

Terms and conditions for electronic auction of the gas storage operator, company MND Gas Storage a.s. (hereinafter the “Storage Operator”), for the reservation of the monthly storage capacity with fixed output to be held on 17 March 2021 (hereinafter the “Auction Terms and Conditions”)

Legal Disclaimer

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

Opening Clauses

These auction terms and conditions have been developed in line with valid and effective, generally binding Regulation No. 349/2015 Coll. on the Rules of the Gas Market (hereinafter “Market Rules”), and Code of gas storage operator, company MND Gas Storage a.s. (hereinafter the “Code”), in particular.

Fundamental prerequisite of participation in the auction to be held on 17 March 2021 under the Auction Terms and Conditions (hereinafter “Auction”) are set in the Code.

Other matters concerning the Auction which are not specifically governed by these Auction Terms and Condition or the Code shall be governed by the Market Rules.

Basic Parameters of Auction Terms and Conditions

<i>Type of storage capacity reserved:</i>	Monthly storage capacity with fixed output under Article 54 of Market Rules
<i>Date Auction is held:</i>	17 March 2021, 10 a.m. (CET)
<i>Storage period:</i>	12 storage months reserved within the storage period from 1 April 2021, 6 a.m., and ending on 1 April 2022, 6 a.m.
<i>Storage capacity offered:</i>	0 GWh
<i>Maximum daily injection output:</i>	0 MWh/day
<i>Maximum daily withdrawal output:</i>	5 000 MWh/day

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1. Method of Calculation of the Minimum Price for the First and Following Storage Months

Minimal (posted) price for every storage day is to be determined according to the following equation:

$$P_U = P_F + K$$

Where:

- P_U represents a monthly unit price for the maximum withdrawal output and is established in CZK per 1 MWh/day of the reserved maximum withdrawal output;
- P_F represents fixed costs equal to 1,50 CZK per 1 MWh/day of the reserved maximum withdrawal output;
- K represents a coefficient on which the Auction participants bid within respective Auction rounds; for the first round of the Auction it equals „0 CZK per 1 MWh per day“ (zero Czech crowns per one megawatthour per day).

2. Auction Date

Auction date has been set for 17 March 2021, at 10:00 a.m. (CET). The applicant must register in the information system of the Storage Operator no later than 16 March 2021, 6:00 p.m., to participate in the Auction.

3. Auction Round Duration

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

4. Way of Provided Electronic Communications and Alternative Communications

Auction will be organized via the secured Internet interface accessible from <http://mndgs.proebiz.com/>.

Should Storage Operator's auction system fail, then the Storage Operator shall notify active applicants about such situation. During such failure the Auction will remain interrupted, and the Storage Operator will give notice of the resumption of Auction to active applicants in the appropriate manner. Auction may continue from the last round that went ahead duly, and they managed to record (store) it in auction system, or start again with first round (if information from Auction rounds carried out are not available or applicable).

In case the electronic communications fail over the course of the Auction on the side of applicant, then the alternative way of communication can be used via email send to obchod@gasstorage.cz; with the following minimum content:

- Applicant's exact identification;
- Auction marking incl. Auction round number for which the request is submitted;
- Level of maximum withdrawal output requirement in the manner that corresponds to the Auction Terms and Conditions (in the form of a number rounded off two decimal locations which expresses percentage share in the size of free storage capacity);

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5. Financial Security Deposit

The amount of financial security deposit will be determined depending on applicant's level of maximal demand for reservation of maximum withdrawal output in the Auction, and this in the way as per the formula:

**100 CZK per each requested 1 MWh/day of the maximum withdrawal output or
4 EUR per each requested 1 MWh/day of the maximum withdrawal output**

(e.g. if applicant aims to request the whole storage capacity offered, the amount of financial security deposit equals to 500 000 CZK or 20 000 EUR)

The applicant may fulfil the duty to provide financial security deposit:

1. either by providing original of an unconditional and irrevocable letter of credit to the sum equal to the financial security deposit required, which should be valid at least by 17 April 2021; or
2. **In CZK:** by a wire transfer to the benefit of the account **IBAN: CZ98 0300 0000 0000 1740 2743, SWIFT: CEKOCZPP**; provided with a variable number that equals the National ID No. of the company or day, month and year of the birth for physical persons.
3. **In EUR:** by a wire transfer to the benefit of the account **IBAN: CZ28 0100 0000 4382 2770 0227, SWIFT: KOMBCZPPXXX**; provided with a variable number that equals the National ID No. of the company or day, month and year of the birth for physical persons.

The financial security deposit must be received by the Storage Operator by 17 March 2021, 8:00 a.m. In case of the letter of credit, the day of receipt is the day at which the original of the letter of credit is received by the Storage Operator. In case of wire transfer, the day of receipt is the day at which the amount is credited to the bank account of the Storage Operator.

6. Gas Storage Contract Sample

Sample contract for gas storage is included in Annex No. 1 of these Auction Terms and Conditions, and it will be signed with applicants pursuant to the procedure specified in the Code. Those participants who are successful in reserving storage capacity will be invited to provide proof of meeting financial eligibility criteria pursuant to annex No. 1 of the Code.

7. Additional capacity

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

8. Duration of Capacity Reservation and Gas Storage Contract

Gas storage contract to reserve monthly storage capacity with fixed output will be concluded for the period from 1 April 2021, 6 a.m. and ending on 1 April 2022, 6 a.m.; based on the results of the Auction.

9. The level of price increase in between Auction rounds

The level of increase of price per 1 MWh of operating capacity in between Auction rounds during entire Auction will be + 0,10 CZK.

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

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

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

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

12. Position regarding vertically integrated gas undertakings

Considering the existing storage contracts, the Storage Operator declares that as of the day these Auction terms and conditions are announced, there is no gas supplier in the meaning of Section 51, Paragraph 4 a 5 of the Market Rules.

13. Time Schedule

<i>by 17 March 2021, 8:00 a.m.</i>	Financial security deposit to be received
<i>by 16 March 2021, 6:00 p.m.</i>	Applicants to register for participation in the Auction
<i>17 March 2021, from 10:00 a.m.</i>	Auction course
<i>Within 10 business days from receiving the confirmation on reservation</i>	Conclusion of the respective gas storage contract
<i>Within 5 days after Auction is ended (if no capacity was reserved for applicant)</i>	Return of the financial security deposit
<i>Within 5 days from signing of gas storage contract (if capacity was reserved for applicant)</i>	Return of the financial security deposit