



Storage

STORAGE SYSTEM OPERATOR CODE

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I

PREAMBLE

- A. The Storage System Operator has drawn up and presents this Storage System Operator Code ('the Code') in compliance with the following legislation:
- (i) Act No 458/2000 on the Conditions for Business and State Administration in the Energy Industries and Amending Certain Laws, as amended ('the Energy Act'),
 - (ii) Public Notice 349/2015 of the Energy Regulatory Office on Gas Market Rules, as amended ('Gas Market Rules'),
 - (iii) Public Notice 401/2010 of the Energy Regulatory Office on the required content of the Electricity Transmission System Operating Rules, Distribution System Operating Rules, the Gas TSO Code, DSO Codes, the SSO Code, and the market operator's commercial terms and conditions.
- B. The Storage System Operator wants to ensure a transparent, clear, non-discriminatory, and equal approach to all gas market participants, gas supply security, and the development and efficient use of the Storage Facility.

II

DEFINITION OF TERMS

'Auction System' The Storage System Operator's electronic application for selling storage capacity and services, accessible via the Storage System Operator's website

'kWh' The unit used for expressing energy in gas on the basis of its GCV; one kilowatt-hour (kWh) equals 3.6 MJ

'm³' The unit used for expressing the actual Gas Volume measured at a temperature of 20 °C, a pressure of 101.325 kPa, and zero relative humidity

'Nomination System' The Storage System Operator's electronic application for receiving nominations and re-nominations of and requests for daily and interruptible capacities, and requests for storage capacity and services, accessible via the Storage System Operator's website

'Storage Nomination' The User's notification to the Storage System Operator of the gas quantity that the Storage System Operator should inject/withdraw into/from the Storage Facility over the relevant period of time

'OBA' Rules for allocating a gas quantity to each of the Users at the entry/exit points of the transmission system, under which the quantity nominated by the User is deemed to be delivered

'Gas Volume' The volume of gas expressed in kWh or m³

'gas' a mixture of gaseous hydrocarbons and inert gases

'Gas Day' The interval of time from 06:00:00 on a calendar day to 06:00:00 on the following calendar day

'Working Volume' The maximum volume of gas, expressed in energy units, which can be stored in the Storage Facility (expressed in kWh or m³)

'Transmission System Operator' The gas undertaking holding the gas transmission licence in the Czech Republic/Slovak Republic, to whose transmission system the Storage Facility is connected

'Delivery Point' The point where gas is delivered and accepted, which is equipped for measuring the quantity and pressure of the gas being delivered and accepted, regulating the gas flow, determining the gas quality, including its GCV for the purpose of calculating gas delivery in kWh or MWh, and transmitting data to control centres; it is the actual point of gas entry/exit from/into the system to which the Storage Facility is connected.

‘Interruptible Storage Capacity’ Storage capacity the Injectability or Deliverability of which the Storage Facility operator has the right to interrupt for the User under a Storage Contract or Framework Agreement

‘Framework Agreement’ Agreement on the procedure of storage capacity and service booking within the meaning of the relevant provisions of the Gas Market Rules and on entering into individual Storage Contracts

‘The Storage System Operator’ SPP Storage, s.r.o., having its registered office at č.p. 891, 696 17 Dolní Bojanovice, Company No. (IČ): 24822191

‘Storage Contract’ Contract entered into between the Storage System Operator and a User, whereby the Storage System Operator agrees to store for the User the agreed gas quantity and the User agrees to pay the agreed price for such storing

‘Gross Calorific Value’ (GCV) the amount of heat expressed in kWh which is released when one m³ of natural gas is burned completely with a stoichiometric quantity of oxygen or air under a constant pressure (101.325 kPa) and temperature (20 °C) provided that all the combustion products, cooled to the initial temperature, are in the gaseous state with the exception of water, which condenses at the initial temperature. A temperature of 15 °C is considered to be the initial temperature.

‘Stabilisation Outage’ Interruption or reduction in the process of gas injection/withdrawal into/from the Storage Facility upon reaching the maximum reservoir pressure in accordance with the Storage Facility operating documentation that the Storage System Operator draws up under Section 22 of Public Notice 239/1998 of Český báňský úřad (Czech Mining Office). Stabilisation Outage also ensures the protection of the reservoir and safety of operation under Section 64 of this public notice.

‘Withdrawal Curve’ A graphic or mathematical expression of the relationship between Deliverability and the current quantity of gas stored in the Storage Facility for a given User under the Storage Contract

‘Withdrawal Season’ The interval of time within which gas is usually withdrawn from the Storage Facility. The Storage System Operator usually operates gas withdrawal over the whole year.

