SPP

Storage

Storage System Operator's Code

Operator: **SPP Storage, s.r.o.**

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Table of Contents

I.
PREAMBLE

A. The SSO has drawn up and presents this Storage System Operator's Code (hereinafter also referred to as "the Code") in compliance with the following legal regulations:

  (i) Act No. 458/2000 on Conditions of Business and State Administration in Energy Industries and on Changes to Certain Laws, as amended (hereinafter also referred to as "the Energy Act"),

  (ii) Energy Regulatory Office's public notice no. 365/2009 on Gas Market Rules, as amended (hereinafter referred to as "the Gas Market Rules"),

  (iii) Energy Regulatory Office's public notice no. 401/2010, on the required content of the Electricity Transmission System Operating Rules, Distribution System Operating Rules, the Gas TSO Code, the DSO Code, the SSO Code, and the market operator's commercial terms and conditions,

  (iv) Guidelines for Good TPA Practice for Storage System Operators (issued by European Regulators Group for Electricity and Gas).

B. The SSO wishes to ensure a transparent, clear, non-discriminatory and equal approach to all gas market participants, provide for gas supply security and for the development of the Storage Facility, and to use the Storage Facility efficiently.

C. This Code has been approved by the Energy Regulatory Office's decision issued under Ref. No. 02027-3/2012, dated April 20, 2012.

II.
DEFINITION OF TERMS

"Auction System" the SSO's online application for the sale of storage capacity;

"kWh" the unit used for expressing energy in gas on the basis of its gross calorific value; one kilowatt hour (kWh) equals 3.6 MJ;

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

"Nomination System" the SSO's online application for accepting nominations and re-nominations and requests for daily and interruptible capacities;

"Storage Nomination" the Storage Customer's notification to the SSO of the gas quantity that the SSO is to inject into/withdraw from the Storage Facility in the respective period of time;

"OBA" the rules for allocating a gas quantity to individual Storage Customers at entry/exit points of the transmission system, under which the quantities nominated by a Storage Customer shall be deemed to be delivered quantities;

"Gas Volume" volume expressed in m^3;

"Firm Storage Capacity" storage capacity available for the Storage Customer throughout the term of the agreement;

"gas" a mixture of gaseous hydrocarbons and inert gases;

"Gas Day" a period of time from 06:00:00 hrs on a calendar day to 06:00:00 hrs on the following calendar day;

"Operating Volume" the maximum Gas Volume that can be stored in the Storage Facility (expressed in m^3);

"Transmission System Operator" a gas business entity holding a licence for gas transmission in the Czech Republic, to the gas transmission system of which the Storage Facility is connected;

"Delivery Point" a point at which gas is delivered between two gas market participants which makes it possible to measure the quantity and pressure of the gas delivered and accepted, control the gas flow, determine gas quality, including the gross calorific value, for the purpose of calculating the gas supply in kWh or MWh, and to transmit data to gas control centres; it is the actual point of gas entry/exit into/from the system with which the Storage Facility is connected;

"Interruptible Storage Capacity" storage capacity that the SSO may interrupt or reduce under this Code or the Storage Agreement;

"SSO" SPP Storage, s.r.o., having its registered office at Novodvorská 803/82, 142 00 Praha 4, Company No. [IČ]: 24822191;

"Storage Agreement" an agreement entered into by and between the SSO and a Storage Customer under which the SSO agrees to store the agreed gas quantity for the Storage Customer and the Storage Customer agrees to pay the agreed price for such storage;

"Gross Calorific Value, GCV" is the amount of heat expressed in kWh which is released when one m^3 of 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 Shutdown" interruption in the process of injection into the Storage Facility upon achieving the maximum reservoir pressure in accordance with the operating documentation for the Storage Facility, which the SSO has prepared under Section 22 of the Czech Mining Office's Regulation No. 239/1998 on Stabilisation Shutdown; it also provides for the protection of the reservoir and operating safety under Section 64 of the above Regulation;

"Withdrawal Curve" graphic or mathematical expression of the relation between the Withdrawal Capacity and the current level of the gas stock stored in the Storage Facility for a given Storage Customer within the meaning of the Storage Agreement;

"Production Season" the period of time in which gas is usually withdrawn from the Storage Facility; at the SSO, withdrawal usually takes place throughout the year;

"Withdrawal Capacity" [deliverability] the gas quantity that can be withdrawn from the Storage Facility per unit of time – Gas Day, expressed in kWh;

"Gas pressure" gas pressure in Pascal or multiples thereof; it is given by the difference between the absolute pressure and the atmospheric pressure;

"Storage Customer" is an entity that has entered into a Storage Agreement with the SSO;

"Injection Curve" graphic or mathematical expression of the relation between the Injection Capacity and the current level of the gas stock stored in the Storage Facility for a given Storage Customer within the meaning of the Storage Agreement;

