

## The Code of the Gas Storage Operator

### MND Energy Storage a.s.

REGISTERED OFFICE: ÚPRKOVA 807/6, 695 01 HODONÍN, CZECH REPUBLIC

COMPANY ID: 27732894

COMPANY REGISTERED IN THE COMPANIES REGISTER ADMINISTERED BY THE REGIONAL COURT IN  
BRNO, SECTION B, ENTRY NO. 4925

(HEREINAFTER ALSO REFERRED TO AS “MND ENERGY STORAGE A.S.”)

**NOTE: This is an unofficial translation of the Czech language-based Storage code. This translation is not subject to authorization of the Czech Energy Regulatory Office. In case of any discrepancies between the English and Czech language version, the Czech version shall prevail.**

**TABLE OF CONTENT**

<b>A. GENERAL PROVISIONS</b>	<b>3</b>
A.1 Definitions.....	3
A.2 Provided Services and Types of the Storage Agreements .....	5
A.3 Information on the Storage Capacities and Contacts .....	6
A.4 Point of Virtual GSF .....	7
<b>B. RESERVATION OF CAPACITIES</b>	<b>7</b>
B.1 Basic Terms and Conditions of the Storage Capacity Reservation Procedure.....	7
B.2 Reservation of a Storage Capacity for Annual/Monthly Contracts within the Process of Multi-round Electronic Auction .....	8
B.3 Electronic Reservation of Storage Capacity for Daily Storage Agreements.....	9
<b>C. BUSINESS TERMS</b>	<b>10</b>
C.1 Basic Obligations of the Storage Operator .....	10
C.2 Basic Obligations of the Storage User.....	10
C.3 Limitations or Interruptions of Storage Services .....	11
C.4 Quantity Reporting .....	11
C.5 Nominations.....	12
C.6 Allocations of Gas Quantity .....	13
C.7 Technological Gas .....	13
C.8 Storage User's Account.....	13
C.9 Pricing.....	14
C.10 Billing and Terms of Payment .....	16
C.11 Assignment of the Reserved Storage Capacity .....	17
C.12 Transfer of the Reserved Storage Capacity.....	18
C.13 Gas Transfer .....	19
C.14 Unextracted Gas .....	20
C.15 Confidentiality.....	20
C.16 Maintenance .....	20
<b>D. FINAL PROVISIONS</b>	<b>21</b>
D.1 Storage Code Amendments .....	21
D.2 Final Provisions .....	21
D.3 Transitional Provisions .....	22
<b>Annex No. 1 Financial Eligibility Terms and Conditions for Annual / Monthly Storage Agreements</b>	<b>23</b>
<b>Annex No. 2 Virtual GSF Delivery Point on the Transmission System</b>	<b>25</b>

## A. GENERAL PROVISIONS

The Code of the gas Storage operator, company MND Energy Storage a.s., has been prepared in accordance with Act No. 458/2000 Coll., on business conditions and public administration in the energy sectors and on the change of some acts, and also in accordance with the related implementing and binding regulations, in particular Decree No. 349/2015 Coll. on the Gas Market Rules, all as amended.

This Code of the gas storage operator (hereinafter referred to as “Storage code”) includes the basic commercial, technical and operational terms and conditions under which the storage operator provides storage services and the services related to the activities of the storage operator, while respecting the third-party access right principle.

### A.1 DEFINITIONS

For the purpose of the Storage code and the gas storage agreements the following terms are defined as follows:

- a) **Allocation procedure** – a rule for the distribution of gas quantity at the transfer point among individual market participants who are active at this point;
- b) **Auction** – an electronic method for the reservation of storage capacity where price is the principal allocation criterion;
- c) **Auction system** – an electronic application of the Storage operator for the sale of the storage capacity and storage services;
- d) **VAT** – a value added tax determined in accordance with VATA;
- e) **Energy unit** – a kilowatt-hour and its multiples;
- f) **Energy Act** – Act No. 458/2000 Coll., on Business Conditions and Public Administration in the Energy Sector and on Amendments to Other Laws, as amended;
- g) **Kilowatt hour / kWh** – a unit used to express the energy in gas based on its calorific value. One kilowatt hour equals 3.6 MJ;
- h) **Credit Exposure** – a monthly payment of the Storage User in the amount equal to the price of the storage services, including VAT, which the Storage User will be obliged to make in the respective month based on contracts concluded with the Storage Operator;
- i) **Cubic Meter / m<sup>3</sup>** – a unit used to express the actual volume of gas metered at temperature of 15°C, pressure 101.325 kPa, and relative humidity  $\phi = 0$ ;
- j) **Nomination** – storage Nomination, storage re-Nomination, correction storage Nomination, first storage re-Nomination, correction storage re-Nomination, and continuous storage re-Nomination, defined by the Market Rules;

- k) **Nomination Portal** – an electronic application of the Storage Operator used for the receipt of nominations and short-term product applications. Access to the application regulated based on an approved written request to the Sale Management Department of the Storage Operator;
- l) **OBA** – an Allocation procedure under which the quantities nominated by the Storage user are deemed delivered;
- m) **Market Operator** – a market operator license holder under the Energy Act;
- n) **CC** – Act No. 89/2012 Coll., the Civil Code, as amended;
- o) **Fixed Storage Capacity** – an Injection and Withdrawal Output which is available to the Storage User based on the gas storage agreement and cannot be interrupted;
- p) **Gas (or gas)** – a commodity defined by the Energy Act;
- q) **Technological Gas** – gas utilized for the operation of compressors and for gas preheating and drying;
- r) **Market Rules** – Regulation No. 349/2015 Coll., on Gas Market Rules, as amended;
- s) **PRO RATA** – an Allocation procedure under which the total quantity of gas is distributed among the Storage users at the transfer point based on the actually metered data in proportion to their last registered storage Nominations or storage re-Nominations;
- t) **Transporter** – a gas transmission license holder under the Energy Act;
- u) **Interruptible Storage Capacity** – an Injection or Withdrawal Output available upon the respective storage agreement and which may be interrupted by the Storage Operator. The Storage User pays for the uninterrupted portion of the Interruptible Storage Capacity;
- v) **Storage Capacity** – working volume of the part or of the whole Virtual GSF determined in kWh, Withdrawal or Injection Output determined in kWh per day or withdrawal or injection curve determined in kWh per day;
- w) **Storage Period** – the time period used to calculate the storage price; 1 storage year in the case of auctions for annual storage capacity, or 1 gas month in the case of auctions for monthly storage capacity, or 1 gas day for the reservation of daily storage capacity;
- x) **Storage Operator** – MND Energy Storage a.s., a gas storage license holder under the Energy Act;
- y) **Technical Capacity** – a maximum Storage Capacity of the Virtual GSF which can be provided at the Virtual GSF point while observing all technical parameters of all GSFs included in the virtual GSF;
- z) **Injection Output** – a volume of gas expressed in energy units which can be injected into GSF on the respective day;

