per day). In each of the subsequent auction rounds, the coefficient per unit of storage capacity will be increased by **0.20CZK**.

The monthly price for the Service is then determined as the multiple of the auctioned daily withdrawal output, the unit price for the Service and the number of days of the given gas month during storage period. The price thus determined is the price without VAT and VAT will be added to it in accordance with applicable legislation.

2. Auction Date

Auction date has been set for 29 March 2023, at 10:00 a.m. (CEST). The applicant must register in the information system of the Storage Operator no later than 29 March 2023, 8:00 a.m., to participate in the Auction.

3. Progress and Completion of the Auction

A registered participant, who has provided financial security in accordance with Section 5 of these Auction Terms and Conditions (hereinafter as “Participant”) will be allowed to participate in the Auction. At the start of the auction and each subsequent auction round, all Participants will see the value of the K coefficient on which they are competing for in the Auction.

Participant will submit a bid for storage capacity in the applicable auction round by means of a figure with an accuracy of two decimal places expressing the percentage share in the total size of the offered storage capacity. A bid may be amended in the course of an auction round.

The value of a bid the Participant submits in a subsequent auction round may not exceed the value of the Participant’s bid submitted in the previous auction round. In case that the Participant submits no bid in an auction round or submits a bid with a zero value, the Participant may no longer submit bids in any subsequent auction rounds.

If the sum of all bids submitted in an auction round exceeds 100 %, a break follows and then a subsequent auction round is held. In the subsequent auction round, the auction price per unit of storage capacity will be increased by the above mentioned K coefficient.

Individual auction rounds will last 10 minutes. In case that during an auction round, all Participants submit their bids via the auction portal and simultaneously request the auction round to be shortened, the duration of the auction round will be reduced commensurately after a request for shortening the auction round is submitted by the last of the Participants. The duration of the break is set to 1 minute.

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The auction will be completed with the selection of the winning bid(s) when the sum of bids for storage capacity submitted by all Participants in an auction round is equal to or lower than 100 %, on condition that at least one Participant submits a bid with a value other than zero in the first auction round ("Successful Completion").

The auction will be completed without the selection of a winning bid if no bid is submitted in the first round or if only zero-value bids are submitted.

Upon Successful Completion, the Storage Provider will select the winning bids according to the following rules:

- I. In case that the auction is terminated already in the first round, the Storage Provider will select bids submitted by all Participants who submitted a bid with a value other than zero.
- II. In case that the auction continues after the first round, the conditions for selecting the winning bids will be as follows:
 - a) In case that the sum of all bids submitted by Participants in the last round is equal to 100 %, the Storage Provider will select bids submitted by Participants in the last round as the winning bids.
 - b) In case that the sum of all bids submitted by Participants in the last round is lower than 100 %, the winning bids will be as follows:
 - bids submitted by all Participant in the last auction round, and
 - the undivided part of the total storage capacity will be divided among Participants taking part in the penultimate round proportionately to their bids submitted in the penultimate round; in such a case, a bid submitted by a Participant in the penultimate round will be reduced, if applicable, by the value of storage capacity assigned to such a Participant in the last round.

The resulting storage capacity assigned to each Participant whose bid is selected as winning will be rounded off to integers of kWh. The foregoing value will be entered into the Storage Contract.

The final unit price for storage capacity will be:

- a) the value of the opening price as per Section 1 of these Auction Terms and Conditions, provided that the sum of all bids for storage capacity submitted by Participants in the first auction round does not exceed 100 %,
- b) the value of the weighted average of auctioned prices from the last and the penultimate auction rounds, where the weights will be the sizes of assigned storage capacity in the last and the penultimate auction rounds, provided that storage capacity is assigned to the Participant based on bids submitted in both the last and the penultimate auction rounds,
- c) the value of the auctioned price achieved in the last auction round in which storage capacity is assigned to the Participant, provided that 100 % of the offered storage capacity is booked.

4. Way of Provided Electronic Communications and Alternative Communications

Auction will be organized via the secured Internet interface accessible from <http://mndgs.proebiz.com/>.

Should Storage Operator's auction system fail, then the Storage Operator shall notify active applicants about such situation. During such failure the Auction will remain interrupted, and the Storage Operator

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will give notice of the resumption of Auction to Participants in the appropriate manner. Auction may continue from the last round that went ahead duly, and they managed to record (store) it in auction system or start again with first round (if information from Auction rounds carried out are not available or applicable).

