

Technical and Business Terms of Technical Dispatching Services

1. **Introduction**

The transmission system operator, NET4GAS, s.r.o., registered office at Na Hřebenech II 1718/8, 140 21 Prague 4 – Nusle, ID No. 272 60 364, hereby issues these Technical and Business Terms of Technical Dispatching Services in order to unify the contractual relation established pursuant to section 58h, paragraph 6, of the Act No. 458/2000 Coll. on the conditions of business and state administration in energy sectors and amending some acts, as amended. These Technical and Business Terms of Technical Dispatching Services regulate the contractual relations between NET4GAS, s.r.o. and the storage operator that are established within the provision of technical dispatching services.

2. **Terminology**

The following terms and definitions apply to these business terms of technical dispatching services:

“dispatching services” the execution of dispatching control of the storage system pursuant to the Public Notice No. 481/2005 Coll., as amended, which issues the Dispatching Code of the Gas System of the Czech Republic;

“ERO” Energy Regulatory Office seated in Jihlava;

“License” gas storage license granted by ERO to a storage operator;

“nomination (renomination)” nomination (renomination) of storage pursuant to Public Notice No. 365/2009 Coll., on the Gas Market Rules, as amended;

“Business Terms” these Technical and Business Terms of Technical Dispatching Services;

“Responsible person” person appointed by the transmission system operator or storage operator to execute activities in connection with the performance of the contract; a list of responsible persons constitutes an appendix to the contract; the contracting parties shall inform each other about any contingent changes of the list of the responsible persons through a written notification; a sample list of responsible persons is contained in Appendix No. 1 of the Business Terms;

“Weekly plan” plan of the daily breakdown of the gas withdrawal and injection quantities in which the storage operator defines the plan of the use of individual UGS for the next week in percentage shares or if possible in quantities; the weekly plan shall also contain an unbinding monthly outlook of the breakdown of the daily gas withdrawal and injection quantity per individual UGS;

“Interconnection agreement” contract on the conditions of the operation of underground storage facilities and the transmission system concluded by the storage operator and the transmission system operator;

“Transmission system operator” NET4GAS, s.r.o., registered office: Na Hřebenech II 1718/8, 140 21 Prague 4 – Nusle, ID No.: 272 60 364;

“Storage operator” operator of an underground gas storage conducting business at the territory of the Czech Republic based on a license pursuant to section 4,

paragraph 1, letter g), of Act No. 458/2000 Coll., on the conditions of business and state administration in the energy sectors and amending some acts, as amended;

“**UGS**” underground gas storage pursuant to section 2, paragraph 2, letter b), subpar. 13 of Act No. 458/2000 Coll., on the conditions of business and state administration in the energy sectors and amending some acts, as amended;

“**Contract**” contract for the provision of technical dispatching services concluded by the transmission system operator and storage operator which contains the business terms as its integral part;

“**Technical dispatching**” department of the transmission system operator responsible for the fulfillment of the obligations of the transmission system operator under the contract;

“**Storage system**” all UGS operated by an individual storage operator including all associated technological facilities; and

“**Virtual storage**” system of UGS operated by a single storage operator marked as such for the purpose of nominations (renominations) whose entry and exit is a virtual gas storage point pursuant to Public Notice No. 365/2009 Coll., on the gas market rules, as amended.

3. Technical Terms

3.1 In order to provide for a reliable exchange of information and supporting information between the storage operator and transmission system operator during the provision of technical dispatching services the parties undertake to establish and use the following communication interfaces and protocols:

3.1.1 Electronic connection (e-mail) for the exchange of documents of general nature between the companies;

3.1.2 Electronic connection (e-mail) or telephone connection for the exchange of operative information between the companies;

3.1.3 Process connection for the on-line exchange of operating data concerning the quantity of transmitted and stored gas including its quality parameters (chemical composition, pressure, temperature, dew point etc.) and other technological data (positions of the valves, UGS mode etc.).

