

The Code of the gas storage operator

MND Gas Storage a.s.

REGISTERED OFFICE: ÚPRKOVA 807/6, 695 01 HODONÍN, CZECH REPUBLIC

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(HEREINAFTER ALSO REFERRED TO AS "MND GAS STORAGE A.S.")

NOTE: This is an unofficial translation of the Czech language-based Storage code. This translation is not subject to authorization of the Czech Energy Regulatory Office. In case of any discrepancies between the English and Czech language version, the Czech version shall prevail.

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PART I. GENERAL PROVISIONS

The Code of the gas Storage operator, company MND Gas Storage a.s., has been prepared in accordance with Act No. 458/2000 Coll., on business conditions and public administration in the energy sectors and on the change of some acts (hereinafter referred to as “Energy Act”), and also in accordance with the related implementing and binding regulations, in particular Decree No. 349/2015 Coll. on the Gas Market Rules (hereinafter referred to as “Market Rules”), all as amended.

This Code of the gas storage operator (hereinafter referred to as “Storage code”) includes the basic commercial, technical and operational terms and conditions under which the storage operator provides storage services and the services related to the activities of the storage operator, while respecting the third-party access right principle.

1. DEFINITIONS

For the purpose of the Storage code and the gas storage agreements the following terms are defined as follows:

- A. **Allocation procedure** – a rule for the distribution of gas quantity at the transfer point among individual market participants who are active at this point;
- B. **Applicant** – a subject of settlement or a foreign entity applying to the Storage operator for the allocation (reservation) of the storage capacity;
- C. **Auction** – an electronic method for the reservation of storage capacity where price is the principal allocation criterion;
- D. **Auction system** – an electronic application of the Storage operator for the sale of the storage capacity and storage services;
- E. **Cubic meter** (hereinafter also referred to as “m³”) – a unit used to express the actual volume of gas metered at temperature of 15°C, pressure 101.325 kPa, and relative humidity $\phi = 0$;
- F. **Credit exposure** – credit exposure of the Storage user towards the Storage operator and which represents total price of the storage services for one month (monthly price), including VAT, in the respective storage year;
- G. **Fixed storage capacity** – an injection and Withdrawal output which is available to the Storage user based on the gas storage agreement throughout the terms of the agreement;
- H. **Gas (or gas)** – a commodity defined by the Energy Act;
- I. **Gas storage facility** (hereinafter also referred to as “GSF”) – a gas facility including associated technological objects, controls, security equipment systems, equipment for

the transmission of information for information technology activities and information systems used for gas storage operations;

- J. **Gas volume** – a volume expressed in cubic meters;
- K. **Injection and withdrawal curve** – a curve depicting (specifying) the values of the injection and Withdrawal output which is available for the respective product on the particular gas day. The parameters of the curve depend on the technical parameters of the respective facilities of GSF and on the volume of gas which is stored in GSF on the particular day. The withdrawal and injection curves of individual Storage users shall be assessed in terms of gas storage according to the status of the operating account of the particular Storage user;
- L. **Injection output** – a volume of gas expressed in energy units which can be injected into GSF on the respective day;
- M. **Interruptible storage capacity** – an Injection or Withdrawal output available upon the respective storage agreement and which may be interrupted by the Storage operator under the terms and conditions agreed-upon in such agreement;
- N. **Kilowatt hour** (hereinafter also referred to as “kWh”) – a unit used to express the energy in gas based on its calorific value. One kilowatt hour equals 3.6 MJ;
- O. **Market operator** – legal entity established pursuant to Section 20a of the Energy Act;
- P. **Nomination** – storage Nomination, storage re-Nomination, correction storage Nomination, first storage re-Nomination, correction storage re-Nomination, and continuous storage re-Nomination, defined by the Market Rules.
- Q. **OBA** – an Allocation procedure under which the quantities nominated by the Storage user are deemed delivered;
- R. **Storage capacity** – working volume of the part or of the whole virtual GSF determined in kWh, withdrawal or injection output determined in kWh per day or withdrawal or injection curve determined in kWh per day;
- S. **PRO RATA** – a Allocation procedure under which the total quantity of gas is distributed among the Storage users at the transfer point based on the actually metered data in proportion to their last registered storage Nominations or storage re-Nominations;
- T. **Storage operator** – MND Gas Storage a.s., a company which is authorized to carry out business in the energy sector of gas storage and which enters into gas storage agreements;
- U. **Storage user** – a natural person or legal entity (participant in the gas market) that has an agreement for gas storage concluded with the Storage operator;
- V. **Storage user’s account** – a registry of the quantity of gas which the Storage user is storing in the virtual gas storage. The Storage operator shall be responsible for keeping

the account, the master accounting unit is kWh and the figures in cubic meters are indicative;

- W. **Technical capacity** – a maximum storage capacity of the virtual GSF which can be provided at the virtual GSF point while observing all technical parameters of all GSFs included in the virtual GSF;
- X. **Transporter** – the operator of the gas transmission system of the Czech Republic;
- Y. **Virtual gas storage facility** (hereinafter referred to also as “**virtual GSF**”) – the set of all gas storage facilities of the Storage operator; and
- Z. **Withdrawal output** – a volume of gas expressed in energy units which can be withdrawn from GSF on the respective day.

