

**GENERAL TERMS AND CONDITIONS OF PARTICIPATION IN AND ACCESS TO
CAPACITY IN THE BINDING PHASE OF ALLOCATION OF INCREMENTAL CAPACITY
FOR THE BORDER OF MARKET AREAS OF POLAND (TRANSMISSION SYSTEM OF
HIGH-METHANE NATURAL GAS (E GROUP) AND GERMANY (GASPOOL)
(hereinafter: the 'INC GT&C')**

1. General Provisions

- 1.1. These INC GT&C shall govern the general terms and conditions that must be accepted by the System User in order to participate in the Auction and to obtain access to the incremental capacity provided in the Auction.
- 1.2. Transmission services concerning the capacity allocated in the Auction shall be provided in accordance with the transmission contract, these INC GT&C and also pursuant to the TNC and the Tariff. These INC GT&C, after the capacity has been allocated as a result of the Auction, shall govern special terms for provision of transmission services by GAZ-SYSTEM S.A. to the System User in respect of the capacity allocated to this System User in the Auction.
- 1.3. By submitting the bid in the Auction, the System User accepts without reservation the conditions stipulated in the TNC, the Tariff and these INC GT&C.
- 1.4. These INC GT&C have been drawn up in both Polish and English language versions. The English version is a non-legally binding translation. In the event of any discrepancy between the Polish and the English language version of these INC GT&C, the Polish version shall be binding.

2. Definitions

- 2.1. Auction - annual yearly-capacity auction conducted on the terms set forth in the CAM Network Code, under which the incremental capacity of the GCP GAZ-SYSTEM/ONTRAS virtual interconnection point shall be made available.
- 2.2. GAZ-SYSTEM S.A./TSO — company under the name of Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A. with its seat in Warsaw, acting as the transmission-system operator within Poland;

- 2.3. TNC — currently binding Transmission Network Code prepared based on binding provisions of the law and published on GAZ-SYSTEM's website. The INC GT&C refers to the Transmission Network Code approved by the decision of the President of the Energy Regulatory Office of 3 February 2016, (Ref.: DRR-4322-2(18)/2015/2016/AN/MP), amended by the decision of 6 November 2017 (Ref.: DRR.WRG.7129.9.2017.AK1), or any subsequent TNC version replacing or amending the above-mentioned TNC;
 - 2.4. ONTRAS – company under the name of ONTRAS Gastransport GmbH with its seat in Leipzig, acting as the transmission system operator within Germany;
 - 2.5. Project – project in order to increase the technical capabilities at the existing GCP GAZ-SYSTEM/ONTRAS virtual interconnection point based on capacity allocation in a prior incremental capacity acquisition procedure;
 - 2.6. Tariff - list of prices, fee rates and their application rules, prepared by GAZ-SYSTEM S.A. and introduced as binding in settlements with the System User;
 - 2.7. System User – entity using the transmission system under a transmission contract, being either a Shipper (ZUP) or Network User.
3. Binding phase of incremental capacity allocation
 - 3.1. In the binding phase of incremental capacity allocation, GAZ-SYSTEM S.A. shall make available to the System Users the incremental capacity for the GCP GAZ-SYSTEM/ONTRAS virtual interconnection point, in the flow direction from Poland to Germany and in the form of fifteen (15) yearly incremental capacity products, covering fifteen (15) gas years, from 1 October 2022 06:00 a.m. (UTC + 1) to 1 October 2037, 06:00 a.m. (UTC + 1).
 - 3.2. Each of the yearly incremental capacity products of the GCP GAZ-SYSTEM/ONTRAS virtual interconnection point shall be made available through a separate auction.
 - 3.3. The incremental capacity of the GCP GAZ-SYSTEM/ONTRAS virtual interconnection point for each yearly product shall be made available within one bid level.
 - 3.4. Capacity allocation to Network Users which acquired the capacity in the Auction shall be carried out provided that GAZ-SYSTEM S.A. and ONTRAS shall have obtained positive economic-test results.