3.2 One or several of the following communication protocols may be used for the process connection specified under paragraph 3.1.3:

3.2.1 Modbus RTU/TCP for the direct connection at the process level, for the interconnection of local equipment, local meaning at the location where both entities have control system components (PLC etc.);

3.2.2 Modbus TCP for the connection of the master control system and the slave stations (UGS);

3.2.3 IEC 60870-5-104 accounting for the requirements of NET4GAS specified in the document “N4G_MP_E02_21 Communication of the control system of the N4G

dispatching center and the slave stations” for the connection of the master control system and the slave stations (UGS);

- 3.2.4 TASE.2 Inter-Control Center Communications Protocol (ICCP / IEC 60870-6/TASE.2) using Conformance block 1 and Conformance block 2 for the connection at the level of master control system.
- 3.3 The minimum bandwidth for the protocols specified in article 3.2. is 256 kbps.
- 3.4 The communication line between the contracting parties within the fulfillment of the obligations under the contract is Ethernet compatible with the IEEE 802.3 standard (10Base-T, 100Base-TX/FX) and the contracting parties use the IP/TCP transport protocol with the exception of Modbus RTU protocol where the communication line is compatible with the RS485 half duplex standard (two wires) with the minimum speed of 9600 bd.
- 3.5 The transmission system operator shall conclude a contract with the storage operator if the storage operator fulfills the requirements of the technical terms in articles 3.1 through to 3.4 of the business terms.
- 3.6 The selection of the communication protocol or communication protocols in line with article 3.2 and the contingent additional provisions detailing the method of communication between the transmission system operator and storage operator in connection with the performance of the contract, in particular the determination of the particular process values and parameters of their exchange, will be contained in the contract.

4. Provision of Services

4.1 Rights and Obligations of the Contracting Parties

4.1.1. The transmission system operator undertakes to:

- (a) take over the information necessary for the provision of dispatching services in electronic or other form in line with the description contained in article 3 of these business terms;
- (b) when executing dispatching services proceed professionally with the care of a prudent manager in order to permanently ensure reliable and secure operation of the storage system or its individual integral parts within the quality parameters specified by the legal regulations and also to fulfill the requirements of the storage operator as regards nominations (renominations) for the virtual storage of the storage operator in line with the interconnection agreement as much as possible;
- (c) cooperate with the storage operator’s responsible persons;

- (d) communicate with the storage operator's responsible persons through registered mail, messenger service, email, xml, fax, phone or in person whereas in the case of a meeting in person minutes shall be always drafted;
- (e) take over the information specified in article 3 of these business terms;
- (f) actively cooperate with thirds parties designated by the storage operator (e.g., with an auditor) or authorities which are authorized pursuant to legal regulations to check the provision of dispatching services;
- (g) inform the storage operator about the course and the results of negotiations with third parties or administrative authorities associated with the provision of dispatching services to the storage operator and relating to the matters of the storage operator;
- (h) immediately remove faults in the provision of dispatching services;
- (i) perform all activities under the contract pursuant to the valid generally binding legal regulations and in line with the current version of the issued industry standards and rules such as ČSN, ČSN EN, ČSN EN ISO, TPG, TIN and other similar associated standards;
- (j) submit to the inspection of the storage operator in order to check the quality of the provided dispatching services, provide the necessary collaboration to the storage operator during the inspection and immediately rectify any shortcomings that might be discovered;
- (k) follow the weekly plan with the exception of cases when individual UGS are not able to cope with the planned breakdown of (re)nominations in terms of the capacities or if the planned breakdown is not possible due to the situation in the transmission system especially as a result of an accident;
- (l) if the weekly plan is violated provide a justification to the storage operator on the first business day following the day when asked for the justification by the storage operator; if asked, the transmission system operator shall provide this justification in writing;
- (m) when executing dispatching services ensure that the work associated with the performance of the dispatching services is provided by professionally qualified persons;
- (n) obtain all authorizations required by legal regulations that are necessary for the performance of the dispatching services under the contract;
- (o) immediately inform the storage operator about all important circumstances which could impact the performance of the dispatching services under the contract;
- (p) upon the storage operator's request and in line with his instructions provide all information, documents or other data associated with the performance of the contract in writing especially if they are necessary for communication with the relevant state authorities;
- (q) get acquainted with all information and data provided by the storage operator that the transmission system operator needs to know for the proper performance of dispatching services, in particular the interconnection

agreement and the storage code pursuant to section 60, paragraph 8, letter p) of Act No. 458/2000 Coll., on the conditions of business and state administration in the energy sectors and amending some acts, as amended;