- aa) **Storage User's Account** – a registry of the quantity of gas which the Storage User is storing based on the respective storage contract, including amounts of gas injected and withdrawn to/from Virtual GSF or transferred between accounts. The Storage Operator shall be responsible for keeping the account, the master accounting unit is kWh and the figures in cubic meters are indicative;
- bb) **Storage User** – a subject of settlement or a foreign entity that has a gas storage agreement concluded with the Storage Operator;
- cc) **Virtual Gas Storage Facility / Virtual GSF** – the set of all gas storage facilities of the Storage operator;
- dd) **Injection and Withdrawal Curve** – a curve depicting (specifying) the values of the injection and Withdrawal output which is available for the respective product on the particular gas day. The parameters of the curve depend on the technical parameters of the respective facilities of GSF and on the volume of gas which is stored in GSF on the particular day. The withdrawal and injection curves of individual Storage users shall be assessed in terms of gas storage according to the status of the operating account of the particular Storage user;
- ee) **Injection Output** – a volume of gas expressed in energy units which can be injected into GSF on the respective day;
- ff) **Storage Operator's Website** – <http://www.mnd-energystorage.cz>;
- gg) **Gas Storage Facility** (hereinafter also referred to as “GSF”) – a gas facility including associated technological objects, controls, security equipment systems, equipment for the transmission of information for information technology activities and information systems used for gas storage operations;
- hh) **VAT Act** – Act No. 235/2004 Coll., on Value Added Tax, as amended; and
- ii) **Applicant** – a subject of settlement or a foreign entity applying to the Storage operator for the allocation (reservation) of the storage capacity.

## A.2 PROVIDED SERVICES AND TYPES OF THE STORAGE AGREEMENTS

- 1) The Storage operator is ready to provide storage services within and pursuant to this Storage code, which are traded based on the virtual GSF principle at the virtual gas storage point. The storage services include the following:
  - Gas storage, i.e., takeover of gas at the transfer point (for injection into GSF), storage of gas in GSF and its delivery back at the transfer point (for withdrawal from GSF);
  - Activities associated with gas storage, i.e., especially the transportation of gas between the transfer point and GSF, gas metering, compression and dry out; and
  - Delivery (consumption) of technological gas, i.e., in particular provision and delivery of gas for technological purposes (propulsion of compressors, gas heating and drying).

- 2) Unless otherwise explicitly stated in the gas storage agreement or in the Storage code, the ownership right to the gas which is subject to the storage services shall not pass at any moment of the validity and effectiveness of the respective agreement to the Storage operator.
- 3) The storage services are offered under the following types of gas storage agreements. Annual, monthly and daily storage agreements represent storage products for the provision of the storage services, based on the rendering of the working volume, withdrawal or injection output, withdrawal or injection curve, wherein such elements are provided individually or in combination.
  - Annual/monthly gas storage agreements:
    - Reservation of an annual storage capacity with a fixed output;
    - Reservation of an annual storage capacity with an interruptible output;
    - Reservation of an annual storage capacity with a fixed output for a new storage capacity;
    - Reservation of a monthly storage capacity with a fixed output; and
    - Reservation of a monthly storage capacity with an interruptible output.
  - Daily gas storage agreements:
    - Reservation of a daily storage capacity with a fixed output; and
    - Reservation of a daily storage capacity with an interruptible output.
- 4) Annual/monthly gas storage agreements are entered into in the process of a multi-round electronic Auction (see Section B.2 herein). Daily gas storage agreements are entered into electronically via nomination Portal (see Section B.3 herein).

### **A.3 INFORMATION ON THE STORAGE CAPACITIES AND CONTACTS**

- 1) The Storage operator shall publish and update at least the information which it is obliged to publish pursuant to respective statutory acts and regulations in a way which enables a remote access through its website.
- 2) If the Storage operator publishes additional information on the storage capacities and outputs, it shall publish it in the same manner as specified in the previous paragraph.
- 3) Other important addresses and contact information:
  - Tel.: +420 775 875 907 (commercial dispatching)
  - Fax: +420 518 315 327
  - E-mail: [dispatching@mnd-es.cz](mailto:dispatching@mnd-es.cz)
  - Webpage: [www.mnd-energystorage.cz](http://www.mnd-energystorage.cz)

#### **A.4 POINT OF VIRTUAL GSF**

- 1) The business handover and takeover of the gas for the fulfillment of the obligations under respective gas storage agreement shall take place at the point of the virtual gas storage of MND Energy Storage a.s. in the transmission system of the Czech Republic (the transfer point). The transfer point is the Brumovice Metering Station.
- 2) The obligation of the Storage operator or the Storage user, as the case may be, to deliver natural gas at the virtual GSF point shall be deemed to have been fulfilled if the Storage operator provides gas for takeover or the Storage user ensures the delivery of gas for takeover, as the case may be, in the agreed quantity, quality, pressure and, if applicable, in accordance with other agreed-upon terms and conditions at virtual GSF point while observing the minimum/maximum parameters (volume, pressure) of the point.
- 3) If the OBA procedure is used, the values confirmed by the Storage operator and registered by the Market operator in line with the nomination process (see Part III, Article 6) shall be deemed delivered.
- 4) The quantity, quality, pressure and, if applicable, also other parameters shall be metered at the transfer point.

