

**TRANSMISSION NETWORK CODE**

**OF THE POLISH SECTION OF THE TRANSIT GAS  
PIPELINE SYSTEM YAMAL – EUROPE**

**PART I**

**GENERAL CONDITIONS FOR USE OF TRANSIT PIPELINE  
SYSTEM (SGT)**

Warsaw, August 2011

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## 1. DEFINITIONS AND UNITS

### 1.1. DEFINITIONS

Allocation	<i>The assignment to individual Users of a quantity of gas, which is introduced for transmission at the entry point or off-taken from the exit point.</i>
Physical balancing	<i>The activities of a Transit Pipeline System Operator (OSGT), which are aimed at balancing of the quantity of gas introduced into and off-taken from the SGT through ongoing control of operation of the SGT.</i>
Commercial balancing	<i>The activities of OSGT involving the definition and settlement of imbalanced values.</i>
System balancing	<i>The business activities conducted by OSGT within the framework of the transmission services consisting in the balancing of requirements for gas with the suppliers of these fuels, including physical balancing and commercial balancing.</i>
Gross calorific value ( $G_{cv}$ )	<i>The amount of energy that would be given off as heat as a result of the complete or total combustion of <math>1\text{m}^3</math> of fuel gas in air under normal conditions (given the pressure of <math>0,101325\text{ MPa}</math> and temperature of <math>0^\circ\text{C}</math>), if the reaction takes place under a constant absolute pressure of <math>101.325\text{ kPa}</math>, where all products of combustion, except 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 <math>25^\circ\text{C}</math>. Gross calorific value is expressed in <math>\text{MJ}/\text{m}^3</math>.</i>
Pressure	<i>The pressure of gas measured inside the Transit Pipeline System (SGT) under static conditions as overpressure, which is the difference between the absolute static pressure of the gas and atmospheric pressure.</i>
Absolute pressure	<i>The pressure of gas measured in SGT under static conditions as the absolute pressure.</i>
Working days	<i>The days from Monday to Friday, except statutory holidays.</i>
Gas day	<i>The period from 08:00 hours of the current day to 08:00 hours of the next day</i>
Available capacity	<i>A part of capacity of SGT, which was offered to OSGT by the SGT Owner and which is not reserved in connection with the transmission contracts concluded between OSGT and ZUP.</i>
Transit Pipeline System (SGT) TNC/ TNC	<i>Transmission Network Code, within the meaning of Art. 9g sec. 1 of the Act – Energy Law, which is binding on SGT</i>
Gas month	<i>The period from 08:00 hours of the first current day of the month to 08:00 hours of the first day of the next month.</i>

<i>Contracted capacity / Capacity</i>	<i>The maximum day quantity of gas under conditions as follows: <math>p_2=101,325</math> kPa, <math>t_2=293,15</math> K (20°C), which can be admitted for transmission to SGT at the entry point or off-taken at the exit point of SGT.</i>
<i>Imbalance</i>	<i>The difference between the quantity of gas that the Shipper (ZUP) has introduced at the entry points for transmission and has off-taken from SGT at the exit points, calculated on the basis of the methods of allocation specified in the TNC.</i>
<i>Nomination</i>	<i>ZUP's declaration passed over to OSGT regarding the quantity of gas that will be introduced by ZUP at the entry points of SGT at a specified time and off-taken by ZUP from SGT at the exit points.</i>
<i>Contractual congestion</i>	<i>Restrictions of the possibility to transmit gas, arising from capacity booked by ZUP at a greater level than is actually used.</i>
<i>Technical congestion</i>	<i>Restrictions of the ability to transmit gas arising from congestion in the technical devices, installations or networks.</i>
<i>Billing Point Operator (OPR)</i>	<i>An entity performing metering and settlement tasks at the entry points to or exit points from SGT.</i>
<i>Transit Pipeline System Operator (OSGT)</i>	<i>Transmission System Operator Gaz-System S.A. – an energy company that transmits gas and is responsible for the Network maintenance in SGT.</i>
<i>Interoperating System Operator (OSW)</i>	<i>The operator of the SGT interoperating system.</i>
<i>Gas</i>	<i>High-methane natural gas transported through SGT.</i>
<i>Linepack</i>	<i>The quantity of gas that is under pressure in the gas pipelines.</i>
<i>Transmission</i>	<i>The transport of gas through SGT between entry points and exit points.</i>
<i>Entry point</i>	<i>The place of introduction of gas into SGT, including the entry point for reverse flow transmission.</i>
<i>Exit point</i>	<i>The place of off-take of gas from SGT, including the entry point for reverse flow transmission.</i>
<i>Billing report</i>	<i>The document drafted by OSGT, which contains a set of information about the provision of transmission services for ZUP during a settlement period (the gas month).</i>
<i>Re-nomination</i>	<i>ZUP's declaration on a change in the approved nomination.</i>
<i>Gas year</i>	<i>The period from 08:00 hours on 01 January of the current year to 08:00 hours of 01 January of the next year.</i>