"Injection Season" the period of time in which gas is usually injected into the Storage Facility; at the SSO, injection usually takes place throughout the year;

"Injection Capacity" [injectability] the gas quantity that can be injected into the Storage Facility per unit of time, Gas Day, expressed in kWh;

"Gas Storage Facility or Storage Facility" the gas installation intended for gas storage and for the provision of additional services operated by the SSO at Dolní Bojanovice. Geographical depiction of the location of the Gas Storage Facility and the description of the

entry and exit points of the Gas Storage Facility are contained in Appendix 1 to this Code. For the purpose of this Code, the Gas Storage Facility shall be deemed to be the virtual gas storage facility within the meaning of the Gas Market Rules.

"Bidder" an entity that has requested storage capacity booking.

III.
SERVICES PROVIDED BY THE SSO

III.1   Provided services

In accordance with this Code, pursuant to the Storage Agreement, and providing that the SSO has available storage capacity, the SSO shall provide the following storage services in the Injection Season and in the Production Season:

III.1.1 Gas storage for each of the Storage Customers under the respective Storage Agreement

The SSO shall provide storage capacity as either Firm Storage Capacity or Interruptible Storage Capacity.

The gas storage service is offered as a combination of the Operating Volume, Injection Capacity and Withdrawal Capacity, providing that the respective Injection/Withdrawal Curves for a particular Storage Customer shall be specified in the Storage Agreement at all times.

The Storage Facility virtual point for which Delivery Points defined in Appendix 1 to this Code exist shall serve for gas delivery to and acceptance by the SSO from each of the Storage Customers and *vice versa*. At the Delivery Points, the measurement and determination of the pressure and quality parameters of the gas intended for injection and withdrawal into/from the Storage Facility take place. The SSO's responsibility for the quantity, quality and pressure of the gas withdrawn from the Storage Facility terminates at the moment of the passage of the gas from the Storage Facility into a connected network, whereupon this responsibility passes to the respective operator of the connected installation. The SSO accepts responsibility for the quantity, quality and pressure of the gas at the moment of the passage of the gas intended for injection into the Storage Facility from the connected networks into the Storage Facility.

Subject to having available storage capacity, the SSO shall provide each of the Storage Customers with the booking of the following types of storage capacity:

a) Firm Storage Capacity on an annual basis,

b) Firm Storage Capacity on an annual basis for new storage capacity,

c) Firm Storage Capacity on a monthly basis,

d) Firm Storage Capacity on a daily basis,

e) Interruptible Storage Capacity on a daily basis.

Subject to the conditions laid down in this Code below, the SSO shall enter into a Storage Agreement with each of the Storage Customers for the above types of storage capacity, providing that the model forms of such agreements are posted on the SSO's website.

IV.
STORAGE CAPACITY BOOKING

IV.1 General terms and conditions for Storage Facility capacity booking

The persons who are entitled to request storage capacity in the Storage Facility are only the Bidders who meet the following terms and conditions:

IV.1.1 Valid registration in the SSO's Auction System

The SSO shall advise of the launch of its Auction System on its website well in advance.

Registration in the SSO's Auction System shall be effected upon the Bidder's request by way of the completion and submission of the respective registration form posted on the SSO's website. Following receipt by the SSO of a duly completed registration form, the SSO shall confirm to the Bidder its registration in the Auction System and then, no later than within 3 working days, the SSO shall send the details of access to the Auction System to the Bidder.

The Bidder shall update all details as per the registration form without undue delay.

IV.1.2 Financial standing of the Bidder

The Bidder is of good financial standing if it meets at least one of the requirements laid down in Appendix 2 to this Code.

IV.1.3 Ability to maintain continuous 24-hour communication with the SSO throughout the period of effect of the Storage Agreement via electronic mail and/or telephone

The Bidder shall prove the meeting of this requirement by furnishing its affirmation to this effect.

In respect of annual and monthly firm storage agreements, the Bidder shall prove the meeting of all the requirements laid down in point IV.1 of this Code by furnishing the relevant documents no later than by the execution of the Storage Agreement. In respect of annual firm storage agreements for new storage capacity the Bidder shall furnish the SSO with documents proving the meeting of these requirements no later than three months before the beginning of the first storage period.

IV.2 Storage capacity booking for long-term agreements

The SSO shall book storage capacity for long-term agreements, i.e. gas storage agreements on annual Firm Storage Capacity, and also gas storage agreements on annual Firm Storage Capacity for new storage capacity and gas storage agreements on monthly Firm Storage Capacity, in the process of multi-round online auctions under the conditions of the Gas Market Rules and in accordance with this Code.

