

## **LONG-TERM CONTRACT ON USING AND PROVIDING BUNDLED NATURAL GAS STORAGE SERVICE**

concluded by and **between**

seat:

mailing address:

account keeping bank:

bank account No.:

invoicing address:

tax No.:

court of Reg. and Reg. No.:

hereinafter referred to as **System User**

**and**

**Magyar Földgáztároló Company Limited by Shares**

seat:

1051 Budapest, Széchenyi István tér 7-8.

mailing address:

1399 Budapest, Pf. 645.

account keeping bank:

bank account No.:

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 with the following terms and conditions:

## PREAMBLE

MFGT has issued on the 06<sup>th</sup> May of 2014 an open tender open for every system users regarding the booking of available storage capacities via open auction (hereinafter: Tender). During the auction the winning bid was submitted by the System User. MFGT has accepted System User's offer. The offer forms Annex 1 of the present Contract. Parties, according to the provisions of the Offer, conclude the following contract the storage years 2014/2015; 2015/2016; 2016/2017, 2017/18 and optionally 2018/2019 as well.

## I SUBJECT AND DURATION OF CONTRACT

1. The subject matter of this Contract on Using and Providing Bundled Natural Gas Storage Service (hereinafter referred to as Contract) is:

Bundling (withdrawal, injection and mobile) capacity bundles owned by the System User and related to the natural gas injected into the MFGT storage facilities pursuant to this present contract, and the storage of natural gas owned by the System User, along with its uninterrupted 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.

- offering a positive or negative option exceeding 10% of the daily nomination of the System User to the Natural Gas Transmission Company (FGSZ) for the zero point of the MFGT unified storage facility (FLEX+ Optional Service). The description and the applicable fees of the service are contained in Section III. of the Code of Business Conduct, and
  - providing withdrawal opportunity in the injection cycle, and injection opportunity in the withdrawal cycle for the System User via virtual storage service (STORAGE+ Optional Service). The description and the applicable fees of the service are contained in Section III. of the Code of Business Conduct
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 FLEX+ Optional Service and/or STORAGE+ Optional Service based on the relating instructions of the System User.
  3. This present Contract has been concluded for a definite period. Based on the Contract, MFGT provides the service from ... 2014, throughout the storage years 2014/2015, 2015/2016, 2016/2017 2017/18 until 06:00 a.m. on 01. 04. 2018; furthermore, optionally also in the storage year 2018/2019 (until 06:00 a.m. on 01. 04. 2019).

System User is only entitled to the service in the storage year 2018/2019, if it has submitted a notice in this regard to MFGT in writing until 31. 12. 2017. In lack of such written notice the present Contract terminates on 06:00 a.m., 01. 04. 2018.

4. The Parties contract for using and providing a seasonal basic service and/or STORAGE+ Optional Service. The contractual injection and withdrawal periods are disclosed by MFGT each year. In the first storage year the injection period starts on 06:00 a.m. 01. April 2014 and ends on 06:00 a.m. 01. October 2014, the withdrawal period starts on 06:00 a.m. 01. 10. 2014 and ends on 06:00 a.m., 01. 04. 2015. For the following storage years MFGT will publish the duration of the injection and withdrawal periods on its homepage.
5. The System User can use FLEX+ Optional Service if it submits an option that is deviant from its daily nomination.
6. The System User can use STORAGE+ Optional Service automatically if it submits a nomination opposite to the storage periods as per Section 4.

## II GENERAL TERMS

1. In issues not regulated by the Contract, the provisions of the prevailing 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 the ÁSZF herein mentioned – as available on the MFGT website ([www.magyarfoldgastarolo.hu](http://www.magyarfoldgastarolo.hu)) – and considers it to be the part of this Contract, and so agrees to be bound by it. The Parties shall deem the content of ÁSZF annexed to the Code of Business Conduct approved by the Hungarian Energy and Public Utility Regulatory Authority 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. Non-interruptible storage capacities available to the System User are as follows:

Working gas capacity:	450 000 000 MJ / year
Injection (peak) capacity:	133,33 days
Withdrawal (peak) capacity:	70,31 days

The System User shall maintain the minimum mobile capacities to the above mentioned levels each year and the injection and withdrawal peak capacities at least at the above specified technical ratio in the storage years of 2014 / 2015, 2015 / 2016 and 2016 / 2017 and 2017/18, further, if a notice is sent to MFGT until 31.12.2017 regarding service in the storage year 2018/2019, then in the storage year 2018/2019 as well.

In case the legal provisions pertaining to the technical ratios are repealed, the System User shall undertake to book a minimum 70 day ratio for withdrawal capacity, and a minimum 133 day ratio for injection capacity. The above said minimum withdrawal and injection capacity

ratios construe that the system user shall book at least such volumes and not slower than this withdrawal and injection capacity day ratio.