<i>Force majeure</i>	<i>An extraordinary external event that is independent of the will of a party, which prevents the permanent or temporary performance of an agreement, the event or the consequences of which the party was unable to predict with due care at the time of signature of an agreement / contract, or avoid or overcome.</i>
<i>Transit Pipeline System (SGT)</i>	<i>Transmission system – a Transit Pipeline System on the territory of the Republic of Poland, which is owned by SGT EuRoPol Gaz S.A.</i>
<i>Interoperating system</i>	<i>Other transmission system which interoperates with SGT.</i>
<i>Emergency situation</i>	<i>A situation resulting in the loss of technical operability of the transmission network or the networks, installations or devices connected to it or a direct threat to lives, health, property, the environment, or a sudden need to counter 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 gas.</i>
<i>Transit Pipeline System tariff / SGT tariff</i>	<i>A set of prices, fees and charges, as well as the conditions for application thereof, which is introduced as obligatory for SGT in the settlements with ZUP.</i>
<i>Transmission contract / contract</i>	<i>A contract for provision of gas transmission by SGT concluded by OSGT and ZUP.</i>
<i>System user</i>	<i>An entity that delivers gas to SGT or is provided with gas by SGT.</i>
<i>SGT User</i>	<i>An entity that concluded transmission contract with SGT Owner before the day of appointment Transmission System Operator Gaz-System S.A. as OSGT.</i>
<i>Energy Law</i>	<i>The Energy Law of 10/04/1997 - consolidated text (Journal of Laws of 2006, No. 89, item 625, as amended).</i>
<i>Net calorific value</i>	<i>The amount of heat that would be given off as a result of the complete combustion of 1 cubic meter of gas, given the absolute pressure of 101.325 kPa, all products of this combustion, including water, are in a state of steam and the temperature of combustion products is the same and the temperature of substrates before the combustion and amounts to 20°C. It is expressed in MJ/m<sup>3</sup>.</i>
<i>SGT Owner</i>	<i>Transit Gas Pipeline System EuRoPol Gaz S.A.</i>
<i>System congestion management</i>	<i>Business activities conducted by OSGT within the framework of the transmission services provided in order to ensure the safe operation of SGT and to provide the required technical parameters of gas in the event of the appearance of technical congestion in SGT capacity.</i>

<i>Technical capacity</i>	<i>The maximum firm capacity, which OSGT may offer to system users, taking into account the integrity of SGT and the operation requirements of SGT.</i>
<i>Shipper (ZUP)</i>	<i>A natural or legal person, as well as an organizational entity not having legal personality, but having legal capacity, which uses SGT transmission services under a transmission contract concluded with OSGT.</i>

## 1.2 UNITS USED

1.2.1 The measurement units which are used in the TNC are as follows:

m <sup>3</sup>	cubic meter (in conditions when p <sub>2</sub> =101,325 kPa and t <sub>2</sub> =293,15 K (20 <sup>o</sup> C))
°C	degree Celsius
h	hour
K	Kelvin
km	kilometer
kWh	kilowatt hour
MJ	megajoule
mg	milligram
µg	microgram
MPa	megapascal
kPa	kilopascal