IV.2.1 Multi-round online auction

The SSO shall publish, in a manner enabling remote access, the terms and conditions of auctions for available storage capacity by the dates laid down in the Gas Market Rules, i.e. in the case of the booking of available annual capacity no later than 30 calendar days before the beginning of the multi-round online auction and no earlier than 18 months before the first Gas Day of the immediately following storage year for which the annual Firm Storage Capacity is to be booked. In the event of a repeated auction, the time limit of 30 calendar days shall be reduced to 10 calendar days. In the case of auctions for the booking of monthly available capacity, the SSO shall

publish the terms and conditions of the auction no later than 14 calendar days before the beginning of the auction; in the event of a repeated auction, this time limit shall be reduced to 7 calendar days.

The terms and conditions of the auction shall be reasonable, non-discriminatory and transparent and shall include at least the following essential details:

a) the minimum price per unit of storage capacity for the first storage year and the pricing method for the other storage years throughout the time for which storage capacity is booked,

b) auction start time,

c) required method of secured electronic communication, including an alternative communication method should electronic communication fail on the Bidder's side,

d) procedure for depositing the financial deposit ['collateral'],

e) the size of the available storage capacity offered,

f) the Storage Agreement form,

g) model form of the request for the first access to the SSO's Auction System,

h) the increase in the price per unit of storage capacity between auction rounds,

i) the minimum and maximum time of storage capacity booking.

In addition to meeting the requirement under IV.1 of this Code, a condition for active participation in an announced auction is the deposit by the Bidder of a financial deposit, in the amount and using the procedure laid down in the auction terms and conditions, no later than 3 working days before the posted date of the auction. Furnishing an irrevocable bank guarantee shall also be regarded as the depositing of a financial deposit. A Bidder that duly deposits the financial deposit is hereinafter referred to as "Active Bidder".

Together with its request for storage capacity booking, the Bidder shall also specify the required period of storage capacity booking, which may be divided into multiple parts each having a different duration. The request for storage capacity booking and the required period of booking submitted in an auction round may not be changed during the auction round.

Active Bidders can submit a request for storage capacity booking in an auction up to the amount of the ratio of the deposited financial deposit and the product of coefficient 0.05 and the minimum price per unit of storage capacity set out by the SSO in the terms and conditions of a particular auction.

Active Bidders can only submit a request for storage capacity booking in the next auction round up to the amount of their request for storage capacity booking in the preceding auction round. If in one auction round an Active Bidder does not submit a request for storage capacity booking, or submits a request for storage capacity booking or the required period of booking with a value of 0, it may not submit requests for storage capacity booking in any of the subsequent auction rounds.

If in one auction round the sum of all requests for storage capacity booking received from Active Bidders exceeds 100, another auction round shall follow. In such subsequent auction round, the auction price per unit of storage capacity shall be increased using the method set out in the auction terms and conditions laid down by the SSO.

Each of the auction rounds is limited to 10 minutes. Provided that all Active Bidders agree, the SSO can shorten an auction round.

During the auction, the SSO shall notify Active Bidders of the sum of all requests for storage capacity booking in the preceding auction round and of the time remaining to the end of the auction round.

The SSO shall discontinue the auction if in an auction round the sum of requests for storage capacity booking of all Active Bidders is smaller than or equal to 100. The SSO shall book storage capacity rounded to whole m^3 or kWh/day depending on Active Bidders' requests for storage capacity booking in the last auction round.

Should a part of the storage capacity remain unbooked, this part of the storage capacity shall be booked for Active Bidders from the last but one round proportionally to the amounts of their requests for storage capacity booking in the last but one auction round, providing that an Active Bidder's request for storage capacity booking is, for the purpose of calculating the booking, reduced by the storage capacity booked for the Active Bidder in the last auction round.

If the sum of all requests for storage capacity booking of Active Bidders in the first auction round does not exceed 100, the price for gas storage shall be set at the value of the minimum price set out by the SSO in the auction terms and conditions. Otherwise, the price for storage shall be set at the value of the auction price in the most recent auction round in which the sum of all requests for storage capacity booking of Active Bidders amounted to 100 or more.

Immediately after the end of the auction the SSO shall electronically distribute notices of storage capacity booking together with the final price per unit of storage capacity. The SSO shall also invite the successful Active Bidder to furnish documents proving the meeting of the requirements of clause IV.1 of this Code.

If the Auction System fails during an auction, the SSO shall notify Active Bidders thereof without undue delay. Immediately after the recovery of the Auction System the SSO shall notify Active Bidders of a substitute time of the auction, providing that the auction may continue from the last duly executed round if it is possible to retrieve from the Auction System all information from that round and from the preceding rounds. Otherwise, the auction shall start again with the first round.

