

Gas storage agreement for reservation of yearly storage capacity with fixed output

Parties to the Agreement

Moravia Gas Storage a.s.

Registered seat: Úprkova 807/6, 695 01 Hodonín

Represented by: Mr. Stanislav Pylev, Chairman of the Board of Directors, and Mr. Karel Luner, Member of the Board of Directors

Company ID No.: 28506065

Tax ID No.: CZ28506065

Registered with Regional Court in Brno, File No. B 5870

(hereinafter the “**Storage Operator**”),

And

[●]

Registered seat:

Represented by:

Company ID No.: [●]

Tax ID No.: [●]

Registered in [●], File No. [●],

(hereinafter the “**Storage User**”),

Parties hereby execute, under Act No. 458/2000 Coll., as amended (hereinafter as “Energy Act”) and relevant instruments to the Energy Act, especially Regulation No. 349/2015 Coll., the Rules of the Gas Market, as amended, this Gas Storage Agreement for reservation of yearly storage capacity with fixed output (hereinafter the “Agreement”).

I. Subject Matter

1. The subject matter of this Agreement, compliant with the Code of the gas storage operator (hereinafter the “Code”), is the obligation:
 - a) Of the Storage Operator to duly render the gas storage service for the Storage User under the terms and conditions given below in this Agreement and the Code;
 - b) Of the Storage User to create conditions for proper rendering of the storage service by Storage Operator, and pay total price for the storage service, all under the terms and conditions mentioned below in this Agreement and the Code.
2. Parties to the Agreement undertake in performing this Agreement to also adhere to the provisions of the Code which are valid and effective as of the date the Agreement was signed by Storage User, including the provisions of the Code altered later on by Storage Operator due to the reasons incited by the change of generally binding legal regulations or a ruling of respective state administration body. Storage User hereby declares it has become sufficiently familiar with the wording of the Code valid and effective as of the date the Agreement. In case of any

variance between the wording of the Rules and of this Agreement the provisions stated in this Agreement shall take precedence.

II. Storage capacities

1. The Storage Operator undertakes to provide the Storage User throughout the duration of the Agreement within the storage service the storage capacity specified in the table below adjusted according to the injection curve and withdrawal curve which are bound to the amount of Storage User-stored gas (identified in Storage User's account) and with the constraints stated in this Agreement, Code and generally binding legal regulations.

Storage period	Reserved storage capacity in m ³	Max daily injecting input in m ³ /day	Max daily withdrawal output in m ³ /day
1.4.2019, 06:00 a.m. – 1.4.2020, 06:00 a.m.	[●]	[●]	[●]

2. Injection and withdrawal curve are given in Annex No. 1 which forms integral part of this Agreement.

III. Storage price

1. Storage User shall pay for services under Clause I. of this Agreement a storage price and an energy fee.
2. The total monthly price for the storage service consists of 1/12 of the yearly price for storage of gas, and of the energy fee (in the case that in that particular month the Storage User injects gas), where:

a) Monthly storage price

Based on the results arrived at auction carried out on [●], the yearly unit storage price amounts to [●] EUR per each thousand m³ of the reserved storage capacity under this Agreement; the monthly storage price shall represent one twelfth of the yearly storage price.

b) Energy fee

The energy fee represents the costs of technological gas, electricity and CO₂ emissions incurred in connection with provision of the storage service by the Storage Operator.

The energy fee is calculated by means of multiplying the amount of actually injected Natural Gas by a flat fee. At the moment of the auction, the flat rate is estimated at 0.0025 EUR per each m³ of injected gas. Notwithstanding the previous sentence, the Storage Operator shall finally calculate the flat fee and announce to the Storage User by 30. April 2019 through the following formula:

The flat fee is set for each Storage Year as the sum of

$$\text{Flat fee energy (EUR/m}^3\text{)}_t = (\text{total Energy Costs (EUR)}_{t-1}) / (\text{total injected Natural Gas (m}^3\text{)}_{t-1})$$

and

$$\text{Flat fee CO}_2 \text{ (EUR/m}^3\text{)}_t = ((\text{total CO}_2 \text{ emissions (tonnes)}_{t-1}) \times (\text{CO}_2 \text{ price (EUR/tonne)}_t)) / (\text{total injected Natural Gas (m}^3\text{)}_{t-1})$$

In the above formulas, the abbreviations have the following meanings:

t = current Storage Year;

t-1 = previous Storage Year;

total Energy Costs = total Energy Costs incurred due to actual withdrawal and injection of Natural Gas;

total CO₂ emissions = total volume of CO₂ emissions produced due to actual withdrawal and injection of Natural Gas;

CO₂ price = price of European Carbon Futures contract published by the European Energy Exchange.

