

TRANSMISSION NETWORK CODE

OF THE POLISH SECTION OF THE TRANSIT GAS

PIPELINE SYSTEM JAMAL – EUROPE

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PART I

GENERAL CONDITIONS FOR THE USE OF THE TRANSIT GAS PIPELINE SYSTEM (SGT)

1. DEFINITIONS AND UNITS

1.1. Definitions

Allocation	The allotment of a certain quantity or volume of gaseous fuel delivered for transmission at an entry point or off-taken from an exit point, to individual Shippers.
Physical balancing	The activities of the Transit Pipeline System Operator (OSGT), which are aimed at balancing the quantity of gaseous fuel delivered to and off-taken from the SGT through the ongoing control of the operation of the SGT.
Commercial balancing	The activities of the OSGT involving the definition and settlement of Shippers' imbalance.
System balancing	A business activity carried out by the OSGT as part of the provided transmission services, which consists in the balancing of the demand for gaseous fuel with the supplies of the same, including physical balancing and commercial balancing.
Reference Gas Price (CRG)	The weighted average purchase price of gaseous fuel by the TSO, published on the TSO's website and determined in accordance with the methodology specified in the TNC.
Gross calorific value (H_{SN})	The amount of heat that is released as a result of complete combustion of 1m^3 of gaseous fuel in air under normal conditions (at a pressure of 0.101325 MPa and temperature of 0°C) when the reaction takes place under a constant absolute pressure of 101.325 kPa, where all products of combustion, except for water, are in the liquid state, and the temperature of combustion products is the same as the temperature of substrates prior to combustion and amounts to 25°C .
Pressure	The pressure of gaseous fuel measured within the SGT under static conditions as an overpressure, which is the difference between the absolute static pressure of the gaseous fuel and atmospheric pressure.
Absolute pressure	The pressure of gaseous fuel measured within the SGT under static conditions as an absolute pressure.
Business days	The days from Monday to Friday, except statutory holidays.
Gas day	A period from 6:00 on a given day to 6:00 on the following day.
Available transmission capacity / Available transmission ability	A portion of the technical capacity (ability) of the SGT that has been offered to the OSGT by the SGT Owner and is not reserved in connection with transmission contracts and the capacity or transmission ability allocation (PP/PZ) executed by the OSGT with Shippers.
Physical Entry Point	The place of the delivery of gaseous fuel with specified physical location.

Physical exit point	The place of the off-take of gaseous fuel with specified physical location.
SGT Network Code/ Network Code	A Transmission Network Code, within the meaning of Art. 9g sec. 1 of the Energy Law, which is applicable to the SGT.
Transmission Network Code (TNC)	The Transmission Network Code applied by the Transmission System Operator for the KSP.
KSP	A high-pressure gas network owned by the OSGT.
Gas Month	A period from 6:00 of the first day of a given month to 6:00 of the first day of the following month.
Imbalance	The difference between the quantity of gaseous fuel that has been delivered by the Shipper for transmission at an entry point and off-taken by the Shipper from the SGT at an exit point, as established in accordance with the principles of allocation set forth in the Network Code.
Nomination	A Shipper's declaration submitted to the OSGT regarding the quantity of gaseous fuel to be delivered by the Shipper at a specified time at an entry point to the SGT and off-taken by the Shipper from the SGT at an exit point.
Contractual congestion	Restrictions on the capability to transport gaseous fuel arising from a contracted) capacity booking by Shippers in excess of the actually used capacity.
Technical congestion	Restrictions on the ability to transmit gaseous fuel arising from congestion in the technical facilities, installations or networks.
Billing Point Operator (OPR)	An entity performing measurement and billing tasks at the entry points to or exit points from the SGT.
Transit Pipeline System Operator (OSGT)	Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A. – the energy company engaged in the transportation of gaseous fuel and responsible for the network operation within the SGT.
Interoperating System Operator (ISO)	The operator of a system interoperating with the SGT.
Gaseous fuel	High-methane natural gas transported through the SGT.
Linepack	The gaseous fuel that is kept under pressure in the SGT.
Transmission	The transport of gaseous fuel through the SGT between an entry point and an exit point.
Capacity (contracted capacity)	The maximum hourly quantity of gaseous fuel, expressed in volume units (m ³), as specified in the capacity and transmission ability allocation (PP/PZ), which may be delivered for transmission

	at an entry point to the SGT, or off-taken from the SGT at an exit point.
Technical capacity	The maximum firm capacity offered by the SGT Owner to the OSGT which may be made available by the OSGT to Shippers, taking into consideration the integrity and operational requirements of interoperating systems.
Capacity and transmission ability allocation (PP/PZ)	A part of the transmission contract that specifies the capacity (contracted capacity) and transmission ability the Shipper is eligible to at a specified entry point or exit point.
Entry point (PWE)	The place where gaseous fuel is delivered to the SGT.
Exit point (PWY)	The place where gaseous fuel is off-taken from the SGT.
Point of Interconnection (PWP)	A point that comprises all the physical points located at the interconnection of the KSP with the SGT.
Billing report	A document prepared by the OSGT containing a set of information concerning the transmission services provided to the Shipper in the respective settlement period (gas month).
Re-nomination	A Shipper's declaration on the revision of a nomination.
Gas year	A period of time from 6:00 on 1 October of the previous year to 6:00 on 1 October of a given year.
Force majeure	An extraordinary external event that is beyond the control of a party and permanently or temporarily prevents the performance of a contract, and the occurrence or consequences of which could not have been foreseen at the time of executing the contract, nor avoided or overcome, by such party despite exercising due care.
SGT	The transmission system known as the Transit Gas Pipeline System (System Gazociągów Tranzytowych) located on the territory of the Republic of Poland, which is owned by SGT EuRoPol Gaz S.A.
Interoperating system	Another transmission system which interoperates with the SGT.
Emergency situation	A situation resulting in the loss of technical operability of the SGT, or any of its interconnected networks, installations or facilities, or a direct threat to human life, health, property, the environment, or a sudden need to take measures in order to prevent or avoid the emergence of such threats or to eliminate the consequences caused by their emergence, and resulting in a restriction in the supply, transmission or off-take of gaseous fuel.
SGT tariff	A set of prices and charges and the underlying conditions applicable to the settlements with Shippers for the SGT.
Transmission contract	A contract for provision of gas transmission service through the SGT executed between the OSGT and a Shipper.
Reverse-flow transmission service	A reverse-flow transmission service on firm basis or virtual reverse-flow transmission service on interruptible basis provided by the OSGT at the points indicated on the OSGT's website.

System User	An entity that delivers gaseous fuel to the SGT or is supplied with gaseous fuel from the SGT.
SGT User	An entity that has executed a contract for provision of gas transmission service with the SGT Owner before the day of the designation of Gas Transmission Operator GAZ-SYSTEM S.A. as the OSGT.
Energy Law	The Energy Law of 10 April 1997 - consolidated text (Journal of Laws of 2012, item 1059, as amended).
Net calorific value	The amount of heat that is released as a result of the complete combustion of 1 m ³ of gaseous fuel (under the temperature of 20°C) when the combustion process takes place under a constant absolute pressure of 101.325 kPa, all products of combustion, including water, are in a vaporous state and the temperature of combustion products is the same and the temperature of substrates before the combustion and amounts to 20°C.
Normal conditions	The reference conditions for billing purposes, absolute pressure of 101.325 kPa and temperature of 273.15 K.
GOST standard conditions	The reference conditions: absolute pressure of 101.325 kPa and temperature of 293.15 K.
SGT Owner	Transit Gas Pipeline System EuRoPol Gaz S.A.
Congestion management	The activity carried out by the OSGT as part of the provided transmission services in order to ensure a safe operation of the SGT and to maintain the required technical parameters of gaseous fuels in the event the occurrence of technical or contractual congestion.
Transmission ability	The maximum hourly quantity of gaseous fuel specified in the capacity and transmission ability allocation (PP/PZ) and expressed in energy units (kWh/h), which may be delivered for transmission at an entry point and off-taken at an exit point.
Shipper (ZUP)	A natural or legal person, as well as an entity not having legal personality, but having legal capacity, which has entered into a transmission contract with the OSGT.

1.2. Applicable units.

1.2.1. The units of measure used in this Network Code are:

m ³	cubic metre (under GOST standard conditions, unless expressly indicated otherwise)
°C	degree Celsius
h	hour

K	Kelvin
km	kilometre
kWh	kilowatt-hour
MJ	megajoule
mg	miligramme
µg	microgramme
MPa	megapascal
kPa	kilopascal

1.2.2. Any reference to a “quantity of gaseous fuel” in this Network Code means a reference to such “quantity of gaseous fuel expressed in the units of energy (kWh)”, unless specifically indicated otherwise. The “volume of gaseous fuel” is expressed in cubic metres (m³).

1.3. List of acronyms:

B _{NSJW}	Discount for the exceeding the given quality parameter at the exit point from the SGT
B _{NSTW}	Discount for an off-spec water dew point parameter
GRP	Reference Gas Price
I _{GI}	Quantity of gaseous fuel with off-spec quality parameter
IRR	Internal rate of return of an investment
MOD	Absolute value
NPV	Net present value
O _{NSJW}	Charge for an off-spec quality parameter
O _{NSTW}	Charge for an off-spec water dew point parameter
OPR	Billing Point Operator
OSGT	Transit Gas Pipeline System Operator
TSO	Transmission System Operator
ISO	Interoperating System Operator
OZO	Fee for contractual congestion management
PP	Capacity allocation
PZ	Transmission ability allocation
PWE	Entry Point
PWP	Point of Interconnection
PWY	Exit Point
Q _{max}	The maximum actual flow rate expressed in the units of volume per hour
S _{os}	The rate of the fee for congestion management
IES	Information Exchange System
ERO	Energy Regulatory Office
WACC	Weighted average cost of capital
X _{SJNmax}	The highest acceptable value of a given quality parameter as set out in point 13.6.5
X _{SJW}	The actual daily average value of a given quality parameter of the gaseous fuel delivered at an entry point or off-taken at an exit point
X _{STNmax}	The highest acceptable value of the water dew point [°C]
X _{STW}	The actual daily average value of the water dew point [°C] of the gaseous fuel delivered at a physical entry point or off-taken at a physical exit point
ZUP	Shipper

1.4. Legal basis for the application of the SGT Network Code.

1.4.1. The SGT Network Code has been drafted by the OSGT pursuant to the requirements of Article 9g of the Energy Law and sets out detailed conditions for the use of the SGT by Shippers and the conditions and methods of carrying out the operation and maintenance of the SGT and its development planning .

1.4.2. The SGT TNC takes into consideration the requirements specified in the provisions of the Energy Law, Regulation of the Minister of Economy on detailed conditions of gas system operations (Journal of Laws of 2010, No. 133, item 891, as amended), Regulation of the Minister of Economy on detailed principles of tariff design and calculation, and settlements in the trade in gaseous fuels (Journal of Laws of 2013, item 820), as well as the Directive of the European Parliament and Council 2009/73/EC of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC, and the Regulation of the European Parliament and Council (EC) No. 715/2009 of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) 1775/2005.

2. GENERAL PROVISIONS

2.1. Introduction.

2.1.1. The SGT Network Code (the Network Code) regulates the principles of the provision of transmission services in the SGT by Gas Transmission Operator GAZ-SYSTEM S.A. designated as the Operator of the Transit Pipeline System (OSGT) by the President of the Energy Regulatory Office (ERO).

2.1.2. The SGT Owner and the OSGT entered into an agreement concerning the delegation of the operator's responsibilities in respect of the Polish section of the Yamal-Europe Transit Gas Pipeline System (the "Operatorship Agreement").

2.1.3. The Network Code shall be binding upon the OSGT and Shippers. The Network Code shall be also binding upon the SGT Owner (to the extent that the relevant provision of the Network Code refers thereto) and shall not be in conflict with the operatorship agreement with the OSGT entered into by the SGT Owner.

2.1.4. The OSGT shall provide gas transmission services to Shippers under a transmission contract and subject to the terms and conditions set forth in the Network Code, within the limits of the technical capacity offered to the OSGT by the SGT Owner.

2.1.5. The SGT Network Code comprises the following:

2.1.5.1. Part I – General conditions for the use of the SGT, the operation and planning the development of the network;

2.1.5.2. Part II – Balancing and congestion management in the SGT.

2.1.6. The Network Code is posted on the website of OSGT www.gaz-system.pl and is delivered to the parties upon the execution of the transmission contract and made available to any entities that are applying for a connection to the SGT.

2.2. The OSGT, applying objective and transparent principles which ensure an equal treatment of system users according to the Article 9c of Energy Law, and taking into account the environmental considerations, shall ensure, among others:

2.2.1. control of gas flows,

2.2.2. safety of the operation of the SGT and the control of the gas flow by the OSGT with due regard to the rights of the SGT Owner, by the means of, among other things, the management, supervision and control of the maintenance activities, repairs and operations of the SGT,

2.2.3. dispatcher cooperation with the services of operators of other sections of the Yamal – Europe gas pipeline,

2.2.4. balancing and congestion management of the SGT,

2.2.5. delivery of information for System Users and operators of other transmission systems concerning the terms and conditions of transmission services;

- 2.2.6. the cooperation with other operators of gas systems with the participation of the SGT Owner.
- 2.3. In case of the lack of the possibility of ensuring the supply of gaseous fuel under an open procedure, for the purposes of satisfying the process requirements of the SGT which arise from the performance of transmission services and physical balancing, the Shipper, on request of the OSGT, shall execute a contract for sale of gaseous fuel to a party indicated by the OSGT. The sale shall take place on the conditions specified in the contract and may concern a quantity not exceeding 3% of the quantity of gaseous fuel that was delivered for transmission at the entry point.
- 2.4. The Shipper shall use the gas transmission service subject to the principles set out in the Energy Law, the Network Code and the transmission contract. The Shipper shall be obliged to pay to the OSGT fees and charges that are set forth in the SGT Tariff and in Part II of the Network Code.
- 2.5. The Shipper shall be obliged to observe the provisions of the Network Code, in particular, shall:
- 2.5.1. deliver gaseous fuel for transmission and off-take from the SGT in quantities specified in the approved nominations for the entry and exit points in accordance with the provisions of point 10,
- 2.5.2. ensure that the gaseous fuel delivered for transmission at the entry point to the SGT conforms to the quality requirements set out in point 3.4 and the pressure levels set out in point 3.4.23.4.1.1,
- 2.5.3. refrain from exceeding the capacity and transmission ability specified in the capacity and transmission ability allocation (PP/PZ),
- 2.5.4. make payments in accordance with the provisions of the transmission contract,
- 2.5.5. take account of the restrictions specified in SGT Network Code in the submitted nominations,
- 2.5.6. immediately notify the OSGT of any change in the formal/legal and commercial conditions that constitute the basis for the conclusion of the transmission contract, as specified in point 7,
- 2.5.7. ensure the possibility of 24-hour contact with the Shipper in the event of the occurrence of any unexpected events that may affect the provision of the transmission service,
- 2.5.8. immediately obey the instructions of the OSGT's dispatcher services and assure fulfilment of such instructions by the entities delivering gaseous fuel to or taking it from the SGT for the Shipper.
- 2.6. Complementary documents.
- 2.6.1. SGT diagram.
- 2.6.2. Application forms for the definition of the conditions for connection to the SGT.
- 2.6.3. Application form for the provision of transmission service.

- 2.6.4. Specimen transmission contract.
- 2.6.5. Application form for the capacity transmission ability allocation (PP/PZ).
- 2.6.6. Specimen billing report.
- 2.6.7. SGT tariff.
- 2.6.8. The complementary documents are posted on the OSGT's website at www.gaz-system.pl.
- 2.7. Application of the Network Code.
- 2.7.1. The amended or new provisions of the Network Code shall be binding upon, among others, the OSGT, Shippers and the SGT Owner, upon their approval by the President of ERO and the promulgation in the ERO Bulletin as of the date specified in the relevant decision of the President of ERO.
- 2.7.2. The consolidated text of the Network Code containing all the introduced changes and any subsequent changes to the Network Code shall be posted on the OSGT's website www.gaz-system.pl and made available for review at the OSGT's registered office.
- 2.7.3. The SGT Owner shall forward the consolidated text of the Network Code containing all the changes introduced thereto to the entities that are the parties to an agreement for connection to the SGT.
- 2.7.4. In the event of refusal to accept changes to the SGT Network Code or a new SGT Network Code, the Shipper shall have the right to terminate the transmission contract subject to 10 days' notice effective on the day preceding the entry of the changes to the SGT Network Code, or the new SGT Network Code, into force. In case when the date of the entry into force of the changes to the SGT Network Code, or the new SGT Network Code, falls sooner than within fourteen (14) days from the date of the decision of the President of ERO approving such changes or new SGT Network Code, the Shipper shall have the right to terminate the contract without a prior notice and such termination shall be effective on the day preceding the entry of the changes, or the new SGT Network Code, into force. In case when the change to the Network Code or a new Network Code enters into force on the date of its publication in the ERO Bulletin, the Shipper shall have the right to terminate the contract subject to fourteen (14) days' notice. In such case, during the notice period, the Shipper shall apply such amended Network Code, or the new Network Code.