2. PROVIDED SERVICES AND TYPES OF THE STORAGE AGREEMENTS

- A. The Storage operator is ready to provide storage services within and pursuant to this Storage code, which are traded based on the virtual GSF principle at the virtual gas storage point. The storage services include the following:
 - a) Gas storage, i.e., takeover of gas at the transfer point (for injection into GSF), storage of gas in GSF and its delivery back at the transfer point (for withdrawal from GSF);
 - b) Activities associated with gas storage, i.e., especially the transportation of gas between the transfer point and GSF, gas metering, compression and dry out; and
 - c) Delivery (consumption) of technological gas, i.e., in particular provision and delivery of gas for technological purposes (propulsion of compressors, gas heating and drying).
- B. Unless otherwise explicitly stated in the gas storage agreement or in the Storage code, the ownership right to the gas which is subject to the storage services shall not pass at any moment of the validity and effectiveness of the respective agreement to the Storage operator.
- C. The storage services are offered under the following types of gas storage agreements. Long-term and short-term storage agreements represent storage products for the provision of the storage services, based on the rendering of the working volume, withdrawal or injection output, withdrawal or injection curve, wherein such elements are provided individually or in combination.
 - a) Long-term gas storage agreements:
 - Reservation of an annual storage capacity with a fixed output;
 - Reservation of an annual storage capacity with a fixed output for a new storage capacity; and

- Reservation of a monthly storage capacity with a fixed output.
- b) Short-term gas storage agreements:
- Reservation of a daily storage capacity with a fixed output; and
 - Reservation of a daily storage capacity with an interruptible output.
- D. Long-term gas storage agreements (capacity reservations) are entered into in the process of a multi-round electronic Auction (see Part II, Article 2). Short-term gas storage agreements are entered into electronically (see Part II, Article 3).

3. INFORMATION ON THE STORAGE CAPACITIES AND CONTACT INFORMATION

- A. The Storage operator shall publish and update at least the information which it is obliged to publish pursuant to respective statutory acts and regulations in a way which enables a remote access through its website www.gasstorage.cz.
- B. If the Storage operator publishes additional information on the storage capacities and outputs, it shall publish it in the same manner as specified in the previous paragraph.
- C. Other important addresses and contact information:

Tel.: +420 518 315 907 (reception)

Fax: +420 518 315 327

E-mail: info@gasstorage.cz or obchod@gasstorage.cz

Webpage: www.gasstorage.cz

4. POINT OF VIRTUAL GSF

- A. The business handover and takeover of the gas for the fulfillment of the obligations under respective gas storage agreement shall take place at the point of the virtual gas storage of MND Gas Storage a.s. in the transmission system of the Czech Republic. The virtual gas storage point consists of a set of transfer points (actual points) between the Storage operator's GSFs and the interconnected gas facilities of other operators which are also specified in Annex No. 2 to the Storage code.
- B. The obligation of the Storage operator or the Storage user, as the case may be, to deliver natural gas at the virtual GSF point shall be deemed to have been fulfilled if the Storage operator provides gas for off-take or the Storage user ensures the delivery of gas for off-take, as the case may be, in the agreed quantity, quality, pressure and, if applicable, in accordance with other agreed-upon terms and conditions at virtual GSF point while observing the minimum/maximum parameters (volume, pressure) of the point. If the OBA procedure is used, the values confirmed by the Storage operator and

registered by the Market operator in line with the nomination process (see Part III, Article 6) shall be deemed delivered. The quantity, quality, pressure and, if applicable, also other parameters shall be metered at the transfer points.

PART II. RESERVATION OF CAPACITIES

1. BASIC TERMS AND CONDITIONS OF THE STORAGE CAPACITY RESERVATION PROCEDURE

- A. The Storage capacity shall be reserved pursuant to the Energy Act and particularly pursuant to the Market Rules and the Storage code, as amended.
- B. An Applicant shall be entitled to file request or application for reservation of storage capacity, if the Applicant:
 - a) In the case of a long-term storage agreement, provided a deposit as required by the Market Rules and if it successfully registered in the Auction system, based on the previous electronic request sent to the Storage operator; or
 - b) In the case of a short-term agreement, concluded a respective agreement with the Storage operator.
- C. By filing of the electronic request for the registration to the Auction system, or by concluding a respective agreement, the Applicant confirms:
 - a) It is able to ensure 24-hour communication with the Storage operator (control center) through the relevant web interface and by phone throughout the term (effective period) of the gas storage agreement;
 - b) Person acting on the behalf of the Applicant, when filing a request or application, has sufficient authorization for acting stand-alone; and
 - c) In the case of a long-term storage agreement, Applicant shall comply with the requirements for financial eligibility throughout the entire period in which the Applicant has any financial obligation towards the Storage operator in the scope defined in this Storage code. The requirements for financial eligibility are specified in Annex No. 1 to the Storage code.

