



**BUSINESS CODE OF  
NATURAL GAS STORAGE  
LICENSE HOLDER**

.....  
Zsolt Huff  
CEO

## Table of Contents

<b>I Effect and scope of the Business Code, definitions, data concerning the licence-holder, description of the activity carried out by the licence-holder, characteristics of the storage systems .....</b>	<b>5</b>
I.1 Data concerning the license-holder.....	5
I.1.1 Official data of the license-holder.....	5
I.2 Characteristic data of the storage system.....	5
I.3 Definitions .....	6
I.3.1 Terms used in the Business Code.....	6
I.3.2 Related concepts defined in other legislation and other sources .....	9
I.4 Purpose, subject and effect of the Business Code.....	9
I.4.1 Purpose and subject of the Business Code .....	9
I.4.2 Effect of the Business Code .....	10
I.5 Organisational structure and scope of operation of the Storage .....	11
I.6 Operations of the Storage System Operator.....	11
<b>II Relations with the external environment .....</b>	<b>13</b>
II.1 Relations with superior organisations.....	13
II.2 Information supplied to users and system users .....	14
<b>III General safety regulations .....</b>	<b>15</b>
III.1 Guarantees of safe supply for the users and system users and provisions securing the supply .....	15
III.2 Provisions securing discrimination-free and transparent access to the storage .....	16
III.3 Provisions related to data security .....	17
III.4 Environment protection requirements and provisions ensuring compliance .....	20
III.5 Detailed provisions for the settlement of natural gas arising from forced production operations due to withdrawal and cushion gas reduction, abandonment of storage operations .....	21
<b>IV Quality requirements of services.....</b>	<b>22</b>
IV.1 Quality parameters for the license-holder's activity .....	22
IV.1.1 Level of services and quality indicators.....	22
IV.2 Statistics on quality, continuity of service, reliability and other quality requirements and required tolerances at the point of delivery (measurement) of the gas.....	22
IV.3 Quality parameters for the traded gas, settlement of off-specification gas.....	22
IV.4 Detailed procedures for gas quality control .....	23
<b>V Technical requirements .....</b>	<b>24</b>
V.1 Key technical parameters for uninterrupted (firm) and safe supply that do not from business secrets .....	24
V.1.1 Capacities of the underground gas storage.....	24
V.1.2 Capacities of the underground gas storage provided for MSZKSZ, supporting the strategic natural gas stockpiling operations .....	25
V.1.3 Capacities of the underground gas storage available for the Storage System Users .....	25
V.2 The operational management scheme of the system operated by the Storage System Operator, including the system providing their remote monitoring / control and data traffic .....	25
V.3 Definition of data and capacities of the underground gas storage and the system of their publication .....	28
V.3.1 Method of definition of capacities of the underground gas storage, and data arising from this process .....	28
V.3.2 Current fill-up level of the underground gas storage .....	28
V.3.3 Temporal definition of the storage cycles .....	28
V.3.4 Maintenance cycles of the underground gas storage and the arising capacity changes .....	29
V.3.5 Withdrawal capacity of the underground gas storage, load changing speed .....	29
V.3.6 Injection capacity and load changing speed of the underground gas storage.....	29
V.3.7 Pressure rates to be secured for injection / withdrawal operations .....	30

V.4	Maintenance and trouble-shooting system of the underground gas storage, method and registry of reported or discovered malfunctions or breakdowns, actions to be carried out during such events	30
V.5	System and method of notification of users and license-holders in the event of interruption of operation .....	31
V.5.1	Report on interruption of operation.....	31
V.5.2	Pre-planned interruption of operation .....	32
V.5.3	Un-planned interruption of operation (breakdown, emergency).....	32
V.6	System for the operation, control and access to the results of the control of settlement measurement systems by the other party involved in the measurement .....	33
V.7	Procedure for the supply of gas traffic data required for the storage activity .....	34
<b>VI</b>	<b>Strategic natural gas storage operation.....</b>	<b>35</b>
VI.1	Procedure of the Storage System Operator in case of natural gas supply crisis .....	35
VI.2	Procedure of the Storage System Operator in case of replenishment of strategic natural gas reserve .....	35
VI.3	Rights and obligations of the Beneficiary in case of natural gas supply crisis .....	36
VI.4	Rights and obligations of the Obliged Party in case of replenishment of strategic natural gas reserve .....	36
VI.5	Rights and obligations of the Storage System Operator in case of natural gas supply crisis and replenishment of strategic natural gas reserve: .....	37
<b>VII</b>	<b>Commercial natural gas storage operations.....</b>	<b>39</b>
VII.1	Opening hours of the Customer Service Office .....	39
VII.2	Services.....	39
VII.2.1	Basic services.....	40
VII.2.2	Optional services.....	44
VII.3	Capacity booking in accordance with the ÜKSZ.....	48
VII.3.1	Rules on the terms and conditions of capacity sales under the ÜKSZ, having regard to the provisions of the ÜKSZ, in particular the provisions documenting the financial terms and conditions for users and traders .....	48
VII.3.2	Method and detailed rules for meeting capacity booking requests .....	49
VII.3.3	The system for deciding on capacity booking requests under the ÜKSZ, with regard to the procedures and order of priority to be applied in the allocation of any eventually insufficient storage capacity.....	50
VII.4	Booking free natural gas storage capacities through ad hoc capacity auctions.....	54
VII.5	Details rules related to the nomination .....	55
VII.5.1	Nomination process .....	55
VII.5.2	Rules of nomination for the next gas day.....	57
VII.5.3	Rules for re-nomination .....	58
VII.5.4	Rules for nomination allocation .....	58
VII.5.5	Invalid nominations and management of nomination deviations .....	59
VII.6	Rules for balance preparation and gas settlement.....	60
VII.7	Procedure used to determine the quantity of cushion gas to be mixed with working gas.....	60
VII.8	Correlationships of allocation to storage-using parties.....	60
VII.9	Storage procedures for interruptible daily capacities.....	60
VII.10	Contractual terms and conditions for storage agreements .....	61
VII.10.1	Management of individual / optional conditions.....	61
VII.10.2	Rules for breakdown, limitation and interruption .....	61
VII.10.3	Procedures of maintenance and trouble-shooting for the license-holder's system.....	61
VII.10.4	Requirements set out towards the contracted partner.....	62
VII.10.5	Determining the method of sale of the working gas reserve offered as contractual security by the Storage System User .....	62
VII.11	Procedures for volume settlement and payment .....	62
VII.11.1	Storage fee, rate and detailed rules for its calculation.....	62
VII.11.2	Rules for discounts versus the regulated price for capacity bookings under the ÜKSZ .....	63
VII.11.3	Details of calculations applied for measurement and settlement .....	63
VII.11.4	Invoicing and procedures for settling claims related to invoices .....	64
VII.11.5	Procedures for surcharges and penalties .....	65
VII.11.6	Optional payment methods .....	65
VII.11.7	Optional payment deadlines.....	65

	Business Code	
VII.11.8	Sanctions applied for late payment .....	65
VII.11.9	Sale of working gas following the termination of natural gas storage agreement.....	66
VII.11.10	Management of the Storage System User's payment obligations that cannot be settled from the contractual security .....	67
VII.12	Provisions for the breach of agreement .....	68
VII.12.1	Events of breach of agreement.....	68
VII.12.2	Sanctions (penalties) and consequences.....	68
VII.12.3	Restoration of the contractual status .....	68
VII.12.4	System for claims and complaints management .....	68
<b>VIII Appendices .....</b>	<b>70</b>	

**I Effect and scope of the Business Code, definitions, data concerning the licence-holder, description of the activity carried out by the licence-holder, characteristics of the storage systems****I.1 Data concerning the license-holder****I.1.1 Official data of the license-holder**

Name of the license:	Natural gas storage operating license
The Company's name:	<b>HEXUM Földgáz Zártkörűen Működő Részvénytársaság</b> (shortened name: <b>HEXUM Földgáz Zrt.</b> )
The Company's seat:	2151 Fót, Fehérkő utca 7.
Trade registry number:	Cg. 13-10-042153
Court of registration:	Court of Registration of the Budapest Environs Regional Court
The Company's statistical code:	13780960-5210-114-13
The Company's tax number:	13780960-2-44
The Company's account number:	HU20 10300002 10285851 48820019
The Company's bank:	MBH Bank Zrt.
The Company's branch office:	Szőreg-1 Földalatti gáztároló - 6750 Algyő, 01884/19 hrsz.

**I.2 Characteristic data of the storage system**

The licence-holder carries out its natural gas storage activities with the Szőreg-1 underground gas storage facility in its ownership and operatorship.

**Appendix no. 1.** presents the characteristic data of Szőreg-1 underground gas storage.

## I.3 Definitions

### I.3.1 Terms used in the Business Code

<b>Auction</b>	The capacity allocation method to be applied in the capacity booking period and process described in Article 2.1.4.3.1 of the ÜKSZ in the event of capacity over-booking, as set out in Article 2.1.4.3.1 I) ii) of the ÜKSZ.
<b>Ad hoc capacity auction</b>	The annual or multiannual capacity booking competitive procedure preceding the storage year, outside the capacity booking period other than the process specified in Article 2.1.4.3.1 of the ÜKSZ, in accordance with the Capacity Auction Rules applicable on the platform discretionarily selected by the Storage System Operator (Appendix no. 9/A and 9/B).
<b>Point of delivery</b>	The property boundary of the inter-connected technology system of the Operator and a Storage System Operator where the natural gas is transferred between the Connected System Operator and a Storage System Operator
<b>Dispatcher service</b>	The Storage System Operator's service controlling natural gas transactions.
<b>Underground gas storage</b>	Szőreg-1 underground gas storage owned and operated by the Storage System Operator.
<b>Applicant</b>	The producer, natural gas trader, including the holder of a limited natural gas trading licence holder and the universal service provider, user submitting capacity booking request to the Storage System Operator.
<b>Internet website</b>	The internet-based website of the Storage System Operator as available at the <a href="http://gaztarolo.hu">http://gaztarolo.hu</a> internet address.
<b>Information platform</b>	The information platform set up and operated by the Storage System Operator in conformity with Article 26. §. (3) of GET.

**Beneficiary**

**(special Storage System User)** A natural gas trader designated for the use of the system under Act XXVI of 2006 on Natural Gas Strategic Reserves (Fbkt), who has concluded a natural gas sales and purchase agreement with MSZKSZ for the use of natural gas strategic reserve, and who becomes a Storage System User by virtue of concluding a contract with the Storage System Operator.

**The Obliged Party**

**(special Storage System User)** A natural gas trader who has entered into a contract with MSZKSZ for the replenishment of the natural gas strategic reserve under the Fbkt., and who becomes a Storage System User by virtue of entering into a contract with the Storage System Operator.

**MEKH (or Authority)**

Hungarian Energy and Public Utility Regulatory Authority

**MSZKSZ**

Hungarian Hydrocarbon Stockpiling Association

**Available injection capacity**

Amount of injection capacities booked by the Storage System User with the Storage System Operator (**Primary**) and/or acquired through a secondary market transaction (**Secondary**). Available Injection Capacity does not include the Injection Capacity sold by the Storage System User through a secondary market transaction.

**Available withdrawal capacity**

Amount of withdrawal capacities booked by the Storage System User with the Storage System Operator (**Primary**) and/or acquired through a secondary market transaction (**Secondary**). Available Withdrawal Capacity does not include the Withdrawal Capacity sold by the Storage System User through a secondary market transaction.

**Available working gas capacity**

Amount of working gas capacities booked by the Storage System User with the Storage System Operator (**Primary**) and/or acquired through a secondary market transaction (**Secondary**) on the given gas day, irrespective whether the storage is fully filled up with natural gas or not. Available working gas capacity does not include the working gas capacity sold by the Storage System User through a secondary market transaction.

**System operator**

Natural Gas System operator license-holder (as per the issuance of the Business Code: FGSZ Zrt.)

**Rules and regulations**

EU and Hungarian legislation and regulations affecting the natural gas market as enlisted in Appendix no. 10.

**Transmission Company**

FGSZ Földgázszállító Zártkörűen Működő Részvénytársaság (FGSZ Zrt.)

**Contractual security**

The contractual security requested in advance by the Storage System Operator from the system user to secure the transactions covered by the system usage contracts. The former designation of the contractual security used by the Storage System Operator in conformity with Get and Article 85 (1) of the Vhr. as "financial security". Where contracts entered into by the Storage System Operator contain or refer to a financial security provision, then the provisions of the Business Code and the laws on gas business relating to contractual security shall apply and be taken into account.

**Storage System Operator**

HEXUM Földgáz Zártkörűen Működő Részvénytársaság, hereinafter referred to as HEXUM Földgáz Zrt.

**Storage System User**

The natural gas market player entering into a contract with the Storage System Operator for natural gas storage services with trading purposes, and MSZKSZ.

<b>Production Company</b>	MOL Exploration and Production Division engaged in domestic natural gas production.
<b>Dispatcher on duty</b>	Employee of the Storage System Operator's Dispatcher Service on duty.

Abbreviations used in the Business Code:

Bt.	Act XLVIII. f 1993, the Mining Law
Fbkt.	Act XXVI of 2006, on natural gas strategic reserve
GET	Act XL. of 2008 on natural gas supply
GET Vhr.	Government Decree no. 19/2009. (I. 30.) on the implementation of provisions set out in Act XL. of 2008 on natural gas supply
MSZ	Hungarian Standard
Ptk.	Act V. of 2013., the Hungarian Civil Code
ÜKSZ	The Network Code of the Hungarian natural gas system as in effect at any time

### I.3.2 Related concepts defined in other legislation and other sources

Terms used in the Business Code that are not defined in Article I.3.1 shall be interpreted in accordance with their meaning as defined in the applicable Rules and Regulations.

## I.4 Purpose, subject and effect of the Business Code

### I.4.1 Purpose and subject of the Business Code

As specified in Article 113 of the GET, licence-holders are obliged to prepare a business code, which contains the general security, quality, technical, commercial, settlement and payment requirements provided by the licence-holder for the basic services, as well as the conditions for the quality of the service and the satisfaction of user demand.

The purpose of this Business Code is to set out the general safety, quality, technical, commercial, quantity settlement and payment requirements for the basic services provided by the Storage System Operator, as well as the contractual terms and conditions, the rules on breach of contract, and the detailed rules on the level of service to meet the user's needs. It also aims to provide a transparent description of the rights and obligations of Storage System Users and to define rules to ensure non-discriminatory access to the storage system.

The Business Code contains the contractual set of conditions for basic and optional services to be provided by the Storage System Operator.

#### **I.4.2 Effect of the Business Code**

The Business Code will enter into force with the approval of MEKH and will remain in force until it is amended or finally and permanently withdrawn by virtue of a resolution approved by the Authority.

Effect of the Business Code will cover:

- a) the natural gas storage operations of the Storage System Operator;
- b) the underground gas storage described in Appendix no. 1. of the present Business Code;
- c) trading relationships of the Storage System Operator with the Storage System Users, and with the Beneficiary and the Obliged Party.

The underground gas storage will in its business and operations give priority to providing services under Fbkt. to the MSZKSZ. Relevant chapters of the Business Code contain different rules for the relationship of the Storage System Operator with the MSZKSZ and the Storage System User.

Pursuant to Article 119(1) of the GET, if the Storage Operator carries out its activity in a manner that deviates from the provisions of general effect and the directly applicable EU legislation, EU legal provisions, laws, the licence, the decision of the MEKH, the ÜKSZ, the binding decision of ACER or the Business Code, the Office may apply legal sanctions.

The Storage System Operator is entitled to amend the Business Code, and shall under Article 121. § (1) of the Vhr. at least annually revise it following the date of issuance of the approving resolution of MEKH. The revision of the Business Code covers changes in legislation and related regulations and changes resulting from operational practices and contractual relationships of a Storage System and Operator and the contractual relations related thereto.

Business Code

The Storage System Operator incorporates the justified proposals for amendment into the Business Code and directly consults them with the representative bodies of the relevant energy system users and the gas trader's representatives, and then submits them with the received comments to MEKH for approval. The amendment shall enter into force on the date indicated in the approval decision of MEKH or, in the absence thereof, on the date of receipt of the approval decision by the Storage System Operator. The Storage System Operator will inform the Storage System User on the amendments. If, based on the review, there are no grounds for amending the Business Code, the Storage System Operator shall notify MEKH thereof in writing.

The Storage System Operator shall make the Business Code in force at the time, consolidated with the changes and approved by MEKH, available to clients at its registered office in accordance with Article 113 (4) of the GET, and shall make it available to anyone upon request in electronic form and on its website.

## **I.5 Organisational structure and scope of operation of the Storage**

The Storage System Operator will carry out its main activities with its own storage assets on the territory of Hungary, as set out in the organisational structure published on the Storage System Operator's website.

## **I.6 Operations of the Storage System Operator**

The legal framework for the operations of the Storage System Operator is set out in the current version of the Regulations and the current version of the Storage System Operator's natural gas storage operating licence issued by the Hungarian Energy Authority by virtue of its resolution no. 256/2009 and amended several times in the meantime.

The operations of the Storage System Operator are mainly carried out in the manner provided for in the Fbkt, in conformity with the provisions of a long-term deposit contract with the MSZKSZ for strategic natural gas storage.

The difference between the technically available capacities of the underground gas storage and the capacities booked by MSZKSZ will be sold by the Storage System Operator to other parties having access pursuant to GET under long and short term contracts.

Providing services to the Beneficiary and the Obliged Party shall have priority versus servicing other Storage System Users in order to comply with the provisions of the Fbkt.

The Storage System Operator operates, maintains and develops the underground gas storage facility in a way that ensures the continuous and safe performance of natural gas storage activities.

The Storage System Operator's natural gas storage activity consists of the following elements, in accordance with its current and valid operating licence:

- a) definition and publication of capacity data:
  - i. the continuous and updated publication of the load-changing parameters (load up and load down limits) to be used by the party booking the storage capacity;
  - ii. continuous and updated publication of the current available injection and withdrawal capacity, depending on the fill-up status of the underground gas storage;
  - iii. determination and continuous and updated publication of the capacity of the underground gas storage;
  - iv. continuous and updated publication of the free working gas, withdrawal and injection capacity of the underground gas storage;
  - v. publication of the composition of capacity packages offered for booking (working gas capacity, injection and withdrawal capacity) and the number of such packages;
  - vi. publication of working gas capacity, injection and withdrawal capacity offered for individual or separate booking (i.e. not as package);
  - vii. capacities offered by the natural gas storage license-holder in both offer types can be contracted individually or separately up to the total quantity;
- b) conclusion of a natural gas storage agreement;
- c) implementing the capacity booking process;
- d) injecting the contracted quantities;
- e) withdrawal of the contracted natural gas quantities and injected into the underground gas storage;
- f) responsible custody of the natural gas transferred by the contracting party throughout the entire storage operation;
- g) reception of natural gas storage nominations, performance, control and confirmation of capacity tests;
- h) preparation of daily settlements on a heat (and volume) basis, and settlement of monthly gas flows by the 5th working day in the following month, and the related data supply;
- i) daily monitoring of natural gas quality, taking and documenting measurements (in-house or by an external party);
- j) the daily allocation of natural gas quantities measured at the entry and exit points of the underground gas storage and received from the connected system operator, and sending them to the system users and the connected system operator;
- k) data supply as prescribed in the Regulations;
- l) checking the matching of nominations submitted to the common points of the connected systems;
- m) supporting the delivery and reception of capacities and working gas reserve at the Information Platform.

## II Relations with the external environment

### II.1 Relations with superior organisations

Supervisory bodies of the Storage System Operator:

a) relating to natural gas storage operations

Name: **Hungarian Energy and Public Utility Regulatory Authority**

Seat: 1054 Budapest, Bajcsy-Zsilinszky út 52.

Postal address: 1388 Budapest, Pf. 89.

Telephone: +36 1 459 7777

Fax: +36 1 459 7766

b) relating to mining (production) operations, in first instance:

Name: **Regulated Activities Supervisory Authority, Mining and Gas Department, Szolnok Mining Authority**

Seat: 5000 Szolnok, Hősök tere 6.

Postal address: 5001 Szolnok Pf.: 164

Telephone: +36 56 896 003

c) relating to mining (production) operations, in second instance:

Name: **Supervisory Authority of Regulatory Affairs**

Seat: 1123 Budapest, Alkotás utca 50.

Postal address: 1538 Budapest, Pf. 547

Telephone: +36 1 550 2500

Fax: +36 1 550 2495

Email: [sztfh@sztfh.hu](mailto:sztfh@sztfh.hu)

d) special authorities supervising mining (production) operations:

- i. Pest County Government Office, Department of Environment Protection and Nature Conservation and Waste Management
- ii. Csongrád-Csanád County Government Office, Department of Environment Protection and Nature Conservation and Waste Management
- iii. National Climate Protection Authority
- iv. Csongrád-Csanád County Government Office, Department of Employment, Employment Supervision and Occupational Safety
- v. Szeged Catastrophe Protection Branch Office

The Storage System Operator liaises with the supervisory authorities on a systemic basis, fulfils its licensing and reporting (data supply) obligations set out in the relevant laws, and ensures that inspections and audits are carried out at the time, place and content as requested by the authorities.

## II.2 Information supplied to users and system users

Storage System Users have online access to the IT platform, where they can retrieve current and historical data on their stored natural gas reserves, natural gas flows related to storage and committed storage capacities.

The Storage System Operator ensures access to the IT Platform to persons designated by the Storage System User. Designated individuals shall have a valid employee signing certificate obtained from a qualified certification authority or request a username/password pair from the Storage System Operator via email sent to the Storage System Operator's Dispatch Service.

The detailed rules for access to the IT platform are available on the Internet site under menu point "For Customers/Nomination".

Daily turnover and reserve data of the Storage System Operator are also available on the so-called AGSI+ (*Aggregated Gas Storage Inventory*) surface operated and published by Gas Storage Europe.

The Storage System Operator shall publish on its website the technical, booked and free capacities of the Storage System Operator for the current and the next storage year, the aggregated nominations and aggregated traffic in daily breakdown, the starting and closing dates of storage cycles and the planned maintenance periods.

The Storage System Operator provides ad hoc data supply to Storage System Users based on their individual requests.

The Dispatcher Service will be available for the Storage System Users every day of the week in 24 hours a day.

### **Address of the Dispatcher Service:**

2151 Fót, Fehérkő utca 7.

### **Availabilities of the Dispatcher Service:**

central telephone number: +36 / 70 / 373-5151

fax: +36 / 1 / 430-3721 (only on working days,  
during working time)

e-mail: [diszpecser@gaztarolo.hu](mailto:diszpecser@gaztarolo.hu)

### III General safety regulations

#### III.1 Guarantees of safe supply for the users and system users and provisions securing the supply

Prior to issuing the Storage System Operator's natural gas storage licence, MEKH reviewed the technical, economic and human conditions required by laws. As a result of the review, the Hungarian Energy Office approved a resolution issuing a natural gas storage operating licence, which grants exclusive rights and obligations to operate the storage systems specified in the licence and to sell storage capacities.

The activities of the Storage System Operator shall be in compliance with the legislation, the ÜKSZ and its operating licence, and this is supervised by MEKH and the Supervisory Authority of Regulatory Affairs.

The Storage System Operator shall continuously develop, maintain and operate the underground gas storage facility in accordance with the requirements of the Storage System User, subject to the approval of the competent authorities.

The natural gas storage operating license issued by the Hungarian Energy Office, as the legal predecessor of MEKH and amended several times by MEKH will define the following:

- a) general rights and obligations of the Storage System Operator,
- b) the physical and personal conditions necessary for carrying out the licence-bound activity,
- c) the rules for the performance of natural gas storage activities by other parties,
- d) the rules on events under company law,
- e) relating to strategic natural gas storage and commercial natural gas storage
  - i. the license-holder's rights and obligations,
  - ii. rules for access to the underground gas storage,
  - iii. obligations for cooperation,
  - iv. regulations covering issues related to natural gas supply crisis and troubleshooting,
  - v. obligations for data and information supply.

To fulfil its obligations under the natural gas storage agreements, the Storage System Operator has entered into a cooperation agreement with the Transmission Company, and the Production Company, as Connected System Operators. The agreement sets out the quantitative and qualitative requirements set out by the parties for each other in relation to the delivery and receipt of natural gas, as well as the rules for their technical cooperation.

The Storage System Operator - within the framework of Integrated Management Systems - continuously evaluates the activities of its supplier partners and have its own activities evaluated with the Storage System User, based on which it implements corrective measures and measures to increase storage satisfaction, thus guaranteeing the appropriate level of service.

The high level of availability is guaranteed by the appropriate organisational structure and specialist staff, as well as by the procedures of the Storage System Operator's Integrated Management Systems, in particular the Storage System Operator's process specifications and internal instructions.

The Storage System Operator will work in a continuous shift work scheme. The Storage System Operator shall have the staff capable of managing the recovery of malfunctions and emergency response, and to managing restrictions/limitations.

The Storage System Operator will, in conformity with the Bt., meet the safety criteria of the mining (production) activity, and will ensure the operational supervision of the activity.

### **III.2 Provisions securing discrimination-free and transparent access to the storage**

During the provision of storage services, the Storage System Operator shall not discriminate unjustifiably or unjustifiably between the parties applying for its services, and shall treat all Storage System Users equally. Furthermore, it does not favour its affiliated companies or other companies in any way in order to give them a business advantage, unless this is justified by law (e.g. Fbkt.).

The principle of equal treatment applies to all basic, optional services of the Storage System Operator as well as to its pricing, unless justified by law (e.g. Fbkt.).

In the event the Storage System Operator provides a Storage System User with a optional service on its request, it will make that service available also to other Storage System Users under the same terms and conditions.

In addition to the above, non-discrimination and compliance with the requirements of equal treatment are guaranteed by the Storage System Operator's Compliance Programme approved by MEKH in accordance with the provisions of Article 121 of the GET and Article 138 of the GET Vhr., compliance with the provisions of the Compliance Programme and its independent compliance auditor appointed by the Storage System Operator, as well as by the audit of the Storage System Operator by MEKH. The independent compliance auditor shall submit an annual report on the fulfilment of the obligations of the Storage System Operator's Compliance Programme to the MEKH, which shall approve it by adopting a formal resolution, in accordance with the relevant legal provisions.

The current Business Code and the, Compliance Programme of the Storage System Operator and Compliance Report are available on the Internet.

The Storage System Operator sets out the guidelines expected of its employees in the Code of Conduct and Ethics in force at any given time, to help them in dealing with situations arising in the course of their daily work in an appropriate and ethical manner.

### III.3 Provisions related to data security

Storage System Operator will apply in the context of cooperation with its partners, the conclusion and performance of contracts, the processing of personal data - in particular the principles of data processing, the purpose and legal basis of data processing, the scope of the data processed and the duration of data processing - the provisions of the Regulation (EU) 2016/679 of the European Parliament and the Council, 27 April 2016 on the protection of personal data (GDPR) and repelling the 95/46/EC Regulation, as well as the provisions of Act CXII of 2011 on the right of information self-determination and freedom of information (Infotv.) and Act I of 2012 on the Labour Code (Mt.) and the Civil Code (Ptk).

The Storage System Operator processes the following data of the contact persons and natural persons appointed by its business partners in connection with the cooperation with its partners, the conclusion and performance of contracts (data management purposes):

- natural person's name,
- title/position,
- signature,
- notification address,
- workplace telephone number, and
- workplace e-mail address.

The Storage System Operator declares that in its concept the legal basis for the processing of the above personal data will be the legitimate interests arising in connection with the cooperation with its partners, the conclusion and performance of contracts.

The personal data of the persons concerned will be processed by the Storage System Operator with a different retention date for each batch of records, until the expiry of the period of time specified in the Storage System Operator's regulations set out in its Data Management Policy in force at the time. In the case of onerous contracts, the mandatory period of data retention is 8 years in accordance with Article 169 (2)-(3) of Act C of 2000, the Accounting Law. If the purpose of the data management has ceased to exist, the Storage System Operator will delete the personal data in the absence of a further data management purpose and legal basis, so that after the deletion the previous data cannot be produced under any circumstances. The Storage System Operator shall act in the same way if its contractual partner who has designated a natural person as a contact person or contributor informs this natural person on the termination of his employment or any other employment relationship.

The Storage System Operator processes the above personal data solely in the context of the conclusion and performance of contracts, and the data may only be transferred or disclosed to third parties with the prior written consent of the natural person concerned, or where the transfer of personal data is required by law, or where the processing of personal data is necessary for the performance of a contractual obligation to which the data is subject or for the performance of a task carried out in the public interest.

The Storage System Operator may not use the personal data it processes for any purpose other than as provided for in the Business Code. It will ensure that the processing of personal data complies at all times with the principle of purpose limitation.

The Storage System Operator keeps records of its data processing activities, which contain the following information:

- name and contact details of the Storage System Operator and name and contact details of the Data Protection Officer;
- the business activity to which the processing relates, the name of the person responsible for the business process;
- purposes of data management;
- legal basis of data management;
- categories of parties concerned;
- types of personal data;
- method of data management;
- name of persons eventually involved into data procession;
- deadlines for deletion of certain data categories;
- general description of technical and administrative measures serving data security and protection.

For the purposes of the GDPR, "**personal data**" means any information relating to an identified or identifiable natural person ("**data subject**"); an identifiable natural person is one who can be identified, directly or indirectly, in particular by reference to an identifier such as a name, number, location data, an online identifier or to one or more factors specific to the physical, physiological, genetic, mental, economic, cultural or social identity of that natural person.

The term "**recipient**" means a natural or legal person, public authority, agency or any other body to whom or with which personal data are disclosed, whether or not a third party. Public authorities that may have access to personal data in the context of an individual investigation in accordance with Union or Member State law are not recipients; the processing of that data by those public authorities must comply with the applicable data protection rules in accordance with the purposes of the processing.

According to Article 3(9) of the Data Protection Act, a **data manager** is a natural or legal person or an organisation without legal personality who, alone or jointly with others, determines the purposes for which data are processed, takes and implements decisions concerning the processing (including the means used) or implements them with a data processor, within the limits set by law or by a binding legal act of the European Union.

The Storage System Operator fully safeguards the rights of the data subjects in accordance with the provisions of the „*Management of personal data*” contained in a separate document, in particular the right to information under Article 15 GDPR, the right to rectification under Article 16 GDPR, the right to erasure under Article 17 GDPR, the right to restriction of processing under Article 18 GDPR, the right to data portability under Article 20 GDPR, and the right to object to processing under Article 21 of the GDPR and to withdraw consent to the processing of personal data at any time under Article 7 of the GDPR.

The Storage System Operator also ensures the obligation to state reasons and informs the data subject of the possibilities of legal remedies and appeal in accordance with the rules of the GDPR and the Infotv.

In the event of unlawful data processing by the data subject, he may bring a civil law action against the Storage System Operator as the data controller. The court of law has jurisdiction to hear the case. The lawsuit can also be brought before the court of the person's domicile – according to his decision - (for a list of courts and their contact details, see <http://birosag.hu/torvenyszekek>).

Without prejudice to other administrative or judicial remedies, every data subject has the right to lodge a complaint with a supervisory authority, in particular in the Member State of his or her habitual residence, place of work or place of the alleged infringement, if the data subject considers that the processing of personal data relating to him infringes the GDPR.

The Storage's notice on "Management of personal data" is available for contracted partners' contacts and representatives on the Storage System Operator's website.

Storage System Operator and its partners will ensure the security of your personal data, take the technical and organisational measures and establish the procedural rules necessary to comply with the provisions of the GDPR, the Infotv. and other data protection rules. In this context, appropriate measures are taken to protect against unauthorised access, alteration, disclosure, publication, deletion or destruction, accidental destruction or damage and inaccessibility resulting from changes in the technology used.

The Storage System Operator records, manages and reports data protection incidents in accordance with the notice titled " *Management of personal data* " in a separate document.

The Storage System Operator undertakes to keep and not to disclose or make available to third parties or use for any purpose other than the performance of the contract in question any data or facts obtained in any way in connection with cooperation with its partners, the conclusion and performance of contracts with other parties or in connection with their activities.

The following information is not covered by the obligation of confidentiality of the contracting parties in relation to contracts with Storage System User and cooperation agreements relating to natural gas storage activities:

- a) which are available or which will become available for the public in the future through no fault of the contracting party receiving the information; or
- b) which were provably known to the party receiving the information before the date of effect of the contract; or
- c) which have been disclosed to the receiving party by a third party who is not bound by a confidentiality agreement with the contracting party to which the information relates; or
- d) the disclosure or publication of which is required by law, stock exchange regulation or statutory resolution to the extent and to the public prescribed; or
- e) to which disclosure the party concerned has given its prior written consent.

The Storage System Operator ensures the protection and security of the data related to the Storage System User by applying various safety technology, security and IT solutions.

If the Storage System Operator infringes the Storage System User's right to personal data, the Storage System User may take action against the Storage System Operator in accordance with Act LIV of 2018 on the Protection of Business Secrets and the provisions of the Civil Code in force at the time on the sanctions for the infringement of personal rights.

#### **III.4 Environment protection requirements and provisions ensuring compliance**

The Storage System Operator is committed to ensure protection to the environment and human life and health. Accordingly:

- have a prior environmental protection impact assessment carried out before starting any activities affecting the environment,
- carry out the required environment protection reviews,

- maintain emissions of pollutants within the air pollutant emission limit values established for it,
- manages waste and hazardous waste in accordance with the regulations,
- pays attention to the protection of surface and groundwater,
- maintaining noise and vibration levels within specified limits.

The Storage System Operator carries out its activities in accordance with the rules of Act LIII of 1995 on the general rules for the protection of the environment.

The Storage System Operator operates an Environment Management System certified by an independent certification body to ISO 14001:2015 (MSZ EN ISO 14001:2015) as part of the Integrated Management System.

The Storage System Operator expects and continuously monitors its contractual partners providing services to it to ensure that they comply with the relevant legal and environmental protection requirements set by the Storage System Operator for them in connection with the relevant activity.

In the event that the Storage System Operator becomes aware, to its reasonable knowledge, that its contractual partner is not complying with its obligations under the environment protection legislation, it will be entitled or, in the cases provided for by the legislation, obliged to initiate the amendment or termination of the contract.

### **III.5 Detailed provisions for the settlement of natural gas arising from forced production operations due to withdrawal and cushion gas reduction, abandonment of storage operations**

There is no so-called forced cushion gas production during the operation of the underground gas storage.

In the context of the withdrawal activity, the Storage System Operator produces gas condensate from cushion gas owned by the State. The Storage System Operator pays a statutory mining royalty after the condensate produced.

The Storage System Operator, if the underground gas storage is liquidated, extracts the cushion gas reserve of the reservoir with the approval of MEKH and the Regulatory Activities Supervisory Authority, and fulfils its statutory mining royalty payment obligation after the state-owned part of this gas.

The Storage System Operator also has its own (so-called replenishment) cushion gas reserve. If it is extracted for any reason, the Storage System Operator will not be liable to pay a mining royalty after this reserve, because it has already been paid.

## IV Quality requirements of services

### IV.1 Quality parameters for the license-holder's activity

The quality of a licence holder's activity depends on three basic factors:

- a) compliance with the requirements set out in the natural gas storage operating licence, the Regulations and the storage agreements,
- b) the quality of the service,
- c) the adequacy of the supplied information and data.

#### IV.1.1 Level of services and quality indicators

The key performance indicator for the quality of underground gas storage is the continuous and uninterrupted provision of the service in compliance with the contract, therefore the Storage System Operator applies the following performance indicators:

- a) satisfaction of the Storage System Users,
- b) availability of the Dispatcher Service,
- c) level of information provided for the Storage System Users (e.g. personal informative materials, Internet-based website, Information Platform),
- d) quality of operative contacts with the Storage System Users,
- e) constructivity in the contracting process.

### IV.2 Statistics on quality, continuity of service, reliability and other quality requirements and required tolerances at the point of delivery (measurement) of the gas

The Storage System Operator undertakes to be continuously available beyond its planned and announced shutdowns for maintenance purposes, which availability is ensured by the implemented redundant technological systems, technological connections and contracts enabling their use.

### IV.3 Quality parameters for the traded gas, settlement of off-specification gas

The Storage System Operator will continuously monitor the quality of the natural gas traded at the points of delivery, and shall provide daily documents related to gas quality to the Connected System Operator at the time of withdrawal. At the time of injection, the Connected System Operator shall provide documents related to the quality of the natural gas on a daily basis.

The Storage System Users and the Storage System Operator are obliged to deliver to each other natural gas meeting the quality requirements of GET Vhr. and Appendix no. 11. during injection and withdrawal. The Storage System Operator shall provide the Storage System User with the natural gas quality monitoring and settlement data in accordance with the ÜKSZ.

#### Business Code

In the event the natural gas with off-specification quality is delivered at the Point of Delivery, the Parties concerned shall act in accordance with the procedure set out in the present Business Code, Appendix 8, agreed by and between the Storage System Operator and the Connected System Operator.

The Storage System Users will be responsible for the quality of the injected natural gas, while the Storage System Operator will be responsible for the quality of the withdrawn natural gas.

The Storage System Users can access at any time the quality data of the withdrawn or injected natural gas, the documents certifying the authenticity of the measurements, which are available on the IT platform. Otherwise, they shall notify their request to the Storage System Operator's contact person.

The Storage System Users may report their complaints about the quality of the withdrawn natural gas in writing (e-mail) to the Dispatching Service.

The Beneficiary Parties are also obliged to proceed as described above in the event of any objections regarding the quality of the withdrawn natural gas, and to inform the MSZKSZ at the same time.

The Cooperation Agreement concluded between the Storage System Operator and the Connected System Operator describes the details of the procedures for dealing with natural gas of off-specification quality.

The detailed procedures for measuring natural gas quality are laid down in the ÜKSZ.

#### IV.4 Detailed procedures for gas quality control

The Connected System Operator will continuously measure the gas quality at the point of delivery of the underground gas storage using a chromatograph integrated in the system. The Storage System Operator performs a control measurement with a chromatograph installed near the point of delivery.

The Storage System Operator will continuously measure the gas quality at the producer's point of delivery of the underground gas storage using a chromatograph integrated in the system. Measurements will be controlled by the Connected System Operator's sampling laboratory measurement with daily frequency. Procedures for the measurement of natural gas quality are described in details in Appendix no. 4.

## V Technical requirements

### V.1 Key technical parameters for uninterrupted (firm) and safe supply that do not from business secrets

The Storage System Operator performs its natural gas storage functions by operating the underground gas storage facility. The underground gas storage (as a strategic and commercial natural gas storage facility) will form an inseparable unit due to its reservoir and its operation, surface technology and management system.

The surface and underground process facilities of the underground gas storage are owned and operated by the Storage System Operator.

The main technical parameters for underground gas storage are described in details in the appendices to the natural gas storage operating licence issued by the Authority and in Appendix no. 1 of the present Business Code. The Storage System Operator reviews the appendices on an ongoing basis, and amends them as necessary. The review is based on the Technical Operating Plan (TOP), which identifies the capacities that can be secured and the planned main storage developments. The TOP is a document to be submitted for approval by the Storage System Operator to the Regulatory Authority for Regulated Activities pursuant to Article 27 of the Bt., under which the Storage System Operator is obliged to carry out its production (natural gas storage) activities.

The Storage System Operator may invite offers for the free part of the natural gas storage capacities determined by the TOP for commercial booking in accordance with the provisions ÜKSZ. During the storage year, available capacities and information on capacity booking are continuously available on the Storage System Operator's website.

#### V.1.1 Capacities of the underground gas storage

According to Appendix 1 of the current natural gas storage licence of the Storage System Operator, issued by MEH Resolution No. 256/2009, as amended several times in the meantime, the capacities of the Underground Gas Storage Facility are as follows:

Name of underground gas storage facility	Working gas reserve to be stored (million m <sup>3</sup> )	Injection capacity (million m <sup>3</sup> /day)	Withdrawal capacity (million m <sup>3</sup> /day)
Szőreg-1	1900	12,7	25

Since the Natural Gas Storage Licence defines the capacities in volume terms, in accordance with the licence issued by the Mining Authority, the Storage System Operator shall determine the technical capacities of the Underground Gas Storage Facility available for booking in kWh by converting the above defined capacities in volume terms. The conversion is carried out using the combustion heat (upper calorific value) determined for the natural gas delivery point of the underground gas storage facility in the Natural Gas Quality Settlement Procedure (MER) published by FGSZ Zrt. on its website for the given period.

If the weighted average combustion heat of the natural gas arriving at the Delivery Point of the Underground Gas Storage during the Storage Period is higher than the value specified in the MER, the Storage System Operator will be entitled to recalculate the working gas capacity available for booking and to offer the excess capacity for booking during the Storage Year.

The Storage System Operator will be entitled to recalculate the capacity of the Underground Gas Storage Facility that can be offered for booking, taking into account the average combustion heat of the Natural Gas left in the Underground Gas Storage Facility by the Storage System Users for the next Storage Year (i.e. gas not to be withdrawn) and the combustion heat of the gas left in the Underground Gas Storage Facility for the next Storage Period according to the MER, and to offer the excess capacity for booking for the next Storage Year.

**V.1.2 Capacities of the underground gas storage provided for MSZKSZ, supporting the strategic natural gas stockpiling operations**

The current value of the capacities is published on the Storage System Operator's website.

**V.1.3 Capacities of the underground gas storage available for the Storage System Users**

The current value of the capacities is published on the Storage System Operator's website.

**V.2 The operational management scheme of the system operated by the Storage System Operator, including the system providing their remote monitoring / control and data traffic**

Management of gas distribution of the storage:

- a) The on-duty dispatcher is in charge of the management of the gas distribution in the storage.
- b) Contact details of the on-duty dispatcher and members of the Dispatching Service are listed in Article II.2.
- c) For the purposes of the Dispatching Activity, Beneficiaries and the Obliged Parties are considered to be the same Storage Partners as the Storage System Users.