IV.3   **Storage capacity booking for short-term agreements**
The SSO shall arrange for storage capacity booking for short-term agreements, i.e. Storage Agreements on daily Firm Storage Capacity and daily Interruptible Storage Capacity, in electronic form under the conditions of the Gas Market Rules. A condition for booking is the execution of a framework agreement on gas storage (hereinafter also referred to as "framework agreement"), the model form of which is posted on the SSO's website. The SSO shall publish requests for the execution of framework agreements on its website. Should the SSO require so, Bidders shall also furnish the SSO with proof of meeting the requirements of clause IV.1 of this Code together with a completed request. Upon receiving these documents, the SSO shall send to Bidders two copies of a framework agreement signed by the SSO. The framework agreement shall be executed as follows: no later than within 7 working days, the Bidder shall return to the SSO one copy of the framework agreement duly signed by the Bidder. The Storage Customer shall prove its good financial standing by 9 a.m. on the day of submitting its request for daily Firm or Interruptible Storage Capacity booking (if the above day is not a working day, by 9 a.m. of the last working day before the day of submitting the request) or before other events that influence the SSO's credit exposure to the Storage Customer, and shall maintain such standing at least until the end of the calendar month in which the respective invoice for the provided storage capacity/service falls due.

IV.4 Procedure for entering into Storage Agreements

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

Immediately after the end of an online auction and after the successful Bidder furnishes the SSO with documents proving the meeting of the requirements of IV.1 of this Code, the SSO shall send to the successful Bidder two copies of a Storage Agreement signed by the SSO in accordance with the agreement form that was part of the auction terms and conditions.

Within 7 working days of the day of receiving the two copies of the Storage Agreement, the Bidder shall sign this agreement and shall return one original of the Storage Agreement at the SSO's address.

Should the Bidder fail to furnish the SSO with documents proving the meeting of the requirements of IV.1 of this Code within 14 days from the distribution of the notice of storage capacity booking together with the final price per unit of storage capacity, the Bidder's right to enter into the respective Storage Agreement based on the results of the auction shall lapse.

IV.4.2 Procedure for entering into a short-term agreement / (Individual Contract)

Short-term agreements on gas storage shall be entered into electronically on the basis of a framework agreement, upon the Storage Customer's electronic request for the booking of daily Firm/Interruptible Storage Capacity and the subsequent confirmation of the request by the SSO in accordance with the Gas Market Rules.

V.
PARAMETERS OF INJECTED AND WITHDRAWN GAS

V.1   Gas injected into or withdrawn from the Storage Facility must have the chemical and physical parameters specified in the relevant legal regulations.

V.2   Storage Customers shall be responsible for keeping the chemical and physical parameters of the gas delivered to the SSO for storing in the Storage Facility under clause V.1 of this Code. Storage Customers shall take all measures required to prevent or at least minimise any damage that the SSO might suffer due to failure to keep these parameters.

V.3   The SSO shall have the right to refuse to accept gas for the Storage Facility if the delivered gas fails to meet one or more of the chemical and/or physical specifications.

V.4   The SSO shall be responsible for keeping the chemical and physical parameters of the gas withdrawn from the Storage Facility under clause V.1 of this Code. The SSO shall take all measures required to prevent or at least minimise any damage that the Storage Customer might suffer due to failure to keep these parameters.

V.5   Storage Customers shall have the right to refuse to accept gas from the Storage Facility if the delivered gas fails to meet one or more of the chemical and/or physical specifications.

VI.
NOMINATION AND RE-NOMINATION

VI.1   Nominations for storage shall be given in kWh, or, subject to agreement with the Storage Customer, also in m^3.

VI.2 Procedures for storage nomination and re-nomination shall follow the Gas Market Rules.

VI.3 Storage Customers shall make nominations to the SSO through the SSO's Nomination System. In the event of inoperability of the SSO's Nomination System, the parties shall use the telephone, fax or electronic mail for the purpose of nominations.

VI.4 Storage Customers shall make preliminary annual and weekly nominations and firm daily nominations. Storage Customers shall submit annual nominations to the SSO in the form of aggregated monthly data by the 5th day before the beginning of the respective storage year. Storage Customers shall submit weekly nominations to the SSO for each Gas Day of the respective gas month. Should a Storage Customer fail to submit a daily nomination by the timetable set out in the Gas Market Rules, the SSO will regard the nominations submitted as part of a weekly nomination as firm nominations for the respective Gas Day.

VI.5 Storage Customers shall specify their storage nominations by codes of the booked storage capacities, up to the amount of the available Withdrawal/Injection Capacity, in a form enabling the SSO and the Transmission System Operator to perform the matching procedure.

VI.6 Storage nominations must be in accordance with the Injection Curve and Withdrawal Curve for the respective booking and the balance in the Storage Customer's account. Nominations failing to meet the above condition will not be confirmed.

