

NATURAL GAS STORAGE CONTRACT ON SEASONAL CAPACITY BOOKING AND PROFIT SHARING

concluded by and **between**

seat:

mailing address:

account keeping bank:

bank account No.:

invoicing address:

tax No.:

EIC Code:

Shipper Code:

Court of Reg. and Reg. No.:

hereinafter referred to as **System User**

and

Hungarian Gas Storage Private Company Limited by Shares

seat: 1051 Budapest, Széchenyi István tér 7-8.

mailing address: 1399 Budapest, Pf. 645.

account keeping bank: CITIBANK

bank account No.: 10800007-00000000-13714002

invoicing address: 1051 Budapest, Széchenyi István tér 7-8.

tax No.: 12543317-2-44

Court of Reg. and Reg. No.: Budapest Court as Court of Registration, Cg. 01-10-045043

hereinafter referred to as **MFGT**

or jointly referred to as the **Parties** at the undersigned place and date under the following terms and conditions:

PREAMBLE

On 2016, MFGT publicly announced an open auction for every system user under the title of “Capacity Auction No. 2016/...” (hereinafter referred to as Auction) to book available storage capacities and to share the profit from the sale of gas injected under this contract by the System User. During the auction a successful bid was submitted by the System User. MFGT accepted the System User’s bid. The bid constitutes Annex 2 to this Contract. Based on the Bid, Parties shall conclude the following contract on capacity booking for the storage year 2016/2017 and on the sharing of the related profit.

I SUBJECT AND DURATION OF CONTRACT

1. The subject of this Natural Gas Storage Contract on Seasonal Capacity Booking and Profit Sharing (hereinafter referred to as Contract) shall be:
 - a) The storage of natural gas owned by the System User, along with its firm injection into and withdrawal from the Hungarian underground gas storage facilities owned and operated by MFGT according to the quantity parameters as per Chapter III and quality parameters as per Chapter IV. and
 - b) providing further injection and/or withdrawal capacity (Storage Plus and/or Daily Peak Plus Optional Service based on relating instructions from the System User) in addition to the booked working gas, withdrawal and injection capacities specified as the subject herein. The description and the applicable fees of the service are contained in Section 3 of the Code of Business Conduct. Along with
 - c) sharing the profit from the sale of gas injected under this contract by the System User, as specified in Annex No. 5.
2. Pursuant to this Contract, MFGT shall – upon the contractual instruction of the System User – inject the natural gas taken over for the purpose of natural gas storage during the period as per Section I.4, shall keep it in its storage facilities and shall withdraw it in the period as per Section I.4, and shall provide Storage Plus and/or Daily Peak Plus Optional Service based on relating instructions from the System User.
3. MFGT and System User shall share the profit from the sale of gas injected under this contract by the System User, as specified in Annex No. 5.
4. The Contract shall be concluded for a definite period until 1st April 2017 at 6:00 hours.
5. Parties contract for using and providing seasonal basic service and Storage Plus and/or Daily Peak Plus Optional Service, and for sharing the profit from the sale of gas injected

under this contract by the System User. The contractual injection cycle shall start at 6:00 on 1st April 2016, and shall end at 6:00 on 1st October 2016. The contractual withdrawal cycle shall start at 6:00 on 1st October 2016, and shall end at 6:00 on 1st April 2017. Storage Plus and/or Daily Peak Plus Optional Service can also be used in this period.

6. System User can use Daily Peak Plus Optional Service if MFGT has in advance announced the duration of the service and the available capacities on its website and the System User has submitted by email its additional booking request for the relevant gas days. If the System User's request is confirmed by MFGT, a specific contract on using Daily Peak Plus injection/withdrawal peak capacities is concluded by and between the Parties for that given day. Other terms and conditions of using the service shall be contained in Annex No. 1.