- 3.5. Concurrently to the Auction for incremental capacity of the GCP GAZ-SYSTEM/ONTRAS virtual interconnection point, GAZ-SYSTEM S.A., under separate auctions for yearly products, shall make available the existing capacity of this point. In the event that GAZ-SYSTEM S.A. and ONTRAS shall have obtained positive economic-test results, allocation of the existing capacity of the GCP GAZ-SYSTEM/ONTRAS virtual interconnection point carried out in the auction for yearly products covering the period from 1 October 2022, 06:00 a.m. (UTC+1) to 1 October 2034, 06:00 a.m. (UTC+1) shall be annulled and replaced by the capacity allocation carried in the Auction.
- 3.6. The provisions of the TNC that govern the method of concluding and/or amending the capacity allocation (CA) and concluding the appendix "allocation of capacity" shall be applied accordingly.
4. Terms of participation in an Auction
 - 4.1. GAZ-SYSTEM S.A. shall conduct the binding phase of incremental capacity allocation on a capacity booking platform, agreed with and approved by the President of the Energy Regulatory Office in accordance with rules of such a platform.
 - 4.2. No later than two (2) months before starting the Auction, GAZ-SYSTEM S.A. shall publish information on its website identifying the capacity booking platform on which the Auctions are to be held.
 - 4.3. Together with the information provided for in the clause 4.2, GAZ-SYSTEM S.A. shall publish the information concerning approximate costs of transmission of gaseous fuels under the Project.
 - 4.4. The following is required in order to participate in the Auction:
 - a) concluding a transmission contract with GAZ-SYSTEM S.A. in accordance with the provisions of the TNC;
 - b) submitting to GAZ-SYSTEM S.A., a power of attorney for the persons authorized to participate in the Auction on the capacity booking platform indicated in accordance with the clause 4.2, unless the System User has already presented such power of attorney;
 - c) successful for GAZ-SYSTEM S.A. registration on the capacity booking platform indicated in accordance with the provisions of clause 4.2;

d) submission of financial securities in the value and form set out in these INC GT&C;

no later than one (1) week before the Auction starts.

4.5. In order to participate in the Auction, the System User must also meet the participation conditions defined by ONTRAS.

5. Financial Security

5.1. In order to participate in the Auction, the System User shall submit a financial security confirming the System User's financial capability to perform the obligations owed to GAZ-SYSTEM S.A. resulting from the bid, in the form, by the date and in the amount set out in these INC GT&C.

5.2. The System User has to establish the security in one of the following forms:

5.2.1. bank guarantee;

5.2.2. insurance guarantee;

5.2.3. cash deposit.

5.3. The System User shall establish the security no later than 1 (one) week before the Auction, delivering a document in writing to GAZ-SYSTEM S.A. evidencing the establishment of a financial security (i.e. original bank or insurance guarantee or confirmation of bank transfer to GAZ-SYSTEM S.A.'s bank account).

5.4. The System User shall establish the security in the amount determined in accordance with the clause 5.5 below, however not less than the equivalence of PLN 10.000 (in words: ten thousand Polish zloty).

5.5. The value of the financial security to be submitted by the System User in case of applying for capacity allocation in the Auction for:

(i) one (1) yearly product — shall be twice the monthly average of the System User's financial obligations to GAZ-SYSTEM S.A.;

(ii) two (2) yearly products — shall be three times the monthly average of the System User's financial obligations to GAZ-SYSTEM S.A.;

(iii) three (3) yearly products — shall be four times the monthly average of the System User's financial obligations to GAZ-SYSTEM S.A.;