- d) The primary contact system of the Storage System Operator to the Storage System User is the IT platform, the primary operational contact is the On-Duty Dispatcher.
- e) In the event of a failure of the IT platform and for matters not involving the IT platform, the on-duty dispatcher communicates with the Storage System Users by sending and receiving e-mails via the Internet network, and is on-call 24 hours a day during the period of an Internet network problem. All consultations prior to sending documents are made by telephone.
- f) The IT platform will receive and manage nominations and re-nominations of the Storage System Users for the injection and withdrawal of gas into or from the underground gas storage facilities in accordance with the provisions of the ÜKSZ, taking into account the parameters set out in Article V.1. In case the total quantity of storage nominations does not exceed the minimum injection and withdrawal capacities as set out in Article Section V.1, the Storage System Operator is entitled to reject the daily nominations.
- g) In the event of the IT platform is out of order, the on-duty dispatcher handles incoming nominations according to the ÜKSZ (feedback, deadlines, incorrect nomination, lack of nomination, etc.).
- h) In the event of a malfunction of the IT platform, nominations shall be sent to the dispatcher on duty by filling in the nomination table on the Internet website.
- i) The IT platform shall reconcile with the IT platform of the Transmission Company whether the nominations received by the Storage System Operator and the nominations submitted to the IT platform of the Transmission Company by the same system user for the underground gas storage are identical (nomination matching). In case of a discrepancy, the Transmission Company's IT platform will accept the lower quantity as the valid nominated data, in accordance with the cooperation agreement concluded between the Storage System Operator and the Transmission Company. In the event of a failure of any of the IT platforms, there is no nomination matching, i.e. Storage System Users do not receive feedback on the matching of nominations.
- j) The Storage System Operator will not undertake any liability versus the Storage System User for any damage arising from any discrepancy in the received nominations and sent to the Connected System Operator by the same system user for the point of delivery of the underground gas storage.
- k) The System Operator is responsible for issuing a load shift order to the Dispatcher Service to inject/withdraw the quantity of natural gas corresponding to the quantity of accepted and confirmed nominations. The Storage System Operator is responsible for implementing load changing instructions as accurately as possible.
- l) The primary contact officer of the Storage System Operator towards the System Operator is the dispatcher.

- m) The dispatcher on-duty will be continuously at the disposal of the Storage System User at all times, and, if required, will inform them on the capacities available to them on the next gas day.
- n) The dispatcher on-duty is in constant contact with the Storage System Operator's technical supervision and management team, who provides him with data on the current capacities of the storage, technological parameters, operational events, possible problems, etc.
- o) In the event of an outage of the underground gas storage, if it affects the natural gas flow in the storage, the Dispatcher on Duty shall immediately inform the Storage System Users and the Connected System Operator on the nature of the outage, the measures taken to rectify the outage, the expected duration of the outage, the extent of the capacity reduction and the time/date of the restart of the service with or without restriction.
- p) The Dispatcher on duty will make the allocations on the day following the gas day in question, and within the time window set out in the ÜKSZ in accordance with the rules set out in Appendix 4, on the basis of the daily nomination of the Storage System Users and the quantities of natural gas actually injected and withdrawn.
- q) The dispatcher on duty records the important events, capacity changes, cycle starts, start-up operations, etc. in the dispatcher logbook kept on the IT platform.
- r) During the withdrawal cycle, the Storage System Operator shall provide the Storage System User with documents on the natural gas quality in compliance with the provisions of the ÜKSZ. The document is available on the IT platform and can be downloaded by the Storage System User. In the event of a failure of the IT platform, the natural gas quality certificate shall be sent by the dispatcher on duty to the same Storage System User by e-mail at the request of any Storage System User.
- s) In the event of a gas quality problem, the on-duty dispatcher shall act in accordance with Article V.6.
- t) The Storage System Operator will provide the daily traffic and reserve data required by MEKH via the Dispatcher Service and via the online connections of the IT platform to MEKH.
- u) The dispatcher on-duty has access to the Transmission Company's Information Platform.

## V.3 Definition of data and capacities of the underground gas storage and the system of their publication

### V.3.1 Method of definition of capacities of the underground gas storage, and data arising from this process

The underground gas storage technical capacities are determined by the Storage System Operator based on reservoir geological calculations, well tests and measurements, availability of installed surface process compressor and gas preparation capacities.

Prior to each storage year, the Storage System Operator shall publish on its website the technical, booked and free capacities of the underground gas storage in accordance with the provisions of the ÜKSZ as it follows:

- a) For capacities available to Storage System Users, publish the data for the next storage year (from 1 April to 31 March of the following year) by 31 January of each year, and update them with daily frequency after the capacity booking period in conformity with the ÜKSZ.
- b) In the case of capacities available to the MSZKSZ, it shall publish on its website the capacities booked by the MSZKSZ and available for natural gas strategic reserve.

### V.3.2 Current fill-up level of the underground gas storage

The Storage System Operator publishes the current level of underground gas storage on its website under the menu point "*Customers/Publication of data*", and updates the data with daily frequency.

### V.3.3 Temporal definition of the storage cycles

- a) For capacities available to Storage System Users, the Storage System Operator shall publish on its Internet website by 31 January of each year the starting and closing dates of the planned injection and withdrawal cycles for the following storage year. Any Storage System User may request a change to these dates from the Storage System Operator. In this case, the Storage System Operator will consult with the other Storage System Users and, depending on the outcome, may change the date. The Storage System Operator is not obliged to consider any initiation or request for a change within three weeks prior to the current date.

The **injection cycle** typically starts from 06:00 of April 1 until and ends at 06:00 of October 1 of the same year.

The **withdrawal cycle** typically starts from 06:00 of October 1 and ends at 06:00 of April 1 of the next year.

- b) In the case of the strategic natural gas reserve, the starting and closing dates of injection and withdrawal will be determined in accordance with the contract concluded with the MSZKSZ.

#### **V.3.4 Maintenance cycles of the underground gas storage and the arising capacity changes**

For capacities available to Storage System Users, the Storage System Operator will publish on its website by 31 January of each year the dates of its spring and autumn maintenance involving full shutdown planned for the following storage year.

The spring maintenance period typically starts from 06:00 of April 1 until and ends at 06:00 of April 15 of the same year.

The autumn maintenance period typically starts from 06:00 of October 1 and ends at 06:00 of October 15 of the same year.

The maintenance dates may be changed in conformity with the provisions specified in the above Article V.3.3. a) of the Business Code.

#### **V.3.5 Withdrawal capacity of the underground gas storage, load changing speed**

- a) In case of Available Withdrawal Capacities for the Storage System User, the Storage System Operator will determine the maximum and minimum daily Withdrawal Capacities available to the Storage System Users on the following gas day based on the underground gas storage's fill-up data, load changing speed and current technical status, which will be communicated to the Storage System Users via the IT platform.
- b) The strategic natural gas storage withdrawal capacities are available to the MSZKSZ and the Beneficiaries in conformity with the contract concluded with the MSZKSZ.

#### **V.3.6 Injection capacity and load changing speed of the underground gas storage**

- a) For the injection capacities available for the Storage System User, the Storage System Operator will determine the maximum injection capacity available for the Storage System User on the gas day, based on the underground gas storage's load changing speed, the current technical status and the expected input pressure data received from the Connected System Operator, and will inform the Storage System User thereof via the IT platform.
- b) For the injection capacities available to the TSO, the Storage System Operator will determine the maximum gas injection capacity available on the given gas day for the TSO and the Obligated Parties based on the underground gas storage's fill-up status, load changing speed and current technical status, and shall inform the MSZKSZ and the Obligated Parties thereof via the IT platform.

#### **V.3.7 Pressure rates to be secured for injection / withdrawal operations**

The inlet pressure and the outlet pressure limits are set out in a table that can be downloaded from the Storage System Operator's website as part of the "Cooperation Agreement" between the Storage System Operator and a Transmission Company.

It is the Transmission Company's responsibility to ensure the delivery pressure values for storage and the Storage System Operator's responsibility to ensure the delivery pressure values for withdrawal.

The Storage System Operator will only fulfil the nomination of the Storage System Users if the Inlet Pressure corresponds to the value guaranteed in the table referred to above. If, for any reason, the Transmission Company is unable to deliver the natural gas to the underground gas storage facility at the required pressure, and therefore the Storage System User's accepted nomination cannot be fulfilled, the Storage System Operator will have no liability towards the Storage System User.

The Storage System Operator will deliver the natural gas at the Point of Delivery at a pressure that allows the transmission of this natural gas. If the withdrawal operation corresponding to the Storage System User's accepted nomination is not implemented because the Outlet Pressure is lower than the required guaranteed value specified in the above-mentioned table, the Storage System Operator will be liable for damages for proven direct damage suffered by the Storage System User as provided in the Agreement.

#### **V.4 Maintenance and trouble-shooting system of the underground gas storage, method and registry of reported or discovered malfunctions or breakdowns, actions to be carried out during such events**

The Storage System Operator carries out the regular and ad hoc maintenance of the storage technology equipment with the help of qualified companies.

The Storage ensures the availability of the underground gas storage and its equipment through regular maintenance in accordance with regulations, safety and business requirements.

The Storage regularly updates its maintenance methodology. It checks the maintenance specifications developed, sets maintenance requirements for each equipment, and makes the maintenance activities performed on the basis of these requirements. The underground gas storage technical status and possible failures are continuously analysed, and the results of the analyses are fed back into the maintenance process.

The Storage System Operator defines and performs refurbishment tasks in order to maintain the technical status. The Storage System Operator will prepare the underground gas storage development plan in compliance with the Regulations, based on the needs of the system users, and will implement the development tasks set out in the development plan approved by the Authority.

The Storage System Operator is continuously carrying out reconstruction works to maintain the status of the underground gas storage.

The Storage System Operator will ensure the operation of the blow-out protection service linked to the underground gas storage.

The Storage System Operator has a disaster (emergency) recovery plan that covers incidents resulting from fire, explosion, technological failure, where human life, high value assets, the environment or security of supply are or can be at risk.

In the event of a serious malfunction, breakdown and major industrial accident, the Storage System Operator will make the notifications immediately in accordance with the relevant Regulations.

The Storage System Operator's emergency response procedures and the relevant record keeping requirements are set out in the applicable internal instructions.

## **V.5 System and method of notification of users and license-holders in the event of interruption of operation**

### **V.5.1 Report on interruption of operation**

There are two categories of interruption of operation:

- a.) pre-planned interruption of operation
- b.) not pre-planned or unplanned interruption of operation.

The Storage System Operator will in both cases prepare a report on interruption of operation with the following content:

- i. points of delivery affected by interruption of operation,
- ii. cause of interruption of operation,
- iii. type of interruption of operation,
- iv. starting time of interruption of operation,
- v. assumed ending of interruption of operation,
- vi. name and availability of the Storage System Operator's contact officer.

#### **V.5.2 Pre-planned interruption of operation**

Typically, this includes pre-announced interruptions of operation due to maintenance between storage cycles, the date of which is published by the Storage System Operator in accordance with the provisions of the Regulations. This includes, for example, but is not limited to, interruption of operation that becomes necessary due to technological reasons.

In the event of a change in the ending or starting time of the cycles upon the joint request of the Storage System Users, the Storage System Operator will publish the new time of the planned interruption of operation agreed with the Storage System Users on its Internet website immediately after this consultation.

#### **V.5.3 Un-planned interruption of operation (breakdown, emergency)**

In the event of an unplanned interruption of operation, the Storage System Operator will send the interruption of operation report in an e-mail message to the Storage System Users and the MSZKSZ without delay, and the Dispatcher on Duty will contact the Storage System User's dispatchers and the MSZKSZ by telephone.

The Storage System Operator will comply with its reporting obligations in respect of breakdowns and major malfunctions in accordance with the Regulations.

In the event of a natural gas supply crisis or restriction, the Storage System Operator will act in accordance with the provisions of the Regulations.

The Storage System Operator has an emergency response policy in case of an emergency. In the event of emergency, the Storage System Operator will act in accordance with the contract concluded with the Storage System Users, the present Business Code and the internal emergency response regulation.

## V.6 System for the operation, control and access to the results of the control of settlement measurement systems by the other party involved in the measurement

The quantity and quality of the natural gas delivered and/or received at the points of delivery will be determined by official calibrated (legally binding) measurement. The legally binding measurement and its evaluation will be carried out with equipment and methods tested by the Budapest Government Office or its legal successor in conformity with the provisions of Act XLV of 1991 on Metrology and the relevant standards.

a.) At the point of delivery of the transmission pipeline, the quantity (m<sup>3</sup>), the net calorific value (kWh/m<sup>3</sup>) and other quality parameters (Wobbe number, natural gas composition) of natural gas are measured by the Transmission Company in accordance with the Cooperation Agreement concluded between the Transmission Company and a Storage System Operator.

The Storage System Operator will make control measurements near the point of delivery of the transmission pipeline to verify the Transmission Company's measurements.

b.) The quantity (m<sup>3</sup>), the net calorific value (kWh/m<sup>3</sup>) and other quality parameters (Wobbe number, natural gas composition) of the natural gas at the Production Delivery Point are measured by the Storage System Operator, in accordance with the Cooperation Agreement concluded between the Storage System Operator and a Production Company.

The cooperation agreements shall include the required gas pressure and gas quality parameters prescribed for the delivery/reception, as well as the procedures to be followed in case of errors or mistakes in measurement.

The Party who signed the cooperation agreement but do not make measurements will provide the other Party with access to the measurement data and ad hoc verification of the measurement system as specified in the agreement.

Either Party signing a cooperation agreement is obliged to immediately notify the other Party as soon as it becomes aware or observes that the gas quality, the required pressure value or the quantity traded deviates from the values under the agreement.

The Storage System Users have the right to request ad hoc information about the measurement system and the registered data.

If any Storage System User disagrees with the measurement results, he may report this to the Storage System Operator, who will contact the relevant contracted partner performing the measurement to investigate the complaint and resolve any problem.

## V.7 Procedure for the supply of gas traffic data required for the storage activity

The Transmission Company and a Storage System Operator shall conclude a data traffic agreement specifying the data supply system for the point of delivery as required for the Storage.

The Storage System Operator shall provide the Production Company with online access to the gas traffic data of the point of delivery located between them through the operational information system used by both parties.

## VI Strategic natural gas storage operation

### VI.1 Procedure of the Storage System Operator in case of natural gas supply crisis

In the event of a natural gas supply crisis, the Storage System Operator will act by virtue of the minister's decision and in accordance with the provisions of the Regulation of Procedure and Personnel Terms and Conditions for Natural Gas Supply Crisis, in accordance with the provisions of the Rules.

The Storage System Operator will give priority to withdrawals from the strategic natural gas reserve versus withdrawals from the commercial natural gas reserve - in accordance with the Fbkt.

### VI.2 Procedure of the Storage System Operator in case of replenishment of strategic natural gas reserve

The Storage System Operator will give priority to withdrawals from the strategic natural gas reserve versus withdrawals from the commercial natural gas reserve - in accordance with the Fbkt. Regarding the replenishment of the strategic natural gas reserve, The Obligated Party will be obliged for the replenishment of the strategic natural gas reserve in accordance with the conditions and system specified in a ministerial decree.

The Storage System Operator accepts injection nominations for the replenishment of the strategic natural gas reserve from the Obligated Party up to the quantity (total quantity [kWh], with the daily maximum storage quantity [kWh/day]) and period of time as provided by the MSZKSZ in an official document.

If the total quantity of the Obligated Parties' nominations for the replenishment of the Strategic Natural Gas Reserve exceeds the technical injection capacity of the underground gas storage available on a given gas day, the Storage System Operator will fulfil each nomination up to the quantity of the injection capacity available on a gas day in proportion to the nominations (pro-rata).

The nomination rules are in all other respects identical to those described in Article VII.6 of the Business Code.

If nominations for the replenishment of the strategic natural gas reserve and the withdrawal of the commercial reserve are received in opposite directions, the Storage System Operator will perform a net physical operation after the nominations have been matched, and the settlement will be performed in accordance with the nominations and the Storage System Operator's allocation rules.

Business Code

Following the gas day, the Storage System Operator will allocate the strategic natural gas reserve quantities actually stored (measured) in the underground gas storage among the Obliged Parties in accordance with Business Code Appendix no. 4.

### **VI.3 Rights and obligations of the Beneficiary in case of natural gas supply crisis**

The Beneficiary will be entitled:

- a) to nominate the withdrawal capacities allocated for him under the terms and conditions and up to the limit specified in the approval issued by the MSZKSZ;
- b) in case of irregular action by the Storage System Operator, to submit a complaint – in cooperation with MSZKSZ - at the Storage System Operator in accordance with Article VII.12.4.

The Beneficiary will be obliged:

- a) to conclude the agreement with the Storage System Operator in accordance with Appendix no. 5/B of this Business Code;
- b) to cooperate with the Storage System Operator in order to provide the storage services in accordance with the applicable laws and the present Business Code and the agreement concluded with the Storage System Operator;
- c) to ensure nomination;
- d) to receive the natural gas quantity from the Storage System Operator in conformity with the nomination accepted by the Storage System Operator;
- e) to transmit the withdrawn natural gas from the Point of Delivery;
- f) to supply data required for logging to the Information Platform to the Storage System Operator.

### **VI.4 Rights and obligations of the Obliged Party in case of replenishment of strategic natural gas reserve**

The Obliged Party will be entitled:

- a) to nominate the injection capacities allocated for him under the terms and conditions and up to the limit specified in the approval issued by the MSZKSZ;
- b) in case of irregular action by the Storage System Operator, to submit a complaint – in cooperation with MSZKSZ - at the Storage System Operator in accordance with Article VII.12.4.

The Obliged Party will be obliged:

- a) to conclude the agreement with the Storage System Operator in accordance with Appendix no. 5/B.;
- b) to cooperate with the Storage System Operator in order to provide the storage services in accordance with the applicable laws and the present Business Code and the agreement concluded with the Storage System Operator
- c) to ensure nomination;
- d) to deliver the natural gas in the quantity specified in the daily nominations approved by the Storage System Operator and in quality required by Appendix no. 11. of the GET Vhr. to the Storage System Operator;
- e) to transmit the natural gas to be injected up to the Point of Delivery;
- f) to supply without delay the following data required for the provision of storage operations, to the Storage System Operator:
  - i. 10 working days before the replenishment starts, the schedule of replenishment of the used strategic natural gas reserve (total quantity (kWh), daily breakdown (kWh/day) and injection peak hourly capacity (kWh/h))
  - ii. data required for logging to the Information Platform.

#### **VI.5 Rights and obligations of the Storage System Operator in case of natural gas supply crisis and replenishment of strategic natural gas reserve:**

The Storage System Operator will be entitled:

- a) to reject, wholly or partially, the nomination of the Beneficiary and the Obliged Party in cases specified in Appendix 5/B of this Business Code;
- b) to reject the injection of natural gas if its quality fails to meet the requirements specified in of GET Vhr. Appendix no. 11, which the Obliged Party intends to deliver for injection into the storage;
- c) to inject into the underground gas storage, store and withdraw from the underground gas storage the quantity of natural gas corresponding to the working gas capacity booked by the MSZKSZ together with other quantities of gas owned by the MSZKSZ.

The Storage System Operator will be obliged:

- a) to conclude the agreement with the Beneficiary and the Obliged Party in accordance with Appendix no. 5/B of this Business Code;
- d) to inject the natural gas quantity corresponding to the daily nomination submitted by the Obliged Party and accepted by the Storage System Operator,

Business Code

- e) to withdraw the natural gas quantity corresponding to the daily nomination of the Beneficiary accepted by the Storage System Operator,
- f) to measure the quantity of the natural gas injected into the storage and record the data in a protocol for the MSZKSZ and the Obliged Party,
- g) to measure the quantity of the natural gas withdrawn from the storage and record the data in a protocol for the MSZKSZ and the Beneficiary,
- h) to measure the quality of the natural gas received for injection into the storage, and acquire the quality certificate from the system operator who deliver the natural gas for injection,
- i) to measure the quality of the withdrawn natural gas, and prepare the relevant document for the Connected System Operator,
- j) to provide, upon request, natural gas traffic data, in addition to the data available on the IT platform, to the MSZKSZ and to the Beneficiary and the Obliged Party, regarding the quantity of natural gas allocated to them,
- k) to manage the complaints reported by the MSZKSZ in accordance with the provisions set out in Article VII.12.4.,
- l) to deliver natural gas to the Beneficiary in quantities corresponding to the daily nomination accepted by the Storage System Operator and meeting the quality requirements specified in of GET Vhr. Appendix no. 11.

## VII Commercial natural gas storage operations

A Storage System Operator will apply the provisions of the present Chapter to its commercial capacity that are free when the Business Code is approved by the Authority and that becomes free following this approval and and/or is newly created and offered for booking through a capacity booking process that complies with the Rules.

### VII.1 Opening hours of the Customer Service Office

Appendix no. 2. of the present Business Code contains the availabilities and opening hours of the Customer Service Office.

The Customer Service Office is responsible for providing direct contact and ongoing consultation with Storage System Users and those interested in the Storage's services in the following topics related to storage activities:

- a) presentation of the underground gas storage system of the Storage System Operator,
- b) description of running up and load changing possibilities of the storage capacities (nominal, available, free),
- c) explanation of the storage capacities (working gas, injection, withdrawal) and load changing parameters,
- d) information on the operations of the Storage System Operator, and on the basic and optional services it provides,
- e) description of tasks of the Storage System Users in context with the use of capacities (e.g. nomination),
- f) information on the measurement, settlement and payment system,
- g) information on reporting and performance system of maintenance and trouble-shooting works,
- h) claim management.

### VII.2 Services

The Storage System Operator performs its tasks in a transparent and non-discriminatory manner, ensuring constant focus on operational safety, environment and health protection.

The services provided by the Storage System Operator may be used by Storage System Users in accordance with the provisions of the Business Code and the applicable Rules, in each case in possession of a valid and effective contract and in accordance with the terms and conditions set out therein.

## VII.2.1 Basic services

The Storage System Operator's core service is the sale of seasonal, non-interruptible storage capacity, and providing services for the Storage System Users in relation to booked capacity.

The basic services of the Storage System Operator are set out in detail in the ÜKSZ.

The Storage System Users can use the booked capacities seasonally, i.e. they can submit injection nomination during the injection period and withdrawal nomination during the withdrawal period.

The hourly injection/withdrawal capacity (kWh/h) available to the Storage System Users on a gas day is the 1/24th of the daily injection/withdrawal capacity available to the Storage System Users on a gas day. Exceptions to this rule are gas days with clock changeover.

Storage System Users have the possibility to offer balancing and other products to the natural gas point of delivery of the underground gas storage point in the natural gas market. The use (sale) of the products offered as described above will be followed by a Storage System Users' storage re-nomination within the gas day.

The Storage System Operator does not have any information about the products offered by the Storage System User, and shall have no liability in relation thereto, provided that it fulfils the gas day nomination of the Storage System Users in accordance with the provisions of the present Business Code.

The tariffs for the basic services are set out in the resolution of MEKH on the tariffs for natural gas storage in force at the time. The Storage System Operator will provide the Basic Services in conformity with the relevant provisions of the natural gas storage contracts concluded with the Storage System Users, the Rules and the present Business Code.

The Storage System Operator may offer to book its basic services for a maximum tariff in accordance with the resolution of MEKH on the tariffs for natural gas storage in force at the time, i.e. the contractual capacity booking fee applicable to the Parties' legal relationship, in accordance with the Get. 76 (2) and, in the case of the booking of free capacities offered by auction, the auction price pursuant to Section 76(3) of the Get. may be higher than the official price as a result of the auctions pursuant to Sections VII.3.3.2 and VII.4.

The Storage System Operator's basic services also include the following services that are not listed in the ÜKSZ:

### a) Secondary trade with the Storage System Operator's capacities

When the Storage System Operator provides these services, it will act in accordance with Article 2.1.7.4 of the ÜKSZ.

The Storage System User who has a capacity booking contract concluded with the Storage System Operator may engage in secondary market capacity trading without a separate agreement.

A legal entity or an undertaking not holding such legal entity status that wishes to buy/sell natural gas storage capacity and has not concluded a capacity booking contract with a Storage System Operator, shall conclude a natural gas storage contract with the Storage System Operator, which does not include the capacities booked with the Storage System Operator and which entitles it to execute a Secondary Market Transaction pursuant to Appendix no. 5/B of this Business Code, and only thereafter will be entitled to engage in secondary capacity trading. The precondition for the conclusion of a contract is the submission of the documents referred to in point VII.3.1.2 and their acceptance by the Storage System Operator.

The Storage System Operator will be entitled to pursue secondary capacity trading as it follows:

- Unless otherwise provided for in the Rules, storage capacity booked with the Storage System Operator and purchased in secondary capacity trading may be freely sold to the Storage System Operator or to another system user maintaining contractual relations with the Storage System Operator that enables it for using the system.
- The capacities can be sold also partially.
- If a secondary capacity trading transaction takes place, the parties involved shall record it on the IT platform. The purchased capacity can be nominated for the next gas day after the approval of the transaction by the party purchasing the capacity on the IT platform, unless the right of use starts at a later date as set out in the transaction.
- Following the notification, the Storage System User selling the capacity will have its capacity of that type reduced by the value of the capacity being sold, while the Storage System User buying the capacity will have its capacity of that type increased by the same value in the Storage System Operator's records.
- The party receiving the capacity may nominate the capacity it has booked at the Storage System Operator and the capacity it has acquired through the secondary market operation on a pooled basis.

Business Code

- Apart from the acceptance or rejection of the transaction, which is automatically performed by the IT Platform, the Storage System Operator does not participate in secondary market transactions, does not play any role in the financial settlement, unless the Storage System Operator purchases capacity.
- When selling Secondary Capacities, the party entering into an agreement with the Storage System Operator remains the party holding the original booking of the capacity, retaining its obligation to provide the contractual security.
- The Storage System User that has transferred (originally booked) the capacity shall continue to pay to the Storage System Operator the capacity fee according to the provisions of its capacity booking contract. The Storage System User taking over the capacity shall pay to the Storage System Operator the injection and withdrawal traffic fee in accordance with the provisions of its contract concluded with the Storage System Operator.
- The transfer of the secondary capacity trading transaction on the IT platform is performed by the Storage System Operator free of charge.

**b) Sale and purchase of the stored natural gas**

The Storage System User that has a capacity booking contract concluded with the Storage System Operator may execute sale and purchase transactions with the stored natural gas without a separate agreement with the Storage System Operator.

A legal entity or an undertaking not holding such legal entity status that wishes to buy/sell stored natural gas and has not concluded a capacity booking contract with the Storage System Operator shall conclude a natural gas storage agreement not including the capacities booked with the Storage System Operator, which entitles it to execute a Secondary Market Transaction pursuant to Appendix no. 5/B of this Business Code, and only thereafter will be entitled to purchase the stored natural gas.

The stored natural gas can be sold and purchase as it follows:

- If a Storage System User sells/transfers any stored natural gas to another party entitled to use the system, the parties involved in the transaction shall record the transaction in the surface created for this purpose on the IT platform.
- The transaction can only be recorded on the IT platform if the Storage System User purchasing/receiving the natural gas has free Working Gas Capacity suitable for storing the purchased natural gas.

- Following the notification, the selling/transferring party's working gas reserve will be reduced by the quantity of natural gas subject to the sale/transfer, while the buying/receiving party's natural gas reserve will be increased by the same quantity. The parties involved in the transaction can submit nominations to their modified working gas reserve for the next gas day.
- A Storage System User who sells/transfers natural gas will not be relieved of its obligations under the contract by selling all or part of the natural gas it owns and stores in the underground gas storage.

#### **VII.2.1.1 Sale of available capacities to the Storage System Users**

Capacities specified in Article V.1.3. can be booked in two ways.

**a) *Capacity booking in accordance with the ÜKSZ (annual or multi-annual capacity bookings before the storage year and capacity bookings within the storage year)***

The Applicant will be entitled to reserve working gas capacity and injection and withdrawal capacity for the following storage year/years and within the storage year in accordance with the detailed rules of the ÜKSZ for the booking of natural gas storage capacities, up to the quantity of the unbooked storage capacities not yet put up for auction in the following storage year, within the time limit set out in Appendix no. 15 of the GET Vhr.

The Storage System Operator will conclude a capacity booking contract as set out in Appendix no. 5/A of the present Business Code with the Applicants to whom it has allocated capacity in the procedure under Articles VII.3.3.1., VII.3.3.2.

Capacity is booked by signing a capacity booking contract and recording the capacities specified in the contract on the IT platform.

**b) *Capacity booking through auctions***

The Storage System Operator will be entitled to offer the then free storage capacity for an Auction. The procedure for the Auction is governed by the Auction Rules described in Appendices no. 9/A and 9/B of the Business Code. The Storage System Operator will publish the relevant applicable version also on its website when the Auction is announced.

The capacities awarded in the Auction will be provided by the Storage System Operator in conformity with the model contract used in the respective Auction. The model contract will be made available by the Storage System Operator following its signature and it will be made available for the participants as bidders at the appropriate stage of the Auction.

The capacity booking will take place after the Auction by signing the Natural Gas Storage Contract and recording the capacities specified in the contract on the IT platform.

## **VII.2.2 Optional services**

In addition to the basic services detailed in Section VI.2.1 of the Business Code, the Storage System Operator provides optional services for a separate fee to natural gas market participants who have a valid natural gas storage contract with the Operator.

The optional services are closely related to the basic services and complement them. In view of the above, by using any of the optional services, the Storage System User accepts that, in accordance with the natural gas storage contracts concluded with the Storage System Operator that are in force at the time of using the service, the Storage System Operator is entitled to claim from the Storage System User the contractual guarantees provided to the Storage System Operator.

### **VII.2.2.1 Daily interruptible injection/withdrawal capacity optional service**

#### **Use of daily interruptible injection/withdrawal capacity**

The Storage System User has the option to over-nominate the capacity available on the gas day (booked and/or purchased on the secondary market) up to the technical maximum capacity available on the gas day at the Underground Gas Storage Facility. The Storage System Operator shall determine the daily interruptible capacity provided to the Storage System User in accordance with the nomination allocation rules set out in Section VII.5.4.

By over-nominating and having it accepted in whole or in part by the Storage System Operator, the Storage System User accepts the terms and conditions applicable to the service as set out in this Section.

#### **Fee for the use of daily interruptible injection/withdrawal capacity**

$Tn_0=0,0008$  EUR/kWh/day

The Storage System Operator shall determine the fee payable by the Storage System User for the month in question as the product of the daily interruptible injection/withdrawal capacity traded using the optional service and the above mentioned specific fee.

The rules for invoicing and paying the fee payable for the month in question are identical to the rules for invoicing and paying the monthly injection fee and monthly withdrawal fee set out in the current natural gas storage contracts concluded between the Storage System User and the Storage System Operator.

The Storage System User shall also pay the turnover (injection/withdrawal) fee specified in its natural gas storage contract for the volume traded using the optional interruptible daily injection/withdrawal capacity service.

#### **VII.2.2.2 Daily interruptible virtual injection/withdrawal capacity optional service**

##### **Use of daily interruptible virtual storage/withdrawal capacity**

The Storage System User has the option to nominate gas traffic that is contrary to the current physical flow direction of the underground gas storage facility (virtual natural gas distribution).

The Storage System User may nominate as virtual natural gas delivery demand a maximum technical capacity corresponding to the physical delivery direction available on the gas day of the Underground Gas Storage Facility, and the IT Platform shall accept the nomination taking into account the minimum technical capacity corresponding to the current physical delivery direction of the Underground Gas Storage Facility, consolidating the physical and virtual traffic demand.

By nominating virtual natural gas delivery and its full or partial acceptance by the Storage System Operator, the Storage System User accepts the terms and conditions applicable to the service as set out in this Section.

If several Storage System Users nominate daily virtual interruptible injection/withdrawal capacity for optional services, and the resulting physical delivery task performed with the sum of these nominations exceeds the minimum technological capacity corresponding to the physical delivery direction of the underground gas storage facility, the Storage System Operator's IT platform shall accept the nominations without change. If the resulting physical delivery task does not reach the minimum technological capacity corresponding to the physical delivery direction of the underground gas storage facility, the Storage System Operator's IT platform shall pro rata reduce and accept the requests, taking into account the minimum technological capacity.

##### **Fee for the use of daily interruptible virtual injection/withdrawal capacity**

$Vn_0=0,0008$  EUR/kWh/day

The Storage System Operator shall determine the fee payable by the Storage System User for the month in question as the product of the daily virtual interruptible injection/ withdrawal capacity traded using the optional service and the above specific fee.

The rules for invoicing and paying the fee payable for the month in question are identical to the rules for invoicing and paying the monthly injection fee and monthly withdrawal fee set out in the current natural gas storage contracts concluded between the Storage System User and the Storage System Operator.

The fee payment obligation shall only be determined for the daily interruptible virtual injection/withdrawal capacity requirement by which the daily interruptible injection/withdrawal virtual capacity used exceeds the non-interruptible capacity available to the Storage System User on the gas day, corresponding to the virtual flow direction. In other words, the fee only applies to traffic exceeding the uninterruptible capacity available to the Storage System User.

The Storage System User shall also pay the fee corresponding to the virtual flow direction in accordance with its natural gas storage contract for the volume traded using the optional interruptible virtual injection/withdrawal capacity service.

#### **VII.2.2.3 Bonded warehouse optional service**

HEXUM Natural Gas Ltd., holder of license no. HUCW1HU170000 - 2020-RRP64417, issued by NAV North-Budapest AVI, offers an optional bonded warehouse service for the storage of non-EU natural gas to Storage System Users who have a valid natural gas storage contract or a natural gas storage contract entitling them to secondary market transactions, under the following main contractual terms and conditions:

- The Bonded Warehouse optional service is available after the conclusion of a so-called "*Bonded Warehouse Service Agreement*" between the Storage System Operator and the Storage System User.
- As part of the optional bonded warehouse service, the Storage System Operator provides natural gas bonded warehouse and customs services to the Storage System User in relation to natural gas arriving in Hungary that is not placed in free market circulation in Hungary (i.e. non-EU natural gas) and is at the disposal of the Storage System User.
- The Storage System User may use the optional bonded warehouse service in the Underground Gas Storage Facility to the extent of the working capacity available to the User at any given time. No separate mobile capacity needs to be booked for the optional bonded warehouse service, nor does a specific portion need to be set aside from mobile capacity that has already been booked and/or purchased on the secondary market.

- The Storage System User may inject and withdraw gas from the bonded warehouse reserve to the extent of the injection and withdrawal capacity available to the User at any given time in the Underground Gas Storage Facility. No separate injection and withdrawal capacity needs to be booked for the optional bonded warehouse service, nor does a specific portion of the injection and withdrawal capacity already booked and/or purchased on the secondary market need to be allocated for this purpose.
- For injection and withdrawal of bonded warehouse reserve, a daily interruptible injection/withdrawal capacity option is also available, subject to payment of the relevant Storage System User fee.
- The rules governing bonded warehouse reserve, their storage, and their injection/withdrawal into and from storage – in addition to the special rules applicable to non-EU goods laid down in the bonded warehouse service contract – are identical to the rules governing commercial reserves, their storage, and their injection/ withdrawal into and from storage, as laid down in the ÜKSZ, the Storage System Operator's Business Regulations, and the natural gas storage contract(s) concluded between the Storage System User and the Storage System Operator or the natural gas storage contract entitling the user to secondary commercial transactions.
- The Storage System Operator also handles customs clearance procedures in accordance with customs regulations relating to the sale, release for free circulation, and delivery of natural gas as a non-EU commodity to countries outside the European Union.
- Fee for bonded warehouse services:
  - 3000 EUR/month + VAT fix fee, in the case of Storage System User partners established in Hungary for economic purposes and having a Hungarian tax number.
  - net 3000 EUR/month fix fee, In the case of Storage System User partners who are not established in Hungary for economic purposes, do not have a Hungarian tax number, and are classified as foreigners under Act CXXVII of 2007 on Value Added Tax (VAT Act).
- Payment of the optional bonded warehouse service fee does not exempt the Storage System User from the obligation to pay the injection fee, withdrawal fee, and committed mobile capacity fee for the natural gas stored in the bonded warehouse. The injection fee, withdrawal fee, and mobile capacity fee applicable to the bonded warehouse reserve shall be paid under the natural gas storage contract or secondary market transaction contract in force between the Parties.

A detailed description of the optional bonded warehouse service and its terms and conditions are described in Appendix 5/C. "Bonded Warehouse Service Agreement" of the present Business Code.

### **VII.3 Capacity booking in accordance with the ÜKSZ**

#### **VII.3.1 Rules on the terms and conditions of capacity sales under the ÜKSZ, having regard to the provisions of the ÜKSZ, in particular the provisions documenting the financial terms and conditions for users and traders**

By 31 January each year, the Storage System Operator will publish on its Internet website the seasonal, non-interruptible free capacities offered for the following storage year, and will sell them on the basis of the rules set out in the ÜKSZ, primarily in packages.

The Storage System Operator will offer its capacities that have been advertised but not booked on an annual basis (published on its website) for booking for the remaining period of the storage year, at the capacity booking fee calculated according to the formula of the currently valid MEKH decision. The Applicant shall submit its capacity booking request to the Storage System Operator in the same form and content as the annual capacity booking request of the ÜKSZ. The Storage System Operator will assess the submitted request within 3 working days and, in the event of any formal or substantive deficiencies, will invite the Applicant to complete the request. The Storage System Operator will satisfy the requests received during the storage year in the order in which they are received.

Capacity can be booked with the Storage System Operator by producers, natural gas traders, the holder of a limited natural gas trading licence, universal service providers and users.

##### **VII.3.1.1 *Contractual security for capacity booking agreements***

The provisions and information relating to the contractual (formerly known as financial) security required for the capacity booking agreements are set out in detail in this Business Code Appendix no. 6.

## VII.3.2 Method and detailed rules for meeting capacity booking requests

### VII.3.2.1 *List of data and documents requested from the Applicant and the method of submission*

The data and documents requested from the Applicant and the method of submission will be governed - in addition to what is written below - by the relevant provisions of the ÜKSZ in force at the given time.

The contracting conditions imposed on the Applicant include in particular:

- electronic submission to the Storage System Operator of a **certificate of registration**, specimen signature and/or power of attorney not older than 30 days, reflecting the current status (if the original document was issued in English, together with a Hungarian translation; if the original document was issued in another foreign language, together with a certified translation into Hungarian),
- the Applicant shall hold an **operating licence** issued by the Office, unless it is not obliged to obtain such a licence in view of the provisions of the Get,
- the electronic submission to the Storage System Operator of a **declaration** in Hungarian or a certified translation thereof in Hungarian, not older than 3 working days, in the form of a private document with full probative value, in which the Applicant declares and warrants that **it is not subject to any sanction(s)** and that it will not directly or indirectly resell the storage capacities it wishes to book in secondary capacity trading or transfer them in any other way or legal title to a third party which is subject to sanction(s), and thus any transfer of the booked capacity under any legal title would result in a violation of the sanction(s). Sanctions will mean financial and property restrictive measures, economic and trade restrictions, and embargoes imposed or enforced by the United Nations Security Council, the European Union, the United States Department of the Treasury, the United States Office of Foreign Assets Control (OFAC), the United States Department of State, the United States Department of Commerce (Bureau of Industry and Security), the competent United Kingdom agency, or other relevant sanctioning authority.
- **Partner Risk Declaration**  
The declaration must be submitted in the original, duly signed copy or accompanied by a certified electronic signature and by the following:

Business Code

- A statement issued by the Applicant's bank(s) that there has been no queuing in the last 2 years for an account held with a bank.
- Tax certificates issued by the national tax authority and municipal tax authority competent for the Applicant's place of residence, certifying that the Applicant has no outstanding, overdue public debts, tax liabilities for customs duties, social security contributions, central and local taxes registered by the tax authorities.

#### **VII.3.2.2 *System and rules of information for the Applicant***

The system and rules for providing information to the Applicant will be governed by the relevant provisions of the ÜKSZ in force at the given time.

#### **VII.3.3 *The system for deciding on capacity booking requests under the ÜKSZ, with regard to the procedures and order of priority to be applied in the allocation of any eventually insufficient storage capacity***

##### **VII.3.3.1 *Allocation of free natural gas storage capacities***

The Storage System Operator will allocate the free capacities offered for booking to the Applicants in accordance with Section 2.1.4.3.1 of the ÜKSZ for booking for storage capacity.

##### **VII.3.3.2 *Allocation of free natural gas storage capacities in case of capacity over-subscription***

###### **VII.3.3.2.1 *Notification on the auction process for free natural gas storage capacities***

In case of capacity over-subscription, the method of allocating free capacities is the Auction.

The Storage System Operator will notify in writing the bidders whose request for capacity has been accepted about the reason for and the holding of the Auction.

The notification will be sent with the following content:

- content and number of capacity packages offered for booking on the Auction,
- method and deadline for participation in the Auction,
- deadline for publishing the Auction results,
- planned date for sending the proposed draft agreement,
- Auction Rules,
- call for declaration regarding participation in the Auction and acceptance of partial performance,

- a call for comments on the amount of the working gas capacity booking fee surcharge published by the Storage System Operator (hereinafter referred to as the "Capacity Fee Surcharge")
- information on technical, legal and financial conditions.

#### **VII.3.3.2.2 *The required contents of the bids received in response to the invitation to Auction***

The mandatory content of the bids received is as follows:

- the number of packages requested, indicating the minimum number of items (1 or a multiple of an integer number) in the case of partial performance;
- declaration of acceptance of partial performance;
- bidder's declaration on participation in the Auction;
- specification of the amount of the agreed Capacity Fee surcharge;
- bidder's declaration on accepting the conditions specified in the call for auction.

#### **VII.3.3.2.3 *Process of the evaluation of bids received in response to the call for Auction***

The bids received will be checked for formal compliance by the Storage System Operator upon submission. If the offer is not formally correct or does not contain all the required elements, the Storage System Operator will request the bidder to correct deficiencies. If the offer still does not comply with the required formal and substantive requirements, the Storage System Operator will declare the submitted offer as disqualified, and will notify the bidder in writing, stating the reasons for the disqualification.

#### **VII.3.3.2.4 *Process of accepting the bids submitted for Auction***

In the Auction, Applicants will submit their bids on the capacity fee surcharge to be applied to the capacity booking fee published by the Storage System Operator.

The Storage System Operator will satisfy the arriving valid requests in the order of the capacity fee surcharges offered by the Applicants, as it follows:

1. The of the highest bidder offering the highest bid will be first satisfied.
2. In the second step (if there is still free capacity), demand of all bidders will be rejected (regardless of the capacity fee surcharge) whose demand for partial performance is individually higher than the remaining free capacity.