‘Deliverability’ The rate at which a gas quantity can be withdrawn from the Storage Facility over a unit of time, a Gas Day, expressed in kWh

‘Gas Pressure’ Gas overpressure in Pa or its multiples; it equals the difference between the absolute pressure and atmospheric pressure

‘User’ Any entity that has a Storage Contract or a capacity lease contract or a Framework Agreement with the Storage System Operator in place

‘Injection Curve’ A graphic or mathematical expression of the relationship between Injectability and the current quantity of gas stored in the Storage Facility for a given User under the Storage Contract

‘Injection Season’ The interval of time within which gas is usually injected into the Storage Facility. This Storage System Operator usually operates gas injection over the whole year.

‘Injectability’ The rate at which a gas quantity can be injected into the Storage Facility over a unit of time, a Gas Day, expressed in kWh

‘Storage Facility’ The gas installation intended for gas storage and the provision of additional services, operated by the Storage System Operator in Dolní Bojanovice. Annex 1 hereto contains a geographical depiction of the location of the Storage Facility and identification of its entry/exit points. For the purposes of this Code, the Storage Facility is treated as a virtual storage facility under the Gas Market Rules.

‘Applicant’ Any entity that has applied for storage capacity booking (referred to as Bidder in the context of auctions)

III

SERVICES PROVIDED BY THE STORAGE SYSTEM OPERATOR

III.1 Provided services

The Storage System Operator provides the following storage-related services under this Code and under Storage Contracts in the Injection Season and in the Withdrawal Season:

III.1.1. Gas storage

The Storage System Operator provides storage capacity either as Firm Storage Capacity or Interruptible Storage Capacity.

The gas storage service is offered as a combination of Working Volume, Injectability and Deliverability, with the relevant Injection/Withdrawal Curves for a specific User being set out in the Storage Contract.

The virtual point of the Storage Facility, for which Delivery Points exist as specified in Annex 1 hereto, serves for gas delivery and acceptance from the various Users to the Storage System Operator and vice versa. At those Delivery Points the pressure and quality parameters of the gas intended for injection into and withdrawal from the Storage Facility are measured and determined. The Storage System Operator's liability for the quantity, quality and pressure of the gas withdrawn from the Storage Facility ends at the moment when the gas passes from the Storage Facility to the connected network, when the liability passes to the relevant operator of the connected installation. The Storage System Operator accepts liability for the quantity, quality and pressure of the gas at the moment when the gas intended for injection into the Storage Facility passes from the connected networks into the Storage Facility.

The Storage System Operator provides, if it has free storage capacity, the various Users with the booking of the following types of storage capacities:

- a) yearly storage capacity
- b) new yearly storage capacity
- c) monthly storage capacity
- d) daily storage capacity

Storage capacity under a), c) and d) above can be offered and booked as Firm or Interruptible Storage Capacity. Storage capacity under b) above can be booked as Firm Storage Capacity.

Subject to the conditions set out in this Code, the Storage System Operator and the various Users enter into Storage Contracts or Framework Agreements for the above types of storage capacity; the model forms of these contracts are posted on the Storage System Operator's website.

III.1.2. The Storage System Operator's additional services

In accordance with this Code, the Storage System Operator provides the following additional services in connection with gas storage services:

- a) transfer of storage capacity
- b) lease of storage capacity
- c) transfer of gas

IV

STORAGE CAPACITY BOOKING

IV.1 General conditions for booking capacity in the Storage Facility

Solely Applicants meeting the following conditions are entitled to request storage capacity booking in the Storage Facility:

IV.1.1. Valid registration in the Storage System Operator's Auction System

The Storage System Operator posts information about the launch of the Auction System on its website well in advance.

Registration in the Storage System Operator's Auction System takes place on the basis of the Applicant's application, whereby the Applicant completes and submits the relevant registration form posted on the Storage System Operator's website. Following receipt of a duly completed registration form the Storage System Operator confirms to the Applicant its registration in the Auction System and then, no later than within three business days, sends the Applicant the details for access to the Auction System.

The Applicant is required to update all details in the registration form without undue delay.

IV.1.2. The Applicant's financial standing

The Applicant has a good financial standing when it meets at least one of the conditions set out in Annex 2 hereto.

IV.1.3. The Applicant is able to maintain continuous communications with the Storage System Operator on a 24x7 basis via electronic mail and/or over the telephone throughout the effect of the Storage Contract.

IV.1.4. Right of third party access (TPA) to the Storage Facility under the Energy Act.

IV.1.5. The Applicant is prepared to communicate with the Storage System Operator in Czech or English via a dedicated online interface or electronic mail in order to exchange operating data related to gas storage.

The Applicant proves the satisfaction of this condition by providing a solemn declaration.