3. DETAILED TECHNICAL CONDITIONS. CONDITIONS AND METHODS OF MANAGEMENT OF THE OPERATION AND MAINTENANCE OF THE SGT

3.1. The characteristic of the SGT.

3.1.1. The SGT comprises the following:

3.1.1.1. DN 1400 pr 8,4 MPa pipeline with a length of approximately 684 km, i.e. from the Polish-Belorussian border in the vicinity of the village of Kondratki to the German-Polish border on the Odra river;

3.1.1.2. transit gas compressor stations in Kondratki, Zambrów, Ciechanów, Włocławek and Szamotuły;

3.1.1.3. Kondratki metering station at the Polish-Belorussian border;

3.1.1.4. System Regulating-and-Measuring Station (SSRP) in Włocławek;

3.1.1.5. interconnection fittings for the Lwówek Station.

3.1.2. On the territory of the Republic of Poland, the SGT interoperates with gas pipelines owned by the Transmission System Operator – GAZ-SYSTEM S.A., i.e. the KSP.

3.2. List of system points.

3.2.1. The SGT diagram and the list of entry points and exit points are posted on OSGT's website www.gaz-system.pl.

3.2.2. The following points shall be defined within the SGT:

3.2.2.1. physical entry points and physical exit points,

3.2.2.2. entry and exit points, including:

3.2.2.2.1 the Point of Interconnection (PWP),

3.2.2.2.2 the SGT Exit Point – a point operated for own needs of the SGT,

3.2.2.2.3 points for which reverse-flow capacity (contracted capacity) and transmission ability is allocated.

3.2.3. The capacity made available to Shippers at the Point of Interconnection (PWP) corresponds to the aggregate the available transmission capacity at all the physical exit points at the interconnection between the SGT and the KSP, taking into account the technical capabilities for the off-take of gaseous fuel in the KSP.

3.3. Transfer of risk.

3.3.1. The transfer of risk related to the transmission of gaseous fuel for the benefit of the Shipper onto the OSGT shall take place at the point of the delivery of such gaseous fuel to the SGT at the border of the Republic of Poland.

3.3.2. The transfer of the risk related to the transported gaseous fuel onto the Shipper shall take place, as appropriate, at the border of the Republic of Poland upstream of the Mallnow station, or at physical exit points located on the territory of the Republic of Poland.

3.4. Quality parameters of gaseous fuel.

3.4.1. Quality parameters.

3.4.1.1. Gaseous fuel transported through the SGT shall conform to the following requirements:

Quality parameter	Unit of measure	Value
Gross calorific value*	MJ/m ³	39.895 ± 0.4187
	kWh/m ³	11.082 ± 0.1163
Net calorific value**	MJ/m ³	33.4944 ± 0.4187
	kWh/m ³	9.3040 ± 0.1163
Methane	% mol	≥ 92.00
Ethane	% mol	≤ 4.00
Propane, butane and heavier hydrocarbons	% mol	≤ 2.00
Nitrogen	% mol	≤ 2.00
Carbon dioxide	% mol	≤ 1.00
Oxygen		traces
Mercaptan sulphur	mg/m ³	≤ 5.6
Hydrogen sulphide	mg/m ³	≤ 2.0
Total sulphur	mg/m ³	≤ 20.0
Water dew point at the pressure of 3.92 MPa	°C	≤ -8
Hydrocarbon dew point under working pressure	°C	≤ 0
Hydrocarbon dew point under a pressure of 2.7 MPa	°C	≤ 0
Absolute pressure at a physical entry point	MPa	≥ 6.1
Absolute pressure at a physical exit point	MPa	≥ 6.1

* - value for normal conditions

** - value for GOST standard conditions

3.4.2. Gas pressure.

3.4.2.1. The pressure ranges applicable at individual physical entry points and physical exit points shall be published by the OSGT on its website.

- 3.4.2.2. In the event when the Shipper fails to maintain the required pressure of gaseous fuel at a physical entry point, the OSGT shall have the right to refuse to accept the delivery of such gaseous fuel to the SGT.
- 3.5. Measurements of pressure, quantity, volume and quality parameters of gaseous fuel in the SGT.
- 3.5.1. The measurements of the quality, volume and quantity of gaseous fuel shall be taken at physical entry points and physical exit points to/from the SGT.
- 3.5.2. The measurements of the volume of gaseous fuel shall be taken with the use of constriction and ultrasonic flow-meters, provided that the measurement taken with an ultrasonic flow-meter shall be the primary measuring system used for the determination of the volume of gaseous fuel. The readings of constriction flow-meters shall be used for comparison with the readings of the primary measuring system. In the event of the lack of a measurement taken by an ultrasonic flow-meter, a measurement taken by turbine gas meters shall be acceptable.
- 3.5.3. The measurement paths(pipelines) at the points indicated in point 3.5.1 shall be numbered and the measurement shall be taken at a single of multiple paths, depending on the quantity of gaseous fuel delivered to the SGT.
- 3.5.4. The characteristics and types of measurement instruments used at the physical points listed in point 3.5.1 shall be analogous.
- 3.5.5. The measurement of the quality gaseous fuel shall be performed by the means of a processing chromatograph at least four (4) times per hour. This being the case, prior to the analysis of the gaseous fuel delivered for measurement purposes, an analysis of gaseous fuel with established chemical composition (calibration gas) similar to the delivered gaseous fuel shall be performed.
- 3.5.6. The quantity of gaseous fuel expressed in the units of energy (kWh) shall be determined on the basis of the measurements of the volume under normal conditions and gross calorific value of such gaseous fuel, taken in the manner described in point 3.5. The amount of energy (kWh) in a given period shall be calculated based on meter readings. The energy flow calculations shall be performed according to the following formula:

$$E = V_n \cdot H_g$$

where:

- E - quantity of gaseous fuel in the units of energy [kWh]
- V_n - volume of gaseous fuel under normal conditions [m³]
- H_g - gross calorific value [kWh/m³]

After transformation this formula takes the following form:

$$E = V_m \cdot \left[\frac{P_1 \cdot T_n}{P_n \cdot T_1} \cdot \frac{1}{K} \right] \cdot \left[\frac{\sum_{j=1}^n x_j \cdot H_{s_j}}{z_{mix}} \right] \quad (2)$$

where:

- V_m - volume of gaseous fuel under normal conditions [m³]
- P_1 - absolute pressure of gaseous fuel [MPa]
- P_n - normal pressure [MPa]
- T_1 - temperature of gaseous fuel [K]
- T_n - normal temperature [K]
- K - relative compression factor
- H_{s_j} - gross calorific value of j-th component [kWh/m³]
- x_j - molar fraction of j-th component
- z_{mix} - compression factor

3.5.7. The determination of the quantity of hydrogen sulphide, mercaptan sulphur and total sulphur content in the gaseous fuel delivered to the SGT shall be made by the means of an automatic analyser capable of recording the analysis results. The frequency of the analysis shall not be less than once (1) in two (2) hours. However, in case of measurement results close to the acceptable limits for sulphur compounds, the analysis shall be performed at least once (1) in an hour.

3.5.8. The gross calorific value and net calorific value of gaseous fuel shall be determined by the calculation method on the basis of the composition recorded by the chromatograph, in accordance with ISO 6976-95.

3.5.9. The determination of the quality parameters referred to in point 3.4.1.1 shall be made for each physical entry and exit point, and for the Point of Interconnection (PWP), the quality parameters shall be established as an average value weighted by the total volume of gaseous fuel measured at the physical points comprised in the Point of Interconnection (PWP). The average values referred to above shall be established as daily values.

3.5.10. The water dew point and of the hydrocarbons dew point shall be measured on a continuous basis using automatic analysers capable of recording the measurement results.

- 3.5.11. The density of gaseous fuel shall be calculated on the basis of its chemical composition, in accordance with the results of the chromatograph-made analysis.
- 3.5.12. The quality parameters of gaseous fuel, which are determined from time to time, shall be deemed to be true and correct until the subsequent measurement is taken. In the event of the deviation of quality parameters from the acceptable range, the deviation shall be deemed to have occurred starting from the day on which the performed measurement revealed the inconsistency with the parameters specified in point 3.4.
- 3.5.13. Quality parameters of gaseous fuel, which are established by the means of by measurement instruments operating in a continuous mode, shall be deemed as true and correct, unless the erroneous measurement or a lack of measurement has been discovered. In the event of the erroneous measurement or a lack of measurement, the average value established on the basis of the measurements taken during the past six (6) hours of correct measurement shall be deemed to be true and correct.
- 3.5.14. The results of daily measurements of the quantity of gaseous fuel that are recorded by the principal measurement system and the control measurement system shall be deemed consistent when the difference between the respective results does not exceed:
- 3.5.14.1. in case of the operation of a single measurement path $\pm 0.7\%$ of the measured value;
- 3.5.14.2. in case of the operation of two or more measurement paths $\pm 0.5\%$ of the measured value.
- 3.5.15. If the difference between the results of measurement of the quantity of gaseous fuel recorded by the primary measuring system and by the control measuring system during a day does not exceed the scope, indicated in point 3.5.14, the quantity of gaseous fuel recorded by the primary measuring system shall be assumed as the basis for billing purposes.
- 3.5.16. If the difference between the results of measurement of the quantities of gaseous fuel recorded by the primary measuring system and by the control measuring system during a day exceeds the range, specified in point 3.5.14, the quantity of gaseous fuel recorded by the properly operating measuring system, whose true and correct measurement has been verified, shall be taken as the basis for billing purposes.
- 3.5.17. The acceptable error of measurement instruments, computing equipment and devices shall correspond to the accuracy class of devices that is guaranteed by the manufacturer, and specifically:
- 3.5.17.1. for measurement instruments (electronic system):

pressure differential converters with the range from 62 mbar to 620 mbar	$\pm 0.1\%$ of the measurement range
pressure differential converters with the range from 6.2 mbar to 62 mbar	$\pm 0.15\%$ of the measurement range (excluding static pressure) $\pm 0.25\%$ of the measurement range (under a static pressure of

	6.1 MPa)
pressure converter	+/- 0.1 % of the measurement range
temperature transducer	+/- 0.1 °C absolute
temperature measurement sensor	+/- 0.1 °C absolute
converter error rate	+/- 0.01 %
ultrasonic gas meter	+/- 0.2% of the value measured within the range from 0.2 Q _{max} to Q _{max}
turbine gas meter	+/- 0.5% of the measured value
Chromatograph	
Methane	+/- 0.1%
Other components	
0.01 – 1.00 %	+/- 0.01 %
1.01 – 5.00%	+/- 0.03%
5.01 – 25.00%	+/- 0.05%
gross calorific value	+/- 0.2%
Instrument for the measurement of:	
water dew point	+/- 1 °C
hydrocarbon dew point	+/- 2 °C
Instrument for the measure of the sulphur compounds content:	
hydrogen sulphide	+/- 3%
total sulphur and mercaptan sulphur	+/- 5%

3.5.17.2. operating range of the instruments:

pressure drop	30% - 95 % of the range
ultrasonic gas meter	10% - 95 % of the range
Pressure	30% - 90% of the range
Temperature	30% - 90% of the range

3.5.18. In case when any deviations are discovered during an inspection, checking or calibration of a measurement instrument, and such deviations exceed the acceptable levels, the party in charge of the operation of such instrument shall remove technical irregularities of measurement instruments and shall readjust such instruments. If the

removal of technical irregularities of measurement instruments and devices is impossible, such instruments and devices shall be replaced with new ones.

- 3.6. Technical requirements for facilities, installations and networks together with the necessary supporting infrastructure.
- 3.6.1. Measurement instruments, measuring stations – conform to the requirements specified in:
- 3.6.1.1. ISO5167-1/2:2003 - Measurement of fluid flow by means of pressure differential devices inserted in circular cross-section conduits running full;
- 3.6.1.2. AGA9 - Measurement of gas by multipath ultrasonic meters,
- 3.6.1.3. ISO/FDIS 17089. – Measurement of fluid flow in closed conduits — Ultrasonic meters for gas — Part 1: Meters for custody transfer and allocation measurement,
- 3.6.1.4. SGERG 88 (ISO 12213-3). – Calculation of compression factor,
- 3.6.1.5. ISO 6976 - Natural gas -- Calculation of calorific values, density, relative density and Wobbe index from composition,
- 3.6.1.6. ISO – 10715-97- Natural gas – Sampling guidelines,
- 3.6.1.7. ZN-G-4007:2001 – Electronic devices;
- 3.6.1.8. ZN-G-4005:2001 – Turbine gas meters.
- 3.6.2. The gas pipelines shall conform to the requirements specified in:
- 3.6.2.1. DIN 2470-2 – Steel Gas Pipelines For Permissible Working Pressures Exceeding 16 Bar – Requirements For Pipeline Components;
- 3.6.2.2. DIN 3230-5 – Technical delivery conditions for shut-off devices – shut-off devices for gas installations and for gas pipelines – requirements and tests,
- 3.6.2.3. pr EN 10208-2 – Steel pipes for pipelines for combustible fluids. Technical delivery conditions. Pipes of requirement class B,
- 3.6.2.4. ISO/DIS 3183-2011 Petroleum and natural gas industries. Steel pipe for pipeline transportation systems (eqv pr EN 10208-2) – Part 2: Pipes of quality level B,
- 3.6.2.5. PN-90/M-34502 – Gas pipelines and gas installations. Strength calculations,
- 3.6.2.6. DIN 30677.2 - External corrosion protection of buried valves. Heavy - duty thermoset plastic coatings.,
- 3.6.2.7. EN 288-2 – Specification and qualification of welding procedures for metallic materials. Part 3: Welding procedure test for arc welding of steel,
- 3.6.2.8. EN 288-2 – Specification and qualification of welding procedures for metallic materials. Part 2: Welding procedure specification for arc welding,
- 3.6.2.9. EN 288 - 10 Specification and qualification of welding procedures for metallic materials. Part 10: Approval of welding procedures for site welding of pipelines;

3.6.2.10. Certificates issued by Bureau Veritas Poland for the linear part of gas pipeline:

- 3.6.2.10.1 Safety Certificate E&P – 4950369 – BA/SC 003,
- 3.6.2.10.2 Safety Certificate E&P – 4950369 – BA/SC 001,
- 3.6.2.10.3 Safety Certificate E&P – 4950369 – BA/SC 002,
- 3.6.2.10.4 Safety Certificate 4950369 – BA/02,
- 3.6.2.10.5 Certificate of Conformity IDD-4950369– BA/01,
- 3.6.2.10.6 Certificate of Conformity E&P – 4950369 – BA/02,
- 3.6.2.10.7 Certificate of Conformity E&P – 4950369 – BA/03,
- 3.6.2.10.8 Certificate of Conformity E&P – 4950369 – BA/11,
- 3.6.2.10.9 Certificate of Conformity E&P – 4950369 – BA/04,
- 3.6.2.10.10 Certificate of Conformity E&P – 4950369 – BA/12,
- 3.6.2.10.11 Certificate of Conformity E&P – 4950369 – BA/05,
- 3.6.2.10.12 Certificate of Conformity E&P – 4950369 – BA/13,
- 3.6.2.10.13 Certificate of Conformity E&P – 4950369 – BA/06,
- 3.6.2.10.14 Certificate of Conformity E&P – 4950369 – BA/10,
- 3.6.2.10.15 Certificate of Conformity E&P – 4950369 – BA/09,
- 3.6.2.10.16 Certificate of Conformity E&P – 4950369 – BA/08,
- 3.6.2.10.17 Certificate of Conformity E&P – 4950369 – BA/07,
- 3.6.2.10.18 Certificate of Conformity E&P – 4950369 – BA/15.

3.6.3. The gas compressor stations shall conform to the requirements specified in:

3.6.3.1. The Building Law Act of 7 July 1994,

3.6.3.2. ASME B31.8-1992. Gas Transmission and Distribution Piping Systems,

3.6.3.3. PN-90/M-34502. Gas pipelines and gas installations. Strength calculations,

3.6.3.4. PN-92/M-34503. Gas pipelines and gas installations. Gas pipeline tests,

3.6.3.5. PN-93/E-05009 Electrical installations.

3.6.3.6. Certificates issued by the Polish Register of Shipping for gas compressor stations:

3.6.3.6.1 Certificate of Conformity No. PP/5/891100/2001,

3.6.3.6.2 Certificate of Conformity No. DP/16/891300/2007,

- 3.6.3.6.3 Certificate of Conformity No. DP/11/891400/2005,
- 3.6.3.6.4 Certificate of Conformity No. PP/8/891200/2003,
- 3.6.3.6.5 Certificate of Conformity No. DP/12/891500/2005,
- 3.6.3.6.6 Safety Certificate No. PC-04/2001,
- 3.6.3.6.7 Safety Certificate No. DC-13/2007,
- 3.6.3.6.8 Safety Certificate No. DC-15/2007,
- 3.6.3.6.9 Safety Certificate No. PC-05/2003,
- 3.6.3.6.10 Safety Certificate No. PC-08/2006.

3.6.4. Legal regulations that provide for absolute obligation to apply other standards than the technical standards referenced in this Network Code shall prevail over the above technical standards.

4. CRITERIA OF SECURITY OF SGT OPERATIONS

- 4.1. The safety of the SGT operation shall rely on the following safety criteria:
- 4.1.1. ensuring sufficient capacity of the SGT enabling the performance of transmission contracts concluded by the SGT Owner before the day of the designation of Gas Transmission Operator GAZ-SYSTEM S.A. as the OSGT, as well as the transmission contracts concluded by Shippers;
 - 4.1.2. the maintenance of gas pressure, determined in point 3.4.1.1, in individual physical points;
 - 4.1.3. maintaining the quality parameters of gaseous fuel in the SGT in accordance with the Network Code.
- 4.2. In order to ensure the achievement of the safety criteria of the SGT operation, the OSGT shall take the following measures:
- 4.2.1. manage the operation of the SGT, by the means of, among other things, the nomination acceptance and approval procedures specified in this Network Code;
 - 4.2.2. check the quality parameters of gaseous fuel in the SGT;
 - 4.2.3. ensure that appropriate resources are continuously on duty in order to provide immediate response in the event of the occurrence of any emergency situation.