By the 30 April 2020 or with respect to costs of emission allowances as soon as possible under then valid law, the Storage Operator shall invoice the difference between the sum of all Energy fees paid by the Storage User in during the Storage Period and the sum of the technological gas and electricity costs and the costs of emission allowances actually accrued during the Storage Period as a result of injection and/or withdrawal of gas. For the avoidance of doubt: if the sum of all Energy fees paid in the Storage Period exceeds the sum of the technological gas and electricity costs and costs of emission allowances actually accrued in the Storage Period, the Storage Operator shall reimburse to Storage User the excess amount. In case the sum of the technological gas and electricity costs and costs of emission allowances actually accrued in the Storage Period as a result of injection and/or withdrawal of gas exceeds the sum of all Energy Fees paid in the Storage Period, the Storage Operator shall invoice this difference to Storage User.

3. VAT shall be applied in accordance with the mandatory legal regulations.
4. Unless stated otherwise, all price provisions associated with the word “month” shall be considered for the gas month period, and those associated with the word “year” shall be considered for the storage year period.

IV. Terms of payment

1. Storage User shall be liable to pay for the storage service on monthly basis (for each gas month of the Agreement effectiveness) the back payment to Storage Operator amounting to total monthly price for the storage service, calculated for the respective gas month in line with the previous Clause III., based on an invoice issued by the Storage Operator. Storage Operator shall be liable to issue the invoice for relevant gas month and send it to the Storage User no later than by 5th business day of calendar month that follows immediately the month for which such price has been fixed.
2. Storage User shall be liable to pay total monthly price for the storage service for the respective gas month no later than within 14 calendar days after receipt of the relevant invoice, and this through bank transfer to the Storage Operator’s account specified on the invoice.
3. Tax invoice shall include the elements set forth by generally binding regulations including banking institution identification and account No. to pay thereon.
4. Should there be default in payment of monetary obligations that the Agreement implies, then the respective Party shall be liable to pay second Party a delay charge at the level under valid generally binding legal regulations, and unless these regulations do not specify the amount of such punitive interest, or have ceased to specify it, or such late charge is unable to determine, then at the level of 0.05 % of unpaid amount per day in default or started day in default. Delay charges are due within 10 calendar days after a day these are accounted for.

V. Duration

1. The Agreement is made and takes effect as from 1 April 2019, at 6.00 a.m. CEST; the provision of the storage services terminates on 1 April 2020, at 6.00 a.m. CEST, unless prolongation option pursuant to Article V Section 2 of this Agreement is executed.
2. The Storage User is entitled to request the prolongation of the duration of the Agreement multiple times, always for one storage year, but the Agreement may not last for more than five storage years in total (ie. the Agreement terminates on 1.4.2024, at 6:00 a.m. CEST at the latest). To avoid any misunderstanding, the storage years must follow each other and no gap year is allowed.

The option to prolong the Agreement shall be executed by the Storage User in the following manner:

- a) The request for the execution of the prolongation option must be delivered to the Storage Operator until 31 December of the undergoing storage year;
- b) The request must be in writing and signed by representative(s) who shall have sufficient power to execute an amendment to the Agreement;
- c) If the conditions stipulated in letters a) and b) of this section are fulfilled, the duration of the Agreement shall be automatically prolonged by one storage year;
- d) The storage price for the new storage year shall be determined:
 - i. Yearly unit storage price for storage of gas shall be recalculated for each new storage year according to the formula:

$$P_{U-NEW} = P_{U-BASE} \times I \times 0,7$$

Where:

P_{U-NEW} represents a yearly unit storage price for storage of gas valid for the new storage year;

P_{U-BASE} represents a base unit storage price for storage of gas established at EUR 47,86 per each thousand m³ of the reserved storage capacity for one storage year;

I Industry producer prices index for the Czech Republic for the calendar year which immediately preceded the beginning of new storage year, published by Eurostat under title "Industry producer prices index, domestic market - annual data"

- ii. Flat fee of the energy fee shall be recalculated for each new storage year according to the formula provided in Article III Section 2 Letter b) of the Agreement.