When booking yearly and monthly storage capacity the Applicant must prove the satisfaction of all the conditions set out in this clause IV.1 by supplying the relevant documents no later than before entering into a Storage Contract. When booking new yearly storage capacity the Applicant supplies the Storage System Operator with documents proving the satisfaction of these conditions no later than three months before the beginning of the first storage period.

IV.2 Storage capacity booking for long-term contracts

The Storage System Operator books storage capacity for long-term contracts, i.e., Storage Contracts for yearly storage capacity, and also for Storage Contracts for new yearly storage capacity and Storage Contracts for monthly storage capacity in the process of multi-round online auction under the conditions set out in the Gas Market Rules and in accordance with this Code.

IV.2.1. Multi-round online auctions

The Storage System Operator publishes, in a manner enabling remote access, the terms and conditions of auctions for free storage capacity by the dates specified in the Gas Market Rules.

IV.2.2. Auction terms and conditions

The terms and conditions of auctions must be reasonable, non-discriminatory and transparent and contain at least the details set out in the Gas Market Rules.

In addition to meeting the requirement under IV.1 above, a precondition for active participation in an announced auction is the Bidder depositing collateral in the amount and manner set out in the auction terms and conditions. The furnishing of an irrevocable bank guarantee shall also be deemed to be collateral depositing provided that it has been issued in accordance with the conditions of this Code. Bidders that duly furnish collateral are hereinafter referred to as 'Active Bidders'.

An Active Bidder may post a bid for storage capacity booking in an auction only up to the amount equalling the result of dividing the deposited collateral by the product of a coefficient of 0.05 and the minimum price per unit of storage capacity, set out by the Storage System Operator in the terms and conditions of that auction.

An Active Bidder may post a bid for storage capacity booking in the next auction round only up to the amount of its bid for storage capacity booking in the preceding auction round. If in one auction round an Active Bidder does not post any bid for storage capacity booking, or posts a bid for storage capacity booking or the required duration of booking equalling zero, it may no longer post bids for storage capacity booking in any of the following auction rounds.

If in one auction round the sum of all bids of Active Bidders for storage capacity booking exceeds the value of 100, another auction round shall follow. In such a subsequent auction round, the auction price per unit of storage capacity shall be increased in the manner specified by the Storage System Operator in the terms and conditions of the auction.

During the auction, the Storage System Operator shall notify Active Bidders of the sum of all bids for storage capacity booking in the preceding auction round and of the time left until the end of the current auction round.

The Storage System Operator stops the auction if in an auction round the sum of the bids for storage capacity booking of all Active Bidders is lower than or equal to the value of 100. The Storage System Operator books storage capacity, rounded to whole cubic metres or kWh/day, in accordance with Active Bidders' bids for storage capacity booking received in the last auction round.

Should a part of the storage capacity remain outside booking, this part of the storage capacity shall be booked for Active Bidders from the last but one round in proportion to the size of their bids for storage capacity booking in the last but one auction round, provided that for the purpose of calculating the booking, an Active Bidder's bid for storage capacity booking shall be reduced by the storage capacity booked for this Active Bidder in the last auction round.

Where the sum of all bids of Active Bidders for storage capacity booking in the first auction round does not exceed the value of 100 the price for gas storage is set as equal to the minimum price set out by the Storage System Operator in the auction terms and conditions. In other cases, the price for storage is set as equal to the auction price in the last auction round where the sum of all bids of Active Bidders for storage capacity booking amounted to a value of 100 or higher.

The Storage System Operator sends electronic confirmations of storage capacity booking promptly after the auction, together with the final price per unit of storage capacity. The Storage System Operator also invites the successful Active Bidder to supply the documents proving the satisfaction of the conditions under IV.1 above.

Should the Auction System fail during an auction, the Storage System Operator notifies the Active Bidders thereof without undue delay. Immediately after the recovery of the Auction System's operability the Storage System Operator notifies Active Bidders of a substitute date of the auction, provided that the auction can continue from the last properly completed round if it is possible to retrieve from the Auction System all information from that and the preceding rounds. Otherwise, the auction will start again with the first round.

IV.3 Storage capacity booking for short-term contracts

The Storage System Operator books storage capacity for short-term contracts, i.e. Storage Contracts for daily storage capacity, online in compliance with the Gas Market Rules. Booking is conditional on entering into a Framework Agreement, a model form of which is posted on the Storage System Operator's website.

The Storage System Operator posts the application for entering into a Framework Agreement on its website. If the Storage System Operator so requires, the Applicant must also prove the satisfaction of the conditions in IV.1 above together with sending the completed application to the Storage System Operator. Upon receipt of these documents, the Storage System Operator sends the Applicant two counterparts of the Framework Agreement signed by the Storage System Operator. The Framework Agreement is concluded by the Applicant sending the Storage System Operator one counterpart of the Framework Agreement duly signed by the Applicant within seven business days. The Storage System Operator rules out in advance acceptance of a proposal for entering into a Framework Agreement with an addendum or a variation proposed by the Applicant. A Framework Agreement draft is always revocable by the Storage System Operator.