- (r) enable the storage operator's responsible persons to access the premises of the technical dispatching department of the transmission system operator anytime upon the request of the storage operator's responsible person; the transmission system operator shall take measures to provide the storage operator's responsible persons with access only to data and information which is associated with the provision of the dispatching services under the contract;
- (s) discuss the schedule of repairs and shutdowns of UGS announced by the storage operator with the operators of gas systems to which the individual UGS are connected within the deadline specified in the relevant interconnection agreement if these repairs and shutdowns of the UGS impact the operation of these gas systems;
- (t) coordinate the activities associated with gas storage during operational failures, accidents, state of emergency or measures directly preventing their emergence;
- (u) each day by 6:30 a.m. send the actual injected or withdrawn quantity of gas to the storage operator in both volumetric and energy units for the preceding gas day broken down per individual UGS and the virtual storage level;
- (v) in order to ensure the failure-free and secure operation of the gas system in the cases defined by legal regulations properly cooperate and communicate with the dispatching centers of the distribution system operators and deliver the necessary data to them in line with the interconnection agreement or if applicable the emergency plan of the gas system of the Czech Republic, if this concerns a state of emergency or the prevention of such state;
- (w) inform the storage operator about all circumstances including the failures of equipment and measures that could impact the storage or withdrawal of gas or the safety of operation and the progress of their elimination. The information shall contain especially the description of the relevant fact and the place of its emergence, its cause, consequences for the delivery of the daily quantity, expected time of rectification, contingent requirements for the cooperation of the other contracting party (method, time, scope) and the expected time when the next information will be provided;
- (x) without any delays inform the storage operator about the failures of the equipment for the metering of the volume of gas at transfer points if this concerns gas storage;
- (y) should an extraordinary situation or accident emerge on the UGS equipment follow the emergency plan of the transmission system operator and the emergency plan of the storage operator and cooperate with the head of the accident resolution appointed by the storage operator; and
- (z) preclude the access of unauthorized persons to the information, documents and electronic, magnetic or other similar records containing data relating to dispatching services.

4.1.2. The storage operator undertakes to:

- (a) Provide all collaboration to the transmission system operator necessary for the fulfillment of his obligations under the contract including the provision of supporting information for dispatching control of individual UGS in the scope specified in the contract, operative consultations and statements to urgent matters associated with the performance of the contract, drafting of the necessary powers of attorney or authorizations and the ensuring of the necessary transfers of rights, if required;
- (b) Inform the transmission system operator without any delay about all important circumstances which could impact the execution of dispatching services under the contract;
- (c) When signing the contract hand over the emergency plans of individual UGS and the values of the startup rates of individual UGS to the transmission system operator structured according to Appendix No. 3 of the business terms;
- (d) Send a weekly plan to the transmission system operator by email each week delivering the plan for the next week at the latest on Thursday by 4:00 p.m.; the weekly plan form is an integral part of the business terms contained in Appendix No. 2 of these business terms;
- (e) Inform the transmission system operator sufficiently in advance about the schedule of repairs and shutdowns impacting the operation of the gas systems to which the individual UGS are connected;
- (f) Further specify the dates and duration of maintenance work in line with daily nominations.

5. Price

5.1 Price

5.1.1 The price for the provision of Technical Dispatching Services in year 2012 amounts to

CZK 658,000

(in words: six hundred fifty-eight thousand Czech crowns) for each storage system UGS. The total annual cost for an individual UGS operator shall be calculated by multiplying the price per one UGS by the number of UGS in the UGS operator's storage system. Every year, the new price for the given year shall be fixed by adjusting the price for the previous year by inflation according to the procedure described under paragraph 5.1.4.

5.1.2 UGS operator shall pay the price monthly, always 1/12 of the price for the calendar year.

5.1.3 Added to the price shall be value added tax ("VAT") in the amount under the applicable law.

5.1.4 For the purpose of adjusting the price by inflation under paragraph 5.1.1 the inflation increase shall be calculated according to annual average inflation rate announced by the Czech Statistical Office, expressed as an increase of average annual consumer price index for the previous published 12 months as of 1 January of the given year,

i.e. for the period from December of the year preceding the previous year until November of the previous year.