2. PROCEDURE FOR THE RESERVATION OF A STORAGE CAPACITY WITHIN THE PROCESS OF MULTI-ROUND ELECTRONIC AUCTION

- A. A reservation of the annual storage capacity with a fixed output, annual storage capacity with a fixed output for a new storage capacity, and monthly storage capacity with a fixed output is possible only by a multi-round electronic Auction.
- B. In addition to the Market Rules pertaining to this storage capacity reservation principle, the following shall also apply:
 - a) Access to the Auction system is provided through a secured website. An Applicant can register by filling out the registration form. The procedure for the registration and use of the Auction system is specified on the Storage operator's website. Under the Market Rules, only so-called "active Applicants", i.e. those who successfully provided a deposit in a timely manner, are allowed to take part in the Auction and file requests for the reservation of the Storage capacity;

- b) It is possible to request more than one reservation of the Storage capacity in the course of the Auction; however, in none of the following Auction rounds may the Applicant demand a reservation of higher share (%) of the aggregate storage capacity offered by the Storage operator compared to the request the Applicant made in any previous Auction round concerning particular request for reservation;
- c) The Auction shall finish in the Auction round in which sum of all requests for the reservation of the Storage capacity of all active Participants is less or equal to 100 per cent of the Storage capacity offered;
- d) The Storage operator shall reserve the Storage capacity based on the requests of active Applicants who filed a bid in the last round; the reservation shall be rounded to the whole energy units;
- e) If part of the Storage Capacity remains unreserved (after a previous overhang of a demand in respective storage year), the unreserved capacity shall be reserved in a distribution ratio among such active Applicants who placed bids in the penultimate round, based on the ratio of their requests they entered in the penultimate round but reduced by the amount of the capacity which was reserved for the active Applicants in the last round. This rule shall apply for all storage years for which the available storage capacity is being reserved;
- f) The Auction process is specified in detail in published Auction terms which are published by the Storage operator in a manner defined in the Market Rules;
- g) Should the auction system (portal) of the Storage operator fail, the Storage operator shall announce it in a suitable manner to the active Applicants without undue delay after it learns of the failure. During the time of the failure the Auction shall be interrupted. The Storage operator shall announce continuation of the Auction to the active Applicants in a suitable manner no later than 30 minutes prior to the continuation. The Auction may continue from the last round which was completed properly and was recorder in the auction system, or with the first round again if the information from the completed auction rounds is not available or usable;
- h) The Storage operator shall send without delay two signed copies of the proposal on the storage agreement to those active Applicant for who the capacity was reserved. The content of the storage agreement shall be in line with the sample agreement contained in the published Auction terms; and
- i) The active Applicant accepts the proposal on the storage agreement by delivering one signed copy of the proposal to the Storage operator within 5 working days starting from the day the Applicant received the proposal. Until the Applicant accepts the proposal, neither the financial security provided by the active Applicant will be reimbursed, nor will the storage and accompanying services be provided.

3. PROCEDURE FOR ELECTRONIC RESERVATION OF STORAGE CAPACITY FOR A SHORT-TERM STORAGE AGREEMENTS

- A. A reservation of the daily storage capacity with a fixed output and daily storage capacity with an interruptible output is possible only after the conclusion of the respective agreement which further sets the condition of the reservation.
- B. In addition to the Market Rules pertaining to this storage capacity reservation principle, the following shall also apply:
 - a) The request for conclusion of the framework agreement shall be filed by the Applicant in writing;
 - b) If an Applicant meets all the criteria set in the Storage code, the Storage operator shall send Applicant a signed agreement proposal; and
 - c) Individual short-term gas storage agreements shall be entered into electronically, following the procedures set in the concluded agreement, Market Rules, and (model) procedures for the filing of the request published on the Storage operator's website.