II GENERAL TERMS

1. In issues not regulated by the Contract, the provisions of the General Terms and Conditions (hereinafter referred to as ÁSZF), Annex No. 5 of the Code of Business Conduct shall apply.
2. By signing this Contract, the System User shall acknowledge to have fully read and understood the content of ÁSZF herein mentioned – as available on the MFGT web page (www.magyarfoldgaztarolo.hu) – and considers it to be the part of this Contract, and so agrees to be bound by it. Parties shall deem the content of ÁSZF annexed to the Code of Business Conduct approved by the Hungarian Energy and Public Utility Regulatory Authority (HEPURA) to be the same as the usual contracting practice.
3. Special conditions not stipulated in the ÁSZF shall be specified in this Contract.

III PROVISION OF STORAGE CAPACITIES

1. Firm storage capacities available to the System User in the booked bundles are as follows:
storage working gas capacity: kWh
injection (peak) capacity: kWh/day
withdrawal (peak) capacity: kWh/day
2. System User shall be obliged to inject natural gas molecules in a quantity corresponding to 40% of its booked working gas capacity into the unified natural gas storage owned by MFGT, 15 days after the effective date of the contract. With regard to the remaining quantity, System User shall submit the contracted monthly schedule for injection and withdrawal on the IT Platform under the menu item Nomination/Gas Volume Plan.

3. Contracted capacities may be used only on the Trading Platform operated by FGSZ for storing the natural gas required for HEG-type (HEG) purchase/sale transactions as per Section 1.1 of the FGSZ Trading Platform Operational Rules, hence neither for directly and indirectly supplying user portfolios as per Section 3, Subsection 17 of the Gas Act, nor for any other trading transactions. Natural gas required for HEG-type purchase/sale transactions may be procured on CEGH as well. Sale upon the expiry of the contract may be carried out on the CEGH or HEG. In addition to these transactions, System User may not perform purchase/sale transactions on the CEGH.
4. Contracted capacities cannot be subject to primary or secondary trading, nor be combined or bundled with other contractually booked storage working gas, injection and withdrawal capacities.
5. System User understands that the actual injection and withdrawal capacity may vary according to the working gas stocks and to other, inevitably changing parameters and boundary conditions. The availability of capacities and the minimum and maximum injection and withdrawal capacity values are published by MFGT on its website for the System Users.
6. Upon the expiry of the contract term, System User shall withdraw the stored natural gas. Failing this, provided the System User has a positive closing stock, this Contract shall be extended for the following storage year so that the gas stock remaining in storage shall remain in storage under the same terms as those specified in the natural gas storage capacity booking contract on annual seasonal basic service. In the resulting contract, the working gas capacity fee, the injection and withdrawal capacity fees shall be same as the non-USP fee as per the HEPURA Decree No. 1/2013 (“Tariff Decree”) applicable upon the conclusion of the contract, and can be used with a capacity availability of 133. 33 days for injection and 70. 31 days for withdrawal. Unless the Parties conclude the natural gas storage capacity booking contract on the said seasonal basic service, MFGT shall be entitled to act according to Section 40 of the Tariff Decree.
7. If required by the System User, further storage products are provided by MFGT for the System Users via optional and specific services, for which the Parties shall conclude a separate contract.
8. System User shall weekly submit the planned injection and withdrawal quantities for the following week on MFGT’s IT Platform one week in advance, until 12:00 on every Friday. This is required for planning the operation of the storage facilities, yet this is not equal to the weekly nomination. However, if the System User’s nomination submitted for the given day deviates by more than 50% from the planned schedule – due to the type of the product, with regard to Section III.3 – , and thus endangers service provision to System Users using storage services in line with their forecasts, MFGT reserves the right to refuse the nomination in full or in part. Furthermore, by fully exploiting the technical capabilities, MFGT shall do its utmost to accept the daily nominations submitted by the

System Users, thus providing the most flexible conditions for the System Users, and only if inevitable, may sanction towards System Users deviating by over 50%.

9. Pursuant to the Code of Business Conduct, MFGT shall be financially responsible for preserving the heat quantity of the actually injected gas, for its settlement and for the injection and withdrawal thereof according to Section III.1 herein.
10. MFGT shall not be obliged to ensure injection and withdrawal capacities exceeding the peak capacity values stipulated by Section III.1 of the Contract, nor to ensure more working gas capacity, or to conduct withdrawal activities exceeding the actually injected working gas heat quantity.
11. System User shall submit also to MFGT the storage demand forecast with the date and content prescribed by Section 7.5.2.1 of the Grid Code.