2. The contracted capacities are for only non-universal service provider purposes, and may not be primarily traded.
3. The monthly schedule for injection and withdrawal relating to the storage year 2014 / 2015 is contained in Annex No. 1. The System User shall submit the monthly schedule of injection and withdrawal quantities in the storage year 2015 / 2016 until 1st March 2015 the latest. For the following storage years, the deadline for submitting the monthly schedule of injection and withdrawal capacities shall be the 1. March of the storage year preceding the actual year.
4. The System User understands that the actual injection and withdrawal capacity may vary according to the mobile 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.
5. In case of a positive closing stock for the System User, MFGT shall be entitled to act according to Section 40 of MEKH Decree (Tariff Decree) No. 1/2013.
6. 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.
7. The System User may use interruptible capacities as well, for which the Parties also conclude a separate contract.
8. The System User shall weekly submit the planned injection and withdrawal quantities for the following week in writing (via fax) until 12:00 Friday of the preceding week. 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 15% from the planned schedule, and thus endangers service provision to those System Users who use the storage services according to their forecast, MFGT reserves the right to refuse the nomination in full or in part.
9. MFGT shall be financially responsible for preserving the actually injected gas, for its settlement and for the injection and withdrawal thereof according to Section III.2 herein.
10. MFGT shall not be obliged to ensure injection and withdrawal capacities exceeding the capacity values stipulated by Section III.2 of the Contract, nor to ensure more mobile capacity, or to conduct withdrawal activities exceeding the actually injected mobile gas heat quantity.
11. System Users shall submit also to MFGT the storage demand forecasts with the date and content prescribed by Section 8.1.4.1 of the Grid Code.
12. If during the term of the Contract System Users sell capacity on the secondary capacity trade market or sell mobile gas to other System Users, they shall pay a transaction fee as per the ÁSZF upon the invoice issued by MFGT.

#### **IV STORAGE GAS QUALITY**

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

#### **V NATURAL GAS DELIVERY AND ACCEPTANCE, MEASUREMENT, SETTLEMENT**

1. According to Section I.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 for the relevant storage facilities, and in case of non-performance, MFGT shall cover the surcharges and balancing costs incurred by the System User.

#### **VI 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. The Parties ensure that besides the regular contacts specified in this present 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 are governed by the Grid Code and the ÁSZF.

#### **VII STORAGE FEE**

1. The capacity fees payable by the System User shall be the fees specified during the auction and accepted by MFGT. The capacity volume fee effective at the time of use shall be determined by the resolution of the Hungarian Energy and Public Utility Regulatory Authority (Resolution) The capacity fees will be invoiced, according to the resolution, in monthly equal installments, the flow-related fees will be invoiced monthly based on the actual monthly flow.  
Fees and their payment schedule are contained in Annex No. 2 hereof.
2. If under the duration of this contract the Decree ceases to apply to storage services, MFGT shall be entitled to index the storage contract according to the following at the beginning of each gas year (on 1st July):
  - a. volume fees (injection volume fee and withdrawal volume fee) to be adjusted with the annual producer price index of the energy industry as published by the Central Statistical Office for the preceding year (from 1st July to 1st July).
  - b. capacity fees shall remain unchanged

3. The modifications of the fees specified in the Decree shall become a part of the Contract simultaneously with their coming into force; therefore the Parties shall apply the modifications as of the regulation's effective date.
4. The fees of FLEX+ Optional Service and STORAGE+ Optional Service are contained in the respective section of the prevailing Code of Business Conduct.
5. All fees are to be settled in Hungarian Forints.

## **VIII GOVERNING LAW, SETTLEMENT OF DISPUTES**

1. The Parties shall agree to settle the disputes relating to the Contract primarily via amicable negotiation.
2. Failing such settlement in any disputes arising from or relating to the Contract or its breach, termination, validity or interpretation, both parties hereby agree to subject themselves to the exclusive jurisdiction of the Energy Arbitration Court (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.

## **IX DATE OF TAKING EFFECT**

This Contract shall be applied by the Parties as of .... 2014. .

## **X MISCELLANEOUS PROVISIONS**

Contact Persons

### **In issues related to the Contract:**

On behalf of the System User:

On behalf of MFGT: Balázs Lakatos  
Phone: 1/354-7058, 30/269-0775  
Fax: 1/354-7045  
email:

On behalf of the System User:

Phone:  
Fax:  
email:

### **In issues of daily operative contact:**

On behalf of the System User: the System User's person on duty

Phone:

Fax:

email:

On behalf of MFGT: Dispatching service

Phone: 52/362-574

Fax: 52/558-044

email:

This present Contract is valid together with the attached Annexes, which shall form an inseparable part thereof.

Budapest,

Magyar Földgáztároló Zrt.

System User

Annexes:

Annex No. 1: Planned injection and withdrawal volume data per month for the storage year 2014./2015.

Annex No. 2.: Storage Fees

Annex No. 3.: Fees of FLEX+ Optional Service and STORAGE+ Optional Service