



**RULES OF NON-BINDING OPEN SEASON PROCEDURE TO IDENTIFY THE DEMAND
FOR ADDITIONAL REGASIFICATION CAPACITY OF THE FSRU TERMINAL**

March 2023

The new LNG Terminal project envisages the construction of a Floating Storage Regasification Unit (FSRU) in the Gulf of Gdańsk area.

In Q4 2021, a two-phase binding Open Season procedure for the FSRU Terminal in the Gdańsk area was launched. The objective of the first stage was to obtain binding orders from the participants and their commitment to book specified regasification capacity in Phase 2 of the Procedure. Phase 1 ended with the signing of the *Order to Proceed*, and GAZ-SYSTEM proceeded with the implementation of the first phase of the project, i.e. initiating the design engineering works. According to the schedule set out in the General Terms of Project Execution for the FSRU Terminal Open Season, the launch of Phase 2 of the binding Open Season procedure was scheduled for the Q2 2023.

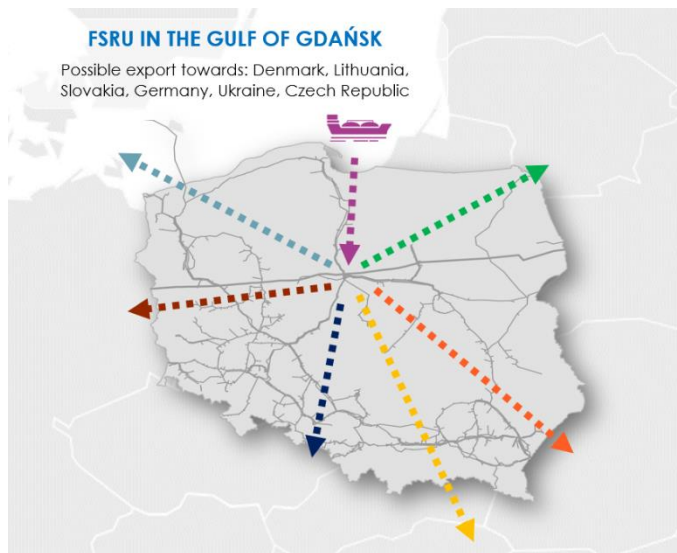
As a result of analyses conducted to date, including in particular the market screening conducted in previous years, under the binding Open Season GAZ-SYSTEM has offered annual regasification capacity of the FSRU Terminal at approximately 6.1 bcm. Already upon launching Phase 1 of the binding Open Season procedure, GAZ-SYSTEM envisaged the possibility of increasing the regasification capacity of the FSRU Terminal depending on market development potential and the increase in demand for natural gas both domestically and in the region. For that reason, in the preparatory and design works, the technical solutions adopted for the onshore part (pipeline infrastructure) as well as for the breakwater and the jetty shall enable further development of the FSRU Terminal, i.e. increasing its regasification capacity in relation to the capacity offered during the binding phase of the Open Season procedure, i.e. 6.1 bcm/year.

The current geopolitical situation, particularly Russia's military aggression against Ukraine and the subsequent suspension of natural gas supplies from Russia to the European Union countries, has increased market participants' interest in gaining access to stable and secure natural gas supplies.

These actions have been confirmed at the European Union level with the European Commission's RePowerEU Communication, which sets out an action plan towards abandonment of fossil fuel supplies from the Russian Federation. With reference to natural gas, the Commission indicated that the construction of the FSRU Terminal in Gdańsk will support the diversification of natural gas supply to Central Europe.

In this context, the announcement by GAZ-SYSTEM of a non-binding market screening procedure to identify the demand for additional regasification capacity of the FSRU Terminal corresponds both with the activities implemented by market participants in the Baltic region and Central Europe striving to diversify sources and directions of gas supply, as well as fulfils the priorities established by the European Commission and EU Member States in response to the war in Ukraine.

It is also worth noting that over the past years the company has intensified efforts to expand the transmission network, built more than 2,000 km of new gas transmission pipelines, and implemented strategic projects aimed at diversifying gas supply sources and improving energy security.



In 2022, GAZ-SYSTEM launched three new transmission system interconnectors: with Lithuania, Slovakia and Denmark.

The expansion of the domestic transmission network is ongoing, and negotiations aimed at establishing new cross-border interconnections with the Czech Republic and Ukraine are also underway.