1.2.2. The references to the „quantity of gas” that are used in the TNC shall mean the reference to the „quantity of gas, expressed in m<sup>3</sup>”, unless otherwise expressly provided herein. The „quantity” and „volume” are expressed in cubic meters in conditions where p<sub>2</sub>=101,325 kPa and t<sub>2</sub>=293,15 K (20<sup>o</sup> C).

## 2. GENERAL PROVISIONS

### 2.1 INTRODUCTION

- 2.1.1 SGT TNC (TNC) regulates the principles of provision of SGT transmission services by the Transmission System Operator Gaz-System S.A., that was appointed by the President of the Energy Regulatory Office (ERO) as the Operator of the Transit Pipeline System (OSGT).
- 2.1.2 The SGT Owner and OSGT made an agreement commissioning the obligations of the operator on the Polish section of the Yamal-Europe Transit Gas Pipeline System (“OSP Agreement”).
- 2.1.3 The TNC is binding on OSGT and ZUP. The TNC is also binding on the SGT Owner (provided that the provision of the TNC refer thereto) and is not contrary to the OSP Agreement.
- 2.1.4 OSGT provides gas transmission services to ZUP, in the scope of available transmission capacity, on the basis of the gas transmission services contract, in accordance with the conditions that are specified in the TNC.
- 2.1.5 The TNC is posted on the website of OSGT [www.gaz-system.pl](http://www.gaz-system.pl) and is delivered to the entities that intend to use transmission services under the transmission

contract, as well as is made available to the entities that are applying for connection to SGT.

## 2.2 RIGHTS AND LIABILITIES OF THE PARTIES

- 2.2.1 OSGT, applying objective and transparent principles, which ensure the equal treatment of System users according to the Article 9c of Energy Law and taking into account the environmental protection requirements, ensures, among others:
- 2.2.1.1 the control of gas flows,
  - 2.2.1.2 the assurance of SGT operation safety and the control of the natural gas flow by OSGT, taking into account the rights of the SGT Owner, including by management, supervision and control of the on-going maintenance, repairs and operation of SGT,
  - 2.2.1.3 the dispatcher cooperation with the services of operators of other sections of the Jamal – Europe gas pipeline,
  - 2.2.1.4 balancing and management of SGT congestions,
  - 2.2.1.5 the supply of information about the conditions of provision of transmission services to system users and to operators of other gas systems.
  - 2.2.1.6 the cooperation with other operators of gas systems with the participation of the SGT Owner.
- 2.2.2 In the event of the lack of a possibility to ensure the supply of gas in open procedure, in order to cover technological requirements of SGT, which arise from the fulfillment of transmission services and physical balancing, ZUP, on request of OSGT, shall make a contract for the sale of gas to the entity to be specified by OSGT. The sale will take place on conditions specified in transmission contract and may cover the quantity which will not exceed 10% of the quantity of gas that was introduced for transmission at the entry point.
- 2.2.3 ZUP uses the gas transmission service in accordance with the principles that are specified in the Energy Law, the TNC and the transmission contract. ZUP is obliged to pay to OSGT fees and charges that are specified in the SGT Tariff and Part II of the TNC.
- 2.2.4 ZUP is obliged to observe the provisions of the TNC, in particular, shall:
- 2.2.4.1 introduce for transmission and off-take from SGT gas in the quantities that are specified in approved nominations for the entry points and exit points, in accordance with the provisions of Part II of the TNC,
  - 2.2.4.2 introduce for transmission at the SGT entry point gas, which satisfies the requirements on qualitative parameters, determined in Art. 3.4, and under pressure, established in accordance with the provisions of Art. 3.4.2,
  - 2.2.4.3 not exceed contracted capacities that are specified in the transmission contract,
  - 2.2.4.4 make payments in accordance with the provisions of Art. 9.3 and the transmission contract,
  - 2.2.4.5 consider in the submitted nominations congestions that are specified in Part II of the TNC,
  - 2.2.4.6 immediately notify OSGT about the change of formal-legal and commercial conditions, which form the basis for the conclusion of the transmission contract, specified in Art. 7.2.1,