### **B. RESERVATION OF CAPACITIES**

#### **B.1 BASIC TERMS AND CONDITIONS OF THE STORAGE CAPACITY RESERVATION PROCEDURE**

- 1) The Storage capacity shall be reserved pursuant to the Energy Act and particularly pursuant to the Market Rules and the Storage code, as amended.
- 2) An Applicant shall be entitled to file request or application for reservation of storage capacity, if the Applicant:
  - a) In the case of an annual/monthly storage agreement, provided a deposit as required by the Market Rules and if it successfully registered in the Auction system, based on the previous electronic request sent to the Storage operator; or
  - b) In the case of a daily agreement, concluded a respective framework agreement with the Storage operator.
- 3) By filing of the electronic request for the registration to the Auction system, or by concluding a respective agreement, the Applicant confirms:
  - a) It is able to ensure 24-hour communication with the Storage operator (control center) through the relevant web interface and by phone throughout the term (effective period) of the gas storage agreement;
  - b) Person acting on the behalf of the Applicant, when filing a request or application, has sufficient authorization for acting stand-alone; and

- c) In the case of annual/monthly storage agreements, Applicant shall comply with the requirements for financial eligibility throughout the entire period in which the Applicant has any financial obligation towards the Storage operator in the scope defined in this Storage code. The requirements for financial eligibility are specified in Annex No. 1 to the Storage code.

## **B.2 RESERVATION OF A STORAGE CAPACITY FOR ANNUAL/MONTHLY CONTRACTS WITHIN THE PROCESS OF MULTI-ROUND ELECTRONIC AUCTION**

- 1) A reservation of the annual storage capacity with a fixed/interruptible output, annual storage capacity with a fixed output for a new storage capacity, and monthly storage capacity with a fixed/interruptible output is possible only by a multi-round electronic Auction.
- 2) In addition to the Market Rules pertaining to this storage capacity reservation principle, the following shall also apply:
- 3) Access to the Auction system is provided through a secured website. An Applicant can register by filling out the registration form (in the Applicant Registration section). The procedure for the registration and use of the Auction system is specified on the Storage operator's website. Under the Market Rules, only so-called "active Applicants", i.e. those who successfully provided a deposit in a timely manner, are allowed to take part in the Auction and file requests for the reservation of the Storage capacity;
- 4) The Auction process is specified in detail in published Auction terms which are published by the Storage operator in a manner defined in the Market Rules;
- 5) Should the auction system of the Storage operator fail, the Storage operator shall announce it to the active Applicants in a manner indicated in the auction terms without undue delay after it learns of the failure. During the time of the failure the Auction shall be interrupted. The Storage operator shall announce continuation of the Auction to the active Applicants in a suitable manner no later than 30 minutes prior to the continuation. The Auction may continue from the last round which was completed properly and was recorder in the auction system, or with the first round again if the information from the completed auction rounds is not available or usable;
- 6) If there is a failure in electronic communication on the Applicant's part during the Auction, an alternative method of communication via email sent to [dispatching@mnd-es.cz](mailto:dispatching@mnd-es.cz) can be used instead. The email message must contain (at least) the following information:
  - accurate identification of the Applicant;
  - identification of the Auction, including the number of the Auction round for which the request is being submitted;
  - the amount of the storage capacity requirement in a manner consistent with the Auction terms (in the form of a number rounded to two decimal places, which expresses the percentage of the size of the available storage capacity).



- 7) The Storage operator shall send without delay two signed copies of the proposal on the storage agreement to those active Applicant for who the capacity was reserved. The content of the storage agreement shall be in line with the sample agreement contained in the published Auction terms; and
- 8) The active Applicant accepts the proposal on the storage agreement by delivering one signed copy of the proposal to the Storage operator within 20 working days starting from the day the Applicant received the proposal. Until the Applicant accepts the proposal, neither the financial security provided by the active Applicant will be reimbursed, nor will the storage and accompanying services be provided.
- 9) Prior to entering into a gas storage agreement, the subject of settlement or a foreign entity may inform the Storage operator of its intention not to claim the provided financial guarantee and its intention to use the financial security in order to participate in subsequent auctions to be held no later than 3 months from the date of the auction for which the financial guarantee was provided. The subject of settlement or the foreign participant shall subsequently inform the Storage operator – within the time limit set for the provision of the financial guarantee as specified in the terms and conditions applicable to each relevant auction held during the period in question – what portion of the financial guarantee will be used for the relevant auction; the notification shall be sent via e-mail to [dispatching@mnd-es.cz](mailto:dispatching@mnd-es.cz).

### **B.3 ELECTRONIC RESERVATION OF STORAGE CAPACITY FOR DAILY STORAGE AGREEMENTS**

- 1) Applicants with access to the Nomination portal can send a request for the reservation of daily fixed / interruptible storage capacity directly in the nomination system of the Storage operator.
- 2) Applicants without access to the Nomination portal must first email a request for access to the Nomination portal to [dispatching@mnd-es.cz](mailto:dispatching@mnd-es.cz) at least 1 business day prior to making the reservation request.
- 3) The Storage operator sets a fixed unit price for storage with respect to fixed daily storage capacities. The Storage operator concludes gas storage agreements with the applicants in the order in which the respective reservation request was received.
- 4) In terms of daily gas storage agreements with interruptible capacity, the Storage operator sets a minimum unit price for storage. The Storage operator concludes gas storage agreements with the applicants in order of preference from the highest unit price for storage offered.
- 5) In cases where the Storage operator is unable – due to its demonstrable technical failure or Force Majeure – to facilitate the submission of application through its online nomination portal, in particular by disabling the services of data communication operators, the Storage operator will be entitled to establish an alternative method of electronic communication.
- 6) The Storage operator will provide information regarding the availability and (minimum) unit prices on its website. In the event of a price change, the decisive price will be the price applicable at the time the application has been submitted.

- 7) The relevant daily storage capacity is reserved once the application acceptance has been electronically confirmed (via the nomination portal application), which is followed by the conclusion of a gas storage agreement, the content of which is determined by the content of the electronic confirmation, this Code and Gas Market Rules.