The above allows us to assume that considering the current situation related to the need to strengthen regional security of gas supply and enhance diversification based on LNG, the capacity of 6.1 bcm/year offered under the binding Open Season for the FSRU Terminal is insufficient, and further development of energy infrastructure for the entire region is necessary. For this reason, GAZ-SYSTEM has decided to review the market demand for additional regasification capacity.

Market demand for additional regasification capacity from the FSRU Terminal

Considering the observed increased market interest in LNG supplies, GAZ-SYSTEM is initiating a non-binding market screening procedure to estimate the demand for additional regasification capacity of the FSRU Terminal in relation to the capacity booked under Phase 1 of the Open Season Procedure. It is assumed that the additional regasification capacity provided by the FSRU Terminal will deliver annually approx. 4.5 bcm of natural gas. The decision on the final regasification capacity of the new FSRU Terminal will depend on the market demand reported under the pending Procedure.

By this non-binding market screening procedure, GAZ-SYSTEM intends to assess both the demand for additional regasification capacity and the interest in the export of regasified LNG towards: Slovakia, Lithuania, the Czech Republic, Ukraine, as well as Denmark and Germany. The results of the Procedure will be taken into account by GAZ-SYSTEM in its future proceedings related to planned investments in regasification infrastructure as well as the necessary development of the transmission network in Poland.

1. DEFINITIONS

Heat of Combustion - Heat of Combustion H_{SN} [298.15 K, 101.325kPa, V (273.15 K, 101.325 kPa)] - the amount of heat that would be released in the air as a result of complete combustion of a given volume of Gaseous Fuel if the reaction took place at a constant pressure of 101.325 kPa, all products of combustion apart from water were in the gaseous state, the water formed during the combustion process was condensed and all the products of combustion (both gaseous products and water) were brought to the substrate temperature of 298.15 K;

Physical Exit Point - a place of receipt of Gaseous Fuel from the national transmission system at a specified physical location in existing or planned connections with transmission systems of neighbouring countries;

GAZ-SYSTEM or Company - Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A.;

TNC – the Transmission Network Code of the Company in force, adopted in accordance with the applicable regulations and published on the GAZ-SYSTEM website: <https://www.gaz-system.pl/en/for-customers/services-in-the-nts/nts-transmission-network-code.html>;

Questionnaire - the questionnaire provided under the Procedure;

LNG – liquefied natural gas - a liquid product consisting mainly of methane, derived from natural gas in the process of cooling the gas to a temperature below -159°C ;

Contracted Capacity - the maximum hourly quantity of Gaseous Fuel under Normal Conditions that can be received by a user at the exit point from the LNG Terminal, determined for a given Calendar Year, expressed in kWh/h;

Gaseous Fuel - high-methane natural gas and biogas (biomethane) transported by means of the transmission network and meeting the requirements specified in the TNC;

Procedure - a non-binding market screening procedure, the rules of which are described in these Rules, aimed at estimating market demand for additional regasification capacity of the FSRU Terminal in relation to the capacity booked under the binding Open Season procedure;

Capacity - the maximum hourly volume of Gaseous Fuel expressed in units of energy (kWh/h) that can be off-taken from the transmission system at a Physical Exit Point;

Rules - this document describing the rules of conducting the Procedure;

Gas Year - the period from 06:00 (CEST) on 1 October of a given calendar year until 06:00 on 1 October of the following calendar year;

Calendar Year - the period from 06:00 (CEST) on 1 January of a given calendar year to 06:00 on 1 January of the following calendar year;

LNG Terminal, FSRU Terminal - the facility planned to be located in the Gdańsk area, including the Floating Storage Regasification Unit (FSRU) capable of offloading LNG, in-process storage and regasification of LNG and also to provide additional services;

Participant - any entity that submitted the Questionnaire in the course of the Procedure;

Normal Conditions - reference conditions for settlement purposes: absolute pressure of 101.325 kPa and temperature of 273.15 K;

For the purposes of this Procedure, the adopted units of measurement are as follows:

m³: cubic metre of LNG;

kWh: kilowatt-hour (unit of energy determined using the Heat of Combustion).

Reference to "LNG volume" shall be understood as a reference to the volume of LNG expressed in kWh, unless expressly stated otherwise.

2. GENERAL INFORMATION

The core business of GAZ-SYSTEM is the transport of natural gas via the transmission system in Poland, the supply of gas to the distribution network and to end-customers connected to the transmission system, as well as regasification of LNG. As the operator of the national transmission system, the company also provides gas transmission to/from the connected storage facilities and transmission systems in neighbouring countries.