PART III. BUSINESS TERMS

1. BASIC OBLIGATIONS OF THE STORAGE OPERATOR

- A. The Storage operator is obliged to:
- a) Take the quantity of gas stipulated in the gas storage agreement from the Storage user at the virtual GSF point on the relevant system and store it during injection, provided that the Storage user ensures fulfillment of all terms and conditions of gas delivery for takeover at this point (observance of the agreed quality and under the agreed pressure conditions or, if applicable, also other conditions);
 - b) Deliver the quantity of withdrawn gas stipulated in the storage agreement to the Storage user at the virtual GSF point on the relevant system during withdrawal provided that the Storage user ensures fulfillment of all terms and conditions for taking the gas (for transmission) at this point (observance of the agreed quality and under the agreed pressure conditions and, if applicable, also other conditions);
 - c) Provide information, pursuant to the Storage code and applicable law, on shutdowns of the facilities operated by the Storage operator and, if applicable, also on other events having impact on restriction, if any, of the basic technical parameters of the storage service of the Storage operator; and
 - d) Maintain (ensure the operation of) the communication system, which is used for the Nomination process between the Storage user and the Storage operator and other gas market participants, in the scope defined in the Storage code.

2. BASIC OBLIGATIONS OF THE STORAGE USER

- A. The Storage user is obliged to:
- a) Ensure the delivery of the agreed quantity of gas (corresponding to the Nominations) during injection to the Storage operator at the virtual GSF point on the relevant system with the agreed pressure, quality, and if applicable also in line with other agreed-upon terms and conditions, to be taken over for injection, provided that the Storage operator ensures fulfillment of all agreed-upon conditions for off-take of the gas at this point;
 - b) Ensure the taking (for transmission) of the agreed quantity of gas (corresponding to the Nominations) during withdrawal to the Storage operator at the virtual GSF point on the relevant system with the agreed pressure, quality, and if applicable also in line with other agreed-upon terms and conditions, provided that the Storage operator ensures fulfillment of all agreed-upon conditions for the delivery of gas at this point;
 - c) Ensure 24 hour telephone communication contact with the Storage operator in the extent necessary for the flexible resolution of events that emerged or that may be reasonably expected in connection with the performance of the relevant gas storage agreement;

- d) Provide the Storage operator with all information specified in the gas storage agreement, this Storage code, and provide upon the Storage operator's request other information necessary for the Storage operator's activities;
- e) Use only the communication system defined by the Storage code within the Nomination process used between the Storage user and the Storage operator; and
- f) Maintain the financial eligibility in accordance with annex No. 1 to the Storage code, in case of the long-term storage agreements, from the first day of provision of the storage service under the relevant gas storage agreement, until the last financial obligation of the Storage user arising from the respective agreement has been settled, but until the 45th day in minimum after the last day of provision of the storage service under the same agreement. In the case of proving financial eligibility through a bank guarantee the Storage user may gradually update such guarantee.

3. LIMITATION OR INTERRUPTIONS OF STORAGE SERVICES

- A. The Storage operator shall be entitled to limit or interrupt the activities associated with gas storage (provision of the storage service) to the necessary extent in the cases specified under Section 60 of the Energy Act.
- B. In the event that the activities associated with gas storage are limited and the Nominations cannot be adjusted (reduced) upon agreement with the Storage user according to the extent of the limitation, the PRO RATA rule shall be applied to the reduction of the withdrawn/injected gas quantity for each Storage user at the virtual GSF point. During the application of the PRO RATA mode, the Transporter shall allocate to the Storage user and the Market operator shall be sent the quantity of gas withdrawn/injected based on actually withdrawn/injected gas at the transfer point.

4. QUALITY OF THE INJECTED AND WITHDRAWN NATURAL GAS

- A. The gas injected into the virtual GSF and withdrawn from the virtual GSF shall conform to the chemical and physical parameters specified in the regulation No. 108/2011 Coll., as amended.
- B. Should the gas delivered by the Storage user fail to meet one or more parameters, the Storage operator may refuse to take this gas. Should the Storage operator accept such gas upon a mutual agreement, the Storage operator may seek from the Storage user a compensation for damage or compensation for the increased cost incurred by the Storage operator in connection with the storage and release of such gas even at a later time. The Storage operator shall be obliged to take measures in order to avert or mitigate the damage. The Storage user shall be obliged to cooperate on such measures if asked by the Storage operator.
- C. Should the gas delivered by the Storage operator to the Storage user fail to meet one or more parameters, the Storage user may refuse to take such gas. Should the Storage user accept such gas upon mutual agreement, the Storage user may seek from the

Storage operator a compensation for damage or compensation for the increased cost incurred by the Storage user in connection with taking such gas even at a later time. The Storage user shall be obliged to take measures to avert or mitigate the damage. The Storage operator shall be obliged to cooperate on such measures if asked by the Storage user.