5. COOPERATION BETWEEN GAS SYSTEM OPERATORS

- 5.1. The OSGT shall cooperate with other operators of gas transmission systems or energy companies in order to ensure a reliable and effective operation of the SGT and other gas systems and to coordinate their development.
- 5.2. The detailed conditions and methods of cooperation with interoperating systems operators shall be specified in separate agreements made by and between operators, with the participation of the SGT Owner.
- 5.3. The interoperator agreements shall specify, in particular, the following:
 - 5.3.1. the principles of transfer of information about nominations and re-nominations;
 - 5.3.2. the principles of transfer of measurement results and the allocation of gaseous fuel;
 - 5.3.3. the procedures applicable in the event of the occurrence of an emergency or any other event that presents a risk affecting the operation of the of interoperating gas systems;
 - 5.3.4. the procedures applicable in the event of restrictions imposed on the transmission of gaseous fuel.
- 5.4. The OSGT shall have the right to pass on information concerning nominations and re-nominations submitted by Shippers for the points of interconnection between the SGT and the respective interoperating system to the operators of such interoperating systems and to the SGT Owner.
- 5.5. The OSGT shall have the right to pass on information concerning the results of measurements and allocations for the points of interconnection between the SGT and the respective interoperating system to the operators of such interoperating systems and to the SGT Owner.
- 5.6. The OSGT shall provide the information referred to in point 5.4 and point 5.5 to the SGT Owner to the extent required by the SGT Owner for settlement purposes.
- 5.7. For the purposes of determining the available hourly capacity and transmission ability, the amount of capacity and technical ability made available by the SGT Owner for a given day shall be divided by twenty four (24), taking into account the time change, if any (23 or 25, as applicable).

6. DEVELOPMENT OF THE SGT

6.1. Development planning.

6.1.1. The development of the SGT in view of the of current and future demand for gaseous fuel shall be based on the criteria defined in the documents on the national energy policy and the recommendations of the competent authorities of the European Union, taking into account the technical conditions of the SGT as an element of the trans-European energy network, which falls within the scope the provisions of Intergovernmental Agreement between Russian Federation and Republic of Poland of 1993, as amended.

6.2. Connection to the SGT.

6.2.1. In order to maximise the use of the existing SGT infrastructure, as a fundamental rule, priority shall be given to connections to the existing physical entry points or physical entry points.

6.2.2. If it is not possible to establish the connection at an existing physical point, the SGT Owner shall specify the conditions of connection for a new physical point, subject to the existence of technical and economic conditions.

6.2.3. The existing physical points of interconnection with the SGT include:

6.2.3.1. SSRP Włocławek;

6.2.3.2. Lwówek Station.

6.2.4. The connection of entities to the SGT shall be effected by the SGT Owner.

6.2.5. In the process of connection of an entity to the SGT shall comprise the following distinctive steps:

6.2.5.1. the submission of an application by the applying entity for the specification of the conditions of connection and a formal assessment of such application;

6.2.5.2. the specification of the conditions of connection by the SGT Owner, following consultation with the OSGT;

6.2.5.3. the conclusion of a connection agreement with the SGT Owner;

6.2.5.4. the performance of the connection agreement.

6.2.6. The SGT Owner shall refuse the connection to the SGT in case the lack of conditions of connection to the SGT, as specified in the Energy Law . This does not exclude the application of the provisions of Art. 7 Section 9 of the Energy Law.

6.2.7. The SGT Owner shall inform the concerned entity applying for the connection and the President of ERO on its refusal to issue the connection conditions, or the issuance of connection conditions that partly consider the application for the connection conditions, stating the grounds for its decision.

- 6.2.8. In the event of the refusal to specify the conditions of connection to the SGT due to the reasons referred to in the Energy Law, the SGT Owner, on request of the entity applying for the connection, shall present the information about the measures to be taken in respect of the SGT development in order to establish the connection to the SGT.
- 6.2.9. Detailed conditions of connection of entities to the SGT are specified in the Energy Law and the related implementing regulations.
- 6.2.10. Any additional information concerning the connection to the SGT and specimen documents related to the connection procedure shall be available on the OSGT's website.
- 6.2.11. Any disputes concerning the refusal to enter into an agreement for connection to the SGT shall be resolved by the President of ERO, on request of the entity seeking to establish such connection.
- 6.3. Application for the specification of conditions of connection to the SGT.
- 6.3.1. The applicant shall file the application for the determination of the conditions of connection to SGT by using the obligatory form titled "Application for determination of the conditions of connection".
- 6.3.2. The application for the specification of the conditions of connection shall be filed with the SGT Owner.
- 6.3.3. Together with the application for the definition of connection conditions, the applicant shall be required to present relevant documents to enable the technical and economic analysis of the connection conditions, including documents confirming the yearly quantities of gaseous fuel to be delivered to the entry point to the SGT and the exit point from the SGT being subject to the connection procedure.
- 6.4. The conditions of connection to the SGT.
- 6.4.1. The application shall be considered taking into account the available transmission capacity, currently provided transmission service and existing connection agreements.
- 6.4.2. The application review process shall include
- 6.4.2.1. the review of its correctness and the completeness of the enclosed documents, and the determination of the location for the connection of facilities, installations or networks. In case when the application does not meet the applicable formal requirements, the SGT Owner shall, within seven (7) days of the receipt of the application, shall notify the applicant about the necessity to supplement the application or to deliver missing documents within a period that must not be shorter than twenty one (21) days. The application which has not been supplemented within the designated time-limit shall not be considered;
- 6.4.2.2. a technical and economic analysis whereby the SGT Owner shall assess whether the connection to the SGT is possible and shall specify the conditions of connection within the legally binding time-limit.
- 6.4.3. In the event when the issue of the conditions of connection depends on the obtaining of conditions of connection from another energy company, the time limits specified in

point 6.4.2.2 will be extended by a period which is necessary to obtain these conditions from another energy company.

6.4.4. The SGT Owner shall immediately inform the applicant about a different time limit for the issuance of the connection conditions in the event when, due to material reasons, the time limits specified in point 6.4.2.2 cannot be met.

6.4.5. The technical and economic analysis shall be carried out by the SGT Owner on the basis of information provided in the application and shall include:

6.4.5.1. the definition and analysis of alternative connection options;

6.4.5.2. the evaluation of the costs of transmission, investment expenditures on the construction of the connection and the development of the SGT, including the specification of the connection fee;

6.4.5.3. the analysis of economic conditions of connection to the SGT and supply of gaseous fuel.

6.4.6. Any change in the connection conditions shall only be possible by way of submitting a new application to the SGT Owner for the issuance of connection conditions.

6.4.7. When considering the application, the SGT Owner shall take into account the existing transmission contracts concluded with the SGT Users and Shippers, the capacity and transmission ability allocations (PP/PZ)) and the existing connection agreements, unless the deadline set out therein for the conclusion of an agreement to be the basis for the supply of gaseous fuels has lapsed, subject to point 6.4.8.

6.4.8. If, on the same day, at least two (2) applications for connection in the same point are filed, the SGT Owner shall consider all such applications together and shall determine the conditions of connection to the SGT for each entity applying for the connection at this point and shall proportionally divide the available transmission ability of the SGT.

6.4.9. The SGT Owner shall have the right to determine whether the facilities, installations or networks to be connected to the SGT owned by entities applying for connection satisfy the technical and operational requirements which ensure:

6.4.9.1. safety of the SGT operation and the performance of transmission contracts with the SGT Users and Shippers,

6.4.9.2. protection of the SGT against damage caused by any inappropriate operation of the connected facilities, installations and networks,

6.4.9.3. protection of the connected facilities, installations and networks against damage in the event of an emergency or imposition on curtailment measures on the consumption or supply of gaseous fuels,

6.4.9.4. adherence to the quality parameters of the gaseous fuel at the place of connection of the facilities, installations and networks,

6.4.9.5. satisfaction of environmental requirements, as stipulated in legal regulations,

6.4.9.6. ability to take measurements of the necessary values and parameters required for the operation of the SGT and billing for the transmission of gaseous fuel.

6.4.10. Specifically, it shall be deemed that technical conditions for connection to the SGT do not exist when the provision of the transmission service to the entity applying for the connection could undermine the reliability of transmission or quality of gaseous fuel or could prevent the performance of existing transmission contracts with SGT Users and Shippers, or other of obligations in respect of the protection of the interests of System Users or environmental protection.

6.4.11. When analysing the economic conditions of connection, the SGT Owner shall use the following basic criteria of economic efficiency:

6.4.11.1. net present value (NPV) of the incremental cash flows related to the investment, discounted by the weighted average cost of capital (WACC) appropriate for the SGT Owner must be greater than "0" (zero),

6.4.11.2. internal rate of return (IRR) must be higher than the weighted average cost of capital (WACC) that is appropriate for the SGT Owner.

6.4.12. Furthermore, the following additional criteria of economic efficiency are used when choosing among alternative connection options:

6.4.12.1. the discounted payback period for the period of time specified in the application;

6.4.12.2. B/C profitability ratio as the ratio of the discounted values of cash flows from the connection investment projects to the discounted values of capital and operational expenditures.

6.4.13. Specifically, it shall be deemed that economic conditions for connection to the SGT do not exist when the connection could result in a detrimental change in the level of prices or charges for the provision of the transmission service to other parties.

6.4.14. The connection conditions shall specify, in particular, the following:

6.4.14.1. the place of connection of facilities, installations or networks, and their technical parameters,

6.4.14.2. the extent of necessary adaptations in the SGT related to the connection to the SGT,

6.4.14.3. the technical parameters of the connection line to the SGT,

6.4.14.4. the group and sub-group of the gaseous fuel in accordance with PN C 04750/2011 "Gaseous fuels, classification, labelling and requirements",

6.4.14.5. the minimum and maximum pressures for the supply and off-take of gaseous fuel,

6.4.14.6. the requirements applicable to the measurement system and the location where it is to be installed,

6.4.14.7. the connection capacity,

- 6.4.14.8. the characteristics of the delivery and off-take of gaseous fuel, including the minimum and maximum hourly and yearly quantities to be delivered or off-taken, expressed in the units of volume (m³) and energy (kWh).
- 6.4.14.9. the place of the delivery and off-take of the gaseous fuel,
- 6.4.14.10. point delimiting the ownership of the SGT and the facilities, installations or networks owned by the entity to be connected,
- 6.4.14.11. the requirements related to the features of a gas station or a measurement system, type of such system, as well as telemetry and cathodic protection systems,
- 6.4.14.12. the expected starting date for the off-take of gaseous fuel and the quantities of gaseous fuel to be off-taken, expressed in the units of volume (m³) and energy (kWh).
- 6.4.14.13. the purpose of gas use.
- 6.5. Agreement for connection to the SGT.
- 6.5.1. The entity shall be connected to the SGT on the basis of an agreement for connection to the SGT (hereinafter referred to as the connection agreement), to be executed by and between the SGT Owner and the entity being connected.
- 6.5.2. The connection agreement shall be executed on the basis of the application to be filed by the entity that holds valid conditions of connection to the SGT. Within thirty (30) days of receiving the application for a connection agreement, the SGT Owner shall send a draft connection agreement to such entity.
- 6.5.3. If, after the issue of the conditions of connection to the SGT, the technical capabilities for the supply of gaseous fuel have ceased to exist as a result of execution of a connection agreement with another entity by the SGT Owner, the SGT Owner may refuse to execute the connection agreement.
- 6.5.4. The connection agreement shall constitute the basis for the SGT Owner for undertaking any engineering, construction and assembly works in accordance with the scope specified in the agreement.

7. TRANSMISSION CONTRACT

7.1. General conditions.

7.1.1. The transmission services, including balancing, shall be provided pursuant to the transmission contract and the capacity and transmission ability allocation (PP/PZ).

7.1.2. The transmission contract shall have a framework nature and provide the basis for the execution of annexes to the transmission contract in the form of a capacity and transmission ability allocation (PP/PZ).

7.1.3. The Shipper agrees to the disclosure of all the necessary data concerning the performance of the transmission contract, including measurement and billing data, to the ISO.

7.1.4. The Shipper agrees to the disclosure of all data which are necessary to settle the transmission services provided in SGT, to the SGT Owner.

7.2. Application for Transmission Contract.

7.2.1. An entity seeking to execute a transmission contract shall be required to present, together with an application for a transmission contract, the originals of the following documents and certificates, or copies thereof authenticated by individuals authorised to represent the entity, or a legal counsel or attorney:

7.2.1.1. documents confirming the legal status of the activity carried out by the entity, including specifically a confirmation of entry in the Central Registration and Information on Business (CEIDG) or a current extract from the National Court Register (KRS), and in case of an entity without a registered office in the territory of the Republic of Poland, a current extract from the relevant commercial register obtained in accordance with the principles specified in the regulations of the country where the applicant has its registered office,

7.2.1.2. power of attorney or other documents confirming the right of the individuals who represent the entity to incur obligations on its behalf, unless such right can be inferred from the content of the document referred to in point 7.2.1.1,

7.2.1.3. certificate of tax identification number for the purposes of the tax on goods and services (VAT) for entities based in the European Union Member States, unless this information can be inferred from the content of the document referred to in point 7.2.1.1,

7.2.1.4. entities having their registered office in the territory of the Republic of Poland shall also present a certificate of REGON statistical number, unless this information can be inferred from the content of the document referred to in point 7.2.1.1,

7.2.1.5. entities carrying out an activity in the territory of the Republic of Poland shall present a licence promise, copy of the licence or a declaration signed by persons authorised to represent the entity that the activities carried out by the entity do not require a licence, as provided for by the Energy Law.

7.2.2. In addition to the documents referred to in point 7.2.1, an entity without a registered office on the territory of the Republic of Poland shall also present, together with the

application for transmission contract, sworn Polish translations of the documents referred to in point 7.2.1.1, point 7.2.1.2 and point 7.2.1.3.

- 7.2.3. The current form of the application for transmission contract shall be posted by the OSGT on its website.
- 7.2.4. After obtaining the application for a transmission contract, the OSGT shall review the application to verify the completeness and validity of the data contained therein and in the enclosed documents. The OSGT shall consider the application for a transmission contract within fourteen (14) days of the date of its receipt. After considering the application for a transmission contract, the OSGT shall advise the applicant of either its acceptance or rejection, or request the applicant to supplement the application.
- 7.2.5. The OSGT shall request the applicant to supplement the application for a transmission contract in case when any essential data are missing or the application is incomplete. The applicant should deliver the supplemented application for a transmission contract within fourteen (14) days of receiving the request for its supplementation. If the supplemented application for a transmission contract is not delivered within the required time limit, the OSGT shall leave the application unconsidered.
- 7.2.6. The OSGT shall call upon the entity that submitted an application for transmission contract not conforming to the application form published on the OSGT's website, and request it to submit such application in the correct form within fourteen (14) days of the date of such request, under the pain of leaving the application without being considered.
- 7.2.7. The information that the application was not considered, rejected, or the refusal to execute the transmission contract shall be immediately communicated by the OSGT to the applicant in writing, together with the grounds.
- 7.2.8. In case of accepting the application, the OSGT shall send a draft transmission contract to the applicant, against a confirmation of receipt, within three (3) business days of finalising the application consideration process, such draft to be prepared on the basis of the currently applicable specimen.
- 7.2.9. The applicant shall submit the signed draft transmission contract to the OSGT against a confirmation of receipt within thirty (30) days of the delivery date of such draft.
- 7.2.10. If the applicant fails to deliver a signed draft transmission contract or does not object the content of draft transmission contract within the deadline specified in point 7.2.9, its application for transmission contract shall be deemed withdrawn and the applicant shall be informed thereof by the OSGT without delay.
- 7.2.11. The OSGT shall send a signed transmission contract to the applicant against a confirmation of receipt within twelve (12) days of the date of delivery of the transmission contract signed by the applicant.
- 7.2.12. In the event of the rejection of the application or the refusal to sign the transmission contract, the OSGT shall immediately notify the President of ERO stating the grounds for such refusal.

- 7.3. The Shipper shall provide a financial security in the amount and form specified in the transmission contract to secure the claims of OSGT under the transmission contract.
- 7.4. Transmission Contract.
- 7.4.1. In order to ensure non-discriminatory treatment of all entities applying for the conclusion of a transmission contract, the OSGT shall use a standard form of the transmission contract, which shall be published on the OSGT's website.
- 7.4.2. Upon the conclusion of the transmission contract, the applicant receives the status of a Shipper.
- 7.4.3. The transmission contract signing by the applicant is synonymous with the acceptance of all the conditions of the transmission contract and all the provisions of the SGT Network Code.
- 7.4.4. The transmission contract, and the capacity and transmission ability allocation (PP/PZ) shall be executed in the Polish language. Upon a request of the Shipper, the OSGT shall execute the transmission contract together with capacity and transmission ability allocation (PP/PZ) in the Polish and English language, provided that in case of any inconsistencies between the Polish and English language version, the Polish language version of the document shall prevail.
- 7.4.5. Unless a capacity and transmission ability allocation (PP/PZ) is made, the Shipper shall not be eligible to any capacity (contracted capacity) or transmission ability at entry points or exit points to/from the SGT under the transmission contract. On the basis of the transmission contract, the Shipper may apply for the capacity allocation and transmission ability (PP/PZ).
- 7.4.6. The Shipper may apply for capacity and transmission ability allocation (PP/PZ) upon the execution of the transmission contract, or jointly with the application for a transmission contract.
- 7.4.7. The transmission contract shall be executed for an indefinite term.