3. In the third step, among the remaining demands the one offering the highest capacity fee surcharge will be satisfied.
4. If at any point in the above procedure the situation of identical surcharges emerges, and all the demands received at the same surcharge cannot be fully satisfied, the demands of the applicants will be satisfied in descending order of the number of applied capacity packages, taking into account the declaration for partial performance.
5. The procedure under Points 2, 3 and 4 above will be repeated as long as there is any demand remaining that can be satisfied taking into account the declarations for partial performance.
6. If, at any point in the above procedure, the surcharge offered by the Bidders and the capacity applied by them are the same, and all the demands received in the same way cannot be fully satisfied, the Storage System Operator shall hold a new Auction. Participation in the new Auction will be open to all Bidders who, during the above partial performance procedure
  - have not been eliminated from the Auction Process pursuant to the procedure set out in Point 2 above, and
  - their demand has not yet been satisfied.

The Storage System Operator will decide on the acceptance of the bids within 5 working days following the deadline for submission of bids, and will notify the bidders accordingly within 2 working days of the evaluation of the bids.

#### **VII.3.3.3 *Obligation for submitting bids and consequences of failure to perform this obligation***

The Storage System Operator has an obligation to make an offer to the Applicant for each accepted and confirmed request. The Storage System Operator will send the draft natural gas storage agreement with the conditions for access to the Applicant within the time limit set out in the ÜKSZ to fulfil this obligation.

The Storage System Operator will send its offer in writing, with a company signature, on paper by post, or by e-mail as an electronic document with an enhanced security electronic signature and a time stamped, or personally delivered to the Applicant. In the event the offer is accepted by the Applicant with the same content, or if the parties agree following their disagreement, the Storage System Operator will conclude a capacity booking agreement with the Applicant.

If the Storage System Operator fails to comply with its obligation to make an offer, the Applicant may appeal to the MEKH for remedy.

#### **VII.3.3.4 *Conditions for meeting the request, natural gas storage agreement concluded with the Storage System User***

##### **VII.3.3.4.1 *Minimum content of the capacity booking agreement***

- a) name, seat, bank account number, statistical code, trade registry number, tax number of the contracting parties,
- b) starting date of system use,
- c) date of expiry of the fix-term agreement,
- d) booked working gas capacity,
- e) booked withdrawal capacity,
- f) booked injection capacity,
- g) the procedure for the use of the service and the rules for its control and documentation,
- h) data of quantity, quality and pressure of natural gas,
- i) the system for measuring the quantity and quality of natural gas,
- j) frequency and system of technical settlement of measurement and delivery/reception,
- k) data and information supply obligations,
- l) maintenance, management of interruption in operation due to force majeure,
- m) pricing,
- n) currency of the agreement,
- o) terms of payment,
- p) legal consequences of breach of agreement,
- q) system cooperation of the contracting parties,
- r) the extent and manner of performance of guarantees.
- s) the currency of the contract,

Business Code

- t) terms of payment,
- u) the legal consequences of breach of contract,
- v) the procedure for cooperation between the contracting parties,
- w) the extent and method of performance of guarantees.

The model capacity booking agreement for the use of capacity with regulated access can be found in Appendix 5/A of the Business Code.

The entry into force of the capacity booking agreement is conditional upon the Storage System User concerned providing the Storage System Operator with a contractual security deposit in accordance with the conditions described in details in Appendix no. 6 of the present Business Code.

#### **VII.3.3.5 *Procedure applied for changes that occur at the Storage System User***

Changes in the Parties' data registered in the trade register, in particular changes in their registered office, representatives, bank account numbers, as well as changes in the details of the organisation and contact persons acting during the conclusion and performance of the agreement, will not be considered as amendments to the agreement. The Party concerned shall notify the other Party of such changes in writing in advance within 10 days or within 10 days following the occurrence (registration) of such change, as the case may be.

In all cases other than the above, the Storage System User concerned may initiate an amendment to the natural gas storage agreement at the Storage System Operator.

#### **VII.4 Booking free natural gas storage capacities through ad hoc capacity auctions**

The ad hoc capacity auction procedure announced and planned to be conducted by the Storage System Operator, the basic conditions for participation and the rules of the auction are set out in the Auction Rules attached as Appendix no. 9 to the Business Code, which are published by the Storage System Operator on its website and which are in accordance with the provisions of the Business Code, the GTC and the Rules, which provides information on the requirements expected from the ad hoc capacity auction participants, the services to be auctioned and the procedure for conducting the Auction.

Following a valid and successful ad hoc capacity auction, the Storage System Operator as the Tendering Party and the successful Bidder will conclude a natural gas storage agreement containing the general commercial, settlement and payment terms and conditions, the rights and obligations of the contracting parties. The natural gas storage agreement forms an appendix to the current Auction Notice.

In addition to the Auction Rules governing the auction, the Storage System Operator will publish on its website and prior to the relevant ad hoc capacity auction the Auction Announcement containing the documents relating to the Auction and the definition of the products offered, and will inform the representation organisations named in the Auction Rules on the announcement by sending an official letter.

## **VII.5 Details rules related to the nomination**

### **VII.5.1 Nomination process**

Regarding the Storage System Operator, the IT platform is the means of data traffic related to the nomination.

The Storage System Operator will receive nominations and re-nominations for capacities booked under capacity booking agreements and acquired through secondary market operations on the IT platform as set out in the relevant section 2.2.2.2. of the ÜKSZ, and confirm the accepted values by e-mail message.

The Storage System Operator will determine the available Working gas Capacity at the disposal of the Storage System User at the time of injection, taking into account the Storage System User's natural gas reserves held in the Underground Gas Storage when determining the quantity of Natural Gas that the Storage System User may nominate for the Gas Day.

By selecting a gas day in the nomination platform of the IT Platform, Storage System Users receive information on the capacity available to them for the given gas day (injection capacity in injection period, withdrawal capacity in withdrawal period) and the technical maximum injection or withdrawal capacity of the underground gas storage for the given gas day, depending on the current physical flow direction of the underground gas storage.

If the technical maximum capacity of the underground gas storage in the given gas day is less than the sum of the booked non-interruptible capacities of the Storage System Users, the IT platform capacity booking will proportionally reduce the nominable capacity of the Storage System Users and display this quantity on the nomination platform.

The storage nomination system is hourly based. The hourly non-interruptible injection/withdrawal capacity available to the Storage System User is 1/24th of the daily non-interruptible injection/withdrawal capacity available to the Storage System User. The nominations shall be provided by Storage System Users in energy dimension (kWh) in the form of hourly quantities for the desired gas day. Reserves are also recorded in energy (kWh).

The nomination of Storage System Users shall be carried out in accordance with the relevant provisions of the ÜKSZ. The nomination (re-nomination) shall be made on the IT Platform or, in the event of its unavailability, to the Storage System Operator's dispatcher, using the contact details indicated on the Storage System Operator's Internet website, with the help of the nomination table available for download from the Storage System Operator's Internet website.

Storage System Users shall perform their pre-gas day and intra-gas day re-nomination in accordance with the provisions of the relevant Chapter 2.2.2.2 of the ÜKSZ, taking into account the Storage System Operator's rules on technical constraints.

The Storage System Operator will accept from the Storage System User, within a given day, also virtual nominations in the direction corresponding to and opposite to the physical direction of the underground gas storage and ensuring one change of direction per day, provided that the extent of the change of direction is permitted by the load changing rules. The Storage System Operator will not accept invalid nominations (see VII.5.5.) and the IT Platform will not allow the recording of invalid nominations.

If the total quantity of the Storage System Users' nominations does not exceed the minimum technical injection or withdrawal capacity available for the underground gas storage on a given gas day, or the Storage System User does not nominate for the gas day, the Storage System Operator will record a value of 0 (zero) as the Storage System Users' daily nomination and will notify the Storage System Users of this fact and of the quantity required to achieve the minimum injection or withdrawal quantity. If the re-nomination of the Storage System User(s) reaches the minimum injection or withdrawal capacity, the Storage System Operator will consider and regard the nominations as valid.

If any Storage System User does not nominate for the gas day, the Storage System Operator will record a value of 0 (zero) as the daily nomination of the same Storage System User and notify the Storage System User of this fact.

Any Storage System User will be entitled to appoint a person or entity acting on its behalf (hereinafter referred to as the "Agent") to act on its behalf in making the nomination. Both the Storage System Operator and the Storage System User concerned will provide the Agent with the possibilities (e.g. access to the IT platform) that are necessary to enable the Agent to perform the nomination on behalf of the Storage System User. The Agent may act on behalf of the appointing Storage System User if the Storage System Operator receives a letter of mandate issued on the name of the Agent, officially signed by the appointing Storage System User at least 3 days before the start of the nominations.

### VII.5.2 Rules of nomination for the next gas day

- a) Nominations for the next gas day may be made in accordance with the relevant provisions of the ÜKSZ.
- b) The possibility for any Storage System User to shift the load on the next gas day (possibility to shift between two gas hours):

The Storage Load Shift Opportunity published on the Storage System Operator's website for the current storage cycle (injection or withdrawal) multiplied by the ratio of the available non-interruptible commercial natural gas storage (injection or withdrawal) capacity available to the Storage System User on the following gas day and the total booked non-interruptible commercial storage capacity in the same direction in the same direction.

$$T_v^{\text{Storage System User}} = T_v^{\text{Storage System Operator}} \times K_{\text{Storage System User}} / K_{\text{Storage System Operator}}$$

where:

$T_v^{\text{Storage System User}}$  – the possibility for the Storage System User to shift the load available on the next gas day

$T_v^{\text{Storage System Operator}}$  – the possibility for changing the load published for the current cycle of the underground gas storage

$K_{\text{Storage System User}}$  – the firm (non-interruptible) capacity (injection or withdrawal) available for the Storage System User on the following gas day

$K_{\text{Storage System Operator}}$  – the total commercial, firm (non-interruptible) capacity booked for the following gas day, with direction corresponding to the given cycle

- c) The Storage System User may nominate for the next gas day maximum five times of the uploading possibility under the present VII.5.2. b) Point and the hourly quantity accepted at 21:00 on the current gas day for the last hour of the current gas day as the sum received as Storage System User nomination

- d) The Storage System User may nominate for the next Gas Day maximum twice the download factor under the present VII.5.2. b) Point and the hourly quantity accepted at 21:00 on the current Gas Day for the last hour of the current Gas Day as the total of the hourly value accepted as Storage System User nomination.
- e) If a Storage System User submits a nomination on the current gas day before 21:00 for the next gas day, the currently valid nomination received as a Storage System User's nomination for the last hour of the current gas day will be the basis for receiving the nomination for the next gas day until 21:00. If the nomination for the last hour of the current gas day changes at any time before 21:00, and the nomination for the next gas day is not synchronised at the same time in accordance with the above rules, the Storage System Operator will cut back the non-compliant hourly quantities submitted for the next gas day to the maximum value ad permitted by the relevant rules.

### **VII.5.3 Rules for re-nomination**

- a) Within a gas day, the gas day quantity may be re-nominated on an hourly basis in accordance with the relevant provisions of Point 2.2.3.2 of the ÜKSZ. The number of re-nominations is not limited.
- b) There is no limit to the date/time of the first re-nomination.
- c) Hourly nomination resulting in a change in opposite direction versus the previous hourly nomination may be given three times a day.
- d) The total absolute quantity of the Storage System User's hourly load variations within a Gas Day (including load variations between Gas Days) shall not be greater than ten times the permitted hourly load variation available to the User under Point VII.5.2(b).
- e) If the total absolute quantity of the Storage System User's hourly load variations would exceed the value set out in the present Point VII.5.3. d), the Storage System Operator shall not accept the nomination, i.e. the previous valid nomination shall remain valid.

### **VII.5.4 Rules for nomination allocation**

The nomination allocation procedures are based on hourly basis, in accordance with the hourly nominations and daily capacity bookings broken down to hours.

Every Storage System User may nominate a quantity that exceeds its available hourly non-interruptible injection and withdrawal capacity, but does not exceed its hourly technical maximum injection and withdrawal capacity of underground gas storage. In this case, the IT Platform will treat the excess hours requested by each Storage System User as a "Daily Interruptible Capacity" booking request, and at the close of the nomination time window will determine the excess hours that can be accepted and included as follows.

- Determines the available free technical capacities for each hour as the difference between the quantity of the maximum available capacities of the over-nominating Storage System Users and the nominating parties within the Available capacities, plus the maximum technical capacities of the underground gas storage.
- It compares this with the total quantity of the over-nominations.
- If it is less than the free technical capacity, it will accept and include the additional demand without change.
- If it is more than the free capacity, it will allocate the free capacity to each storage parties in proportion to the excess demand.

That is, each Storage System User will receive a volume not exceeding its Available Hourly Capacity, and those requesting any excess volume will receive the amount of excess hours allocated to them as "*Daily Interruptible Capacity*".

As a result of the above procedure, it is possible that use of no "Daily interruptible capacity" is shown at daily nominations level, but that excess capacity is used at the hourly nominations level. After the close of the gas day, the total quantity of the "Daily interruptible capacity" usage, as reported by the IT Platform on an hourly basis, is always reported during the hourly traffic allocation and during the monthly gas settlement and recording.

A daily interruptible virtual injection/withdrawal capacity not exceeding the technical maximum injection/withdrawal capacity of the underground gas storage may be nominated. The IT platform matches the storage tasks that correspond to the current physical direction and virtual storage, and only allows to accept virtual demand to the extent that would not cause the reduction of the storage task corresponding to the physical direction below the minimum storage capacity. At the close of the nomination window, the IT platform will distribute the maximum virtual capacity determined on the above basis, on a nomination pro rata basis among the nominating parties for virtual storage.

The rules for daily interruptible virtual capacity nominations and nomination allocations are otherwise identical to the rules for daily interruptible capacity nominations and allocations.

#### **VII.5.5 Invalid nominations and management of nomination deviations**

The IT Platform does not accept invalid nominations (e.g. the total nominations do not reach the technical minimum capacity of the underground gas storage gas day or the Storage System User nominates a quantity exceeding the technical maximum capacity of the underground gas storage on the gas day).

## Business Code

If the nominations provided by the Storage System User to the IT Platform of the Connected System Operator and to the IT Platform differ for a given gas day, the smaller nomination will be accepted and executed based on the cooperation agreement between the Storage System Operator and the Connected System Operator.

In the event of breakdown or unavailability of the IT Platform to any Storage System User, the procedure set out in clause V.2 of the Business Code shall apply. If any Storage System User submits an invalid nomination, the Storage System Operator's dispatcher will request the correction of the error. If this is not done by the deadline for nomination according to the ÜKSZ, the Dispatcher will record 0 kWh/day as the nomination for the same Storage System User.

### **VII.6 Rules for balance preparation and gas settlement**

The rules for balance sheet preparation and gas settlement are set out in Appendix No. 4 of the Business Code.

### **VII.7 Procedure used to determine the quantity of cushion gas to be mixed with working gas**

Due to the energy-based settlement regime of the Hungarian natural gas market, the Storage System Operator does not apply working gas-cushion gas mixing calculation, as the settlement regime is based on the injection and withdrawal of energy and in the same volume. No surplus energy is withdrawn, i.e. the energy content of the cushion gas in the reservoir does not change, no cushion gas is produced (withdrawn), no mining royalty is payable.

### **VII.8 Correlationships of allocation to storage-using parties**

The rules governing the correlationships of allocation of the storage-using parties referred in the title of the present chapter are set out in Appendix No. 4 of the Business Code.

### **VII.9 Storage procedures for interruptible daily capacities**

In the event of re-nomination by any Storage System User, the Storage System User may not receive the allocation of the same daily interruptible capacity that was previously confirmed to it by the Storage System Operator, i.e. the Storage System User's daily interruptible capacity booking process may be partially or wholly interrupted.

The Storage System User will be notified by the IT platform if there is a change in the accepted volume of the nomination received for the daily interruptible capacities, so that it can re-nominate with the Connected System Operator or its storage nomination volume that becomes smaller will be automatically taken over by the IT platform of the Transmission Company.

The Storage System Operator will treat the virtual daily capacities in the same way as the daily interruptible capacities regarding the partial or full interruptibility of the received volumes.

## **VII.10 Contractual terms and conditions for storage agreements**

Each Storage System User shall provide the Storage System Operator with a contractual security in accordance with Section VII.3.1, the availability of this security will be a pre-condition for the Storage System User's natural gas storage agreement to enter into force.

In case of capacity booking in accordance with the ÜKSZ (see: Point VII.3), the Storage System Operator will conclude a capacity booking contract with the same content with all Storage System Users in accordance with Appendix 5/A of this Business Code, which may only be deviated from in accordance with Point VII.10.1.

### **VII.10.1 Management of individual / optional conditions**

The Storage System Operator may, if so agreed by the parties, agree with any Storage System User on contractual terms and conditions other than those set out in the Business Code, subject to the principle of equal treatment among Storage System Users. In such a case, the Parties shall act in accordance with the terms and conditions set out in the optional contract.

### **VII.10.2 Rules for breakdown, limitation and interruption**

The Storage System Operator will inform the Storage System Users of the available technical maximum and minimum capacities and the possibility of using them in the event of a previously announced breakdown, outage, limitation or interruption at the same time as the announcement.

In the event of an outage or breakdown, the Storage System Operator will inform the Storage System User of the available capacities and the possibility to use them, at the same time as the outage report and in the same manner, and give the expected time of full use of the booked capacities.

The IT platform will provide the Storage System Users with online information on the capacities available to the Users.

### **VII.10.3 Procedures of maintenance and trouble-shooting for the license-holder's system**

The Storage System Operator will perform its maintenance operations on a scheduled basis, at intervals in accordance with Point V.3.4 of the present Business Code.

The Storage System Operator has internal policies and regulations for the conduct of maintenance activities and for the fulfilment of obligations related to the operational disturbances and the prompt resolution of the malfunction.

The relevant policies and regulations are available for inspection and study at the Storage System Operator's Customer Service Office

#### **VII.10.4 Requirements set out towards the contracted partner**

There is a requirement towards the Storage System Users to comply with the prescriptions related to storage access as set out in the Regulations.

Storage has not set out specific, optional requirements towards the Storage System Users.

#### **VII.10.5 Determining the method of sale of the working gas reserve offered as contractual security by the Storage System User**

Pursuant to Article 85 (1) of the GET Vhr., the Storage Company will not accept the injected working gas reserve as contractual security.

### **VII.11 Procedures for volume settlement and payment**

#### **VII.11.1 Storage fee, rate and detailed rules for its calculation**

The Storage System Operator will round up the unit tariffs specified in EUR/kWh to eight decimal places.

##### **VII.11.1.1 Tariffs applied for booking free storage capacity**

As compensation for its basic service, the Storage System Operator will pay a maximum tariff specified in the MEKH resolution with regard to the Tariff Regulation in force at the time - the Get. 104/B (4) of the Storage System Operator Act. The Storage System Users will pay the tariff for the service to the Storage System Operator in Euros.

The Storage System Operator will convert the tariffs in accordance with the Tariff Regulations in force and at the official Euro exchange rate published by the Hungarian National Bank from HUF to Euro. The natural gas storage agreements concluded with the Storage System Users and Point VII.11.4.1. will contain the detailed rules for the conversion.

The current Tariff Regulation issued by MEKH contains a formula for determining the capacity fee. The capacity fee according to the formula is a function of the Working Gas Capacity, the injection capacity and the withdrawal capacity.

A calculator can be downloaded from the Storage System Operator's website to determine and check the capacity charge using the formula of the Tariff Regulation in force.

#### **VII.11.1.2 *Tariffs applied for using capacity purchased in secondary trading transaction***

The Storage System Operator will apply the tariffs specified in the applicable Tariff Regulation in effect for the trading of injection and withdrawal capacities purchased in secondary capacity trading transactions.

#### **VII.11.1.3 *Conclusion of contract giving entitlement to a secondary market transaction***

A registration fee of 2.000 EUR + VAT shall be paid to the Storage System Operator for the conclusion of a contract without booked capacities according to Appendix No. 5/B.

### **VII.11.2 Rules for discounts versus the regulated price for capacity bookings under the ÜKSZ**

If the Storage System Operator grants a Storage System User a discount compared to the regulated official price, it shall apply the same discount for the same service to all other Storage System Users. The Storage System Operator will publish the discount on its website.

### **VII.11.3 Details of calculations applied for measurement and settlement**

#### **VII.11.3.1 *Details of calculations applied for measurement***

The Storage System Operator or the Connected System Operator will use in the measurements the correlations specified in the ISO 6976 standard and the Regulations.

#### **VII.11.3.2 *Details of calculations applied for the settlement***

The Storage System Operator will calculate the annual capacity booking fee as the product of the Capacity Charge under the Storage System User's natural gas storage agreement and the Working Gas Capacity booked by the Storage System User, to be paid by the Storage System User to the Storage System Operator in 12 equal monthly instalments.

The Storage System Operator will calculate the monthly injection fee payable by the Storage System User as the product of the Injection Tariff under the Storage System User's natural gas storage agreement and the quantity of natural gas injected for the Storage System User during the relevant month.

Business Code

The Storage System Operator will calculate the monthly withdrawal fee payable by the Storage System User as the product of the Withdrawal Tariff under the Storage System User's natural gas storage agreement and the quantity of natural gas withdrawn for the Storage System User during the relevant month.

The Storage System Operator will round up all amounts payable by the Storage System User in EUR to two decimal places.

#### **VII.11.4 Invoicing and procedures for settling claims related to invoices**

##### **VII.11.4.1 *Invoicing***

The Storage System Operator will invoice all fees payable under the contract in EUR, and the Storage System User concerned shall pay the fees by bank transfer in EUR.

The Storage System Operator will convert the HUF amounts into EUR at the exchange rate published by the Hungarian National Bank on the day before the invoice is issued.

The Storage System Operator shall display the amount of the general sales tax (VAT) payable under Section 172 of Act CXXVII. of 2007, the VAT Law, on the invoices also in HUF, using the exchange rate determined pursuant to Point 80.

The deadline for invoicing is set out in the natural gas storage agreement.

The invoices issued shall include the contract number. The Storage System Operator shall send the invoice issued to the Storage System User by e-mail to the same Storage System User on the day the invoice is issued and send the original to the Storage System User's invoice mailing address within 5 days. Failure by the Storage System Operator to do so will rule out any late payment by the Storage System User.

The Storage System User will pay the invoiced amount in accordance with the legal requirements in force at the time by bank transfer within 15 calendar days of the date of issue of the invoice. If the payment deadline falls on a public holiday, the payment deadline is the first working day after the public holiday. Payment is considered to have been made when the invoiced amount is credited to the Storage System Operator's bank account.

In disputes relating to the due date of the invoice or the performance of the submission of the invoice, as well as in respect of late payment, the relevant provisions of the Civil Code will apply.

##### **VII.11.4.2 *Procedures for the settlement of invoice claims***

When issuing the invoice, the Storage System Operator shall comply with the applicable legal requirements.

#### Business Code

Any Storage System User may submit a written claim or objection to the Storage's invoicing within 5 business days following the receipt of the disputed invoice. The objection shall include the disputed data, amount, and the basis of the dispute. If the invoice is disputed, the Storage System User receiving the invoice shall pay the amount indicated on the invoice with reservation of rights.

Within 2 working days following the receipt of the claim, the Parties shall consult on the disputed claim. If the objection is accepted, the Storage System Operator will send a corrective settlement/data supply to the Storage System User concerned within 5 working days following the receipt of the objection.

If the objection is rejected, the Storage System Operator will send the Storage System Users a written explanation of the reasons for the rejection within 5 working days.

Following the investigation of the invoice, the Parties will settle the invoice on the basis of any amendment to the invoice as follows:

- a) in the event of an overpayment, the Party issuing the invoice shall return the difference, plus the EURIBOR interest at the prevailing rate for the period between the settlement date and the repayment date, to the Party receiving the invoice,
- b) in the event of an underpayment, the receiving Party shall transfer the difference and EURIBOR interest at the prevailing rate for the period between the settlement date and the repayment date to the issuing Party.

Partial payment of the amount indicated on the invoice issued will be considered as non-payment.

#### **VII.11.5 Procedures for surcharges and penalties**

The Storage System Operator will apply no surcharge.

Provisions to be applied on penalties, and the related procedures are specified in the Business Code Appendix no. 7.

#### **VII.11.6 Optional payment methods**

The option for a mode of payment other than specified in Point VII.11.4.1. is described in Point VII.10.1.

#### **VII.11.7 Optional payment deadlines**

The option for above payment deadline other than specified in Point VII.11.4.1. of the Business Code is described in Point VII.10.1. of the Business Code.

#### **VII.11.8 Sanctions applied for late payment**

In accordance with the provisions specified in Point VII.11.4.2, partial payment of the amount indicated on the invoice issued shall be considered as late payment of the full due amount.

Business Code

In case of late payment by any Storage System User, the default interest rate is 1 month EURIBOR + 4%. If the 1-month EURIBOR rate is less than 0, the 1-month EURIBOR rate shall be deemed to be 0. The Storage System User concerned shall pay the default interest to the Storage System Operator in such a way that the Storage System Operator shall charge interest for the period from the day after the due date of payment until the day of payment.

The Storage System Operator will issue the debit note for the monthly late payment interest based on late payments made by the last day of the previous month. The due date for payment of the late interest charge is the 10th day after receipt. No further interest on arrears may be charged on interest already extended.

In the event of late payment, the Storage System Operator shall immediately call upon the Storage System User concerned in writing to perform its payment obligation.

In case of a payment default by a Storage System User exceeding 15 days the Storage System Operator will be entitled to enforce its claim against the relevant Storage System User by calling/applying the contractual securities. Unless otherwise expressly agreed in writing, the Storage System Operator will be entitled to a statutory lien on the Working gas held by the defaulting Storage Company in the underground gas storage facility, and if the contractual security does not or only partially cover the claim of the Storage System Operator, the Storage System Operator will be entitled to exercise its right of enforcement under the rules of the Civil Code according to the rules for the enforcement of liens. Indemnification from the Working gas held in the Underground Gas Storage Facility as pledged property will include also interest on the pledged claim, necessary costs of enforcement of the claim and pledge and necessary costs of the pledged property. The right of enforcement may be exercised by judicial enforcement or out-of-court enforcement, at the option of the Storage System Operator.

The Storage System User acknowledges and agrees that a lien on the injected natural gas may be registered only with the prior written consent of the Storage System Operator and record it in the loan security register.

#### **VII.11.9 Sale of working gas following the termination of natural gas storage agreement**

If any Storage System User has (for example, but not exclusively due to the termination of a natural gas storage agreement or a secondary market contract) more natural gas in its underground gas storage than its available working gas capacity, and by the deadline specified in the Storage System Operator's written request (which shall not be less than 15 business days), does not sell the excess volume to another storage operator or does not purchase the working gas capacity necessary to store this gas, the Storage System Operator is entitled to sell the surplus natural gas quantity (including also by withdrawal of the quantity in question) in order to release the capacities for other market participants.

The Storage System Operator will be entitled to deduct during the financial settlement the following amounts from the sale price:

- i. All fees or tariffs included in the contract or calculable on the basis of the Business Code from the date of expiry of the contract until the date of sale of the natural gas,
- ii. any damage suffered by the Storage System Operator in connection with the sale of natural gas, including but not limited to the following:
  - any loss incurred by the Storage System Operator due to the failure of the Storage System User concerned to store the natural gas in accordance with the contract
  - any other claims arising from the contract.

#### **VII.11.10 Management of the Storage System User's payment obligations that cannot be settled from the contractual security**

If a Storage System User fails to meet its payment obligations under the contract, and the Storage System Operator's claim cannot be satisfied from the contractual security provided by the same Storage System User, the Storage System Operator will be entitled to sell the natural gas in the underground gas storage of the Storage System User concerned up to a volume that is sufficient to satisfy its claim in full. The natural gas can be sold at the time when the payment deadline specified in the Storage System Operator's payment notice expires without performance.

The Storage System Operator will during the financial settlement deduct the following amounts from the sale price:

- i. all fees specified in the contract, less any amounts already paid,
- ii. any loss incurred by the Storage System Operator as a result of the relevant Storage System User's failure to pay on time, including also the cost incurred in connection with the sale of natural gas,
- iii. any claim arising under the contract.

The Storage System Operator will inform the Storage System User concerned on the sale of natural gas.

The Storage System Operator will sell the Storage System User's natural gas for the above reasons in a transparent, non-discriminatory manner, in particular, but not exclusively, by advertising the relevant quantity and holding an Auction for the sale of natural gas. The price of the natural gas to be sold will be the price achieved in the Auction.

In the event that, due to a change in the applicable legislation, the sale of working gas pursuant to this point would not be possible, the quantity of natural gas owned or controlled by the Storage System Operator and stored by the Storage System User concerned will be regarded as the (manual) pledge in the possession of the Storage System Operator, as pledgee, and the relevant provisions of the Civil Code will apply to any eventual sale of the working gas.

## **VII.12 Provisions for the breach of agreement**

### **VII.12.1 Events of breach of agreement**

The Appendix No. 7. of the Business Code presents the provisions prevailing the events of breach of agreement.

### **VII.12.2 Sanctions (penalties) and consequences**

The sanctions (penalties) and other legal consequences applicable in the event of breach of contract are set out in Appendix 7 of the Business Code.

### **VII.12.3 Restoration of the contractual status**

The Storage System Operator will use all its reasonable endeavours to restore the contractual status by seeking to resolve any disputes arising in connection with the natural gas storage agreement primarily through negotiations with the Storage System User concerned.

### **VII.12.4 System for claims and complaints management**

The Storage System Operator, in order to ensure that claims or eventual complaints received from Storage System Users in connection with its activities are investigated within a short period of time and in a uniform procedure and the causes of the claim can be eliminated, will apply the following procedure:

All documented claims received by the Storage System Operator will be investigated and responded to within 15 days following its receipt as the latest. The method of response (letter, e-mail, etc.) will be the same as the method of receipt of the claim.

In the event of a legitimate claim, the Storage System Operator will take measures to remedy the cause of the claim within the shortest possible reasonable period of time, subject to technical, financial and legal possibilities.

The Storage System Operator will retain the claims received and the information sent on their investigation for a period of 5 years.

If the party making the claim is not satisfied with the response given to the claim and indicates this to the Storage System Operator, the Storage System Operator will treat it as a complaint. The handling of a complaint is similar to that of a claim, i.e. the method of response is the same as for the receipt of a complaint, with a 15-day time limit for response.

The present Business Code is issued by:

.....  
Zsolt Huff  
CEO  
HEXUM Földgáz Zrt.

## VIII Appendices

1. Description and technical data of the operated system
2. Availabilities of the Customer Service Office
3. Financial terms and conditions of storage and sample documents for the agreement
4. Method of calculation to be applied for settlement, parameters
5. Model agreements / contracts
  - 5/A. Capacity booking agreement
  - 5/B. Natural gas storage agreement on secondary market transactions and the use of storage capacities acquired through such transactions
  - 5/C. Contract for public warehouse services
6. Provisions on contractual security
7. Procedures for breach of contract
8. Procedures for the delivery of off-specification natural gas to the point of delivery
  - 9/A. Auction rules (for auctions conducted on paper or electronically)
  - 9/B. Auction Rules (for auctions conducted on a capacity booking platform operated by a third party contracted by the Storage System Operator)
10. Legislation, regulations, internal instructions

## Appendix no. 1.

### Description and technical data of the operated system

#### **1. The storage reservoir**

Natural gas will be stored in the Szőreg-I gas-capped crude oil reservoir in the Upper Pannonian layer at a depth of 1700-1750 m.

In its original pre-cultivation state, the reservoir was close to the hydrostatic state, with a pressure of 182.5 bar.

#### **2. Main facilities**

The storage facility operates with a total of 44 dual-function (injection/withdrawal) wells, 10 of which are high-capacity horizontal wells. The storage also has 7 additional wells for withdrawal operation only.

The surface facility consists of 3 gathering and distribution centres and a central plant comprising SZBT-1, gas processing and injection units. The well inflow lines have a radial system and the gathering and distribution centres are connected to the central plant with separate injection and withdrawal backbone pipelines.

The storage facility is connected to the National Gas Transmission System (OTR) via a gas transmission pipeline, which was implemented as a separate project.

#### **3. Injection cycle**

During the gas injection cycle, the gas arriving from the "0" point of the Algyő transmission line is compressed by the 7 compressors of the SZBT-1 compressor plant from 45-55 bar suction side pressure to 120-185 bar and injected into the storage reservoir. Among the compressors 5 are driven by gas engines and 2 by electric motors.

During the injection cycle, the gas is transferred from the compressors via the gas injection backbone pipeline to the SZBT-2, -3, -4 gathering and distribution centres, where the gas to be injected is distributed among the wells.

#### **4. Withdrawal cycle**

During the withdrawal cycle, gas arriving from the withdrawal wells is collected and then separated at the gathering and distribution centres. One measuring and two shared three-phase separators are installed at each of the three gathering and distribution centres. The separated gas is delivered to SZBT-1 via a backbone pipeline. The gas withdrawn will be made suitable for pipeline transportation in the gas processing plant (60 bar, dew point -5°C), which is part of the SZBT-1 technology.

For the cold separation gas processing, 5 gas processing lines have been installed with a capacity of 5 Mm<sup>3</sup>/day each, with glycol regeneration for each line.

After preparation, the gas is transported to the natural gas delivery point of the storage transmission pipeline via the storage backbone line connected to the transmission pipeline.

**Attached diagrams:**

Diagram no. 1.: Szőreg-1 storage facility - technology block scheme

Diagram no. 2.: Szőreg-1 gathering and distribution centres – simplified block scheme

Business Code

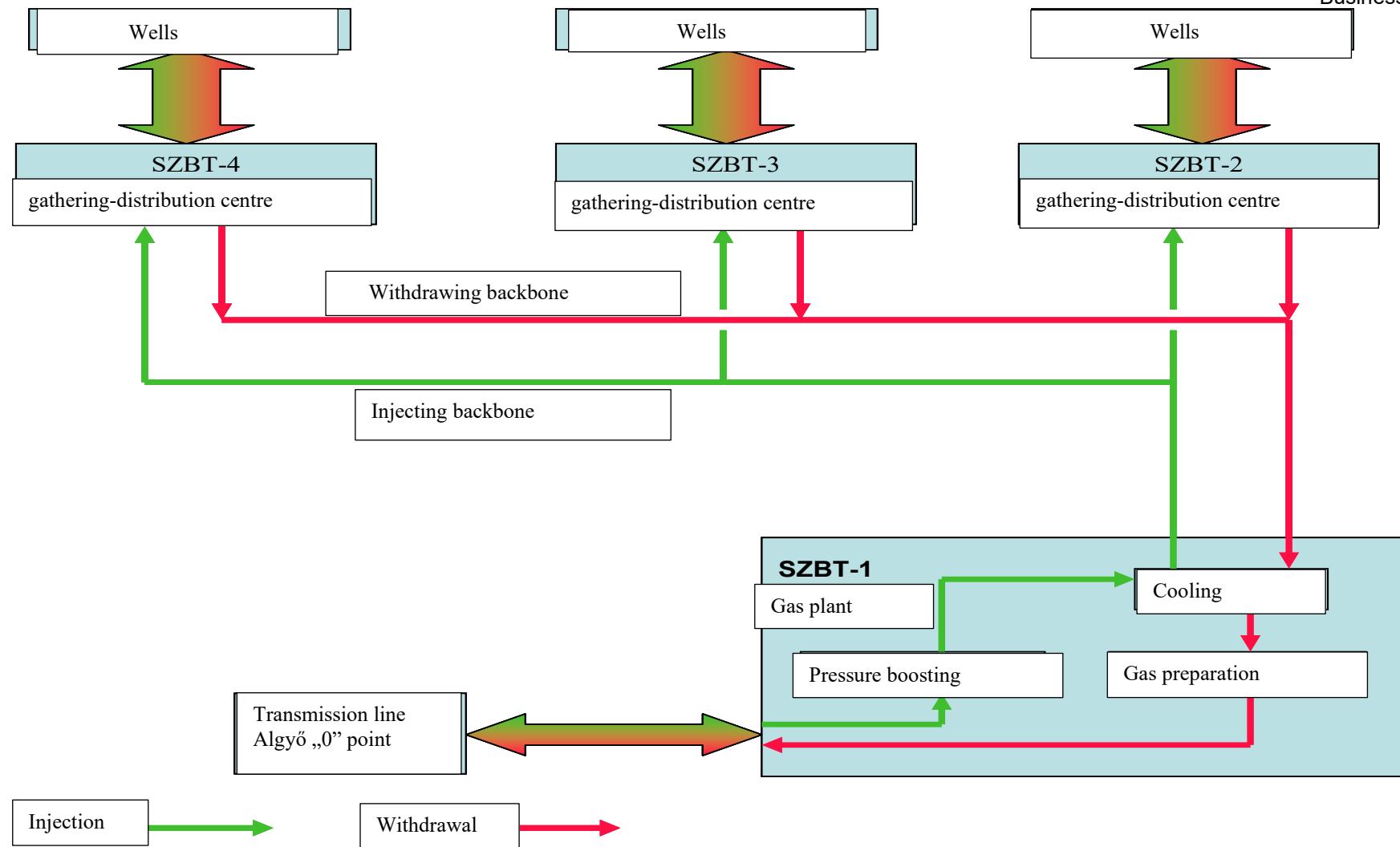


Diagram no. 1. Szőreg-1 storage facility - technology block scheme

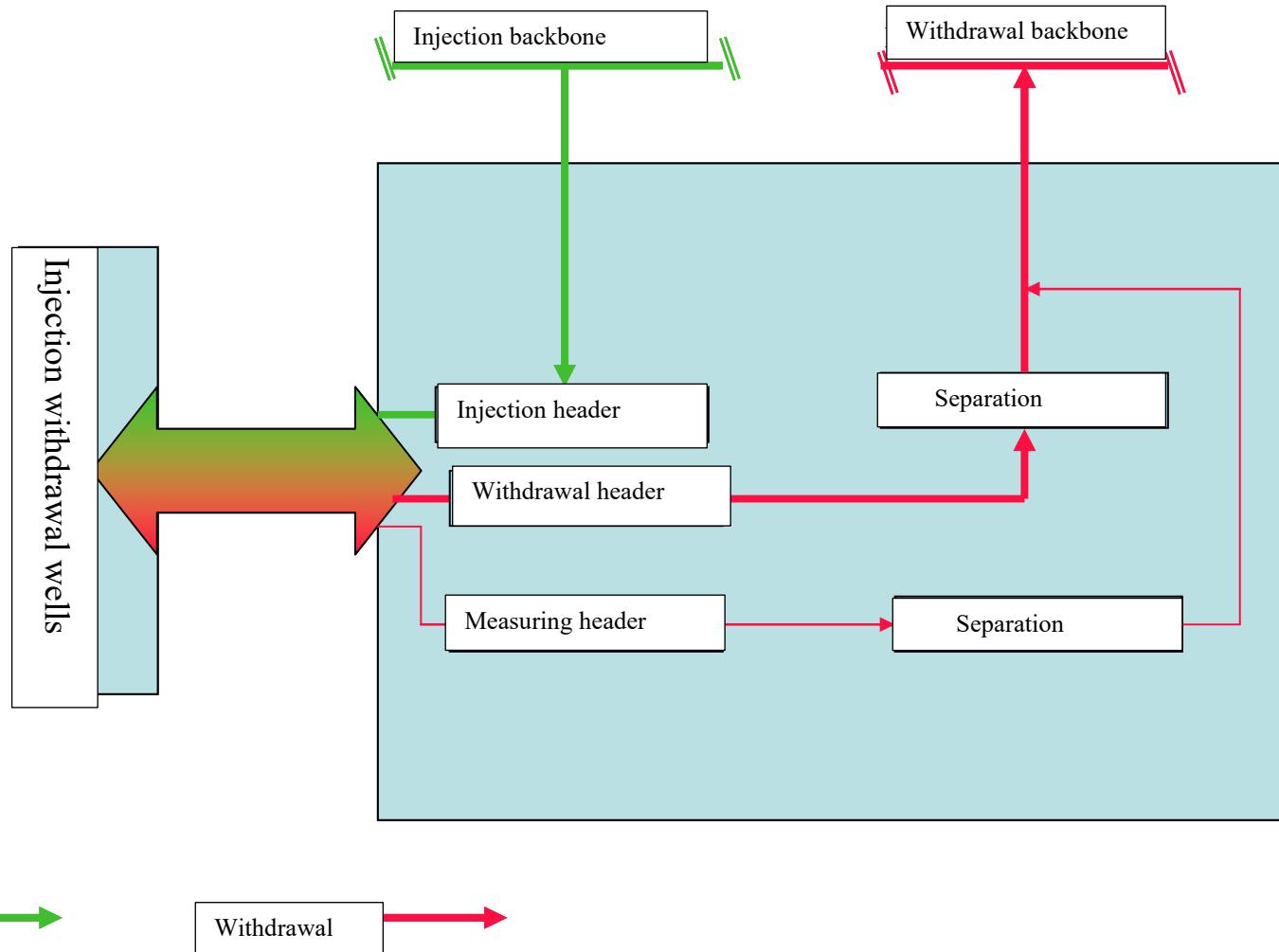


Diagram no. 2. Szöreg-1 gathering and distribution centres – simplified block scheme

**Appendix no. 2.**

**Availabilities of the Customer Service**

Avalabilities of the Customer Service:

2151 Fót, Fehérkő utca 7.

Tel: 1/ 430-3720  
Fax: 1/ 430-3721  
E-mail: [gaztarolo@gaztarolo.hu](mailto:gaztarolo@gaztarolo.hu)

Opening hours of the Customer Service:

On working days: 09:00-12:00  
14:00-15:30

If the contact details or the opening hours of the Customer Service change, the Storage System Operator will publish the new information on its website.

### Appendix no. 3.

#### Financial terms and conditions of storage and model agreement document

##### ***Financial and economic conditions versus the Storage System User***

- have a valid and in force operating licence issued by the Hungarian Energy and Public Utility Regulatory Authority or its legal predecessor (if you wish to enter into a contract as a license-holder),
- have a contractual security for the performance of its obligations under the natural gas storage agreement, in accordance with the Business Code.