IV SPECIAL PROVISIONS APPLICABLE TO SYSTEM USER

1. Under this Contract, gas molecules purchased for the purpose specified in Section III.3 may only be stored by the System User.
2. System User shall use original invoices to verify its costs related to the settlement specified in Annex No. 5.
3. System User shall cooperate with MFGT during the settlement of accounts as per Annex No. 5, and shall submit all the relevant data to MFGT and facilitate proper settlement.
4. System User shall ensure the conditions related to participation on the Trading Platform operated by FGSZ, and neither defaulting on them, nor losing the ability to conclude transactions shall have any effect on its obligations arising herefrom.
5. In the event that HEG-type transactions as per Section 1.1 of the FGSZ Trading Platform Operational Rules as available on the Trading Platform operated by FGSZ cease to exist or can no longer be used by the natural gas traders, the contract shall be terminated – via termination by either party, within 8 days from the termination notice –, and the Parties – within 15 days from termination – shall pro rata settle the accounts with each other or shall mutually transform the Contract into a natural gas storage capacity booking contract on seasonal non-USP basic service, with the proviso that the working gas, injection and withdrawal capacity volumes and the working gas capacity fee shall remain unchanged.

V. STORAGE GAS QUALITY

MFGT shall undertake to inject natural gas only if it meets the quality parameters prescribed by Annex No. 11 of Government Decree No. 19/2009 (I.30.) on the implementation of Act No. XL of 2008 on Natural Gas Supply.

VI. NATURAL GAS DELIVERY AND ACCEPTANCE, MEASUREMENT, SETTLEMENT

According to Section 1.3.2 of the Code of Business Conduct, MFGT manages the storage facilities as a unified whole. Based on the daily nomination submitted by the System User for the unified storage facility, MFGT shall allocate the gas quantity to be injected or withdrawn to the relevant underground gas storage facilities. MFGT shall undertake to deliver the nominated quantities allocated to the relevant storage facilities, and in case of non-performance, MFGT shall cover the surcharges and balancing costs incurred by the System User.

VII. OPERATIVE FLOW OF INFORMATION

1. In the course of its daily activities, MFGT shall cooperate with the Transmission Company and the Transmission Operator to fulfil its obligations towards the System User.
2. Parties ensure that besides the regular contacts specified in this Contract, they shall notify each other of all incidents which may have an effect on their cooperation, and they facilitate smooth communication via consultation opportunities and proper dataflow.
3. Information and data flow between the Parties shall be governed by the Grid Code and the ÁSZF.

VIII. FEES, PROFIT, SETTLEMENT

1. Storage Fee

1.1. System User purchased the capacities booked in Section III.1 in bundle.

One bundle contains:

- working gas capacity: kWh
- injection capacity: kWh/day
- withdrawal capacity: kWh/day

System User purchased bundles.

The total price of purchased bundles is HUF +VAT.

The working gas capacity fee shall be the bid price as per the successful bid. The working gas capacity fee shall include using withdrawal and injection without any specific fee charged, up to the withdrawal and injection capacity specified in the contract, regardless of the physical gas flow announced by MFGT in advance. In excess of this quantity, any withdrawal and injection in the opposite direction of the gas flow shall require using the Storage Plus Service.

1.2. Parties agree that System User shall pay in full the total (annual) working gas capacity fee payable under this contract – on the condition of having received the relating invoice – within 3 business days from signing the contract. The injection volume fee and the withdrawal volume fee shall be paid by the System User according to the prevailing Tariff Decree, based on the monthly volume. The fees of optional services used – as contained in Section 3.1 of the Code of Business Conduct – shall be paid by the System User according to the Code of Business Conduct. The working gas capacity fee does not contain the amount that results from sharing the profit from the sale of gas injected under this contract by the System User.