5. METERING

- A. All meters designed for the metering of gas quantity for business purposes are designated meters and shall comply with the relevant provisions of Act No. 505/1990 Coll., on metrology, as amended. The designated meters are subject to inspection by the Czech Metrological Institute (“CMI”) or an Authorized metrological center.
- B. All meters designed for the measurement of gas composition (gas quality), based on which other values are determined (gross calorific value, Wobbe index, relative density), are designated meters and are subject to inspections by CMI. The relevant calculations shall be executed pursuant to EN ISO 6976 (95), corr. 1996.
- C. Gas quality parameters determining the energy content of the delivered gas shall be monitored at the defined position of the transfer point. The energy content of gas on a particular gas day is determined in kWh as a product of the average gross calorific value and the daily volume read from the commercial meter converters at the particular transfer point.
- D. The values measured shall be rounded as follows:
 - a) Gross calorific value in kWh/m³ to 3 decimal places;
 - b) Quantity of energy in kWh to a whole number;
 - c) Quantity of energy in MWh to 3 decimal places; and
 - d) Volume in m³ to whole numbers.

6. NOMINATIONS

- A. Procedures and deadlines for the submission of Nominations shall be governed by the applicable provisions of the Market Rules.
- B. The Storage operator shall be entitled not to confirm a Nomination only in the following cases when:
 - a) Storage operator is entitled to interrupt or limit the activities associated with gas storage pursuant to Part III, Article, 3, Paragraph A of this Storage code;
 - b) Nomination does not conform to the Storage user’s Storage capacity and the injection and off-take curve, i.e., the sum of Nomination (+ injection, - withdrawal) and the current balance of the Storage user’s account is higher than the allocated storage capacity for the particular gas day or is less than zero;
 - c) State anticipated in part III, Article 6, Paragraph B of this Storage code exists; or

- d) Nomination is inconsistent with the provisions of this Article 6, Paragraph A.
- C. The Storage user shall submit to the Market operator or the Storage operator Nominations and preliminary weekly storage Nominations always for the virtual GSF point with the following identification:
 - a) EIC of the settlement subject or anonymous EIC of the foreign participant;
 - b) EIC OPM (virtual GSF point);
 - c) Gas day;
 - d) Amount of energy units;
 - e) Shipper code assigned by the Storage operator;
 - f) Shipper code assigned by the Transporter; and
 - g) Request for withdrawal or injection.
- D. All Nominations send to the Storage operator shall be submitted through a secured Internet Nomination portal of the Storage operator by way of filling out the designated Nomination protocol, through the Nomination system of the Market operator, or through EDIGAS electronic message.

7. ALLOCATIONS OF THE QUANTITY OF GAS

- A. The mode used at the virtual GSF point on the transmission system both at the entry and the exit is the one which is specified (published) by the operator of the respective gas system. If the OBA Allocation procedure is used, in particular the following shall apply for the capacities with fixed rate:
 - a) In the injection mode: the quantities of gas properly nominated by the Storage user for the virtual GSF point and confirmed by the Storage operator shall be always deemed the quantities that the Storage user has actually delivered on the particular gas day at the virtual GSF point to the Storage operator;
 - b) In the withdrawal mode: the quantities of gas properly nominated by the Storage user for the virtual GSF point and confirmed by the Storage operator shall be always deemed the quantities that the Storage operator has actually delivered on the particular gas day at the virtual GSF point to the Storage user; and
 - c) Storage operator shall resolve the differences between the actually metered quantity and the nominated quantity with the relevant operator of the interconnected gas facility, and these differences have no impact on the balance of the Storage user's account, with the exception of the cases defined in part III, Article 3 of this Storage code.

8. TECHNOLOGICAL GAS

- A. The Storage operator shall provide the gas for the propulsion of compressors, for pre-heating, and drying (hereinafter also referred to as "gas for technological use").

- B. The conditions on the compensation of the costs of procurement of the gas for technological use shall be stipulated in the respective gas storage agreement.

9. STORAGE USER'S ACCOUNT

- A. The Storage operator shall keep a balance account for each Storage user in kWh and in m³ complementarily. The relevant unit for the control of the account balance and its final balance is the value in kWh. Value in cubic meters is only indicative.
- B. The preliminary daily quantity of gas is subtracted from the Storage user's account in kWh in the amount of the last valid Nomination confirmed by the Storage operator and registered by the Market operator, at the point of entry to the transmission system at the virtual GSF point.
- C. The preliminary daily quantity of gas is added to the Storage user's account in kWh in the amount of the last valid Nomination confirmed by the Storage operator and registered by the Market operator, at the point of exit from the transmission system at the virtual GSF point.
- D. The Storage operator shall keep the accounts of Storage users for each Storage user separately in a way enabling remote access on its secured Internet portal and the accounts shall be updated on daily basis at the latest by 12:00 o'clock.
- E. The change in the balance of the Storage user's account in the OBA mode shall correspond each individual day to the last confirmed Nomination which will be used by the Market operator for evaluation of the deviation for the respective gas day regardless of the actual quantity of gas metered at the entry and exit point of the transmission system (or, if applicable, another gas system) at the virtual GSF point.
- F. In the event that the PRO RATA allocation principle is introduced for a certain period the change in the balance of the account for this period shall correspond to the allocations sent by the Transporter to the Market operator.
- G. If the Storage user does not agree with the value (change) of the Storage user's account balance the Storage user must claim this from the Storage operator in writing within 10 business days of the date when the disputed information was put on the Storage user's account (when the change was made). The Storage operator shall check the claimed information on the Storage user's account without undue delay after the receipt of this claim and shall send a written statement to the Storage user within 10 business days describing the method in which the claimed information will be settled.