##### **Eligibility (compliance) criteria:**

- a) the company's certificate of registration, not more than 30 days old and the original or certified copy of the specimen signatures of the person(s) authorised to sign for the company, certified by a notary public, or specimen signatures countersigned by an attorney-at-law or a chamber lawyer (if the original document was issued in English, together with a translation into Hungarian; if the original document was issued in another foreign language, together with a certified translation into Hungarian).
- b) a certificate confirming that is not the subject of bankruptcy, administration, liquidation or winding-up proceedings.
- c) the document proving the performance of the contractual security or bond.
- d) Partner Risk Declaration (signed in original in the company's name or with a certified electronic signature) and its annexes, which are:
  - o A statement issued by the Applicant's bank(s) that there has been no queuing in the last 2 years for an account held with a bank.
  - o Tax certificates issued by the national tax authority and municipal tax authority competent for the Applicant's place of residence, certifying that the Applicant has no unpaid or overdue public debts, customs duties, social security contributions, central or local tax liabilities registered by the tax authorities.
- e) a **declaration** in Hungarian or a certified translation thereof in Hungarian, not older than 3 working days, in the form of a private document with full probative value, which declares and warrants that **it is not subject to any sanction(s)** and that it will not directly or indirectly resell the storage capacities it wishes to book in secondary capacity trading or transfer them in any other way or legal title to a third party which is subject to sanction(s), and thus any transfer of the booked capacity under any legal title would result in a violation of the sanction(s). Sanctions will mean financial and property restrictive measures, economic and trade restrictions, and embargoes imposed or enforced by the United Nations Security Council, the European Union, the United States Department of

the Treasury, the United States Office of Foreign Assets Control (OFAC), the United States Department of State, the United States Department of Commerce (Bureau of Industry and Security), the competent United Kingdom agency, or other relevant sanctioning authority.

### ***Contractual security***

Appendix no. 6. of the Business Code specifies the detailed information on the contractual security required by the Storage System Operator.

#### ***Requirements for a Storage System User who already has a contractual relationship with the Storage System Operator***

If, after the conclusion of the contract, the content of any of the above-mentioned documents, the person(s) authorised to represent the Storage System User or the data of the Storage System User change, the Storage System User shall send the updated version of the document concerned to the Storage System Operator without delay, but within a maximum of 5 working days after the change, in the same form and content as the original document.

Storage System User shall submit a modified contractual security in the event that the signing of a new contract or an amendment to a contract results that the Storage System User now has a payment obligation greater than the amount already contracted.

**Appendix no. 4.**  
**The gas settlement process**

**Description of the delivery, measurement, balance keeping, monthly closing and recording system**

The surface technology system of Szőreg-1 underground gas storage is connected to the systems of FGSZ Zrt. (FGSZ) and MOL Nyrt. (MOL) as Connected System Operators at the points of delivery.

FGSZ will continuously measure the gas quantity and quality at the point of delivery. The data of these measurements are transmitted online to the Storage System Operator in the form of instantaneous, hourly and daily data. At this point, the Storage System Operator also continuously measures the gas quality to control the FGSZ measurements and to provide substitute data in case of FGSZ measurement failures, and also provides laboratory measurements to complement the substitute data (see the FGSZ Quality Settlement System (MER) data for the Szőreg-1 FGT zero point).

The transfer point in the direction of MOL is the exit point of the so-called Interconnector's volume metering equipment connecting the two companies' surface technologies depending upon the distribution flow direction. At this point, the Storage System Operator provides continuous gas quantity and gas quality measurements in accounting quality level, as well as laboratory gas quality measurements.

The Storage System Operator and the FGSZ have concluded a so-called OBA (Operational Balancing Agreement) to support gas settlement for the entire operational lifetime of the Storage System Operator. This agreement is part of the cooperation agreement between the parties. The essence of the agreement is that the gas throughput of the Storage System Users will be equal to the value nominated for the underground gas storage transmission zero point before the gas day and within the gas day in accordance with the relevant regulation, irrespective of the physical delivery rate. The difference between the total physical settlements and the amount of allocated quantity will be credited onto the OBA account, which the parties will keep updated and will endeavour to keep close to zero in accordance with the provisions of the relevant agreement.

In order to maintain a consistent approach to commercial settlement, the Storage System Operator will also separate commercial settlement based on allocated data from physical settlement based on metered and then distributed data for gas flows to MOL. If, upon request of any Storage System User, the withdrawn gas enters the transmission system at MOL's point of delivery at MOL's Algyő zero point, or, if any Storage System User has natural gas produced by MOL and purchased from MOL and this gas is injected into the Underground Gas Storage via the Interconnector, the allocated value of the commercial gas flows determined in the Storage System Operator's settlement system after the end of the Gas Day will be equal to the value nominated by the

relevant Storage System User before the Gas Day. That is, the difference between the physical performance and the allocated quantity is also followed up by an OBA balance in the direction of MOL.

The invoicing issued for the clients (including also MSZKSZ) is based on energy (kWh) and the volume (m<sup>3</sup>) settlement is for information purposes only.

While the Rules also provide for cubic meter-based registration for the TSO, the Storage System Operator shall keep record and prepare settlement for the TSO also in cubic meters.

The commercial gas balance is the basis for the gas settlement with the Storage System Users and therefore the Storage System Operator maintains a separate commercial gas balance for each Storage System User.

This commercial gas balance includes the following:

- volume data allocated by capacity type at the points of delivery,
- gas reserves sold or purchased in secondary transactions,
- the Storage System User's daily opening and closing working gas reserves.

Commercial gas balances only track changes in working gas reserves.

Following the Gas Day, the Storage System Operator shall allocate the gas quantities delivered at FGSZ Point of Delivery on the FGSZ IT platform, for which the FGSZ shall provide a pre-allocation. The Storage System Operator shall use its reasonable endeavours to apply the nominated = allocated principle for the allocation of 0-point gas transactions.

Allocated data recorded on the FGSZ IT platform will be automatically received by the IT platform.

The allocation of natural gas flows delivered at the MOL Points of Delivery will be done automatically in the IT platform after the gas day based on the nominated = allocated principle.

The Storage System Operator further breaks down the daily allocated data into storage capacity types (non-interruptible, daily interruptible, virtual, etc.) and also breaks down the traffic between contracts and secondary transactions.

If the nominated = allocated principle cannot be applied, the total natural gas flows measured at the Point of Delivery will be allocated in proportion to the accepted nominations of the Storage System Users, so that quantities nominated for firm capacity and/or secondarily acquired through market operations are first satisfied, and the remaining quantities are allocated to daily capacity.

Each Storage System User is free in his allocation and accounting to modify the daily traffic allocation among his own contracts, subject to the rules set out in the IT platform.

The Storage System Operator shall make the commercial balance sheet of any Storage System User continuously available on the IT Platform.

The IT platform updates the trading balance daily following the receipt of the data allocated for the previous gas day from FGSZ.

Normally, after each month, the Storage System Operator will provide the Storage System User with a monthly closing turnover and reserve statement. In special cases, it is also possible to close the account mid-month. The Storage System Operator must be notified in writing 5 working days in advance on such request.

Monthly settlement is based on the data of the trade balances. The final reports shall contain the monthly aggregated turnover data, broken down by delivery points, contracts and capacity types, as well as opening and closing stock data. A protocol showing daily breakdown shall be provided only if the gas storage contract so provides.

Monthly protocols are signed, scanned and emailed to the Storage System User by the Storage System Operator no later than 10:00 a.m. on the third business day following the month. The Storage System Operator shall return the protocols, signed, scanned and e-mailed to the Storage System Operator not later than 13:00 hours on the second business day after receipt. If any Storage System User fails to comply with the above deadline, the Storage System Operator will be entitled to consider the Storage System User's protocol as accepted and to issue the invoice(s) accordingly.

The measurement data of the Point of Delivery shall be recorded in a protocol signed by the Storage System Operator and the Connected System Operator by 12 noon on the third working day of each month.

If, during the month as subject of the settlement, the gas quantity or gas quality measurement at the delivery points has failed and a retrospective correction of the daily data is required after the repair, this event will not affect the commercial settlement as it is based on allocated data.

In case of any problems with the allocation arising during the month or during the monthly closing, it is possible to modify the allocated data of the point of delivery of the transmission pipeline in the first half of each month, within the time window defined by the FGSZ, on the FGSZ IT platform. The Storage System Operator will also open the IT platform for 24 hours on the 15th day of each month to make any corrections required. The Storage System Operator and the Storage System User concerned shall hold prior consultations on any corrections.

In the event of a change of allocation, the Parties shall repeat the monthly protocols. The protocol(s) will be sent to the relevant Storage System User by the end of the fourth business day following the allocation change published by the TSO.

The Storage System User shall sign and return the protocol to the Storage System Operator by the end of the second business day following the receipt thereof.

The Storage System Operator will issue an individual reserve statement to any Storage System User on its request, at any time. The statement shall be requested by e-mail and will be scanned and sent by e-mail within 2 working days of receipt of the request, or it can be sent by post.

The gas settlement process (content, dates, etc.) for the Beneficiary Party/Obliged Party is the same as for the commercial gas settlement, but it applies only for changes in the strategic gas reserve.

The MSZKSZ will receive the settlement and the aggregation of the settlement for the Beneficiary Party/Obliged Party from the Storage System Operator at the same time as the Beneficiary Party/Obliged Party.

The Storage System Operator shall scan and send in e-mail to the Storage System User the printed and signed traffic settlement protocols and reserve statements and ask for the return of the signed copies in the same manner, unless otherwise expressly provided by the parties in the natural gas storage agreement.

The Storage System Operator will send the MSZKSZ a monthly turnover settlement and reserve statements, regardless of whether or not there has been any movement of natural gas strategic reserve during the month.

The Storage System Operator will provide the gas settlement through the accounting of daily-level data.

**Appendix no. 5/A**  
**CAPACITY BOOKING CONTRACT**  
**(SAMPLE)**

that has been concluded by and between, on one hand

seat:

mailing address:

account keeping bank:

account number:

invoicing address:

tax number:

Court of Registration:

Trade Registry number:

hereinafter as the „**Storage System User**”

and **on the other hand**

**HEXUM Földgáz Zártkörűen Működő**

**Részvénytársaság (HEXUM Natural Gas Zrt.)**

seat:

2151 Fót, Fehérkő utca 7.

mailing address:

2151 Fót, Fehérkő utca 7.

account keeping bank:

MKB Bank Zrt.

EUR account number:

HU20 1030 0002 1028 5851 4882 0019

HUF Bank account number:

HU91 10300002-10285851-49020016

invoicing address:

2151 Fót, Fehérkő utca 7.

tax number:

13780960-2-44

Court of Registration:

Budapest Regional Court of Registration,

Trade Registry number:

Cg. 13-10-042153

hereinafter as the „**Storage System Operator**”

the Storage System User and the Storage System Operator separately as the „**Party**” and collectively as the „**Parties**” at the place and on the day as written below and under the following terms and conditions:

## Preamble

The present Capacity Booking Contract (hereinafter referred to as the "**Contract**") sets out the terms and conditions under which the Storage System Operator will provide commercial natural gas storage services in respect of natural gas made available to it by a Storage System User who has acquired its capacities in a Secondary Trading Transaction in the underground natural gas storage facility called "Szőreg-1" owned and operated by the Storage System Operator, and the Storage System User will pay a fee to the Storage System Operator for the natural gas storage services.

## 1.

### Definitions

**Point of delivery** – The property boundary of the connecting technology systems of the Connecting System Operator and a Storage System Operator, as well as of the Production Company and a Storage System Operator, where the natural gas transfer takes place between the Connecting System Operator and the Storage System Operator, as well as between the Production Company and a Storage System Operator.

**Injection capacity** - Technically, the maximum quantity of natural gas that can be injected into the Natural Gas Storage, depending on its fill-up status and the pressure of the natural gas arriving at the point of delivery through the transmission pipeline, as the maximum quantity of natural gas that can be injected during the injection cycle, per day or per hour (kWh/day, kWh/hour).

**Inlet pressure** - the pressure of natural gas arriving from the transmission pipeline to the point of delivery during the injection cycle.

**Natural gas storage** – Szőreg-1 underground gas storage owned and operated by the Storage System Operator

**GET** - Act XL. of 2008., the Gas Supply Law

**Internet website** – the Storage System Operator's internet website available at the following address: <http://gaztarolo.hu>.

**Outlet pressure** - The pressure of natural gas arriving at the Point of Delivery from the Natural Gas Storage during the withdrawal cycle.

**Withdrawal capacity** - Technically, the maximum quantity of natural gas that can be withdrawn from the Natural Gas Storage, depending on its fill-up status and the pressure of natural gas in the transmission pipeline at the point of delivery, on a daily or hourly basis during the withdrawal cycle per day or per hour (kWh/day, kWh/hour).

**MEKH** - Hungarian Energy and Public Utility Regulatory Authority

**Non-interruptible capacities** – All capacities sold by the Storage System Operator to any Party as capacities of non-interruptible type, i.e. including capacities sold by the Storage System Operator primarily as capacities of non-interruptible type, which are acquired by the Storage System User from a third party through a secondary market transaction, whether or not interruptible by this third party.

**Ptk.** – Act V. of 2013., the Hungarian Civil Code

**Transmission Company** - FGSZ Földgápszállító Zártkörűen Működő Részvénnytársaság (FGSZ Zrt.)

**Contractual Period** - the term or duration of the Contract as set out in Point 23.

**Seasonal storage** – Means the single injection of the Storage System User's natural gas into the Natural Gas Storage during the Injection Period, and a single withdrawal of the gas during the Withdrawal Period, i.e. the Storage System User can nominate during the Injection Period only for injection, while during the Withdrawal Period only for withdrawal - even with interruptions. The start and end of the injection/withdrawal periods will be published by the Storage System Operator on its website.

**Storage** – The receipt of natural gas from the Storage System User by the Storage System Operator, the injection, custodian storage and withdrawal of natural gas into, in and from the natural gas storage pursuant to the Storage System User's contractual order to the Storage System User and the transfer of the gas to the Storage System User, as contractually agreed by the Storage System User, and the totality of all activities necessary to enable the above process to take place.

**ÜKSZ** - The Hungarian natural gas system's current Business Code (Operating and Trading Rules) which regulate the relationship between licensees operating the interconnected natural gas system and system users, and which shall be prepared by the licensees.

**Business Code** – The Business Code of the Storage System Operator approved by MEKH and in force at the time.

**GET Vhr.** – The Government Decree No. 19/2009.(I.30.) on the implementation of Act XL. of 2008., the Gas Supply Law.

The other terms used in the Contract have the same meaning as in the GET, the GET Vhr., the Business Code and the ÜKSZ.

2.

**Storage capacities**

- 2.1. The Parties will conclude the contracts on volume-based, seasonal natural gas storage basic services determined in energy (kWh).
- 2.2. The maximum natural gas storage capacities available to the Storage System User for the Contractual Period:

non-interruptible working gas capacity: kWh  
non-interruptible injection capacity: kWh/day  
non-interruptible withdrawal capacity: kWh/day

The injection/withdrawal capacity available for the Storage System User varies depending on the fill-up status of the natural gas storage, i.e. the total working gas reserve in the natural gas storage. The Storage System Operator will inform the Storage System User on its IT platform on a daily basis of the gas quantity that the Storage System User can nominate for the following gas day.

Operational losses of natural gas storage will have no effect to the storage service provided to the Storage System User.

3.

**Rights and obligations of the Parties**

- 3.1. Obligations of the Storage System Operator:
  - a) Injection and withdrawal of natural gas owned by the Storage System User into and from the natural gas storage, with the quantity parameters set out in Chapter 2 and the quality parameters set out in Chapter 6.
  - b) Reception of the natural gas owned by the Storage System User for storage, provided that it meets the relevant quality requirements, and delivery of the withdrawn natural gas owned by the Storage System User to the Storage System User, subject to compliance with the natural gas quality standards.
  - c) Custodian storage of the natural gas owned by the Storage System User between the injection and withdrawal dates under b).
  - d) Injection of natural gas using maximum the injection capacity set out in Point 2.2. of the Contract taken over during the Contractual Period by the Storage System User for storage purposes in accordance with the Storage System User's contractual provision, and withdrawal of natural gas with the withdrawal capacity.
  - e) Injection of natural gas in accordance with the contractual provision of the Storage System User, up to the maximum working gas capacity pursuant to Point 2.2 of the Contract or withdrawal of the Storage System User's natural gas actually injected into the storage.
  - f) Injection or withdrawal of natural gas corresponding to the Storage System User's accepted daily nominations

- g) Measurement and recording in protocol of the quantity of injected and withdrawn natural gas.
- h) Checking the quality of the natural gas accepted for storage, obtaining the quality certificate from the system operator delivering the natural gas for storage.
- i) Measurement and recording in protocol of the quality of the withdrawn natural gas.
- j) Providing detailed natural gas turnover and natural gas reserve data to the Storage System User.
- k) Ensuring the availability of the natural gas storage in accordance with the Contract.
- l) Contracting with connecting system operators to perform the tasks related to the performance of the Contract.

### 3.2. Obligations of the Storage System User:

- a) The Storage System User shall arrange for the nomination, and shall deliver to the Storage System Operator or receive from the Storage System Operator natural gas in quantities and of a quality meeting the applicable quality requirements corresponding to its daily nomination and accepted by the Storage System Operator.
- b) The Storage System User shall deliver to the Storage System Operator for storage the natural gas in quality as specified in the Contract.
- c) Transportation of the natural gas intended for injection into the storage to the point of delivery or the withdrawn natural gas shall be transmitted from the point of delivery.
- d) Withdrawal of the natural gas it owns in the natural gas storage until the expiry of the Contract.
- e) Paying the fees for the storage services to the Storage System Operator.
- f) Using the Information Platform of the Storage System Operator.

### 3.3. Rights of the Storage System Operator:

- a) Refusal or limitation of the nomination of the Storage System User in accordance with the terms of the Contract.
- b) Provision of a proposed nomination ensuring that the total quantity of natural gas intended for storage can be injected.
- c) Suspension of the performance of the non-interruptible storage service to the extent and for the duration necessary in the event of a Force Majeure, extraordinary breakdown, crisis situation and in the event of a pre-announced maintenance.
- d) Injection, storage and withdrawal of natural gas quantities corresponding to the working gas capacity specified in the Contract, together with other quantities of natural gas, into, in and from the natural gas storage.
- e) Rejecting the injection of natural gas in excess of the injection capacity, withdrawal of natural gas in excess of the withdrawal capacity, storage of natural gas in excess of the working gas capacity or withdrawal of

natural gas in excess of the natural gas quantity injected by the Storage System User, as specified in the Contract.

- f) Rejecting the nomination of the Storage System User if the total nominations do not exceed the minimum level of natural gas storage.
- g) The Storage System Operator will inform the Storage System User of the current minimum injection and withdrawal capacities of natural gas storage via its IT platform.
- h) Rejecting the natural gas delivered for storage by the Storage System User and not complying with the requirements set out in GET Vhr. Appendix no. 11. (except odourisation) and with the quality parameters.
- i) Restricting the delivery of non-interruptible storage service as it follows:  
The Withdrawal capacities available to the Storage System User may vary depending on the fill-up status of the Natural Gas Storage, i.e. the total working gas reserve in the natural gas storage and the pressure of natural gas in the transmission pipeline at the natural gas point of Delivery. The Storage System Operator will continuously publish on its website the total available commercial Withdrawal capacities of the Natural Gas Storage.  
The Storage System User will be allowed to nominate the following Withdrawal capacities ( $K_{nom}$ ) to the given gas day:  
the Storage System User's Available Withdrawal capacities ( $K_{Storage\ System\ User}$ ) multiplied by the ratio of the current Withdrawal capacities ( $K_{tech}$ ) published as described above and the maximum (available for booking) commercial Withdrawal capacities ( $K_{max}$ ) published on the Storage System Operator's website:

$$K_{nom} = K_{Storage\ System\ User} * K_{tech}/K_{max}$$

- j) Rejecting the nomination of the Storage System User, if the nominations cannot be satisfied due to any unexpected breakdown.
- k) Selling the natural gas reserve of the Storage System User in the natural gas storage in events and through manners specified in the Contract.

### 3.4. Rights of the Storage System User:

- c) To arrange the storage of the natural gas in its ownership in accordance with the Contract.
- d) To nominate injection or withdrawal capacities.
- e) To inject or withdraw during the contractual period.
- f) Transferring the unused natural gas storage capacities to another natural gas market operator, subject to ensuring compliance with the relevant terms of the Contract.
- g) Selling part or all of its working gas reserve in the natural gas storage to another Storage System User.

**4.**

**Services offered by the Storage System Operator**

- 4.1. The Storage System Operator's Business Code specifies the basic services of the Storage System Operator that are available under the Contract to the Storage System User.
- 4.2. The Storage System Operator's individual services will be available to the Storage System User as published on the Storage System Operator's website.

**5.**

**Sale and purchase of natural gas**

- 5.1. Parties agree that the place for the sale and purchase (delivery) of the natural gas quantity under the Contract will be the Point of Delivery.

**6.**

**Quality of natural gas to be stored**

- 6.1. The Parties will be obliged to provide during injection and withdrawal each other with natural gas in quality that is in compliance with the requirements of Annex 11. to the GET Vhr.

**7.**

**Required pressure rates**

- 7.1 The relevant provisions of the Business Code specify the pressure rates for natural gas to be secured by the Parties during injection and withdrawal.

**8.**

**Measurement of quantity and quality of natural gas**

- 8.1. The natural gas quantity and natural gas quality will be measured in accordance with the provisions set out in the Storage System Operator's Business Code.

**9.**

**Nomination**

- 9.1. The ÜKSZ and the Business Code will specify the rules and procedures for nomination.

**10.**

**Allocation of natural gas quantities**

- 10.1. After the gas day, the Storage System Operator will allocate the Storage System User's share in the total natural gas turnover of the natural gas storage in accordance with the Storage System Operator's Rules of Operation.

**11.**

**Settlement of natural gas quantities, protocols**

- 11.1. Upon the Storage System User's request, the Storage System Operator will issue a certificate on the capacities booked by the Storage System User and the working gas reserve of the Storage System User in the natural gas storage.
- 11.2. Natural gas quantities will be settled and recorded in protocol in accordance with the Storage System Operator's Business Code.

**12.**

**Data supply**

- 12.1. The Business Code will specify the rules and procedures for data supply.

**13.**

**Supporting secondary capacity trade**

- 13.1. The Storage System Operator will enable free secondary trade of its sold storage capacities in accordance with its Business Code.

**14.**

**Sale and purchase of stored natural gas**

- 14.1. The Storage System Operator will enable the sale and purchase of stored natural gas in accordance with its Business Code.

**15.**

**Operations of the Storage System Operator**

- 15.1. The Storage System Operator will ensure operations of the natural gas storage in accordance with the applicable provisions of the Business Code.

**16.**

**Maintenance operations**

- 16.1. The Storage System Operator's Business Code specifies the rights and obligations relating to maintenance operations.

**17.**

**Contacts**

- 17.1. The Parties will ensure that, in addition to maintaining the systemic, prescribed contacts, they will notify each other without undue delay of any new emerging circumstances or events that may affect their cooperation, in particular the performance of the Contract, as well as will facilitate smooth and trouble-free cooperation by providing consultation facilities and an appropriate flow of data.

**18.**

**Sale of working gas**

- 18.1. In the event of expiry of the contractual period or termination of the Contract for any other reason, the procedure for the sale of working gas will be set out in the relevant provision of the Rules of Operation.

**19.**

**Terms of payment**

- 19.1. The annual capacity fee to be paid by the Storage System User to the Storage System Operator during the Contract Period shall be calculated as the current capacity fee multiplied by the working gas capacity according to clause 2.2.
- 19.2. The Storage System User shall pay the annual capacity fee under clause 19.1 to the Storage System Operator in equal monthly instalments during the Contractual Period.
- 19.3. The Storage System User shall pay 1/12th of the annual capacity fee pursuant to Point 19.1 monthly in advance, in one lump sum, by the 10th day of the preceding month to the bank account specified by the Storage System Operator, by the 3rd working day of the preceding month, in conformity with the invoice issued by the Storage System Operator and sent to the Storage System User, and issued in accordance with the legal provisions in force at the time and the provisions of the Contract.
- 19.4. The Storage System Operator will calculate the monthly injection fee payable by the Storage System User as the product of the injection fee and the quantity of natural gas injected into the storage for the Storage System User during the month concerned, as recorded in the protocol taken pursuant to Point 11, and will issue an invoice by the 3<sup>rd</sup> working day of the following month.
- 19.5. The Storage System Operator will calculate the monthly withdrawal fee payable by the Storage System User as the product of the withdrawal fee and the quantity of natural gas withdrawn from the storage for the Storage System User during the month concerned, as recorded in the protocol taken pursuant to Point 11, and will issue an invoice by the 3<sup>rd</sup> working day of the following month.

- 19.6. The Storage System Operator shall send the invoice issued to the Storage System User in accordance with Points 19.4. and 19.5. to the Storage System User's invoice mailing address. The Storage System will shall pay the invoice in accordance with the legal provisions in force from time to time within 15 days of its issue by bank transfer. If the payment deadline falls on a public holiday or bank holiday, the payment deadline will be the first working day after the public holiday or bank holiday. Payment will be deemed to have been made when the invoiced amount is credited to the Storage System Operator's bank account.
- 19.7. The Storage System Operator will prepare to the Storage System User a full natural gas turnover statement by the 5th working day of the month following the Contractual Period.
- 19.8. The invoices issued shall include the Contract number. The Storage System Operator shall send the invoice issued to the Storage System User's name to the Storage System User's invoice mailing address.
- 19.9. In relation to invoice disputes and late payment, the Parties will act in accordance with the relevant provisions of the Business Code.
- 19.10. In the event of total or partial destruction of the stored natural gas, the Storage System Operator will have no claim against the Storage System User for payment of the natural gas storage fees or a pro rata part thereof.

## **20.**

### **Taxes**

- 20.1. The fees payable by the Storage System User in the Contract are net amounts.
- 20.2. The Parties agree in making a settlement with each other on a monthly basis in accordance with the provisions of Act CXXVII of 2007 on the General Sales Tax. Article 58. The Storage System User shall pay VAT in EUR.
- 20.3. The Parties are obliged to present on the invoices the amount of tax payable also in HUF, as defined in Article 80. of Act CXXVII of 2007 on Value Added Tax.

## **21.**

### **Contractual security**

- 21.1. The Storage System User shall provide the Storage System Operator with a contractual security in accordance with the Storage System Operator's Business Code to cover its payment obligations under the Contract.
- 21.2. Business Code Appendix no. 6. will specify bank guarantee form acceptable by the Storage System Operator.

21.3. The Parties acknowledge and agree that in the event that the Storage System User does not have for whatever reason a valid contractual security (e.g. does not renew it as agreed) during the Contractual Term without being exempted from the obligation to provide a contractual security under the Storage System Operator's Business Code, it will be considered a material breach of the Contract.

## 22.

### Force majeure

22.1. It will not qualify as a breach of agreement if either Party is unable to perform its obligations under the Contract due to a reason beyond the scope of control of the contractual Parties (hereinafter as: force majeure). Events of force majeure will include unforeseeable conditions that cannot be prevented by human efforts (e.g. changes in law, war, national strike, earthquake, flood, fire, terrorist act, etc.), which are independent of the Parties' will and can directly impede the given Party in performing its contractual obligations. At the other Party's request the affected Party shall present the official certificate or statement issued by the chamber of commerce having the competence according to the location of force majeure confirming the occurrence of the force majeure event.

If the duration of the force majeure is longer than 180 days, either Party will be entitled to terminate the Contract with 30-day notice without any detrimental legal consequence even if it were not entitled to do so under the Contract.

22.2. Contracting Parties shall immediately inform each other in writing on the imminent and occurring force majeure and its expected duration. The Party responsible for delayed information of imminent or occurring force majeure will be fully liable for damages arising from such delayed information.

22.3. Parties shall re-start the performance of their contractual obligations as soon as it becomes possible as a result of elimination of Force Majeure event.

22.4. As long as force majeure prevents the performance of the Contract, there will be no obligation to pay consideration for the non-delivered service or service part.

## 23.

### Liability

23.1. The Parties agree that they will be liable for any damages caused by persons they engage as agents, subcontractors, delegates or performance agents to perform their obligations under and during the Contract.

23.2. The Parties further agree that their liability arising out of a breach of the Contract shall not extend to compensation for indirect or consequential loss or damage, and in any event shall not extend to compensation for any loss of profit.

- 23.3. The Parties declare that the Storage System Operator will not be liable for any loss of capacity (including the consequences of unexpected breakdown) due to technical failure, and the Storage System User will not be liable for any resulting damage, if it has operated the failed storage equipment according to their intended use and maintained them in accordance with the industry practice at the proper intervals and in the manner, as well as it has made all reasonable efforts to remedy the technical failure as soon as possible.
- 23.4. The Parties hereby expressly emphasise that the present Chapter has been brought to the attention of both Parties, and that the disadvantages arising from the limitations of liability set out in the present Chapter have been compensated by an appropriate reduction of the counter services and other benefits in accordance with the relevant provisions of the Civil Code.
- 23.5. Nothing in the present Chapter can be interpreted so as to limit or exclude the liability of any Party for any breach of this Contract which is intentionally caused by any Party and which results in death, personal injury or damage to health.

## 24.

### **Appendices of the Contract**

- 24.1. The Contract shall be valid with the appendices listed below, which form an integral part of the Contract, even without being physically attached to it.

[\*]  
[\*]

## 25.

### **Term of the Contract**

- 25.1. The Contract will enter into force upon signature by both Contracting Parties.

- 25.2 The Contract will be terminated on .....

## 26.

### **Termination of the Contract**

- 26.1. The Contract will be terminated if

- the Contractual Period has expired;
- the Parties terminate it with mutual consent;
- the Storage System User has become insolvent;
- MEKH has finally withdrawn either Party's operation license through a final and binding decision;
- either Party has been terminated without legal succession; or

- either Party terminates the Contract with immediate effect due to a bankruptcy or liquidation proceedings launched with final and binding effect against the other Party; or
- either Party has terminated the Contract in conformity with Point 22.1.; or
- in the event of either Party's repeated and/or serious breaches of the Contract, the affected Party has terminated the Contract with immediate effect at least 15 days after receipt of written notice by the other Party, or
- in the event of a breach of the obligation or prohibition set out in point 32.1, the Storage System Operator will terminate the Contract with immediate effect without written warning or notice.

Cases of serious breaches of contract and the sanctions for such breaches are set out in the Business Code.

26.2. Otherwise, the termination of the Contract will be governed by the applicable provisions of the Civil Code and the settlement and payment provisions of the Contract.

## 27.

### **Amendment of the Contract**

27.1. The Parties may at any time terminate the Contract with mutual consent in writing. The date of effect of the amendment shall be specified in a calendar and precise date.

27.2. Change in the Parties' data recorded in the trade registry, including specifically the seat, representatives, bank account number, and organisation acting during the contracting process and performance and the contact officers will not be regarded as amendment of the contract. The Party concerned shall notify the other Party of such changes either in advance in writing within 10 days or immediately after the change has occurred (registration), but no later than 10 days after the change has occurred, by any means that can be evidenced in writing, depending on the circumstances of the case.

## 28.

### **Assignment of the Contract**

28.1. Either Party may assign any of its rights, obligations or claims arising under the Contract, other than monetary claims, only with the prior written consent of the other Party, except for the sale of the use of capacities in secondary trade in accordance with the ÜKSZ and the Business Code. The Parties may not unreasonably refuse such consent if the receiving Party meets all the conditions, in particular legal, financial and technical conditions, for the performance of its contractual obligations.

28.2. The Parties agree that if either Party is dissolved or transformed by virtue of legal succession, the rights and obligations of the Party concerned under the Contract will pass onto the successor company as general legal successor.

**29.**

**Applicable law, settlement of disputes**

29.1. The Parties agree to settle their legal disputes eventually arising from or related to the present Contract amicably primarily through consultations.

29.2. In the event that the above negotiations prove unsuccessful, any dispute arising out of or in connection with the Contract, its breach, termination, validity or interpretation shall be settled by the Parties submitting it to the jurisdiction of the competent court or tribunal in accordance with the Civil Procedure Code in force at the time, both in matters falling within the jurisdiction of the district court and in matters falling within the jurisdiction of the regional court.

29.3. In all matters relating to the Contract, the provisions of Hungarian law shall apply.

**30.**

**Confidentiality provisions**

30.1. In relation to the present Chapter, the provisions of the Business Code relating to data protection will prevail, with the proviso that the Storage System User will assume the same confidentiality obligations as the Storage System Operator.

**31.**

**Entirety of the Contract  
(partial invalidity)**

31.1. Should any provision of the Contract be or become invalid, the other provisions of the Contract will not be affected.  
The Contracting Parties undertake to replace, with effect from the starting date of this invalidity, the invalid provision with a provision whose economic result are as close as possible to the economic result of the invalid provision

**32.**

**Miscellaneous provisions**

32.1. By signing the Contract, the Storage System User declares and warrants that it is not subject to any sanction(s) and will not directly or indirectly resell the storage capacities contracted but not used by the Contract in secondary capacity trading or in any other way, either directly or indirectly, or the ownership of the natural gas it has placed in storage, transfer to a third party who is subject to a sanction(s) under the term of the Contract, and any such

transfer of the firm capacities or the ownership of the natural gas in storage would result in a breach of the sanction(s).

Sanctions in relation to the Contract will be understood to mean financial and property restrictive measures, economic and trade restrictions, and embargoes imposed or enforced by the United Nations Security Council, the European Union, the United States Department of the Treasury, the United States Office of Foreign Assets Control (OFAC), the United States Department of State, the United States Department of Commerce (Bureau of Industry and Security), the competent United Kingdom agency, or other relevant sanctioning authority.

A breach of the provisions of this point will be considered a serious breach of the Contract by the Storage System User, in which case the Storage System Operator is not obliged to request the Storage System User to remedy the breach, but is entitled to terminate the Contract with immediate effect, in writing, stating the reasons for the termination, after having been informed of the breach of the obligation, to impose sanctions by the Storage System User.

32.2. The Parties declare that in the course of their data processing activities arising from the performance of the Contract, they shall fully comply with their data protection obligations under Act CXII of 2011 on the Right to Information Self-Determination and Freedom of Information (Infotv.) and Regulation (EU) 2016/679 of the European Parliament and of the Council (GDPR) in order to ensure the fullest and highest level of protection of personal data. The Parties shall provide the data subjects concerned with appropriate information and ensure the possibility to exercise their rights as data subjects, and shall cooperate mutually and promptly to this end, if necessary.

The Privacy Notice for the contact persons of business partners who have a contractual relationship with the Storage System Operator is available on the Storage System Operator's website ([www.gaztarolo.hu](http://www.gaztarolo.hu)) in the folder: *Documents/Other Documents, under the heading "Privacy Documents"*.

32.3. The Parties agree that they will act in all matters not set out in the Contract in accordance with the ÜKSZ and the applicable legislation, in particular, but not exclusively, the provisions of the GET, the GET Vhr., the Civil Code and the current Business Code of the Storage System Operator, as approved by MEKH.

32.4. By signing the Contract, the Storage System User acknowledges that it has read the contents of the Terms and Conditions available on the Storage System Operator's website ([www.gaztarolo.hu](http://www.gaztarolo.hu)), considers them to be part of the Contract and acknowledges that it is bound by the contents thereof.

**33.**

**Contact officers**

33.1. Contact officers of the Parties in issues related to the Contract:

from the Storage System User:

Tel:  
Fax:  
email:

from the Storage System Operator:

Tel.:  
Fax:  
email:

33.2. The Parties' contact officers in daily operative issues:

from the Storage System User:

Tel:  
Fax:  
email:

from the Storage System Operator:

Tel.:  
Fax:  
email:

The Parties, having read and interpreted the Contract, and found it in full conformity with their will, sign it approvingly.

Budapest, 202... ..... month ..... day

Storage System Operator

Storage System User

**Appendix no. 5/B**  
**NATURAL GAS STORAGE AGREEMENT ENABLING TO**  
**SECONDARY TRADE TRANSACTIONS**  
**(SAMPLE)**

that has been concluded by and between, on one hand

seat:

mailing address:

account keeping bank (Euro):

account number:

invoicing address:

tax number:

Court of Registration:

Trade Registry number:

hereinafter as the „**Storage System User**”

and **on the other hand**

**HEXUM Földgáz Zártkörűen Működő  
Részvénytársaság (HEXUM Földgáz Zrt.)**

seat:

2151 Fót, Fehérkő utca 7.

mailing address:

2151 Fót, Fehérkő utca 7.

account keeping bank:

MBH Bank Nyrt.

EUR account number:

HU20 1030 0002 1028 5851 4882 0019

HUF account number:

HU91 10300002-10285851-49020016

invoicing address:

2151 Fót, Fehérkő utca 7.

tax number:

13780960-2-44

Court of Registration:

Budapest Regional Court of Registration,

Trade Registry number:

Cg. 13-10-042153

hereinafter as the „**Storage System Operator**”

the Storage System User and the Storage System Operator separately as the „**Party**” and collectively as the „**Parties**” at the place and on the day as written below and under the following terms and conditions:

## Preamble

The present Secondary Trading Natural Gas Storage Agreement (hereinafter referred to as the **"Agreement"**) sets out the terms and conditions under which the Storage System Operator will provide commercial natural gas storage services in respect of natural gas made available to it by a Storage System User who has acquired its capacities in a Secondary Trading Transaction in the underground natural gas storage facility called "Szőreg-1" owned and operated by the Storage System Operator, and the Storage System User will pay a fee to the Storage System Operator for the natural gas storage services.

### 1.

#### Definitions

**Point of delivery** – The property boundary of the connecting technology systems of the Connecting System Operator and a Storage System Operator, as well as of the Production Company and a Storage System Operator, where the natural gas transfer takes place between the Connecting System Operator and the Storage System Operator, as well as between the Production Company and a Storage System Operator.

**Injection capacities** - Technically, the maximum quantity of natural gas that can be injected into the Natural Gas Storage, depending on its fill-up status and the pressure of the natural gas arriving at the point of delivery through the transmission pipeline, as the maximum quantity of natural gas that can be injected during the injection cycle, per day or per hour (kWh/day, kWh/hour).

**Inlet pressure** - the pressure of natural gas arriving from the transmission pipeline to the point of delivery during the injection cycle.

**Natural Gas Storage**– Szőreg-1 underground gas storage owned and operated by the Storage System Operator.

**GET** - Act XL. of 2008., the Gas Supply Law

**Internet website** – the Storage System Operator's internet website available at the following address: <http://gaztarolo.hu>.

**Outlet pressure** - The pressure of natural gas arriving at the Point of Delivery from the Natural Gas Storage during the withdrawal cycle.

**Withdrawal capacities** - Technically, the maximum quantity of natural gas that can be withdrawn from the Natural Gas Storage, depending on its fill-up status and the pressure of natural gas in the transmission pipeline at the point of delivery, on a daily or hourly basis during the withdrawal cycle per day or per hour (kWh/day, kWh/hour).

**MEKH** – Hungarian Energy and Public Utility Regulatory Authority

**Non-interruptible capacities** – All capacities sold by the Storage System Operator to any Party as capacities of non-interruptible type, i.e. including capacities sold by the Storage System Operator primarily as capacities of non-interruptible type, which are acquired by the Storage System User from a third party through a secondary market transaction, whether or not interruptible by this third party.

**Ptk.** – Act V. of 2013., the Hungarian Civil Code

**Available Capacities** - The total quantity of the Injection and/or Withdrawal capacities booked by the Storage System User at the Storage System Operator (**Primary**) and/or acquired through secondary market operations (**Secondary**). Available capacities do not include Injection and/or Withdrawal capacities sold by the Storage System User in a secondary market operation.

**Available working gas capacities** – The total quantity of Working gas Capacities booked at the Storage System Operator (**Primary**) and acquired through secondary market operations (**Secondary**) by the Storage System User on a given gas day, whether or not it is filled up with natural gas. Available Working Gas Capacities do not include Working Gas Capacities sold by a Storage System User in a secondary market operation.

**Transmission Company** - FGSZ Földgápszállító Zártkörűen Működő Részvénnytársaság (FGSZ Zrt.)

**Contractual Period** - the term or duration of the Agreement as set out in clause 23.

**Seasonal storage** – Means the single injection of the Storage System User's natural gas into the Natural Gas Storage during the Injection Period, and a single withdrawal of the gas during the Withdrawal Period, i.e. the Storage System User can nominate during the Injection Period only for injection, while during the Withdrawal Period only for withdrawal - even with interruptions. The start and end of the injection/withdrawal periods will be published by the Storage System Operator on its website.

**ÜKSZ** - The Business and Trading Rules of the Hungarian natural gas system, which form the mandatory rules to be drawn up by the licence-holders and govern the relationship between the licence-holders and system users operating the inter-cooperating natural gas system.

**Business Code** – The Business Code of the Storage System Operator approved by MEKH and in force at the time.

**GET Vhr.** – The Government Decree No. 19/2009.(I.30.) on the implementation of Act XL. of 2008., the Gas Supply Law.

The other terms used in the Agreement have the same meaning as in the GET, the GET Vhr., the Business Code and the ÜKSZ.

## 2.

### **Subject of the Agreement**

- 2.1. Secondary market transactions providing the possibility for the Storage System Users to sell and purchase storage capacities and the stored natural gas. The Parties will contract for seasonal storage services, defined in energy (kWh), and these services will be provided by the Storage System Operator to the Storage System User for the capacities acquired by the Storage System User through secondary market transactions, up to the extent of these capacities.
- 2.2. The Natural Gas Storage's operational losses do not affect the storage services provided to the Storage System User under the Agreement.