In this regard, GAZ-SYSTEM is implementing a number of investment initiatives which comply with the strategic objectives set out in the National Ten-Year Transmission System Development Plan, i.e. the development plan aimed at meeting the current and future demand for Gaseous Fuel in the years 2023-2032.

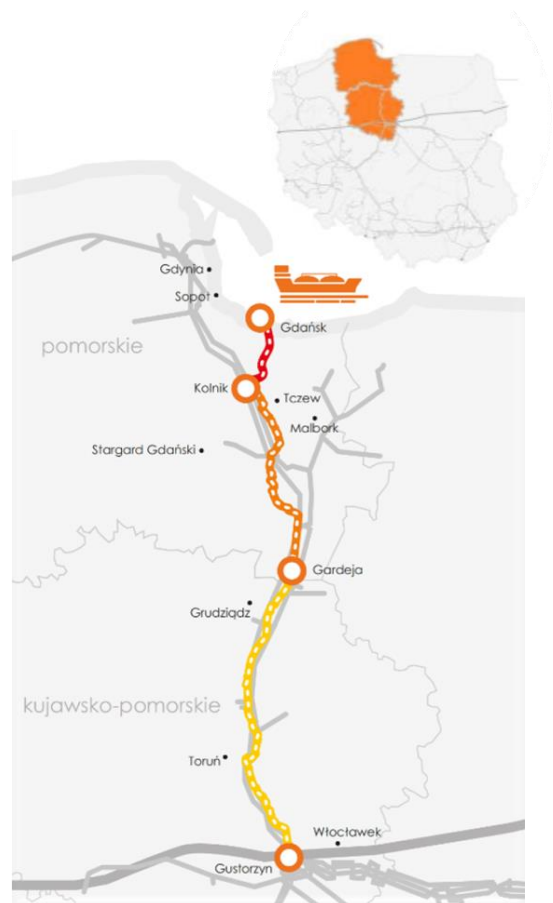
The implementation of the new LNG Terminal project in the area of the Gulf of Gdańsk is inscribed in both Polish and European policy to ensure secure access to gaseous fuel. It constitutes an element of numerous strategies and policies¹ of ensuring security of gas supply as well as a response to the ever-growing demand for Gaseous Fuel in Poland and Central and Eastern Europe. Therefore, the FSRU project belongs to programmes ensuring energy security and is inherent to the state's energy and economic transition towards less carbon-intensive energy sources. In 2021, the FSRU Terminal was entered by the European Commission into the Fifth List of Projects of Common Interest (PCI) of the European Union².

¹ cf. Draft National Energy Policy 2040, National Security Strategy of the Republic of Poland, Assumptions of the Framework Strategy for the Energy Union COM(2015) 80 final.

² On 12 February 2020, the European Parliament adopted the fourth PCI list (*Projects of Common Interest*). The PCI list was then published in the EU Journal in March 2020.

The LNG (FSRU) Terminal construction project consist of:

- ▶ the installation of a Floating Storage Regasification Unit(s) (FSRU) in the area of the Gulf of Gdańsk
- ▶ the construction of an offshore gas pipeline connecting the FSRU with the domestic transmission system,
- ▶ the construction of FSRU mooring infrastructure enabling gas off-take from the unit together with unloading infrastructure and associated systems,
- ▶ the construction of a new onshore infrastructure to enable gas off-take from the FSRU Terminal and distribution throughout the transmission system.



It is assumed that the additional regasification capacity of the LNG Terminal will enable regasification of **approx. 4,5 bcm/year, taking into account the conditions/limitations of the gas transmission system, in particular the available capacity of interconnectors or the need for new cross-border interconnections.**

The decision to plan additional technical regasification capacity of the LNG Terminal will depend largely on the declared market demand under this Procedure and subsequently, the conclusion of long-term regasification agreements under the new Open Season procedure planned to be launched in Q2 2023³.

It is assumed that the additional regasification capacity could be offered to the market from 1 January 2028. However, market players may also express interest in an earlier start-up of the FSRU Terminal under the present market screening procedure.

The demand expressed in the course of the market screening procedure does not oblige GAZ-SYSTEM to take any investment decisions.

³ A binding Open Season procedure for additional regasification capacity of the FSRU Terminal is planned.