The User must prove its good financial standing by 09:00 on the day of sending the request for daily Firm or Interruptible Storage Capacity booking (if this day is not a business day, then by 09:00 on the last business day before the day of requesting) or before the other events that cause an increase in the Storage System Operator's credit exposure to the User, and must maintain such standing at least until the end of the calendar month containing the due date of the relevant tax document [invoice] for the storage capacity or service provided.

IV.4 Procedure for entering into Storage Contracts

IV.4.1. Procedure for entering into Storage Contracts on the basis of the results of multi-round online auctions

The Storage System Operator and the successful Active Bidder enter into a Storage Contract using the model form that was part of the auction terms and conditions and following the procedure set out in the Gas Market Rules. The conclusion of a Storage Contract is conditional on the Active Bidder supplying the document proving the satisfaction of the conditions under IV.1 above.

IV.4.2. Procedure for entering into short-term (individual) contracts

Individual short-term Storage Contracts are concluded online under a Framework Agreement on the basis of the User's online request for daily Firm or Interruptible Storage Capacity booking and the subsequent confirmation of the request by the Storage System Operator under the Gas Market Rules.

V

PARAMETERS OF THE QUALITY OF INJECTED AND WITHDRAWN GAS

- V.1** The gas to be injected into or withdrawn from the Storage Facility must meet the chemical and physical specifications set out in public notice 108/2011 on gas metering and on the method of calculating damages for unauthorised gas off-take, unauthorised gas supply, unauthorised gas storage, unauthorised gas transmission or unauthorised gas distribution (the Gas Metering Regulation).
- V.2** The User is responsible for meeting the chemical and physical specifications of the gas being delivered to the Storage System Operator for storing in the Storage Facility under V.1 above. The User is obliged to take any and all measures to prevent or at least minimise any damage that the Storage System Operator might sustain due to failure to meet the specifications.

- V.3** The Storage System Operator has the right to refuse to accept gas into the Storage Facility when the delivered gas fails to meet one or more chemical and/or physical specifications. Cases of the Storage System Operator not refusing to accept off-spec gas shall be without prejudice to the Storage System Operator's right to compensation for damage that it may sustain in connection with accepting this gas.
- V.4** The Storage System Operator is responsible for meeting the chemical and physical specifications of the gas being withdrawn from the Storage Facility under V.1 above. The Storage System Operator is obliged to take any and all measures to prevent or at least minimise any damage that the User might sustain due to failure to meet the specifications.
- V.5** The User has the right to refuse to accept gas from the Storage Facility when the delivered gas fails to meet one or more chemical and/or physical specifications.

VI

NOMINATIONS AND RE-NOMINATIONS

- VI.1** Storage Nominations are stated in kWh.
- VI.2** The procedure for Storage Nominations or Re-nominations follows the Gas Market Rules.
- VI.3** The User submits nominations to the Storage System Operator via the Storage System Operator's Nomination System. In the event the Storage System Operator's Nomination System is inoperable the parties use the telephone, fax or e-mail for the purpose of nominations.
- VI.4** The User submits preliminary yearly and weekly nominations and firm daily nominations. The User submits yearly nominations to the Storage System Operator in the form of aggregated monthly data by the fifth day before the beginning of the relevant storage year. The User submits weekly nominations to the Storage System Operator for each Gas Day of the relevant gas month. Where the User does not submit a daily nomination in line with the timetable set out in the Gas Market Rules, the Storage System Operator regards the nominations submitted as part of the weekly nomination as binding for the relevant Gas Day.
- VI.5** The User submits its Storage Nomination by code of booked storage capacities up to the amount of the available Deliverability and Injectability, in a form enabling the Storage System Operator and the Transmission System Operator to carry out the matching procedure.
- VI.6** The Storage Nomination must be in line with the Injection and Withdrawal Curves for the User's relevant booking and the account balance. Storage Nominations failing to meet this condition will not be confirmed.
- VI.7** The Storage System Operator allows a corrective nomination and the first re-nomination, corrective re-nomination and continual re-nomination in line with the Gas Market Rules.
- VI.8** The Storage System Operator has the right to curtail or reject nominations as may be required in cases specified in legislation, during Stabilisation Outages, and in other cases set out in the Storage Contract or this Code. Where the Storage System Operator curtails or rejects nominations for reasons set out in this paragraph it first curtails nominations for daily Interruptible Storage Capacity bookings and only then for Firm Storage Capacity bookings.
- VI.9** Besides the cases set out in the preceding paragraph, the Storage System Operator has the right to reject a re-nomination two hours before and during a Gas Day when the conditions set out in Schedule 4 to the Gas Market Rules have been met.

