

**GENERAL TERMS AND CONDITIONS OF PARTICIPATION IN AND ACCESS TO
CAPACITY IN THE BINDING PHASE OF ALLOCATION OF INCREMENTAL CAPACITY
(hereinafter the 'INC GT&C')**

1. Definitions

- 1.1. 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;
- 1.2. TNC — currently binding Transmission Network Code compiled pursuant to binding provisions of the law and published on GAZ-SYSTEM's website. The INC GTC refer to the Transmission Network Code approved by the decision of the President of the Energy Regulatory Office of 3 February 2011, ref.: DRR-4322-2(18)/2015/2016/AN/MP, or any subsequent TNC version replacing or amending the aforesaid.
- 1.3. ONTRAS — company under the name of ONTRAS Gastransport GmbH with its seat in Leipzig, acting as the transmission system operator within Germany;
- 1.4. Project — project to increase the technical capabilities at the existing Lasów interconnection point based on capacity allocation in a prior incremental capacity acquisition procedure;
- 1.5. Tariff — list of prices, fee rates and their application rules, compiled by GAZ-SYSTEM S.A. and introduced as binding in settlements with the System User;
- 1.6. System User — entity using the transmission system under a transmission contract, being either a Shipper (ZUP) or System User.

2. Binding phase of incremental capacity allocation

- 2.1. In the binding phase of incremental capacity allocation, GAZ-SYSTEM S.A. shall make available 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. to 1 October 2037, 06:00 a.m.
- 2.2. Each of the yearly incremental capacity products shall be made available through a separate annual yearly-capacity auction

conducted on terms set forth in the CAM Network Code (hereinafter the "Auction").

- 2.3. During the binding phase of incremental capacity allocation, each yearly product shall be made available through one Auction for a bid level being considered by the TSO, i.e. 2 GWh/h.
 - 2.4. The yearly incremental capacity products covering the period from 1 October 2022, 06:00 a.m. to 1 October 2034, 06:00 a.m. shall be made available through an Auction together with the available technical capacity of the GCP GAZ-SYSTEM/ONTRAS virtual interconnection point, in the flow direction from Poland to Germany.
 - 2.5. Capacity allocation to network Users that acquired the capacity in the Auction shall be conditional on the GAZ-SYSTEM S.A.'s investment decision to implement the Project. GAZ-SYSTEM S.A. shall take the investment decision to implement the Project provided that GAZ-SYSTEM S.A. and ONTRAS shall have obtained positive economic-test results and entered into an agreement for the implementation of the Project.
3. Terms of participation in an Auction
- 3.1. GAZ-SYSTEM S.A. shall conduct the binding phase of incremental capacity allocation on a capacity booking platform, in accordance with the terms of service of such a platform binding as at the day of conducting the Auction, and with the TNC.
 - 3.2. 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.
 - 3.3. The following is required in order to participate:
 - a) entering into a transmission contract with GAZ-SYSTEM S.A. in accordance with the provisions of the TNC;
 - b) submitting a power of attorney for the persons authorized to participate in the Auction to GAZ-SYSTEM S.A., 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 3.1;
 - d) submission of financial securities in the value and form set out in these INC GTC;

no later than one week before the Auction starts.

- 3.4. If the incremental capacity is to be allocated through the Auction as bundled capacity, the System User must also meet the participation conditions defined by ONTRAS.
- 3.5. Transmission services in respect of the capacity allocated in the Auction shall be provided in accordance with the transmission contract along with its appendices, as well as in compliance with the TNC and the Tariff, both as binding at each such time. Following to the capacity allocation as a result of the Auction, these INC GTC shall constitute an appendix to the transmission contract concluded between GAZ-SYSTEM S.A. and the System User, regulating the detailed rules for the provision of transmission services by GAZ-SYSTEM S.A. to the relevant System User in respect of the capacity allocated to that User in the Auction.
- 3.6. By submitting a bid in the Auction, the System User accepts, without reservation, the terms set forth in the TNC, in the Tariff and in these INC GTC.