8. CONDITIONS OF USE OF THE SGT BY THE SHIPPER

8.1. Types of services provided.

8.1.1. The basic service provided by the OSGT shall consist in the transportation of gaseous fuel through the SGT (the transmission service). The OSGT offers to Shippers the transmission service within the limits of the capacity offered by the SGT Owner.

8.1.2. With respect to the possibility of restricting the service performance, the transmission service shall be classified as follows:

8.1.2.1. firm service – when a firm performance of the ordered transmission service is guaranteed to the Shipper, except for any works that result in the reduction of the transmission capacity, the occurrence of emergency situations or the introduction of restrictions in accordance with the provisions of Part II of the Network Code, including reverse-flow transmission service provided on a firm basis;

8.1.2.2. interruptible service – when the performance of the ordered service is guaranteed to the Shipper in accordance with the provisions of point 8.2, subject to the reservation that the OSGT may restrict or completely interrupt the performance of the gas transmission service, including virtual reverse-flow transmission service provided on an interruptible basis.

8.1.3. In the event when there is no possibility of providing firm capacity (contracted capacity), interruptible capacity (contracted capacity) shall be made available by the OSGT.

8.1.4. With respect to a given entry or exit point, the Shipper may use both firm and interruptible capacity (contracted capacity).

8.1.5. In case when firm capacity (contracted capacity) is acquired by the Shipper at a point where such Shipper previously acquired interruptible capacity (contracted capacity) for the same term under yearly, quarterly or monthly products, the Shipper shall have the right to surrender the interruptible capacity (contracted capacity) in the amount corresponding to the acquired firm capacity. A declaration on surrendering the interruptible capacity (contracted capacity) should be submitted (delivered) to the OSGT not later than together with the application for capacity allocation. The respective changes to the capacity and transmission ability allocation (PP/PZ) shall be executed in the form of an amendment.

8.1.6. With respect to the term of the performance of the transmission service, the following products shall be offered:

8.1.6.1. yearly – where the capacity (contracted capacity) and transmission ability are made available for the term of one gas year, at a constant rate for each hour during such gas year, which corresponds to the long-term contract under the SGT Tariff;

8.1.6.2. quarterly – where the capacity (contracted capacity) and transmission ability are made available for the term of one quarter in a gas year (subsequent quarters of the gas year start, respectively, on 1 October, 1 January, 1 April or 1 July), at a constant rate for each hour during such quarter, which corresponds to the short-term contract under the SGT Tariff;

- 8.1.6.3. monthly – where the capacity (contracted capacity) and transmission ability are made available for the term of one (1) month in a gas year (subsequent months start on 1st day of each gas month), at a constant rate for each hour during such month, which corresponds to the short-term contract under the SGT Tariff;
- 8.1.6.4. daily – where the capacity and transmission ability are made available for the term of one gas day, at a constant rate for each hour during such gas day, which corresponds to the short-term contract under the SGT Tariff.
- 8.1.7. The OSGT shall offer the technical capacity of the entry and exit points in accordance with the following breakdown:
- 8.1.7.1. 90 % for yearly products,
- 8.1.7.2. 10% for quarterly, monthly and daily products.
- 8.1.8. The OSGT shall also offer a reverse-flow transmission service.
- 8.2. Interruptible capacity (contracted capacity) and transmission ability.
- 8.2.1. When making the capacity available on an interruptible service basis, the OSGT shall have the right to reduce the interruptible capacity at a given entry point or exit point in accordance with the provisions of point 10.1.20, point 10.1.21 and point 8.2.2.
- 8.2.2. With respect to a given point, the restrictions referred to in point 8.2.1 shall be introduced by the OSGT starting from the capacity offered under shorter-term products (i.e. first daily capacity, then monthly, quarterly and, lastly, yearly). In case of the capacity offered under products with the same term, the restriction shall be prorated in accordance with the quantities of gaseous fuel stated in the nomination.
- 8.2.3. The Shipper shall be required to conform to the restrictions introduced by the OSGT.
- 8.2.4. The duration of the capacity restrictions in a given gas day shall correspond to the total number of hours for which the restrictions were introduced.
- 8.3. Reverse-flow transmission service (reverse-flow capacity).
- 8.3.1. The reverse-flow transmission services shall be offered by the OSGT at a limited number of physical points identified in the OSGT's website (www.gaz-system.pl).
- 8.3.2. The reverse-flow transmission service shall be provided either as :
- 8.3.2.1. firm capacity – the reverse-flow transmission service, or
- 8.3.2.2. interruptible capacity – the virtual reverse-flow transmission service.
- 8.4. General principles for offering the capacity and transmission ability.
- 8.4.1. The capacity (contracted capacity) and transmission ability of entry points and exit points to/from the SGT shall be made available under a transmission contract and a capacity and transmission ability allocation (PP/PZ), or the nomination referred to in point 8.9.

8.4.2. The capacity and transmission ability allocation (PP/PZ) shall make part the transmission contract. The capacity and transmission ability allocation (PP/PZ) shall specify the following:

8.4.2.1. the capacity (contracted capacity) and transmission ability the Shipper is eligible to,

8.4.2.2. the type of capacity (contracted capacity) and transmission ability, i.e. firm, firm reverse-flow, interruptible, interruptible reverse-flow,

8.4.2.3. the product according to point 8.1.6 and the term for which it has been allocated.

8.4.3. The allocated capacity (contracted capacity) shall be the basis for the application of charges in respect of the transmission of gaseous fuel.

8.4.4. The OSGT shall provide the gas transmission service, including the balancing, pursuant to the transmission ability allocation.

8.4.5. The capacity allocation at a given entry or exit point shall simultaneously constitute a transmission ability allocation. The transmission ability allocation shall be made for the same term as the capacity allocation.

8.4.6. The transmission ability shall be derived as the product of the gross calorific value specified on the OSGT's website for the point in question and the allocated capacity expressed in the units of volume.

8.4.7. The capacity and transmission ability allocation shall be made separately for the entry and the exit point.

8.4.8. The available technical capacity of the entry and exit points at interconnections with the transmission systems of the Members States of the European Union and the Point of Interconnection (PWP), to the extent agreed with the interoperating system operator, shall be made available on a bundled basis. The amount of capacity made available on a bundled basis shall be published by the OSGT on its website.

8.4.9. As a result a jointly held bundled capacity allocation procedure, the same amount of capacity (contracted capacity) shall be contracted in both systems at the same time ("offering capacity on a bundled basis").

8.4.10. Bundled capacity shall be made available under a non-discriminatory and transparent procedure to be carried out in conformity with the principles set forth in the network codes of the interoperating system operators (ISOs), and specifically subject to the conditions set out in the applicable rules approved by the President of ERO. The schedule for offering bundled capacity shall be published on the OSGT's website. The OSGT shall announce the commencement of the procedure on its website at least 2 months in advance.

8.4.11. The OSGT shall determine the available transmission capacity taking into consideration:

8.4.11.1. currently provided transmission service,

8.4.11.2. capacity allocated under the capacity and transmission ability allocation (PP/PZ)

- 8.4.11.3. existing agreements for connection to the SGT, unless the expected date for the conclusion of the gaseous fuel supply agreement specified under these agreements has lapsed,
- 8.4.11.4. capacity (contracted capacity) retained to be made available as a bundled product,
- 8.4.11.5. principles referred to in point 8.1.7.
- 8.4.12. If the demand for capacity (contracted capacity) at entry points or exit points does not exceed the available transmission capacity, each Shipper shall obtain the capacity specified in the application.
- 8.4.13. Subject to the provisions of point 8.4.15, the allocation of firm capacity for yearly, quarterly and monthly products shall be made by way of an auction held in accordance with the provisions of point 13.4.4.
- 8.4.14. Interruptible capacity (contracted capacity) shall be made available to each Shipper up to the maximum level of the technical capacity of a given point, in accordance with the provisions of point 8.6.
- 8.4.15. The capacity and transmission ability (PP/PZ) for one gas day shall be allocated by the OSGT in accordance with the provisions of point 8.9.
- 8.4.16. The capacity allocation shall be made as follows:
- 8.4.16.1. in case of yearly products, for the period corresponding to any of the four (4) consecutive gas years following the gas year when the capacity allocation is made;
- 8.4.16.2. in case of quarterly products, for four (4) consecutive products in the following gas year and for individual products in the gas year concerned by the capacity allocation,
- 8.4.16.3. in case of monthly products, for the gas month falling after the month in which the capacity allocation is made.
- 8.4.17. Only Shippers may apply for capacity allocation.
- 8.5. Application for capacity allocation.
- 8.5.1. The Shipper shall submit an application for capacity allocation to the OSGT in writing using the applicable forms that are published on the OSGT's website, or through the electronic platform. In case when the capacity allocation is made under an auction procedure, the Shipper's registration on the electronic platform on which the auction is to be held shall be tantamount to the submission of the application. The time frame, method and form of application submission shall be announced by the OSGT on its website.
- 8.5.2. Information on auction dates for the products referred to in point 8.1.6 shall be published by the OSGT on its website in advance, as required under the provisions of the network codes of the interoperating systems operators.

- 8.5.3. An application for the allocation of interruptible or reverse-flow capacity should be submitted not earlier than three (3) months and not later than one (1) month prior to the expected capacity use.
- 8.5.4. The application shall be deemed submitted upon its delivery in writing to the OSGT.
- 8.5.5. The designation or change of the individual authorised to represent the Shipper in an auction shall be made through the submission of the power of attorney form. The power of attorney form shall be published by the OSGT on its website.
- 8.5.6. Upon the presentation of the power of attorney referred to in point 8.5.5 the Shipper shall obtain a login and password for the OSGT's internet platform which enables the participation in the auction.
- 8.5.7. The level of capacity specified in the application for a given entry point or exit point shall be a natural number and must not exceed the technical capacity of such point.
- 8.5.8. An application for multi-year period shall be submitted for full gas years (yearly product). For each gas year, the Shipper may apply for a different capacity level, provided that the same, invariable capacity shall apply throughout each gas year.
- 8.5.9. When a firm capacity allocation relates to an entry point at an interconnection with a transmission system of a country not being a member state of the European Union, or not being a member state of the European Free Trade Agreement (EFTA) – a party to the Agreement on the European Economic Area, the Shipper shall be required to present the TSO, at least twenty-one (21) days prior to the beginning of the auction, with documents evidencing that the supply of gaseous fuel to the entry point has been secured. The documents evidencing the above may specifically include a contract, promised contract, preliminary agreement, or extracts from such documents executed with suppliers or ISOs, confirming the obligation of such suppliers or ISOs to supply gaseous fuel to the entry points to the SGT.
- 8.5.10. The documents or excerpts from the documents referred to in section 8.5.9 should contain at least the following details:
- 8.5.10.1. the term of the agreement together with any clauses limiting its performance including any termination conditions,
- 8.5.10.2. the contracted capacities (together with the definition of the term used in a given document) in each year of the term of the agreement or existence of the obligation,
- 8.5.11. The documents referred to in point 8.5.9 should be presented either in the form of an original, or an excerpt of the agreement prepared by a notary public or a photocopy certified as being in conformity with the original by a legal counsel, attorney, or an authorised representative of the entity. The documents referred to in point 8.5.10 shall be submitted in the Polish language or include a sworn translation to the Polish language. The excerpts of the documents referred to in point 8.5.9 should contain a declaration by authorised representatives of the entity confirming that the details contained in the excerpt are consistent with the content of the respective document. The documents referred to above, according to the announcement referred to in point 8.5.1, shall be presented to the OSGT as a hard copy or electronically scanned document.

- 8.5.12. When the contracted capacities under the presented documents are expressed in volume units at the temperature of 20°C, the coefficient of 0.9313 shall be used for their conversion to the reference temperature of 0°C.
- 8.5.13. In case of a failure to present the documents referred to in point 8.5.9, or when the submitted documents do not conform to the requirements set forth in point 8.5.11, the OSGT shall request the applicant, within five (5) business days of receiving the documents, to supplement the relevant documents and information within five (5) business days of the delivery of such request, under the pain of non-admission to the auction for products offered for the points referred to in point 8.5.9.
- 8.5.14. When the documents referred to in point 8.5.9 imply that the Shipper has secured the supply of gaseous fuel to the entry point in a specific quantity that is lower than the capacity offered at such point, the OSGT shall admit such Shipper to the participation in the auction up to the capacities resulting from the presented documents.
- 8.5.15. When submitting an application for capacity allocation for the Point of Interconnection (PWP), the Shipper shall be required to have a valid contract for transmission services between such Shipper and the TSO, executed in accordance with the provisions of the applicable TNC.
- 8.5.16. The application shall specify, separately, the capacity for entry points and for physical exit points, and the time for which the capacity is to be made available.
- 8.5.17. The application should indicate the form of financial security to be established by the Shipper. In case of an auction, the Shipper shall specify the form of financial security upon the submission of the first bid for a given product.
- 8.6. Review of the application for capacity allocation on an interruptible basis.
- 8.6.1. On the basis of the information provided in the application for capacity allocation, the OSGT shall review the application for formal and legal compliance.
- 8.6.2. In case when the submitted application form contains errors or omissions, the OSGT shall, no later than within five (5) business days of the date of receipt of the application, request the applicant to submit a correctly completed application, or to supplement it with the relevant documents or information, within five (5) business days of the date of delivery of such demand, under the pain of the application being left unconsidered. In case of leaving the application unconsidered, the OSGT shall immediately inform the Shipper thereof.
- 8.6.3. The correspondence during the review of the application for capacity allocation shall be exchanged electronically and in the form of electronically scanned documents to be sent to the email address specified in the application. Information shall be deemed delivered upon the delivery of the relevant documents in an electronic form.
- 8.6.4. An application containing errors or defects which are not removed by the specified date, shall not be considered.
- 8.6.5. The interruptible capacity shall be offered to Shippers once 90% of capacity (contracted capacity) has been allocated on firm basis.

- 8.7. Execution of the capacity and transmission ability allocation (PP/PZ).
- 8.7.1. The Shipper to whom capacity has been allocated under point 8.6 shall be informed thereof in writing and in the form of electronically scanned documents. The information is deemed submitted upon the submission of relevant documents in electronic form.
- 8.7.2. In case of capacity allocation under an auction, the OSGT shall inform the Shipper about the allocated capacity and the level of financial security in accordance with the procedure set out in point 8.7.4 immediately, and in any case not later than on the next business day after the auction closing.
- 8.7.3. Once the capacity and transmission ability allocation (PP/PZ) are provided to the Shipper in the IES in an electronic form, it shall be deemed that the OSGT and the Shipper have effectively amended the capacity and transmission ability allocation (PP/PZ). The information shall be deemed delivered at the moment when relevant documents are made available in an electronic form in the IES. The provisions of point 8.7.4 and point 8.7.5 shall not apply.
- 8.7.4. When sending the inform on the capacity allocation, the OSGT shall advise the amount of the financial security and provide a draft of the capacity and transmission ability allocation (PP/PZ).
- 8.7.5. The Shipper shall present a unilaterally signed capacity and transmission ability allocation (PP/PZ) to the OSGT within five (5) business days. If the capacity and transmission ability allocation (PP/PZ) sent by the OSGT contains manifest errors, the Parties shall agree the correct wording of the document by the means of electronic communication within the above-mentioned time frame.
- 8.8. Change of the capacity and transmission ability allocation (PP/PZ).
- 8.8.1. The capacity allocation may be increased subject to the terms set forth in point 8.4.
- 8.8.2. The capacity allocation may be reduced subject to the terms set forth in point 13.3.
- 8.8.3. Any change of the capacity (contracted capacity) shall require a confirmation in the form of an updated capacity and transmission ability allocation (PP/PZ), otherwise being null and void, and in case when the capacity allocation is made under an auction procedure, by providing the capacity and transmission ability allocation in the IES in accordance with point 8.7.3.
- 8.9. Services for one gas day.
- 8.9.1. Daily capacity (contracted capacity) shall be made available pursuant to a transmission contract, capacity and transmission ability allocation (PP/PZ) and a nomination approved by the OSGT. In respect of the capacity transmission ability allocation for the period of one gas day, the provisions of point 8.4 shall apply as appropriate, unless otherwise provided for under point 8.9.
- 8.9.2. The Shipper that intends to use daily capacity and transmission ability shall indicate such intention in the application for transmission contract or submit an application for capacity and transmission ability allocation (PP/PZ) during the term of the transmission contract stipulating therein, as appropriate, the entry/exit points at which it intends to use such capacity or transmission ability and the relevant services, and shall declare the aggregate capacity for the purposes of calculating the value of the financial security.

- 8.9.3. One month before starting the use of daily capacity and transmission ability, the Shipper shall be required to submit the financial security in accordance with the provisions of the transmission contract.
- 8.9.4. The daily nominations shall be submitted to the OSGT according to the procedure described in point 10.
- 8.9.5. If firm capacity and transmission ability is available, the OSGT shall allocate such capacity and transmission ability to the Shipper. If the aggregate quantity of gaseous fuel under the nominations submitted by Shippers requesting daily capacity and transmission ability exceeds the available firm capacity and transmission ability, the OSGT shall allocate such capacity and transmission ability on a pro rata basis, taking into account the quantities of gaseous fuel in the nominations that exceed the quantities resulting from the capacity available to the Shipper under other products held for the point concerned. In case when firm capacity and transmission ability are not available, interruptible capacity and transmission ability shall be allocated to the Shipper.
- 8.9.6. The allocated capacity shall correspond to the maximum hourly quantity of gaseous fuel set out in the nomination approved by the OSGT, divided by the gross calorific value specified on the OSGT's website for the point concerned.