## C. BUSINESS TERMS

### C.1 BASIC OBLIGATIONS OF THE STORAGE OPERATOR

The Storage operator is obliged to:

- a) Take the quantity of gas stipulated in the gas storage agreement from the Storage user at the virtual GSF point on the relevant system and store it during injection, provided that the Storage user ensures fulfillment of all terms and conditions of gas delivery for takeover at this point (observance of the agreed quality and under the agreed pressure conditions or, if applicable, also other conditions);
- b) Deliver the quantity of withdrawn gas stipulated in the storage agreement to the Storage user at the virtual GSF point on the relevant system during withdrawal provided that the Storage user ensures fulfillment of all terms and conditions for taking the gas (for transmission) at this point (observance of the agreed quality and under the agreed pressure conditions and, if applicable, also other conditions);
- c) Provide information, pursuant to the Storage code and applicable law, on shutdowns of the facilities operated by the Storage operator and, if applicable, also on other events having impact on restriction, if any, of the basic technical parameters of the storage service of the Storage operator; and
- d) Maintain (ensure the operation of) the communication system, which is used for the Nomination process between the Storage user and the Storage operator and other gas market participants, in the scope defined in the Storage code.

### C.2 BASIC OBLIGATIONS OF THE STORAGE USER

The Storage user is obliged to:

- a) Ensure the delivery of the agreed quantity of gas (corresponding to the Nominations) during injection to the Storage operator at the virtual GSF point on the relevant system with the agreed pressure, quality, and if applicable also in line with other agreed-upon terms and conditions, to be taken over for injection, provided that the Storage operator ensures fulfillment of all agreed-upon conditions for takeover of the gas at this point;
- b) Ensure the taking (for transmission) of the agreed quantity of gas (corresponding to the Nominations) during withdrawal to the Storage operator at the virtual GSF point on the relevant system with the agreed pressure, quality, and if applicable also in line with other agreed-upon terms and conditions, provided that the Storage operator ensures fulfillment of all agreed-upon conditions for the delivery of gas at this point;

- c) Ensure 24 hour telephone communication contact with the Storage operator in the extent necessary for the flexible resolution of events that emerged or that may be reasonably expected in connection with the performance of the relevant gas storage agreement;
- d) Provide the Storage operator with all information specified in the gas storage agreement, this Storage code, and provide upon the Storage operator's request other information necessary for the Storage operator's activities;
- e) Use only the communication system defined by the Storage code within the Nomination process used between the Storage user and the Storage operator; and
- f) Maintain the financial eligibility in accordance with annex No. 1 to the Storage code, in case of the annual/monthly storage agreements, from the first day of provision of the storage service under the relevant gas storage agreement, until the last financial obligation of the Storage user arising from the respective agreement has been settled, but until the 45th day in minimum after the last day of provision of the storage service under the same agreement. In the case of proving financial eligibility through a bank guarantee the Storage user may gradually update such guarantee.

### **C.3 LIMITATIONS OR INTERRUPTIONS OF STORAGE SERVICES**

- 1) The Storage operator shall be entitled to limit or interrupt the activities associated with gas storage (provision of the storage service) to the necessary extent in the cases specified under Section 60 of the Energy Act.
- 2) In the event that the activities associated with gas storage are limited and the Nominations cannot be adjusted (reduced) upon agreement with the Storage user according to the extent of the limitation, the PRO RATA rule shall be applied to the reduction of the withdrawn/injected gas quantity for each Storage user at the virtual GSF point. During the application of the PRO RATA mode, the Transporter shall allocate to the Storage user and the Market operator shall be sent the quantity of gas withdrawn/injected based on actually withdrawn/injected gas at the transfer point.

### **C.4 QUANTITY REPORTING**

For the purposes of quantity reporting or if a PRO RATA approach is adopted, the values will be rounded as follows:

- Gross calorific value in kWh/m<sup>3</sup> to 3 decimal places;
- Quantity of energy in kWh to a whole number;
- Quantity of energy in MWh to 3 decimal places; and
- Volume in m<sup>3</sup> to whole numbers.

## C.5 NOMINATIONS

- 1) Procedures and deadlines for the submission of Nominations shall be governed by the applicable provisions of the Market Rules.
- 2) The Storage operator shall be entitled not to confirm fixed storage capacity nominations if:
  - a) the Storage operator asserts its right to interrupt or limit the activities associated with gas storage pursuant to the Energy Act;
  - b) the Nomination is not in compliance with Market Rules;
  - c) the Nomination does not conform to the reserved Storage capacity or the injection and withdrawal curve.
- 3) The Storage operator is entitled not to confirm any interruptible storage capacity nomination at any time without giving a reason as well as to limit such nominations following their confirmation without giving a reason.
- 4) The Storage user shall submit to the Market operator or the Storage operator Nominations and preliminary weekly storage Nominations always for the virtual GSF point with the following identification:
  - EIC of the settlement subject or anonymous EIC of the foreign participant;
  - EIC OPM (virtual GSF point);
  - Gas day;
  - Amount of energy units;
  - Shipper code assigned by the Storage user;
  - Shipper code assigned by the Transporter; and
  - Request for withdrawal or injection.
- 5) All Nominations send to the Storage operator shall be submitted through a secured Internet Nomination portal of the Storage operator by way of filling out the designated Nomination protocol, through the Nomination system of the Market operator, or through any other form of electronic communication negotiated between Storage operator and Storage user.
- 6) The Storage Operator is entitled to reject a proportional part of the Storage user's nomination based on the hourly sample of the gas day if:
  - a) The nomination alters the overall nomination of the virtual gas storage from injection to withdrawal and vice versa, provided the Storage operator does not receive it at least 6 hours prior to its commencement, or
  - b) The nomination is not received by the Storage operator at least 3 hours prior to the hour during which the nomination is to be performed.