4. Financial Security

- 4.1. 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. under the bid.
- 4.2. The System User has to establish the security in one of the following forms:
 - 4.2.1. bank guarantee;
 - 4.2.2. cash deposit.
- 4.3. 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 guarantee or confirmation of bank transfer to GAZ-SYSTEM S.A.'s bank account).
- 4.4. 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 for annual product for which the System User has submitted the highest-capacity (technical and incremental) bid based on the fee that Network User would be obliged to pay to GAZ-SYSTEM S.A. according to the Tariff in force as at the time of publishing the information referred to in clause 3.2.

- 4.5. The security shall be established in Polish currency (PLN).
- 4.6. If establishing the security in the form of bank 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 bank guarantee should be issued by a bank with current rating from a rating agency (minimum acceptable level is Baa2 for Moody's, BBB for Standard & Poor's, or BBB for Fitch), the content of which has been accepted by GAZ-SYSTEM S.A. If the relevant bank has acquired ratings from more than one rating agency, the lower rating shall apply. The bank 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 should fall on the last day of the second (2nd) month after the end of the sixth gas year in which the System User desires 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 desires to use the transmission services provided by GAZ-SYSTEM S.A. at the relevant point.

- 4.7. The System User may submit financial security 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 following year fourteen (14) Business Days before expiry, on terms set forth in this clause 4. The bank 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 guarantee fourteen (14) Business Days before expiry, submitting to GAZ-SYSTEM S.A. the proof of having established a new bank guarantee in accordance with the provisions of clause 4.4., for an amount equal to the previous bank guarantee.
- 4.8. 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 referred to in clause 3.2. The time of submission of the security shall be deemed to be when GAZ-SYSTEM S.A.'s account is credited.
- 4.9. 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, or 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 draw on the financial security established by the relevant System User against the contractual penalty due.

- 4.10. After completion of the capacity allocation in the Auction, the System User shall have the right to have the value of the submitted security adjusted to the capacity level allocated to the System User.
- 4.11. The System User shall maintain the security submitted to GAZ-SYSTEM S.A. in full value and form provided in these INC & 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 year) 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.
- 4.12. Subject to the provisions of clause 4.13, 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 4.16. If the capacity allocation for the relevant 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 4.16, 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.

- 4.13. 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 User has to maintain shall occur not before the User has paid all of the applied contractual penalties and amounts in compensation.
 - 4.14. 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.
 - 4.15. Should GAZ-SYSTEM S.A. make use of the financial security, the System User shall increase the security to the full required value.
 - 4.16. 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 out in the transmission contract throughout the validity term of the financial security submitted. Upon release in whole of the financial security submitted under these INC GT&C, 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.
5. Delays in the provision of the capacity, or disruption in the implementation of the Project
 - 5.1. GAZ-SYSTEM S.A. shall notify network Users sufficiently in advance of any delays in making available the incremental capacity allocated in the Auction or any disruption in the implementation of the Project.
 - 5.2. The starting date for the provision of gas 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 24 (say: twenty-four months), subject to a notification provided to the System User in writing. Such notification, setting out the reason for postponing the starting date and the new starting date for the provision of gas transmission services in respect of the

incremental capacity made available in the Auction, shall be sent to the System User at least 6 (say: 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 (say: one) time, provided that the total deferment of the starting date for the provision of gas transmission services in respect of the incremental capacity made available in the Auction does not exceed 24 (say: twenty-four) months. The System User shall have no claims against GAZ-SYSTEM S.A. on account of any such deferment of the date and time of starting the provision of gas transmission services in respect of the incremental capacity made available in the Auction.