VI.7 The SSO shall allow corrective nomination and first re-nomination, corrective re-nomination and continuous re-nomination in accordance with the Gas Market Rules.

VI.8 The SSO has the right to reduce or reject nominations to the necessary extent in cases laid down in legal regulations, during Stabilisation Shutdowns, and in other cases as may be set out in the Storage Agreement or this Code. In cases where the SSO reduces or rejects nominations for reasons specified in this clause it shall first reduce nominations for daily Interruptible Storage Capacity bookings and only then for Firm Storage Capacity bookings.

VI.9 In addition to the cases specified in the preceding clause, the SSO shall have the right to reject re-nominations two hours before, and during, a Gas Day subject to the conditions set out in Schedule 4 to the Gas Market Rules.

VII.
ALLOCATION

VII.1 At each of the entry/exit points of the virtual gas storage facility, the allocation method specified for this point by the Transmission System Operator to whose gas transmission system the Storage Facility is connected shall be in place.

VII.2 If the OBA allocation rule is implemented at an entry/exit point of the virtual gas storage facility, the amount of gas duly nominated by a Storage Customer for injection/withdrawal, and confirmed by the SSO, shall be deemed to be the amount that the Storage Customer actually delivered to or accepted from the SSO at the virtual gas storage facility point on the respective Gas Day. The differences between the actually metered quantity and the nominated quantity shall be addressed by the SSO with the respective operator of the gas installation and shall have no influence on the Storage Customer's balance account, with the exception of cases where the SSO has the right, under Section 60 (1) (f) of the Energy Act, to interrupt or curtail the provision of gas storage services. In such a case, and provided that it is not feasible to adjust or reduce nominations to the extent of the curtailment, the *pro rata* rule shall

be implemented at the virtual gas storage facility point for reducing the quantity of the injected/withdrawn gas.

VIII.
STORAGE CUSTOMER'S BALANCE ACCOUNT

VIII.1   The SSO shall keep, for each individual Storage Customer and each individual Storage Agreement, a separate balance account that shows the values of the current quantity of the Storage Customer's gas accepted from the Storage Customer by the SSO and the quantity of gas delivered by the SSO to the Storage Customer.

VIII.2   These accounts shall be kept in the SSO's secured system both in kWh and in m^3.

VIII.3   Every Storage Customer shall have access to information about its balance account, by the preliminary and actually metered quantity, through the SSO's online interface using the access codes delivered by the SSO to the Storage Customer.

VIII.4   The gas quantity accepted by the SSO from a Storage Customer at an entry point shall be credited to the Storage Customer's account in kWh and the gas quantity delivered to the Storage Customer by the SSO at an exit point shall be debited from the Storage Customer's account in kWh to the extent of the latest valid nomination confirmed by the SSO and the market operator. The value in m^3 shall be calculated as the ratio of the energy, in kWh, in the gas nominated at the entry point and the preliminary value of Gross Calorific Value of the gas delivered at the entry point. Preliminary values shall be adjusted to the actual values of the Gross Calorific Value for the respective Gas Day at the beginning of the following gas month.

VIII.5   Changes in the balance account shall always follow the last confirmed nomination regardless of the gas quantity actually metered at the entry and exit points of the gas transmission system at the virtual gas storage facility point.

VIII.6   The SSO shall update the balance account every working day no later than by 10 a.m. The SSO shall publish the values of the actually metered gas quantity in the balance account by the 6th working day of the month following the gas month in which storage took place, on the basis of the actual Gross Calorific Value for each of the days of the respective month.

VIII.7   Should the Storage Customer disagree with the value in its balance account it shall notify the SSO thereof in writing no later than within 7 working days of the day on which the challenged change was made in the Storage Customer's balance account. Without undue delay from receipt of this notice, the SSO shall check the challenged change in the balance account, and shall send its written opinion on the challenged change in the balance account to the Storage Customer no later than within 10 working days of the day of receiving the Storage Customer's notice.

IX.
BILLING AND PAYMENT TERMS

IX.1   Storage Customers shall pay the SSO the agreed price for the provided services in accordance with their Storage Agreement, including VAT. Under Storage Agreements, the billing period is usually one calendar month.

IX.2   Storage Customers shall make payments to the SSO against issued and delivered invoices for the services provided by the SSO. The prices of the provided services are subject to the Storage Agreements.

IX.3 The SSO shall issue the 'tax documents' [invoices] for the respective gas month and send them to the Storage Customers no later than by the 14th calendar day of the calendar month following the respective gas month.

IX.4 If a Storage Customer is obligated to make advance payments to the SSO under the Storage Agreement and unless specified otherwise in the Storage Agreement, the Storage Customer shall make the advance payments by the 20th day of the month for which the advance payment is to be made.