2.2.4.7 ensure a possibility of the 24-hour contact with ZUP, in case of the occurrence of any emergencies which exert an effect on the implementation of the transmission service,

2.2.4.8 immediately fulfill all recommendations given by OSGT dispatcher services and ensure the implementation of such recommendations by the entities that off-take or supply gas to or from SGT in favor of ZUP.

### 2.3 SUPPLEMENTARY DOCUMENTS

2.3.1 Chart of SGT.

2.3.2 Application forms for specifying the conditions for connection to SGT.

2.3.3 Application form for the provision of the transmission service.

2.3.4 Transmission contract specimen.

2.3.5 Billing report specimen.

2.3.6 SGT tariff.

2.3.7 The supplementary documents are posted on the website of OSGT [www.gaz-system.pl](http://www.gaz-system.pl).

### 2.4 UPDATE OF THE TNC

2.4.1 The amendments in the TNC shall be made by OSGT.

2.4.2 OSGT will conduct consultations with System users about the proposed amendments in the TNC. For this purpose, on its website, OSGT will post the change sheet incorporating the scope and contents of the proposed amendments as well as the planned date of their implementation and will make it available for review at the registered seat of OSGT.

2.4.3 System users within fifteen (15) days from the date of posting the change sheet on the OSGT website may submit to OSGT their comments on the proposed changes.

2.4.4 OSGT will analyze the submitted comments and will prepare the final wording of the amendments to the TNC.

2.4.5 OSGT will present the amendments to the TNC to the President of the Energy Regulatory Office for approval, including the information about the comments submitted by system users and the method, in which they were taken into account. OSGT will post these documents on its website.

2.4.6 The amendments in the TNC will be published in the Bulletin of the Energy Regulatory Office. The final wording of the TNC containing all introduced changes will be posted on the OSGT website and will be made available for review at the registered office of OSGT.

2.4.7 OSGT will forward the uniform and final text of the TNC containing all the amendments introduced thereto to SGT Owner and ZUP.

2.4.8 The SGT Owner will forward the uniform and final text of the TNC containing all the amendments introduced thereto to the entities that are the parties to the contract for connection to SGT.

2.4.9 Amended or new provisions of the TNC will be binding on, among others, OSGT, ZUP and the SGT Owner, from the date when the TNC approved by the President of the Energy Regulatory Office was posted in the ERO Bulletin, subject to the provisions of Art. 2.4.10.

2.4.10 In the event of a lack of acceptance of the amendments to the TNC, ZUP will be entitled to terminate the transmission contract within fourteen (14) days from the



date of delivery or posting of the new wording of the TNC in the ERO Bulletin, given the observance of a notice period of twenty-one (21) days. The entitlement to terminate the transmission contract will not release ZUP from an obligation to apply the TNC in its new or amended wording during the period of termination.

2.4.11 OSGT will register subsequent amendments to the TNC in the change sheet posted on its website [www.gaz-system.pl](http://www.gaz-system.pl).

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

#### 3.1 DESCRIPTION OF SGT

3.1.1. SGT comprises the following:

- 3.1.1.1. DN 1400 p, 8,4 MPa pipeline with a length of approximately 684 km, i.e. from the Polish-Belarusian 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-Belarusian border;
- 3.1.1.4. Wrocławek System Regulating-and-Measuring Station (SSRP) Włocławek;
- 3.1.1.5. connection assembly to Lwówek Station.

3.1.2. On the territory of the Republic of Poland the pipelines owned by Transmission System Operator– OGP Gaz-System S.A. are interconnected with SGT.

