

January 14, 2016

MARKET SURVEY

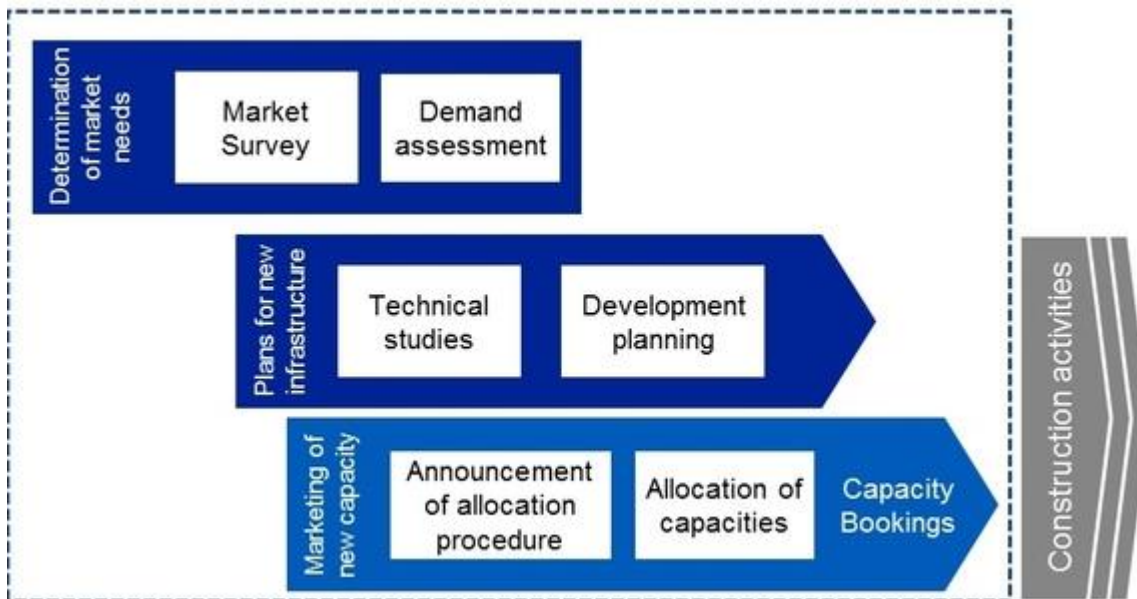
PROCESS DESCRIPTION

To complement the network development planning procedure, NET4GAS, s.r.o., as the exclusive gas transmission system operator (TSO) in the Czech Republic, is launching the capacity4gas process. NET4GAS subdivides the capacity4gas process into two phases. The first phase will start with a non binding market survey which will help to identify the proper development of the relevant gas infrastructure. It complements the efforts of similar surveys conducted by the Polish TSO and by the Gaspool market area TSOs (more capacity.eu) as the latter showed a need for extension of transmission capacity from Gaspool to the Czech Republic.

Technical studies may follow to prepare detailed specific development projects for new transmission capacity. Then, in the second phase, the new transmission capacity will be offered to the market through non discriminatory and transparent capacity allocation procedures, where network users will be asked for binding bookings to reserve transmission capacity. The allocation results will form a basis for subsequent investments in the relevant development of the network.

We believe that the capacity4gas process is suitable for determining specific network users' requests in the most efficient way. However, NET4GAS reserves the right to adjust the suggested process if appropriate.

The capacity4gas process consists of the following main steps.



1. Market Survey

A market survey in which network users are asked to express their interest in new capacity between the Czech Republic and adjacent market areas on a non-binding basis.

2. Demand assessment

Once the Market Survey is complete, NET4GAS will analyze the capacity inquiries. Based on an assessment of the demand from the market survey and identified from the Union-wide Ten-year Network Development Plan and the TYNDP, a decision as to what possible projects should be developed will be adopted.



If the individual non-binding requests submitted or the requests as a whole are not sufficient to economically justify a project, the process will simply end with the publication of the demand assessment report.

3. Technical studies, planning of network development and allocation procedure

On the basis of the requirements identified during demand assessment, NET4GAS will produce technical studies to determine the capacity level for a specific existing or a new network point.

The technical studies will determine the necessary technical development measures, e.g. new pipelines, border transfer stations or compressor stations. The appropriate upgrading of the infrastructure will be based on the flow calculations for one or more capacity levels and will serve as an initial indication for the necessary investments.

In addition to the technical studies, NET4GAS will draft terms and conditions for offering the new capacity to the market. The allocation procedure, the contractual and financial arrangements, and the tariff structure will all be closely coordinated with the regulatory authority.

During this phase, proposals for one or more capacity levels and parameters required for the capacity allocation and the economic evaluation will be prepared.

4. Public announcement of the allocation procedure

At least two months prior to the start of the allocation procedure, NET4GAS will announce information regarding the new capacity allocation date, the allocation procedure, capacity levels at the relevant points, the tariffs and contractual provisions, as well as the expected minimum demand for passing the economic viability tests.