9. WORKS WITHIN THE SGT

9.1. Planning of works that affect the conditions of the operation of the SGT.

9.1.1. The OSGT, acting with due regard to the rights of the SGT Owner with respect to the SGT, shall manage, supervise, control the maintenance, repair and operation of the SGT.

9.1.2. Subject to the conditions specified in the agreements, referred to in point 5.3, the OSGT shall coordinate the dates and duration of the planned interruptions or restrictions in the transmission of gaseous fuel with the SGT Owner and the ISOs to be affected by the restrictions resulting from the planned maintenance and modernization works within the SGT.

9.1.3. Subject to the conditions specified in the agreements referred to in point 5.3, the OSGT shall coordinate the scope and timing of any works planned within the interoperating transmission systems with the SGT Owner and the ISOs.

9.2. Notification of changes in the conditions of the operation of the SGT to Shippers.

9.2.1. By 31 January of given calendar year, the OSGT shall post an information on its website regarding the works planned for the calendar year, which may affect the conditions of the operation of the SGT leading to reduced gas transmission capacity. In such information, the OSGT shall incorporate the information provided in accordance with the provisions of point 9.1.3.

9.2.2. The OSGT shall notify the Shippers affected by the restrictions about the dates, duration and scope of such restrictions applying at entry or exit points at least forty two (42) days prior to the date of planned works.

9.2.3. The Shipper shall be obliged to take account of the restrictions referred to in point 9.2.1 and 9.2.2 in its nominations.

PART II

BALANCING AND CONGESTION MANAGEMENT IN THE SGT

10. SUBMISSION OF TRANSMISSION CONTRACTS FOR EXECUTION

10.1. Nominations and re-nominations – general principles.

10.1.1. In performance of the transmission contract, the Shipper shall nominate the quantities of gaseous fuel for transmission. The nominations may be amended under the re-nomination procedure. A re-nomination approved in accordance with the provisions of the Network Code shall be deemed to be an approved nomination.

10.1.2. The Shipper may submit nominations and re-nominations not sooner than two (2) business days after the execution of the capacity and transmission ability allocation (PP/PZ) for the point concerned.

10.1.3. The approved nomination (re-nomination) shall constitute the basis for the billing in respect of the transmission service.

10.1.4. All the quantities of gaseous fuel in the nominations and re-nominations shall be specified in the units of energy (kWh) in natural numbers.

10.1.5. Nominations shall be submitted with daily frequency. Daily nominations shall specify the quantity of gaseous fuel to be delivered for transmission or off-taken from the SGT on a given gas day, broken down by hour, for each entry point and exit point specified in the capacity and transmission ability allocation (PP/PZ), provided that in the case when the sales agreement referred to in point 2.3 is concluded, the Shipper's nominations for the entry point shall take into consideration the quantities of gaseous fuel specified in accordance with such an agreement, and at the SGT Exit Point. The level of the reductions referred to in point 10.1.7 may vary in each hour of the gas day, depending on the capacity of a given point available in a given hour.

10.1.6. The aggregate quantity of gaseous fuel specified in the nominations and re-nominations for entry points shall equal the aggregate quantity of gaseous fuel specified in such nominations for exit points, provided that in the case when the sales agreement referred to in point 2.3 is concluded, the Shipper's nominations shall take into consideration the quantity of gaseous fuel specified in accordance with such an agreement.

10.1.7. In case when the reduction of a nomination is necessary, in particular when the situation described in point 10.4.3 or point 10.1.20 and point 13.3.7.11 occurs, the OSGT shall approve the reduced nominations and apply a pro rata reduction in the remaining entry points or exit points used by the Shipper so that the condition referred to in point 10.1.6 is fulfilled. The Shipper shall have the right to re-nominate in accordance with the provisions of point 10.3.

10.1.8. To enable the matching of nominations and re-nominations in the interoperating systems by the OSGT, nominations and re-nominations submitted for entry and exit points shall clearly identify the quantities of gaseous fuel by entity off-taking or delivering gaseous fuel at a given entry/exit point to/from the SGT.

10.1.9. The Shipper shall be responsible for providing information about the quantities of gaseous fuel set out in its nominations and re-nominations to the Interoperating System Operator (ISO) or to entities that deliver or off-take gaseous fuel to/from the SGT for the benefit of Shipper.

- 10.1.10. For the Point of Interconnection (PWP), the Shipper shall submit a single (combined) nomination to the OSGT, in accordance with the provisions of this SGT Network Code. A nomination approved by the OSGT in the SGT system shall constitute the basis for the performance of the transmission service (approved nomination) at the Point of Interconnection (PWP) in the KSP.
- 10.1.11. A change of the nomination (re-nomination) referred to in point 10.1.10 shall automatically result in the corresponding change of the nomination (re-nomination) for the Point of Interconnection in the KSP.
- 10.1.12. Nominations and re-nominations, as well as the information on their approval, shall be submitted in accordance with the procedures and on the terms and conditions set out in point 14.
- 10.1.13. The OSGT shall be allowed pass on the information on nominations and re-nominations to the ISOs and OPRs.
- 10.1.14. The hourly quantities of gaseous fuel specified in the nominations and re-nominations for a given entry or exit point must not exceed the capacity established for such entry or exit point in the transmission ability allocation to the Shipper, subject to point 10.1.15.
- 10.1.15. In the case when the Shipper uses daily gas transmission service at a given point, the hourly quantity of gaseous fuel specified in the Shipper's nomination for such point must not exceed the technical capacity of the point.
- 10.1.16. The nominations and re-nominations should take into account the transition from summer time to winter time and from winter time to summer time. In such cases the gas day shall be longer or shorter by an hour, respectively.
- 10.1.17. Nominations and re-nominations submitted by the Shipper should take into consideration any restrictions and interruptions introduced in accordance with the provisions of the SGT Network Code and, with respect to the Point of Interconnection (PWP), also in accordance with the provisions the TNC.
- 10.1.18. Nominations submitted by Shippers for entry points or exit points located at interconnections between the SGT and interoperating systems should match the corresponding nominations in those systems.
- 10.1.19. Should the OSGT be informed by an Interoperating System Operator, also when under different a procedure than those specified in point 10.4, of the lack of the capability to transport the quantities of gaseous fuel specified in the nomination, the OSGT shall immediately inform the Shipper thereof. The Shipper shall adjust its nomination at the relevant point and submit a re-nomination to the OSGT within two (2) hours of the receipt of the above information.
- 10.1.20. The nomination/re-nomination by the Shipper for which interruptible transmission service is provided may be approved subject to a reduction of the quantity of gaseous fuel specified by the Shipper in the nomination/re-nomination. The reduction shall be applied in accordance with the provisions of point 8.2.2.
- 10.1.21. The Shipper that has been advised by the OSGT of the approval of its nomination/re-nomination or its approval subject to the reduction of the quantity of gaseous fuel specified in such nomination/re-nomination, may be advised by the OSGT

of a further reduction of the quantity of gaseous fuel under such nomination. Such further reduction of the quantity of gaseous fuel in the submitted nomination shall be applied when necessitated by nominations and re-nominations submitted by a Shipper that uses firm transmission service.

10.1.22. The quantities of gaseous fuel specified in approved nominations for services provided on an interruptible basis shall not be subject to further reduction, unless such reduction results from re-nominations by Shippers holding unused capacity under firm services, and subject to point 10.5.

10.2. Nomination process.

10.2.1. The Shipper shall submit nominations to the OSGT no later than by 14:00 hours on the gas day preceding the gas day the nomination relates to.

10.2.2. In case when the Shipper submits more than one nomination within the time limit specified in 10.2.1, the OSGT shall consider the last received nomination.

10.2.3. By 15:00 hours, the OSGT shall provide the Shipper with a preliminary information on the availability of virtual reverse-flow transmission service.

10.2.4. The OSGT shall notify the Shipper about the approval or rejection of the nomination by 16:00 hours on the gas day preceding the gas day the nomination relates to.

10.2.5. A nomination may be rejected due to:

10.2.5.1. conflict with the provisions of the transmission contract or the SGT Network Code or the TNC,

10.2.5.2. overrun of the capacity specified in the capacity and transmission ability allocation (PP/PZ), and in case of using the daily service, the overrun of the technical capacity,

10.2.5.3. the Shipper's failure to fulfil the nomination balance condition referred to in point 10.1.6,

10.2.5.4. the Shipper's failure to take account of the capacity congestion at entry points or exit points notified by the SGT Owner, the OPR or an ISO and preventing the performance of services in accordance with the nominations submitted by the Shipper,

10.2.5.5. lack of technical capabilities to perform the nomination.

10.2.6. In the case of the nomination being rejected, the OSGT shall state the code of the reason for the rejection of the nomination. The list of codes shall be available on the website www.gaz-system.pl.

10.2.7. In case when the Shipper fails to submit a nomination for the following gas day to the OSGT within the time limit specified in point 10.2.1, it shall be deemed that a nomination with the quantity of gaseous fuel equal to "0" (zero) has been approved for such Shipper with respect to the relevant point.

10.2.8. In the case of the nomination for the given point being rejected it shall be assumed that the quantity of gaseous fuel in the nomination approved for the Shipper for the relevant point shall amount to "0" (zero).

10.3. Re-nomination process.

10.3.1. The provisions concerning nominations shall apply to re-nominations unless the SGT Network Code provides otherwise.

10.3.2. The Shipper may re-nominate the hourly quantities of gaseous fuel specified in the nomination approved by the OSGT for a given gas day. Re-nominations may be submitted from 16:00 on the gas day before the gas day concerned by the re-nomination up to 3:00 on the gas day concerned by such re-nomination. A re-nomination of the hourly quantities of gaseous fuel may be submitted no later than two (2) hours before the first hour in which the change is to take effect.

10.3.3. The re-nomination review procedure for a given point shall commence at the top of every hour and shall last two (2) hours. The OSGT shall consider the last re-nomination that was received before the top of the hour.

10.3.4. The OSGT shall advise the re-nomination submitting entity whether the re-nomination has been accepted or rejected, and shall state the reasons for such rejection within two (2) hours from the commencement of a given re-nomination review procedure but no later than before the beginning of hour that the re-nomination concerns.

10.3.5. In the case of the OSGT rejecting the re-nomination, the last (re-)nomination approved by the OSGT shall remain valid and binding for the Parties, subject to the restrictions and interruptions mentioned in point 10.1.17 and point 10.2.5.

10.4. Matching of nominations and re-nominations in interoperating systems

10.4.1. Nominations or re-nominations submitted by Shippers for entry points or exit points located at interconnections between the SGT and interoperating systems should match the corresponding nominations in those systems.

10.4.2. If the process of nomination or re-nomination matching in interoperating systems reveals any divergence of the nominations or re-nominations, the OSGT shall apply the "lesser rule" principle, which means that the quantity of gaseous fuel according to the lower of the compared nominations shall apply in both systems.

10.4.3. In case of the necessity of applying the principle referred to in point 10.4.2 in respect of an entry point or an exit point, and in view of the requirement set forth in point 10.1.6, the OSGT shall reduce the bundled nomination referred to in point 10.1.10 by the quantities resulting from the application of the "lesser rule" principle.

10.4.4. In the situation referred to in point 10.4.2 and 10.4.3, the nomination specifying the quantities of gaseous fuel determined in accordance with the provisions of point 10.4.2 and 10.4.3, as applicable, shall be accepted by the OSGT as the approved nomination, and the OSGT shall notify Shipper thereof.

10.5. Emergency situations.

10.5.1. In the event of the occurrence of an emergency, a significant pressure drop of gaseous fuel in the SGT, or when the OSGT has been informed by the SGT Owner, an ISO

or an OPR, under the procedure specified in point 10.4, or otherwise, about the incapacity to transport the quantities of gaseous fuel specified in a nomination, the OSGT shall immediately notify the Shipper thereof, and shall, at the same time, specify the level of nomination and the period for which the Shipper shall be required to adjust its nomination.

10.5.2. The Shipper shall adjust its nomination at the relevant point and, as appropriate, at other entry points or exit points and to submit a re-nomination to the OSGT within thirty (30) minutes of receiving the notification.

10.5.3. Thirty (30) minutes after the receipt of the re-nomination, the OSGT shall inform Shipper about any inconsistencies in the re-nomination that may constitute the basis for the rejection thereof in accordance with the provisions of point 10.2.5.

10.5.4. In case of receiving the information about inconsistencies in the re-nomination referred to in point 10.5.3, the Shipper shall deliver an adjusted re-nomination within fifteen (15) minutes.

10.5.5. The OSGT shall inform the Shipper about the approval of the re-nomination with the reduction of the quantities gaseous fuel specified by the Shipper in the re-nomination, or about the rejection of such re-nomination within one (1) hour of its receipt.

10.5.6. In applying the reduction referred to in point 10.5.5, the OSGT shall take into account the following order of product priority in respect of service performance, including the reverse-flow services:

- 10.5.6.1. yearly firm capacity product,
- 10.5.6.2. quarterly firm capacity product,
- 10.5.6.3. monthly firm capacity product,
- 10.5.6.4. daily firm capacity product,
- 10.5.6.5. yearly interruptible capacity product,
- 10.5.6.6. quarterly interruptible capacity product,
- 10.5.6.7. monthly interruptible capacity product,
- 10.5.6.8. daily interruptible capacity product.

10.5.7. In case of Shippers holding the same products, as referred to in point 10.5.6, the reduction shall be prorated in accordance with the quantities of gaseous fuel in approved nominations concerning the period referred to in point 10.5.1.

10.5.8. If the Shipper fails to submit a re-nomination in accordance with point 10.5.2, or to adjust the re-nomination in accordance with point 10.5.4, the OSGT shall determine the quantity of gaseous fuel to be transported for the benefit of such Shippers at particular points, and the so-determined quantity of gaseous fuel shall constitute an approved nomination. The OSGT shall provide the Shipper with the relevant information, in accordance with point 10.5.1.

11. ALLOCATION OF THE QUANTITIES OF GASEOUS FUEL

- 11.1. The allocation of the quantities of gaseous fuel delivered at an entry point or off-taken at an exit point shall match the quantities specified in the approved nomination.
- 11.2. The allocation pursuant to the above-described conditions shall be made the OSGT with the participation of the SGT Owner.
- 11.3. The OSGT and the SGT Owner shall conclude an agreement with an ISO concerning the maintenance of an operator's account for the gaseous fuel transferred at an entry point or at an exit point, provided that it is required for the performance of the existing transmission contracts within the meaning of the Operatorship Agreement.

12. BALANCING OF THE SGT

12.1. General conditions of balancing.

12.1.1. In view of the absence of flexibility instruments such as storage facilities, gaseous fuel must be delivered by Shipper for transmission through the SGT and off-taken from the SGT in the same quantities on each gas day.

12.1.2. The OSGT shall perform physical balancing in order to ensure the safe performance of transmission contracts.

12.1.3. Commercial balancing shall be performed in order to settle the Shippers' imbalances arising under individual transmission contracts on the basis of the quantities of gaseous fuel assigned to the Shippers in accordance with the allocation principles described in point 11.

12.1.4. The costs of balancing shall be settled within the framework of transmission service charges.

12.2. Balancing – detailed provisions.

12.2.1. In the situation where there is an imbalance in the quantity of gaseous fuel delivered for transmission and off-taken from the SGT, the OSGT acting in cooperation with the SGT Owner, shall take measures in order to stabilise the operation of the system using, without limitation, the linepack capacity of the SGT.

12.2.2. In the event that the regulatory instruments described in point 12.2.1 prove insufficient, the OSGT may impose restrictions at entry points or exit points in accordance with the provisions of point 13.5.

12.2.3. The OSGT shall specify the daily imbalance amount for a given gas day as the difference between the quantity of gaseous fuel that the Shipper delivered at entry points and off-taken from the SGT at exit points on the basis of the allocation referred to in point 11.1.

12.2.4. Commercial balancing shall be performed by the OSGT after the end of the gas month, on the basis of the allocations referred to in point 11.1.

12.2.5. The OSGT shall carry out the commercial balancing procedure for each Shipper.

12.2.6. The Shipper's imbalance shall be expressed in the units of energy – kWh.

12.2.7. In the case of any correction of the monthly billing, the above-mentioned quantities of gaseous fuel shall be specified as a separate item in the Billing Report.

12.2.8. The volumes specified on the basis of the commercial balancing shall be included in the Billing Report prepared by the OSGT.

13. SYSTEM CONGESTION MANAGEMENT

13.1. Reasons for the occurrence of system congestion.

13.1.1. Technical congestion may occur in the SGT in connection with:

- 13.1.1.1. technical congestion of the network or system facilities,
- 13.1.1.2. need to maintain minimum pressure at exit points from the SGT,
- 13.1.1.3. need to maintain stable quality parameters of the gaseous fuel in the SGT,
- 13.1.1.4. works carried out within the SGT or in other interoperating systems,
- 13.1.1.5. occurrence of an emergency situation,
- 13.1.1.6. actions of a Shipper, its suppliers or customers, which are in breach of the provisions of the Network Code or the transmission contract.

13.1.2. Contractual congestion may occur in the SGT in connection with:

- 13.1.2.1. underutilisation of the capacity contracted by the Shipper,
- 13.1.2.2. limited technical capacity.