## C.6 ALLOCATIONS OF GAS QUANTITY

The mode used at the virtual GSF point on the transmission system both at the entry and the exit is the one which is specified (published) by the operator of the respective gas system. If the OBA Allocation procedure is used, in particular the following shall apply:

- a) In the injection mode: the quantities of gas properly nominated by the Storage user for the virtual GSF point and confirmed by the Storage operator shall be always deemed the quantities that the Storage user has actually delivered on the particular gas day at the virtual GSF point to the Storage operator;
- b) In the withdrawal mode: the quantities of gas properly nominated by the Storage user for the virtual GSF point and confirmed by the Storage operator shall be always deemed the quantities that the Storage operator has actually delivered on the particular gas day at the virtual GSF point to the Storage user; and
- c) Storage operator shall resolve the differences between the actually metered quantity and the nominated quantity with the relevant operator of the interconnected gas facility, and these differences have no impact on the balance of the Storage user's account, with the exception of the cases defined in Section C.3 of this Storage code.

## C.7 TECHNOLOGICAL GAS

- 1) The Storage operator shall provide the technological gas.
- 2) The conditions on the compensation of the costs of procurement of the technological gas shall be stipulated in the respective gas storage agreement.

## C.8 STORAGE USER'S ACCOUNT

- 1) The Storage operator shall keep a balance account for each Storage user in kWh and in m<sup>3</sup> complementarily. The relevant unit for the control of the account balance and its final balance is the value in kWh. Value in cubic meters is only indicative.
- 2) The preliminary daily quantity of gas is subtracted from the Storage user's account in kWh in the amount of the last valid Nomination confirmed by the Storage operator and registered by the Market operator, at the point of entry to the transmission system at the virtual GSF point.
- 3) The preliminary daily quantity of gas is added to the Storage user's account in kWh in the amount of the last valid Nomination confirmed by the Storage operator and registered by the Market operator, at the point of exit from the transmission system at the virtual GSF point.
- 4) The Storage operator shall keep the accounts of Storage users for each Storage user separately in a way enabling remote access on its secured Nomination Portal.
- 5) The change in the balance of the Storage user's account in the OBA mode shall correspond each individual day to the last confirmed Nomination which will be used by the Market operator for evaluation of the deviation for the respective gas day regardless of the actual

quantity of gas metered at the entry and exit point of the transmission system (or, if applicable, another gas system) at the virtual GSF point.

- 6) In the event that the PRO RATA allocation principle is introduced for a certain period, the change in the balance of the account for this period shall correspond to the allocations to be sent by the Transporter to the Market operator.
- 7) If the Storage user does not agree with the value (change) of the Storage user's account balance the Storage user must claim this from the Storage operator in writing within 10 business days of the date when the disputed information was put on the Storage user's account (when the change was made). The Storage operator shall check the claimed information on the Storage user's account without undue delay after the receipt of this claim and shall send a written statement to the Storage user within 10 business days describing the method in which the claimed information will be settled.

## C.9 PRICING

- 1) With respect to annual/monthly gas storage agreements, the total price, or rather the manner of its determination, will be specified in the respective gas storage agreement.
- 2) The total price for the storage service is composed of the gas storage price and the fee for the provision of storage related services.
- 3) The method of calculating the gas storage price will be determined by the Storage operator in the terms and conditions of the respective auction and in the standard contract related to the auction.
- 4) The method of calculating the fees for the provision of storage related services will be determined by the Storage operator in the terms and conditions of the respective auction on the basis of the following models:

### a) Fixed model

- The daily fee will only be calculated for gas days for which the Storage user submitted an injection nomination (+). No fee will be set for days for which withdrawal nominations were submitted (-).
- On days when the sum of all nominations in the Storage operator's virtual GSF is positive or zero, the Storage user will pay a daily fee in the amount of its injection nomination multiplied by the base rate.
- On days when the sum of all nominations in the virtual GSF is less than zero:
  - The Storage user will pay a daily fee on days when the absolute size of the sum of nominations in virtual storage is less than the size of the Storage user's injection nomination – in this case, the absolute value of the sum of all nominations will be deducted from the Storage user's injection nomination and the difference will be multiplied by the base rate.

- The Storage user will pay no daily fee on days when the absolute size of the sum of all nominations in virtual storage is equal or larger than the size of the Storage user's nomination.
- The base rate is to be specified in the standard contract which will constitute a part of the terms and conditions of the relevant auction.
- b) Tariff model**
- For each storage year, the Storage operator keeps the Storage user's account of storage capacity utilization, wherein the values of the most recently confirmed daily injection nominations (+) are accumulated (gradually added).
- A daily unit injection rate applicable to the Storage user is set for each gas day. The rate is determined based on the resulting dependence of the current balance of the annual account against the multiples of the size of the Storage user's reserved storage capacity for the given storage year, where the following applies:
  - in the event that the annual account balance is less than or equal to the size of the storage capacity on any given gas day, the daily unit rate set for the relevant gas day will correspond to Tariff I;
  - in the event that the annual account balance is more than one time but less than or equal to two times the size of the storage capacity on any given gas day, the daily unit rate set for the relevant gas day will correspond to Tariff II;
  - in the event that the annual account balance is greater than two times the size of the storage capacity on any given gas day, the daily unit rate set for the relevant gas day will correspond to Tariff III.
- The fee will be calculated at the end of each gas month of the storage year as the sum of relevant daily fees.
- Daily fee calculation:
  - The daily fee will only be calculated for gas days for which the Storage user submitted an injection nomination (+). No fee will be set for days for which withdrawal nominations were submitted (-).
  - On days when the sum of all nominations in the Storage operator's virtual GSF is positive or zero, the Storage user will pay a daily fee in the amount of its injection nomination multiplied by the relevant daily rate.
  - On days when the sum of all nominations in the virtual GSF is less than zero:
    - the Storage user will pay a reduced daily fee in cases where the absolute size of the sum of nominations in virtual storage is less than the size of the Storage user's injection nomination – under these circumstances, the absolute value of the sum of all nominations will be deducted from the Storage user's injection nomination and the difference will be multiplied by the relevant daily rate, or

- the Storage user will pay no daily fee in cases where the absolute size of the sum of all nominations in virtual storage is equal or larger than the size of the Storage user's injection nomination.
  - Individual tariffs are to be specified in the standard contract which will constitute a part of the terms and conditions of the relevant auction.
- c) Another calculation method specified in the auction terms and conditions**
- 5) Daily storage capacity prices are determined based on the price list posted on the Storage operator's website.
  - 6) Prices of other products related to storage services (e.g. storage capacity/gas assignment and/or transfer) are determined based on the price list posted on the Storage operator's website.
  - 7) Listed prices do not include VAT. The Storage user shall pay VAT added to the billed storage service price in the amount and manner stipulated by applicable mandatory legal regulations.