The fees of Storage Plus and Daily Peak Plus Optional Service shall be contained in Annex No. 1. Parties agree that fee payment obligation arises for the System User when MFGT confirms the request for using such services.

2. Profit Settlement

2.1. Parties shall jointly determine the opening stock value of the natural gas to be injected by the System User within 15 days from the conclusion of the contract pursuant to Annex No. 5.

2.2. MFGT and System User shall share the profit from the sale of gas injected under this contract by the System User, as specified in Annex No. 5. Final settlement shall take place within 30 days from the termination of the Contract. The invoice issued by MFGT shall be paid the System User via bank transfer within 15 days from issuance.

IX. BREACH OF CONTRACT

1. In as far as the System User is in breach of its obligations arising from this Contract (particularly but not exclusively violating any of its payment obligations, its injection obligation as per Section III.2, its gas molecule storage assignment obligation as per Section III.3, the prohibition of concluding transactions on CEGH, its obligation relating to the prohibition of primary and secondary re-sale as per Section III.4, its obligation to produce invoices as per Section IV.2 – including its obligation to submit non-deceptive, real invoices –, or its obligation to cooperate in settlement as per Section IV.3), MFGT shall be entitled to terminate the Contract. In this case, System User shall pay penalty. The amount of

penalty shall be the difference between the storage fee payable in case of a non-USP booking in an amount equal to the injected quantity and the storage fee paid under this Contract, for the whole storage year.

X. GOVERNING LAW, SETTLEMENT OF DISPUTES

The provisions of Hungarian law shall apply to both the contract and any arising disputes.

Parties shall agree to settle the disputes relating to the Natural Gas Storage Contract primarily via amicable negotiation.

Failing such settlement in any disputes arising from or relating to the Natural Gas Storage Contract or its breach, termination, validity or interpretation, both parties hereby agree to subject themselves to the exclusive jurisdiction of the Arbitration Court in the Energy (Budapest), provided that the Court of Arbitration proceeds according to its own Rules of Procedure. The number of arbitrators shall be three. The language of procedure shall be Hungarian.

XI. ENTRY INTO FORCE

This contract shall enter into force upon signature.

XII. KEEPING CONTACT

Contact Persons

In issues related to the Contract:

On behalf of MFGT: Krisztián Deme

Phone: 0036 30 663 0124

Fax: 0036 1 354-7045

email: demek@mfgt.hu

On behalf of the System User:

Phone:

Fax: email:

In issues of daily operative contact:

On behalf of the System User:

Phone:

Fax:

email:

On behalf of MFGT: Dispatching Service

Phone: 0036 52 362-574

Fax: 0036 52 558-048

email: dispatcher@mfgt.hu

This Contract shall be valid together with the attached annexes, which shall form an inseparable part thereof.

Budapest, 2016

Hungarian Gas Storage Ltd

.....
Ákos Kriston

Deputy CEO

.....
Krisztián Deme

Head of Sales, Marketing and Regulation

Annexes:

- Annex No. 1: Description, fees and terms of using Storage Plus and Daily Peak Plus Optional Service
- Annex No. 2: Successful bid submitted by the System User during the Auction
- Annex No. 3: Capacity fees payable by the System Users
- Annex No. 4: Declaration
- Annex No. 5: Rules of procedure for profit and cost settlement

1. Annex No. 1

Storage Plus Service

Storage Plus Service allows the System Users to move gas in the direction opposite to the actual physical flow at the storage facility and/or the direction of flow announced for the relevant period. This means that they will be able to perform injection during the withdrawal cycle, and withdrawal during the injection cycle, regardless of the actual physical direction of flow at the storage facility.

This is possible in two ways:

- either by opposite direction supply at the zero point of the unified storage facility (in which case Backhaul (BH) capacity shall be booked with the FGSZ Natural Gas Transmission Company (FGSZ) for using the service)
- or by starting up a storage facility in the flow direction opposite to that of the announced storage cycle.

Anyone intending to use the Storage Plus Service shall make sure that for performing the transmission, all the conditions prescribed for the service are met with regard to the Natural Gas Transmission (FGSZ) system. MFGT shall assume liability exclusively for providing the storage service, while the transmission service shall be provided by FGSZ.