10. PRICING, INVOICING AND PAYMENT TERMS

- A. The total price for the gas storage and accompanying services, or the method of determination of the total price and its elements, shall be determined in a storage agreement. All prices shall be stated without VAT. Storage user shall be required to pay

VAT which shall be invoiced to the total price for the gas storage and accompanying services in the amount and mode prescribed by applicable law.

B. Unless respective provisions of Auction terms determine otherwise, the provisions of this paragraph shall apply to constituent types of the storage agreements.

a) Long-term storage agreements

- Storage user shall pay on a monthly bases a proportional part of the total price based on the tax document issued by the Storage operator. The price shall be retrospectively, i.e. for the past gas month. The Storage operator shall issue the tax document by 5th working day of the calendar month immediately following the month for which the invoicing is made. The tax document shall become due in 15 calendar days from the day of its issuance.
- If the (future) Storage user failed to prove its financial eligibility as determined in the Annex No. 1 of this Storage code, the Storage operator may unilaterally, by a written notification, suspend invoicing and payment terms stipulated in the previous indent until such time when the (future) Storage user provides proof of meeting requested financial eligibility. During the suspension, the following conditions shall apply:
 - The Storage operator shall issue the tax document for price of the storage services by 3rd working day of the currently proceeding gas month; and
 - The tax document shall become due in 5 calendar days from the day of its issuance.

b) Short-term storage agreement for the reservation of a daily storage capacity with a fixed output

- Storage user shall pay the price of the storage services as a one-off payment based on the tax document issued by the Storage Operator within 3 working days from the first day of the start of the storage period. The tax document shall become due in 5 working days from the day of its issuance.

c) Short-term storage agreement for the reservation of a daily storage capacity with an interruptible output

- The Storage user shall pay only for the uninterrupted part of the reserved interruptible storage capacity. The Storage operator shall issue the tax document by 5th working day of the calendar month immediately following the month for which the invoicing is made. The tax document shall become due in 15 calendar days from the day of its issuance.

C. The tax document must contain the particulars specified by statutes including the code of the financial institution and account number to which it is to be paid. In case that the tax document does not contain the particulars according to the previous sentence

or contains incorrect data the Storage user shall claim the contents of this tax document within 30 days as of its receipt. If the tax document is found to be flawed a new due date shall commence as of the delivery of a proper tax document.

- D. All payments must be executed in a form of a wire-transfer to a bank account designated on the tax document, and with the indication of the variable symbol presented in such a tax document.
- E. In case of defaulting in the payment of the monetary obligations arising from the storage agreement, the relevant contractual party shall pay the other contractual party interest on late payment the amount of which is agreed in the storage agreement, otherwise interest on late payment in the amount stipulated in applicable law. Interest on late payment shall be become due within 10 calendar days from the day of their invoicing.

11. ASSIGNMENT OF THE AGREED STORAGE CAPACITY

- A. The assignment of the agreed storage capacity is possible only with the change of the participant of the gas storage agreement (the entire capacity is assigned) or a change to the gas storage agreement and subsequent conclusion of a new gas storage agreement (the entire capacity is not assigned). During the assignment of the storage capacity the assignee (new Storage user) always submits to the Storage operator all documents showing his adequate financial capability and also all the provisions of the Storage code apply to him concerning cases when he does not prove or document his financial capability.
- B. The assignment of the agreed storage capacity is made based on the application and is possible only in case that the assignee meets all the terms and conditions stated in this Storage code for the conclusion of the gas storage agreement for storage capacity which is assigned only at the first gas day of the gas month. The application for the assignment of the agreed storage capacity must be made in writing and delivered to the Storage operator at least 30 calendar days prior to the start of the gas month as of which the assignment should be effective. The application for the assignment of the agreed storage capacity is signed by the assignor (original Storage user) and the assignee of the transferred storage capacity.
- C. If the assignor and assignee meet all the terms and conditions stated in this Storage code the Storage operator shall send to the assignor and assignee no later than 15 calendar days prior to the start of the gas month from which the transfer should be an effective proposal (concept) contractual documentation required for the transfer of the agreed storage capacity. The Storage operator shall sign the contractual documentation only after all the documents showing the assignee's financial capability are delivered to him and the obligations with regard to the Storage operator in connection with the assignment of the agreed storage capacity shall be duly determined (divided). The Withdrawal and injection curve may not be amended against the original gas storage agreement in the contractual documentation required for the assignment of the agreed storage capacity.