## **C.10 BILLING AND TERMS OF PAYMENT**

- 1) Annual/monthly gas storage agreements (unless stipulated otherwise in the auction terms and conditions)
  - a) Storage price  
The Storage user shall pay the total price for gas storage (or its proportionate part set out under an annual agreement) to the Storage operator on a monthly basis based on tax documents (invoices) issued by the Storage operator. The Storage operator shall issue the relevant tax document no later than on the 1st business day of the calendar month for which the price has been charged. The tax document will be due for payment within 14 calendar days from the date of issue.
  - a) Fee for the provision of storage related services  
The Storage user shall pay the fees for the provision of storage related services based on the tax document which will be issued by the Storage operator no later than on the 5th business day of the calendar month immediately following the month for which the price has been charged. The tax document will be due for payment within 14 calendar days from the date of issue.
- 2) Contracts for daily fixed/interruptible capacities (products)  
  
The Storage user shall pay the service price on the basis of a tax document issued by the Storage operator no later than on the 5th business day of the calendar month immediately following the month for which this price has been charged. The tax document will be due for payment within 14 calendar days from the date of issue.



3) Contracts for storage capacity transfers/assignments, gas transfers and other services

The Storage operator shall issue the relevant tax document no later than on the 5th business day after the performance of the service. The tax document will be due for payment within 14 calendar days from the date of issue.

- 4) The tax document must contain the particulars specified by statutes including the code of the financial institution and account number to which it is to be paid. In case that the tax document does not contain the particulars according to the previous sentence or contains incorrect data the Storage user shall claim the contents of this tax document within 30 days as of its receipt. If the tax document is found to be flawed a new due date shall commence as of the delivery of a proper tax document.
- 5) All payments must be executed in a form of a wire-transfer to a bank account designated on the tax document, and with the indication of the variable symbol presented in such a tax document.
- 6) In case of defaulting in the payment of the monetary obligations arising from the storage agreement, the relevant contractual party shall pay the other contractual party interest on late payment the amount of which is agreed in the storage agreement, otherwise interest on late payment in the amount stipulated in applicable law. Interest on late payment shall be become due within 10 calendar days from the day of their invoicing.
- 7) If the Storage operator is a VAT payer and if the taxable performance provided is not subject to the reverse charge procedure, the provider of such performance undertakes to carry out its obligations arising from VAT duly and on time.

### **C.11 ASSIGNMENT OF THE RESERVED STORAGE CAPACITY**

- 1) Reserved storage capacity assignment to another entity can be arranged in both full and partial versions. In the case of full assignment, the party to the gas storage agreement is changed and the existing Storage user is replaced by a new one (as per contract assignment under Section 1895 et seq. of the CC). In the case of partial assignment, first the gas agreement concluded with the existing Storage user is modified, and then a new gas storage agreement is concluded with the new Storage user for the portion excluded from the original agreement. In both cases, the assignment is subject to the new Storage user's ability to submit proof of sufficient financial capacity (see Annex No. 1); in the event that no proof of financial eligibility can be provided, the Storage operator may require the provision of a financial guarantee in accordance with Article 2) of Annex No. 1.
- 2) The assignment is carried out based on an application made in writing. The application for assignment must be delivered to the Storage operator at least 30 calendar days prior to the start of the gas month as of which the assignment should be effective. The application for assignment is signed by both the original and new Storage user. The application must also be accompanied by documentation proving the new Storage user's financial eligibility.

- 3) If all the terms and conditions stated in this Storage code are complied with, the Storage operator shall send a draft of the contractual documentation required for the assignment to the existing and new Storage users no later than 15 calendar days prior to the start of the gas month from which the transfer should be an effective.
- 4) The Storage operator shall not permit the assignment if the existing or new Storage user have unsettled obligations (debts) with the Storage operator after the due date.
- 5) Reserved storage capacity assignment is subject to payment as determined based on the price list posted on the Storage operator's website.

### **C.12 TRANSFER OF THE RESERVED STORAGE CAPACITY**

- 1) In the event that the Storage user decides to allow another entity to use its capacity under its gas storage agreement, including the simultaneous request for independent and separate control over the use of its capacity by this other entity, the Storage user may request the Storage operator to transfer the reserved storage capacity.
- 2) Following the storage capacity transfer, the Storage user and the Storage operator will continue to be the sole liable and entitled parties in relation to the transferred storage capacity and the transfer will not give rise to any new contractual relation between the new (entitled) storage capacity user and the Storage operator.
- 3) Any request for the transfer of reserved storage capacity shall be made in writing and submitted to the Storage operator no less than 20 calendar days prior to the commencement of the gas month as of which the transfer is to take effect; the request must include the effective date of the transfer. The request for reserved storage capacity transfer will be signed by the transferor. Provided the Storage user (transferor) complies with all applicable conditions set out in this Code, the Storage operator shall, no later than 12 calendar days prior to the commencement of the gas month as of which the transfer is to take effect, send the transferor a draft of the contractual documentation (an amendment to the relevant gas storage agreement) necessary for the execution of the storage capacity transfer.
- 4) The relevant gas storage agreement shall be amended to allow the Storage operator to create a new user subaccount for the transferee (via separation from the Storage operator's Account and its reduction) and to provide a new nomination pair, both to the extent specified in the request for transfer, provided that the Storage user's account and the user's subaccount are administered separately according to the new parameters. The required withdrawal and injection curves for the transferred storage capacity shall be determined using the same calculation (the same relationship between quantities) as that used for the originally negotiated storage capacity.
- 5) The transfer of reserved storage capacity and the subsequent amendment to the relevant gas storage agreement will be conditional on the following:
  - a) the request is submitted by the Storage user and the once transferred storage capacity cannot be transferred further,

- b) one Storage user's account cannot have more than 10 authorized user's subaccounts,
  - c) the transfer of the reserved storage capacity must remain in effect for a period exceeding 1 gas month and the transfer must be effective from the first day of the relevant gas month,
  - d) the Storage user and/or the authorized user do not have any overdue outstanding liabilities towards the Storage operator,
  - e) any other conditions set out in this Section have been complied with.
- 6) Any volume of gas remaining on the user's subaccount after expiration of the period for which the transfer was approved will be transferred by the Storage operator to the Storage user's account originally used to create the user's subaccount.