- (iv) four (4) yearly products — shall be five times the monthly average of the System User's financial obligations to GAZ-SYSTEM S.A.;
- (v) five (5) yearly products — shall be six times the monthly average of the System User's financial obligations to GAZ-SYSTEM S.A.;
- (vi) from six (6) to seven (7) yearly products — shall be seven times the monthly average of the System User's financial obligations to GAZ-SYSTEM S.A.;
- (vii) from eight (8) to nine (9) yearly products — shall be eight times the monthly average of the System User's financial obligations to GAZ-SYSTEM S.A.;
- (viii) from ten (10) to eleven (11) yearly products — shall be nine times the monthly average of the System User's financial obligations to GAZ-SYSTEM S.A.;
- (ix) from twelve (12) to thirteen (13) yearly products — shall be ten times the monthly average of the System User's financial obligations to GAZ-SYSTEM S.A.;
- (x) fourteen (14) yearly products — shall be eleven times the monthly average of the System User's financial obligations to GAZ-SYSTEM S.A.;
- (xi) fifteen (15) yearly products — shall be twelve times the monthly average of the System User's financial obligations to GAZ-SYSTEM S.A.;

— calculated based on the amount of capacity covered by the relevant System User's bid within the yearly product in respect of which the System User will submit the highest-capacity bid from all that have been applied for by the relevant System User in the Auction, and based on the indicative transmission fee rates published by GAZ-SYSTEM S.A. for 2022/2023 gas year.

- 5.6. The security shall be established in Polish currency (PLN).
- 5.7. As regards the security in the form of bank or insurance guarantee, GAZ-SYSTEM S.A. requires the guarantee document to provide that the guarantee is irrevocable, non-transferable, unconditional and payable on GAZ-SYSTEM S.A.'s first demand. Any such guarantee should be issued by a bank or insurance institution respectively, with current rating from a rating agency (minimum acceptable level is Baa2 for Moody's, BBB for Standard & Poor's, BBB for Fitch)

and the content of which has been accepted by GAZ-SYSTEM S.A. If the relevant bank or insurance institution has been granted ratings from more than one rating agency, the lowest rating shall apply. The bank or insurance guarantee will be subject to the provisions of Polish law. If the guarantee was not issued in Polish, it should be submitted to GAZ-SYSTEM S.A. along with sworn translation into Polish. The expiry date of a bank or insurance guarantee should fall on the last day of the second (2nd) month after the end of the sixth gas year in which the System User would like to use the transmission services provided by GAZ-SYSTEM S.A. at the relevant point. Where the relevant System User, in the binding phase of incremental capacity allocation, is applying for capacity allocation for a shorter period of providing transmission services than six gas years, the expiry date should fall on the last day of the second (2) month after the end of the last gas year in which the System User would like to use the transmission services provided by GAZ-SYSTEM S.A. at the relevant point.

- 5.8. The System User may submit financial security in the form of a bank or insurance guarantee valid for a period shorter than the System User's obligation to maintain the security, though no shorter than 1 (one) year, provided that the security shall be renewed for the period of at least one (1) following year, fourteen (14) Business Days before its expiry, on terms set forth in this clause 5. The bank or insurance guarantee should entitle GAZ-SYSTEM S.A. to demand the payment of the value of the guarantee if the System User has not renewed the bank or insurance guarantee fourteen (14) Business Days before expiry, by submitting to GAZ-SYSTEM S.A. the proof of having established a new bank or insurance guarantee in accordance with the provisions of clause 5.6, for an amount equal to the previous bank or insurance guarantee.
- 5.9. Financial security established in the form of cash deposit should be paid to the bank account indicated by GAZ-SYSTEM S.A. along with the information that it was established in order to secure GAZ-SYSTEM S.A.'s claims related to realisation of the Project. As the date of submission of the security shall be deemed the date when GAZ-SYSTEM S.A.'s account is credited.
- 5.10. If the System User applies for capacity allocation in the Auction at a level resulting in a greater value of the System User's financial obligations owed to GAZ-SYSTEM S.A. than arising from the financial security established by the System User, the System User

shall be obliged to pay to GAZ-SYSTEM S.A. a contractual penalty corresponding to the difference between the value of the required financial security which the System User should have submitted for the capacity allocation for which it applied in the Auction, as determined in accordance with the provisions of these INC GT&C, and the value of the established financial security. If the System User has submitted a bid in the Auction without having established the required security, the System User shall pay to GAZ-SYSTEM S.A. a contractual penalty corresponding to the value of the required financial security, as determined in accordance with the provisions of these INC GT&C. GAZ-SYSTEM S.A. shall be entitled to make use of the financial security established by the relevant System User towards due contractual penalty due.

