

## CONTRACT ON USING AND PROVIDING BUNDLED SEASONAL BASIC NATURAL GAS STORAGE SERVICE

concluded by and **between**

seat:

mailing address:

account keeping bank:

bank account No.:

invoicing address:

tax No.:

Court of Registration and Reg. No.:

hereinafter referred to as **System User**

and

**Hungarian Gas Storage Limited Company**

seat:

1138 Budapest, Váci út 144-150.

mailing address:

1399 Budapest, Pf. 645.

account keeping bank:

CITIBANK

bank account No.:

10800007-00000000-13714002

tax No.:

12543317-2-44

Court of Registration 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 xx September 2020, MFGT publicly announced an open auction for every system user under the title of “Capacity Auction No. 2020/4” to book available storage capacities via open auction (hereinafter referred to as Auction). During the auction a successful bid was submitted by the System User. MFGT accepted the System User’s bid. The bid constitutes Annex 1 to this Contract. Based on the Bid, Parties shall conclude the following contract on booking for the storage years 2020/2021 and 2021/2022.

## I SUBJECT AND DURATION OF CONTRACT

1. The subject of this Contract on Using and Providing Bundled Seasonal Basic Natural Gas Storage Service (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 – with regard to bundling the capacity bundles awarded at the auction – according to the quantity parameters as per Chapter III and quality parameters as per Chapter IV. and
  - b) During daily nomination and re-nomination, System User may modify between each hour its hourly nominations for the rest of the day, for a fee, in excess of the tolerance range as per the Intra Gas Day Storage Flexibility (Intraday Nomination Plus) Customized Service. Conditions as per the fee list available on MFGT’s website shall apply to the service. Along with
  - c) providing withdrawal opportunity in the injection cycle, and injection opportunity in the withdrawal cycle for the System User via Storage Plus Customized Service. Conditions as per the fee list available on MFGT’s website shall apply to the service. Along with
  - d) providing further injection and/or withdrawal capacity (Daily Peak Plus Customized Service) in addition to the booked working gas, withdrawal and injection capacities specified as the subject herein. Conditions as per the fee list available on MFGT’s website shall apply to the service.
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 Customized Service and/or Daily Peak Plus Customized Service and/or Intraday Nomination Plus Customized Service based on the relating instructions of the System User.
3. This Contract shall be concluded for a definite period until 1<sup>st</sup> April 2021 at 6:00 hours.
4. Parties contract for using and providing a seasonal basic service and – as instructed by the System User and based on MFGT’s performance – Storage Plus Customized Service and/or Daily Peak Plus Customized Service and/or Intraday Nomination Plus Customized Service. MFGT shall annually

publish the duration of the injection and withdrawal cycles. In the first storage year, the contractual injection cycle starts at 6:00 on 1<sup>st</sup> April 2020, and shall end at 6:00 1<sup>st</sup> October 2020 and the contractual withdrawal cycle starts at 6:00 on 1<sup>st</sup> October 2020, and shall end at 6:00 1<sup>st</sup> April 2021. In the second storage year, the contractual injection cycle – unless otherwise provided by law – shall commence at 06:00 on 01 April 2021 and shall end at 06:00 on 01 October 2021, while the contractual withdrawal cycle shall commence at 06:00 on 01 October 2021 and shall end at 06:00 on 01 April 2022. Storage Plus Customized Service and/or Daily Peak Plus Customized Service and/or Intraday Nomination Plus Customized Service can also be used in this period.

5. System User can use the Intraday Nomination Plus Customized Service if during the hourly nomination, the sum of the absolute value of deviations between subsequent hourly nominations exceeds the percentage published in the applicable Fee List (tolerance range) on the basis of its first non-zero hourly nomination of the relevant gas day.
6. System User can use Storage Plus Customized Service if it requests gas movement opposite to the actual physical flow of the storage facility and/or the storage periods as per Section I.4.
7. System User can use Daily Peak Plus Customized Service if MFGT has in advance announced the duration of the service and the available capacities on its website and the System User has recorded on MFGT's IT Platform (SMCS) its additional booking request for the relevant gas days. If the System User's request is accepted 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 the Fee List published on MFGT's website.