13.1.3. The charges for transmission services provided in case of contractual congestion (restrictions on interruptible capacity) shall be adjusted in accordance with the provisions of the SGT Tariff.

13.2. Measures taken by the OSGT to eliminate the potential occurrence of system congestion.

13.2.1. At the stage of reviewing requests to provide transmission services, the OSGT shall assess the capabilities for the execution of new capacity and transmission ability allocations such that they do not undermine the level of security of supply or quality of gaseous fuel delivered to the existing Shippers.

13.2.2. In case when the capabilities exist for the performance of transmission services, the OSGT shall offer the available transmission capacity in accordance with the provisions of the Network Code.

13.2.3. In case of the lack of the capability to provide a firm transmission service, the OSGT shall offer an interruptible transmission service, to the extent it is possible.

13.2.4. In order to prevent the occurrence of congestion the OSGT shall work together with the SGT Owner and the operators of interoperating systems.

13.2.5. Furthermore, the OSGT shall take the following measures with a view to preventing the occurrence of system congestion:

- 13.2.5.1. conclude gas transmission contracts which include agreements on the method of proceeding in the event that the reserved capacity remains unused,

- 13.2.5.2. manage and oversee the maintenance and operation of the SGT and control its operation so as to reduce the probability of the occurrence of congestion,
- 13.2.5.3. monitor technical and quality parameters of the transported gaseous fuel,
- 13.2.5.4. approve operating procedures applicable in the event of the occurrence of an emergency situation in the SGT, as prepared by the SGT Owner;
- 13.2.5.5. apply extra charges, as referred to in point 13.4.4.5,
- 13.2.5.6. apply oversubscription and buyback mechanisms.
- 13.3. Oversubscription and buyback mechanisms.
- 13.3.1. The OSGT shall publish on its website www.gaz-system.pl, by 12:00 hours (noon) on the gas day, information on additional firm capacity to be made available for the following gas day in each entry point and exit point, taking into account the technical conditions, expected offtakes from the SGT and capacities in the adjacent transmission systems. OSGT shall inform the Shippers that the additional capacity (contracted capacity) is offered within oversubscription mechanism.
- 13.3.2. In order for the transmission service to be delivered with the use of the capacity (contracted capacity) referred to in point 13.3.1 above, Shippers shall include such capacity (contracted capacity) in the process of submitting nominations according to point 8.9.
- 13.3.3. In case when, during the performance of transmission contracts, it is necessary to reduce the firm capacity made available under point 13.3.1, the OSGT shall apply the capacity buyback mechanism described below with respect to the Shippers.
- 13.3.4. The buyback shall take place under an auction procedure, detailed rules of which are drafted according to the principles set forth in point 13.3.7 and posted at www.gaz-system.pl.
- 13.3.5. The participation in the auction shall be open to any Shipper that holds firm capacity at the point concerned by the buyback procedure.
- 13.3.6. The OSGT shall inform the Shippers referred to in point 13.3.5 about launching the buyback procedure in the form of an auction at least thirty (30) minutes prior to the beginning of the auction:
- 13.3.7. Auction principles:
- 13.3.7.1. the right to participate in the auction as an auction participant shall be available to the Shippers referred to in point 13.3.5, provided that they obtained a login and password for the OSGT's internet platform in accordance with point 8.5.6,
- 13.3.7.2. the participation in the auction shall be anonymous, and in the course of the auction and the identity of the auction participant shall be known exclusively to the OSGT,
- 13.3.7.3. each auction shall comprise one bidding round only and last for thirty (30) minutes,

- 13.3.7.4. the bid of the auction participant may be placed, revised or withdrawn at any time during the bidding round; the bid shall be deemed binding until it is modified or removed,
- 13.3.7.5. in the bid, the auction participant shall indicate the following:
- 13.3.7.5.1 the identity of the auction participant,
 - 13.3.7.5.2 the entry or exit point for which the bid is placed,
 - 13.3.7.5.3 the capacity offered, which shall not exceed the firm capacity held by the auction participant, to the extent it is used in an approved nomination for the period concerned by the buyback procedure,
 - 13.3.7.5.4 the price, specified taking into account the provisions of point 13.3.7.7.
- 13.3.7.6. The bid of the auction participant shall be deemed binding provided that it meets all the requirements set forth in point 13.3.7.5.
- 13.3.7.7. The maximum price at which capacity (contracted capacity) may be offered by the auction participant to the OSGT in an auction shall not exceed one and a half times of the charge applicable to services for one gas day, as specified in the OSGT's tariff.
- 13.3.7.8. The capacity buyback under the auction procedure shall be made at the lowest price offered to the OSGT.
- 13.3.7.9. The OSGT may accept the bid of the auction participant in part only.
- 13.3.7.10. The final result of the auction shall be published by the OSGT within thirty (30) minutes of its closing. Individual data shall only be disclosed to the parties concerned, by electronic means and without unnecessary delay.
- 13.3.7.11. In case when, as a result of the auction referred to in point 13.3.4, the OSGT does not obtain sufficient capacity (contracted capacity) that is required to perform the transmission service in the SGT according to approved nominations for a specific point for a given gas day, the OSGT, with the appropriate discount rate set out in SGT Tariff, shall reduce the capacity allocation in respect of firm capacity held by those Shippers to whom the capacity and transmission ability (PP/PZ) was allocated under point 8.9. The reduction referred to above shall be prorated according to the hourly quantities of gaseous fuel in the approved Shippers' nominations for the period concerned by such reduction.
- 13.3.7.12. As a result of the buyback procedure, the OSGT shall reduce, as appropriate, the approved nominations of the parties whose bid was accepted, or those referred to in point 13.3.7.11. The provisions of point 10.1.7 shall apply accordingly.
- 13.3.7.13. The reduction of the compensation due to the buyback of the Shipper's capacity (contracted capacity) under the procedure referred to in point 13.3.4 shall be reflected in the invoice issued to the Shipper for the performance of the transmission contract, in the form of appropriate discount.
- 13.3.7.14. The method of determining the amount of additional capacity offered under the oversubscription mechanism shall be agreed by the OSGT with the President of ERO.

13.3.7.15. By 1st October 2014 the OSGT will take steps to conform with the relevant ISOs the procedures for determining the amount of capacity (contracted capacity) under the oversubscription mechanism so that the capacity (contracted capacity) offered under the oversubscription mechanism was offered jointly by the OSGT and the ISO as bundled capacity.

13.4. System congestion management in case of contractual congestion.

13.4.1. The OSGT shall regularly assess the use of reserved capacity (contracted capacity) taking into account the currently provided transmission services. The purpose of such analysis is to prevent capacity blocking in the SGT and the occurrence of contractual congestion. The OSGT shall advise the President of ERO of the underutilisation of reserved contracted capacity by System Users in case when the circumstances set forth in point 13.4.3.1 and point 13.4.3.2 apply.

13.4.2. In case of the occurrence of contractual congestion that prevents the execution of capacity and transmission ability allocations (PP/PZ), the OSGT shall take efforts in order to mitigate such congestion and enable the execution of a capacity and transmission ability allocation (PP/PZ) at least on an interruptible basis.

13.4.3. If, during the review of an application for capacity allocation it is revealed that no transmission capacity is available, and contracted but unused capacity exists, the OSGT shall present an appropriate declaration to the Shipper following the obligation by the President of ERO to withdraw, in part or in full, the capacity allocation at a given entry or exit point, when:

13.4.3.1. the Shipper systematically underutilises the allocated capacity and transmission ability, i.e. uses less than 80 % of the capacity (contracted capacity) and transmission ability allocated to him, both in the period from 1 April until 30 September and in the period from 1 October until 31 March, when the effective term of the capacity and transmission ability allocation (PP/PZ) has been longer than one gas year, and such situation cannot be reasonably justified, and

13.4.3.2. the Shipper has failed to sell or release the unused capacity (contracted capacity) and transmission ability on reasonable terms, and specifically in accordance with the procedure set out in point 13.4.6 or pkt. 13.4.16, and other Shippers are seeking access to capacity (contracted capacity) and transmission ability at such point on a firm basis, and the Shipper fails to justify the underutilisation of capacity in a satisfactory manner, in particular by evoking the following reasons:

13.4.3.2.1 the necessity to conform to legal requirements in respect of security of supply,

13.4.3.2.2 a failure of the SGT or an interoperating system,

13.4.3.2.3 an extraordinary event on the part of a customer,

13.4.3.2.4 a force majeure.

13.4.4. The capacity allocation through an auction.

13.4.4.1. The right to participate in the auction shall be available to Shippers that fulfil the following conditions:

13.4.4.1.1 have an existing transmission contract,

- 13.4.4.1.2 have registered on the platform indicated by the OSGT on the OSGT's website, and obtained access to the platform two (2) days before the auction.
- 13.4.4.2. If the sum of the capacity resulting from binding bids of all the Shippers is lower or equal to the capacity offered in the first bidding round, the OSGT shall close the auction and the value of Sos shall be equal to "0" (zero).
- 13.4.4.3. The value of Sos for the bidding round in which the auction is to be closed shall constitute the basis for calculating the fee for contractual congestion as referred to in point 13.4.4.5.
- 13.4.4.4. After closing the auction, the OSGT shall publish its final outcome, including the aggregate allocated capacity, Sos and the capacity available for the next auction. Individual data shall only be disclosed to the parties concerned, by electronic means and without unnecessary delay. The OSGT shall make the capacity allocation in accordance with the result of such an auction.
- 13.4.4.5. In respect of contractual congestion management, the OSGT shall charge a fee that shall be calculated in the following manner:

$$OZO = Sos * Mp * T$$

where:

OZO - fee for (contractual) congestion management [PLN]

Sos - rate of the fee for congestion management [PLN/(m³/h)h]

Mp - capacity allocated through the auction, expressed in the units of volume [m³/h]

T - number of hours in the billing period [h]

- 13.4.4.6. The OSGT shall charge the OZO fee in every billing period based on a basic invoice.
- 13.4.4.7. The OSGT may cancel the capacity allocation made through an auction reasons at any time, due to compelling. The OSGT shall inform the Participant and the President of ERO about the cancellation of the procedure stating the reasons for such cancellation and the expected date when the procedure is to be held again.
- 13.4.5. The Shipper may sell or make available the unused capacity pursuant to the provisions of point 13.4.7.
- 13.4.6. In order to facilitate the purchase, sale or sharing of the unused capacity (contracted capacity) and transmission ability the OSGT shall post a Bulletin Board in its website containing the available capacity (contracted capacity) and transmission ability notified by Shippers.
- 13.4.7. In case when the Shipper intends to sell or share unused capacity, the Shipper shall submit an offer to the OSGT in accordance with the specimen posted on the OSGT's website.

13.4.8. In case when the Shipper intends to sell or share unused capacity, the Shipper may present an offer to the OSGT and such offer shall include:

13.4.8.1. the Shipper's details including, specifically, its business name, registered office and address, name of a court where the company documentation is stored and a registration number, tax identification number (NIP) or another equivalent number assigned by tax authorities of the country of residence, the amount of share capital (in the case of a joint stock company, the amount of paid-up capital, as well);

13.4.8.2. the Shipper's contact details,

13.4.8.3. the name and reference numbers of the entry and exit point the offer relates to,

13.4.8.4. the offered capacity (contracted capacity) and transmission ability,

13.4.8.5. in case of an offer to sell, the effective date from when the capacity is offered for sale,

13.4.8.6. in the case of an offer to share capacity, the effective date from when and until when, the capacity is to be made available,

13.4.8.7. the date by which the offer remains binding.

13.4.9. The offer should conform to the following requirements:

13.4.9.1. the Shipper must be eligible to the offered capacity at the entry and exit points specified in the offer in accordance with a transmission contract and capacity and transmission ability allocation (PP/PZ),

13.4.9.2. in case of offers to share capacity – the term for which the capacity is to be made available should encompass full gas months,

13.4.9.3. in the case of offers for sale of capacity – the date as of which the capacity and transmission ability is offered for sale should fall on the first day of a gas month.

13.4.10. The offer prepared substantially in the form posted on the operator's website should be submitted to the OSGT by e-mail to the following address: rynek.wtorny@gaz-system.pl and by registered mail to the offices of the OSGT, no later than fourteen (14) days before the date from which the capacity and transmission ability is offered for sale, purchase or is to be made available.

13.4.11. In the event that the offer does not conform to the above requirements, the OSGT reserves the right not to post the offer while at the same time informing the Shipper of this fact in writing by e-mail to the address from which the offer was sent and by registered mail.

13.4.12. The OSGT shall not be responsible for the content of the offers posted but it is responsible for the consistency of the posted offers with the form delivered by the Shipper.

13.4.13. After the expiry of the date by which the offer is binding, the OSGT shall remove the offer from the Bulletin Board of unused capacity and transmission ability.

- 13.4.14. In case when unused capacity and transmission ability are sold to a Shipper, the following procedure shall apply:
- 13.4.14.1. the Shippers shall send their declarations to the OSGT regarding the sale of capacity specifying the entry and exit points at which the capacity and transmission ability is to be sold and the amount of capacity and transmission ability at such points, on the form posted on the OSGT's website.
- 13.4.14.2. the Shippers shall sign, and send to the OSGT, amendments to the transmission contracts specifying the entry and exit points together with the new capacity and transmission ability allocations (PP/PZ) at such points in accordance with the declaration on the sale of capacity and transmission ability.
- 13.4.14.3. the documents referred to in point 13.4.14.1 and point 13.4.14.2 shall be sent by the Shipper to the OSGT by e-mail to the following address: rynek.wtorny@gaz-system.pl and by registered mail to the offices of the OSGT.
- 13.4.14.4. The OSGT shall review the amendments to the capacity and transmission ability allocations (PP/PZ), specifically with regard to the provisions of Part I of the Network Code, within five (5) business days of the receipt of a complete application by the OSGT. In case when the outcome of the review is positive, the OSGT shall sign the amendments to the capacity and transmission ability allocation (PP/PZ) within the next five (5) business days.
- 13.4.14.5. if, in the course of the review referred to in point 13.4.14.4 it is revealed that the documents are incomplete or supplementary documents need to be submitted, the OSGT shall inform the Shipper of this fact by sending a letter within one day of becoming aware of the same. Once the defects have been removed by the Shipper, the procedure described above shall apply.
- 13.4.15. In case of resale of capacity and transmission ability to an entity other than a Shipper, the procedures described in point 13.4.7 and point 13.4.14 shall apply following the execution of a transmission contract by the transferee in accordance with the provisions of point 7.
- 13.4.16. Surrendering of the allocated firm capacity (contracted capacity) and transmission ability by the Shipper.
- 13.4.16.1. In case when the Shipper intends to surrender the allocated capacity (contracted capacity) and transmission ability, the Shipper shall present a declaration of surrender to the OSGT using the form posted on the OSGT's website containing the following information:
- 13.4.16.1.1 the Shipper's name and code,
- 13.4.16.1.2 the name and code of the entry and exit points the declaration relates to,
- 13.4.16.1.3 the amount of capacity (contracted capacity) and transmission ability being surrendered by the Shipper,
- 13.4.16.1.4 the product and the effective date as of which the Shipper surrenders the capacity and transmission ability allocation.
- 13.4.16.2. The declaration should conform to the following requirements:

- 13.4.16.2.1 the Shipper must be eligible to the capacity (contracted capacity) and transmission ability at the entry or exit points specified in the declaration in accordance with a transmission contract and capacity and transmission ability allocation (PP/PZ),
- 13.4.16.2.2 The period for which the capacity (contracted capacity) and transmission ability is to be surrendered should encompass full gas months.
- 13.4.16.3. The declaration form that complies with the specimen posted on the website of the operator should be submitted to the OSGT by e-mail to the following address: rynek.wtorny@gaz-system.pl and by registered mail to the offices of the OSGT, no later than fourteen (14) days before the date from which the Shipper intends to release the allocated capacity (contracted capacity) and transmission ability.
- 13.4.16.4. The Shipper shall retain its rights and obligations under the capacity and transmission ability allocation (PP/PZ) until the capacity and transmission ability being surrendered by the Shipper is re-allocated by the OSGT to another Shipper and to the extent that it is not re-allocated by the OSGT. The contracted capacity referred to in point 13.4.16 and point 13.4.17 shall be made available in the order at which the Shippers and the SGT Users present their complete declarations on surrendering the capacity.
- 13.4.16.5. The capacity (contracted capacity) and transmission ability, referred to in point 13.4.16 shall be made available according to the order of the submission of complete declarations of surrender by the Shippers.
- 13.4.16.6. The capacity (contracted capacity) and transmission ability being surrendered by the Shipper shall be allocated only once the OSGT has allocated the entire transmission capacity available prior to the capacity surrendering by the Shipper.
- 13.4.16.7. The OSGT shall advise the Shipper forthwith about the re-allocation of the capacity (contracted capacity) and transmission ability surrendered by such Shipper. At the same time, the Shipper shall receive a draft of the amended capacity and transmission ability allocation (PP/PZ) which reflects the changes resulting from the Shipper's surrendering and re-allocation of the capacity and transmission ability (PP/PZ) to other Shippers.
- 13.4.16.8. The Shipper shall present a unilaterally signed amendment to the capacity and transmission ability allocation (PP/PZ) to the OSGT within five (5) business days.
- 13.4.16.9. In case when the capacity and transmission ability referred to in point 13.4.16.7 is re-allocated by the OSGT, the Shipper that surrendered capacity and transmission ability shall pay charges for transmission services in respect of the capacity and transmission ability that has not been surrendered by the Shipper concerned, according to the terms applicable to the originally purchased product.
- 13.4.17. Surrendering of contracted capacity by the SGT User.
- 13.4.17.1. In case of the SGT User's intention to surrender contracted capacity, the SGT User shall present a declaration of surrender to the SGT Owner. The SGT Owner shall immediately offer the contracted capacity, which is being surrendered, to the OSGT.
- 13.4.17.2. The SGT User shall retain its rights and obligations under its contract for provision of gas transmission service with the SGT Owner as long as the contracted capacity being

surrendered by the SGT User is allocated by the OSGT to another Shipper, and to the extent that it is not allocated by the OSGT.