## 3.

### **The Parties' rights and obligations**

#### 3.1. Obligations of the Storage System Operator:

- a) Injection and withdrawal of natural gas owned by the Storage System User from the natural gas storage facility, maximum with the Available Capacity, and with the quality parameters set out in Chapter 6.
- b) Receipt of the natural gas for injection owned by the Storage System User at the Point of Delivery - provided that it meets the relevant quality requirements, and the delivery of the natural gas stored and owned by the Storage System User to the Storage System User at the Point of Delivery, ensuring compliance with the natural gas quality standards.
- c) During the period between the dates of delivery and receipt under Point b), the custodian storage of the natural gas reserve owned and acquired by the Storage System User in the natural gas storage facility through secondary transactions.
- d) The injection or withdrawal of natural gas corresponding to the daily nominations of the Storage System User and accepted by the Storage System Operator.
- e) Replenishment of maximum the Available Working gas Capacities in accordance with the Storage System User's contractual order and the withdrawal of maximum the Storage System User's natural gas actually injected into the storage and acquired in the natural gas storage in through secondary transactions, as agreed by the Storage System User
- f) Ensuring the measurement of the quantity of injected and withdrawn natural gas, and arranging periodic recording for this gas.
- g) Ensuring the measurement of the quality of the withdrawn natural gas and the preparing certification of the natural gas quality.

- h) Providing the Storage System User with the possibility to enter into secondary market transactions with the Storage System Operator
- i) Providing detailed data for natural gas turnover and natural gas reserve to the Storage System User.
- j) Ensuring the availability of the Natural Gas Storage in conformity with the Agreement.
- k) To conclude an agreement with the connecting system operators for the performance of its duties in connection with the performance of the Agreement.

3.2. Obligations of the Storage System User:

- a) During secondary market transactions, ensuring full compliance with the provisions of the Agreement and the mandatory requirements applicable onto secondary market transactions.
- b) Daily and weekly nomination according to the ÜKSZ, if it has working gas capacity in the natural gas storage.
- c) The delivery to or receipt from the Storage System Operator of natural gas with quantity and quality in compliance with the daily nomination received by the Storage System Operator in accordance with the requirements set out in the Agreement.
- d) Arranging transport of natural gas intended for injection to the point of delivery and the gas intended for withdrawal from point of delivery.
- e) The withdrawal or sale of natural gas owned by the Storage System User in the natural gas storage facility until the expiry of the Agreement
- f) Paying the storage service fees to the Storage System Operator in accordance with the Agreement.
- g) The fair and proper use of the Storage System Operator's IT platform. (The user manual for the IT platform is available on the Storage System Operator's Internet website.)

3.3. Rights of the Storage System Operator:

- a) To refuse or restrict the nomination of a Storage System User in accordance with the terms of the Agreement and the Business Code.
- b) To suspend the delivery of the non-interruptible storage services to the extent and for the duration necessary in the event of Force Majeure, crisis, breakdown and pre-announced maintenance.
- c) To inject into the natural gas storage facility natural gas maximum up to the Available Working Gas Capacity and owned by the Storage System User, together with the quantities of natural gas owned by others, then to store this gas there and withdraw therefrom.
- d) To refuse injection in excess of the Available Injection Capacity, withdrawal in excess of the Available Withdrawal Capacity, natural gas storage in excess of the Available Working Gas Capacity or natural gas withdrawal in excess of the natural gas quantity injected by the Storage System User and/or acquired by the Storage System User through secondary market operations

- e) To reject the nomination of a Storage System User if the total quantity of nominations does not exceed the minimum injection or withdrawal capacities. The Storage System Operator will inform the Storage System User on its Internet website of the respective minimum injection and withdrawal capacities.
- f) To refuse the reception of natural gas that does not meet the natural gas quality standards set out in Point 6., and injection of this gas into the natural gas storage facility.
- g) To check the quality of the natural gas received for injection and obtain the quality certificate from the system operator who delivered the natural gas for injection.
- h) To restrict the delivery of non-interruptible storage services as it follows:
- i) The Withdrawal capacities available to the Storage System User may vary depending on the fill-up status of the Natural Gas Storage, i.e. the total working gas reserve in the natural gas storage and the pressure of natural gas in the transmission pipeline at the natural gas point of Delivery. The Storage System Operator will continuously publish on its website the total available commercial Withdrawal capacities of the Natural Gas Storage.

The Storage System User will be allowed to nominate the following Withdrawal capacities ( $K_{nom}$ ) to the given gas day:

the Storage System User's Available Withdrawal capacities ( $K_{storage\ System\ User}$ ) multiplied by the ratio of the current Withdrawal capacities ( $K_{tech}$ ) published as described above and the maximum (available for booking) commercial Withdrawal capacities ( $K_{max}$ ) published on the Storage System Operator's website:

$$K_{nom} = K_{Storage\ System\ User} * K_{tech}/K_{max}$$

### 3.4. Rights of the Storage System User:

- a) To conclude a secondary market agreement pursuant to its rights acquired on the secondary market with a maximum duration not exceeding the duration of the storage agreement.
- b) To arrange the storage of the natural gas in its ownership in accordance with the storage agreement and the Agreement.
- c) To nominate injection or withdrawal at the point of delivery.
- d) To inject or withdraw during the contractual period.
- e) To sell all or part of its working gas reserve or capacities in the natural gas storage facility to another Storage System User.

**4.**

**Services offered by the Storage System Operator**

- 4.1. The Storage System Operator will provide the Storage System User with the activities that are part of its core services under the Business Code.
- 4.2. The Storage System Operator's individual services will be available as published on the Storage System Operator's website.

**5.**

**Sale and purchase of natural gas**

- 5.1. Parties agree that the place for the sale and purchase (delivery) of the natural gas quantity under the Agreement will be the Point of Delivery.

**6.**

**Quality of natural gas to be stored**

- 6.1. The relevant provisions of the Business Code specify the quality parameters for natural gas delivered to each other by the Parties.

**7.**

**Required pressure rates**

- 7.1. The relevant provisions of the Business Code specify the pressure rates for natural gas to be secured by the Parties during injection and withdrawal.

**8.**

**Measuring the quantity and quality of natural gas**

- 8.1. The Storage System Operator will measure the quantity and quality of natural gas in accordance with the applicable provisions of the Business Code.

**9.**

**Nomination**

- 9.1. The Business Code will specify the rules and procedures for nomination.

**10.**

**Procedures for allocation of nomination, handling discrepancies in nomination**

- 10.1. The ÜKSZ and Business Code will specify the procedures for allocation of nomination and handling discrepancies in nomination.

**11.**

**Allocation, settlement and recording of natural gas quantities**

- 11.1. The Business Code will specify the rules and procedures for the allocation, settlement and recording of natural gas quantities.

**12.**

**Data supply**

- 12.1. The Business Code will specify the rules and procedures for data supply.

**13.**

**Supporting the secondary capacity trade**

- 13.1. The Business Code will specify the rules and procedures for the secondary trading of capacities.

**14.**

**Sale and purchase of the stored natural gas**

- 14.1. The Business Code will specify the rules and procedures for the sale and purchase of the stored natural gas.

**15.**

**Operations by the Storage System Operator**

- 15.1. The Storage System Operator will ensure operations of the natural gas storage in accordance with the applicable provisions of the Business Code.

**16.**

**Maintenance operations**

- 16.1. The Storage System Operator's Business Code specifies the rights and obligations relating to maintenance operations.

**17.**

**Contact**

- 17.1. The Parties will ensure that, in addition to maintaining the systemic, prescribed contacts, they will notify each other without undue delay of any new emerging circumstances or events that may affect their cooperation, in particular the performance of the Agreement, as well as will facilitate smooth and trouble-free cooperation by providing consultation facilities and an appropriate flow of data.

**18.**

**Terms of payment**

- 18.1. The Storage System Operator will calculate the monthly injection fee payable by the Storage System User as the product of the injection fee and the quantity of natural gas injected into the storage for the Storage System User during the month concerned, as recorded in the protocol taken pursuant to Point 11, and will issue an invoice by the 6th working day of the following month.
- 18.2. The Storage System Operator will issue an invoice showing the fees for individual services used by Storage System User during the relevant month by the 6th working day of the following month.
- 18.3. The Storage System Operator will issue an invoice showing the fees for optional services used by Storage System User during the relevant month by the 6th working day of the following month.
- 18.4. Parties agree to a fixed term settlement for billing under Points 18.1, 18.2, 18.3, where the settlement period is 1 calendar month.
- 18.5. Parties will determine the price for the transaction for a specific period in compliance with Article 58. of Act CXXVII. of 2007., the Value Added Tax (VAT Act). The tax payable pursuant to Article 59. § (1) of the VAT Act will be determined on receipt of the advance payment when this is credited.
- 18.6. The Storage System Operator shall indicate on the invoices the amount of VAT payable in HUF pursuant to Article 172 of the VAT Act, using the exchange rate determined pursuant to Article 80.
- 18.7. The Storage System Operator will prepare to the Storage System User a full natural gas turnover statement by the 15th working day of the month following the Contractual Period.
- 18.8. The invoices issued shall include the Agreement number. The Storage System Operator will send the Storage System User a copy of the invoice issued to the Storage System User's name and send a copy by e-mail on the invoice issuance day and send the original to the Storage System User's invoice mailing address within 5 days. Failure by the Storage System Operator to do so will disqualify the Storage System User from late payment.
- 18.9. The Storage System User will pay the amount shown on the invoice by bank transfer in accordance with the legal provisions in force from time to time within 15 days of its issue. If the payment deadline falls on a public holiday or bank holiday, the payment deadline will be the first working day after the public holiday or bank holiday. Payment will be deemed to have been made when the invoiced amount is credited to the Storage System Operator's bank account.
- 18.10. In relation to invoice disputes and late payment, the Parties will act in accordance with the relevant provisions of the Business Code.

**19.**

**Contractual security**

- 19.1. The Storage System User shall provide the Storage System Operator with a contractual security in accordance with the Storage System Operator's Business Code to cover its payment obligations under the Agreement.

- 19.2. Business Code **Appendix no. 6.** will specify bank guarantee form acceptable by the Storage System Operator.
- 19.3. The Parties acknowledge and agree that in the event that the Storage System User does not have for whatever reason a valid contractual security (e.g. does not renew it as agreed) during the Contractual Term without being exempted from the obligation to provide a contractual security under the Storage System Operator's Business Code, it will be considered a material breach of the Agreement.

## 20.

### Force Majeure

- 20.1. It will not qualify as a breach of agreement if either Party is unable to perform its obligations under the Agreement due to a reason beyond the scope of control of the contractual Parties (hereinafter as: force majeure). Events of force majeure will include unforeseeable conditions that cannot be prevented by human efforts (e.g. war, national strike, earthquake, flood, fire, terrorist act, unforeseeable breakdown or operational irregularity beyond the Storage System Operator's control, etc.), which are independent of the Parties' will and can directly impede the given Party in performing its contractual obligations. At the other Party's request the affected Party shall present the official certificate or statement issued by the chamber of commerce having the competence according to the location of force majeure confirming the occurrence of the force majeure event.

If the duration of the force majeure is longer than 180 days, either Party will be entitled to terminate the Agreement with immediate effect without any detrimental legal consequence even if it were not entitled to do so under the Agreement.

- 20.2. Contracting Parties shall immediately inform each other in writing on the imminent and occurring force majeure and its expected duration. The Party responsible for delayed information of imminent or occurring force majeure will be fully liable for damages arising from such delayed information.
- 20.3. Parties shall continue or re-start the performance of their contractual obligations as soon as it becomes possible as a result of elimination of Force Majeure event.
- 20.4. The Parties state that as long as force majeure prevents the performance of the Agreement, there will be no obligation to pay consideration for the non-delivered service or service part.

## 21.

### Liability

- 21.1. The Parties agree that they will be liable for any damages caused by persons they engage as agents, subcontractors, delegates or performance agents to perform their obligations under and during the Agreement.
- 21.2. The Parties further agree that in the event of their liability arising out of a breach of the Agreement, the amount of compensation will be determined in accordance with the provisions of the Civil Code. 6:143 § of the Civil Code, except in cases where the Agreement specifically contains a provision to the contrary, and only if it does not conflict with a mandatory provision of the Civil Code.

- 21.3. The Parties declare that the Storage System Operator will not be liable for any loss of capacity (including the consequences of unexpected breakdown) due to technical failure, and the Storage System User will not be liable for any resulting damage, if it has operated the failed storage equipment according to their intended use and maintained them in accordance with the industry practice at the proper intervals and in the manner, as well as it has made all reasonable efforts to remedy the technical failure as soon as possible.
- 21.4. The Parties hereby expressly emphasise that the present Chapter has been brought to the attention of both Parties, and that the disadvantages arising from the limitations of liability set out in the present Chapter have been compensated by an appropriate reduction of the counter services and other benefits in accordance with the Civil Code. Article 6:152
- 21.5. Nothing in the present Chapter can be interpreted so as to limit or exclude the liability of any Party for any breach of this Agreement which is intentionally caused by any Party and which results in death, personal injury or damage to health.

**22.**

**Appendices of the Agreement**

- 22.1. The Contract shall be valid with the appendices listed below, which form an integral part of the Contract, even without being physically attached to it.

[\*]

[\*]

**23.**

**Term of the Agreement**

- 23.1. The Agreement will enter into force upon signature by both Contracting Parties and will remain in force for a fixed term until the ....year ....month ....day.
- 23.2 The Parties agree that if the storage agreement is terminated for any reason, the Agreement will automatically terminate with the same effect, except for the settlement and payment provisions of the Agreement.

**24.**

**Termination of the Agreement**

- 24.1. The present Agreement will be terminated if
  - the Contractual Period has expired;
  - the Parties terminate it with mutual consent;
  - either Party terminates the Agreement with immediate effect due to a bankruptcy or liquidation proceedings launched with final and binding effect against the other Party;
  - the court adopts a final and binding order declaring the Storage System User insolvent and the other Party therefore terminates the Agreement with immediate effect;

- MEKH withdraws the operating license of one of the Parties – even upon request – with legal effect, and as a consequence, the other Party terminates the Agreement with immediate effect;
- either Party has been terminated without legal succession; or
- either Party has terminated the Agreement in conformity with Point 20.1.;
- in the event of repeated and/or serious breaches of the Agreement by either Party either Party has terminated the Agreement immediately upon the expiry of at least 15 days after receipt of written notice by the other Party, in writing, stating the reasons for such termination. Cases of serious breaches of agreement and the related sanctions are set out in the Business Code, or
- in the event of a breach of the obligation or prohibition set out in point 32.1, the Storage System Operator will terminate the Contract with immediate effect without written warning or notice.

24.2 Otherwise, the termination of the Agreement will be governed by the applicable provisions of the Civil Code and the settlement and payment provisions of the Agreement.

## 25.

### **Amendment of the Agreement**

- 25.1. This Agreement may be amended by mutual consent of the Parties in writing at any time. The date of effect of the amendment shall be specified in a calendar and precise date. If the latter is not done, the date of entry into force of the amendment will be the date of signature of the instrument of amendment by the Parties.
- 25.2. Change in the Parties' data recorded in the trade registry, including specifically the seat, representatives, bank account number, and organisation acting during the contracting process and performance and the contact officers will not be regarded as amendment of the agreement. The affected Party shall inform in writing the other Party on such changes — depending upon the circumstances — prior to or within 10 (ten) days following the occurrence (registration) of the given change.

## 26.

### **Assignment of the Agreement**

- 26.1. Either Party may assign any of its rights, obligations or claims arising under the Agreement, other than monetary claims, only with the prior written consent of the other Party, except for the sale of the use of capacities in secondary trade in accordance with the ÜKSZ and the Business Code. The Parties may not unreasonably refuse such consent if the receiving Party meets all the conditions, in particular legal, financial and technical conditions, for the performance of its contractual obligations.

26.2. The Parties agree that if either Party is dissolved or transformed by virtue of legal succession, the rights and obligations of the Party concerned under the Agreement will pass onto the successor company as general legal successor.

**27.**

**Applicable law, settlement of disputes**

27.1. The Parties agree to settle their legal disputes eventually arising from or related to the present Agreement amicably primarily through consultations.

27.2. In the event that the above negotiations prove unsuccessful, any dispute arising out of or in connection with the Agreement, its breach, termination, validity or interpretation shall be settled the Parties shall submit the case to the jurisdiction of the competent court or tribunal in accordance with the Civil Procedure Code in force at the time, in matters falling within the jurisdiction of both the court of first instance and the district court.

27.3. In all matters relating to the Agreement, the provisions of Hungarian law shall apply.

**28.**

**Confidentiality Provisions**

28.1. In relation to the present Chapter, the provisions of the Business Code relating to data protection will prevail, with the proviso that the Storage System User will assume the same confidentiality obligations as the Storage System Operator.

**29.**

**Entirety of the Agreement (partial invalidity)**

29.1. Should any provision of the Agreement be or become invalid, the other provisions of the Agreement will not be affected. The Contracting Parties undertake to replace, with effect from the starting date of this invalidity, the invalid provision with a provision whose economic result are as close as possible to the economic result of the invalid provision.

**30.**

**Breach of agreement and consequences**

30.1. The Business Code will specify the events of breach of agreement and their consequences, and the rules and procedures related thereto.

**31.**

**Contact officers**

31.1. Contact officers of the Parties in issues related to the Agreement:

from the Storage System User:

from the Storage System Operator:

31.2. The Parties' contact officers in daily operative issues:

from the Storage System User:

from the Storage System Operator:

31.3 Contact officers of the Parties in settlement issues:

from the Storage System User:

from the Storage System Operator:

**32.**

**Miscellaneous provisions**

32.1 By signing the Contract, the Storage System User declares and warrants that it is not subject to any sanction(s) and will not directly or indirectly resell the storage capacities contracted but not used by the Contract in secondary capacity trading or in any other way, either directly or indirectly, or the ownership of the natural gas it has placed in storage, transfer to a third party who is subject to a sanction(s) under the term of the Contract, and any such transfer of the firm capacities or the ownership of the natural gas in storage would result in a breach of the sanction(s).

Sanctions in relation to the Contract will be understood to mean financial and property restrictive measures, economic and trade restrictions, and embargoes imposed or enforced by the United Nations Security Council, the European Union, the United States Department of the Treasury, the United States Office of Foreign Assets Control (OFAC), the United States Department of State, the United States Department of Commerce (Bureau of Industry and Security), the competent United Kingdom agency, or other relevant sanctioning authority.

A breach of the provisions of this point will be considered a serious breach of the Contract by the Storage System User, in which case the Storage System Operator is not obliged to request the Storage System User to remedy the breach, but is entitled to terminate the Contract with immediate effect, in writing, stating the reasons for the termination, after having been informed of the breach of the obligation, to impose sanctions by the Storage System User.

32.2. The Parties declare that in the course of their data processing activities arising from the performance of the Contract, they shall fully comply with their data protection obligations under Act CXII of 2011 on the Right to Information Self-Determination and Freedom of Information (Infotv.) and Regulation (EU) 2016/679 of the European Parliament and of the Council (GDPR) in order to ensure the fullest and highest level of protection of personal data. The Parties shall provide the data subjects concerned with appropriate information and ensure the possibility to exercise their rights as data subjects, and shall cooperate mutually and promptly to this end, if necessary.

The Privacy Notice for the contact persons of business partners who have a contractual relationship with the Storage System Operator is available on the Storage System Operator's website ([www.gaztarolo.hu](http://www.gaztarolo.hu)) in the folder: *Documents/Other Documents, under the heading "Privacy Documents"*.

32.3. The Parties agree that they will act in all matters not set out in the Agreement in accordance with the ÜKSZ and the applicable legislation, in particular, but not exclusively, the provisions of the GET, the GET Vhr., the Civil Code and the current Business Code of the Storage System Operator, as approved by MEKH, in all matters not set out in the Agreement.

32.4. By signing the Contract, the Storage System User acknowledges that it has read the contents of the Terms and Conditions available on the Storage System Operator's website ([www.gaztarolo.hu](http://www.gaztarolo.hu)), considers them to be part of the Contract and acknowledges that it is bound by the contents thereof.

The Parties, having read and interpreted the Contract, and found it in full conformity with their will, sign it approvingly.

Budapest, ..... year ..... month ..... day

Storage System Operator

Storage System User

**Appendix no. 5/C****BONDED WAREHOUSE SERVICE AGREEMENT**

that has been concluded by and between, on one hand

**HEXUM Földgáz Zártkörűen Működő Részvénytársaság**

Seat 2151 Fót, Fehérkő utca 7.  
Company registration number: Cg. 13-10-042153  
Tax number: 13780960-2-44  
Statistical code: 13780960-5210-114-13  
Account keeping bank: MKB Bank Nyrt.  
EUR bank account number: HU20 10300002-10285851-48820019  
HUF bank account number: HU91 10300002-10285851-49020016  
Invoicing address: 2151 Fót, Fehérkő utca 7.

Represented by:

as the system operator (hereinafter as: **Storage System Operator**),  
and, on the other hand

Seat:

Mailing address:

Company registration number:

Tax number:

Statistical code:

Account keeping bank:

EUR Bank account number:

HUF Bank account number:

Invoicing address:

Represented by:

as the system user (hereinafter as: **Storage System User**),

(Storage System Operator and Storage System User hereinafter individually referred to as the **Party**, and collectively as the **Parties**)

on the place and day as written hereunder and with the following terms and conditions:

## Preamble

- A.) The condition for the effectiveness of this Bonded Warehouse Service Agreement (hereinafter: **Agreement**) is that the Storage System User has a natural gas storage contract or a natural gas storage contract entitling it to secondary market transactions for the Szőreg-1 underground gas storage facility (hereinafter: **underground gas storage facility**) operated by the Storage System Operator.
- B.) The Storage System Operator holds a bonded warehouse license no. HUCW1HU511000-2021-D-YHO79612 issued by the National Tax and Customs Administration for the Szőreg-1 underground gas storage facility, which entitles the Operator to provide the service(s) under the Agreement.
- C.) The functions of the Storage System Operator's IT platform related to bonded warehouse services, which ensure full compliance with legal requirements, have been developed under the supervision and approval of the authority responsible for issuing bonded warehouse licenses.

### 1. The subject and term of the Agreement

- 1.1 The subject of the Agreement is the provision of natural gas storage and customs clearance services by the Storage System Operator to the Storage System User in relation to natural gas arriving in Hungary that is not released for free circulation in Hungary, i.e. non-EU natural gas.
- 1.2 The Storage System Operator shall perform the injection, withdrawal and responsible custody of natural gas as non-EU goods in accordance with the natural gas storage contract concluded between the Parties, which entitles them to natural gas storage or secondary commercial transactions.
- 1.3 In addition to the provisions of Section 1.2, the Storage System Operator shall also carry out customs clearance procedures in accordance with customs regulations relating to the sale, release for free circulation, and delivery of natural gas as a non-EU commodity to countries outside the European Union.
- 1.4 The Agreement will enter into force on the date of its signature by both Parties.
- 1.5 The Parties enter into the Agreement for an indefinite term.

### 2. Description of the service, rights and obligations of the Parties

- 2.1 Use of the service may commence at any time after the Agreement enters into force.
- 2.2 The Storage System User may use the optional bonded warehouse service at the Szőreg-1 underground gas storage facility to the extent of the natural gas storage capacities available to it at any given time. No separate capacity needs to be booked for the bonded warehouse service, nor does a specific portion of already booked and/or secondary traded capacities need to be allocated for this purpose.
- 2.3 All customs formalities relating to stored natural gas will be carried out by the Storage System Operator, as the bonded warehouse licensee, with the assistance of an agent. The Storage System User acknowledges and approves the use of an agent.
- 2.4 The Storage System Operator will open a new bonded warehouse transaction on the Storage System Operator's IT platform on the working day following the receipt of the request sent by the Storage System User by e-mail. Injection may commence on the

gas day following the opening of the bonded warehouse transaction by the Storage System Operator.

- 2.5. The Storage System Operator will open each bonded warehouse transaction for a period of 1 year. A bonded warehouse transaction provides an injection period with a freely selectable closing date and a withdrawal period lasting until the entire reserve has been withdrawn. The duration of the bonded warehouse transaction may be extended at any time at the written request of the Storage System User, at the discretion of the Storage System Operator. When assessing the request, the Storage System Operator will take into account the term of the Storage System User's valid natural gas storage contracts.
- 2.6. The default storage period for bonded warehouse transactions is the period from the date of opening to the end of the month in question. In the event of business needs that differ from this, injection is possible for the transaction throughout several months, even with interruptions, without closing the injection period. The condition for injection lasting several months is that, by the 10th calendar day following the end of each month, the Storage System Operator, in possession of the Storage System User's declaration, will inform the customs authorities of the expected date of closure of the bonded warehouse transaction and the quantity of natural gas already injected. It is also possible to close an injection period before the last day of the month in which it was opened.
- 2.7. During the storage period, only natural gas from the same source may be injected into any open public storage facility.
- 2.8. The Storage System User shall notify the Storage System Operator by e-mail at least two gas days in advance of the closure of injection for a bonded warehouse transaction, and the Storage System Operator shall close the injection upon receipt of the notification on the Storage System Operator's IT platform.
- 2.9. After the injection period has ended, it is not possible to inject for the same bonded warehouse transaction again.
- 2.10. For a new injection request, the Storage System User shall request a new bonded warehouse transaction from the Storage System Operator.
- 2.11. Withdrawal from reserve injected into a bonded warehouse or transfer of reserve to an underground gas storage facility is only possible after the injection period has been closed on the TIP and the necessary customs clearance procedures have been completed by the Storage System Operator, and upon presentation of the customs resolution closing the injection issued by the competent customs authority. The customs resolution is sent by the Storage System Operator to the Storage System User by email and recorded on the Storage System Operator's IT platform, enabling the withdrawal and sale of bonded warehouse reserve. The Storage System Operator shall immediately notify the Hungarian Energy and Public Utility Regulatory Authority (hereinafter: MEKH) of any transfers of natural gas ownership in the underground gas storage facility operated as a bonded warehouse and of any changes in the natural gas reserves in the bonded warehouse.

- 2.12. The customs resolution closing the injection and opening the withdrawal status may be issued at the end of the month or during the month. The Storage System User shall tolerate any temporary restrictions on access to reserves resulting from the time required to issue the customs resolution and shall not be entitled to assert any claims against the Storage System Operator in this regard.
- 2.13. The Storage System User may, in whole or in part, do the following with the bonded warehouse reserve covered by the customs resolution closing the injection:
  - a) deliver to another country as non-EU goods,
  - b) withdraw it for free circulation,
  - c) transfer it to its own commercial reserve after release for free circulation,
  - d) transfer it to another Storage System User as non-Union goods in an underground gas storage facility.
- 2.14. The total monthly quantity withdrawn from a bonded warehouse, including reserve transfers to underground gas storage facilities, shall be subject to customs clearance at the end of each month until the entire bonded warehouse transaction reserve has been withdrawn.
- 2.15. The Storage System User can have multiple bonded warehouse reserves at the same time, and can make injections and withdrawals to and from them.
- 2.16. The Storage System User may nominate natural gas for commercial storage and bonded warehouse storage on a gas day, dividing its available capacity between the two allocation purposes in any proportion, i.e. it may inject/withdraw its bonded warehouse natural gas reserves using its entire available injection and withdrawal capacity within a gas day.
- 2.17. The Storage System User may nominate multiple bonded warehouse transactions on a gas day, even if they are in opposite flow directions. The Storage System Operator shall combine the nominations and perform the resulting allocation for the Storage System User, taking into account the minimum levels of injection and withdrawal from the underground gas storage facility.
- 2.18. The mobile capacity available to the Storage System User is automatically allocated to injections for commercial and bonded warehouse purposes, or becomes available for withdrawals from any reserve type.
- 2.19. The bonded warehouse reserve can also be allocated with different shipper pair nomination.
- 2.20. The Storage System Operator shall close the bonded warehouse transaction for which the natural gas reserves have been fully withdrawn by recording the customs authority's resolution closing the withdrawal. No further injection may be initiated for such a bonded warehouse transaction.
- 2.21. The rules governing bonded warehouse reserves, their storage, and injections and withdrawals are otherwise identical to those governing commercial reserves, as set out in the Operating and Commercial Rules (hereinafter: ÜKSZ), the Storage System Operator's Business Code and the natural gas storage contract(s) concluded between the Storage System User and the Storage System Operator.

- 2.22. At the request of the Storage System Operator, the Storage System User shall provide the Storage System Operator with all documents and information necessary for customs clearance as quickly as possible in order to facilitate the customs clearance procedure.
- 2.23. The Storage System Operator keeps records of the Storage System User's bonded warehouse transactions and bonded reserves on the Storage System Operator's IT platform.
- 2.24. The Storage System Operator shall record the transactions and reserves of the Storage System User's bonded warehouse on a monthly basis and in accordance with the requirements of the customs authorities, and shall send the report to the Storage System User by e-mail by the fifth working day following each month.
- 2.25. If, for any reason, the mobile capacity available to the Storage System User becomes less than the sum of its commercial reserve and bonded goods reserve, the Storage System Operator shall sell the quantity of natural gas exceeding the mobile capacity available to the Storage System User in accordance with the natural gas storage contract concluded with the Storage System User for natural gas storage or secondary commercial transactions. The Storage System Operator shall always sell from commercial reserve first, but if it is unable to achieve the required reserve level, it shall release and sell the necessary and sufficient part of the non-EU reserve.

**2.26. The Storage System User's data supply obligations in connection with the use of bonded warehouse services:**

- **In the case of injection**, after the subject month:
  - Delivery of the monthly (or partial monthly, in the case of mid-month closure) border crossing point report to the Storage System Operator.
  - Delivery of the monthly import invoice or duly signed declaration of value to the Storage System Operator. This obligation shall also be fulfilled in the case of continuous injection covering several months.
  - In the case of continuous injection not requiring customs clearance closure at the end of the given month, a statement on the expected date of injection closure and the amount of natural gas injected.

The above documents shall be made available to the Storage System Operator no later than two working days prior to the 10th day following the month in question.

If the Storage System User provides bonded warehouse services on behalf of another natural gas market participant (with natural gas owned by another party), a letter of mandate shall be submitted to the Storage System Operator 3 working days prior to the opening of each bonded warehouse transaction concerned.

- **Transfer of ownership after the closed injection period** – natural gas is transferred to the bonded warehouse reserve of another Storage System User
  - Delivery of the commercial invoice certifying the change of ownership to the Storage System Operator within 3 working days following the date of the transaction carried out on the Storage System Operator's IT Platform.

- **Following the closed injection period for free circulation** - the natural gas is transferred to the Storage System User's commercial reserve:

- Delivery of a statement to the Storage System Operator that the natural gas injected to commercial reserves is not subject to Act LXVIII of 2016 on Excise Tax.
- Delivery of a statement to the Storage System Operator that the natural gas injected to commercial reserves will not be used for fuel purposes.
- Invoice or value statement relating to the transaction.

The above documents shall be delivered to the Storage System Operator no later than 2 working days prior to the planned date of the transfer of reserves.

- **Release for free circulation with withdrawal, following a closed injection period** (the natural gas is transferred to another owner):

- Delivery of monthly commercial invoices certifying the change of ownership to the Storage System Operator.
- Delivery of a statement to the Storage System Operator that the natural gas injected to commercial reserves is not subject to Act LXVIII of 2016 on Excise Tax.
- Delivery of a statement to the Storage System Operator that the natural gas injected to commercial reserves will not be used for fuel purposes.

The above documents shall be delivered to the Storage System Operator no later than two working days prior to the 10th day of each month.

- **Withdrawal as bonded goods after the closed injection period:**

- Delivery of the monthly commercial invoice certifying the change of ownership to the Storage System Operator, provided that the natural gas to be withdrawn is transferred to another owner.
- A protocol issued by FGSZ Zrt. certifying that the withdrawn natural gas has been taken over for transmission by the system operator of the neighbouring country.
- Certificate from FGSZ Zrt. confirming that the gas has been transmitted (in the case of a simplified procedure).
- The above documents shall be delivered to the Storage System Operator two working days prior to the 10th day of each month.

In the above cases, the Storage System User shall also provide the data specified in Section 2.8.

## **2.27. Data supply obligations of the Storage System Operator as a warehouse licensee in connection with the provision of bonded warehouse services:**

- **In case of injection:**

- Provision of monthly and cumulative transaction and reserve protocols of the Storage System Operator.
- Provision of bonded warehouse reserve data sheets at the end of the injection period.
- Submission of customs clearance documents to the supervising customs office at the end of the injection period based on the documents provided by the Storage System User.
- **Assignment of ownership after the closed injection period** – the natural gas is transferred to the bonded warehouse reserve of another Storage System User:
  - Provision of transaction protocol.
  - Provision of bonded warehouse reserve data sheet.
  - Transfer of ownership in the reserve records based on the documents provided by the Storage System User, submission of documents to the supervising customs office.
- **Release for free market transactions after a closed injection period** - the natural gas is transferred to the Storage System User's commercial reserve:
  - Provision of transaction protocol.
  - Provision of bonded warehouse reserve data sheet.
  - Submission of the customs declaration to the supervising customs office based on the documents provided by the Storage System User.
  - Sending the customs resolution and its annexes to the Storage System User.
- **Release for free market transactions with withdrawal after a closed injection period:**
  - Provision of Storage System Operator's Protocol.
  - Provision of customs warehouse reserve data sheet.
  - Submission of customs declaration to the supervising customs office based on documents provided by the Storage System User.
  - Sending the customs resolution and its annexes to the Storage System User.
  - Withdrawal of natural gas in accordance with the Storage System User's nomination.
  -
- **In case of withdrawal as customs goods:**
  - Provision of Storage System Operator protocol.
  - Provision of customs warehouse reserve data sheet.
  - Withdrawal of natural gas in accordance with Storage System User's nomination and transfer to the relevant system operator (FGSZ Zrt.).
  - After delivery from Hungary, deregistration based on the protocol issued by the relevant system operator (FGSZ Zrt.).
  - In the case of NCTS-based goods transfer, deregistration based on confirmation from the customs authorities.

### 3. Bonded warehouse service fees, terms of payment

- 3.1. The fee for bonded warehouse services for a period of 12 months from the effective date of this Agreement (fixed fee): EUR 3,000/month + VAT (three thousand euros per month plus value added tax). From the 12th month following the entry into force of this Agreement, EUR 3,000/month + VAT (three thousand euros per month plus value added tax) shall be payable exclusively for those months in which the Storage System User has ongoing bonded warehouse transactions (transactions opened for injection, storage of bonded warehouse reserve following closed injection transactions, transactions opened for withdrawal).  
The Parties agree that the Storage System Operator will be entitled to modify the bonded warehouse service fee for each storage year at its unilateral sole discretion. The first fee modification may take place starting with the 20[\*]/20[\*] storage year. The Storage System Operator shall notify the Storage System User of any fee changes 30 days prior to the effective date of the changed fee. If the Storage System User does not accept the fee change, it will be entitled to terminate the Agreement within 15 days of receiving the notification, with a 15-day notice period, provided that it terminates the bonded warehouse natural gas reserve in the natural gas storage facility by the date of termination of the Agreement.
- 3.2. Payment of the bonded warehouse service fee will not exempt the Storage System User from the obligation to pay the injection traffic fee, withdrawal traffic fee, and committed mobile capacity fee for the natural gas injected in the bonded warehouse, which the Storage System User is obliged to pay on the basis of the natural gas storage and/or secondary market transaction contract(s).
- 3.3. The fee payable for bonded warehouse services will be settled periodically in accordance with Section 58(1) of Act CXXVII of 2007 on Value Added Tax (VAT Act). The settlement period is one calendar month.
- 3.4. The bonded warehouse service fee will be payable for each calendar month during the term of the Agreement, subject to the provisions of Section 3.1.
- 3.5. The Storage System User shall pay the bonded warehouse service fee in advance on a monthly basis, against an invoice issued by the Storage System Operator by the 10th working day of the month preceding the month in question. The Storage System User shall settle the invoice amount in accordance with the applicable legal regulations within 15 days of its issuance by bank transfer.
- 3.6. For months in which the Storage System User enters into a new bonded warehouse transaction and does not have any ongoing bonded warehouse transactions as defined in Section 3.1 in the same month, the Storage System User shall pay the monthly fee for the bonded warehouse service against an invoice issued by the Storage System Operator by the 5th working day following the conclusion of the transaction. The Storage System User shall settle the invoice amount in accordance with the applicable legal regulations within 15 days of its issuance by bank transfer.
- 3.7. The first settlement period shall commence on the first day of the month in which the Agreement enters into force and shall last until the last day of the following month. The Storage System Operator shall issue the invoice for the first settlement period immediately after the Agreement enters into force, with a payment deadline of 15 days after issuance. for the purposes of the bonded warehouse service fee payable each calendar month commenced shall be considered a full month.
- 3.8. The currency used for settlement, invoicing, and payment shall be the euro.
- 3.9. The Storage System Operator shall send invoices issued on the name of the Storage System User to the Storage System User's invoicing address.

- 3.10. If the payment deadline specified on the invoice falls on a public holiday, the payment deadline shall be the first working day following the public holiday. Payment shall be deemed to have been made when the invoiced amount is credited to the Storage System Operator's bank account.
- 3.11. In the event of a complaint about an invoice or late payment, the Parties shall proceed in accordance with the relevant provisions of the Business Code.
- 3.12. The Parties agree that in the event of late payment, the provisions of Section 6:155 of Act V of 2013 on the Civil Code (hereinafter: Civil Code) shall apply to the rate of default interest.
- 3.13. Based on the provisions of Act IX of 2016 on flat-rate collection costs, the Storage System Operator may also demand payment of flat-rate collection costs from the Storage System User within a one-year limitation period from the occurrence of the payment delay.
- 3.14. The Storage System User shall pay VAT in Hungarian forints (HUF).

#### 4. Contact

- 4.1. The Parties shall ensure that, in addition to regular, prescribed communications, they notify each other without undue delay of any newly arising circumstances or events that may affect their cooperation, in particular the performance of the Agreement, and shall facilitate smooth cooperation through consultation opportunities and appropriate data flow.
- 4.2. For the purposes of the above, the Parties shall designate the following contact persons:
  - 4.2.1. In issues related to the Agreement:
    - a) on behalf of the Storage System User:  
Tel:  
email:
    - b) on behalf of the Storage System Operator: Molnár Zsolt  
Tel.: +36 20 972 6029  
email: [molnar.zsolt@gaztarolo.hu](mailto:molnar.zsolt@gaztarolo.hu)
  - 4.2.2. in issues related to daily operations  
a) on behalf of the Storage System User:  
Tel:  
email:  
b) on behalf of the Storage System Operator: HEXUM Földgáz Zrt.  
dispatcher service  
Tel.: +36 70 373 5151  
email: [diszpecser@gaztarolo.hu](mailto:diszpecser@gaztarolo.hu)

#### 5. Force majeure

- 5.1. It will not qualify as a breach of agreement if either Party is unable to perform its obligations under the Agreement due to a reason beyond the scope of control of the contractual Parties (hereinafter as: force majeure). Events of force majeure will include unforeseeable conditions that cannot be prevented by human efforts (e.g. changes in law, war, national strike, earthquake, flood, fire, terrorist act, etc.), which are

independent of the Parties' will and can directly impede the given Party in performing its contractual obligations. At the other Party's request the affected Party shall present the official certificate or statement issued by the chamber of commerce having the competence according to the location of force majeure confirming the occurrence of the force majeure event.

- 5.2. Contracting Parties shall immediately inform each other in writing on the imminent and occurring force majeure and its expected duration. The Party responsible for delayed information of imminent or occurring force majeure will be fully liable for damages arising from such delayed information.
- 5.3. Parties shall re-start the performance of their contractual obligations as soon as it becomes possible
- 5.4. As long as force majeure prevents the performance of the Agreement, there will be no obligation to pay consideration for the non-delivered service or service part

## **6. Termination of the Agreement**

- 6.1. The Agreement will terminate if
  - the Parties terminate it by mutual agreement;
  - the Storage System User does not have a valid natural gas storage contract with the Storage System Operator or a natural gas storage contract entitling it to secondary market transactions;
  - the competent customs authority revokes the Storage System Operator's bonded warehouse license,
  - either Party terminates the Agreement by giving 30 days' notice, at the earliest 1 year after the Agreement enters into force.
- 6.2. The Parties shall endeavour to liquidate the entire volume of the Storage System User's bonded warehouse reserves prior to the termination of the agreement for any reason.

## **7. Amendment of the Agreement**

- 7.1. The Parties may amend the Agreement at any time by mutual agreement in writing. The date on which the amendment takes effect shall be specified in the calendar; failing this, the date of entry into force shall be the date on which the document containing the amendment to the Agreement was drawn up.
- 7.2. Change in the Parties' data recorded in the trade registry, including specifically the seat, representatives, bank account number, and organisation acting during the contracting process and performance and the contact officers will not be regarded as amendment of the contract. The Party concerned shall notify the other Party of such changes either in advance in writing within 10 days or immediately after the change has occurred (registration), but no later than 10 days after the change has occurred, by any means that can be evidenced in writing, depending on the circumstances of the case.

## 8. Assignment of the Agreement

- 8.1. Either Party may only assign the Agreement or any rights, obligations, or claims arising therefrom, except for monetary claims, with the prior written consent of the other Party. The Parties may not unreasonably withhold their consent to such assignment if the new party entering into the Agreement meets the legal, financial, and technical requirements and is capable of fulfilling the contractual obligations.
- 8.2. The Parties agree that if either Party is dissolved or transformed by virtue of legal succession, the rights and obligations of the Party concerned under the Contract will pass onto the successor company as general legal successor.

## 9. Applicable law, settlement of disputes

- 9.1. The Parties agree to settle their legal disputes eventually arising from or related to the present Contract amicably primarily through consultations.
- 9.2. In the event that the above negotiations prove unsuccessful, any dispute arising out of or in connection with the Agreement, particularly but not limited to its breach, termination, validity or interpretation shall be settled by the Parties. The Parties exclude any court proceedings under the Civil Procedure Code in force at any given time and submit to the exclusive and final decision of the Permanent Arbitration Court (Commercial Arbitration Court Budapest) operating under the Hungarian Chamber of Commerce and Industry, with the proviso that the arbitration court shall proceed in accordance with its own rules of procedure. The number of arbitrators shall be three, and only persons with Hungarian legal qualifications may be appointed as arbitrators. The language of the proceedings shall be Hungarian, and the place of the proceedings shall be Budapest. The Parties exclude the possibility of procedural renewal as regulated in Chapter IX of Act LX of 2017 on Arbitration.