### **C.13 GAS TRANSFER**

- 1) This concerns gas transfers within the virtual gas storage of the Storage operator between two different accounts of one subject of settlement, or between balance accounts of one foreign entity, or between balance accounts of subjects of settlement. Any gas transfer is subject to and effective upon approval by the Storage operator, whereas the Storage operator can only refuse to grant any such approval if the following conditions are not met.
- 2) Gas transfers are only possible if neither the transferor nor the transferee are, or, for the duration of any gas storage agreement and/or general gas storage contract in force at the time of a gas transfer, were in default with regard to any financial obligation towards the Storage operator in the last 12 months before the gas transfer date.
- 3) Gas transfers are only possible under contracts stipulating the same fee parameters with respect to services related to gas storage. In cases where these parameters vary, the transferor will be charged an additional fee based on the contract to which the transfer is to be made. If the fee specified in the contract to which gas is to be transferred is lower than that in the original contract, the Storage operator will not refund any amount overpaid.
- 4) Furthermore, the Storage operator may decline to approve a gas transfer in cases where it would give the transferor or the transferee an unwarranted advantage in the form of enhanced storage capacity parameters and also in cases where any such transfer would bring about technical conditions that would prevent the Storage operator from meeting its contractual obligations.
- 5) All gas transfer applications shall be submitted via the Nomination portal of the Storage operator. The submission, including a confirmation of the application by the transferee, must be received by the Storage operator no later than 3 working days prior to the requested date of transfer, unless the transferor and the Storage operator agree otherwise. Provided the conditions specified in this section are met, the Storage operator will approve the application no later than 1 day prior to the requested date of transfer.

- 6) Gas transfers are subject to payment in the amount and under the conditions specified on the Storage operator's website. Unless the requesting parties agree otherwise, the payment will be made by the transferor. The payment will not apply to transfers from expiring contracts to new contracts held by a single Storage user. Should any such gas transfer carry additional costs for the Storage operator, the Storage operator will be entitled to claim their compensation or to decline the gas transfer. As of the day of the gas transfer, the transferor must hold the volume of gas to be transferred in the gas storage, while the transferee must have a sufficient storage capacity available.

### **C.14 UNEXTRACTED GAS**

- 1) The procedure for selling unextracted gas is generally described in the Market Rules.
- 2) From the first day on which the Storage operator is first time entitled to offer the unextracted gas for sale the Storage user agrees not to dispose of the unextracted gas any further, especially not to sell it or encumber it with any right. The Storage operator may exercise this right to procure the sale of gas under these conditions vis-à-vis any owner of gas stored in virtual gas storage in conflict with the relevant agreement on gas storage (crucial in this context is under which gas storage agreement the gas is stored in the GSF, not the proprietary right at the time of the sale).
- 3) The Storage operator shall send, to the former Storage user, the proceeds from the sale of unextracted gas in accordance with Section A, less the legitimate costs directly associated with the sale of gas, within 15 calendar days after the sale of unextracted gas has been completed. Moreover, the Storage operator will be entitled to set off any receivables due from the former Storage user, incurred based on gas storage contracts or related services, against the proceeds.

### **C.15 CONFIDENTIALITY**

Both the Storage operator and the Storage user are obliged to maintain confidentiality about gas storage agreements which they entered into in order to provide gas storage services, including the information connected to the agreement conclusion and performance and/or other related information until the time such information become publically available. The Storage operator and the Storage user are obliged to neither provide such information to the public, nor provide them to third parties; the information may be provided only with the previous written permission of the other party. The disclosure of the protected information is not a breach of a confidentiality duty if the information is provided based on the statutory requirement and when the information is provided to accounting, tax or legal advisors, banks or other similar institutions conditioned upon the fact such third parties are under the confidentiality obligation imposed upon them by the Storage operator or the Storage user no.

### **C.16 MAINTENANCE**

- 1) Within the provision of the storage service (part of the product) the Storage operator has the right to perform scheduled maintenance if the conditions described in this section are met.

- 2) Maintenance includes routine technically predictable maintenance activities required for the successful operation of the GSF and other gas equipment used for the storage service;
- 3) Anticipated scope and terms of maintenance are published by the Storage operator and updated in accordance with respective legal acts;
- 4) In case of a scheduled long-term maintenance: the maintenance is rendered by the Storage operator in the 2nd and 3rd quarter of a calendar year, with maximum restriction or suspension of activities related to gas storage (rendering of storage service) in the range of no more than 14 days (continuous or divided) in one storage year; and
- 5) In case of scheduled short-term maintenance: the maintenance is rendered by the Storage operator at any time during the calendar year, with maximum restriction or suspension of activities associated with gas storage (rendering of storage service) in the range of no more than 7 days (continuous or divided) in a storage year. This period is not included in the time according to previous indent, not even when maintenance is carried out in the 2nd or 3rd quarter of a calendar year.
- 6) The conditions stipulated in the previous paragraph shall in no way limit the possibility of the Storage operator to employ extraordinary measures which lead to restriction or suspension of the gas storage in the cases anticipated in the Section 60, Paragraph 1, Letter f) of the Energy Act.

## D. FINAL PROVISIONS

### D.1 STORAGE CODE AMENDMENTS

Any amendments to the Storage code are subject to approval procedure or a procedure for determining the code according to relevant provisions of the Energy Act.