13.4.17.3. The SGT User shall retain in full its rights and obligations under its contract for provision of gas transmission service with the SGT Owner after the lapse of the period for which the contracted capacity was surrendered under point 13.4.17.1.

13.4.17.4. The contracted capacity referred to in point 13.4.17 shall be made available in the order at which the SGT Users submitted their complete declarations on surrendering the capacity.

13.4.17.5. The contracted capacity being surrendered by the SGT User shall be allocated only once the OSGT has allocated the entire available transmission capacity.

13.4.17.6. The provisions of point 13.4.16 shall apply accordingly.

13.5. Congestion management in case of the imbalance of the deliveries and off-takes of gaseous fuel.

13.5.1. In situations when the Shipper's imbalance leads to the inability to maintain integrity of the SGT, the OSGT may introduce restrictions on the Shippers who have caused the situation of the shortfall or the excess of gaseous fuel in the SGT. In such case, the OSGT shall advise Shippers of the starting date of the restrictions and their duration, as well as of the maximum hourly and daily capabilities for the delivery of gaseous fuel for transmission or its off-take from the SGT at the specified entry and exit points. In case when the OSGT informs about the restrictions in the performance of the gas transmission service, the Shipper shall be required, within thirty (30) minutes of receiving such information, to submit a re-nomination to the OSGT, which shall reflect the restrictions introduced at the respective point and, as appropriate, at other points. The provisions of point 10.5 shall apply accordingly.

13.5.2. The restrictions introduced pursuant to point 13.5 shall be implemented by the Shipper according to the information provided by the OSGT pursuant to point 10.5.8.

13.5.3. The costs of the restrictions in the quantities of gaseous fuel, as well as the restoration of the transmission of the contracted quantities of gaseous fuel are borne by the Shipper. Throughout the period of the restriction, the OSGT shall be entitled to a charge as determined in accordance with the applicable SGT Tariff.

13.5.4. In case when the measures available to the OSGT are not sufficient to maintain the stable operation of the SGT, the OSGT shall initiate the procedures referred to in point 15.

13.6. Congestion management in case of the failure to maintain the quality parameters of the gaseous fuel and the minimum pressure.

13.6.1. In case when the quality parameters of the gaseous fuel specified in point 3.4.1.1 are not observed at the entry points, the OSGT may introduce restrictions on the receipt of gaseous fuel for transmission at the entry points and off-take at the exit points with respect to the Shipper on whose part the circumstances resulting in such a situation have arisen.

13.6.2. When enforcing the restrictions referred to in point 13.6.1, the OSGT shall advise Shippers of the starting date of the restrictions and their duration, as well as of the maximum hourly and daily capabilities for the delivery of gaseous fuel for transmission or

its off-take from the SGT at the specified entry and exit points. In case when the OSGT informs about the restriction or complete interruption of the gas transmission service, the Shipper shall be required, within thirty (30) minutes of receiving such information, to adjust the nomination at the point concerned and, as appropriate, at other entry points or exit points, and to submit a re-nomination to the OSGT. The provisions of point 10.5 shall apply accordingly.

13.6.3. In case when the Shipper fails to observe the restriction, the OSGT may stop accepting gaseous fuel to the SGT or enforce the provisions of 10.5.8.

13.6.4. The Reference Gas Price (CRG) shall be established and published by the OSGT on its website for each gas day.

13.6.5. Additional charges shall be imposed or discounts shall be granted if the gaseous fuel delivered for transmission into the SGT at the entry point or transported for off-take at the exit point does not conform to the quality parameters specified in the following table.

Gaseous fuel quality characteristics	Unit of measure	Acceptable value X_{SJNmax}
Hydrogen sulphide content	mg/m ³	7.0
Total sulphur content	mg/m ³	40.0

13.6.6. If the Shipper delivers gaseous fuel for transmission at an entry point, and such gaseous fuel does not satisfy at least one of the quality parameters specified in point 13.6.5, the OSGT shall be entitled to charge a fee from the Shipper for each of the quality parameters in point 13.6.5 that is off-spec, and such fee shall be calculated according to the following formula:

$$O_{NSJW} = IGI * 0.2 * CRG * (X_{SJW} - X_{SJNmax}) / X_{SJNmax}$$

where:

- O_{NSJW} - charge for an off-spec quality parameter [PLN],
- IGI - daily quantity of gaseous fuel with off-spec value of a given quality parameter, as delivered for transmission at the entry point [kWh],
- CRG - Reference Gas Price [PLN/kWh],
- X_{SJNmax} - acceptable value of a given quality parameter specified in point 13.6.5. [mg/m³]
- X_{SJW} - daily average value of a given quality parameter of gaseous fuel delivered for transmission at the entry point [mg/m³]

13.6.7. The parties shall ensure an adequate level of water dew-point of the gaseous fuel delivered for transmission at entry points or delivered for off-take at exit points from the SGT, which shall not exceed – 8 °C under a pressure of 3.92 MPa.

13.6.8. In the event when the gaseous fuel delivered to the SGT at the entry point is off-spec with regard to the parameters specified in point 13.6.7, the OSGT shall be entitled to a charge from the Shipper in the amount calculated according to the following formula:

$$O_{NSTW} = I_{GI} * 0.0004 * CRG * (X_{STW} - X_{STNmax}) / MOD(X_{STNmax})$$

where:

- O_{NSTW} - charge for an off-spec water dew point parameter [PLN]
- I_{GI} - daily quantity of gaseous fuel with off-spec value of the water dew point parameter [kWh],
- CRG - Reference Gas Price, [PLN/kWh]
- MOD - Absolute value
- X_{STNmax} - the highest admissible value of the water dew point temperature [°C]
- X_{STW} - daily average value of the water dew point temperature of gaseous fuel delivered for transmission at the entry point [°C]

13.6.9. The OSGT shall be entitled to charge a fee from the Shipper, which shall be calculated in accordance with the formula set out in point 13.6.6 or point 13.6.8 in respect of each of the quality parameters referred to in point 13.6.5 or point 13.6.7. The charge shall be calculated individually for each of the off-spec quality parameters.

13.6.10. If the OSGT delivers gaseous fuel for off-take at the exit point and such gaseous fuel is off-spec with respect to at least one of the quality parameters specified in point 13.6.5, the OSGT shall grant the Shipper a discount in respect of each of the quality parameters in point 13.6.5 that is off-spec, and such discount shall be calculated according to the following formula:

$$B_{NSJW} = I_{GI} * 0.2 * CRG * (X_{SJW} - X_{SJNmax}) / X_{SJNmax}$$

where:

- B_{NSJW} - discount for an off-spec quality parameter at the exit point from the SGT [PLN]
- I_{GI} - daily quantity of gaseous fuel with off-spec given quality parameter that is transported for off-take at the exit point from the SGT, [kWh]
- CRG - Reference Gas Price, [PLN/kWh]
- X_{SJNmax} - acceptable daily average value of a given quality parameter specified in point 13.6.5.
- X_{SJW} - daily average value of the given quality parameter of gaseous fuel transported for off-take at the exit point from the SGT

13.6.11. The OSGT shall grant the Shipper a discount, which is calculated in accordance with the formula set out in point 13.6.10 in respect of each of the quality parameters referred to in point 13.6.5. This discount shall be calculated individually for each of the off-spec quality parameter. The discount shall be granted provided that

gaseous fuel is delivered to the entry point in accordance with the requirements of point 13.6.5.

13.6.12. In the event when the gaseous fuel transported by the OSGT for off-take at an exit point from the SGT is off-spec with regard to the parameters specified in point 13.6.7, the OSGT shall grant a discount to the Shipper, which shall be calculated according to the following formula:

$$B_{NSTW} = I_{GI} * 0.0004 * CRG * (X_{STW} - X_{STNmax}) / MOD(X_{STNmax})$$

where:

- B_{NSTW} - discount for an off-spec water dew point parameter [PLN],
- I_{GI} - daily quantity of gaseous fuel with off-spec water dew point parameter that is transported for off-take at the exit point from the SGT [kWh]
- CRG - Reference Gas Price, [PLN/kWh]
- MOD - Absolute value
- X_{STNmax} - the highest admissible value of the water dew point temperature [°C]
- X_{STW} - daily average value of the water dew point temperature of gaseous fuel delivered for off-take at the exit point [°C]

13.6.13. The discount shall be granted provided that gaseous fuel is delivered to the entry point in accordance with the requirements of point 13.6.7.

13.6.14. In the event of any reservations regarding the quality of gaseous fuel transported, the Shipper or the OSGT may demand that such quality is analysed at an independent research laboratory that has accreditation of a certifying unit obtained in accordance with the applicable legal regulations. The cost of the tests shall be borne by the party challenging the quality of gas, unless the result of such test confirms that the reservations were justified, in which case the cost of the test shall be borne by the other party.

13.6.15. The parties shall be required, in the event of assessing the capacity of transporting gaseous fuel of an inadequate quality, to immediately inform the other party of the possibility of the occurrence of such a situation.

13.6.16. In case when the Shipper fails to maintain, at the entry point, the quality parameters of gaseous fuel set out in point 3.4.1.1, the quality parameters of gaseous fuel at the exit points shall not be worse than the quality parameters of the gaseous fuel delivered to the SGT at the entry point. The Shipper shall not refuse to off-take gaseous fuel from the SGT if its parameters are not worse than the parameters of the gaseous fuel delivered by the Shipper to the SGT.

13.6.17. In case when the gaseous fuel delivered to the SGT does not conform to the quality parameters set forth in point 3.4.1.1 and the ISO refuses to accept off-spec gaseous fuel, the OSGT shall have the right to restrict the delivery of gaseous fuel.

13.6.18. In the circumstance referred to in point 13.6.17, the Shipper shall cover the cost of removing the off-spec gaseous fuel from the SGT.

14. EXCHANGE INFORMATION RELATED TO PRESENTATION OF CONTRACTS FOR EXECUTION, BALANCING AND SYSTEM CONGESTION MANAGEMENT

- 14.1. General provisions.
- 14.2. Information concerning the provision of the transmission service shall be exchanged between the OSGT and the Shippers and the OPR by the means of the Information Exchange System (IES).
- 14.3. Detailed information concerning the access to the IES, its operation, content and functionality shall be described in the user manual available at the OSGT's website.
- 14.4. The electronic exchange of information related to the performance of transmission contracts shall be based on the electronic document interchange standard EDIG@S and its version described on the OSGT's website.
- 14.5. The description of file formats shall be published on the OSGT's website. The information on the modification of the requirements applicable to the files to be transferred shall be announced on the website at list six months in advance.
- 14.6. Method of information exchange.
- 14.6.1. The interchange of the files referred to in point 14.4 shall take place by e-mail or through the Internet.
- 14.7. Responsibility for the content of data transferred
- 14.7.1. The responsibility for the form and content of the information of the documents rests with the party sending the document.
- 14.8. Information to be provided by the OSGT.
- 14.8.1. The OSGT shall publish the full wording of the SGT Network Code on its website, which shall set forth the standard terms and conditions specifying the Shipper's rights and obligations.
- 14.8.2. The OSGT shall notify the Shipper and the ISO, as appropriate, of any events that may affect the provided gas transmission service, or the operation of interoperating systems, including any changes in the timing of work and the timing of previously unscheduled work.
- 14.8.3. The OSGT shall publish, on its website, information on the transmission capacity available at entry and exit points in the current and the following gas day.
- 14.8.4. The OSGT shall advise the ISO of nominations and re-nominations received from Shippers in order to confirm the possibility of performing them in the interoperating system.
- 14.8.5. The OSGT shall send to the Shipper, by the seventh (7th) day of the following month, the following billing data concerning a given gas month:
- 14.8.5.1. daily quantities of gaseous fuel delivered and off-taken at individual entry and exit points;

- 14.8.5.2. aggregated quantities of gaseous fuel delivered to and off-taken at entry and exit points for each gas day in the gas month.
- 14.8.6. The information referred to in points from 14.8.3 to 14.8.5 shall be provided in the formats specified by the OSGT.
- 14.8.7. The OSGT shall provide the SGT Owner with information required for billing under the contracts with SGT Users by the second (2nd) business day of the month following the month such billing relates to.
- 14.9. Information to be delivered by the Shipper and the SGT Owner.
- 14.9.1. The Shippers shall deliver the following information to the OSGT:
- 14.9.1.1. nominations and re-nominations of the quantity of gaseous fuel in accordance with the provisions of point 10,
- 14.9.1.2. information on any disruptions on the part of the Shipper's suppliers, or within an interoperating system, which could affect the operating conditions of the SGT, including reasons for such disruptions, their expected duration, reduction of capacity at the points of interconnection with the SGT, off-spec parameters that do not conform to contractual conditions, and the confirmation of adjusted nominations arising from such disruptions,
- 14.9.2. The SGT Owner shall deliver the following information to the OSGT for entry and exist points to/from the SGT, by the fifth (5) business day of the following month:
- 14.9.2.1. measurement data, including daily and monthly quantities of gaseous fuel delivered for transmission and the daily average delivery pressure, except for points for which the OSGT acts as the OPR,
- 14.9.2.2. daily average gross calorific value of gaseous fuel, daily average net calorific value, daily average content for total sulphur, hydrogen sulphide and water dew point, as well as other data, as agreed, which are required by the OSGT for the purposes of Shipper billing.
- 14.9.3. The information referred to in points from 14.9.1 to 14.9.2 shall be provided in the formats agreed between the OSGT and the SGT Owner.

15. PROCEDURES APPLICABLE IN EMERGENCY SITUATIONS

15.1. Emergency situation in the SGT.

15.1.1. In the event of the occurrence of an emergency situation resulting in a threat to the safety of the SGT operation, the OSGT, acting in cooperation with the SGT Owner, shall take immediate action to eliminate the emergency situation and restore the correct operation of the SGT.

15.1.2. In the event of the occurrence of an emergency situation resulting in a shortage of gaseous fuel in the SGT, the OSGT shall specifically use the regulatory instruments referred to in point 12.2.1.

15.1.3. The OSGT shall immediately inform the Shippers and interoperating system operators about the occurrence of an emergency situation that may affect the operation of their facilities, installations or networks and, in particular, about the expected duration and scope of the restrictions in the transmission of gaseous fuel.

15.1.4. In case of an emergency situation, the OSGT shall not accept gaseous fuel for transmission or shall not deliver gaseous fuel to an exit point, if this could result in a threat to the safety of the operation of the SGT, or human health or lives or the environment, or cause damage to property.

15.1.5. In an emergency situation, the Shipper shall be obliged to cooperate with the OSGT as required.

15.1.6. The respective personnel of the parties authorised to act as contact persons in case of an emergency situation shall be indicated in the transmission contract.

15.2. Emergency situation in an interoperating system.

15.2.1. In case of an emergency situation that has occurred in the installation of a Shipper's customer or supplier, or an interoperating system, which is likely to result in restrictions in the delivery of gaseous fuel for transmission or its off-take, the Shipper shall be required to immediately notify the OSGT thereof and specify the expected duration and scope of restrictions.

15.2.2. The respective personnel of the parties authorised to act as contacts in case of an emergency situation shall be indicated in the transmission contract.

15.2.3. In the event of an emergency situation or maintenance work within the network of an ISO, transmission service for the benefit of the ISO shall be charged for in accordance with the applicable principles set out in the SGT Tariff.

16. IMPLEMENTING PROVISIONS

16.1. By 1 March 2014, 6.00 hours:

16.1.1. the definitions from point 1.1 indicated below shall have the following wording:

Gas day	<i>A period from 8:00 on a given day to 8:00 on the following day.</i>
Gas Month	<i>A period from 8:00 of the first day of a given month to 8:00 of the first day of the following month.</i>
Nomination	<i>A Shipper's declaration submitted to the OSGT regarding the volume of gaseous fuel to be delivered by the Shipper at a specified time at an entry point to the SGT and off-taken by the Shipper from the SGT at an exit point.</i>
Capacity (contracted capacity)	<i>The maximum daily volume of gaseous fuel, as specified in the capacity and transmission ability allocation (PP/PZ), which may be delivered for transmission at an entry point to the SGT, or off-taken from the SGT at an exit point.</i>
Gas year	<i>The period from 8:00 on 1 January of the current year to 8:00 of 1 January of the next year.</i>
Transmission ability	<i>The maximum daily volume of gaseous fuel, as specified in the capacity and transmission ability allocation (PP/PZ), which may be delivered for transmission at an entry point and off-taken at an exit point.</i>

16.1.2. the points indicated below shall have the following wording:

"10.1.4 The quantities of gaseous fuel in the nominations and re-nominations shall be specified in the units of volume (m³/h) in natural numbers. A daily nomination shall specify the quantity of gaseous fuel by hour, where hourly quantity may not be bigger than 1/24 of the contracted capacity."