## 10. Confidentiality provisions

- 10.1. The Parties shall treat the contents of the Agreement as confidential business information. Accordingly, the Parties undertake not to disclose the contents of the Agreement to any Third Party without the prior written consent of the other Party. For the purposes of this provision, a "Third Party" shall mean anyone other than the Storage System User and the Storage System Operator, excluding the Parties' affiliated companies as defined by the Accounting Act, entities providing financial, accounting, and legal services (including financing) to the Parties, and the owners of the Parties.
- 10.2. In the application of this Chapter, the provisions of the Storage System Operator's Business Code in force at any given time shall govern data protection and confidentiality, with the Storage System User undertaking the same confidentiality obligations as the Storage System Operator.

### 11. Entirety of the Agreement

- 11.1. If any provision of the Agreement is or becomes invalid, this shall not affect the validity of the remaining provisions of the Agreement. The Parties undertake to replace the invalid provision with a provision that approximates the economic effect of the invalid provision as closely as possible from the date of invalidity.

### 12. Closing provisions

- 12.1. The Parties agree that in all matters not specified in the Agreement, they shall act in compliance with the ÜKSZ, the applicable laws, in particular Act XL of 2008 on natural gas supply, Government Decree 19/2009. (I. 30.) on the implementation of the provisions of Act XL of 2008 on natural gas supply, the Civil Code, in particular its rules on deposit contracts, the relevant customs legislation, and the Business Code approved by the Storage System Operator - MEKH, as amended from time to time.
- 12.2. In matters not regulated by the Agreement, the provisions of the ÜKSZ, the Storage System Operator's Business Code in force at any given time, and the provisions of the applicable Hungarian and directly applicable European Union legislation in force at any given time shall apply.
- 12.3. By signing the Agreement, the Storage System User acknowledges that they have read and understood the current Terms and Conditions referred to in this section, which are available on the Storage System Operator's website ([www.gaztarolo.hu](http://www.gaztarolo.hu)), and that the User considers them to be part of the Agreement and binding upon itself.
- 12.4. The Parties declare that they have all the approvals necessary for the conclusion of the Agreement in accordance with their articles of association.

Having read and jointly interpreted the Agreement, the Parties hereby sign it as an expression of their agreement with its contents.

**Done at: Fót, on the date indicated by the time stamp**

**HEXUM Földgáz Zrt.  
Storage System Operator**

**Date:**

## Storage System User

.....

## Appendix no. 6.

### Provisions on contractual securities

#### **1. Financial guarantees and the conditions for their acceptance**

- 1.1. The natural gas storage and capacity booking agreement signed by the Storage System Operator and a Storage System User (for the purposes of this Appendix, hereinafter together referred to as the "Agreement") will enter into force - subject to other conditions - when the Storage System User has delivered to the Storage System Operator the contractual security in accordance with the terms and conditions described in detail below
- 1.2. The contractual security form expected by the Storage System Operator by default is the bank guarantee issued in the SWIFT message provided by the Storage System Operator's bank (OTP Bank Plc.). All bank guarantee procedures will be handled by the Storage System Operator's bank and the Storage System User's bank. The notification commission shall be paid by the Storage System User. The Storage System Operator will inform the Storage System User, upon its request, whether the bank guarantee it intends to offer is acceptable or not to the Storage System Operator. The Storage System User may use the guarantees of several guarantor banks as contractual guarantee at the same time, provided that the total value of these guarantees is equal to the amount of the contractual guarantees calculated in the following ways. In this case, the Storage System User shall provide all bank guarantees for the Agreement to enter into force.
  - 1.2.1. The Bank's guarantee shall meet the following conditions if the contractual term is 1 year or more:
    - a. The bank guarantee is irrevocable, denominated in the currency specified in the Agreement, and the initial amount is 50% of the agreed annual natural gas storage fee (which includes the capacity fee, turnover charges and VAT payable by the Storage System User in a year; hereinafter: "Current Annual Natural Gas Storage Fee")
    - b. for an agreement with a term of more than 1 year, the bank guarantee is valid for one year starting from 06:00 a.m. on the first gas day of the contractual performance period until 06:00 a.m. on the last gas day. Thereafter, the bank guarantee is valid always for 1 year during the contractual period and always renewable at least 60 days before its expiry for the following year. Failure to extend the bank guarantee by the above deadline constitutes a serious breach of the Storage System User's agreement and the penalties set out in Appendix No. 7 of the Business Code may be applied.

- c. in the case of a 1-year agreement, and in the case of an agreement with a term of more than 1 year, the bank guarantee is valid for 45 days after the termination of the agreement in the last year of the contractual period.
- 1.2.2. The Bank's guarantee shall meet the following conditions if the term of the contract is less than 1 year:
- 1.2.3. In the case of a natural gas storage agreement (Appendix No. 5/B of the Business Code) that entitles to secondary commercial transaction, the bank guarantee shall satisfy the following conditions:
  - a. The bank guarantee is irrevocable, and the initial amount is 150 000 EUR.
  - b. In case the term of the agreement is 1 year or less, the bank guarantee will be valid for 45 days from the date of conclusion of the agreement until the date of termination of the agreement.
  - c. In case of the term of the agreement is of more than 1 year, the bank guarantee will be valid for one year from 06:00 a.m. on the first gas day of the contractual performance period until 06:00 a.m. on the last gas day. Thereafter, the bank guarantee will be always valid for 1 year during the contractual period and will always be renewable for the following year at least 60 days before its expiry. For the last year of the contractual period, the bank guarantee shall be extended in such a way that it is valid for 45 days after the termination of the agreement.
- 1.2.4. Irrespective of the maturity, the bank guarantee shall also meet the following conditions:
  - a. On the basis of an irrevocable bank guarantee, the bank shall, pursuant to the Storage System Operator's first written drawdown note (hereinafter referred to as the "**Drawdown**"), make a payment to the Storage System Operator in the amount indicated by the Storage System Operator, but up to the amount of the guarantee in total, without any examination of the underlying legal relationship and without prejudice to any objections, within 3 banking business days after receipt of the Drawdown, provided that
    - i. in the Drawdown, the Storage System Operator declares that the Storage System User has failed to perform or failed to contractually deliver its performance in accordance with its obligations under the Agreement;
    - ii. refers to the bank guarantee in the Drawdown;

- iii. the signing authority and the authenticity of the signatures of the persons signing the Drawdown have been properly verified by the Storage System Operator (by means of a company certificate not older than 30 days and a specimen signature or an appropriate certificate from the bank of the account holder).
- 1.2.5. The Bank's payment obligation under the Bank Guarantee may be reduced only by the amount of payments made pursuant to the Storage System Operator's written Drawdown. The bank guarantee may be drawn down in instalments. The Bank's payment obligation under the Bank Guarantee may be reduced only by the amount of payments made pursuant to the Storage System Operator's written Drawdown. The bank guarantee may be drawn down in instalments. Any payments made under the bank guarantee will automatically reduce the amount of the bank guarantee. If the bank guarantee is used to any extent by the Storage System Operator, the Storage System User shall ensure that it is replenished in accordance with Clause 1.13.
- 1.2.6. The bank guarantee is governed by Hungarian law.
- 1.2.7. The Storage System User will be entitled to request a change in the amount of the bank guarantee in the event it transfers its Agreement, wholly or partially, to another System User. The Storage System Operator will consider and decide on the Storage System User's request to change the amount of the bank guarantee after the Agreement with the other System User enters into force, i.e. the other System User has already provided the Storage System Operator with the required amount of the bank guarantee.
- 1.2.8. The bank guarantee may be replaced up to 100% by a notarised parent company guarantee including a unilateral payment undertaking in accordance with the requirements of Article 23/C of Act LIII of 1994 on Judicial Enforcement, if the parent company is rated investment grade by internationally recognised credit rating agencies - S&P, Moody's, Fitch.  
If the bank guarantee is only partially replaced by the parent guarantee, the bank guarantee and the parent guarantee shall together cover the amount of the contractual security. In the event that the credit rating agency that granted the parent company the right to provide the guarantee terminates the investment grade classification, the Storage System User shall provide the full amount of the contractual security in the form of a bank guarantee within 5 (five) business days at the latest. The bank guarantee and the parent company guarantee, if they are not issued in accordance with the guarantee templates set out in this Appendix No. 6, shall be

submitted to the Storage System Operator for prior comment and approval. The parent company guarantee shall be drawn up with terms and conditions equivalent to those of the model parent company guarantee set out in Appendix No. 6 hereto, and with the content allowing for immediate enforceability. The Storage System Operator completes the review of the parent company guarantee within 2 (two) working days. Only a parent company guarantee issued in the form of a notarial deed including a unilateral payment commitment, with the content approved in advance by the Storage System Operator, will be accepted.

- 1.2.9. All fees and costs incurred in connection with the bank guarantee and the parent company guarantee, including the costs incurred as a result of their use, shall be borne by the Storage System User.
- 1.2.10. The contractual security is drawn down by a written demand (drawdown) by the Storage System Operator to the bank issuing the bank guarantee or, in the case of a parent company guarantee, to the company issuing the guarantee. The Storage System Operator will use the bank guarantee and/or the parent company guarantee up to the amount of the Storage System User's outstanding debt (principal, VAT, interest on arrears and other ancillary costs, including collection and enforcement costs). The Storage System Operator will inform the Storage System User of the fact that the contractual security has been used, the amount used and its entitlement. The Storage System User shall then ensure that the amount of the contractual security is replenished.
- 1.2.11. If the bank guarantee is used by the Storage System Operator to any extent, the Storage System User shall ensure that the bank guarantee and/or the parent company guarantee is replenished to the contractual amount within 30 (thirty) days.
- 1.2.12. If the bank issuing the bank guarantee is subject to a bankruptcy or liquidation proceedings, or if the bank is subject to the appointment of a supervisory commissioner, the freezing of its accounts, or a situation arises which is likely to result in a situation where the Storage System Operator becomes unable to enforce the bank guarantee, the Storage System Operator may request the replacement of the bank guarantee with a bank guarantee from another bank before the expiry of the bank guarantee. If the parent company that issued the parent company guarantee is subject to the above-mentioned proceedings, the Storage System Operator may request the replacement of this guarantee by a bank guarantee before the expiry of the parent company guarantee.

- 1.2.13. Provisions on bank guarantees shall apply mutatis mutandis to the parent company guarantee, unless otherwise provided.
- 1.3. As contractual security, the Storage System Operator may provide a collateral in cash in accordance with the provisions of the Ptk. 5:95 (1) (a) as a contractual security.
  - 1.3.1. The Storage System User shall pay in full an initial amount equal to 50% of the annual gross storage fee in euros or forints (EUR or HUF) (hereinafter: Collateral in cash) by transfer to the Storage System Operator's bank account. The Storage System User shall specify the reference "*Collateral in cash under natural gas storage contract*" as the purpose and title of the amount transferred in the transfer notice. The Storage System User shall immediately inform the Storage System Operator of the transfer of the Collateral in cash by sending the bank transaction confirmation to the e-mail address of the Storage System Operator's contact person.
  - 1.3.2. The Storage System User shall pay the amount transferred in accordance with point 1.3.1. pursuant to Article 5:95 of the Civil Code, to the Storage System Operator as the collateral. The Storage System User will establish the Collateral in cash in favour of the Storage System User for the full amount of all its payment obligations (principal, VAT, interest on late payments and other ancillary costs, including collection and enforcement costs) arising from the Contract.
  - 1.3.3. The Storage System Operator is not obliged to keep the amount of Collateral in cash in an escrow account.
  - 1.3.4. The Storage System User shall maintain the Collateral in cash from 6:00 a.m. on the Gas Day on which the Service Period begins until the 45th (forty-fifth) calendar day following the termination of the Contract.
  - 1.3.5. In the event of late payment, the Storage System Operator will immediately call upon the Storage System User in writing to fulfil its payment obligation. In the event of any delay in payment by the Storage System User exceeding 15 days, the Storage System Operator will be entitled to use the Collateral in cash to satisfy all its claims arising from the Contract (principal, VAT, interest on late payments and other additional costs, including collection and enforcement costs), even in instalments. The amount used by the Storage System Operator automatically reduces the amount of the Collateral in cash. The Storage System Operator will inform the Storage System User about the fact that the Collateral in cash or a part thereof was used, the amount drawn and its title, and at the same time will call upon the Storage System User to replenish

the Collateral in cash up to the contractual amount within 30 (thirty) days.

- 1.3.6. The Storage System Operator will return the Collateral in cash, or the remaining part thereof after its partial use, to the Storage System User within 8 working days after the expiry of the period set out in point 1.3.4, provided that they have fully settled their claims in connection with the Contract and the Storage System Operator has no further claims against the Storage System User arising from the Contract. The Storage System Operator will return the Collateral in cash to the same account from which the Storage System User transferred the Collateral in cash to the Storage System Operator.
- 1.3.7. The Storage System User shall bear all fees and costs related to the provision of the Collateral in cash and its repayment by the Storage System Operator.

1.4. The Storage System User shall, at its own discretion, provide the Storage System Operator with the contractual security pursuant to either clause 1.2 or clause 1.3, no combination of these is possible.

## 2. Cases, methods and timing of the use of contractual security

- a.) The Storage System Operator will be entitled to drawdown the contractual security provided by the Storage System User:
  - in the event of late payment by the Storage System User,
  - in the event of termination of the Agreement by the Storage System Operator due to the Storage System User's serious breach of the Agreement.
- b.) The manner and timing of the use of contractual security is set out in the Agreement.
- c.) The Storage System User shall have no claim against the Storage System Operator for interest in connection with the contractual security granted by the Storage System User to the Storage System Operator.

## BANK GUARANTEE STATEMENT<sup>1</sup>

(sample)

bank guarantee number: .....

### Addressee:

(a hereinafter as: the "**Beneficiary Party**")

### Issuer:

*Bank's name.*

*Bank's address*

*Bank's SWIFT code*

(Number in the Trade Registry and the Court of Registration: )

(hereinafter as: the "**Bank**")

### Principal:

*Partner's name*

*seat*

(hereinafter as: the "**Principal**")

Our Principal has notified us that an agreement (hereinafter referred to as: the "Agreement") has been entered into between you and a Principal at ..... under number ....., and the performance under the Agreement by the Beneficiary Party is conditional upon the issuance of this bank guarantee (the "**guarantee**").

1. On behalf of the Principal, we hereby authorise up to ..... HUF, i.e. ..... forints (hereinafter referred to as: the "**guarantee amount**"), we irrevocably and unconditionally guarantee in favour of the Beneficiary Party all payment obligations of the Principal (principal, VAT, interest on late payments and other incidental costs, including collection and enforcement costs) arising from the Agreement.
2. On the basis of this guarantee, the Bank shall make a payment to the Beneficiary Party on the basis of the first written demand of the Beneficiary Party (hereinafter referred to as the "Drawdown") in the amount indicated by the Beneficiary Party, but up to the amount of the guarantee, without any examination of the underlying legal relationship and without prejudice to any objections, within 3 banking business

---

<sup>1</sup> The Bank guarantee statement shall be issued in a SWIFT message!

days following the receipt of the Drawdown, provided that (a) in the Drawdown, the Beneficiary Party declares that the Principal has not performed or has not contractually performed its obligations under the Agreement; (b) there is a reference to this guarantee in the Drawdown (by quoting the bank guarantee number above); (c) the original copy of the Drawdown has been delivered to the Bank's address indicated above no later than the Expiry Date a Drawdown; and (d) the Beneficiary Party has provided credible proof of the signing authority and authenticity of the signatures of the persons signing the Drawdown (a company certificate not older than 30 days and a specimen signature address or an appropriate certificate from the bank of the account holder).

3. A All fees and costs incurred in connection with this Guarantee shall be borne by the Principal.
4. The Bank's payment obligation under the Guarantee may be reduced only by the amount of payments made pursuant to the Beneficiary Party's written Drawdown. This Guarantee may be drawn down in instalments. All payments made under this Guarantee shall automatically reduce the amount of the Guarantee.
5. The Bank will fulfil its payment obligations under Point 2 of the guarantee without deduction of any taxes, duties, levies and fees.
6. The Guarantee shall enter into force on .....year .....month ... The Guarantee shall expire without further notice at 12.00 noon Budapest time on the day ..... (hereinafter referred to as the "Expiry Date"), whether or not the original copy of the Guarantee has been returned to our Bank or not. No payment will be made by the Bank on the basis of Drawdowns received after the Expiry Date.
7. This guarantee will be governed by Hungarian law.

Done, .....

*Bank's name*

Name of the contact officer: .....  
tel: .....  
fax: .....

.....  
.....  
[signatory's name position]

## PARENT COMPANY GUARANTEE

(sample)

The present parent company guarantee (hereinafter as: the „**guarantee**”) is issued by

.....  
(seat: .....  
trade registry number: .....  
tax number: .....)

(hereinafter as: the „**Guarantor**”) in favour of **HEXUM Földgáz Zártkörűen Működő Részvénytársaság** (seat: 2151 Fót, Fehérkő utca 7.; trade registry number: 13-10-042153, tax number: 13780960-2-44) (hereinafter as: the „**Beneficiary Party**”).

### ANTECEDENTS:

- (A) The Beneficiary Party and .....  
(seat: .....  
Hungary;  
trade registry number: .....  
tax number: .....  
hereinafter as: the „**Subsidiary**”)  
concluded a natural gas storage/capacity booking<sup>2</sup> agreement (hereinafter as: the „**Agreement**”) on .....
- (B) Pursuant to the Business Code of the Beneficiary Party's natural gas storage as the license-holder (hereinafter referred to as the "Business Code") and the Agreement, the entry into force of the Agreement is conditional upon the Subsidiary's timely delivery to the Beneficiary Party of the contractual security(ies) in conformity with the terms and conditions set forth in the Agreement. Unless otherwise provided, the provisions of the Business Code and the Agreement on bank guarantees shall apply mutatis mutandis to the parent company guarantee.
- (C) The Subsidiary is a company wholly owned by the Guarantor.
- (D) The Guarantor issues this Guarantee in accordance with the provisions of the Business Code and the Agreement, subject to the terms and conditions set forth below, with the purpose to guarantee the performance of all payment obligations of the Subsidiary to the Beneficiary Party under the Agreement.

---

<sup>2</sup> The unnecessary text shall be deleted!

## 1. Guarantee

- 1.1 The Guarantor irrevocably and unconditionally undertakes and guarantees to pay, in accordance with § 6:431 - § 6:435 of Act V of 2013 on the Civil Code, all payment obligations ..... forint, i.e. ..... forint capital, VAT, default interest and other additional costs, including collection and enforcement costs; hereinafter referred to separately as: the "**Obligation**", and collectively, as the "**Obligations**") of the Subsidiary in favour of Beneficiary Party, by bank transfer onto the ..... bank account of Beneficiary Party at ..... up to maximum the amount specified in Point 1.3 and within the payment deadline set out in Point 2.3.
- 1.2 The Guarantor's obligation to make payment under this Guarantee is unconditional, regardless of the validity and the legal enforceability of the Obligations.
- 1.3 The maximum amount of the Guarantor's payment obligation under this Guarantee is ..... **forints**, i.e. ..... **forints** (hereinafter referred to as "**Obligation Limit**" or "**Guarantee Amount**"). Regardless of the number of times a Beneficiary Party submits a claim for payment, the Commitment Limit shall be construed as the maximum amount payable in respect of the Obligations, provided that the total amount of the Commitment Limit shall be reduced by any amount paid under this guarantee.

## 2. Enforcement of the guarantee

- 2.1 The Beneficiary Party is under no obligation to bring any action against the Subsidiary or any other person or to enforce any right or claim for payment before enforcing any claim against the Guarantor under this Guarantee.
- 2.2 The Beneficiary Party's request for payment (hereinafter referred to as "**Drawdown**") shall be in writing and it shall specify (i) the amount to be paid by the Guarantor, (ii) the details of the Beneficiary Party's bank account to which the payment is requested, and the Drawdown shall include (iii) a statement by the Beneficiary Party that the Subsidiary has not performed, or has not delivered contractual performance in accordance with its obligations under the Agreement, and that (iv) the amount payable by the Guarantor is claimed by the Beneficiary Party from the Guarantor under this guarantee.

All Drawdowns shall be duly and officially signed by the authorised representatives of the Beneficiary Party. The Beneficiary Party shall certify the signatures on the Drawdown notice with a notarized specimen signatures or countersigned by a lawyer or attorney-at-law, provided that Drawdowns will be issued on paper and it shall be accompanied by the Beneficiary Party's valid certificate of registration, issued no more than 30 days ago.

If the Drawdown notice is issued as an electronic document, the electronic document shall be provided with a qualified or electronic signature with qualified, certificate-based enhanced security and, if so provided by law, with a time stamp by the person authorised to sign for the company in accordance with Section 325 (1) f) of Act CXXX of 2016. on civil procedure law.

The Beneficiary Party's claim shall be deemed as being notified when the Beneficiary Party's Drawdown is delivered to the Guarantor in accordance with Clause 7.

- 2.3 The Guarantor shall make payment under this unconditional and irrevocable guarantee within three banking business days (excluding Saturdays and Sundays on days on which banks are open for business in Budapest) of the date on which the Drawdown is delivered to the Guarantor by the Beneficiary Party pursuant to paragraph 2.2.

The Guarantor is obliged to make payment on the basis of the Drawdown, i.e. on the first demand for payment sent by the Beneficiary Party, in the amount indicated by the Beneficiary Party, but up to the amount of the guarantee in total, without any examination of the underlying claim and without prejudice to any objections, if the Drawdown complies with clause 2.2.

- 2.4 The Guarantor's payment obligation under the Guarantee may be reduced only by the amount of payments made pursuant to the Beneficiary Party's written Drawdown. The guarantee may be drawn down in instalments. Any payment made under the guarantee will automatically reduce the amount of the guarantee.
- 2.5 The Guarantor shall fulfil its payment obligations under clauses 1.1 to 1.3 of the guarantee without deduction of any taxes, duties, levies and fees.
- 2.6 All fees and expenses incurred in connection with the Guarantee shall be borne by the Subsidiary or the Guarantor and this payment may not be claimed from the Beneficiary Party under any legal title.
- 2.7 The Guarantor may only enforce against the Beneficiary Party those objections which the Guarantor is personally entitled to enforce against the Beneficiary Party.

### **3. Date of effect**

- 3.1 The guarantee shall enter into force on the date of its notarisation, including the unilateral declaration of commitment to pay, which shall ensure direct enforcement.

#### 4. Expiry and termination

4.1 This Guarantee will expire without further notice at 12:00 noon Budapest time on the day of ..... (the "Expiry Date"), regardless of whether the original of this Guarantee is returned to the Guarantor. No payment is made by the Guarantor based on Drawdowns received after the Expiry Date.

#### 5. Assignment

5.1 The Beneficiary Party will be entitled to assign the right to enforce this guarantee only with the prior written consent of the Guarantor. The Beneficiary Party will be entitled to designate a person to whom the Guarantor shall make payment under this guarantee.

#### 6. Partial Invalidity

6.1 If any provision of this guarantee (or any part of it) is or becomes invalid or unenforceable, this will not affect the validity or enforceability of any other provision of this guarantee.

#### 7. Notifications

7.1 Any Drawdown under this Guarantee, notice or information under or in connection with this Guarantee shall be served at the following address:

For the Guarantor:

Company name: .....  
Mailing address: .....  
Electronic mail address<sup>3</sup>: .....

For the Beneficiary Party:

HEXUM Földgáz Zrt.  
Mailing address: 2151 Fót, Fehérkő u. 7.  
Electronic mail address: [gaztarolo@gaztarolo.hu](mailto:gaztarolo@gaztarolo.hu)

7.2 Any notice, information or demand (including also the Drawdown) to be served to the Guarantor or the Beneficiary Party under this Guarantee shall, unless otherwise provided by law, be made in writing and be in the form of a private document in full force and effect, and in the case of a paper document, it shall be sent to the Guarantor or the Beneficiary Party by post or by personal delivery to the addressee's address for service in accordance with clause 7.1.

Any notice, information or claim duly posted by registered, certified or other registered mail to the address of the Guarantor or the Beneficiary Party as indicated in Section 7.1 shall be deemed to have been notified to the addressee and delivered to the addressee on the fifth business day after the date on which the delivery was attempted, even if the mailing was not actually deliverable or

<sup>3</sup> Mandatory information. Only the electronic delivery address indicated in the Guarantor's company registration document may be indicated.

was not received by the addressee. If the date of the attempted postal delivery of the item cannot be determined, or the item is returned to the sender with an indication pursuant to Section 25 (1) paragraph b), or c), or d), or e), or f), or g) of Government Decree 335/2012 (XII. 4.) on the detailed rules for the provision of postal services and postal services related to official documents, and on the general terms and conditions of postal service providers and items excluded from or conditionally transportable by postal services, then on the day on which the undelivered item was returned to the sender by the post office.

Notices, information or claims (including Drawdowns) issued in electronic form and signed by the authorised signatories with a qualified or qualified certificate based on an advanced secure electronic signature and, if so provided by law, time stamped in accordance with Section 325 (1) (f) of Act CXXX of 2016. on civil procedure law, shall be sent to the electronic delivery address of the Guarantor or Beneficiary Party indicated in Section 7.1, or, in the absence thereof, in the addressee's company statement. Such notice, information or claim shall be deemed to have been served on the date of dispatch of the "read receipt" or on the date of the recipient's acknowledgement of receipt of the electronic mail or, in the absence of acknowledgement, on the working day following the date of dispatch.

## **8. Applicable law**

Hungarian law shall apply to this guarantee and its interpretation.

## **9. Miscellaneous provisions**

**10.** The Guarantor is classified as an investment grade by the internationally recognised credit rating agency .....

In the event that the credit rating agency that granted the parent company guarantee terminates the investment grade classification, the Guarantor will immediately, but not later than 5 (five) business days, notify the Beneficiary Party and the Subsidiary in writing of this fact in a verifiable manner.

Done, ....., .....

Respectfully yours:

---

[Name]  
[position]

---

[Name]  
[position]

## Appendix no. 7.

### Procedures in case of breach of agreement

#### **1. Events of breach of agreement**

Serious breaches of agreement include in particular:

- by the Storage System Operator:

- the Storage System Operator makes available the Storage System User's Contracted Capacity unjustifiably, for reasons attributable to the Storage System Operator, repeatedly and not in accordance with the provisions of the natural gas storage/capacity booking agreement;
- the Storage System Operator unreasonably fails to make all reasonable efforts to remedy an unexpected failure or breakdown in its technology as soon as reasonably practicable;

- by the Storage System User:

- the Storage System User repeatedly fails to comply with its payment obligations under the natural gas storage/capacity booking agreement (hereinafter together referred to as the "Agreement") after being requested to do so by the Storage System Operator, or is in default of payment to the Storage System Operator for two consecutive periods exceeding 15 calendar days, and the financial security provided by the Storage System User to the Storage System Operator cannot be used to settle such payment to the Storage System Operator;
- the Storage System User fails to comply with its obligation to provide a contractual security in accordance with clause VII.3.1. of the Business Code;
- if the Storage System User's right of access to the Underground Gas Storage Facility is terminated due to a change in law, the Storage System User fails to provably make all justified and reasonable efforts to obtain this access;
- the Storage System User is subject to sanction(s) or resells, directly or indirectly, in secondary capacity trading, the contracted but unused storage capacities or otherwise resells them or the ownership of the natural gas it has injected into the storage facility, transferring, by whatever means or in whatever manner, the ownership of the contracted capacities or of the natural gas in storage to a third party who is subject to a sanction(s) under the Contract, whereby the transfer of the contracted capacities or of the ownership of the natural gas in storage would result in a breach of the sanction(s). Sanctions in relation to the Contract shall mean financial and property restrictive measures, economic and trade

restrictions, and embargoes imposed or enforced by the United Nations Security Council, the European Union, the United States Department of the Treasury, the United States Office of Foreign Assets Control (OFAC), the United States Department of State, the United States Department of Commerce (Bureau of Industry and Security), the competent United Kingdom authority, or other relevant sanctioning authority.

Breach of the Agreement will mean any case - except in case of force majeure, other provisions described in the Agreement - where either of the Parties breaches the essential contractual terms or the relevant provisions of the Civil Code, in particular, but not limited to:

by the Storage System User:

- failure to pay the price/fee for the service
- the quality of the injected natural gas fails to comply with the specification set out in the Agreement.

by the Storage System Operator:

- Failure to perform the injection or withdrawal task nominated by the Storage System User and accepted by the Storage System Operator. In this case, the Storage System Operator shall be liable to compensate the Storage System User for any surcharge, balancing costs or other damages incurred.
- Loss or destruction of the natural gas received. In this case, the Storage System Operator will be liable for the damage caused by the loss, destruction or deterioration of the quantity of natural gas received. In the event of the total or partial destruction of the received natural gas quantities, the Storage System Operator will not be entitled to claim the fee or a pro rata part thereof to which it is entitled in relation to the natural gas quantities, and shall be obliged to compensate the Storage System User for any direct damage arising therefrom.
- The withdrawn natural gas does not comply with the requirements set out in the Agreements. The Storage System User is obliged to notify the Storage System Operator immediately after becoming aware of the damage, to report the damage and to notify the Storage System Operator of the claim for compensation.

## **2. Sanctions (penalties) for material breach of agreement**

If, in the event of a serious breach of the Agreement by either Party, the Party in breach fails to remedy the serious breach within maximum 15 working days of the date of the reasoned written warning by the Party at fault, the Party at fault may terminate the Agreement immediately by giving written notice of termination stating the reasons for the termination.

In the event of a serious breach of agreement by a Storage System User, the Storage System Operator will be entitled to suspend the Storage System User's access to the IT platform, and thus will be entitled not to provide the possibility of nomination.

In the event of a breach by the Storage System User of its obligations or prohibitions relating to sanctions, the Storage System User Operator will terminate the Contract with immediate effect without written warning or notice.

If the Agreement is terminated through the immediate termination by the Storage System Operator due to the Storage System User's serious breach of agreement, the Storage System Operator will be entitled to impose a penalty equal to the sum of the annual capacity fee for the storage year of termination and the annual natural gas storage fee including the turnover fees for the quantity of natural gas corresponding to the booked working gas capacity.

The Storage System Operator shall debit the amount of the penalty by separate letter, which the Storage System User shall pay by bank transfer within 15 days of its receipt.

If the Storage System User fails to pay the imposed penalty to the Storage System Operator by the above deadline, the Storage System Operator will enforce its claim by immediate call on the bank guarantee and/or, if applicable, the parent company's guarantee or cash collateral provided by the Storage System User as contractual security.

Payment of the penalty does not relieve the Storage System User from its other payment obligations arising from the Agreement (e.g. due and payable storage fees or tariffs).

The Storage System Operator will be entitled to claim compensation for its damages in excess of the liquidated damages (penalty) against the Storage System User.

### Appendix no. 8.

#### **Procedures for the delivery of off-specification natural gas at the point of delivery**

Extract from the current cooperation agreement between the Transmission Company (FGSZ Zrt.) and the Storage Company

In the event of a gas quality problem, the party concerned shall be notified in writing of the non-compliance through the contact persons.

The Party concerned shall investigate the non-compliance and notify the other Party of the results of the investigation within 30 working days.

The natural gas has off-specification quality if it does not comply with the quality specification 2H according to Appendix No. 11 of the Government Decree of the current GET Vhr. or the calorific value of the natural gas deviates from the value presented in the publication "Quality accounting scheme for the natural gas transmission system's entry and exit points" by more than  $\pm 5\%$  defined for the given point.

Either Party may refuse to accept the system user's off-specification gas.

#### **Procedures for the delivery of off-specification natural gas into the Company's system**

- If a gas composition analyser chromatograph measurement (calorific value, Wobbe number) is made and a quality limit is exceeded, the Company will immediately inform the natural gas storage license-holder by telephone and call him to stop delivering the off-specification natural gas. If the hourly value of the chromatograph measurement also indicates the delivery of off-specification natural gas, the Company will, at the same time as informing the natural gas storage license-holder in writing, notify the system users affected at the relevant network point to immediately cease the delivery of off-specification natural gas.
- If other gas quality parameters (sulphur content, water content, CH dew point) are measured, the Company will immediately inform the natural gas storage license-holder by telephone following the detection of exceedance in the quality limits and request it to stop the delivery of the off-specification natural gas. If based on the measurement in the previous period (within 2 days)
  - there was already an exceedance of the limit (repeated non-compliance) and the hourly value also indicates the delivery of off-specification natural gas, the Company will notify the system users concerned at the network point concerned at the same time as it informs the natural gas storage licence-holder in writing.

- there was no exceedance of the limit (new non-compliance), the Parties will check the compliance of their own equipment within 3 hours following the notification. If the Company's experts find out that the measuring equipment
  - is out of order, and this is the cause of the non-compliance, the system user will not be notified. In this case, the Company will take immediate action to repair the equipment.
  - is working correctly and the natural gas storage license-holder acknowledges the delivery of the off-specification natural gas and the last hourly value of the measuring equipment indicates the delivery of off-specification natural gas, the Company will, at the same time as it informs the natural gas storage licence holder in writing, notify the system users affected at the relevant network point to immediately cease the delivery of the off-specification natural gas.
  - is working correctly, but the natural gas storage license-holder does not acknowledge the delivery of the off-specification natural gas and requests in writing to postpone the notification of the system users. In this case, the natural gas storage license-holder will be liable for damages specified for the delivery of off-specification natural gas and shall demonstrate compliance within 12 hours following the receipt of notification on the delivery of the off-specification natural gas. In the absence of the certificate, the Company will notify the system user on the delivery of the off-specification natural gas.

In the event that the system user does not reduce the delivery of off-specification natural gas in its re-nomination to such an extent that it means the termination of the delivery of off-specification natural gas into the transmission system for the remaining hours of the gas day, this will mean the maintenance of the delivery intention.

In such a case, any damage arising from the delivery of off-specification natural gas will be borne by the system user or, in the case of damage caused solely within the scope of its own activities, by the natural gas storage licence holder.

The Company will send the system users' re-nomination to the natural gas storage license-holder for nomination matching, indicating that the reduced nomination will be credited to the system user for the remaining hours of the gas day, if the delivering party has so instructed also the natural gas storage license-holder. If the natural gas storage licence holder nevertheless fails to cease the delivery of natural gas, any damage arising from the delivery of off-specification natural gas will be borne by the natural gas storage licence holder.

If Company has incorrectly informed system users about the delivery of off-specification natural gas, it will notify all parties concerned in writing, giving the reasons for the incorrect information.

### **Procedures for the delivery of off-specification natural gas into the Natural gas storage license-holder's system**

- If a gas composition analyser chromatograph measurement (calorific value, Wobbe number) is made and a quality limit is exceeded, the natural gas storage license-holder will immediately inform the Company by telephone and call him to stop delivering the off-specification natural gas. If the hourly value of the chromatograph measurement also indicates the delivery of off-specification natural gas, the natural gas storage license-holder will, at the same time as informing the Company in writing, notify the system users affected at the relevant network point to immediately cease the delivery of off-specification natural gas.
- If other gas quality parameters (sulphur content, water content, CH dew point) are measured, the natural gas storage license-holder will immediately inform the Company by telephone following the detection of exceedance in the quality limits and request it to stop the delivery of the off-specification natural gas. If based on the measurement in the previous period (within 2 days)
  - there was already an exceedance of the limit (repeated non-compliance) and the hourly value also indicates the delivery of off-specification natural gas, the natural gas storage licence-holder will notify the system users concerned at the network point at the same time as it informs the Company in writing
  - there was no exceedance of the limit (new non-compliance), the Parties will check the compliance of their own equipment within 3 hours following the notification. If the Company's experts find that the measuring equipment
    - is out of order, and this is the cause of the non-compliance, the natural gas storage license-holder will not notify the system users. In this case, the Company will take immediate action to repair the equipment.
    - is working correctly and the Company acknowledges the delivery of the off-specification natural gas and the last hourly value of the measuring equipment also indicates the delivery of off-specification natural gas, the natural gas storage license-holder will, at the same time as it informs the Company in writing, notify the system users affected at the relevant network point to immediately cease the delivery of the off-specification natural gas.

In the event that the system user does not reduce the delivery of off-specification natural gas in its re-nomination to such an extent that it means the termination of the delivery of off-specification natural gas into the transmission system for the remaining hours of the gas day, this will mean the maintenance of the delivery intention.

In such a case, any damage arising from the delivery of off-specification natural gas will be borne by the system user or, in the case of damage caused solely within the scope of its own activities, by the Company.

The Company will send the system users' re-nomination to the natural gas storage license-holder for nomination matching, indicating that the reduced nomination will be credited to the system user for the remaining hours of the gas day, if the delivering party has so instructed also the natural gas storage license-holder. If the Company nevertheless fails to cease the delivery of natural gas, any damage arising from the delivery of off-specification natural gas will be borne by the Company.

If the natural gas storage license-holder has incorrectly informed system users about the delivery of off-specification natural gas, it will notify all parties concerned in writing, giving the reasons for the incorrect information."

Business Code  
Appendix no. 9/A.

**Appendix no. 9/A.**

**HEXUM Földgáz Zártkörűen Működő Részvénytársaság**

**Auction Rules**

**(for auctions conducted on paper or by electronic means)**

Fót, .....

## Table of Contents

<b>1</b>	<b>AUCTION RULES .....</b>	<b>148</b>
1.1	Introduction .....	148
1.2	Purpose, subject and effect of the Auction Rules .....	148
1.3	Definitions .....	149
1.3.1	Definition of terms .....	149
1.3.2	Definition of terms related to paper-based process .....	153
1.3.3	Definition of terms relating to Electronic Bidding processes.....	154
1.4	Auction conditions.....	155
1.4.1	Legal requirements.....	155
1.4.2	Financial conditions .....	156
1.4.3	Other conditions .....	156
1.5	Product offered for Auction.....	157
1.6	Registration.....	157
1.6.1	Conditions for Registration.....	157
1.6.2	Registration process .....	158
1.6.3	Documents and certificates to be submitted.....	159
1.6.4	Registration Security.....	160
1.6.5	Validity of registration, renewal of registration .....	161
1.7	Auction .....	161
1.7.1	Auction types .....	161
1.7.2	Announcement of Auction .....	162
1.7.3	Draft agreement(s) .....	163
1.7.4	Preparing and conducting a paper-based auction .....	163
1.7.5	Preparing and conducting an Electronic Auction .....	165
1.7.6	Invalid auction.....	169
1.7.7	Suspension of Auction .....	170
1.8	Contracting .....	170
1.8.1	Contracting.....	170
1.8.2	Performance bond .....	171
<b>2</b>	<b>APPENDICES .....</b>	<b>171</b>

## 1 AUCTION RULES

### 1.1 Introduction

Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (specifically Article 33.) specifies that access to gas storage should in all cases be granted on the basis of objective, transparent and non-discriminatory criteria.

In accordance with the above, the Act XL of 2008 on Natural Gas Supply (hereinafter: **GET**), Article 1(d), aims to ensure objective, transparent and equal access to the inter-cooperating natural gas system.

HEXUM Földgáz Zártkörűen Működő Részvénnytársaság (seat: 2151 Fót, Fehérkő u. 7., trade registry number: Cg. 13-10-042153, tax number: 13780960-2-44, a hereinafter as: **HEXUM Földgáz Zrt., or Tendering Party**) offers for auction, in accordance with the applicable legal provisions, all or part of its free storage capacities available in its portfolio for the purpose of booking these capacities, in accordance with the terms and conditions set out in this Auction Rules, in order to facilitate the development of effective competition and to ensure equal opportunities in access to natural gas storage capacities.

The present Auction Rules contain the rules for auctions conducted by HEXUM Földgáz Zrt. on paper or on the electronic platform of Fluenta Europe Kft.

### 1.2 Purpose, subject and effect of the Auction Rules

The purpose of the Auction Rules (hereinafter as **Auction Rules**) is to set out the conditions for participation in any natural gas storage capacity auction (hereinafter as: **Auction**) to be announced and conducted by the Tendering Party, as well as the manner, procedures and rules for conducting the Auction(s).

The Auction Rules provide information on the range of potential participants, the services offered, the conditions for the use of these services and the way and procedure for conducting the Auction. It also contains all the contractual terms and conditions that will be set out in the Gas Storage Contract to be concluded between the Tendering Party and the successful Bidder following a valid and successful Auction, and, if relevant for the Auction, in the Secondary Capacity Trading Contract for Interruptible Capacities.

The effect of the Rules will cover

- System Users, Bidders and persons acting on their behalf who wish to participate in the Auction, as defined in point 1.3 of the Rules;

- HEXUM Földgáz Zrt. and the natural persons acting on its behalf, who are responsible for the advertising and conducting of the Auction, and the natural persons and legal entities and subcontractors used by the Tendering Party for conducting the Auction.

The Rules have been prepared taking into account the provisions of the GET, Government Decree No. 19/2009 (I.30.) on the implementation of the provisions of the GET (hereinafter as: **Vhr.**), Act V of 2013 on the Civil Code (hereinafter as: **Ptk.**), other GET-related decrees and rules, and the Tendering Party's internal regulations.

The Tendering Party will act in conformity with Section 4 of Act CXII of 2011 on the Right to Information Self-Determination and Freedom of Information (hereinafter as: **Infotv.**) and Regulation (EU) 2016/679 of the European Parliament and of the Council (hereinafter as: **GDPR**), and processes the personal data that comes to its knowledge in the course of the procedure in accordance with the provisions of the Infotv. and GDPR.

The Rules contain several auction types that may be advertised. It is the Tendering Party's discretion to determine which auction type is used to advertise and conduct a given Auction. The Tendering Party is not obliged to announce all auction types for each period.

The Tendering Party publishes the Auction Rules on its website ([gaztarolo.hu](http://gaztarolo.hu)).

## 1.3 Definitions

The purpose of this section is to explain and clarify the terms used in the Rules in relation to Auctions, in order to avoid any ambiguity in interpretation. This list does not include the terms regulated by the GET, the Vhr., the Business and Trade Regulation of the Hungarian Natural Gas System and the Tendering Party's current Storage License-holder Business Regulation (hereinafter referred to as: **Business Regulation**), which shall be understood as defined in these norms. In the case of financial terms, the Rules only explain terms closely related to the Auction.