### D.2 FINAL PROVISIONS

- 1) All legal relations between the Storage operator and Storage user arising in connection with the provisions of this Code shall be governed by the laws of the Czech Republic.
- 2) Forming an integral part of this Code are the following Annexes:
  - Annex No. 1 – Financial Eligibility Terms and Conditions Applicable to Annual / Monthly Storage Agreements,
  - Annex No. 2 – Virtual GSF Delivery Points on Transmission System,
- 3) This Code was approved by the Decision of the Energy Regulatory Office No. SLS-00084/2019-ERU on 20 April 2020 and comes into force on June 1, 2020. This particular version of the Storage Code also reflects the change in the company name of the Storage Operator which took effect as of 31 January 2022.

### **D.3 TRANSITIONAL PROVISIONS**

- 1) Upon coming into effect, this Code shall become binding for all existing gas storage contracts.

## **ANNEX NO. 1 FINANCIAL ELIGIBILITY TERMS AND CONDITIONS FOR ANNUAL / MONTHLY STORAGE AGREEMENTS**

- 1) The (future) Storage user must prove to the Storage operator and permanently maintain that the Storage user holds sufficient financial eligibility to fulfil its obligation arising out of the any annual/monthly agreements concluded between the parties (hereinafter “Financial eligibility”).
- 2) Meeting of the Financial eligibility terms shall be proved by a (future) Storage user immediately after notification that respective Storage capacity has been reserved for Storage user, or at latest when a respective Storage agreement is concluded. If respective Storage agreement is concluded more than 2 months before the start of the first storage year (season), the Storage user may provide documents proving Financial eligibility even later; however, always prior to 2 months period before the start of the first storage year (season). If the Storage user is unable to prove that it meets Financial eligibility terms by the abovementioned moments, the Storage operator will be entitled to request the provision of a financial guarantee of up to three times the amount of the credit exposure.
- 3) In case of doubts as to the Financial eligibility of a Storage user, the Storage operator has the right to invite anytime in written the Storage user to update the status of its Financial eligibility by providing necessary documents within 14 days. If the Storage user does not provide the necessary documents that would manifest sufficient Financial Eligibility even within 5 working days after the Storage operator send the Storage user a repeated request, the Storage operator will be entitled to request the provision of a financial guarantee of up to three times the amount of the credit exposure with effect from the earliest gas month.
- 4) Meeting one of the two following options deems to be sufficient to meet the Financial Eligibility requirements:
  - a) The Storage user itself meets any of the following credit ratings:
    - Rating in the CreditReform index: not higher than ( $\leq$ ) 295;
    - Long-term credit rating by Standard & Poor’s: minimum level B;
    - Long-term credit rating by Moody’s: minimum level B3; or
    - Long-term credit rating by Fitch: minimum level B- and the rating must not be older than 15 months.
  - b) The depositor shall provide audited financial statements that meet the following conditions:
    - Debt  $\leq$  0.8 x Equity; where debt is understood to be the Storage user's interest-bearing borrowed capital and E represents the the Storage user's equity,
    - EBIT / interest costs  $\geq$  2.7; where EBIT refers to the Storage user's earnings before tax plus interest costs for the past fiscal year, while interest costs represent interest costs for the past fiscal year,

- $3 \times \text{EBITDA} \geq \text{Debt}$ ; where EBITDA means the Storage user's earnings before tax plus interest costs and fixed assets adjustments for the past fiscal year.
- c) The Storage user shall provide the original guarantee statement on the understanding that guarantee means an irrevocable and unconditional guarantee pursuant to Section 2018 et seq. of the CC as issued by the eligible guarantor for the benefit of the Storage operator. For this particular purpose, an eligible guarantor is an organization that meets selected credit ratings described in Section a) of this paragraph.
- d) The Storage user provides to the Storage operator the original of a valid bank guarantee, with the following conditions:
- Under Section 2029 CC, the bank shall irrevocably obliges itself to reimburse the Storage operator without protest at least up to the amount double the Credit exposure, once the Storage operator informs the bank in written that the Storage user did not fulfill the obligation pursuant to the respective storage agreement;
  - The bank guarantee provided must be valid at least 30 days after the expiration of the agreement it secures;
- 5) If long-term contracts are concluded for the storage services lasting more than one storage year, the bank guarantee provided may be valid for a shorter time period than required under the previous section. However, even in such cases, the bank guarantee must be always valid at least for one storage year and accompanied with a written affirmation of the (future) Storage user that at the latest 30 days before the expiry of the provided bank guarantee the Storage user will either renew the bank guarantee or have a new one issued. If the Storage user fails to meet the duty to renew or reissue the bank guarantee in such time as set in this provision, the Storage operator will be entitled to request the provision of a financial guarantee of up to three times the amount of the monthly credit exposure;
- 6) A bank guarantee for an amount higher than CZK 5 million must be issued in favor of the Storage operator by a bank with minimum long-term rating BB from Standard & Poor's, or at least long-term rating Ba2 from Moody's; and
- 7) If at the moment when a respective Storage capacity is reserved, or at the moment the respective storage agreement is concluded, nor even 2 month before the start of the first storage year (of the respective storage period) it is not possible to determine the exact amount of Credit exposure (especially if parameter-based Auction was used), the Storage operator shall calculate the Credit exposure with the use of the necessary parameters which were valid in the immediately preceding period. This procedure may be repeated even in the following storage years of the respective storage agreement.
- 8) Provided the Storage user has not been in default with payment of its due liabilities arising from existing storage agreements and/or related services over the past 12 calendar months, the Storage user may request the Storage operator to waive the financial guarantee requirement. The Storage operator will release the Storage user from its obligation to provide a financial guarantee once compliance with the specified conditions has been confirmed.



## **ANNEX NO. 2 VIRTUAL GSF DELIVERY POINT ON THE TRANSMISSION SYSTEM**

- 1) There exists the following delivery point for a GSF virtual point where quantity, pressure and qualitative parameters of gas intended for injection and withdrawal are measured:
- 2) Delivery point Brumovice situated in the locality near the village Brumovice.
- 3) Measured values of gas pressure and quality at the delivery point are the standard for determining the actual pressure and quality parameters at this point.

### **Brumovice Delivery Point Location**