5.2 Payment Terms

- 5.2.1 Pursuant to the VAT act the provision of the services under the contract is treated as recurring taxable delivery executed always as of the last day of the calendar month in which the services are provided based on a contract.
- 5.2.2 The price of the services shall be paid based on tax document/invoice issued by the transmission system operator always by the 15th day of the following month after the calendar month to which the price applies. The storage operator shall pay the price through a bank transfer to the transmission system operator's bank account specified in the contract.
- 5.2.3 Tax document/invoice shall be issued with the maturity period of 21 days from the date of delivery to the storage operator and besides the information required for a tax document/invoice defined by the relevant generally binding legal regulations they shall also contain the number under which the number is registered with the transmission system operator and the bank details of the transmission system operator.
- 5.2.4 The storage operator shall be entitled to return a tax document/invoice before the due date if the tax document/invoice does not contain the defined or contracted information. The storage operator shall mark the reason of the return on the returned tax document/invoice. The transmission system operator shall be obliged to correct the shortcomings of the tax document/invoice or issue a new one depending on the nature of the shortcoming. The returning of the tax document/invoice suspends the maturity period and a new maturity period starts on the date of delivery of a corrected or newly issued tax document/invoice.
- 5.2.5 The pecuniary obligation of the storage operator shall be deemed fulfilled as of the day when the payment is added to the transmission system operator's account, at the latest on the due date specified on the tax document/invoice issued by the transmission system operator.
- 5.2.6 Should the storage operator be in delay with the fulfillment of his pecuniary obligation, he undertakes to pay the default interest to the transmission system operator amounting to PRIBOR 1 month plus 5 percentage points annually on the outstanding amount whereas PRIBOR (Prague Interbank Offered Rate) is the interest rate CZK PRIBOR expressed as a percentage and published at the website www.cnb.cz. In order to calculate the default interest the rate specified in the preceding sentence expressed as a percentage shall be multiplied by the ratio of the actual number of days in delay in the calendar year and the basic length of the year of 360 days (act/360) and the outstanding amount. The default interest shall be due within 21 days of the date of delivery of the written request for the payment of the interest.

6. Common and Concluding Provisions

6.1 Mailing Addresses

- 6.1.1 All written notifications made in connection with the contract shall be sent to the addresses specified in the header of the contracts. Should any of the contracting

parties notify the other contracting party of a change of its mailing address, the notifications shall be sent to the newly announced address of this contracting party.

6.2 Information

6.2.1 Communication between the contracting parties shall take place in the Czech language in written form addressed to the responsible persons.

6.2.2 Communication may take place orally due to operability or the risk of delay; the contracting parties shall confirm the oral communication without any undue delay in writing if they are invented to do so by the other party.

6.3 Confidentiality Obligation

6.3.1 The contracting parties undertake to maintain confidentiality with respect to the subject of the contracts and the negotiations leading to the conclusion of the contract. The contracting parties also undertake to maintain confidentiality with respect to information, documentation and materials (hereinafter referred to only as "**confidential information**") delivered or received in any form or provided and made available by the other contracting party. For the purposes of the business terms confidential information shall also include (a) information of business, technical and financial nature concerning the customers of the transmission system operator and the storage operator and (b) information about the operation and development of the transmission system operator's transmission system and the storage operator's storage system and the access to these systems.

6.3.2 The contracting parties undertake not to communicate or otherwise disclose the confidential information provided to them to third parties.

6.3.3 The transmission system operator as well as the storage operator undertake to oblige all their employees and members of statutory bodies and the supervisory boards which have received confidential information of business, technical and financial nature concerning the customers of the storage operator and the transmission system operator to uphold the confidentiality obligation concerning this confidential information with respect to third parties. Confidentiality concerning this confidential information shall be contracted so as to persist throughout and after the termination of the particular relation with the employees and members of the statutory bodies and the supervisory board of the transmission system operator as well as the storage operator.

6.3.4 The above-mentioned provisions and the obligations arising from these provisions do not apply to confidential information:

- (a) Whose provision or disclosure has been approved in writing in advance by the other contracting party;
- (b) Which the rightful party has labeled explicitly as public;
- (c) Which has become publicly known without the liable party breaching the obligations under the contract; and
- (d) Which the liable party is obliged to disclose pursuant to a legal regulation or a ruling of a court or administrative or other authority.

6.3.5 The obligation to maintain confidentiality with respect to confidential information shall persist throughout the existence of the contractual relation between the parties as well as after its termination until the time when the confidential information becomes publicly known without the liable party breaching its obligations under the contract.

6.3.6 The claims of the contracting parties to compensation for damage caused by the breach of the obligations of this article shall be governed by the relevant provisions of the commercial code, as amended.

6.4 Separability

6.4.1 Should any of the provisions of the business terms or the contract be invalid, ineffective or unenforceable or should it become invalid, ineffective or unenforceable in the future, then only this provision shall be invalid, ineffective or unenforceable unless its nature, content or circumstances under which this provision has been established imply that this provision cannot be separated from the remaining content of the business terms or the contract.