### 1.3.1 Definition of terms

#### Bid price

The natural gas storage capacity tariff (TM) offered during the Auction by the Bidder for each capacity package. The unit of measurement for the Bid price is EUR/MWh. The Bid price is expressed in net amount, excluding value added tax (hereinafter referred to as: **VAT**), and all other official or fiscal charges and fees. The Tendering Party will accept the Bid price at a fixed value up to 4 decimal places. In case a Bidder gives his Bid price with more than 4 decimal places, the Tendering Party will take into account the Bid price without rounding up and up to 4 decimal places and will ignore the other local values.

(The Bid price includes the natural gas storage capacity tariff, but excludes the injection turnover fee and the withdrawal turnover fee, which the Bidder will pay in accordance with the resolution of the Hungarian Energy and Public Utilities Regulatory Office (or, if the official price is set by law, by legislation) in force at the time, based on its monthly turnover. The Bid price does not include the fees for any optional services that the Bidder may require and use during the contractual period.)

### **Tender Security**

The tender security is a cash deposit specified by the Tendering Party, and its amount is determined per Auction Call for bids in the Auction Call for bids.

### **Offer period**

Duration of using the natural gas storage capacities offered in the Auction. The exact period of availability of the capacities will be specified by the Tendering Party in the Auction Call for bids.

### **Binding offer**

Obligation of the Bidder to maintain his Offer for the period specified in the Auction Call for bids.

### **Bid quantity**

The amount of capacity (the number of capacity packages advertised) for the booking of which the Bidder submits an Offer at the Bid price offered by the Bidder.

### **System user entitled to make an Offer**

The System user who fulfils the conditions for participation in a given Auction, i.e. successfully registers for that Auction.

### **Bidder**

The system user eligible for access to the natural gas storage under GET who has been successfully registered by the Tendering Party in order to participate in the Auction in accordance with the provisions of Auction Rules Point 1.6.2, and who submits an Offer in accordance with the Auction Call for bids.

### **Bidder's representative**

The Bidder may be represented by a senior officer of the Bidder, an employee of the Bidder authorised to sign for and represent the Bidder or by a person authorised by the Bidder in a document with full probative value, as designated by the Bidder in the Registration Data Sheet (**Appendix A.1.**).

### **Auction**

The auction described in the Rules, and announced by HEXUM Földgáz Zrt. as the Tendering Party, having the purpose to sell HEXUM Földgáz Zrt.'s free natural gas storage capacities.

### **Auction Jury**

A committee of at least 3 people, appointed by the Tendering Party, will examine, process and evaluate the bids received, and arrange for the Bidders' notification, and the announcement of results.

### **Auction Call for bids**

A document containing the details of the Auction, as set out in paragraph 1.7.2 of the Auction Rules, for the booking of the Tendering Party's free natural gas storage capacities.

### **Auction Organiser**

The company involved by the Tendering Party into the management of the Auction, who may use an intermediary or assistant for the technical management of the Electronic Bidding Procedures.

### **Auction Declarations**

Declarations to be completed during the Auction registrations procedure (**Appendix A.2.**), in which the System user indicating his intention to participate declares his full acceptance of the conditions of participation in the Auction and payment of the Tender Security.

### **Auction Registration platform**

An online surface operated by the Tendering Party, and accessible via the Tendering Party's website, through which the registration documents required for participation in Auctions already announced or to be announced in the future by the Tendering Party can be electronically and in a controlled manner submitted to the Tendering Party.

### **Product Released for Auction (Capacity package)**

A capacity package containing specified natural gas storage capacities as defined in the Auction Call for Bids published pursuant to the Rules: working gas capacity, non-interruptible injection capacity, non-interruptible withdrawal capacity. In some cases, in addition to the above, interruptible injection capacity, and interruptible withdrawal capacity.

### **Announcement of results**

At the end of the Auction, the Tendering Party will inform the Bidders of the final result of the Auction, and will notify the winning Bidder(s) in accordance with Rules Points 1.7.4.3. or 1.7.5.3.

### **Unsuccessful Offer**

A valid Offer that is not accepted by the Tendering Party during the evaluation.

### **Notification**

Information on the result of the Auction sent to the Bidders.

### **Regulation on Information for Users**

Regulation on the use of Auction Registrations Surface.

### **Natural Gas Storage Agreement**

The system usage agreement to be concluded between the winning Bidder and a Tendering Party for the booking of Capacity packages allocated to the winning Bidder.

### **Correction of defects and deficiencies**

The procedure used during the Registration process, whereby - upon request of the Tendering Party and within the time limit specified by the Tendering Party - the System user has the opportunity to complete the documents and/or certificates required for a successful Registration, to supplement or amend those already submitted, until the time limit specified in the Auction Call for bids.

### **No Offer**

No valid Offers are received in the Auction for the Product submitted for Auction.

### **Capacity booking demand**

Natural gas storage working gas capacity demand set out for a given storage year expressed in kWh/storage year, taking into account the Auctioned Product and the Bid Quantity as specified in the Auction Call for bids.

### **Injection and withdrawal capacity linked to the Capacity booking request**

Non-interruptible and, if necessary, interruptible withdrawal and injection capacity linked to the storage working gas capacity demand set out for a given storage year.

### **Secondary Capacity Trading Agreement for Interruptible capacities**

Agreement on interruptible capacities concluded by the successful Bidder with the Hungarian Hydrocarbon Stockholding Association to ensure that the value of the injection and withdrawal capacity of the Capacity Booking Claim can exactly correspond to the injection and withdrawal capacity of the Product put up for Auction. The Hungarian Hydrocarbons Stockholding Association will simultaneously with the Call for Tender issue a commitment declaration for the conclusion of the Secondary Capacity Trading Agreement with the successful Bidder.

### **Unit of measurement**

The unit of measurement used in the Auction Call for bids for the Product to be Auctioned (pieces).

### **Partner Risk Declaration**

A declaration with the content specified and advertised by the Tendering Party to be submitted by the System user in order to participate in the Auction.

### **Pro-rata allocation**

The procedure to be applied in the event of an oversubscription and price identity in the Auction, whereby the quantities awarded are determined and allocated among the Bidders in proportion to the valid Bid quantities. In the event that the quantities awarded as a result of the pro-rata allocation cannot be determined as a whole unit of measurement among the Bidders, the remaining Capacity package(s) will be determined on the basis of the chronological order of receipt of the Bids in case of a

paper-based procedure for the winning Bidder, and the chronological order of the bidding in case of an Electronic Bidding Procedure.

### **System user**

The market player eligible for access to the natural gas storage in accordance with the GET.

### **Registration**

As a prerequisite for participation in the Auction, the System User will in accordance with Section 1.6.2. submit to the Tendering Party the documents described in details in Point 1.6.3.

### **Registrations Form**

The form required for Registration in conformity with **A.1. Appendix**.

### **Performance bond**

A contractual security defined by the Tendering Party to protect the financial and economic interests of the Tendering Party during the contractual performance period in the event of non-conforming performance delivered by the Storage System User.

### **Storage System User**

The Bidder with which a Tendering Party has entered into a Natural Gas Storage Agreement in accordance with **Appendix C.1. or Appendix C.2.** of the Auction Rules following an Auction held pursuant to the Auction Rules.

### **System User holding a Technical Registration**

A System User who has obtained electronic access with full right to use the Auction Registration platform.

## **1.3.2 Definition of terms related to paper-based process**

### **Offer submission**

Submission of a Bid in the Auction containing the Bid price and the Bid quantity in the unit of measurement of the given Capacity package, and in the form specified in the Auction Rules.

### **Offer Submission Deadline**

The deadline for Offer Submission (day-hour) set out in the Auction Call.

### **Undersubscription**

If the number of Capacity packages in the Auction is higher than the total aggregated Bid quantity of the Bidder.

### **Initial Price**

The specific maximum (top-fixed) official price (EUR/MWh/year) set out for the Product put up for Auction, and determined in accordance with the official resolution in force (or, if the official price is determined by law, by law).

### **Minimum Price**

The minimum unit price (EUR/MWh/year) set out by the Tendering Party, which is invalid if the Bid price is not reached. The Minimum Price will be determined by the Tendering Party prior to the expiry of the Offer Submission Deadline, but will not be made public.

### **Paper-based Offer**

In a paper-based Auction, the Bid price and the Bid quantity offered by the Bidder on the Paper-based Bid Form in the Unit of Quantity of the given Capacity Package.

### **Paper-based Offer Form**

In a Paper-based Capacity Auction, Bidding is done by filling in the Paper-based Offer Form and submitting it to the Tendering Party. The Paper-based Offer Form contains the Bidder's Bid price and Bid quantity (**Appendix B.1**).

### **Precise subscription**

The total Bid quantity of the Bidder in the Auction is equal to the number of Capacity packages offered by the Tendering Party.

### **Oversubscription**

The total aggregate Bid quantity of Bidders in the Auction is higher than the number of Capacity packages offered by the Tendering Party in the Auction.

## **1.3.3 Definition of terms relating to Electronic Bidding processes**

### **Price Acceptance Period**

The period of time during which the Bidder is entitled to accept the price quoted in the Dutch and Japanese bidding procedures. The length of this period is specified by the Tendering Party in the Auction Call for bids.

### **Auction Round**

The Electronic Bidding Procedure conducted on the day of the announced Auction, in accordance with the rules set out in the given Auction Call for bids, with the following procedural elements:

- Submission of Offers during the Electronic Bidding Procedure Base Period and Extension Period
- Procession and evaluation of the Offers received
- Notification of Bidders.

The Tendering Party may organise several Auction Rounds for a given product on a given day.

### **Electronic Offer**

Bid price offered by the Bidder in the Electronic Auction, on the Electronic Bidding surface.

## **Electronic Bidding process or Electronic Auction**

Electronic capacity auction published by the Tendering Party.

### **Electronic Bidding process basic period**

The period of time announced in advance by the Tendering Party, during which the Electronic Bidding Procedure will continue, without any extension.

### **Electronic Bidding process – extension**

The period of time, announced in advance by the Tendering Party, by which the Basic Period of the relevant Electronic Bidding Procedure is extended or the period of time of the already extended bidding procedure is increased.

### **Electronic Bidding surface**

An electronic, Internet-based application provided by the Tendering Party, which is suitable for conducting Electronic Bidding Procedures in compliance with the Rules.

### **Length of extension**

How many minutes the auction is extended in case of automatic extension.

### **Initial Price**

In the Electronic Bidding Procedure, the initial price set by the Tendering Party, this is the price from which the electronic bidding begins.

### **Bidding Step**

The predefined price step, with this step the current bidding price can be increased or decreased (depending on the type of Auction) during the Electronic Bidding process.

## **1.4 Auction conditions**

### **1.4.1 Legal requirements**

HEXUM Földgáz Zrt. will offer a part of the free natural gas storage capacities available in its portfolio for Auction, i.e. it will conduct a procedure to comply with the legal provisions indicated in Point 1.1., in order to promote efficient competition and ensure equal opportunities in access to the natural gas storage capacities.

Auctions may only be conducted ensuring full compliance with the conditions and rules set out in the Auction Rules.

The Natural Gas Storage Agreement set out in Appendices C.1. / C.2. of the Rules and, if relevant for the given Auction, the Secondary Capacity Trading Agreement set out in Appendix C.3. of the Rules will be concluded with the Bidder/Bidders winning the Auction.

An Offer submitted by a Bidder in an Auction is regarded as an Offer to enter into an agreement, to which the Bidder is bound by the Ptk. 6:64 and remains bound until the 15th (fifteenth) business day following the date of the Announcement of results.

### 1.4.2 Financial conditions

The Bidders will, in accordance with the amounts and deadlines set out in the Auction preparation and the contracting phases and in the Natural Gas Storage Agreement:

- certify their overall solvency throughout the Registration procedure,
- submit the document verifying the provision of the Tender Security during Registration,
- shall ensure that the amount of the Tender Security is credited to the bank account of the Issuer by the registration deadline specified in the Auction Notice,
- provide the performance bond required for the conclusion of the Natural Gas Storage Agreement in the form of a bank guarantee declaration and/or a parent company guarantee as set out in Appendix 6 of the Tendering Party's Business Regulation.

In the case of participation in more than one Auction, Tender Securities may be paid through a single transfer, but the transfer communication shall clearly indicate the Auction name of the relevant Auctions.

Failure to pay the Tender Security by the prescribed due date will disqualify the bidder from the Auction.

The full amount of the Tender Security shall serve as a forfeit money to the Tendering Party in the event that the Bidder fails for whatever reason to conclude the agreements for the Capacity Packages it won pursuant to Appendices C.1./C2. within 8 working days following the date of the Notification of the Auction result, or fails to fulfil the conditions necessary for the entry into force of the Natural Gas Storage Agreement concluded as a result of the Auction within the time limit.

Winning Bidders who sign the Natural Gas Storage Agreement will receive a full refund of the Tender Security within 10 working days following the date of effect of the agreement, and Bidders who do not win the Auction will receive a full refund of the Tender Security within 10 working days following the expiry of the Binding Offer.

System Users eligible for making an Offer but have not made an Offer will be refunded the amount of the Tender Security within 10 business days following the Announcement of result.

### 1.4.3 Other conditions

- System Users wishing to submit a Bid in the Auction will provide the Tendering Party with the documents (declarations and supporting documents) required for registration in accordance with Point 1.6.3 within the time limit set out in the Rules.
- Bidders shall maintain a fair market conduct during the Auction. They may not enter into background agreements that are prejudicial to the interests of the Tendering Party and other Bidders or that give them an undue advantage in the Auction.

- By registering, the Bidders accept the terms and conditions set out in the Auction Rules and acknowledge that any breach of these Auction Rules will result in the immediate disqualification of the Bidder(s).
- The language of the procedure is Hungarian, therefore all communication related to the Auction will be in Hungarian, however, the Tendering Party will provide the possibility to submit the documents required for Registration in English, to submit a Paper-based Bidding Form in English in a Paper-based Auction and to use the Electronic Bidding surface in English in an Electronic Auction.

## 1.5 Product offered for Auction

In the Auction, the Tendering Party will offer its free storage capacities for sale in capacity packages, in which the following are fixed per package:

Content of a product package	
• Working gas capacity	[*] kWh
• Injection capacity - not interruptible	[*] kWh/day
• Injection capacity - interruptible	[*] kWh/day
• Withdrawal capacity - not interruptible	[*] kWh/day
• Withdrawal capacity interruptible	[*] kWh/day
• Injection cycle (planned)	...
• Withdrawal cycle (planned)	...

## 1.6 Registration

### 1.6.1 Conditions for Registration

The System User shall register as an Auction participant in order to participate in any Auction announced by the Tendering Party.

The System User is eligible to participate in a particular Auction announced by the Tendering Party as an Eligible System User if:

- you have submitted the registrations documents required for participation in the Auction in question electronically, through the Auction Registrations Surface operated by the Tendering Party, as described in details in Point 1.6.3. to the Tendering Party and they have been accepted;
- the amount of the Tender Security relating to the Auction has been credited to the Tendering Party's bank account by the deadline

## 1.6.2 Registration process

### 1.6.2.1 Access to the Auction Registration platform

The System Users can indicate their intention to get access to the Auction Registration platform by filling in the online form available on the Tendering Party's website ([www.gaztarolo.hu](http://www.gaztarolo.hu)). By completing the form to obtain access to the Auction Registration platform and submitting his data, the System User accepts the provisions of the User Information Regulation. After filling in the form and submitting the data, the Tendering Party verifies the submitted data and, if found them as correct, sends the technical information required to access to the Auction Registration platform to the System User by e-mail within 2 working days, who thus can become a System User with Technical Registration.

Once the terms and regulations have been accepted, the Tendering Party will not be in the position to consider any complaint/amendment regarding the provisions of the terms and regulations accepted by the Bidder in connection with the Auction.

### 1.6.2.2 Submission of registration documents

A System User with Technical Registration has the possibility to submit the registration documents for a given Auction electronically to the Tendering Party via the Auction Registration platform.

The deadline for submission of registration documents to the Tendering Party for a given Auction is determined by the Auction Call for bids. In the case of late receipt of registration documents, the Registration will be invalid and unsuccessful.

The System User shall send a notification of the submission of the registration documents to the following e-mail address:

**capacity@gaztarolo.hu**

The Tendering Party and/or the Auction Organiser will check the formal and substantive compliance of the registration documents received and will accept or reject the Registration depending upon the fulfilment of the conditions.

The Tendering Party reserves the right to request the System User concerned to rectify any deficiencies in form or content when examining the documents submitted during the Registration, subject to a deadline. If the System User fully complies with the request for completion within the deadline for completion, the Tendering Party will notify the successful Registration within 2 (two) working days after the deadline for completion. If the System User fails to complete the registration documentation in full within the prescribed time limit in accordance with the request for completion, the registration will be finally rejected by the Tendering Party.

A protocol on the evaluation of the Registration is made for each Auction. Acceptance or rejection of the Registration will be confirmed by the Tendering Party to the System User concerned within 2 (two) working days by email. The Tendering Party shall give reasons for the rejection.

The Tendering Party undertakes the obligation and warrants that the documents and data submitted to the Auction by the System User(s) will be treated confidentially and disclosed to third parties (in particular to the Auction Organiser) only in accordance with the provisions of Article 4 of Act CXII of 2011 on the Right of Information Self-Determination and Freedom of Information. By virtue of registering for or by participating in the Auction, the System User acknowledges and expressly consents that the intermediaries involved into the Auction by the Tendering Party may have access to the documents submitted by the System User and their contents, including the personal data provided therein. Intermediaries involved into the Auction are bound by the same confidentiality obligations as the Tendering Party.

### 1.6.3 Documents and certificates to be submitted

To participate in an Auction advertised by the Tendering Party, the System Users shall submit the following documents to the Tendering Party via the Auction Registration platform:

Document	Expected frequency of submission	Form to be used from
1. Registrations Data Sheet (signed in original in the company's name or with a certified electronic signature or based on qualified certificate having enhanced security)	It shall be submitted once a calendar year as part of the first auction Registration (except in the case of data changes)	Appendix A.1.
2. Auction Declarations (signed in original in the company's name or with a certified electronic signature or based on qualified certificate having enhanced security)	It shall be submitted in connection with the given auction.	Appendix A.2.
3. Electronic bank document as proof of payment of the Tender Security	It shall be submitted in connection with the given auction. (unless the previously paid Registration Security has been repaid for whatever reason or is qualified as a Bid Security at the time of the call for tenders).	

Document	Expected frequency of submission	Form to be used from
	.	
4. Partner Risk Declarations (signed in original in the company's name or with a certified electronic signature or based on qualified certificate having enhanced security)	It shall be submitted once a calendar year as part of the first auction Registration (except in the case of data changes)	Appendix A.3.
5. Specimen signature of the authorised signatory(s) representing the system user, or specimen signature countersigned by an attorney-at-law	It shall be submitted once a calendar year as part of the first paper-based auction Registration (except in the case of data changes).	
6. Bidder's company certificate of registration not older than 30 days, in case of a foreign company with a Hungarian translation	It shall be submitted once a calendar year as part of the first paper-based auction Registration (except in the case of data changes).	

( The above Declarations can also be validly submitted with an original company signature or with a certified electronic signature or based on qualified certificate having enhanced security.

#### 1.6.4 Registration Security

The successful Registration of the System User is subject to the payment of the Registration Security in the form of a deposit. The amount of the Registration Security:

**EUR 50.000**

Participation in the Auctions announced by the Tendering Party is subject to the availability of the Registration Security in the Tendering Party's bank account, i.e. the Registration Security shall be held in the Tendering Party's bank account in order that the System User is eligible to participate in the Auctions.

The Registration Security becomes a Bid Security if the System User participates in any Auction announced by the Tendering Party:

- After the Auction, if the System User is not awarded a capacity package in the given Auction, the legal title of the amount paid will be re-qualified to Registration Security after the announcement of the Auction results;
- After the Auction, if the System User is awarded a capacity package in the Auction, it will serve as Bid Security until the agreement comes into force and the legal title to the amount paid will re-qualified to Registration Security after the agreement comes into force.

- As long as the cash deposit is qualified as a Bid Security, and another Auction takes place in which the System User wishes to participate, the System User shall ensure the payment of the Registration Security in the amount (50.000 EUR) necessary for the eligibility to participate in the Auction. The Registration Security shall be available in the bank account designated by the Tendering Party at least 1 business day before the start of the relevant Auction, or the confirmation of the transfer shall be sent to the Tendering Party's contact person by email by the same date.

The System User is entitled to claim back the paid Registration Security. The System User may notify the Tendering Party in writing of the request for repayment. In the event of such a request, the Tendering Party shall reimburse the amount of the Registration Security to the System User within 5 working days. In the event of repayment of the Registration Security, the System User's Registration will be suspended and the System User will not be eligible to participate in the Auctions advertised by the Tendering Party during the period of suspension.

In the event of a reduction in the amount of Registration Security during the year, or the participation in the Auction of a Registered System User whose Registration Security has been suspended due to a refunded Registration Security, the condition for participation in the Auction is - provided that the other registration requirements are fully met - the uploading and payment of the Registration Security.

### **1.6.5 Validity of registration, renewal of registration**

Registration will be valid until 31 December of the current calendar year. In December of each year, the Tendering Party notifies the registered System Users by e-mail of the expiry of the Registration at the end of the year and at the same time offers the option to renew the Registration for the following year by repeating the submission of the registration documents.

For System Users who do not renew their registration by 31 December of the relevant calendar year, the Tendering Party will refund the amount of the Registration Security within 10 working days.

## **1.7 Auction**

### **1.7.1 Auction types**

HEXUM Földgáz Zrt. will select the type of auction to be used in a given Auction in accordance with the prevailing market conditions, acting in its sole discretion.

The Tendering Party will specify in the Auction Call for Bids which of the following auction types it will use in a given Auction:

- Paper-based auction
- Anglo-Saxon type Electronic Auction
- Dutch-type Electronic Auction
- Japan-type Electronic Auction

### **1.7.2 Announcement of Auction**

The Tendering Party will issue the Auction Call for Bids for the current Auction at least 13 business days prior to the Offer Submission Deadline:

- announcement on its internet website ([www.gaztarolo.hu](http://www.gaztarolo.hu));
- electronically sending to System Users with Technical Registration to their e-mail address registered for contact.

The Tendering Party may decide to conduct more than one Auction Round on a given day for a given product package.

In addition, the Tendering Party will by e-mail inform the Hungarian Energy Traders Association and the Trade Licensing Round about the announcement.

The Tendering Party will provide the following information and data in the Auction Call for Bids to the System Users entitled to bid, depending on whether it is holding a paper-based or Electronic Auction:

#### In case of paper-based auction:

1. Information required for Registration, registration deadline
2. Size of and quantity in capacity packages
3. Auction type
4. Precise description of the Offer period
5. Offer Submission Deadline
6. Criteria for a valid Offer
7. Binding offer
8. Data of the contact person (availabilities)
9. Amount of the Tender Security

#### In case of Electronic Auction:

1. Information required for Registration, registration deadline
2. Size of and quantity in capacity packages
3. Auction type
4. Number of possible Auction Rounds (maximum)
5. Precise description of the Offer period
6. Starting date of Electronic Bidding process
7. Basic duration of Electronic Bidding process
8. Size of Bidding Step
9. Length and conditions of Extension

10. Price Acceptance Period
11. Criteria for a valid Offer
12. Binding offer
13. Data of the contact person (availabilities)
14. Amount of the Tender Security

After the Auction has been announced, only the contact person appointed by the Tendering Party in the Auction Call for Bids and the Auction Organiser will be authorised to provide information and answer any further questions regarding the Auction.

The Auction will be public for the Registration procedure, after which the Auction becomes a closed process. All further communication will be among the Tendering Party, the Auction Organiser and the Eligible System Users.

The Tendering Party and the Auction Organiser will process the personal data obtained in the course of the procedure in accordance with the provisions of Act CXII of 2011 on the Right to Information Self-Determination and Freedom of Information and the Regulation (EU) 2016/679 of the European Parliament and of the Council (GDPR).

### **1.7.3 Draft agreement(s)**

The Tendering Party will send to the Eligible System Users a sample of the Natural Gas Storage Agreement and, if relevant for the given Auction, the Secondary Capacity Trading Agreement for interruptible capacities within 2 working days after successful Registration.

### **1.7.4 Preparing and conducting a paper-based auction**

#### **1.7.4.1 Process of Offer submission**

Offers may be made by submitting a signed Paper-based Bid Form with official signature for one package, or an integer multiple thereof, in accordance with the Auction Call for Bids.

The Offer shall contain the Bid quantity, and the Bid price.

#### **1.7.4.2 Evaluation**

An Offer submitted by a Bidder will be valid if it fully complies with the terms and conditions applicable to the Bid as set out in the Auction Rules and the relevant Auction Call for Bids and all related documents.

The Bidder may not modify or withdraw its Offer once submitted in the Bidding Process after its submission.

The Offers submitted by the Bidder will be evaluated by the Auction Jury set up by the Tendering Party after the Offer Submission Deadline, in a closed session on the same day, in conformity with the provisions set out in the Rules and the Auction Call for Bids.

In the case of incomplete or incorrectly completed Paper-based Offer Form(s), the Offer(s) will be deemed invalid.

The minimum price of the capacity package(s) to be sold in the Auction will be determined by the Tendering Party. The Minimum Price will be fixed.

If in any case the Bid Price of the valid Bids does not reach the Minimum Price (No Bid), the Auction will be valid but Unsuccessful, and no Bidder will be awarded to conclude a Natural Gas Storage Agreement. In this case the Bids will be considered valid but Unsuccessful.

If at least the Bid Price of one valid Offer reaches the Minimum Price, the Auction will be successful and the Tendering Party will conclude a Natural Gas Storage Agreement with the (winning) Bidder in accordance with the Appendix of the Rules.

In the event that there several valid Offers are submitted with a Bid Price equal to the Minimum Price, and the Bid Prices are different, the Tendering Party will first accept the Offer of the Bidder with the highest Bid Price in the list and declare it the Winning Bid, and then accept the Offer of the Bidder with the next highest price, as long as all advertised packages are sold out.

In case of an undersubscription, all valid Offers will be accepted and satisfied.

In the case of an Exact Subscription, all valid Offers will be accepted and satisfied.

In case of an Oversubscription and the Bid Prices are the same for the Offers in descending order of price and can no longer be satisfied, the Tendering Party will allocate the remaining and still available capacities among the Bidders offering the same Bid Price by pro-rata allocation. In this case it may happen that the Tendering Party will only partially satisfy the Bidders' capacity requirements.

#### **1.7.4.3 Announcement of results**

At the time of the Auction Evaluation pursuant to Point 1.7.4.2., the Auction Jury set up by the Tendering Party will in the Auction Evaluation Report record in the protocol the result of the Auction separately for each Bidder, or, if applicable, the fact that the Auction is Unsuccessful. The evaluation protocol is not public.

During the Announcement of results, the following information will be recorded in the protocol for the Auction: valid Bid Price(s), requested and sold capacity package(s), Offer Period, and the result of the Auction with the designation "Undersubscription", "Exact Subscription", "Oversubscription", or "Subscription Shortfall".

The winning Bidder(s) will be obliged to enter into an agreement for the capacity packages allocated as a result of the Auction (even in case of partial fulfilment).

## **1.7.5 Preparing and conducting an Electronic Auction**

### **1.7.5.1 Access to the Electronic Bidding Surface**

Electronic Auctions will be conducted on the Electronic Bidding Surface provided by the Auction Organiser. Access to the Electronic Bidding Surface will be granted to Authorised System Users for a given Auction. Data required for access data will be sent by the Auction Organiser to the e-mail address provided by the Eligible System User during the registration process.

The Auction Organiser will provide the opportunity for the Eligible System Users to test the Electronic Bidding Surface and prepare for the Auction within the timeframe set in the Auction Call for bids. The Auction Organiser will provide telephone and electronic support to the Eligible System Users during the Auction.

By logging on to the Electronic Bidding Surface, Eligible System users will agree to abide by the rules governing the electronic bidding process.

### **1.7.5.2 Process of submitting an Offer**

Offers in a given Auction can be submitted via the Electronic Bidding Surface provided by the Auction Organiser, as specified in the Auction Call for Bids

Prior to the starting time of the Electronic Bidding Procedure announced in the Auction, the Bidder shall specify the Bid Quantity on the Electronic Bidding Surface, i.e. the capacity quantity (the number of capacity packages) for which the Bidder will submit an Offer at the Bid Price offered by him in the Electronic Bidding Procedure

If the Bidder fails to make this submission, or is late in doing so, and nevertheless participates in the Electronic Bidding Procedure, the Tendering Party will automatically, without any further legal declaration, consider the Bid Quantity of the Bidder concerned as 1 capacity package (1 LOT), and will take it into account accordingly in the evaluation of the bidding procedure

The Initial Price of the capacity package to be sold in the Auction will be determined by the Tendering Party. The Initial Price will be published on the Electronic Bidding Surface at the start of the electronic bidding procedure towards the Bidders participating in the Auction.

Offers can be submitted with a valid bid in the Electronic Bidding Procedure made in accordance with the Auction Call for Bids. The Bid Price given in the Electronic Bidding Procedure will apply for one capacity package (1 LOT).

### 1.7.5.2.1 Anglo-Saxon type electronic auction

Procedures for Bidding:

- The Initial Price will become known to the Bidder when logging in to the Electronic Bidding Surface.
- The advertised capacity package cannot be purchased below the Starting Price.
- The Bidder may only enter a bidding price equal to the Initial Price if no bidding has yet been received for that lot.
- The basic duration of the Electronic Bidding Procedure will be set out in the Auction Call for Bids.
- The Electronic Bidding Procedure will be extended by the Extension Rate if a valid Offer is received within the time period specified in the Auction Call for Bids before the expiry of the Electronic Bidding Procedure's Base Time Period. The Electronic Bidding Procedure will be automatically extended as long as a valid, sequence-changing Offer is received before the current expiry date of the bidding procedure.
- Offers can be submitted with the predefined Bidding Step (minimum increment). The Bidding increment for a given Auction will be specified in the Auction Call for Bids.
- The price shall be expressed in EUR/MWh to 4 decimal places.
- Offers once submitted cannot be withdrawn on the Electronic Bidding Surface.
- Every Bidder will see the current highest Offer in an anonymous manner.
- There is no upper limit to the amount of the Offer.
- During the Auction, the price of the Bidder's Offer shall be higher than the current price, i.e. than the current highest bid price according to the predefined minimum increment.
- The current price will show the price of the Bidder's last and currently highest Offer.
- If during the Electronic Bidding Process the same Offer is received from more than one Bidder, the Offer of the Bidder who first entered the Offer on the Electronic Bidding Surface will be valid, no dead heat will be allowed.
- The winner of the Auction will be the Bidder who has submitted the highest Bid Price by the close of the Auction
- The Bid Price may be higher than the then prevailing official price.

The winning Bidder will be obliged to contract with the Tendering Party for the Bid Quantity at the winning price according to the terms and conditions specified in the Auction Call for Bids. If the Bidder with the winning price buys less capacity packages than the total capacity packages in described in the Auction Call for Bids, the remaining capacity packages will be taken by that Bidder at the 2nd best bidding price. If the Bidder with the 2nd best bidding price buys less capacity packages than the total remaining capacity packages, then the remaining capacity packages will be taken by the Bidder with the 3rd best bidding price, and so on.

### 1.7.5.2.2 Dutch-type electronic auction

Procedures for Bidding:

- The Initial Price becomes known to the Bidder when logging in to the Electronic Bidding Surface.
- The Bidder will have a Price Acceptance Period to accept the Initial Price.
- Bidders shall indicate their acceptance of the Initial Price on the Electronic Bidding Surface.
- The Bidder who is the first to accept the purchase of the capacity package at the highest Bid Price will be the winner of the given Auction.
- If the Initial Price is not accepted, the Bidders have nothing to do.
- If a Bidder accepts the Initial Price, the Electronic Bidding Procedure will be closed as described above, and the Bidder who has submitted the price will on the Initial Price buy the Bid Quantity he has requested.
- If there is no acceptance within the Price Acceptance Period, the Auction Organiser will reduce the Initial Price with the pre-defined amount (minimum reduction) as specified by the Tendering Party. The Bidders will have the acceptance period with the same length to accept the new reduced price, and they shall indicate this acceptance on the Electronic Bidding Surface. If the new price is not accepted, the Bidders have nothing to do.
- If there is no acceptance within the Price Acceptance Period, the Auction Organiser will reduce the new price again by the pre-defined amount, as specified by the Tendering Party. This process will be repeated as long as a Bidder accepts the given price or the Minimum Price is reached. The Minimum Price will be determined by the Tendering Party and will not be known to the Bidders. The Bidder will win who is the first to accept the price within the Price Acceptance Period, and will thus win the package corresponding to the package number they have requested at the accepted price.
- The minimum amount of the valid bidding step (minimum reduction) for a given Auction will be fixed in the Auction Call for Bids.
- The Tendering Party will provide the Initial Price expressed in EUR/MWh to 4 decimal places.
- The submitted Offer cannot be withdrawn on the Electronic Bidding Surface

The winning Bidder will be obliged to contract with the Tendering Party for the Bid Quantity at the winning price in accordance with the terms and conditions specified in the Auction Call for Bids.

If the Bidder with the winning price buys less capacity packages than the total number of capacity packages presented in the Auction Call for Bids, the Tendering Party may sell the remaining capacity packages in the same Auction process(es) repeated on the same day (Auction round(s)). The number of possible Auction Rounds will be fixed in the Auction Call for Bids.

### 1.7.5.2.3 Japanese-type electronic auction

Procedures for Bidding:

- The Initial Price will become known to the Bidder when logging in to the Electronic Bidding Surface.
- The Bidder will have the Price Acceptance Period to accept the Initial Price.
- Bidders shall indicate their acceptance of the Initial Price on the Electronic Bidding Surface.
- If the Initial Price is not accepted by any Bidder, the Electronic Bidding Procedure will be closed as Unsuccessful.
- If only one Bidder accepts the Initial Price, the Electronic Bidding Procedure will be closed, and the Bidder submitting this price will for the Initial Price purchase the Bid Quantity he has applied for.
- If at least two Bidders accept and give the Initial Price within the Price Acceptance Period, the Initial Price will be increased by the amount specified by the Auction Organiser (minimum increment) as specified by the Tendering Party. The new increased price will be available for acceptance during the Price Acceptance Period for those Bidders who have accepted the Initial Price. If at least two Bidders accept and give the new price by the deadline, the Electronic Bidding Procedure will continue.

The Bidding Procedure can be closed in two ways:

- if only one Bidder accepts the price according to the last Bidding Step, the Bidding Procedure will continue as long as there is a valid Bid;
- if no Bidder accepts the price of the next Bidding Step, but the price of the previous Bidding Step price was accepted by two or more Bidders, the advertised capacity packages will be allocated between them on a pro-rata basis.
- The price of the Bidding Step (minimum increment) valid for a given Auction will be fixed in the Auction Call for Bids.
- The Tendering Party will provide the Initial Price expressed in EUR/MWh to 4 decimal places.
- The submitted Offer cannot be withdrawn on the Electronic Bidding Surface
- The Bid Price may be higher than the then prevailing official price.

The winning Bidder will be obliged to contract with the Tendering Party for the Bid Quantity at the winning price in accordance with the terms and conditions specified in the Auction Call for Bids.

If the Bidder with the winning price buys less capacity packages than the total number of capacity packages presented in the Auction Call for Bids, the Tendering Party may sell the remaining capacity packages in the same Auction process(es) repeated on the same day (Auction round(s)).

The number of possible Auction Rounds will be fixed in the Auction Call for Bids.

### 1.7.5.3 Evaluation

The Auction Organiser will aggregate the results of the Auction after the Electronic Bidding procedure(s) announced for that day have been completed.

The Auction Jury set up by the Tendering Party will evaluate the results based on this aggregation in accordance with the Auction Call for Bids, and determine whether or not the given Auction was valid and successful.

- The Auction will be declared as valid and successful if at least one Bidder's Offer in the Auction can meet the bidding requirements set out in the Auction Call for Bids.
- The Auction will be declared as valid and Unsuccessful if no Offer is submitted by the Bidders during the Auction that can meet the bidding criteria set out in the Auction Call for bid.

### 1.7.5.4 Announcement of results

Bidders participating in the Electronic Auction will receive a Notification of their results at the end of the Auction from Tendering Party. The Notification will include the number of capacity packages sold to the Bidder and the Bidder's purchase price as determined by the bidding procedure.

### 1.7.5.5 Technical problems to be considered in the Electronic Auction process

If a Bidder encounters any technical problem during the Electronic Bidding procedure (e.g. power failure, internet outage, etc.), he will participate in the process with the last valid Offer.

If the Auction Organiser suffers any technical failure during the Electronic Bidding process (e.g. power failure, internet outage, etc.), the Auction will be considered invalid and will be re-advertised on a new date, preferably within the same calendar day. In this case, the Bidders will not be entitled to claim any damages, penalties or other claims against the Tendering Party and/or the Auction Organiser, and the Tendering Party and/or the Auction Organiser will not be liable for any failure beyond its control that makes system access difficult or prevents such access.

### 1.7.6 Invalid auction

The Tendering Party may declare the Auction advertised for a given product invalid if:

- in the case of an electronic procedure, the Auction Organiser encounters a technical problem according to Point 1.7.5.4

- in the case of paper-based procedures, unforeseen technical problems may arise during the Auction, which the Tendering Party is unable to overcome. In such a case, the Auction will take place at a later date. An Auction so held will be subject to the same rules in accordance with these Auction Rules as to the failed Auction;
- any Bidder is engaging in inappropriate auction conduct or demonstrably using unfair methods to gain or attempt to gain an unfair advantage to the detriment of other participants' interests. In such a case, the Tendering Party will declare the Auction invalid, stating the reason, and the Auction will take place at a later date, in which the Bidder concerned who has given the reason for the invalidation of the Auction will not be allowed to register and participate. If the Bidder concerned still submits the Registration Data Sheet, the Bidder will be automatically disqualified.

### **1.7.7 Suspension of Auction**

The Tendering Party will reserve the right to suspend any announced Auction during the entire duration of the Auction without giving any reason, or to withdraw the Auction Call for Bids, while informing the Bidders. In the event of withdrawal, the Tendering Party will return the Tender Security within 10 business days at the latest, but will not pay any cost, interest or compensation in respect of the withdrawal of the Auction Call for Bids, and therefore the termination of the Auction.

In the event of suspension or withdrawal of the Auction as described above, the Office may request the Tendering Party to subsequently provide the reasons for the suspension or withdrawal or may investigate the justification for the Tendering Party's decision to do so.

## **1.8 Contracting**

### **1.8.1 Contracting**

The Bidder will have 8 (eight) working days following the date of the Notification to conclude the Natural Gas Storage Agreement in accordance with its obligation to conclude the Agreement.

The entry into force of the Natural Gas Storage Contract is subject to full compliance with the suspensive conditions set out therein.

In the event that the Winning Bidder does not fulfil its obligation to conclude the agreement for the won product, i.e. does not conclude the agreement within the prescribed period or does not fulfil the conditions necessary for the entry into force of the Natural Gas Storage Agreement, the Tendering Party is entitled to use the Tender security provided by the Registration as a forfeit money according to Point 1.4.2.

The terms of payment for the Capacity Packages awarded to the successful Bidder will be set out in the Natural Gas Storage Agreement and, where relevant, the Secondary Capacity Sales Agreement for interruptible capacities.

Capacity packages applicable for different durations cannot be managed in one single Natural Gas Storage Agreement.

The annual capacity booking fee payable to HEXUM Földgáz Zrt. for the booked working gas capacity:

- if interruptible capacity is not offered for booking, then the "working gas capacity according to the winning Offer x Bid Price";
- if any interruptible capacity is also included in the capacity package offered for booking, then "working gas capacity according to the winning Offer x Bid Price x 92,5%".

The annual capacity booking fee payable to the MSZKSZ for interruptible injection and withdrawal capacities (if payment of such a fee is required for the specific capacity package advertised) is "working gas capacity according to the winning bid x Bid price x 7.5%".

### **1.8.2 Performance bond**

The granting of the Performance Bond will be the condition of the entry into force of the Natural Gas Storage Agreement with the successful Bidder, and this Bond will be used in the event of non-conforming performance by the Storage System User.

The Performance Bond will be governed by the provisions set out in the Appendix *"Rules on Contractual Guarantees"* of the Tendering Party's Business Code in force from time to time.

## **2 APPENDICES**

### **A. Appendix: Documentation of Registration**

- A.1. Registration form
- A.2. Auction declarations
- A.3. Partner risk declarations

### **B. Appendix: Paper-based Offer Form (for paper-based auctions)**

C. Appendix: Model agreements

- C.1. Draft agreement for using and providing seasonal basic services for natural gas storage (with interruptible withdrawal and injection capacities)
- C.2. Draft agreement for using and providing seasonal basic services for natural gas storage (without interruptible withdrawal and injection capacities)
- C.3. Draft secondary capacity trading agreement for interruptible capacities

D. Appendix: Bank guarantee declaration form

E. Appendix: Parent company's guarantee (sample form)

Appendix no. 9/B.

**HEXUM Földgáz Zártkörűen Működő Részvénytársaság**

**Auction Rules**

**(for auctions conducted on a capacity booking platform operated by a  
third party contracted by the Storage System Operator)**

Fót, .....

## Table of Contents

<b>1</b>	<b>AUCTION RULES .....</b>	<b>175</b>
1.1	Introduction .....	175
1.2	Purpose, subject and effect of the Auction Rules .....	175
1.3	Definition of terms .....	176
1.4	Auction conditions.....	181
1.4.1	Legal requirements .....	181
1.4.2	Financial conditions .....	181
1.4.3	Other conditions.....	182
1.5	Product offered for Auction.....	182
1.6	Registration.....	183
1.6.1	Conditions for registration .....	183
1.6.2	Registration process .....	183
1.6.3	Documents and certificates to be submitted.....	184
1.6.4	Registration Security.....	186
1.6.5	Validity of registration, renewal of registration .....	187
1.7	Auction .....	187
1.7.1	Technical conditions for participation in auctions .....	187
1.7.2	Announcement of Auction .....	188
1.7.3	Conducting the auction .....	189
1.8	Contracting .....	195
1.8.1	Contracting.....	195
1.8.2	Performance bond .....	196
<b>2</b>	<b>APPENDICES .....</b>	<b>197</b>

## 1 AUCTION RULES

### 1.1 Introduction

Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (specifically Article 33.) specifies that access to gas storage should in all cases be granted on the basis of objective, transparent and non-discriminatory criteria.