IX.5 The two Contracting Parties' payables shall be paid via credit transfer to credit the creditor's bank account. The debtor shall pay the debtor's bank fees and the creditor shall pay the creditor's bank fees. For the purposes of this point

    (i)   the debtor is understood to be the Storage Customer or the SSO, which has a payment obligation to the other Contracting Party;

    (ii)   the creditor is understood to be the Storage Customer or the SSO, which has a receivable payable to it by the other Contracting Party.

IX.6 Invoices shall contain in particular, but without limitation, the required essential details set out in generally applicable legal regulations. All invoices shall mature on the 28th calendar day of the calendar month in which the invoice was issued. If an invoice fails to contain the details required by the law or agreed in the Storage Agreement, the Storage Customer shall have the right to return the invoice via e-mail without payment within five (5) calendar days of receipt of the invoice. If the Storage Customer does not return an invoice via e-mail within the above time limit of five (5) calendar days, the invoice shall be valid. If the Storage Customer returns an invoice to the SSO, it shall specify the reasons for returning it and describe the inconsistency between the invoice and the law, this Code, or the Storage Agreement. Upon a justified return of an invoice within five (5) calendar days, the period of maturity shall stop running and it shall start running again from the day of delivery of a corrected (new) invoice. Part of invoices shall be VAT, which shall be billed in accordance with generally applicable legal regulations.

IX.7 The day on which the sum owed is credited to the creditor's bank account shall be regarded as the day of the performance of the financial obligation.

IX.8 In the event of a Contracting Party's delay with the payment of financial obligations under the Storage Agreement, the other Contracting Party shall have the right to bill late charges as set out in the Storage Agreement, otherwise in the amount specified by civil law regulations.

IX.9 For the purposes of the exercise of the rights and performance of the obligations under this Article, communication between the Storage Customer and SSO shall preferentially take place via electronic mail unless the parties agree otherwise in the Storage Agreement. The SSO shall subsequently send the original invoice by post.

X.

TRANSFER AND LEASE OF STORAGE CAPACITY

X.1 Subject to the conditions laid down in this Code, the SSO shall allow Storage Customers to transfer or let their contracted storage capacity. Transfer of storage capacity is understood to be the transfer of a particular Storage Customer's entire storage capacity, providing that the recipient of the capacity shall substitute the Storage Customer. In the event of the transfer of only a part of storage capacity, this Storage Customer's existing Storage Agreement shall be amended and the SSO shall enter into a new Storage Agreement with the recipient of that part of capacity. On the

other hand, storage capacity letting (lease) is understood to be situation where a Storage Customer lets another Storage Customer use a part of its storage capacity without any change to the Storage Agreement of the letting Storage Customer. No direct contractual relationship arises between the SSO and the Storage Customer to whom a Storage Customer lets a part of its storage capacity for use.

X.2 The SSO must be notified of any storage capacity lease well in advance (no later than 15 days before the beginning of the calendar month from which the lease is to be effective), using the form posted on the SSO's website. In the event of any damage suffered by the SSO, the Storage Customer shall be liable to the full extent as if the Storage Customer itself used the storage capacity in question. The SSO shall record the quantities of injected/withdrawn gas of the recipient of leased capacity in a separate account set up and kept for the recipient. In the event of the discharge of the Storage Agreement of a Storage Customer who has let a part of its storage capacity to the recipient, the recipient's right to use such storage capacity shall also automatically cease to exist.

X.3 The transfer of storage capacity is subject to the SSO's prior approval. The transferor's request for the transfer of contracted storage capacity, the form for which is posted on the SSO's website, shall be in writing and delivered to the SSO at least 15 calendar days before the beginning of the gas month from which the transfer is to be effective. Together with the request, the SSO must receive sufficiently specific information on the way in which the obligations to the SSO will be allocated between the transferee and transferor in connection with the transfer of contracted storage capacity. The request shall also be signed by the Storage Customer and together with the request the SSO must also be furnished with documents proving the meeting of all the requirements in IV.1 of this Code by the new Storage Customer.

X.4 If the conditions for the transfer of storage capacity specified in this Code above have been satisfied, the SSO shall send to the transferor and transferee, no later than 10 calendar days before the beginning of the gas month from which the transfer is to be effective, draft contract documentation required for the transfer of the contracted storage capacity, signed by the SSO. In the contract documentation required for the transfer of the contracted storage capacity, the Withdrawal Curve and Injection Curve cannot be changed compared with the original Storage Agreement. The transferee shall deliver one copy of the Storage Agreement, duly signed by the transferee, to the SSO no later than 5 days before the first day of the calendar month from which the transfer is to be effective. At the moment when the transfer comes into effect, the storage capacity transferee shall become a Storage Customer hereunder, with all the rights and obligations arising therefrom.