In case the electronic communications fail over the course of the Auction on the side of applicant, then the alternative way of communication can be used via email send to auction@mnd-es.cz; with the following minimum content:

- Applicant's exact identification;
- Auction marking incl. Auction round number for which the request is submitted;
- Level of storage capacity requirement in the manner that corresponds to the Auction Terms and Conditions (in the form of a number rounded off two decimal locations which expresses percentage share in the size of the storage capacity offered);

5. Financial Security Deposit

The amount of financial security deposit for participation in the Auction has been set to:

50,000 CZK or 2,000 EUR

The applicant may fulfil the duty to provide financial security deposit:

1. either by providing original of an unconditional and irrevocable letter of credit issued by a reputable Czech bank and/or a Czech branch of a reputable foreign bank, which will be governed by Czech law and any disputes related to it will be decided by Czech courts, to the sum equal to the financial security deposit required, which should be valid at least by 30 April 2023; or
2. **In CZK:** by a wire transfer to the benefit of the account **IBAN: CZ98 0300 0000 0000 1740 2743, SWIFT: CEKOCZPP**; provided with a variable number that equals the National ID No. of the company or day, month and year of the birth for physical persons.
3. **In EUR:** by a wire transfer to the benefit of the account **IBAN: CZ28 0100 0000 4382 2770 0227, SWIFT: KOMBCZPPXXX**; provided with a variable number that equals the National ID No. of the company or day, month and year of the birth for physical persons.

The financial security deposit must be received by the Storage Operator by 29 March 2023, 8:00 a.m. In case of the irrevocable bank guarantee, the day of receipt is the day at which the original of the document is received by the Storage Operator. In case of wire transfer, the day of receipt is the day at which the amount is credited to the bank account of the Storage Operator.

6. Gas Storage Contract Sample

Sample contract for gas storage is included in Annex No. 1 of these Auction Terms and Conditions, and it will be signed with applicants pursuant to the procedure specified in the Code of the Gas Storage Operator MND Energy Storage a.s. Those participants who are successful in reserving storage capacity will be invited to provide proof of meeting financial eligibility criteria pursuant to annex No. 1 of the Code of the Gas Storage Operator MND Energy Storage a.s.

7. Additional capacity

The amount of additional storage capacity that can be activated in this auction: 0 GWh

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8. Duration of Capacity Reservation and Gas Storage Contract

Gas storage contract will be concluded for the period from 1 April 2023, 6 a.m. and ending on 1 April 2024, 6 a.m.

9. The minimum amount of storage capacity that shall be booked in the auction

The minimum amount of storage capacity that must be booked in this auction in order for the Storage Operator to cancel the auction is not determined.

10. Method of setting a penalty for cancelling the reservation of storage capacity to an active user

Financial security corresponding to the price for the booked storage capacity will not be returned to the Participant who has booked storage capacity based on the auction results (hereinafter also as “**successful participant**”) and has not signed the relevant storage contract within 20 business days of the date of receipt of the contract proposal. Mentioned price in such a case represents the penalty for cancellation of the reservation of the storage capacity and shall be deemed to have been paid (by way of set-off) on the 21st business day following the date of receipt of the contract proposal to the successful participant.

11. Time Schedule

<i>by 29 March 2023, 8:00 a.m.</i>	Financial security deposit to be received
<i>by 29 March 2023, 8:00 p.m.</i>	Applicants to register for participation in the Auction
<i>29 March 2023, from 10:00 a.m.</i>	Beginning of the Auction
<i>Without undue delay after Auction is completed</i>	Successful Participants will receive an electronic confirmation on Auction results, including the value of final unit price
<i>Successful Participant: Within 10 business days from when Participant received electronic confirmation</i>	Storage Provider sends proposal of the gas storage contract
<i>Successful Participant: Within 20 business days after receipt of the storage contract proposal</i>	Participant must accept the proposal by returning the fully signed contract, otherwise capacity booking is cancelled and penalty under point 10 is applicable.
<i>Successful Participant: Within 3 business days from signing of gas storage contract</i>	Storage Provider returns of the financial security deposit, unless agreed otherwise
<i>Unsuccessful Participant: Within 5 business days after Auction is ended</i>	Storage Provider returns the financial security deposit, unless agreed otherwise