VII

ALLOCATION

- VII.1** The various entry/exit points of the virtual storage facility use the allocation scheme specified for that point by the Transmission System Operator to whose transmission system the Storage Facility is connected.

VII.2 Should the OBA allocation rule be deployed at an entry/exit point of the virtual storage facility, the gas quantity duly nominated by the User in the injection/withdrawal mode and confirmed by the Storage System Operator shall be deemed the gas quantity that the User actually delivered to the Storage System Operator/accepted from the Storage System Operator at the point of the virtual storage facility on the relevant Gas Day. The differences between the actually measured quantity and the nominated quantity are addressed by the Storage System Operator with the relevant Transmission System Operator and do not have any impact on the User's account, except for the cases where the Storage System Operator has, under Section 60 (1) (f) of the Energy Act, the right to interrupt and reduce the provision of gas storage services. In such a case the *pro rata* rule will be introduced at the point of the virtual storage facility for curtailing the quantity of injected or withdrawn gas if it is not possible to adjust or curtail nominations to the extent of the reduction.

VIII

THE USER'S STATUS ACCOUNT

- VIII.1** For each individual User and for each individual Storage Contract, the Storage System Operator keeps a separate status account showing the values of the User's current gas quantity accepted from the User by the Storage System Operator and the gas quantity delivered by the Storage System Operator to the User.
- VIII.2** This account is kept in the Storage System Operator's secured system in kWh.
- VIII.3** Every User has access to information about its status account, based on the preliminary and actually measured quantity, via the Storage System Operator's online interface using access codes provided by the Storage System Operator to the User.
- VIII.4** The gas quantity accepted by the Storage System Operator from the User at an entry point is credited to the User's account in kWh and the gas quantity delivered to the User by the Storage System Operator at an exit point is debited from the User's account in kWh, in the amount of the last valid nomination confirmed by the Storage System Operator or, as applicable, the market operator.
- VIII.5** The changes in the status account always follow the nominations last confirmed regardless of the gas quantities actually metered at the entry and exit point of the transmission system at the point of the virtual storage facility.
- VIII.6** By the 15th day of every month, the Storage System Operator provides the User, in writing or online, with the quantities of the gas injected and withdrawn in the preceding gas month and a summary overview of the quantities of injected and withdrawn gas in line with the status account at the end of the relevant gas month. The Storage System Operator does not have to provide the data from the status account only in cases where no movement was registered in the User's account over the relevant gas month.
- VIII.7** The Storage System Operator updates the status account every business day by 10:00. The Storage System Operator posts the values of the actually metered gas quantity in the status account by the sixth business day of the month following the gas month in which storing was carried out, doing so on the basis of the actual GCV for each day of the relevant month.
- VIII.8** Where the User does not agree with the value of the status account it shall notify the Storage System Operator thereof in writing or online within seven business days of the day on which the contested change in the User's account was made. Without undue delay from receiving the notice, the Storage System Operator examines the contested change in the status account and no later than within ten business days of the day of receipt of the User's notice the Storage System Operator sends, in writing or online, its opinion on the contested change in the status account.
- VIII.9** Where the User's account shows a value between -1 MWh and 1 MWh, inclusive, at the end of the effect of the Storage Contract, this balance shall not be taken into account. Where the User's account shows a balance outside the values set out in the preceding sentence, the Storage System Operator and the User shall agree on how to treat the balance.