- 5.11. After completion of the capacity allocation in the Auction, the System User shall be entitled to have the value of the submitted security adjusted to the capacity level allocated to the System User, i.e. to calculate the amount of the financial security based on the amount of the capacity allocated to the System User for the yearly product, for which the System User obtained the highest amount of capacity from all yearly products allocated to the System User in the Auction.
- 5.12. From the time the capacity established as a result of the Project implementation by GAZ-SYSTEM S.A. and ONTRAS has been made available to the System User, the amount of the financial security that the System User has to maintain shall be calculated based on the fee rates for provision of the service of transmission for the yearly product, for which the System User obtained the highest amount of capacity from all yearly products allocated to the System User in the Auction, determined in accordance with the applicable Tariff of GAZ-SYSTEM S.A.
- 5.13. The System User, who obtained capacity in the Auction, shall be obliged to maintain the security submitted to GAZ-SYSTEM S.A. in the full value and the form provided for in these INC GT&C, from the time set out in the clause 5.3, until the end of the second (2nd) month after the end of the sixth gas year in which GAZ-SYSTEM S.A. is to provide the System User with the service of transmission of the gaseous fuel purchased within the binding phase of incremental capacity allocation. If the capacity allocation to the System User in the binding phase of incremental capacity allocation covers a period shorter than 6 (six) gas years, the obligation to maintain the

financial security shall expire on the last day of the second (2nd) month after the end of the last gas year in which the System User uses the transmission services provided within the capacity allocated in the binding phase of incremental capacity allocation.

- 5.14. Subject to the provisions of clause 5.15, the value of the financial security the System User has to maintain shall be reduced by fifteen percent (15%) after each of the following five (5) gas years the System User uses the capacity allocated during the binding phase of incremental capacity allocation. After the sixth (6th) full gas year the System User uses the capacity allocated in the binding phase of incremental capacity allocation, the System User shall be exempted from the obligation to maintain the financial security under these INC GT&C, subject to the provisions of clause 5.20. If the capacity allocation for the relevant System User in the binding phase of incremental capacity allocation covers a period shorter than six (6) gas years, the System User shall be exempted from the obligation to maintain the financial security under these INC GT&C, subject to the provisions of clause 5.20, after the end of the last full gas year the System User uses the transmission services provided in respect of the capacity allocated in the binding phase of incremental capacity allocation.
- 5.15. If GAZ-SYSTEM S.A. applies contractual penalties against the System User, or if compensation claims arise for GAZ-SYSTEM S.A. on other grounds than those for which the penalty was stipulated, then the reduction in value of the financial security that the System User has to maintain shall occur not before the System User has paid all of the applied contractual penalties and amounts in compensation and to increase the financial security to the amount required before it was decreased.
- 5.16. Financial security established in the form of financial deposit shall be paid back with interest arising from the bank-account contract relating to the account in which the financial security was kept, minus maintenance costs and bank commission for transferring the money to the System User's bank account.
- 5.17. GAZ-SYSTEM S.A. shall have the right to make use of the financial security in the event the System User is in default of payment for the transmission services provided by GAZ-SYSTEM S.A. in respect of the capacity allocated to this System User in the Auction, at least one (1) month after the expiry of the payment date, despite that

GAZ-SYSTEM S.A. has earlier determined in writing additional fourteen days for payment of outstanding and current liabilities.