6.4.2 The contracting parties undertake to replace the invalid, ineffective or unenforceable and at the same time separable provision of the contract by a flawless provision that corresponds to the purpose and content of the provision that it replaces without any delays, however, at the latest within 15 calendar days of the day when one of the contracting parties has informed the other contracting party that a provision is flawed providing also the reason. The transmission system operator shall without any delay replace the invalid, ineffective or unenforceable and at the same time separable provision of the business terms by a flawless provision that corresponds to the purpose and content of the provision that it replaces.

6.5 Contract Termination

6.5.1 The contract is concluded for indefinite period.

6.5.2 The UGS Operator may terminate the contract with and without giving a reason always as of the end of the calendar month by delivering a written termination notice to the other contracting party. The notice period is 3 months.

6.5.3 The Transmission System Operator may terminate the contract with and without giving a reason always as of the end of the calendar month by delivering a written termination notice to the other contracting party. The notice period is 6 months.

6.6 Changes in the Business Terms

6.6.1 The transmission system operator shall be obliged to amend the business terms should it be necessary in order to comply with the new arrangements contained in a generally binding regulation.

6.6.2 The transmission system operator shall be entitled to suggest a change in the business terms if it is a change that reflects practical experience in the execution of dispatching control or business customs and in particular those applied in the gas sector or a change in the technology used for dispatching control or a recommendation of any state authority or national or European professional organization.

7. List of Appendices

The following appendices constitute an integral part of these business terms:

Appendix No. 1: Sample list of groups of responsible persons by the type of the executed work of the transmission system operator and the storage operator;

Appendix No. 2: Sample weekly plan;

Appendix No. 3: Structuring of the values of the startup rates of individual UGS

8. ERO Approval and Force

These business terms have been approved by ERO on June 25th, 2012 and enter into force on June 25th, 2012.

Appendix No. 1

Sample list of groups of responsible persons by the type of the executed work of the transmission system operator and storage operator

NET4GAS, s.r.o.				
List of responsible persons and contact data				
[address NET4GAS, s. r. o.]		Hotline – NET4GAS Dispatching Center [phone no.]		
	Phone	Fax		e-mail
[technical dispatching center address]	[phone number]	[fax]		[e-mail]

Head employees authorized to act pursuant to the contract:

Name	Position	Phone	Mobile phone
[name]	[position]	[phone no.]	[mobile phone no.]
[name]	[position]	[phone no.]	[mobile phone no.]

NET4GAS technical dispatching center – persons authorized to communicate within the nomination and allocation process and for common communication within dispatching control:

Name	Position	Phone
[name]	dispatcher	[phone no.]
[name]	dispatcher	[phone no.]

[Storage operator's company]
List of responsible persons and contact data
[name of the storage operator's organizational unit for commercial dispatching activities]
address: [address of the storage operator's organizational unit for commercial dispatching activities]
[head of the storage operator's organizational unit for commercial dispatching activities: name; position; phone no.; e-mail]
[head of the storage operator's organizational unit for commercial dispatching activities: name; position; phone no.; e-mail]

Round-the-clock operation:		[phone no; fax; e-mail]
Shift workers:		
[name] [name]	[position] [position]	[phone no.] [phone no.]

Responsible persons at individual UGS:

UGS	Name	Position	Phone
[UGS name]	[name]	[position]	[phone no.]
[UGS name]			

Appendix No. 2
Sample Weekly Plan

Weekly Plan								
Quantity of natural gas in mil. at 15°C								
Date	PZP identification			PZP identification			Total	
	Daily max. injection	Daily max. withdrawal	Order (note.)	Daily max. injection	Daily max. withdrawal	Order (note.)	Daily max. injection	Daily max. withdrawal
D. M. YYYY								

Appendix No 3
Structuring of the Values of the Startup Rates of Individual UGS

Structuring of the Values of the Startup Rates of Individual UGS				
		UGS identification	UGS identification	UGS identification
Transition from shutdown to withdrawal	To hot reserve	[h]		
	From hot reserve to max. rate	[h]		
Startup of max injection from standby		[h]		
Change in withdrawal rate from 50% to 100%		[h]		
Allocation of another compressor during injection		[h]		
Minimum withdrawal rate		[m ³ /h and m ³ /day]		
Maximum injection rate		[m ³ /h and m ³ /day]		