- D. When assigning to a third party that does not have a storage agreement concluded with the Storage operator this party must submit documents showing the fulfillment of particulars required for a storage capacity Applicant (see Part II, Article 1.) together with an application for the assignment of the agreed storage capacity.
- E. The Storage operator shall not permit the assignment of the agreed storage capacity if the assignor or assignee have unsettled obligations (debts) with the Storage operator after the due date.

12. TRANSFER OF THE AGREED STORAGE CAPACITY

- A. In case that the Storage user decides to allow a different subject to use its storage capacity as part of its gas storage agreement, the Storage user shall inform the Storage operator of this fact in writing no later than 5 working days prior to the effect of the transfer of the agreed storage capacity. The transfer of the agreed storage capacity means that the Storage user shall allow a different Storage user to use a certain part of the storage capacity within its gas storage agreement, without any changes to this agreement. After the transfer of the agreed storage capacity, the Storage user and Storage operator shall continue to be the sole liable and entitled parties in relation to the transferred storage capacity and no new obligations shall arise for the new acquirer (user) of the storage capacity with regard to the Storage operator.
- B. The Storage operator shall not approve, but only register, the transfer of the agreed storage capacity (without the creation of a sub-account for the Storage user and separate Nomination pair).

13. UNEXTRACTED GAS

- A. The procedure for selling unextracted gas is generally described in the Market Rules.
- B. From the first day on which the Storage operator is first time entitled to offer the unextracted gas for sale the Storage user agrees not to dispose of the unextracted gas any further, especially not to sell it or encumber it with any right. The Storage operator may exercise this right to procure the sale of gas under these conditions vis-à-vis any owner of gas stored in virtual gas storage in conflict with the relevant agreement on gas storage (crucial in this context is under which gas storage agreement the gas is stored in the GSF, not however who owns it at the given moment).

14. CONFIDENTIALITY

Both the Storage operator and the Storage user are obliged to maintain confidentiality about gas storage agreements which they entered into in order to provide gas storage services, including the information connected to the agreement conclusion and performance and/or other related information until the time such information become publically available. The Storage operator and the Storage user are obliged to neither provide such information to the public, nor provide them to third parties; the

information may be provided only with the previous written permission of the other party. The disclosure of the protected information is not a breach of a confidentiality duty if the information is provided based on the statutory requirement and when the information is provided to accounting, tax or legal advisors, banks or other similar institutions conditioned upon the fact such third parties are under the confidentiality obligation imposed upon them by the Storage operator or the Storage user no.

15. MAINTENANCE

- A. Within the provision of the storage service (part of the product) the Storage operator has the right to perform scheduled maintenance if the following conditions are met:
- a) Maintenance includes routine technically predictable maintenance activities required for the successful operation of the GSF and other gas equipment used for the storage service;
 - b) Anticipated scope and terms of maintenance are published by the Storage operator and updated in accordance with respective legal acts;
 - c) In case of a scheduled long-term maintenance: the maintenance is rendered by the Storage operator in the 2nd and 3rd quarter of a calendar year, with maximum restriction or suspension of activities related to gas storage (rendering of storage service) in the range of no more than 14 days (continuous or divided) in one storage year; and
 - d) In case of scheduled short-term maintenance: the maintenance is rendered by the Storage operator at any time during the calendar year, with maximum restriction or suspension of activities associated with gas storage (rendering of storage service) in the range of no more than 7 days (continuous or divided) in a storage year. This period is not included in the time according to previous indent, not even when maintenance is carried out in the 2nd or 3rd quarter of a calendar year.
- B. The conditions stipulated in the previous paragraph shall in no way limit the possibility of the Storage operator to employ extraordinary measures which lead to restriction or suspension of the gas storage in the cases anticipated in the Section 60, Paragraph 1, Letter f) of the Energy Act.

PART IV. FINAL PROVISIONS

1. STORAGE CODE AMENDMENTS

Any amendments to the Storage code are subject to approval procedure or a procedure for determining the code according to relevant provisions of the Energy Act.

2. FINAL PROVISIONS

- A. All legal relations between the operator (Storage operator) and Storage user arising in connection with the provisions of this Code shall be governed by the laws of the Czech Republic.
- B. Forming an integral part of this Code are the following Annexes:
 - a) Annex No. 1 – Financial Eligibility Terms,
 - b) Annex No. 2 – Virtual GSF Delivery Points on Transmission System,
- C. This Code was approved by the Decision of the Energy Regulatory Office No. SLS-10152/2017-ERÚ on 21 November 2017 and it comes into the force on 1. 1. 2018.