5. Capacity allocation

New transmission capacity will be allocated in a non-discriminatory and transparent procedure. The results will first be verified by the economic viability test that will prove the economic feasibility of the offered capacity levels. Once the test is completed, the capacity level which provides the greatest amount of new transmission capacity will be put in place.

6. Construction activities

Once the new transmission capacity has been allocated to network users, preparatory works for the necessary development projects will begin at NET4GAS. This includes, in particular, organizing engineering work, obtaining the necessary approvals, procuring materials, and arranging construction services. The construction phase will then begin.

TERMS AND CONDITIONS

The transmission system operator NET4GAS is launching a Market Survey to determine the need for new transmission capacity at the boundaries of the Czech Republic. It is designed to support the proper development of the relevant gas transmission infrastructure. Participation in the Market Survey is only possible under these Terms and Conditions of Participation in the Market Survey ("Terms and Conditions") and by submitting an inquiry form. By completing, signing, and returning the inquiry form (hereinafter referred to as the "Inquiry Form"), participants confirm that they have accepted the Terms and Conditions.

Participants shall provide non-binding details regarding their request for future need for transmission capacity at the boundaries of the Czech Republic (hereinafter referred to as the "Requested New Capacity").

All information about the capacity4gas process is available on the NET4GAS website.



This Market Survey is non-binding and is not connected in any way with an agreement or obligation in respect of any subsequent network development or the acquisition or reservation of the existing or new transmission capacity. It does not represent a request for connection to the transmission system. It is not necessary to take part in this Market Survey in order to take part in any subsequent allocation of existing and/or new transmission capacity.

The procedure for participating

In order to participate in the Market Survey, participants must complete and submit the Inquiry Form. The Inquiry Form must be submitted by email, and then the signed hard copy must be physically posted. The original, signed hard copy of the Inquiry Form must be sent to:

NET4GAS, s.r.o.
capacity4gas
Na Hřebenech II 1718/8
140 21 Praha 4 – Nusle
Czech Republic
Email: capacity4gas@net4gas.cz

Only the original, signed hard copy of submitted Inquiry Forms will be considered in demand assessment. The deadline for submitting capacity inquiries is set for 26 February 2016. NET4GAS reserves the right to modify the deadline for submitting the Inquiry Form in case unforeseen events occur while conducting the capacity4gas process, which will force a change in the submission deadline. Inquiry Forms (in hard copy) which are received after the date specified above will not be considered in the demand assessment.

By submitting the Inquiry Form, the network user agrees to pay a participation fee.

If participants submit a number of Inquiry Forms, only the last Inquiry Form received in a hard copy prior to the submission deadline will be evaluated. Incomplete Inquiry Forms will not be considered during the subsequent process.

Participants shall not be entitled to demand that the NET4GAS website is permanently available or that other technical requirements which are necessary for taking part in the Market Survey in a timely manner are met.

Participation fees

NET4GAS reserves the right to demand that participants pay a participation fee in accordance with the provisions below.

The participation fee shall be calculated according to the total quantity of new capacity requested by the participant. The participation fee may be levied if and when NET4GAS decides in the demand analysis produced on the basis of all the submitted inquiries to produce technical studies with a view to allowing all interested network users to book capacity during a subsequent transparent and non-discriminatory allocation. The participation fee shall be 10 CZK (plus VAT where applicable) per requested MWh/d of transmission capacity for which a technical study is to be produced.

NET4GAS will inform participants of this in writing once the demand analysis is complete and will prompt payment of the participation fee by a specified deadline. Inquiries from participants who have not paid the participation fee after the deadline expires shall not be taken into account in the technical study. Any participation fee that a participant has paid will be refunded in full by NET4GAS if the Requested New Capacity or capacity which exceeds the amount requested in connection with this Market Survey are booked on a binding basis by the participant or third parties, or if the subsequent process of the capacity4gas process does not lead to the sale of the new transmission capacities.



The participation fee paid shall be refunded proportionally by NET4GAS if the amount of binding bookings of Requested New Capacity is lower than the amount originally requested by the participant or third parties. In this case, the amount of the participation fee which is to be paid back to the participant shall be calculated using the following formula:

(Sum of the actually booked New Capacities / Sum of the initially Requested New Capacities) × Paid participation fee

In all cases, the participation fee paid by the participant is the maximum amount that can be refunded.

Use of information, confidentiality

Any information obtained by NET4GAS in the course of the process capacity4gas process shall be treated as confidential and shall not be made available to any third parties. However, NET4GAS reserves the right to make the confidential information obtained during the capacity4gas process available to the following:

- a) Corporate bodies of NET4GAS and its shareholders;
- b) The Czech Energy Regulatory Authority, European Commission and all its executive entities;
- c) Other entities that are entitled to obtain information on the basis of applicable provisions of law,
- d) Other persons who themselves are obliged to maintain confidentiality, for example accountants, tax consultants and lawyers, under the terms of their particular mandate.