IX

BILLING AND PAYMENT TERMS

- IX.1** The User shall pay the Storage System Operator the agreed price for the provided services in line with the Storage Contract, including VAT. The billing period is set out in the Storage Contract or the Framework Agreement.
- IX.2** The User pays the Storage System Operator against issued and delivered invoices for the services provided by the Storage System Operator. The prices of the provided services follow the provisions of the Storage Contract.
- IX.3** The Storage System Operator shall issue the invoice for the relevant month and send it to the User by the 14th calendar day of the month following the relevant gas month.
- IX.4** Where the User has to pay advances to the Storage System Operator under the Storage Contract and unless the Storage Contract provides otherwise, the User pays the advances by the 20th day of the month for which the advance is being paid.
- IX.5** The two contracting parties shall pay their payables to one another by credit transfer to the creditor's bank account. The debtor pays the debtor's bank charges and the creditor pays the creditor's bank charges. For the purposes of this point,
- (i) the User or the Storage System Operator who owes a payable to the other party is understood to be the debtor;
 - (ii) the User or the Storage System Operator who has a receivable due from the other party is understood to be the creditor.
- IX.6** Invoices must contain, in particular, the details required by generally applicable regulations. All invoices fall due and payable on the 28th calendar day of the calendar month in which the invoice was issued. The User has the right to return via e-mail, without payment, an invoice that does not contain the details required by the law or set out in the Storage Contract, within five (5) calendar days from the delivery of the invoice. If the User does not return an invoice via e-mail within the above period of five (5) calendar days the invoice shall be deemed valid. If the User returns an invoice to the Storage System Operator it must note the specific reasons for returning the invoice and indicate the non-compliance of the invoice with the law, this Code or the Storage Contract. A justified return of the invoice within five (5) calendar days stops the running of the period of maturity, and the latter starts to run again on the day on which a corrective (new) invoice is delivered. Invoices must contain VAT, billed in accordance with generally applicable regulations.
- IX.7** The day on which the owed amount is credited to the creditor's account is regarded as the day on which the financial obligation was honoured.
- IX.8** Where a contracting party is in delay in honouring financial obligations under the Storage Contract the other contracting party has the right to bill delay charges in the amount set out in the Storage Contract; otherwise, in the amount laid down in civil law regulations.
- IX.9** For the purposes of exercising the rights and performing the obligations under this Article, the User and the Storage System Operator communicate preferably via e-mail unless the parties agree otherwise in the Storage Contract. The Storage System Operator then sends the original of the invoice by post.

X

TRANSFER AND LEASE OF STORAGE CAPACITY AND GAS TRANSFER

- X.1** Subject to the conditions in this Code, the Storage System Operator allows Users to transfer or lease their contracted storage capacities. Storage capacity transfer is understood to be the transfer of a particular User's entire storage capacity, with the capacity transferee taking the User's position. When only a portion of the storage capacity is transferred, this User's existing Storage Contract is amended and the Storage System Operator and the transferee of that capacity portion enter into a new Storage Contract. On the other hand, storage capacity lease is

understood to be a situation where a User allows another User to use a portion of its storage capacity without any amendment to this first User's Storage Contract. No direct contractual relationship is established between the Storage System Operator and the User to which the first User has let a portion of its storage capacity for use. The Storage System Operator also allows gas transfers between Users subject to the conditions of this Code.

- X.2** Storage capacity lease is subject to prior approval by the Storage System Operator. The application for the lease of contracted storage capacity, the model form of which is posted on the Storage System Operator's website, must be in writing and delivered to the Storage System Operator at least 15 calendar days before the beginning of the gas month as of which the lease is intended to be effective. In the event of any damage sustained by the Storage System Operator the User shall be fully liable as if the User itself was using the leased storage capacity. The Storage System Operator records the quantities of the capacity lessee's injected and withdrawn gas in a separate account set up and kept for the storage capacity lessee. In the event of the discharge of the Storage Contract of the User that has leased a portion of its storage capacity to the lessee, this lessee's right to use that portion of the storage capacity is also automatically extinguished.
- X.3** Storage capacity transfer is subject to prior approval by the Storage System Operator. The application for the transfer of contracted storage capacity, the model form of which is posted on the Storage System Operator's website, must be in writing and delivered to the Storage System Operator at least 15 calendar days before the beginning of the gas month as of which the transfer is intended to be effective. Together with the application, the Storage System Operator must receive sufficient information about the manner in which liabilities to the Storage System Operator will be allocated between the transferee and transferor in connection with the transfer of contracted storage capacity. The User must also sign the application and together with the application the Storage System Operator must receive documents proving the satisfaction of all conditions under IV.1 above by the new User.
- X.4** Gas transfer is subject to prior approval by the Storage System Operator. The application for the gas transfer, the model form of which is posted on the Storage System Operator's website, must be in writing and delivered to the Storage System Operator at least 15 calendar days before the beginning of the gas month as of which the gas transfer is intended to be effective. As at the effective day of the gas transfer, the transferor must possess in the Storage Facility the gas quantity being transferred and the transferee must have free storage capacity in sufficient Working Volume.
- X.5** Where the conditions for storage capacity transfer hereunder have been met, then no later than ten calendar days before the beginning of the gas month as of which the transfer is intended to be effective, the Storage System Operator sends the transferor and transferee the draft contract documentation, signed by the Storage System Operator, which is required for transferring the contracted storage capacity. In the draft contract documentation required for transferring the contracted storage capacity, the Withdrawal Curve and the Injection Curve may not be changed compared with the original Storage Contract. The capacity transferee must deliver to the Storage System Operator one duly signed counterpart of the Storage Contract no later than five days before the first day of the calendar month as of which the transfer is intended to be effective. At the moment when the transfer becomes effective, the storage capacity transferee becomes a User hereunder, with all the rights and obligations arising therefrom.
- X.6** The Storage System Operator has the right to reject capacity transfer/lease and gas transfer in cases where the transferor/lessor or the transferee/lessee would thereby acquire an unjustified advantage in the form of increased contract specifications of the storage capacity and also in case where such change would result in technical conditions preventing the Storage System Operator from complying with its contractual obligations or where good reasons exist to be concerned that the new entitled user of the storage capacity will not be able to meet its obligations. Should the Storage System Operator incur additional costs through capacity transfer/lease or gas transfer, the Storage System Operator has the right to request their reimbursement, or to reject the capacity transfer/lease or gas transfer.
- X.7** Storage capacity transfer, storage capacity lease and gas transfer are subject to a charge in the amount and under the conditions posted on the Storage System Operator's website.

