

Terms and conditions for electronic auction of the Gas Storage Operator, Moravia Gas Storage a.s., for reservation of the monthly storage capacity with fixed output, to be held on 30. 09. 2020 (hereinafter the “Auction Terms and Conditions”)

Legal disclaimer

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

Opening clauses

These Auction Terms and Conditions have been developed in line with valid and effective generally binding legal regulations, Regulation No. 349/2015 Coll. on the Rules of the Gas Market, as amended, (hereinafter “Market Rules”), and Moravia Gas Storage’s Code of gas storage operator (hereinafter the “Code”), in particular.

Conditions for participation in the auction to be held on 30. 09. 2020, under the Auction Terms and Conditions (hereinafter the “Auction”), are set in these Auction Terms and Conditions and in Part II. of the Code. Other matters concerning the Auction which are not specifically governed by these Auction Terms and Condition or the Code, shall be governed by Market Rules.

Basic parameters of the Auction

<i>Announcer of the Auction</i>	gas storage operator Moravia Gas Storage a.s., ID: 28506065 (hereinafter „MGS“)
<i>Type of storage capacity reserved:</i>	Monthly storage capacity with fixed output under Article 50 Section 4 Letter c) of Market Rules
<i>Date Auction is held:</i>	30. 09. 2020, 10:00 a.m. CET
<i>Storage period:</i>	1. 10. 2020, 6:00 a.m. CE(S)T – 1. 4. 2021, 6:00 a.m. CE(S)T
<i>Storage capacity offered:</i>	107 000 MWh

1. Minimal price

Minimal (posted) price is to be determined according to the following equation:

$$P_U = P_F + K$$

Where:

- P_U represents a monthly unit price for the storage services and is established in CZK per MWh of the reserved storage capacity for 1 storage month;
- P_F represents fixed costs equal to 3 CZK per MWh of the reserved storage capacity for 1 storage month;

K represents a coefficient on which the Auction participants bid within respective Auction rounds; for the first round of the Auction it equals „0 CZK per MWh per month“ (zero Czech koruna per one megawatt-hour per storage month).

The price for the storage services shall be increased by the price for the services providing alongside the storage which shall be calculated based on the price formula set in the sample contract (see Art. III, Sec. 2, Letter b) of the sample storage contract).

Actual price (stated in the Gas Storage Contract) for the gas storage service will be stipulated in compliance with the Auction results. For details on determining the price please refer to Annex No. 1 of these Auction Terms and Conditions (the Gas Storage Contract Specimen). Prices are set without VAT which shall be added as per valid legislation.

2. Auction date

Auction date has been set for 30. 09. 2020, at 10:00 a.m. CET.

The Applicant must register in the information system of MGS no later than by 29. 09. 2020, 3:00 p.m. CET, to participate in the Auction.

By the deadline of registration must MGS receive from the Applicant the copies (scans) of documents necessary for registration mentioned in Part II of the Code. MGS reserves the right to request originals or officially certified copies of such documents from the Applicant.

Auction termination date has been fixed at 04:00 p.m. CET of the respective day.

3. Auction Round Duration

The duration of one auction round is set to 10 minutes. In the event that all authorized bidders submit their bid in the auction portal and enter also a request for shortening the round, the duration of the auction round will be shortened adequately after the bidder's request for shortening the round has been submitted by the last authorized bidder.

4. The means of electronic communications and alternative communication

Auction will be organized via the secured Internet auction portal of MND Gas Storage a.s. accessible from the following website <http://mndgs.proebiz.com/>, according to guidelines stated therein (hereinafter the “Auction System”).

MGS warrants through contractual arrangements that information about registered users shall be administered securely, including the protection against abuse of commercially sensitive information. Except for where required by applicable law, company MND Gas Storage a.s. is contractually obliged

to protect confidentiality of all information it gained in connection with the administration of Auction, including active participants' bidding history.

By providing financial security deposit, any active participant agrees that company MND Gas Storage a.s. is allowed to process such participant's information, including its bidding history, so that MND Gas Storage a.s. could manage and evaluate Auction announced by MGS.

Should Auction System fail, then MGS shall notify active applicants in a proper way about such situation, without any undue delay from the time it learns about such fact. During such failure the Auction will remain interrupted, and MGS will give notice of the resumption of Auction to active applicants in the appropriate manner, 30 minutes before its continuation, at the latest. Auction may continue from the last round that went ahead duly, and they managed to record (store) it in Auction System, or start again with first round (if information from Auction rounds carried out are not available or applicable).

In case the electronic communications fail over the course of the Auction on the side of active applicant, then the alternative way of communication can be used via a fax using +420 518 315 327 along with the fact that the Auction request sent in this communication way must include the following:

- Active applicant's exact identification;
- Auction designation, incl. the designation of Auction round for which the request is submitted;
- Level of storage capacity required in the manner that corresponds to the Auction Terms and Conditions (in the form of a number rounded off two decimal locations which expresses percentage share in the size of offered storage capacity).
- Signature of person authorized to act on the behalf of the active applicant.