Miscellaneous

The law of the Czech Republic shall apply exclusively to this Market Survey.

These Terms and Conditions and its Annexes were developed in Czech and English. In case of any discrepancies between documents in Czech and documents in English, the Czech version prevails.

Any expenses incurred the participant in connection with participation in the process related to the capacity4gas process shall be borne by the participant and shall not be asserted against NET4GAS.

The sole purpose of this Market Survey is to generate non-binding information as part of a process for the market-based allocation of new transmission capacity in or at the borders of the Czech Republic. NET4GAS is under no obligation to actually use, evaluate or return any information obtained from the market participants. Participating in this Market Survey shall not entitle the participants to demand that NET4GAS carry out or proceed with the procedural steps set out in the capacity4gas process description.

NET4GAS may change or cancel the capacity4gas process for any reason at any time. NET4GAS shall inform network users of the change or cancellation of the capacity4gas process.

In the event of a breach of the Terms and Conditions by a participant, NET4GAS reserves the right to exclude the participant from further participation in the Market Survey, and the new capacity that they requested may not be taken into account during the subsequent procedures.

NET4GAS reserves the right to amend the Terms and Conditions. In case of such amendment, each participant shall be informed in a non-discriminatory way. NET4GAS does not assume any responsibility vis-à-vis any participant for any consequence arising from such amendments. NET4GAS reserves the right to ask for supplements from any participant, if needed.

Any contractual or legal liability on the part of NET4GAS shall be restricted to willful misconduct and gross negligence during the entire duration of the capacity4gas process in relation to all of its activities therein.



INQUIRY FORM

HEREWITH YOU EXPRESS YOUR INTEREST IN TRANSMISSION CAPACITIES BETWEEN THE CZECH REPUBLIC AND ITS ADJACENT MARKET AREAS ON A NON-BINDING BASIS. ONCE YOU HAVE FILLED IN THE INQUIRY FORM, PLEASE SEND IT BY EMAIL USING THE SUBMISSION BUTTON BELOW. AFTER SUBMISSION, PLEASE PRINT IT OUT, SIGN IT BY YOUR AUTHORIZED REPRESENTATIVE, AND MAIL IT TO NET4GAS, S.R.O. ("NET4GAS") TO THE ADDRESS MENTIONED BELOW.

ALL INFORMATION ABOUT THE CAPACITY4GAS PROCESS IS AVAILABLE AT WWW.NET4GAS.CZ.

Contact Information

Company	<input type="text"/>
Address	<input type="text"/>
City	<input type="text"/>
Zip	<input type="text"/>
Country	<input type="text"/>
Contact Person	<input type="text"/>
Function of the contact person	<input type="text"/>
Telephone number	<input type="text"/>
Email	<input type="text"/>
VAT ID Number	<input type="text"/>
Energy Identification Code (EIC)	<input type="text"/>

Request for Transmission Capacities

Please indicate below your request for transmission capacity for the upcoming years between the Czech Republic and the adjacent market areas. Please do not include any of your currently contracted transmission capacities with NET4GAS.

#	From Market Area	To Market Area	Capacity (MWh/d)	Period From		Period To		Type of Capacity	Participation Fee (CZK)
1					/		/		0



Based on the abovementioned 1 request(s), you may be asked to pay a participation fee up to 0 CZK as defined in the Terms and Conditions of Participation in the Market Survey.

Please indicate whether the requests above have any specific feature or condition that NET4GAS should consider in the capacity4gas process (e.g. conditional booking along several interconnection points in one step, length of the capacity product, need for spanning a number of different yearly capacity products, suitability of the ascending clock auction method of allocation, etc.), especially with regards to the Network Code CAM¹. Further, please indicate if any request is conditional upon or an alternative to another request.

Corresponding Inquiries

If you have submitted corresponding inquiries to another TSO adjacent to the Czech Republic, we kindly ask you to give details of these inquiries below. It will enable us to coordinate new capacity offers with adjacent transmission system operators if necessary.

TSO to which an Inquiry was Submitted	Corresponding Inquiry Number	Capacity (MWh/d)	Period From		Period To		Type of Capacity
				/		/	



¹Network Code CAM (Commission Regulation (EU) No 984/2013).

By signing and submitting this inquiry form to NET4GAS the respondent accepts the Terms and Conditions of Participation in the Market Survey as described below and confirms its acknowledgement of the capacity4gas process description as published at www.net4gas.cz

In , on

Signature of the Respondent's authorized representative:

Name:

Job Title:

[Submit this inquiry form by email now](#)

[Print](#)

Please also print the form out, sign it by your authorized representative, and mail it to NET4GAS at: capacity4gas, NET4GAS, s.r.o., Na Hřebenech II 1718/8, 140 21 Prague 4, Czech Republic

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Terms and Conditions of participation in the market Survey Page

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