XI

RIGHTS AND OBLIGATIONS OF THE USER

XI.1 Rights of the User

The User has the right to:

- (a) non-discriminatory treatment and transparent and non-discriminatory access to the services provided by the Storage System Operator within the meaning of this Code;
- (b) information about the balances in its status account as defined in Article VIII;

XI.2 Obligations of the User

The User is obliged to:

- (a) deliver the gas for storing and to accept gas from the Storage Facility in accordance with the Storage Contract;
- (b) pay the price(s) for the services provided by the Storage System Operator within the meaning of the Storage Contract;
- (c) provide the information that is necessary for the Storage System Operator to perform its obligations under the applicable legislation and this Code when the Storage System Operator requests such information;
- (d) ensure continuous contact with the Storage System Operator throughout gas storing in the Storage Facility in accordance with the Storage Contract;
- (e) put in place the technical means required for communicating with the Storage System Operator under this Code.

XII

RIGHTS AND OBLIGATIONS OF THE STORAGE SYSTEM OPERATOR

XII.1 Rights of the Storage System Operator

The Storage System Operator has the right to:

- (a) refuse access to the Storage Facility if:
 - (i) it is contrary to this Code;
 - (ii) there is no free storage capacity or the technical and commercial conditions for access and connection to the Storage Facility and the technical conditions for gas storing have not been met;
 - (iii) the Storage System Operator does not provide and does not offer the service requested by the gas market participant;
- (b) curtail or interrupt gas storage to the necessary extent and for the necessary time in cases listed in the applicable legislation;
- (c) treat the User's left gas in accordance with the Gas Market Rules;
- (d) dismiss or curtail the User's Storage Nomination or Re-nomination in accordance with the Gas Market Rules;
- (e) determine the basic criteria and conditions of auctions for the allocation of the provided services in accordance with the Gas Market Rules.

When curtailing or interrupting gas storage, the Storage System Operator first curtails booked Interruptible Storage Capacities and then booked Firm Storage Capacities in accordance with the Gas Market Rules.

XII.2 Obligations of the Storage System Operator

The Storage System Operator is obliged to:

- (a) enter into a Storage Contract or a Framework Agreement with the Applicant that has satisfied the contract conclusion conditions set out in this Code;
- (b) put in place non-discriminatory conditions for access to the Storage Facility under the conditions laid down in the Energy Act, Gas Market Rules, and this Code;
- (c) provide free storage capacity to gas market participants;
- (d) protect protected information;
- (e) provide the operator of the gas system to which the Storage Facility is connected with the information required for ensuring their interoperability;
- (f) post on its website the information required by the Energy Act and the Gas Market Rules.

XIII

PROCEDURE FOR THE SALE OF GAS LEFT

- XIII.1** If at the end of storage capacity booking the gas stockpiled by a User has not been withdrawn completely and it is not feasible to transfer this gas within the virtual storage facility under any other of this User's existing storage capacity bookings, the Storage System Operator shall carry out controlled sale of this gas.
- XIII.2** The Gas Market Rules set out the procedure to be followed when selling the gas left at the end of storage capacity booking.
- XIII.3** As of the day following the end of the storage capacity booking, the User agrees to refrain from handling this gas in any manner; in particular, from disposing of it or encumbering it by any right.