In the event the active applicant is forced to approach this alternative communication, then it shall be liable to announce this fact to MGS, and this via phone No. +420 775 875 907, and such notification shall be made by the end of relevant Auction round (during which failure has occurred) at the latest. Unless active applicant makes so, the level of demand in relevant Auction round (where it was about to use alternative communication) will be deemed zero. MGS has the right, in case of using alternative communication, to stop the Auction for the period necessarily required for the proper commissioning of alternative communications.

5. Financial security

The maximum amount of the financial security for requesting 100 % of the offered storage capacity of 107 000 MWh is: EUR 21 400 (0.20 EUR per each MWh) or 535 000 CZK (5 CZK per each MWh).

If the applicant deposits a lower amount, he will be able to request corresponding proportion of the total offered storage capacity.

The applicant may fulfil the duty to provide financial security:

1. either by providing original of an unconditional and irrevocable bank guarantee for the relevant amount, which should be valid at least by 30. 10. 2020; or

2. by a wire transfer of the security to the benefit of the account:
 - **Payments in EUR:** account No.: 1330535205/3500; for international wire transfers IBAN CZ58 3500 0000 0013 3053 5205, SWIFT: INGBCZPP, maintained by ING Bank N.V.
 - **Payments in CZK:** account No.: 1000535202/3500; for international wire transfers IBAN CZ52 3500 0000 0010 0053 5202, SWIFT: INGBCZPP, maintained by ING Bank N.V.

Payment shall be provided with a variable number that equals the National ID No. of the company or day, month and year of the birth for natural persons.

Financial security must be provided to MGS by 29. 09. 2020, 3:00 p.m. CET at the latest. Providing of financial security is considered to have taken place on the date of receiving the original of the bank guarantee by MGS, or the date of crediting the respective financial amount to the account of MGS.

6. Gas Storage Contract Specimen

Gas Storage Contract Specimen is included in Annex No. 1 of these Auction Terms and Conditions, and it will be concluded with applicants pursuant to the procedure specified in the Code. The Contract will be concluded with those applicants to the Auction who can document the meeting of their financial eligibility compliant to the Code (for details see Annex No. 1 of the Code), and the storage capacity was reserved for them.

7. Financial eligibility

Pursuant to Part II., letters b), c) of the Code, each applicant must submit a confirmation regarding its preparedness to meet financial eligibility criteria in case the storage agreement is to be concluded (a specimen confirmation forms a part of overall documentation of the auction). Such confirmation must be submitted by each applicant by the end of the registration period for the auction.

In case the applicant is successful, i.e. it is awarded storage capacity reservation, MGS will invite such applicant to submit documents that substantiate meeting of financial eligibility criteria – such documents are described in Annex no. 1 of the Code (available online). Unless such documents are provided, storage agreement may not be concluded nor the security deposit returned.

8. Additional capacity

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

9. Duration of the Gas Storage Contract

Gas Storage Contract to reserve monthly storage capacity with fixed output will be signed for the effective term from 1. 10. 2020, 6:00 a.m. CEST to 1. 4. 2021, 6:00 a.m. CEST.

10. Size of offered storage capacity

- Storage capacity of: 107 000 MWh

- Maximum injection output of: 3 700 MWh/day
- Maximum withdrawal output of: 0 MWh/day

The course of injection output depends on operating capacity (injection curve) and is given in Annex No. 1 the Gas Storage Contract Specimen (refer to point No. 6 of Auction Terms and Conditions).

Storage withdrawal will be performed via daily interruptible withdrawal product, please see <https://www.moraviags.cz/en/storage-capacity-trading/daily-interruptible-capacity/>

11. The level of price increase in between Auction rounds

During entire Auction, the level of increase of price per 1 MWh of operating capacity in between Auction rounds will be 0.50 CZK.

12. Total duration of gas storage capacity reservation

Maximum as well as minimum duration of the offered storage capacity is set by MGS from gas day of 1. 10. 2020 till gas day of 31. 3. 2021 (end of the gas day).

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

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

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

The active applicant who has booked storage capacity based on the auction results and has not signed the relevant contract within 20 working days of the date of receipt of the contract proposal will not be returned financial security corresponding to the booked storage capacity.

15. Time Schedule

23. 09. 2020	Announcement of the Auction
29. 09. 2020, 3:00 p.m. CET	Termination of the registration period
by 29. 09. 2020, 3:00 p.m. CET	Applicants to provide financial security
30. 09. 2020, 10:00 a.m. CET	Auction course
immediately after the end of Auction	Confirmation on reservation of capacity
by 10 th working day after the confirmation on reservation of capacities is sent to a participant	Conclusion of the respective gas storage contract
by 5 th from the termination of Auction (if capacity was not allocated to a participant)	Return of the financial security deposit

by 5 th working day from conclusion of Gas Storage Contract (for participants with allocated capacity)	Return of the financial security deposit
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