In accordance with the above, the Act XL of 2008 on Natural Gas Supply (hereinafter: **GET**), Article 1(d), aims to ensure objective, transparent and equal access to the inter-cooperating natural gas system.

HEXUM Földgáz Zártkörűen Működő Részvénnytársaság (seat: 2151 Fót, Fehérkő u. 7., trade registry number: Cg. 13-10-042153, tax number: 13780960-2-44, a hereinafter as: **HEXUM Földgáz Zrt., or Tendering Party**) offers for auction, in accordance with the applicable legal provisions, all or part of its free storage capacities available in its portfolio for the purpose of booking these capacities, in accordance with the terms and conditions set out in this Auction Rules, in order to facilitate the development of effective competition and to ensure equal opportunities in access to natural gas storage capacities.

A Storage System User may book the free capacity of the natural gas storage on the IT platform of the natural gas storage licence holder or on a capacity booking platform operated by a third party contracted by the natural gas storage licence holder in accordance with the procedures set out in the Business Code of the natural gas storage licence holder or in the operating rules of the capacity booking platform.

An electronic auction may also be conducted on an electronic bidding platform operated by an intermediary party contracted by the natural gas storage license holder in compliance with Article 76. § (3a) of the GET. Provisions of Article 71(2) of the GET shall apply mutatis mutandis to the booking of the free capacity awarded as a result of the auction.

***The present Auction Rules contain the rules for auctions conducted on a capacity booking platform operated by a third party contracted by HEXUM Földgáz Zrt.***

### 1.2 Purpose, subject and effect of the Auction Rules

The purpose of the present Auction Rules (hereinafter referred to as Auction Rules or Rules) is to set out the conditions for participation in the natural gas storage capacity auction (hereinafter referred to as Auction) to be conducted on a capacity booking platform operated by a third party contracted by the Tendering Party, the manner, procedures and rules for conducting the Auction(s).

The Auction Rules provide information on the range of potential participants, the services offered, the conditions for using these services and the way the Auction is conducted. It also contains all the contractual terms and conditions that will be set out in the Gas Storage Contract to be concluded between the Tendering Party and the successful Bidder following a valid and successful Auction and, if relevant for the Auction, in the Secondary Capacity Trading Contract for Interruptible Capacities.

The effect of the Rules will cover

- System Users, Bidders and natural persons acting on their behalf who wish to participate in the Auction, as defined in point 1.3 of the Rules;
- HEXUM Földgáz Zrt. and the natural persons acting on its behalf, who are responsible for the advertising and conducting of the Auction, and the natural persons and legal entities and subcontractors used by the Tendering Party for conducting the Auction.

The Rules have been prepared taking into account the provisions of the GET, Government Decree No. 19/2009 (I.30.) on the implementation of the provisions of the GET (hereinafter as: **Vhr.**), Act V of 2013 on the Civil Code (hereinafter as: **Ptk.**), other GET-related decrees and rules, and the Tendering Party's internal regulations.

The Tendering Party will act in conformity with Section 4 of Act CXII of 2011 on the Right to Information Self-Determination and Freedom of Information (hereinafter as: **Infotv.**) and Regulation (EU) 2016/679 of the European Parliament and of the Council (hereinafter as: **GDPR**), and processes the personal data that comes to its knowledge in the course of the procedure in accordance with the provisions of the Infotv. and GDPR.

The Tendering Party will publish the Auction Rules on its Internet website ([www.mmbf.hu](http://www.mmbf.hu)).

### 1.3 Definition of terms

The purpose of this section is to explain and clarify the terms used in the Rules in relation to Auctions, in order to avoid any ambiguity in interpretation. This list does not include the terms regulated by the GET, the Vhr., the Business and Trade Regulation of the Hungarian Natural Gas System and the Tendering Party's current Storage License-holder Business Regulation (hereinafter referred to as: *Business Code*), which shall be understood as defined in these norms. In the case of financial terms, the Rules only explain terms closely related to the Auction.

#### Bid

The Bid Quantity submitted by a Bidder in a given Bid Round in the Auction through the Capacity Booking Platform.

### **Bid Price**

The natural gas storage capacity tariff (TM) offered during the Auction by the Bidder for each capacity package. The unit of measurement for the Bid price is EUR/MWh. The Bid price is expressed in net amount, excluding value added tax (hereinafter referred to as: VAT), and all other official or fiscal charges and fees.

The Tendering Party will accept the Bid price at a fixed value up to 4 decimal places. In case a Bidder gives his Bid price with more than 4 decimal places, the Tendering Party will take into account the Bid price without rounding up and up to 4 decimal places and will ignore the other local values. (The Bid price includes the natural gas storage capacity tariff, but excludes the injection turnover fee and the withdrawal turnover fee, which the Bidder will pay in accordance with the resolution of the Hungarian Energy and Public Utilities Regulatory Office (or, if the official price is set by law, by legislation) in force at the time, based on its monthly turnover. The Bid price does not include the fees for any optional services that the Bidder may require and use during the contractual period.)

### **Tender security**

A financial deposit, determined by the Tendering Party, in the event that the Bidder winning the Auction does not conclude the contracts for the capacity packages awarded pursuant to Appendix C.1 or C.2 for any reason within 8 working days after the date of the Official Notice of the Auction result, or fails to fulfil the conditions necessary for the entry into force of the Natural Gas Storage Contract concluded as a result of the Auction within the relevant time limit.

### **Tender Period**

Duration of using the natural gas storage capacities offered in the Auction.

### **Bid Round**

The period of time during which Bidders may submit Bids in the Auction.

### **Break between Bid Rounds:**

The time interval between two Bid Rounds, the exact duration of which is specified in the Auction Announcement.

### **Bid quantity**

The amount of capacity (the number of capacity packages advertised) for the booking of which the Bidder submits a Bid at the Bid Price specified by the Tendering Party for the given Bid Round.

### **Submission of bids**

Submission of the Bid Quantity in the given Bid Round in the Auction through the Capacity Booking Platform.

### **Storage System User entitled to submit a Bid**

The Storage System User who fulfils the conditions for participation in a given Auction, i.e. successfully registers for that Auction.

### **Bidder**

The Storage System User eligible for access to the natural gas storage under GET who has been successfully registered by the Tendering Party in order to participate in the Auction in accordance with the provisions of Auction Rules Point 1.6.2, and who submits a Bid in accordance with the Auction Call for Bids.

### **Bidder's representative**

The Bidder may be represented by a senior officer of the Bidder, an employee of the Bidder authorised to sign for and represent the Bidder or by a person authorised by the Bidder in a document with full probative value, as designated by the Bidder in the Registration Data Sheet (**Appendix A.1.**).

### **Undersubscription**

If the total aggregated Bid Quantity in the Auction in the given Bid Round is lower than the number of capacity packages that can be allocated in the given Bid Round.

### **Bidding step**

The predefined price step specified by the Tendering Party (EUR/package), with this step the current bidding price can be increased or decreased (depending on the type of Auction) between the Bid Rounds.

### **Auction**

The auction described in the Rules, and announced by HEXUM Földgáz Zrt. as the Tendering Party and to be conducted on the Capacity Booking Platform, having the purpose to sell HEXUM Földgáz Zrt.'s free natural gas storage capacities.

### **Auction Call for bids**

A document containing the details of the Auction, as set out in paragraph 1.7.2 of the Auction Rules, for the booking of the Tendering Party's free natural gas storage capacities.

### **Auction Organiser**

The company involved by the Tendering Party into the management of the Auction, who is operating the Capacity Booking Platform.

### **Auction Declarations**

Declarations to be completed during the Auction registrations procedure (**Appendix A.2.**), in which the Storage System User, indicating his intention to participate, declares his full acceptance of the conditions of participation in the Auction.

### **Auction Registration platform**

An online surface operated by the Tendering Party, and accessible via the Tendering Party's website, through which the registration documents required for participation in Auctions already announced or to be announced in the future by the Tendering Party can be electronically and in a controlled manner submitted to the Tendering Party.

### **Product Released for Auction (Capacity package)**

A capacity package containing specified natural gas storage capacities as defined in the Auction Call for Bids published pursuant to the Rules: working gas capacity, non-interruptible injection capacity, non-interruptible withdrawal capacity. In some cases, in addition to the above, also interruptible injection capacity, and interruptible withdrawal capacity.

### **Announcement of results**

At the end of the Auction, the Tendering Party will inform the Bidders of the final result of the Auction, and will notify the winning Bidder(s) in accordance with Rules Points 1.7.3.4.

### **Information Technology Policy for Users**

Rules for the use of the Auction Registration Platform.

### **Natural Gas Storage Agreement**

The system usage agreement to be concluded between the winning Bidder and a Tendering Party for the booking of Capacity packages allocated to the winning Bidder.

### **Correction of defects and deficiencies**

The procedure used during the Registration process, whereby the Storage System User has the opportunity to complete the documents and/or certificates required for a successful Registration, and/or to supplement or amend those already submitted.

### **Official Notification**

Official notification of the Auction result sent to the Bidders by the Tendering Party.

### **Initial Price**

The initial price set by the Tendering Party for the given Auction for the Product to be offered for Auction, from which the bidding process starts (EUR/Package).

### **No Bid**

No valid Bid is submitted to the Auction for the Product submitted for Auction.

### **Capacity Booking Platform**

The capacity booking platform operated by a third party contracted by the Storage System Operator to provide the technical infrastructure for the Auction.

### **Maximum Bid Quantity**

The maximum number of capacity packages that may be allocated to a Bidder in an Auction.

### **Secondary Capacity Trading Agreement for Interruptible capacities**

Agreement on interruptible capacities concluded by the successful Bidder with the Hungarian Hydrocarbon Stockholding Association. The Hungarian Hydrocarbons Stockholding Association will simultaneously with the Call for Tender issue a commitment declaration for the conclusion of the Secondary Capacity Trading Agreement with the successful Bidder.

### **Minimum Price**

The minimum unit price (EUR/Package) set by the Tendering Party for the Auction for the Product to be offered for the given Auction, the Bid Price may not drop below this price during the Auction.

### **Partner Risk Declaration**

A declaration with the content specified and advertised by the Tendering Party to be submitted by the Storage System User in order to participate in the Auction.

### **Precise subscription**

The case when the total Bid Quantity of the Bidders in the Auction is equal to the number of Capacity Packages that can be allocated in the Auction in the given Bid Round.

### **Pro-rata allocation**

The procedure specified in details in Section 1.7.3.3 of the Rules for the allocation of capacity packages among Bidders.

### **Storage System User**

The market player eligible for access to the natural gas storage in accordance with the GET.

### **Registration**

As a prerequisite for participation in the Auction, the Storage System User will in accordance with Section 1.6.2. submit to the Tendering Party the documents described in details in Section 1.6.3.

### **Registration Form**

The form required for Registration in conformity with A.1. Appendix.

### **Registration Security**

A cash deposit specified by the Tendering Party as a condition of participation in the Auction, which acts as Bid Security in the event that a Bidder submits a Bid in the Auction.

### **Storage System User**

The Bidder with which the Tendering Party has entered into a Natural Gas Storage Agreement in accordance with Appendix C.1. or Appendix C.2. of the Auction Rules following the Auction held in conformity with the Auction Rules.

### **Performance Bond**

A contractual security defined by the Tendering Party to protect the financial and economic interests of the Tendering Party during the contractual performance period in the event of non-conforming performance delivered by the Storage System User.

## **System User holding a Technical Registration**

A System User who has obtained electronic access with full right to use the Auction Registration platform.

### **Oversubscription**

If the total aggregated Bid Quantity of Bidders in the Auction in the given Bid Round is higher than the number of capacity packages that can be allocated in the given Bid Round.

## **1.4 Auction conditions**

### **1.4.1 Legal requirements**

HEXUM Földgáz Zrt. will offer a part of the free natural gas storage capacities available in its portfolio for Auction, i.e. it will conduct a procedure to comply with the legal provisions indicated in Point 1.1., in order to promote efficient competition and ensure equal opportunities in access to the natural gas storage capacities.

Auctions may only be conducted ensuring full compliance with the conditions and rules set out in the Auction Rules.

The Natural Gas Storage Agreement as set out in Appendices C.1. / C.2. of the Rules and, if relevant for the given Auction, the Secondary Capacity Trading Agreement set out in Appendix C.3. of the Rules will be concluded with the Bidder/Bidders winning the Auction.

The Bid submitted by a Bidder in an Auction is regarded as an Offer to enter into an agreement, to which the Bidder is bound by the Ptk. 6:64 and remains bound until the 15th (fifteenth) business day following the date of the Announcement of results.

### **1.4.2 Financial conditions**

The Bidders will, in accordance with the amounts and deadlines set out in the Auction preparation and the contracting phases and in the Natural Gas Storage Agreement:

- certify their overall solvency throughout the Registration procedure,
- submit the document verifying the provision of the Registration Security during Registration,
- provide the Performance Bond necessary for the conclusion of the Natural Gas Storage Contract in the form required by the Tendering Party's Business Code in force from time to time.

The amount of the Registration Security shall be credited to the Tendering Party's bank account by the registration deadline specified in the Auction Call for Bids.

Failure to pay the Registration Security by the due date will disqualify the Bidder from participating in the Auction.

The full amount of the Registration Security shall serve as a Bid Security to the Tendering Party as forfeit money in the event that the winning Bidder fails for whatever reason to conclude the agreements for the Capacity Packages it won pursuant to Appendix C.1. or C2. within 8 working days following the date of the Notification of the Auction result, or fails to fulfil the conditions necessary for the entry into force of the Natural Gas Storage Agreement concluded as a result of the Auction within the time limit.

#### 1.4.3 Other conditions

- Storage System Users wishing to submit a Bid in the Auction will provide the Tendering Party with the documents (declarations and supporting documents) required for registration in accordance with Point 1.6.3 within the time limit set out in the Rules.
- Bidders shall maintain a fair market conduct during the Auction. They may not enter into background agreements that are prejudicial to the interests of the Tendering Party and other Bidders or that give them an undue advantage in the Auction.
- By registering, the Bidders accept the terms and conditions set out in the Auction Rules and acknowledge that any breach of these Auction Rules will result in the immediate disqualification of the Bidder(s).
- The language of the procedure is Hungarian, therefore all communication related to the Auction will be in Hungarian and English, however, the Tendering Party will provide the possibility to submit the documents required for Registration in Hungarian and English, and to use the Capacity Booking Platform in Hungarian and English.

#### 1.5 Product offered for Auction

In the Auction, the Tendering Party will offer its free storage capacities for sale in capacity packages, in which the following parameters are fixed per package:

• Working gas capacity	[*] kWh
• Injection capacity - not interruptible	[*] kWh/nap
• Injection capacity - interruptible	[*] kWh/nap
• Withdrawal capacity - not interruptible	[*] kWh/nap
• Withdrawal capacity interruptible	[*] kWh/nap
• Injection cycle (planned)	...
• Withdrawal cycle (planned)	...

## 1.6 Registration

### 1.6.1 Conditions for registration

The System User shall register as an Auction participant in order to participate in any Auction announced by the Tendering Party. The Storage System User can initiate the registration at any time during the year.

The System User is eligible to participate in a particular Auction announced by the Tendering Party as an Eligible Storage System User if:

- he has submitted the registrations documents required for participation in the given Auction electronically, through the Auction Registrations Platform operated by the Tendering Party, as described in details in Point 1.6.3. to the Tendering Party and these documents have been accepted;
- the amount of the Registration Security has been credited to the Tendering Party's bank account by the deadline
- the Tendering Party has sent an email to the Storage System User confirming the acceptance of the User's Registration.

### 1.6.2 Registration process

#### 1.6.2.1 Access to the Auction Registration platform

The Storage System Users can indicate their intention to get access to the Auction Registration Platform by filling in the online form available on the Tendering Party's website ([gaztarolo.hu](http://gaztarolo.hu)). By completing the form to obtain access to the Auction Registration Platform and submitting his data, the Storage System User accepts the provisions of the User Information Regulation. After filling in the form and submitting the data, the Tendering Party verifies the submitted data and, if found them as correct, sends the technical information required to access to the Auction Registration Platform to the Storage System User by e-mail within 2 working days, who thus can become a Storage System User with Technical Registration.

Once the terms and regulations have been accepted, the Tendering Party will not be in the position to consider any complaint/comment regarding the provisions of the terms and regulations accepted by the Bidder in connection with the Auction.

#### 1.6.2.2 Submission of registration documents

A Storage System User having Technical Registration has the possibility to submit the registration documents for a given Auction electronically to the Tendering Party through the Auction Registration Platform.

The Storage System User shall send a notification of the submission of the registration documents to the following e-mail address:

**capacity@gaztarolo.hu**

The Tendering Party will, within 2 working days of receiving notification from the Storage System User, examine the submitted registration documents for formal and substantive compliance and, depending on the fulfilment of the conditions, accept or reject the Registration. The Tendering Party will notify the Storage System User by e-mail of the acceptance of the Registration.

The Tendering Party reserves the right to request the Storage System User concerned to rectify any deficiencies in form or content identified when examining the documents submitted during the Registration, subject to a deadline. The Storage System User has the possibility to make an unlimited number of rectification.

If the Storage System User fully complies with the request for completion within the deadline, the Tendering Party will notify the successful Registration within 2 (two) working days after the deadline for completion. If the Storage System User fails to complete the registration documentation in full within the prescribed time limit in accordance with the request for completion, the Tendering Party will call for repeated rectification.

The Auction Call for bids determines the final deadline for registration for a given Auction. The Tendering Party shall not be liable for any damages or loss of profits to a Storage System User arising from failure to meet the registration deadline.

The Tendering Party undertakes the obligation and warrants that the documents and data submitted to the Auction by the Storage System User(s) will be treated confidentially and disclosed to third parties (in particular to the Auction Organiser) only in accordance with the provisions of Article 4 of Act CXII of 2011 on the Right of Information Self-Determination and Freedom of Information. By virtue of registering for or by participating in the Auction, the Storage System User acknowledges and expressly consents that the intermediaries involved into the Auction by the Tendering Party may have access to the documents submitted by the Storage System User and their contents, including the personal data provided therein. Intermediaries involved into the Auction are bound by the same confidentiality obligations as the Tendering Party.

### **1.6.3 Documents and certificates to be submitted**

To participate in an Auction advertised by the Tendering Party, the Storage System Users shall submit the following documents to the Tendering Party through the Auction Registration Surface:

Document	Expected frequency of submission	Form to be used
1. Registrations Data Sheet (officially signed in original or provided with an electronic signature with enhanced security based on a qualified or certified attestation with a certified electronic signature)	It shall be submitted once a calendar year (except in the case of changes).	Appendix A.1.
2. Auction Declarations (officially signed in original or provided with an electronic signature with enhanced security based on a qualified or certified attestation with a certified electronic signature)	It shall be submitted once a calendar year (except in the case of changes).	Appendix A.2.
3. Electronic bank document as proof of payment of the Registration Security	It shall be submitted once a calendar year (except if the Registration Security is repaid for any reason).	
4. Partner Risk Declarations (officially signed in original or provided with an electronic signature with enhanced security based on a qualified or certified attestation with a certified electronic signature)	It shall be submitted once a calendar year (except if the Registration Security is repaid for any reason or is considered a bid security at the time of the call for bids).	Appendix A.3.
5. Specimen signature of the authorised signatory(s) representing the Storage System User, or specimen signature countersigned by a lawyer Storage System User	It shall be submitted once a calendar year (except in the case of changes).	
6. In the case of a company registered abroad, the Bidder's company certificate not older than 30 days (in Hungarian or English, or in case of submission in other languages, with a certified translation into Hungarian)	It shall be submitted once a calendar year (except in the case of changes).	

*(The above Declarations can also be validly submitted with an original company signature or provided with an electronic signature with enhanced security based on a qualified or certified attestation with a certified electronic signature.)*

#### 1.6.4 Registration Security

The successful Registration of a Storage System User is subject to the payment of the Registration Security in the form of a cash deposit. The amount of the Registration Security is:

**EUR 50.000**

Participation in Auctions advertised by the Tendering Party is subject to the Registration Security being available in the Tendering Party's bank account, i.e. the Registration Security shall be held in the Tendering Party's bank account in order that the Storage System User is eligible to participate in the Auctions.

Registration Security becomes Bid Security if the Storage System User participates in any Auction announced by the Tendering Party:

- Following the Auction, if the Storage System User is not awarded a capacity package in the Auction, the legal title to the amount paid will be re-qualified to Registration Security following the announcement of the Auction results;
- After the Auction, if the Storage System User is awarded a capacity package in the Auction, it will serve as a Bid Security until the contract enters into effect, and the legal title of the amount paid will be requalified as Registration Security after the contract enters into effect.
- As long as the cash deposit is qualified as a Bid Security and another Auction takes place in which the Storage System User wishes to participate, the Storage System User shall ensure that it pays the amount (EUR 50,000) of Registration Security that is required in order to be eligible to participate in the Auction.

The Storage System User is entitled to claim back the Registration Security paid. The Storage System User may notify the Tendering Party in writing of the reimbursement request. In the event of such a request, the Tendering Party will reimburse the amount of the Registration Security to the Storage System User within 5 working days. In the event of reimbursement of the Registration Security, the Registration of the Storage System User will be suspended and during the period of suspension he will not be entitled to participate in Auctions advertised by the Tendering Party.

In the event the amount of the Registration Security is reduced during the year, or the registration of a Storage System User in the Auction is suspended due to a reimbursed Registration Security, the participation of the Storage System User in the Auction is subject to the upload and payment of the Registration Security, provided that the other registration requirements are fully met.

### **1.6.5 Validity of registration, renewal of registration**

Registration is valid until 31 December of the current calendar year. In December of each year, the Tendering Party will notify the registered Storage System Users by e-mail of the expiry of the Registration at the end of the year and at the same time offer the possibility to renew the Registration for the following year by resubmitting the registration documents.

The Tendering Party will within 10 working days reimburse the amount of the Registration Security to a Storage System User who does not renew his registration by 31 December of the given calendar year.

## **1.7 Auction**

### **1.7.1 Technical conditions for participation in auctions**

The technical precondition for participation in the Auctions announced by the Tendering Party on the Capacity Booking Platform is that the Storage System User has a valid registration and access to the Capacity Booking Platform. The terms and conditions for the required registration are set out in the Operating Rules of the Capacity Booking Platform, the electronic version of which is made available by the Tendering Party on its website. The Storage System User is responsible for obtaining general access to the Capacity Booking Platform for his participation in the Auction.

The Tendering Party will set the access rights of the Storage System User registered on the Capacity Booking Platform to the Auctions advertised by the Tendering Party within the Capacity Booking Platform, provided that the Storage System User has general access to the Capacity Booking Platform and fully complies with the conditions set out in Section 1.6.

The Tendering Party will by e-mail notify the Storage System User concerned of the access rights setup. The Tendering Party is entitled to suspend or terminate the access rights of the Storage System User at any time if the Storage System User does not fully comply with the registration conditions (e.g. the required Registration Security is not available in the Tendering Party's account) or the Storage System User violates the rules set out in the Auction Rules. The Tendering Party shall notify the Storage System User concerned of the suspension or termination of the access right by means of a reasoned e-mail.

The Tendering Party will automatically terminate the Storage System User's access rights on 31 December of each year (as the Storage System User's registration as described in Section 1.6 will also expire at the end of the year), unless the Storage System User has validly renewed his registration during the month of December for the following calendar year.

The operator of the Capacity Booking Platform provides user support to the Storage System User in relation to the management of the Capacity Booking Platform for Auctions advertised by the Tendering Party. The operator of the Capacity Booking Platform provides Help Desk support to the Storage System User by telephone and email. Contact details for the Help Desk can be found on the Tendering Party's website.

### **1.7.2 Announcement of Auction**

The Tendering Party will issue the Call for Vids for the current Auction at least 13 business days prior to the Bid Submission Deadline:

- announcement on its internet website ([gaztarolo.hu](http://gaztarolo.hu));
- electronically sending to System Users having Technical Registration and Storage System Users with a valid and suspended Registration to their e-mail address registered for contact.

The Tendering Party will keep a break of at least 3 business days between two Auctions in order to allow the Storage System Users sufficient time to pay the Registration Security required for a valid Registration.

The Tendering Party will provide the following information and data in the Call for Bids to the System Users entitled to submit a bid:

1. Basic data of the auction:
  - a. Auction ID (Tendering Party's side)
  - b. Auction type: auction on the Capacity Booking Platform operated by a third party contracted by the Storage System Operator
  - c. Auction starting time (day, hour, minute)
  - d. Registration deadline (day, hour, minute)
2. Product released for auction (content of 1 capacity package):
  - a. Bidding period
  - b. Working gas capacity (kWh)
  - c. Non interruptible storage capacity (kWh/day)
  - d. Interruptible injection capacity (kWh/day)
  - e. Non-interruptible withdrawal capacity (kWh/day)
  - f. Interruptible withdrawal capacity (kWh/day)
  - g. Injection cycle
  - h. Withdrawal cycle
3. Quantity information:
  - a. Number of capacity packages announced in the auction (units)
  - b. Maximum Bid Quantity (%, units)
4. Price information:
  - a. Initial price (EUR/package)
  - b. Bid step (EUR/package)

5. Technical information about the procedure:
  - a. Duration of Initial Bid Round (hour, minute)
  - b. Duration of further Bid Rounds (hour, minute)
  - c. Duration of break between the Bid Rounds (hour, minute)
6. Additional information
7. Availabilities of contact officers from the Tendering Party

The Auction Operator will publish the Auction announced by the Tendering Party on its Capacity Booking Platform website. At the same time, the Auction Operator will send a notification to all users of the Capacity Booking Platform who are eligible to participate in the Auction announced by the Tendering Party and who have subscribed to the auction notifications.

After the announcement of the Auction, only the contact person appointed by the Tendering Party in the Call for Bids and the Auction Operator will be entitled to provide information and answer any further questions related to the Auction.

At the same time as the Call for Bids, the Tendering Party will also send a model of the Natural Gas Storage Contract and, if relevant for the given Auction, the model of the Secondary Capacity Trading Contract for interruptible capacities to the Storage System User having Technical Registration and to the Storage System User having valid or suspended Registration to their e-mail address registered for contact.

The publicity of the Auction applies to the Registration procedure, after which the Auction will continue in a closed process. All further communication will be restricted to the Tendering Party, the Auction Operator and the Storage System Users eligible to submit Bids.

The Tendering Party and the Auction Operator shall manage the personal data that come to their knowledge in the course of the procedure in accordance with the provisions of Act CXII of 2011 on the Right to Information Self-Determination and Freedom of Information and Regulation (EU) 2016/679 of the European Parliament and of the Council (GDPR).

### **1.7.3 Conducting the auction**

#### **1.7.3.1 Information on the technical organisation of the auction**

The Auction will take place on the Capacity Booking Platform. Storage System Users whose access rights to the Auctions announced by the Tendering Party have been set up as described in Section 1.7.1 may participate in the Auction.

The Auction Operator handles all Storage System User's inquiries related to the Auction through its own help desk.

In the event of any technical problems affecting the Auction, the Auction Operator will notify the Storage System Users (and the Tendering Party). Any technical problem affecting the Auction will be managed in accordance with the provisions of the Operating Rules of the Capacity Booking Platform.

### 1.7.3.2 Procedure for submitting bids

Bids for a given Auction may be submitted through the Capacity Booking Platform operated by the Auction Operator.

Prior to starting the Auction, the Storage System Users who are eligible to participate in the Auction will have access to the following parameters of the Auction also on the Capacity Booking Platform:

- Auction code ((automatically generated))
- Auction starting time (day, hour, minute)
- Duration of Initial Bid Round (hour, minute)
- Duration of additional Bid Rounds (hour, minute)
- Duration of break between Bid Rounds (our, minute)
- Content of additional information field (in both Hungarian and English):
  - Auction ID at the Tendering Party (number of the calls for bid)
  - Information that the capacity package also includes non-interruptible and interruptible injection and withdrawal capacities
- Total number of capacity packages (units) announced in the auction
- Initial price (EUR/package)
- Maximum bid quantity (%), pieces)
- Bidding step (EUR/package)

#### Rules on submitting bids:

- In the Auction, the Bidder will specify the Bid Quantity, i.e. the number of capacity packages to be purchased at the given price separately for each Bid Round.
- A Bidder may submit a quantity in a given Bid Round up to the Maximum Bid Quantity or, if the quantity still available in a given Bid Round is less than the Maximum Bid Quantity, up to the quantity still available, or, if he has already been allocated in a given round, up to the difference between the Maximum Bid Quantity and the quantity allocated to him.
- The Bidder may submit different Bids in different Bid Rounds, and may even skip Bid Rounds:
  - Bidding is not mandatory in every Bid Round. A Storage System User having a valid registration and system access may submit a Bid in any Bid Round of the Auction.
  - The Bidder may increase, decrease or leave unchanged the Bid Amount per each Bid Round during the Auction (irrespective of the direction of the Auction).

- The Tendering Party will regard all Bids submitted on behalf of the Bidder through the Capacity Booking Platform as valid Bids in the Auction.
- The Bid submitted by the Bidder in the Auction is deemed to be a Bid aiming for the conclusion of a contract, and the Bidder will remain bound to this Bid in accordance with the provisions of Section 6:64 of the Civil Code (Ptk.) until the 15th (fifteenth) business day following the date of the announcement of the results of the Auction.

During the Auction, the Storage System Users and Bidders being eligible to participate in the Auction will see the following information about the Auction:

- Bid Round number
- Remaining duration of the Bid Round / Remaining duration of the break in case of a break
- Initial price (EUR/package)
- Current rate of bid step:
  - Positive bid step in case of ascending price auction (EUR/package)
  - Negative bid step in case of descending price auction (EUR/package)
- Current price (EUR/package)
- Capacity still available (not allocated) in the current Bid Round (total number of packages offered in Round 1 of the auction) (Package)
- Self-own Bid Quantity (Package) specified in the current Bid Round
- Self-own bid quantity (ies) specified in previous Bid Rounds (Package)

#### 1.7.3.3 Operation of the bidding algorithm of the auction

- In each Bid Round, the number of capacity packages applied for at the given price - Bid Quantity (pieces) - has to be specified. This will be the Bid of the given Bidder in the given Bid Round.
- Each Bid Round lasts for the predefined duration. There must be a break with pre-defined duration between the Bid Rounds.
- **First Bid Round:** The bids submitted for the Initial Price in the first Bid Round will determine how the Auction continues:
  - If no bids are submitted, a **Descending Price auction** will start.
  - If there is a bid submitted but there is an **Undersubscription**, the capacities will be allocated to the bidders submitting bids in the given Bid Round and a **Descending Price Auction** will start for the remaining capacity packages.
  - If there is a bid submitted and there is an **Exact Bid**, the capacity packages will be allocated to the winning Bidders and the Auction will close.
  - If there is a bid submitted and there is an **Oversubscription**, then an **Ascending Price auction** will start.

- ***Process of ascending price auction:***

- The price will increase with the Bid Step in each Bid Round.
- In case there is an Exact Bid in the given Bid Round, the capacity packages will be allocated among the winning Bidders and the Auction will close.
- In case there is an Oversubscription in the given Bid Round, the Auction will continue with a subsequent Bid Round and the price will increase further with the Price Step.
- In case there is an Undersubscription in the given Bid Round, the capacity packages will be allocated to the bidders in the given Bid Round. The remaining capacity packages will be allocated on a pro-rata basis. The Auction will be closed.
- Pro-rata allocation in the case of ascending price auction:
  - Bidders who participate in the second to last Bid Round will participate in the pro-rata allocation. The pro-rata allocation will be based on the Bid Quantity submitted by Bidders in the second to last Bid Round. Bidders who win in the last Bid Round will participate in the Allocation by the difference between their Bid Quantity submitted in the second to last Bid Round and the quantity allocated to them in the last round, if it is greater than or equal to 0.
  - Only Bidders who have not yet been awarded a capacity package corresponding to the Maximum Bid Quantity will participate in the pro-rata allocation. The quantity of capacity packages allocated to the Bidders as a result of the pro-rata allocation shall in no case be higher than the Maximum Bid Quantity.
  - The result of the pro-rata allocation can only be an integer number of capacity packages.
  - The quantities awarded in a pro-rata allocation are rounded down to an integer number.
  - The rounding difference will be distributed according to the speed of submission of bids in the second to last Bid Round (taking into account the time stamp of the bids). The time of submission of the bids submitted in the second to last Bid Round (starting from the earliest bid submitted) will determine the order of eligibility. The rounding difference will be used to allocate an additional 1-1 capacity package to the Bidders participating in the pro-rata allocation as long as the capacity packages remaining as the rounding difference are exhausted. If as a result of the pro-rata allocation the quantity of Capacity Packages allocated to any Bidder exceeds the Maximum Bid Quantity, no additional Capacity Package will be allocated to that Bidder.
  - The clearing price will be the price of the second to last Bid Round.
- The Bid Price may be higher than the then prevailing regulatory price.

- **Process of descending price auction:**

- The price will decrease with the Bid Step in each Bid Round.
- If there is no bid submitted in the given Bid Round, the Auction will continue with further Bid Rounds until the Minimum Price is reached.
- If there is an Undersubscription in the given Bid Round, the capacity packages will be allocated to the bidders who submitted bids in the given Bid Round. The Auction will continue with subsequent Bid Rounds for the remaining capacity packages until the Minimum Price is reached.
- In case there is an Exact Bid in the given Bid Round, the capacity packages will be allocated among the winning Bidders and the Auction will close.
- In case there is an Oversubscription in the given Bid Round, the capacity packages will be allocated on a pro-rata basis and the Auction will close.
- In case the reduced price reaches the Minimum Price and there is a remaining capacity package after the Bid Round is closed, it will not be allocated. The Auction is closed.
- In case the reduced price reaches the Minimum Price and no capacity package has been allocated during the Auction, the Auction will close with a Bid Deficit.
- Pro-rata allocation in the case of descending price auction:
  - Bidders who submitted bids in the last Bid Round will participate in the pro-rata allocation. The pro-rata allocation will be based on the Bid Quantity submitted by Bidders in the last Bid Round.
  - Only Bidders who have not yet been awarded a capacity package corresponding to the Maximum Bid Quantity will participate in the pro-rata allocation. The quantity of capacity packages allocated to Bidders as a result of the pro-rata allocation shall in no event exceed the Maximum Bid Quantity.
  - The result of the pro-rata allocation can only be an integer number of capacity packages.
  - The quantities awarded in a pro-rata allocation are rounded down to an integer number.
  - The rounding difference will be distributed according to the speed of submission of bids in the last Bid Round (taking into account the time stamp of the bids). The time of submission of the bids submitted in the last Bid Round (starting from the earliest bid submitted) will determine the order of eligibility. The rounding difference will be used to allocate an additional 1-1 capacity package to the Bidders participating in the pro-rata allocation as long as the capacity packages remaining as the rounding difference are exhausted. If as a result of the pro-rata allocation the quantity of Capacity Packages allocated to any Bidder exceeds the Maximum Bid Quantity, no additional Capacity Package will be allocated to that Bidder.
  - The clearing price will be the price of the last Bid Round.

#### 1.7.3.4 Preliminary notification of Auction results, Announcement of results

After the Auction has been closed, the Auction Operator will send to the winning Bidders an automatic information by e-mail on the results of the Auction conducted on the Capacity Booking Platform. The Bidders can download the information document on the Auction results from the Capacity Booking Platform. The above two notifications are deemed to be informal, technical information.

After the Auction has been closed, the Tendering Party will send a separate Official Notification of the official results of the Auction by e-mail to all Bidders who participated in the Auction.

Possible outcomes of the Auction:

- The Auction is **valid and successful** if at least one Bidder's bid in the Auction fulfils the bidding requirements set out in the Call for Bids.
- The Auction is **valid but unsuccessful** if no Bids are submitted by Bidders during the Auction that fulfil the bidding requirements set out in the Call for Bids.
- The Auction is **invalid**.

#### 1.7.3.5 Invalid Auction

If any Bidder engages in inappropriate conduct in the Auction or provably uses unfair methods to gain or intends to gain an illegitimate advantage to the detriment of the interests of other participants, the Tendering Party will declare the Auction invalid, stating the reason thereof, and the Auction will be held at a later date. The respective Bidder who has given cause for calling the Auction invalid will not be allowed to register and participate in this Auction.

The invalidity may be determined during or after the Auction, even if during the Auction the Capacity Booking Platform has sent a preliminary notification of the capacity allocation to any Bidder participating in the Auction, i.e. there was a winning bid in any Bid Round(s).

#### 1.7.3.6 Suspension of Auction

The Tendering Party reserves the right to suspend any announced Auction during the period between the announcement of the Auction and the date prior to the start of the Auction, without giving any reason thereof, or to withdraw the Call for Bids, while simultaneously informing the Bidders.

If an Auction is suspended:

- following the suspension, the parameters of the Auction described in details in Section 1.7.3.2 will become inaccessible to Bidders on the Capacity Booking Platform;
- following the closure of the suspension, the Auction will restart on the Capacity Booking Platform under the new Auction Code and under the original terms and conditions at the new date and time set by the Tendering Party and communicated to the Bidders of the suspended Auction..

In case of suspension of the Auction or withdrawal of the Call for Bids, the Tendering Party will not pay any compensation, interest or damages.

### **1.7.3.7 Consideration of technical problems in the Auction procedure**

In case a Bidder experiences technical problems during the Auction (e.g. power outage, internet outage, etc.), the Bidder will participate in the Auction with its last valid bid.

In case a technical failure occurs at the Auction Operator during the Auction (e.g. power failure, internet outage, etc.), the given Auction will be considered invalid and will be announced on a new date. In this case, the Bidders will not be entitled to claim any damages, penalties or other claims against the Tendering Party and/or the Auction Operator, and the Tendering Party and/or the Auction Operator will not assume any liability for any failure beyond its control that may hinder or prevent access to the system.

## **1.8 Contracting**

### **1.8.1 Contracting**

The Bidder winning in the Auction will have 8 (eight) working days following the date of the Official Notification to conclude the Natural Gas Storage Agreement in accordance with its obligation to conclude the Agreement.

The entry into force of the Natural Gas Storage Contract is subject to full compliance with the suspensive conditions set out therein.

In the event that the Winning Bidder does not fulfil its obligation to conclude the agreement for the won product, i.e. does not conclude the agreement within the prescribed period or does not fulfil the conditions necessary for the entry into force of the Natural Gas Storage Agreement, the Tendering Party will be entitled to use the Registration Security provided at the Registration as a forfeit money according to Point 1.4.2.

The terms of payment for the Capacity Packages awarded to the successful Bidder will be set out in the Natural Gas Storage Agreement and, where relevant, the Secondary Capacity Sales Agreement for interruptible capacities.

An annual capacity booking fee (storage capacity fee) will be paid to the Tendering Party for the working gas capacity awarded in the Auction and it will be fixed in EUR/MWh in the Natural Gas Storage Contract:

- if no interruptible capacity is offered for booking, the Bid Price per 1 MWh working gas capacity (rounded to 4 decimal places) will be specified in the Natural Gas Storage Contract;
- if the capacity package offered for booking also includes interruptible capacity, 92.5% of the Bid Price per 1 MWh working gas capacity (rounded to 4 decimal places) will be specified in the Natural Gas Storage Contract.

The annual capacity booking fee payable to the MSZKSZ for interruptible injection and withdrawal capacities (if the payment of such fee is required for the given announced capacity package) will also be fixed in EUR/MWh in the Secondary Capacity Sales Contract. The rate is 7.5% of the Bid Price per 1 MWh of working gas capacity (rounded up to 4 decimal places).

### **1.8.2 Performance bond**

The granting of the Performance Bond will be the condition of the entry into force of the Natural Gas Storage Agreement with the successful Bidder, and this Bond will be used in the event of non-conforming performance by the Storage System User.

The Performance Bond will be governed by the provisions set out in the Appendix no. 6. on "*Rules on Contractual Guarantees*" of the Tendering Party's Business Code in force from time to time.

## 2 APPENDICES

- A. Appendix: Documentation of Registration
  - A.1. Registration form
  - A.2. Auction declarations
  - A.3. Partner risk declaration
- B. Appendix: sample for call for bids in auction
- C. Appendix: Model agreements
  - C.1. Draft agreement for using and providing seasonal basic services for natural gas storage (with interruptible withdrawal and injection capacities)
  - C.2. Draft agreement for using and providing seasonal basic services for natural gas storage (without interruptible withdrawal and injection capacities)
  - C.3. Draft secondary capacity trading agreement for interruptible capacities

## Schedules

### Schedule no. 1.

#### The Company's organigram

## Schedule No. 2.

### Laws, regulations and internal instructions

#### **1. Essential laws regulating the Storage System Operator's operations**

- REGULATION OF THE EUROPEAN PARLAMENT AND COUNCIL No. 715/2009/EC (July 13, 2009.) on conditions for access to the natural gas transmission networks and repealing Regulation (EC) no. 1775/2005/EC.
- Act XL. of 2008. on natural gas supply
  - Government Decree no. 19/2009. (I. 30.) on the implementation of provisions specified in Act XL. of 2008. on natural gas supply
- Act XXVI. of 2006 on natural gas strategic stockpiling
  - TIM Decree no. 10/2022. (VIII.4.) on the extraordinary natural gas reserve, and conditions required for its establishment
  - ITM Decree no. 59/2021. (XII. 15.) on the quantity of natural gas strategic reserve
- Government Decree no 399/2023. (VIII.24.) on provisions securing the safety of natural gas supply
- Act XLVIII. of 1993, the Mining Law
  - Government Decree no 203/1998. (XII. 19.) on the implementation of provisions specified in Act XLVIII. Act XLVIII. of 1993, the Mining Law

#### **2. Essential regulations regulating the Storage's operations**

- Operation and Business Code of the inter-cooperating natural gas system (Network Code)

#### **3. Internal instructions**

- The storage of Hungary's strategic natural gas reserves and their release to Beneficiaries in the event of the release of these reserves is an issue of top priority for the operation of the Storage Facility. In order to fully comply with the latter obligation, the following internal instruction of the Storage System Operator has been issued:

TR-7.2-04 Procedures and staffing requirements in the event of a gas supply crisis