- 5.18. If GAZ-SYSTEM S.A. makes use of the financial security, the System User shall increase the security to the full required value determined in accordance with the provisions of these INC GT&C within on (1) month.
 - 5.19. If the System User fails to maintain the financial security in the full value calculated in accordance with the provisions of these INC GT&C, in particular when the System User fails to increase the security in accordance with the provisions of the point 5.18, the System User shall be obliged to pay to GAZ-SYSTEM S.A. the contractual penalty: (i) in the amount corresponding to the value of the required financial security, as determined in accordance with the provisions of these INC GT&C if the System User fails to maintain such security, or (ii) difference between the value of the required financial security and the value of the financial security maintained, as determined in accordance with the provisions of these INC GT&C, when the financial security maintained by the System User is too low in relation to the required value determined in accordance with the provisions of these INC GT&C. GAZ-SYSTEM S.A. shall be entitled to make use of the financial security established by the relevant System User towards due contractual penalty.
 - 5.20. Establishing financial security in accordance with the provisions of these INC GT&C shall exempt the System User, in respect of financial obligations to GAZ-SYSTEM S.A. arising from the use of the capacity acquired in the Auction, from the obligation to submit the financial security set forth in the transmission contract throughout the validity term of the submitted financial security. Upon release of the financial security submitted under these INC GT&C in whole, for the financial obligations arising from the capacity acquired in the Auction, the System User shall have to submit financial security on terms set forth in the transmission contract.
6. Delays in the provision of the capacity or disruption in the implementation of the Project
 - 6.1. GAZ-SYSTEM S.A. shall immediately notify Network Users of any delays in making available the incremental capacity allocated in the Auction or any disruption in the implementation of the Project.

- 6.2. The starting date for the provision of gaseous fuel transmission services in respect of the incremental capacity provided under the Auction may be postponed (delayed) by GAZ-SYSTEM S.A. for a period no longer than 12 (in words: twelve) months, based on a notification provided to the System User in writing. Such notification, determining the reason for postponing the starting date and the new starting date for the provision of gaseous fuel transmission services in respect of the incremental capacity made available in the Auction, shall be sent to the System User at least 6 (in words: six) months before the date and time of starting the provision of gas transmission services in respect of the incremental capacity made available in the Auction. In such a case, the starting date shall be adjusted automatically as per GAZ-SYSTEM S.A.'s notice, and the System User shall not be entitled to any claims on this ground. For the avoidance of doubt, the notification on postponing the starting date for the provision of gas transmission services in respect of the incremental capacity made available in the Auction may be given more than 1 (in words: one) time, provided that the total period of postponing the starting date for the provision of gaseous fuel transmission services in respect of the incremental capacity made available in the Auction does not exceed 12 (in words: twelve) months. The System User shall have no claims against GAZ-SYSTEM S.A. on account of any such postponing the date and time of starting the provision of gaseous fuel transmission services in respect of the incremental capacity made available in the Auction, excluding the cases when the postponing of the date and time was caused by a wilful act of GAZ-SYSTEM S.A.
- 6.3. In the event of delays in implementing the Project or on enabling the incremental capacity, the capacity allocated in the binding phase of incremental capacity allocation available for the relevant gas year shall be allocated proportionally to the System Users which acquired capacity within the relevant yearly product as a result of the Auction conducted. GAZ-SYSTEM S.A. shall reduce the capacity allocated in the Auction, so that the sum of capacity levels offered to the individual System Users within the relevant yearly product does not exceed 100% of the capacity made available in the relevant gas year.