- e) The reserved storage capacity shall be recalculated as follows, with the inputs unaltered:

New storage period	Reserved storage capacity in m³	Max daily injecting input in m³/day	Max daily withdrawal output in m³/day
1.4.2020, 06:00 a.m. – 1.4.2021, 06:00 a.m.	[Art. II, Sec. 1] x 1,057	[Unchanged, Art. II, Sec. 1]	[Unchanged, Art. II, Sec. 1]
1.4.2021, 06:00 a.m. – 1.4.2022, 06:00 a.m.	[Art. II, Sec. 1] x 1,503	[Unchanged, Art. II, Sec. 1]	[Unchanged, Art. II, Sec. 1]
1.4.2022, 06:00 a.m. – 1.4.2023, 06:00 a.m.	[Art. II, Sec. 1] x 1,503	[Unchanged, Art. II, Sec. 1]	[Unchanged, Art. II, Sec. 1]
1.4.2023, 06:00 a.m. – 1.4.2024, 06:00 a.m.	[Art. II, Sec. 1] x 1,503	[Unchanged, Art. II, Sec. 1]	[Unchanged, Art. II, Sec. 1]

VI. Final Provisions

1. Legal relations between the Parties established by this Agreement and not specially regulated therein shall be governed by relevant provisions of the Energy Act, relevant instruments for the Energy Act and Act No. 89/2012 Coll.

2. Terms not defined in this Agreement shall have the meaning assigned to them in the Code, in the Energy Act and in Rules of the Gas Market.
3. The Parties hereby mutually declare they enter into this Agreement as entrepreneurs, and they are not aware of any facts that may lead to a presumption that one of the Parties could be deemed as a weaker contracting party. The Parties further mutually stipulate they consider the content of this Agreement not to be contradicting to usages in the gas industry.
4. The Parties acknowledge that the Code is subject to approval or prescription by the Energy Regulatory Office under relevant sections of the Energy Act.
5. Regarding the regulated nature of the business activity of the Storage Operator and that the allocation of the storage capacity is governed by the Regulation No. 365/2000 Coll., on the Rules of the gas market, as amended, the Parties mutually declare Sections 1765 and 1766 of the Civil Code shall not be applicable to this Agreement. Storage User undertakes to bear the risk of change in circumstances under Section 1765, para. 2 of the Civil Code.
6. Storage User who is also the client (§62, Energy Act) has the right to rescind this Agreement in case of not meeting contractual duties on the side of Storage Operator, or in case of not agreeing with the Storage Operator-proposed change of the terms and conditions which are not incited by the change of generally binding legal regulations, or by the ruling of relevant state administration body. The Storage Operator shall announce the proposal to alter contractual terms and conditions in writing to the Storage User at the latest 30 days before the effective day. In the event the Agreement is rescinded due to a disapproval of the Storage Operator-proposed alteration of the terms and conditions, this right to rescind will terminate unless respective Storage User has not rescinded the Agreement within 90 days after the day he/she learned of draft change to the terms and conditions or could have learned thereof.
7. The Parties undertake mutually to protect and keep in secret against third persons any confidential information. None of the Party shall provide information without written consent from second Party, about the content of this Agreement or other confidential information, and this neither in partial scope to a third party, with the exception of persons that govern, and persons governed by the identical governing person. In like manner the Parties shall protect confidential information or facts that form commercial secret of third person, that have been provided by such third party to some of the Parties by the courtesy thereof. The obligation to protect confidentiality shall last throughout the duration of the facts that form commercial secret, or duration of the interest to protect confidential information.
8. This Agreement can be altered or supplemented only in the form of written amendments signed by both Parties' representatives in charge along with the fact that the way of changing or supplementing the Rules is been specified in Clause I thereof, and in the Rules.
9. This Agreement has been made in two copies, each having the force of original copy, by one for each Party.
10. The Parties to this Agreement, following its reading, agree with its contents and are not aware of any obstacles, claims of third parties, or of any other legal defects that would prevent them from signing it or cause invalidity or nullity thereof, and declare they signed this Agreement as free act and deed in witness whereof they sign their hand.

Annexes:

Annex No. 1: Injection curve & withdrawal curve

|THE SIGNATURE PAGE FOLLOWS|

In on

In on

On behalf of **Storage Operator**:

On behalf of **Storage User**:

Annex No. 1:

