



Enclosure A Electronic Auction Conditions

1. General Description of the Offered Storage Capacity

<i>Storage period:</i>	Two storage years (1 April 2021, 6:00 a.m. - 1 April 2023, 6:00 a.m.)
<i>Total offered storage capacity:</i>	383 358,6 MWh
<i>Maximum injection capacity:</i>	5 527,83 MWh/day (90 injection days as per the injectability curve)
<i>Maximum withdrawal capacity:</i>	6 891,84 MWh/day (70 withdrawal days as per the withdrawal curve)

2. Time of Electronic Auction

The electronic auction will be held on 16 February 2021 from 10:00 a.m.

3. Requirements for Participation in the Electronic Auction

An applicant which meets the registration requirements of the auction system and pays a bid bond will become a participant to the electronic auction (“**Participant**”).

Requirements for participation in the auction:

I. Auction System Registration

The auction application is available online at <http://mndgs.proebiz.com/>.

An applicant who does not have a prior registration in the system must specify whether it has the status of natural or legal person. Subsequently, the applicant will be offered a registration form that must be fully and truthfully filled out. The procedure will be concluded by the selection of login data for the system (user name and password) and the submission of the form.

After login, previously and newly registered applicants will be able to view a list of all auctions. Current auctions will be highlighted in red.

Subsequently, the applicant must confirm the request to take part in the relevant auction – upon completing this action, the applicant will be registered for the auction. Participants must register for the auction no later than on 15 February 2021, 6 pm.

By registering for the auction, the applicant certifies the following facts and arrangements with the Contracting Entity:

- It accepts the conditions of the Call for Tenders,
- if the applicant is a natural person, it certifies to be fully sui juris,
- if the applicant is a legal person or a natural person represented by another person acting in his name or on his behalf, applicant’s representative must hold the necessary powers and authorizations,

- the applicant must owe no debt to the Contracting Entity or to the Storage Operator,
- the applicant must not be in liquidation,
- applicant's assets must not be, nor have been in the past three years, subject to any bankruptcy proceedings resulting in the declaration of bankruptcy, no bankruptcy petition must have been rejected on the grounds that the value of applicant's assets is insufficient to cover the cost of bankruptcy proceedings, no bankruptcy must have been cancelled because of insufficient assets, and receivership must not been imposed under special laws,
- throughout the term of the assigned Storage Agreement, the applicant must be able to secure round-the-clock communication with the Storage Operator via the applicable web interface and telephone (such as via a control center),
- if the applicant's bid is selected as the winning bid, or one of the winning bids, the applicant must enter into the Assignment Agreement with the Contracting Entity and the Storage Operator within the time limits laid down in Section 6 of the conditions of the Call for Tenders, and if the applicant fails to do so, the Contracting Entity may charge the applicant a contractual penalty in the amount of the bid bond paid in accordance with Section 3, Part II of this Enclosure, and
- if the applicant's bid is selected as the winning bid, or one of the winning bids, the applicant must demonstrate to the Storage Operator compliance with the requirements for financial capacity laid down in Annex No. 1 to the Storage Operator's Storage Code (available at [under this link](#)) without unnecessary delay.

II. Payment of Bid Bond

The amount of the bid bond is calculated based on the maximum value of interest in storage capacity:

CZK 3 500 or EUR 133 per requested GWh of storage capacity

(If the applicant is interested in the full amount of the offered storage capacity,
the bid bond totals CZK 1 344 000 or EUR 51 072).

The bid bond can have the following forms:

1. The **submission** of the original of an unconditional and irrevocable **bank guarantee** for a sum equal to the offered bid bond the expiration date whereof must come no earlier than after 29 March 2021;
2. **Payment in CZK:** Payment of the bid bond by means of a bank transfer to account **IBAN: CZ98 0300 0000 0000 1740 2743, SWIFT: CEKOCZPP**, where the Variable Symbol will be the applicant's Business ID (in the case of a natural person with no Business ID, the Variable Symbol will be the Participant's day, month, and year of birth) or
3. **Payment in EUR:** Payment of the bid bond by means of a bank transfer to account **IBAN: CZ28 0100 0000 4382 2770 0227, SWIFT: KOMBCZPPXXX**, where the Variable Symbol will be the applicant's Business ID (in the case of a natural person with no Business ID, the Variable Symbol will be the Participant's day, month, and year of birth).

Funds must be credited to one of the aforestated accounts or bid bond documents must be delivered no later than on 16 February 2021, 8:00 a.m.

Participants whose bids are rejected will receive a refund of the bid bond within five working days after the day on which the auction is held. Participants whose bids are retained will receive a refund of the bid bond within five working days after the day of the Assignment Agreement is concluded. In the event the Call for Tenders is cancelled, a refund of the bid bond will be issued within five working days after cancellation.

4. Starting Price

The starting price for the offered storage capacity is set at CZK 50 per 1 MWh per 1 storage year.

5. Progress of the Auction

The auction will be held through a secure web interface accessible via from <http://mndgs.proebiz.com/>.

The 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 not 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.

The value of a bid for storage capacity submitted by the Participant must not exceed the value of the bid bond paid by the Participant.

If the sum of all bids submitted in an auction round exceeds the total value of the offered storage capacity, a subsequent auction round is held. In the subsequent auction round, the auction price per unit of storage capacity will be increased by CZK 2.

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.

6. Alternative Form of Communication in the event of a System Failure

In the event of a failure of the auction system, the Storage Operator, acting as the auction coordinator, will inform all Participants.

The auction will be suspended for the duration of the failure. The auction coordinator will inform all Participants when the auction resumes using a suitable method. The auction can continue from the last round that was duly completed and duly recorded (stored) in the auction system, or restart from the first round (if information from hitherto completed auction rounds is not available or usable).

In the event of a failure of the Participant's electronic communication means in the course of the auction, an alternative communication method may be used by sending an e-mail message to obchod@gasstorage.cz. As a minimum, the message must contain:

- accurate identification of the Participant,
- specification of the auction, including the number of the auction round for which a bid is submitted,
- the value of the bid for storage capacity stated in a manner corresponding to the auction conditions (a figure rounded to two decimal places expressing a percentage share in the total size of the offered storage capacity).

7. Completion of the Auction

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 the total value of the offered storage

capacity, on condition that at least one Participants 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.

8. Auction Assessment: Selection of Winning Bids and Entry of Data into the Assignment Agreement

Upon Successful Completion, the Contracting Entity will select the winning bids according to the following rules:

- I. In case that the auction is terminated already in the first round, the Contracting Entity 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 the total value of the offered storage capacity, the Contracting Entity 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 the total value of the offered storage capacity, 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 Article III, Paragraph 1 of Annex No. 1 to the Assignment Agreement (see Enclosure B to the Auction Conditions).

The ratio (size) of the maximum withdrawal and injection capacity to the assigned storage capacity (considering the auction outcome) set for Participants will be the same as the ratio of the total storage capacity to the total value of the maximum withdrawal and injection capacity. The foregoing value will be entered into Article III, Paragraph 1 of Annex No. 1 to the Assignment Agreement.

The annual unit price for storage capacity within the meaning of Article IV, Paragraph 1, Subsection A) of Annex No. 1 to the Assignment Agreement will be:

- a) the value of the starting price as per Section 4 of this Enclosure, provided that the sum of all bids for storage capacity submitted by Participants in the first auction round does not exceed the size of the offered storage capacity,
- b) the value of the weighted average of 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 the entire value of the offered storage capacity is booked.