

**LONG TERM CONTRACT ON USING AND PROVIDING NATURAL GAS STORAGE SERVICE IN  
VARIABLE NUMBER OF BUNDLES (LONG TERM “FLEXIBLE” CONTRACT)**

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 \_ December 2019, MFGT publicly announced an open auction for every system user under the title “Capacity Auction No. 2019/4” to book long term available storage capacities in variable number of bundles via open auction (hereinafter referred to as Auction), where the System User can modify the number of capacities under the conditions herein specified as of the start of the third storage year. 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, 2021/2022, 2022/2023 and 2023/2024.

## I SUBJECT AND DURATION OF CONTRACT

1. The subject of this Long Term Contract on Using and Providing Natural Gas Storage Service in Variable Number of Bundles (Long Term Flexible Contract) (hereinafter referred to as Long Term 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 of the Intra Gas Day Storage Flexibility (Intraday Nomination Plus) Customized Service as set out in the Fee List. 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.3, 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. The contract shall be concluded for a definite period from 06:00 on 01 April 2020 until 06:00 on 01 April 2024.

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 shall commence at 06:00 on 01 April 2020 and shall end at 06:00 on 01 October 2020, and the contractual withdrawal cycle shall commence at 06:00 on 01 October 2020 and shall end at 06:00 on 01 April 2021. In the second, third and fourth storage year, the contractual injection cycle – unless otherwise provided by law – shall commence at 06:00 on 01 April of the relevant year and shall end at 06:00 on 01 October, while the contractual withdrawal cycle shall commence at 06:00 on 01 October of the relevant year and shall end at 06:00 on 01 April.

4. Storage Plus Customized Service and/or Daily Peak Plus Customized Service and/or Intraday Nomination Plus Customized Service can also be used in the injection and withdrawal periods announced by MFGT.
5. System User can use Intraday Nomination Plus Customized Service if it submits a nomination exceeding the percentage published in the applicable Fee List (tolerance range) on the basis of its first non-zero hourly nomination of the 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.3.
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 (Office) 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. Pursuant to this Long Term Flexible Contract, firm storage capacities available to the System User in storage years 2020/2021, 2021/2022, 2022/2023 and 2023/2024 in the .... pieces of bundles booked shall be as follows:

storage working gas capacity:	kWh
injection (peak) capacity:	kWh/day
withdrawal (peak) capacity:	kWh/day

where the content of one bundle shall be:

storage working gas capacity:	kWh
injection (peak) capacity:	kWh/day
withdrawal (peak) capacity:	kWh/day

2. System User may not modify the number of bundles booked (.... pieces) with regard to storage years 2020/2021 and 2021/2022.
3. System User may reduce the number of bundles it booked for storage years 2022/2023 and 2023/2024 to the extent specified below:

storage year	extent of reduction (in bundle pieces)
2022/2023	by ... pieces
2023/2024	by ... pieces

The extent of the reduction shall be submitted in writing to MFGT until 14th January of the calendar year preceding each storage year. Unless a request for modification is received by MFGT by that date, the amounts set out in Section III.1 for working gas capacity, withdrawal and injection capacities belonging to the number of bundles specified for storage years 2022/2023 and 2023/2024 shall be used as the basis of settlement with regard to the relevant storage year.

By reducing the number of bundles, working gas capacity, withdrawal and injection capacities available for the System User shall also be proportionately decreased. Information on the working gas capacity, withdrawal and injection capacities remaining after reducing the number of bundles shall be communicated in writing by MFGT.

4. System User may increase the working gas, withdrawal and injection capacities booked for storage years 2022/2023 and 2023/2024 by maximum 300% per year – only upon MFGT’s consent – with regard to storage years 2022/2023 and 2023/2024, so that following the increase, the capacities booked may not exceed 400%.

5. System User shall submit the contracted monthly schedule for injection and withdrawal on the IT Platform under the menu item Nomination/Gas Volume Plan.
6. Contracted capacities shall be booked for non-universal service purposes only, and cannot be subject to primary trading.
7. System User shall submit the contracted monthly schedule for injection and withdrawal on the IT Platform under the menu item Nomination/Gas Volume Plan, prior to the first nomination. The monthly schedule for injection and withdrawal capacities regarding the following storage years shall be submitted until the first Monday in March of the storage year preceding the relevant storage year.
8. 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.
9. 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.).
10. 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.
11. System User may use interruptible capacities as well, for which the Parties shall also conclude a separate contract.
12. 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%.
13. 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 herein.
14. 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.
15. System User shall submit also to MFGT the storage demand forecast by the date and with the content prescribed by Section 3.3.3.2 of the Grid Code.

#### 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: kWh
- injection capacity: kWh/day
- withdrawal capacity: kWh/day

System User purchased \_\_\_ bundles.

The total price of purchased bundles is HUF \_\_\_\_\_ +VAT.

2. The storage capacity fees payable by the System User shall be the fees as per the successful price bid submitted by the System User during the auction and accepted by MFGT, which shall remain the same throughout the duration of the contract.
3. The volume fees applicable during usage shall be determined by the Hungarian Energy and Public Utility Regulatory Authority's applicable HEPURA Decree No. 13/2016 (XII.20.) on setting the system usage fees.

4. The extent of volume and capacity fees and their payment schedule are contained in Annex No. 2 hereto.
5. 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.
6. Fees of the 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 shall generate payment obligation for the System User.
7. If during the performance of this Contract and before its agreed expiry on 01 April 2024, storage services are excluded from the scope of HEPURA Decree No. 13/2016 (XII.20.), or if HEPURA Decree No. 13/2016 (XII.20.) is repealed, MFGT shall be entitled to index the storage contract according to the following at the beginning of each gas year (on 01 October) until the next price fixing:
  - 7.1. Volume fees (injection volume fee and withdrawal volume fee) shall be adjusted with the annual producer price index of the energy industry as published by the Central Statistical Office for the preceding year (from 01 July to 01 July), capacity fees remain unchanged.
  - 7.2. With regard to the volume fees, the modified fee items of HEPURA Decree No. 13/2016 (XII.20.) shall - simultaneously with their coming into force - become part of the contract as a contract amendment by law, without any legal statement required; therefore the Parties shall apply the modifications as of the Decree's effective date during any settlement arising herefrom.

## **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 relating 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.

## **IX ENTRY INTO FORCE**

This contract shall be concluded and effective upon signature.

## **X MISCELLANEOUS PROVISIONS**

### 1. Contact Persons

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

On behalf of MFGT:

Phone:

Fax:

email:

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: 52/362-574

Fax: 52/558-048

email: [dispatcher@mfgt.hu](mailto:dispatcher@mfgt.hu)

2. The Express Service will not be offered for storage year 2020/2021 with regard to capacities booked as per this Contract. MFGT disclaims any and all liability in relation to the above, which the System User shall understand by signing this Contract.



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

Budapest,

Hungarian Gas Storage Ltd.

System User

.....

.....

Annexes:

Annex No. 1: Successful bid submitted by the System User during the Auction

Annex No. 2: Capacity fees payable by the System User

Annex No. 3: Declaration