The fee charged for the Storage Plus storage service is 0.325 HUF/kWh/day.

Storage Plus Service fee shall be payable in the event of using injection and withdrawal service in the direction opposite to the actual physical flow at the storage facility and/or the direction of flow announced for the relevant period according to quantities thus injected or withdrawn.

The financial settlement and invoicing of the Storage Plus Service shall be carried out posteriorly, based on the quantities actually allocated.

For the days when MFGT interrupts the Storage Plus Service, System User shall not pay the fee up to the extent of interruption.

System User shall pay the injection and withdrawal volume fees related to using the Storage Plus Service in line with the capacities booked in the annual storage contract, at fees calculated pursuant to the Tariff Decree.

The detailed description of the Storage Plus Service is contained in Annex No. 10 of the Code of Business Conduct, while the contract template is attached as Annex No. 5.7.

Daily Peak Plus Service

The subject matter of the Daily Peak Plus Service is the firm withdrawal/injection of the natural gas owned by the System User from or into the Hungarian underground gas storage facilities owned and operated by MFGT.

Within Daily Peak Plus Natural Gas Withdrawal/Injection service, the System User can purchase additional daily withdrawal/injection capacity to complement its booked withdrawal/injection capacity. Daily withdrawal/injection peak capacity thus booked facilitates the faster use of the already existing working gas capacity earlier booked by the System User pursuant to the Natural Gas Storage Contract (hereinafter referred to as master contract). Withdrawal/injection peak capacities booked within Daily Peak Plus Natural Gas Withdrawal/Injection Service shall be settled separately, and will not be combined with the fees of already existing capacities booked in the master contract. Booked withdrawal/injection capacities available under the annual master contract and the daily withdrawal/injection capacity can be used together.

MFGT shall commit itself to provide additional daily withdrawal/injection capacities only if:

- actually available additional daily withdrawal/injection capacity exists and
- there are no technical obstacles preventing the provision of additional daily withdrawal/injection capacities and
- the System User does not have overdue debts of any kind to MFGT.

Capacities:

In any case, MFGT shall publish the available additional withdrawal/injection capacities and their direction on its website.

The amount of Daily Peak Plus withdrawal/injection peak capacities booked by the System User shall depend on capacity bookings requested by the System User – and confirmed by MFGT.

The System User shall nominate its booking request towards MFGT for the relevant gas days by email.

If the System User's request is confirmed by MFGT, a specific contract on using Daily Peak Plus injection/withdrawal peak capacities is concluded by and between the Parties for that given day.

The basis of settlement shall be the amount of capacities confirmed by MFGT.

The submission and confirmation of the requests for Daily Peak Plus withdrawal/injection peak capacities (conclusion of the specific contract on daily bookings) shall take place as specified. In order to use Daily Peak Plus withdrawal/injection peak capacities, System User shall submit to MFGT its additional withdrawal/injection capacity request until 22:00 hours on the preceding gas day. Only the contact person(s) specified in the contract shall be entitled to make nominations in connection with the Daily Peak Plus withdrawal/injection peak capacity product. MFGT shall confirm it to the System User until 23:00 hours if the

Daily Peak Plus withdrawal/injection peak capacities are available in the required quantity. The specific Contract on Using and Providing Daily Peak Plus Withdrawal/Injection Peak Capacity is concluded by and between the Parties for the given gas day when MFGT confirms the capacity request.

The service fee shall be 0.325 HUF/kWh/day.

MFGT shall not be obliged to provide withdrawal/injection capacities exceeding the applicable peak capacities offered.

Daily Peak Plus withdrawal/injection peak capacities booked by the System User may not be subject to secondary capacity trading, and such transactions will not be recorded on the IT Platform by MFGT.

The System User shall pay the service fee following the reference month, based on the daily additional withdrawal/injection (peak) capacities booked in total in the given month, which fee shall exclude the volume fees.

Template contracts for the Daily Peak Plus Service as a separate, optional service shall be contained in Annex No. 5.12 and 5.13 of the Code of Business Conduct.