"8.4.2.1. the capacity the Shipper is eligible to, expressed in the units of volume (m³/day) and the transmission ability expressed in the units of volume (m³/day),"

16.1.3. whenever the Network Code refers to the Point of Interconnection (PWP) it shall be deemed to mean the Lwówek point and Włocławek point;

16.1.4. the provisions of point 3.2.3 shall not apply.

16.2. As of 1 August 2014, 6.00 hours:

16.2.1. the definitions from point 1.1 indicated below shall have the following wording:

Capacity (contracted capacity)	<i>The maximum hourly quantity of gaseous fuel, expressed in the units of energy (kWh), as specified in the capacity and transmission ability allocation (PP/PZ), which may be delivered for transmission at an entry point to the SGT, or off-taken from the SGT at an exit point.</i>
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16.2.2. the points indicated below shall have the following wording:

“8.4.2.1 the capacity (contracted capacity) the Shipper is eligible to, expressed in the units of energy (kWh/h) and the transmission ability expressed in the units of energy (kWh/h),”

“8.4.6 The capability (contracted capacity) and transmission ability shall be both expressed in the units of energy (kWh/h) and shall have the same value.”

“8.9.6 The allocated capacity (contracted capacity) shall correspond to the maximum hourly quantity of gaseous fuel specified in a nomination approved by the OSGT.”

„13.4.4.5. In respect of contractual congestion management, the OSGT shall charge a fee that shall be calculated in the following manner:

$$OZO = Sos * Mp * T$$

where:

OZO - fee for (contractual) congestion management [PLN]

Sos - rate of the fee for congestion management [PLN/(kWh/h)h]

Mp - capacity (contracted capacity) allocated through the auction, expressed in the units of volume [kWh/h]

T - number of hours in the billing period [h]”

16.3. The gas year being in progress on the day of the approval of this SGT Network Code by the President of ERO started at 08:00 am on 1 January 2014 and shall last until 06:00 am on 1 October 2014.

16.4. Each subsequent gas year falling after 30 September 2014 shall commence on 1 October of the preceding year and shall last until 1 October a given year, in accordance with the definition stipulated in point 1.1.

16.5. The gas day beginning at 08:00 am on 28 February 2014 shall be shortened and shall last until 06:00 am on 1 March 2014.

- 16.6. The gas month beginning at 8:00 am on 1 February 2014 shall be shortened and shall last until 6:00 am on 1 March 2014. The next gas month shall start at 6:00 hours in accordance with the definition stipulated in point 1.1.
- 16.7. Contracts for the performance of the transmission service concluded by Shippers under the principles applicable hitherto shall become transmission contracts within the meaning of this SGT Network Code on the effective date of this SGT Network Code. The contents of the transmission contract, and the capacity and transmission ability allocation (PP/PZ) for each PWE and PWY in respect of which the transmission service was provided under an existing transmission contract shall be confirmed in writing by the parties.
- 16.8. By 14 February 2014, the OSGT shall present the Shipper with a proposal for a transmission contract and the capacity and transmission ability allocation (PP/PZ), which shall, as applicable, amend or incorporate the existing gas transmission contracts, so that with respect to each Shipper they are replaced, by 1 March 2014, with a single transmission contract consistent with the objectives of this SGT Network Code, without prejudice to their rights and obligations under the existing contracts. Enclosed to the transmission contract shall be capacity and transmission ability allocations (PP/PZ), which shall define the contracted capacity and its term, according to the existing contracts (separately for PWE and PWY) and the product determined in accordance with the SGT Network Code.
- 16.9. OSGT will await signing by the Shipper and sending back of transmission contract referred to in point 16.8 within twenty one (21) days of the day of its receipt. The provision of Article 68² of the Civil Code (Journal of Laws of 1964, No. 16, item 93, as amended) shall apply accordingly.
- 16.10. Under the transmission contract referred to in point 16.8, the Shipper shall become eligible to appropriate capacity (contracted capacity) at the Point of Interconnection (PWP) corresponding to the aggregate of the capacities held hitherto by the Shipper at physical exit points at the interconnection between the SGT and the KSP for which the previous contract(s) was (were) concluded.
- 16.11. Until 1 July 2014 but not later than upon the signature of the contracts referred to in point 16.9 with the existing Shippers, the provisions of the following points shall apply:
- 16.11.1. Financial conditions.
- 16.11.1.1. In order to protect the interests of Shippers and to assure the safety of operations and the reliability of the SGT, the entities that are applying for the provision of the transmission service shall be required to demonstrate adequate financial credibility to confirm their ability to comply with the conditions of use of the transmission service.
- 16.11.1.2. The financial credibility of an entity may be confirmed in one of the following ways:
- 16.11.1.2.1 presentation of a financial rating,
- 16.11.1.2.2 presentation of at least 3-year track record of cooperation with the OSGT or the SGT Owner in a manner conforming to terms of the respective contracts,
- 16.11.1.2.3 presentation of financial security.

- 16.11.1.3. The entity's financial credibility shall be deemed confirmed in the event when the entity holds a financial rating at the level of at least:
- 16.11.1.3.1 Baa2 for Moody's,
 - 16.11.1.3.2 BBB for Standard and Poor's,
 - 16.11.1.3.3 BBB for Fitch.
- 16.11.1.4. The value of the security to be provided by the entity applying for or using the transmission services shall be, subject to the provisions of point 16.11.1.6, at least equal to the double of the average monthly value of the entity's financial liabilities towards the OSGT in a given gas year arising from the charges for transmission services applicable under the SGT Tariff.
- 16.11.1.5. The value of the security referred to in point 16.11.1.4 shall be determined based on the capacity specified in the capacity and transmission ability allocation (PP/PZ).
- 16.11.1.6. The value of the security to be provided by the entity applying for or using the daily transmission service shall be at least equal to the value of entity's financial liabilities towards the OSGT calculated on the basis of the declared total maximum capacity and the number of days (not more than 30), when the transmission service is to be provided.
- 16.11.1.7. The security referred to in points 16.11.1.4 and 16.11.1.6 may be presented in the following forms:
- 16.11.1.7.1 a cash deposit made to a bank account specified by the OSGT, which is returned upon the termination of the provision of the transmission services, together with bank interest at a rate agreed for such account at the time when such deposit is made, less any costs of maintaining the account and costs of a bank transfer,
 - 16.11.1.7.2 an irrevocable and unconditional bank or insurance guarantee payable on the OSGT's first demand,
 - 16.11.1.7.3 irrevocable and unconditional bank guarantee, payable upon the first demand of the OSGT, issued by a company affiliated with the Shipper, approved by the OSGT, with a current rating obtained from a rating agency (the minimum acceptable level Baa2 for Moody's, BBB for Standard and Poor's, BBB for Fitch).
- 16.11.1.8. Within the limits specified in point 16.11.1.4, the OSGT or the Shipper shall have the right to demand that the security be adjusted during the term the transmission contract, if the level of the Shipper's liabilities with respect to the OSGT, as established on the basis of issued invoices, is higher or lower by more than 10% than the value of the established financial security.
- 16.11.1.9. Within the limits specified in point 16.11.1.6, the OSGT shall have the right to demand that the security be adjusted or refuse to provide the transmission services of gaseous fuel if the level of liabilities of the Shipper towards the OSGT determined on the basis of actual capacity and the number of days exceeds the value of the established financial security by more than 20%.

- 16.11.1.10. The Shipper shall present the OSGT with adequate financial security in case of the expiry of the security referred to in point 16.11.1.7.
- 16.11.1.11. If the Shipper makes timely payments for the services provided by the OSGT, the level of its financial security, as referred to in points 16.11.1.4 to 16.11.1.7 shall be reduced each year, starting from the date of the first payment, by 25% of the value specified in point 16.11.1.4. The lowest level to which the level of the financial security may be reduced is 25% of the value specified in accordance with point 16.11.1.4.
- 16.11.1.12. In the event that the Shipper defaults on the payment for the services provided by the OSGT, the level of the financial security referred to in point 16.11.1.4 to 16.11.1.7 shall be increased by 25% of the value specified in point 16.11.1.4. In such a case, the maximum value of the financial security cannot exceed the value specified in accordance with point 16.11.1.4.
- 16.11.2. The transmission contract shall be terminated:
- 16.11.2.1. upon a written agreement between the parties,
- 16.11.2.2. on the date of expiry of the legally required licence for conducting the activities covered by the contract as a result of the expiry of its validity, if the validity of the licence has not been extended, or if the party or its legal successor has not obtained a new licence that would enable a continued performance of the contract,
- 16.11.2.3. after the lapse of the term determined by President of ERO in a decision ordering the party to continue its activity notwithstanding the expiry of its licence,
- 16.11.2.4. on the date on which the President of ERO withdraws the licence or decision regarding activities related to the performance of the transmission contract,
- 16.11.2.5. on the lapse of the term specified in the decision of the President of ERO on the designation of Gas Transmission Operator GAZ-SYSTEM S.A. as the Operator of Transit Gas Pipeline System,
- 16.11.2.6. on the date of the reversal of the decision of the President of ERO on the designation of Gas Transmission Operator GAZ-SYSTEM S.A. as the Operator of Transit Gas Pipeline System,
- 16.11.2.7. upon the lapse of the contract termination notice period.
- 16.11.2.8. The party affected by the circumstances described in point 16.11.2.2 to point 16.11.2.4 shall be obliged to inform the other party in writing, at least 14 days in advance, of the date on which the contract is to be terminated.
- 16.11.3. Termination of the contract.
- 16.11.3.1. The Shipper may terminate the transmission contract subject to one-month notice period in the following cases:
- 16.11.3.1.1 the OSGT's failure to perform the transmission service continuing for the period of thirty (30) consecutive days,

- 16.11.3.1.2 the OSGT's breach of material conditions of the transmission contract and the failure to remove the results thereof during the period that has been agreed between the parties,
- 16.11.3.1.3 if a force majeure or the elimination of its causes last longer than 60 days and prevent the use of the transmission service under the terms and conditions set out in the transmission contract.
- 16.11.3.2. The OSGT may terminate the transmission contract subject to one-month notice period in the following cases:
- 16.11.3.2.1 in case when the Shipper no longer fulfils any of the conditions for the provision of the transmission service,
- 16.11.3.2.2 in case when the Shipper is in default in respect of any payment related to the performance of the transmission contract and such default continues for more than thirty (30) days,
- 16.11.3.2.3 in case when the Shipper does not comply with the restrictions in respect of the quantity of delivered gaseous fuel,
- 16.11.3.2.4 in case when the Shipper breaches any material provisions of the transmission contract and fails to remove the consequences of such breach within the time-limit agreed between the parties, including the Shipper's failure to execute or perform an agreement for sale of gaseous fuel, in accordance with point 2.3,
- 16.11.3.2.5 if a force majeure or the elimination of its causes last longer than sixty (60) days and prevent the use of the transmission service under the terms and conditions set out in the transmission contract,
- 16.11.3.2.6 when the Shipper fails to meet the requirements set forth in the relevant legal regulations,
- 16.11.3.2.7 if the Operatorship Agreement is terminated.
- 16.11.4. Billing and invoicing.
- 16.11.4.1. Preparation of billing documentation.
- 16.11.4.1.1 After the end of the gas month, the OSGT shall proceed with the billing in respect of the transmission service on the basis of the following invoices:
- 16.11.4.1.2 basic invoice – issued by the OSGT in respect of the transmission service provided in a given gas month, on the basis of, inter alia, the contracted capacity and approved daily and nominations,
- 16.11.4.1.3 adjustment invoice - issued in the event of errors in billing and/or invoicing, as well as in the event of the acceptance of a complaint filed by the Shipper,
- 16.11.4.1.4 interest note - issued by the OSGT in the event that the payment terms are exceeded by a Shipper.
- 16.11.4.2. Billing and invoicing of transmission services.

- 16.11.4.2.1 By the seventh (7) business day of the following gas month, the OSGT shall issue the basic invoice for the transmission service provided in the preceding gas month, which shall include the following:
- 16.11.4.2.1.1 the charge for the transmission service,
 - 16.11.4.2.1.2 the fee for off-spec quality of gaseous fuel,
 - 16.11.4.2.1.3 the fee for contracted capacity overrun,
 - 16.11.4.2.1.4 other fees resulting from the SGT Tariff and the Network Code.
- 16.11.4.2.2 The Billing Report shall be enclosed as an attachment to the basic invoice.
- 16.11.4.3. Method and terms of payment.
- 16.11.4.3.1 The invoice, together with the attachments that constitute the basis for its issuance, shall be sent by registered mail or delivered by other means against a confirmation of receipt to the Shipper's address specified in the transmission contract.
- 16.11.4.3.2 The amount arising from the invoice shall be payable by a bank transfer to the OSGT's account specified on the invoice.
- 16.11.4.3.3 The payment term of the invoice shall be fourteen (14) days from the issuance date.
- 16.11.4.3.4 The date of payment shall be deemed to fall on the date of crediting the OSGT's bank account.
- 16.11.4.3.5 Any payment made by the Shipper shall be applied towards the oldest receivable due, including, in the first instance, any default interest.
- 16.11.4.4. Payment default.
- 16.11.4.4.1 Any default on the payment of the financial liabilities by the Shipper shall result in the accrual of interest at the statutory rate for each day of default. The amount of interest that accrues shall be payable on the basis of an interest note issued by the OSGT, within fourteen (14) days of the issuance date of such note.
- 16.11.4.4.2 If, despite the notification in writing about the intention to terminate the transmission contract and allowing an additional two weeks' payment term, the Shipper has been in default with the payment of an invoice for more than one (1) month, the OSGT shall have the right, until the payment due is made, draw on the financial security presented upon the execution of the transmission contract.
- 16.11.4.4.3 The termination of the transmission contract shall not release the Shipper from the obligation to pay any amounts due.
- 16.11.4.4.4 The Shipper should any file claims regarding invoices no later than within seven (7) business days of the date of their receipt.

- 16.11.4.4.5 In the event when the complaint concerns errors in the invoice calculation, the Shipper shall make a timely payment of the correctly calculated amount that is agreed with the OSGT.
- 16.11.4.4.6 The filling of a claim by the Shipper other than one that concerns calculation errors shall not release the Shipper from the obligation to pay the amount due under the invoice.
- 16.11.4.4.7 The OSGT shall consider the complaint within fourteen (14) days of the date of its receipt.
- 16.11.4.4.8 In the event that the complaint is admitted, the OSGT shall issue an adjustment invoice within seven (7) business days of the date of admitting the complaint and shall send it to the Shipper forthwith. The overpayment, if any, shall be applied towards future payments due and settled in the next invoice to be issued, unless the Shipper demands a refund thereof within seven (7) calendar days of the receipt of the adjustment invoice, in which case the refund shall be transferred to the Shipper's account.
- 16.11.4.5. Settlement of disputes concerning invoicing and payments.
- 16.11.4.5.1 If a dispute arises between the Shipper and the OSGT in respect of an invoice issued by the OSGT, the parties shall make every effort to expediently settle the dispute through negotiations.
- 16.11.4.5.2 If the parties fail to reach an agreement within thirty (30) days of the date of delivery of the demand to amicably settle the dispute, the disputed matters shall be settled by a competent common court of law having the local jurisdiction over the principal place of business of the OSGT.
- 16.11.5. Liability of the parties to the transmission contract.
- 16.11.5.1. In the event of a default or defective performance by either party to the transmission contract of any of its obligations under transmission contract, the party shall be liable in accordance with the terms of the SGT Tariff, the transmission contract and the SGT Network Code.
- 16.11.5.2. The parties to the transmission contract shall be liable for a default in or defective performance of their respective obligations, unless the default or defective performance results from circumstances beyond the control of the party, including those caused by a force majeure.
- 16.11.5.3. Each party to the transmission contract shall be held liable for the actions of its suppliers, customers, partners, subcontractors and other persons it retains to carry out the activities defined in the SGT Network Code, to the same extent as for its own actions.
- 16.11.5.4. The parties to the transmission contract shall not be held liable for a default or a defective performance of its obligations when caused by a force majeure, and specifically when a force majeure event led to a default or defective performance of the obligations by ISOs or third parties whom the Party retained to perform the obligations defined in the SGT Network Code.

- 16.11.5.5. The to the transmission contract claiming a force majeure event shall be obliged to notify the other party, without undue delay, of the occurrence of a force majeure event, providing appropriate evidence of its occurrence.
- 16.11.5.6. Immediately after the force majeure ends and its consequences are removed, each party to the transmission contract shall, without any additional request, resume the performance of its respective obligations, which was previously suspended due to the occurrence of a force majeure. Immediately upon resuming the performance of its obligations the party shall notify the other party thereof.
- 16.12. With respect to the application of the charges and discounts referred to in point 13.6, until 1 March 2014 the charges and discounts shall be set on the basis of daily quantities of gaseous fuel and the reference gas price, as specified for volume units (m³).
- 16.13. The provisions of the SGT Network Code, to the extent that they regulated the application of discounts by the OSGT for off-spec quality of gaseous fuel, i.e. point 13.6.5, point 13.6.10, point 13.6.11, point 13.6.12, point 13.6.13, shall take effect upon the effective date of the respective provisions of the SGT Tariff.
- 16.14. The provisions of point 13.3, point 13.4.1, point 13.4.3, point 13.4.16, and point 13.4.17 shall not be applicable to the Kondratki entry point.
- 16.15. The provisions of point 8.1.7 shall not apply until 1 October 2014 with respect to reverse-flow transmission service provided on a firm basis.
- 16.16. The period covered by monitoring which is referred to in point 13.4.3.1 shall begin on 1 October 2013.