- 5.3. 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 prorated among the system Users having acquired capacity within the relevant yearly product in the Auction. GAZ-SYSTEM S.A. shall reduce the capacity allocated in the Auction to the bid level implemented in the Project, so that the sum total of capacity levels offered to the individual Users within the relevant yearly product does not exceed 100% of the capacity made available in the relevant Auction.
- 5.4. Within 14 (say: fourteen) days after receiving initial information from GAZ-SYSTEM S.A. about the proposed capacity reduction, the System User shall be entitled to surrender all or part of the proposed reduced capacity allocation, as well as to transform the whole or part of the capacity allocated to that User in the Auction for the relevant yearly product into interruptible capacity. If the User submits no answer to GAZ-SYSTEM S.A.'s initial information about the proposed capacity reduction, the User shall be deemed to have accepted the proposed reduction.
- 5.5. The User that has surrendered all or part of the proposed reduced capacity allocation shall not be required to pay transmission fees.

- 5.6. Depending on the number of confirmations received, GAZ-SYSTEM S.A. shall, electronically, through the Information Exchange System (IES), provide network Users that accepted the proposed capacity reduction with initial information about such additional available capacity which may be allocated to them, pro rata based on the capacity already allocated to them. Network Users shall have 14 (fourteen) days to confirm or reject the allocation of additional capacity proposed to them.
- 5.7. 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 unavailable capacity at a later date.
- 5.8. GAZ-SYSTEM S.A. shall not be liable for the System User's lost profits or any special, indirect or consequential damages arising from delays in implementing the Project or making the incremental capacity available.
- 5.9. In the event of default in GAZ-SYSTEM S.A.'s commencement of provision of gas transmission services in respect of the capacity allocated in the Auction, the System User shall have the obligation to exercise necessary care to minimize the loss so caused, in particular by taking any and all possible action to postpone the time of gas 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.
- 5.10. 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 the User objectively could have incurred in the event of GAZ-SYSTEM S.A.'s default.
- 5.11. By submitting a bid in the Auction, the User undertakes to ensure that the transmission contract concluded with GAZ-SYSTEM S.A. along with the appendix setting out the capacity period and level allocated to the System User in consequence of the Auction is maintained in force. If the transmission contract or the aforesaid appendix 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 5.12.

- 5.12. The contractual penalty shall be equal to a part of project implementation costs incurred by GAZ-SYSTEM S.A., calculated as follows:

$$\mathbf{K = C \times M}$$

Where:

K — expenditures incurred by GAZ-SYSTEM S.A. in Project implementation that the 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 toward Project implementation, in PLN, in particular any compensation due to the Project's contractors for design and construction works or other TSOs;

M — ratio of the sum total of capacity (contracted 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;

- 5.13. The value of project-implementation costs incurred by GAZ-SYSTEM S.A. (C) that the User has to pay shall be adjusted, after the commissioning of the Project, pro rata to the positive or negative difference between the planned and actual project implementation costs incurred by GAZ-SYSTEM S.A.

- 5.14. If the transmission contract entered into between the System User and GAZ-SYSTEM S.A. or the appendix setting out the capacity period and level allocated to the User in the Auction is terminated after the commissioning of the Project, the value of the costs determined in accordance with clause 5.12 shall be reduced pro rata as at 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 User is obliged to pay, in PLN;

K — 100% of the expenditures toward the implementation and costs of implementation of the Project by GAZ-SYSTEM S.A. that the 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 (contracted capacity) allocated to the System User in the binding phase of incremental capacity allocation.

- 5.15. GAZ-SYSTEM S.A. shall have the right to draw from the amount of financial security submitted by the System User towards the reimbursement of costs.
- 5.16. If GAZ-SYSTEM S.A.'s damage arising from the early termination by the System User of the transmission contract or the appendix setting out the capacity level and period allocated to the User as a result of the Auction exceeds the value of the cost reimbursement due as calculated in accordance with the provisions of clauses 5.12 to 5.14, GAZ-SYSTEM S.A. shall have the right to claim compensation in excess of the value of the cost reimbursement due.
- 5.17. 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, on condition that the buyer shall accede to the System User's rights and obligations set forth in these INC GT&C.