## 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. 4 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](http://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 submit the contracted monthly schedule for injection and withdrawal on the IT Platform under the menu item Nomination/Gas Volume Plan.
3. Contracted capacities shall be booked for non-universal service purposes only, and cannot be subject to primary trading.
4. 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.
5. In case of a positive closing stock for the System User, MFGT shall be entitled to act according to Section 39 of HEPURA Decree No. 11/2016 (XI.14.).
6. If required by the System User, further storage services are provided by MFGT for the System Users via optional and customized services, for which the Parties shall conclude a separate contract.
7. System User may use interruptible capacities as well, for which the Parties shall also 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 until 12:00 Friday of the preceding week. This is required for planning the operation of 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 10% 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. 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 10%.
9. Pursuant to the Code of Business Conduct, MFGT shall be financially responsible for preserving the energy quantity of the actually injected gas, for its settlement and for the injection and withdrawal thereof according to Section III.1 of the contract.
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 energy quantity.
11. System User shall submit also to MFGT the storage demand forecast with the date and content prescribed by Section 3.3.3.2 of the Grid Code.
12. MFGT will not guarantee the fulfilment of the whole or part of the working gas capacities requested under this contract for technical reasons (e.g.: pressure conditions, machinery capacities). In such

cases, for the remainder of the contractual period, System User shall lose its entitlement to the injection and withdrawal capacities (kWh/day) (as specified herein) belonging to the unfulfilled working gas capacity (kWh). MFGT shall publish it on its website if for any technical reasons the service can no longer be provided.

System User has understood the above and concludes this contract accordingly.

#### IV 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 (Implementation Decree).

#### V 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 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. 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.

#### VII STORAGE FEE

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

One bundle contains:

- working gas capacity:	1 500 000	kWh
- injection capacity:	75 000	kWh/day
- withdrawal capacity:	8 334	kWh/day

System User purchased **xx** bundles.

The total price of purchased bundles is **HUF + VAT**.

- Parties agree to settle the fees arising from herein periodically, in equal monthly instalments pursuant to Section 58, Subsection (1) of Act No. CXXVII of 2007 on Value Added Tax (VAT Act). The bundle fee contains the storage capacity fee, excluding the injection volume fee and the withdrawal volume fee, which shall be paid by the System User according to the prevailing HEPURA Decree No. 13/2016 (XII.20.), based on the monthly volume, also excluding the fees of customized services used.

The fees of Storage Plus Customized Service and Daily Peak Plus Customized Service and Intraday Nomination Plus Customized Service shall be contained in the applicable Fee List. Parties agree that in case of Storage Plus Customized Service and/or Daily Peak Plus Customized Service and/or Intraday Nomination Plus Customized Service, only the actual use of such services generates any payment obligation for the System User.

- In the event that for any technical reasons specified in Section III.12 the whole or part of the working gas capacity requested on the basis of this announcement notice cannot be fulfilled, MFGT shall refund the capacity fee paid for the unfulfilled quantity of working gas capacity (kWh). MFGT explicitly excludes any other damages or liability for damages in relation to the inability to fulfil the whole or part of the working gas capacity.

## VIII 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 between each other in relation to the Natural Gas Storage Contract primarily via amicable negotiation.

Failing such settlement in any dispute arising from or relating to this contract, with particular regard to its breach, termination, validity or interpretation, parties hereby exclude the state court procedure and agree to subject themselves to the exclusive and final jurisdiction of the Permanent Court of Arbitration (Commercial Arbitration Court Budapest) operating at the Hungarian Chamber of Commerce and Industry, provided that the Court of Arbitration proceeds according to its own Rules of Procedure (supplemented with the provisions of the Sub-Rules of Expedited Proceedings). The number of arbitrators shall be three and the language of procedure shall be Hungarian. Parties exclude the possibility of the retrial of the proceedings as regulated by Chapter IX of Act No. LX of 2017 on Arbitration. In order to settle the legal dispute, the Hungarian substantive law shall apply, excluding its private international law rules. The language of procedure shall be Hungarian.

## IX ENTRY INTO FORCE

This contract shall be concluded and effective upon signature.

X MISCELLANEOUS PROVISIONS

Contact Persons

**In issues related to the Contract:**

On behalf of MFGT: Krisztián Deme  
Phone: +36 30 663 0124  
Fax: +36 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: Storage Dispatching Service  
Phone: +36 52 362 574  
Fax: +36 52 558 048  
email: [dispatcher@mfgt.hu](mailto:dispatcher@mfgt.hu)

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

Budapest, 2020.

**Hungarian Gas Storage Ltd.**

**System User**

Name	Name	Name	Name
Position	Position	Position	Position

**Annexes:**

- Annex No. 1: Successful bid submitted by the System User during the Auction
- Annex No. 2: Capacity fees payable by the System Users
- Annex No. 3: Declaration