- 6.4. In the event of any delays in implementing the Project or in making the incremental capacity available, the System User shall not have any right to use the relevant unavailable capacity at a later date.
- 6.5. GAZ-SYSTEM S.A. shall not be liable for the System User's lost profits or any special, indirect or consequential damage arising from delays in implementing the Project or making the incremental capacity available.
- 6.6. In the event of default in GAZ-SYSTEM S.A.'s commencement of provision of gaseous fuel transmission services in respect of the capacity allocated in the Auction, the System User shall have the obligation to exercise due diligence to minimize the loss caused, in particular by taking any and all possible action to postpone the time of gaseous fuel offtake, resell the gas or change the transmission route. The System User is obliged to keep GAZ-SYSTEM S.A. informed on a current basis of any actions taken to minimize the damage and to allow GAZ-SYSTEM S.A. to participate in such actions, without the right to make decisions.
- 6.7. GAZ-SYSTEM S.A.'s liability for default in the commencement of provision of gas transmission services shall be limited to the value of the lowest loss which the System User objectively could have incurred in the event of GAZ-SYSTEM S.A.'s default.
- 6.8. By submitting a bid in the Auction, the System User undertakes to ensure that the transmission contract concluded with GAZ-SYSTEM S.A. along with the appendix determining the capacity level and period allocated to the System User in consequence of the Auction is maintained in force. If the transmission contract or the indicted appendix in respect to the capacity level or period allocated to the System User as a result of the Auction, is terminated before the expiry of their term, the System User shall pay to GAZ-SYSTEM S.A. a contractual penalty calculated in accordance with clause 6.9.
- 6.9. The contractual penalty shall be equal to a part of project implementation costs incurred by GAZ-SYSTEM S.A., calculated as follows:

$$K = C \times M$$

Where:

K — expenditures incurred by GAZ-SYSTEM S.A. in Project implementation that the System User is obliged pay, in PLN;

C — sum of expenditures incurred by GAZ-SYSTEM S.A. and estimated expenditures GAZ-SYSTEM S.A. has to pay for Project implementation, in PLN, in particular any compensation due from GAZ SYSTEM S.A. to the Project's contractors for design and construction works in connection with the Project or other TSOs by reason of resignation from Project implementation.

M — ratio of the sum of capacity allocated to the System User throughout its duration, to the sum of the total capacity of the Entry/Exit Point allocated by GAZ-SYSTEM S.A. in both flow directions in the Auction throughout its duration;

- 6.10. The value of project-implementation costs incurred by GAZ-SYSTEM S.A. (C) that the System User has to pay shall be adjusted, after the commissioning of the Project, proportionally to the positive or negative difference between the planned and actual project implementation costs incurred by GAZ-SYSTEM S.A.
- 6.11. If the transmission contract concluded between the System User and GAZ-SYSTEM S.A. or the appendix determining the capacity level and period allocated in respect of the capacity allocated to the System User as a result of the Auction is terminated after the commissioning of the Project, the value of the costs determined in accordance with clause 6.9 shall be reduced proportionally as of the moment of termination, in accordance with the following formula:

$$\mathbf{SK = K \times (1 - R/Z)}$$

where:

SK — adjusted value of expenditures incurred by GAZ-SYSTEM S.A. in Project implementation and costs of Project implementation that the System User is obliged to pay, in PLN;

K — 100% of the expenditures for the implementation and costs of implementation by GAZ-SYSTEM S.A. that the System User is obliged to pay, in PLN;

R — sum of capacity allocated to the System User and consumed during the period from Project commissioning to the submission of termination notice by the System User;

Z — sum of capacity allocated to the System User in the binding phase of incremental capacity allocation.

- 6.12. GAZ-SYSTEM S.A. shall have the right to make use of the financial security submitted by the System User towards contractual penalty covering the reimbursement of costs.
- 6.13. If GAZ-SYSTEM S.A.'s damage arising from the early termination by the System User of the transmission contract or the appendix determining the capacity level and period allocated to the System User as a result of the Auction exceeds the value of due cost reimbursement as calculated in accordance with the provisions of clauses 6.8 - 6.11, GAZ-SYSTEM S.A. shall have the right to claim compensation in excess of the value of due cost reimbursement.
- 6.14. After the commissioning of the Project, the System User shall have the right to resell or make available the capacity acquired in the Auction, on terms set forth in the TNC, provided that the buyer shall enter into the System User's rights and obligations set forth in these INC GT&C.