XI.
STORAGE CUSTOMERS' RIGHTS AND OBLIGATIONS

XI.1 Storage Customers' rights

The Storage Customer has the right to:

(a) non-discriminatory treatment and transparent and non-discriminatory access to the services provided by the SSO within the meaning of this Code;

(b) information about the total technical, contracted and available capacity, broken down to:

   (i) maximum Injection Capacity

   (ii) maximum Withdrawal Capacity

   (iii) Operating Volume

(c) information about the annual plan of Storage Facility shutdowns and the plan of Storage Facility maintenance, which may influence the size of the storage capacities and the quality of the provided services;

(d) information about the plan of adjustments to the size of the storage capacity;

(e) information about the daily and weekly aggregates of gas flows into/from the Storage Facility;

(f) information about the balance in its balance account as defined in Article VIII;

(g) access to the data on the metering of the gas stored in the Storage Facility, including the evaluation thereof in accordance with the Storage Agreement if the Storage Customer requests so of the SSO;

(h) data on the metered summary gas flow at each of the delivery/acceptance points used by the Storage Customer if the Storage Customer requests so of the SSO.

XI.2 Storage Customers' obligations

The Storage Customer shall:

(a) deliver gas for storage and accept gas in accordance with the Storage Agreement;

(b) in the case of emergency, comply with the measures of the distribution system operator's gas control centre;

(c) pay the price(s) for the services provided by the SSO in accordance with the Storage Agreement;

(d) provide information required for the SSO to perform its duties under the relevant legal regulations and this Code upon the SSO's request;

(e) provide for continuous contact with the SSO throughout the time for which gas is stored in the Storage Facility under the Storage Agreement;

(f) put in place the technical means required for communication with the SSO under this Code.

XII.
THE SSO'S RIGHTS AND OBLIGATIONS

XII.1 The SSO's rights

The SSO has the right to:

(a) refuse access to the Storage Facility if

    (i.) such access is in contravention with this Code;

    (ii.) there is no available storage capacity or the technical or commercial conditions for access and connection to the Storage Facility or the technical conditions for gas storage have not been met;

    (iii.) The SSO does not provide and 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 specified in the applicable legal regulations;

(c) dispose, in accordance with the Gas Market Rules, of the Storage Customer's gas that was not withdrawn;

(d)   reject or reduce the nominations of storage or re-nominations of the Storage Customer in accordance with this Code;

(e)   lay down the basic criteria and terms of auctions for the allocation of the services provided under this Code.

In cases where the SSO curtails or interrupts gas storage, the SSO shall first reduce booked Interruptible Storage Capacities and then booked Firm Storage Capacities in accordance with the Gas Market Rules.

XII.2   **The SSO's obligations**

The SSO shall

(a)   enter into a Storage Agreement with the person that requests this of the SSO if this Bidder has met the conditions laid down in this Code;

(b)   provide access to the Storage Facility on the basis of the principle of transparency and non-discrimination within the meaning of this Code and the Storage Agreement;

(c)   accept from the Storage Customer gas quantities up to the values specified in the Storage Agreement, inject such gas quantities into the Storage Facility, store them in the Storage Facility, and then withdraw and deliver them to the Storage Customer;

(d)   provide Firm Storage Capacity and Interruptible Storage Capacity to gas market participants;

(e)   provide its services and operate the Storage Facility with a view to improving the economic efficiency of Storage Facility operation and ensuring long-term and economic development of the Storage Facility;

(f)   protect commercially sensitive information related to gas storage;

(g)   provide the operator of connected installations with information required for ensuring the operability of the connected network;

(h)   provide gas market participants with information required for access to the Storage Facility;

(i)   publish the information required by the Energy Act (for example, yearly reports on measures adopted for pursuing the equal treatment programme) and the Gas Market Rules (information about storage capacities, conditions for auctions) on its website.

XIII.
SALE OF GAS NOT WITHDRAWN

XIII.1   If upon the end of storage capacity booking the Storage Customer's gas was not withdrawn and this gas [residual gas] cannot be transferred within the virtual gas storage facility on the basis of the Storage Customer's other existing storage capacity bookings, the SSO shall conduct a controlled sale of the gas.

XIII.2   The procedure for the sale of residual gas upon the end of storage capacity booking is described in the Gas Market Rules.

XIII.3   As of the day following the end of storage capacity booking, the Storage Customer agrees to refrain from operating with residual gas in any manner whatsoever, in particular, but without limitation, from disposing of this gas and from encumbering this gas 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 this Code are subject to the approval procedure, or, if applicable, the Code specification procedure under the relevant provisions of the Energy Act. Amendments to this Code shall be effective as of the day of their publication following approval thereof by the Energy Regulatory Office.

XIV.2 The SSO shall publish this Code in a manner enabling remote access, i.e. on its website.

XIV.3 This Code and all the legal relationships established in connection with gas storage by the SSO under this Code and Storage Agreements shall be governed by Czech law.