2.1 About GAZ-SYSTEM S.A.

The core business of GAZ-SYSTEM is the transport of natural gas via the transmission system in Poland, the supply of gas to the distribution network and to end-customers connected to the transmission system, as well as regasification of LNG. As the operator of the national transmission system, GAZ-SYSTEM also provides gas transmission to/from the connected storage facilities and transmission systems in neighbouring countries.

On 6 December 2018, the President of the Energy Regulatory Office (ERO) issued a decision granting GAZ-SYSTEM the status of Transmission System Operator on the territory of Poland until 6 December 2068, and on 10 June 2021 the President of ERO designated GAZ-SYSTEM as the Transmission System Operator of the liquefied natural gas facility in Świnoujście until 31 December 2030.

3. LEGAL BASIS

3.1 The market screening procedure is based on the provisions of Directive 2009/73/EC of the European Parliament and of the Council of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC (EU JoL of 2009, No. 211, item 94 as amended), Art. 15(1) and Article 17(1) and (2) of Regulation (EC) No 715/2009 of the European Parliament and of the Council of 13 July 2009 on conditions for access to the natural gas transmission networks and repealing Regulation (EC) No 1775/2005 (UE J.o.L.2009.211.36 as amended).

4. SCHEDULE OF THE PROCEDURE

GAZ-SYSTEM intends to conduct the Procedure in accordance with the schedule set out below.

	DATE	Stage of the Procedure
1.	06 March 2023	Launching the Procedure together with publication of the Rules of Procedure
2.	20 March 2023	Questionnaires submission deadline
3.	24 March 2023	Evaluation of the Questionnaires submitted in the Procedure
4.	31 March 2023	Completion of the Procedure

Notwithstanding the foregoing, GAZ-SYSTEM may extend the duration of any stage of the Procedure at any time before the deadline of a given stage. Changes to the deadlines will be published by the Company without undue delay.

5. MARKET SCREENING PROCEDURE

- 5.1 The Rules set out the principles and conditions for the Procedure, as well as the rights and obligations of the entities participating in the Procedure, as established by GAZ-SYSTEM.
- 5.2 By submitting the Questionnaire, the Participant accepts the provisions of the Rules.
- 5.3 As a result of the Procedure, GAZ-SYSTEM intends to estimate the demand for additional regasification capacity of the LNG Terminal, the planned volume of LNG supply and the demand for capacity at Physical Exit Points from the national transmission system (supplementary, non-mandatory information).
- 5.4 The preliminary schedule assumptions imply that additional regasification capacity could be offered to the market as of 1 January 2028, therefore it is advisable to specify in the Questionnaire the demand from 2028 onwards over a period of 15 calendar years.
- 5.5 Respondents interested in participation in the Procedure are requested to complete and submit the Questionnaire specifying their demand in accordance with the template attached as Appendix 1 to the Rules.
- 5.6 In the Questionnaire, the Participant should provide:
 - 5.6.1 Participant's company details (all boxes in the Questionnaire should be completed)
 - 5.6.2 The following information/notification of non-binding demand for:
 - 5.6.2.1 Contracted Regasification Capacity, expressed in kWh/h;
 - 5.6.2.2 Information on the planned volume of LNG supply in kWh/year;
 - 5.6.2.3 Calendar year(s) for which the demand for Contracted Capacity is declared;
 - 5.6.2.4 Supplementary information, i.e. planned activities, additional comments and other information concerning the demand for regasification service;
 - 5.6.2.5 Capacity at Physical Exit Points (supplementary information, if applicable), expressed in kWh/h.
- 5.7 Based on the received Questionnaires, GAZ-SYSTEM will assess the Participants' demand for additional regasification capacity.

The declared demand will serve as a basis for GAZ-SYSTEM to proceed with further analyses.

- 5.8 GAZ-SYSTEM is open to direct dialogue with market participants in the course of market screening and intends to organise bilateral meetings to discuss the subject matter of the Procedure. If any confidential information is to be communicated at such meetings, GAZ-SYSTEM declares its readiness to sign a Non-Disclosure Agreement (NDA), the template of which is attached as Appendix 3 hereto.