XIV

FINAL PROVISIONS

- XIV.1** This Code has been drawn up in accordance with the Energy Act and approved by the Energy Regulatory Office. Amendments to the Code are subject to the approval procedure, or the procedure for the development of codes under the relevant provisions of the Energy Act. Amendments to the Code shall come into effect on the day on which they are publicised following approval thereof by the Energy Regulatory Office.
- XIV.2** The Storage System Operator publicises the Code in a manner allowing remote access, i.e. on its website.
- XIV.3** This Code as well as all legal relationships established in connection with gas storing by the Storage System Operator under this Code and Storage Contracts are governed by Czech law.
- XIV.4** In the event of discrepancies between the provisions of this Code and the provisions of a Storage Contract, the provisions of this Code shall prevail over the provisions of Storage Contracts.
- XIV.5** Where a change in legislation results in a discrepancy between the Code and the legislation, the Storage System Operator is obliged to submit, within three months from the effect of such legislation, a draft of a new code or a draft amendment to this Code to the Energy Regulator Office for approval.
- XIV.6** Should the Storage System Operator publish multiple language versions of the Code, the Czech language version shall prevail over the versions in other languages, and in the event of discrepancies between the Czech version and a version in a foreign language the Czech version shall have priority over the versions in other languages, which are only of an informative nature.
- XIV.7** Annexes to this Code:
- Annex 1 Geographical depiction of the location of the Storage Facility and identification of its entry and exit points
 - Annex 2 Financial standing conditions

Annex 1 Geographical depiction of the location of the Storage Facility and identification of its entry and exit points

The geographical location of the Storage Facility is depicted in Fig. 1.



Fig. 1: Geographical location of the Storage Facility

The entry/exit point of the Storage Facility consists of the Brodské MS (metering station) Delivery Point. The location of the Brodské MS is depicted in Fig. 2.



Fig. 2: Location of the Brodské MS

The Brodské MS measures the quantity, pressure and quality parameters of the gas delivered and accepted.

The delivery pressure at the Brodské MS is at least 4.5 MPa for injection and at least 6.5 MPa for withdrawal.

The Gas Pressure and quality values measured at the Brodské MS are the only relevant values for determining the actual pressure and quality parameters at this point.

The eustream, a.s. Transmission System Operator is responsible for operating the Brodské MS.

Annex 2 Financial standing conditions

The Applicant must prove to the Storage System Operator that its financial standing is adequate for honouring all of its financial obligations set out in the Storage Contract or the Framework Agreement concluded with the Storage System Operator. Should it fail to meet this obligation, the Storage System Operator has the right to request the User to provide additional security for the transactions entered into, and also has the right to rescind the Storage Contract or the Framework Agreement.

Under this Code, the User is regarded as having a good financial standing if it meets at least one of the following conditions:

1. The User meets all of the following conditions cumulatively:

- a) The User's interest-bearing debt ≤ 0.8 times the User's equity;
- b) 3 times EBITDA \geq the User's interest-bearing debt,

providing that EBITDA is understood to be the User's earnings before taxation, increased by the interest costs for the past fiscal year, plus asset depreciation and amortisation for the past fiscal year;

- c) The User's credit exposure ≤ 0.2 times the User's equity,

providing that credit exposure is understood to be the highest of the User's monthly payments for the following three months. Monthly payment is calculated as the sum of all payable financial liabilities (including VAT) for storage capacity and other services that will be provided to the User in the respective month;

- d) The User is a juristic person with externally audited financial statements.

2. Bank guarantee

The User is regarded as having an adequate financial standing if it has provided the Storage System Operator with the original of a bank guarantee covering a double of its credit exposure, and this bank guarantee has been issued for the benefit of the Storage System Operator as an irrevocable and unconditional on demand guarantee issued by a bank having a Standard & Poor's (Fitch) long-term rating at least A- or a Moody's long-term rating at least A3 or a bank that evidences the existence of a profit transfer agreement with the controlling person, having a Standard & Poor's (Fitch) long-term rating at least A- or a Moody's long-term rating at least A3. This bank guarantee must remain in effect at least until the end of the calendar month following the calendar month in which the relevant gas storage agreement terminates.

3. Letter of Guarantee

The User is regarded as having an adequate financial standing if it has provided the Storage System Operator with a Letter of Guarantee substantively reflecting the model form of the 'Letter of Guarantee' posted on the Storage System Operator's website. The Letter of Guarantee must be issued by a guarantor having a Standard & Poor's (Fitch) long-term rating at least A- or a Moody's long-term rating at least A3 or by a company that evidences the existence of a profit transfer agreement with the controlling person, having a Standard & Poor's (Fitch) long-term rating at least A- or a Moody's long-term rating at least A3. In the Letter of Guarantee the guarantor must undertake to pay all of the User's payable liabilities under a concluded gas storage agreement in the case that the User fails to pay such liabilities. This Letter of Guarantee must remain in effect at least until the end of the calendar month following the calendar month in which the relevant gas storage agreement terminates.

4. Collateral

The User is regarded as having a good financial standing if it has provided the Storage System Operator with a cash collateral in the form of depositing a financial amount equalling a double of the User's credit exposure in the Storage System Operator's bank account, provided that the User and the Storage System Operator enter into a deposit agreement substantively reflecting the model form 'Cash Deposit Agreement' posted on the Storage System Operator's website.