XIV.4 In the case of a discrepancy between the provisions of this Code and the provisions of a Storage Agreement, the provisions of this Code shall take precedence over the various provisions of the Storage Agreement.

XIV.5 Should this Code become contrary to a legal regulation due to a change in legislation, the SSO shall furnish, within 3 months from the effective date of such legal regulation, a draft of a new Code or a draft of an amendment to the Code to the Energy Regulatory Office for approval.

XIV.6 Should the SSO publish multiple language versions of the Code, the relationship between such language versions shall be subject to the fact that the Czech version is the governing version and in the case of a discrepancy between the Czech version and a version in a foreign language the Czech version shall take precedence over versions in other languages, which are only of an indicative nature.

XIV.7 Appendices to this Code are the following:

- Appendix 1 – Geographical representation of the location of the Storage Facility and identification of the Storage Facility's entry and exit points

- Appendix 2 – Requirements for financial standing

Appendix 1 Geographical representation of the location of the Storage Facility and identification of the Storage Facility's entry and exit points

Geographical location of the Storage Facility, see Figure 1

Figure 1: Geographical location of the Storage Facility

Entry/Exit point for the Storage Facility: the Brodské metering station. The situation of the Brodské metering station is shown in Figure 2.

Figure 2: Brodské MS situation

The Brodské metering station measures the quantity, pressure and quality parameters of delivered gas.

At the Brodské metering station, the delivery pressure shall be at least 4.5 MPa for gas injection and at least 6.5 MPa for gas withdrawal.

The values of gas pressure and quality measured at the Brodské metering station shall be relevant for determining the actual pressure and quality parameters at that point.

Appendix 2   Requirements for financial standing

The Bidder shall prove to the SSO its financial standing to meet all of its financial obligations laid down in the Storage Agreement, or framework agreement, entered into with the SSO. In the case of failure to meet this obligation, the SSO shall have the right to request from the Storage Customer additional security for transactions to be executed, and shall also have the right to rescind the Storage Agreement or framework agreement.

A Storage Customer shall be deemed to have good financial standing under this Code if it meets at least one of the following requirements:

1   The Storage Customer meets all of the following requirements cumulatively:

    a) The Storage Customer's interest-bearing debt ≤ 0.8 x the Storage Customer's equity.

    b) 3 x EBITDA ≥ the Storage Customer's interest-bearing debt,

       providing that EBITDA is understood to be the Storage Customer's profit before tax plus interest expense for the past fiscal year plus depreciation and amortisation for the past fiscal year.

    c) The Storage Customer's credit exposure is lower than or equal to 0.2 x the Storage Customer's equity, providing that credit exposure is understood to be the highest of the Storage Customer's monthly payments in the following three months. A monthly payment is calculated as the sum of all payable financial obligations (including VAT) for storage capacities and other services that will be provided to the Storage Customer in the respective month.

    d) The Storage Customer is a juristic person whose financial statements are audited.

2   Bank guarantee

A Storage Customer shall be deemed of good financial standing if it has furnished the SSO with the original of a bank guarantee covering the double of credit exposure (CE), providing that this bank guarantee must be issued for the benefit of the SSO as an irrevocable and unconditional bank guarantee by a bank having a long-term rating granted by Standard & Poor's (Fitch) of at least A- or a long-term rating granted by Moody's of at least A3, or a bank that proves the existence of a profit transfer agreement with a controlling person having a long-term rating from Standard & Poor's (Fitch) of at least A- or a long-term rating from Moody's of 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 validity of the respective Storage Agreement will end.

3   Guarantee statement

A Storage Customer shall be deemed of good financial standing if it has furnished the SSO with a guarantee statement in accordance with the "Guarantee Statement" form posted on the SSO's website. The guarantee statement must be issued by a guarantor having a long-term rating from Standard & Poor's (Fitch) of at least A- or a long-term rating from Moody's of at least A3, or a company that proves the existence of a profit transfer agreement with a controlling person having a long-term rating from Standard & Poor's (Fitch) of at least A- or a

long-term rating from Moody's of at least A3. In the guarantee statement, the guarantor must agree to pay all of the Storage Customer's payable obligations arising from an executed Storage Agreement should the Storage Customer fail to pay such obligations. This guarantee must be effective at least until the end of the calendar month following the calendar month in which the validity of the respective Storage Agreement will end.

4   Financial deposit ['collateral']

A Storage Customer shall be deemed of good financial standing is it has furnished the SSO with a financial deposit ["collateral"] in the form of depositing a financial amount of a double of the Storage Customer's credit exposure (CE) in the SSO's bank account, providing that the Storage Customer and the SSO shall enter into an agreement on the financial deposit using the "Deposit Agreement" form published on the SSO's website.