6. SUBMITTING THE QUESTIONNAIRE

- 6.1 Questionnaire shall be submitted by the scheduled deadline stipulated in clause 4 and in the form provided for in clause 6 of the Rules.
- 6.2 A scan of the completed Questionnaire, signed by an authorised person, together with completed electronic questionnaire in MS Excel spreadsheet format should be returned to GAZ-SYSTEM via e-mail address specified in point 9.1 of these Rules.
- 6.3 Only the Questionnaire signed by the person authorised to represent the Participant will be considered under the Procedure.
- 6.4 A Participant may submit a new Questionnaire by the date specified in the Schedule as the "Final Date for Questionnaire Submission". The new Questionnaire shall supersede the previous Questionnaire and all information contained in the former Questionnaire will be ignored. The new Questionnaire should comply with the requirements set out in the Rules.
- 6.5 If the Questionnaire contains omissions or errors, in particular if not all necessary information is provided, GAZ-SYSTEM reserves the right to contact the Participant in order to clarify the contents of the questionnaire and explain the inaccuracies.

7. CONFIDENTIALITY

- 7.1 GAZ-SYSTEM treats all information obtained from Participants in the course of the Procedure as confidential. GAZ-SYSTEM undertakes to use the information obtained in the course of the Procedure exclusively for the purposes of the Procedure.
- 7.2 GAZ-SYSTEM may disclose information obtained from the Participants in the course of the Procedure within its corporate group and furthermore, if so required by law, court decision, administrative decision or if the information has already been made public at the time of disclosure. If it is necessary to disclose the information obtained from Participants in the course of the Procedure on account of the requirements of applicable law, GAZ-SYSTEM will inform the Participant of such disclosure

- 7.3 In addition, GAZ-SYSTEM may disclose information in aggregated and anonymised form to third parties if the pursuance of the LNG Terminal construction project so requires. Information in this form may be disclosed to market participants, during planned meetings, workshops, etc., as well as to the competent authorities in order to obtain requisite permits or to parties involved in the implementation of a given investment project.
- 7.4 In addition, GAZ-SYSTEM may disclose information to any consultant or advisor engaged by GAZ-SYSTEM in the implementation of the LNG Terminal construction project subject to a commitment by the consultant or advisor to maintain confidentiality of such information.

8. FINAL PROVISIONS

- 8.1 Costs associated with participation in the Procedure shall be borne by the Participant and will not be reimbursed by GAZ-SYSTEM.
- 8.2 These Rules do not constitute an offer made to the Participants within the meaning of Article 66 § 1 of the Act of 23 April 1964 Civil Code (consolidated text: Journal of Laws of 2022, item 1360, as amended) and the Parties acknowledge that the Procedure is preliminary and non-binding only.
- 8.3 Neither the Participant nor GAZ-SYSTEM shall be liable to each other for any damage, including lost profits suffered in connection with the Procedure, unless a party has incurred damage through the wilful misconduct of the other party.
- 8.4 In matters not regulated by the provisions of these Rules, the provisions of Polish law shall apply.
- 8.5 GAZ-SYSTEM reserves the right to amend or supplement these Rules, including the extension of the deadlines set out herein, in particular in the event of any changes in the applicable legislation the need to obtain administrative permits or decisions of competent authorities including the President of ERO, that are not provided for herein. Such amendments and additions will be published on GAZ-SYSTEM website.
- 8.6 In the event that any provision of these Rules is found to be prohibited or unenforceable, such provision shall be deemed to be excluded. The remaining provisions of the Rules will remain in full force and effect, while the provision deemed to be prohibited or unenforceable will be replaced by a similar provision reflecting the original intention of GAZ-SYSTEM to the extent that this is consistent with the applicable law.
- 8.7 The Rules of Procedure and Appendices to the Rules of Procedure have been drawn up both in Polish and in English. In the event of any discrepancy between the Polish and English language version, the Polish version shall prevail.

8.8 The information clause required under Articles 13 and 14 of the GDPR, is attached as Appendix 2 hereto. The entities participating in the Procedure undertake to acknowledge its content and to communicate it to those whose personal data will be provided in connection with the pending Procedure.

9. NOTICES AND CONTACT DETAILS

9.1 Within the deadline specified in the Schedule, the Participants shall submit the completed Questionnaire to GAZ-SYSTEM in electronic form in the electronic format by email at: badanierynku@gaz-system.pl

9.2 All questions and electronic correspondence related with the Procedure should be addressed to the e-mail address provided in item 9.1

9.3 All official correspondence shall be in Polish. GAZ-SYSTEM also accepts correspondence in English.

APPENDICES:

1. Appendix 1 – Questionnaire
2. Appendix 2 – GDPR clause
3. Appendix 3 – Non-Disclosure Agreement template(NDA)