3. INTERTEMPORARY PROVISIONS

In the moment when this Storage code comes into the force, this Storage code shall become binding to already concluded storage agreements. Notwithstanding the aforementioned, the provisions of Part III, Article III (“Pricing, invoicing and payment terms”) and provisions in the Annex No. 1 (“Financial eligibility conditions”) shall apply only to such storage agreement in which the first storage day falls after the day in which this Storage code enters into the force.

NOTE: This is an unofficial translation of the Czech language-based Storage code. This translation is not subject to authorization of the Czech Energy Regulatory Office. In case of any discrepancies between the English and Czech language version, the Czech version shall prevail.

- A. The (future) Storage user must prove to the Storage operator and permanently maintain that the Storage user holds sufficient financial eligibility to fulfil its obligation arising out of the any long-term agreements concluded between the parties (hereinafter “Financial eligibility”).
- B. Meeting of the Financial eligibility terms shall be proved by a (future) Storage user immediately after notification that respective Storage capacity has been reserved for Storage user, or at latest when a respective Storage agreement is concluded. If respective Storage agreement is concluded more than 2 months before the start of the first storage year (season), the Storage user may provide documents proving Financial eligibility even later; however, always prior to 2 months period before the start of the first storage year (season). If the Storage user is unable to prove that it meets Financial eligibility terms by the abovementioned moments, the Storage operator is entitled to unilaterally change the invoicing and payment terms as stipulated in Part III, Article 10, Paragraph B, Letter a) of this Storage code.
- C. In case of doubts as to the Financial eligibility of a Storage user, the Storage operator has the right to invite anytime in written the Storage user to update the status of its Financial eligibility by providing necessary documents within 14 days. If the Storage user does not provide the necessary documents that would manifest sufficient Financial Eligibility even within 5 working days after the Storage operator send the Storage user a repeated request, the Storage operator is entitled to change the invoicing and payment terms as stipulated in Part III, Article 10, Paragraph B, Letter a) of this Storage code, with the effect from the immediately following gas month.
- D. Meeting one of the two following options deems to be sufficient to meet the Financial Eligibility requirements:
- a) The Storage user itself meets any of the following credit ratings:
- Rating in the CreditReform index: not higher than (\leq) 295;
 - Long-term credit rating by Standard & Poor’s: minimum level B;
 - Long-term credit rating by Moody’s: minimum level B3; or
 - Long-term credit rating by Fitch: minimum level B-
- and the rating must not be older than 15 months.
- b) The Storage user provides to the Storage operator the original of a valid bank guarantee, with the following conditions:
- Under Section 2029 of the Act No. 89/2012 Coll., the Civil Code, as amended, the bank shall irrevocably obliges itself to reimburse the Storage operator without protest at least up to the amount double the Credit exposure, once the

Storage operator informs the bank in written that the Storage user did not fulfill the obligation pursuant to the respective storage agreement;

- The bank guarantee provided must be valid at least 30 days after the expiration of the agreement it secures;
- If long-term contracts are concluded for the storage services lasting more than one storage year, the bank guarantee provided may be valid for a shorter time period than required under the previous section. However, even in such cases, the bank guarantee must be always valid at least for one storage year and accompanied with a written affirmation of the (future) Storage user that at the latest 30 days before the expiry of the provided bank guarantee the Storage user will either renew the bank guarantee or have a new one issued. If the Storage user fails to meet the duty to renew or reissue the bank guarantee in such time as set in this provision, the Storage operator is entitled to suspend the invoicing and payment terms as stipulated in the Part III, Article 10, Letter b) of this Storage code;
- A bank guarantee for an amount higher than CZK 5 million must be issued in favor of the Storage operator by a bank with minimum long-term rating BB from Standard & Poor's, or at least long-term rating Ba2 from Moody's; and
- If at the moment when a respective Storage capacity is reserved, or at the moment the respective storage agreement is concluded, nor even 2 month before the start of the first storage year (of the respective storage period) it is not possible to determine the exact amount of Credit exposure (especially if parameter-based Auction was used), the Storage operator shall calculate the Credit exposure with the use of the necessary parameters which were valid in the immediately preceding period. This procedure may be repeated even in the following storage years of the respective storage agreement.

There exists the following delivery point for a GSF virtual point where quantity, pressure and qualitative parameters of gas intended for injection and withdrawal are measured:

Delivery point Brumovice situated in the locality near the village Brumovice.

Measured values of gas pressure and quality at the delivery point are the standard for determining the actual pressure and quality parameters at this point.

Picture No. 1 Brumovice Delivery Point Location