#### 3.2. LIST OF ENTRY POINTS AND EXIT POINTS

3.2.1. SGT chart and the list of entry points and exit points are posted on OSGT website [www.gaz-system.pl](http://www.gaz-system.pl).

#### 3.3. TRANSFER OF RISK

3.3.1. The transfer of risk to OSGT, which risk is related to the transmission of gas to ZUP, shall occur at the point of introduction of gas to SGT on the border of the Republic of Poland.

3.3.2. The transfer of risk to ZUP, which risk is related to the transmission of gas, shall occur respectively on the border of the Republic of Poland before Mallnow station or at the exit point that is located on the territory of the Republic of Poland.

#### 3.4. QUALITY PARAMETERS OF GAS

3.4.1. Quality parameters.

3.4.1.1. Gas in SGT shall meet the following requirements:

Quality parameter	Unit of measurement	Value
Net calorific value	MJ/m <sup>3</sup>	33,4944 ± 0,4187
Methane content	% mol	≥ 92,00
Ethane content	% mol	≤ 4,00
Propane, butane and heavier hydrocarbons	% mol	≤ 2,00

Nitrogen content	% mol	≤ 2,00
Carbon dioxide content	% mol	≤ 1,00
Oxygen content		trace amounts
Mercapthane sulfur content	mg/m <sup>3</sup>	≤ 5,6
Hydrogen sulfide content	mg/m <sup>3</sup>	≤ 2,0
Total sulfur content	mg/m <sup>3</sup>	≤ 20,0
Water dew point under pressure of 3,92 MPa	°C	≤ -8
Hydrocarbons dew point under working pressure	°C	≤ 0
Hydrocarbons dew point under pressure of 2,7 MPa	°C	≤ 0
Absolute pressure at the entry point	MPa	≥ 6,1

*All data in the table hereinabove are provided for the following conditions: 293,15 K; 101,325 kPa; for combustion process 293,15 K.*

#### 3.4.2. Gas pressure.

3.4.2.1. The scope of pressures that are obligatory for specified entry points and exit points will be posted by OSGT on its website.

3.4.2.2. In the event when ZUP fails to keep the gas pressure at the entry point, OSGT will be entitled to refuse to accept such gas to SGT.

### 3.5. MEASUREMENTS OF PRESSURE, QUANTITIES AND QUALITY PARAMETERS OF GAS IN SGT

3.5.1. Measurements of pressure, quantities and quality parameters of gas shall be taken in all entry points and exit points to/from SGT.

3.5.2. Measurements of the quantity of gas shall be made by constriction flow-meters and UV flow-meters, however the measurement by UV flow-meters is the basic measuring system, which is used for the establishment of the gas quantity. The readings of constriction flow-meters shall be used for comparison thereof with the readings of the basic measuring system. In the event of the lack of the measurement by the UV flow-meter, it will be allowed to make the measurement by turbine gas meters.

3.5.3. Measurement sequences (pipelines) in entry points and exit points shall be numbered and the measurement shall be made by one or several measurement sequences, depending on the quantity of gas supplied to SGT.

3.5.4. Characteristics and types of measuring equipment that are applied in all entry points and exit points shall be the same.

3.5.5. The measurement of gas quality will be made by a processing chromatograph at least four (4) times per hour. This being the case, before the performance of the analysis of the gas, which is supplied for measuring purposes, the gas with the established chemical composition (calibration gas), whose parameters are close to those of the supplied gas, shall be subject to the analysis.

- 3.5.6. The determination of the quantity of hydrogen sulfide, mercapthane sulfur and general sulfur that are contained in the gas supplied to SGT shall be made by the automatic analyzer registering the results of the analysis. The frequency of the analysis shall not be less than once (1) per two (2) hours. Given however, the amounts of maximum permissible units of sulfur, the analysis shall be made not less frequently than once (1) per year during one hour.
- 3.5.7. Gross calorific value and net calorific value of gas shall be determined by the calculation method on the basis of the composition, registered by the chromatograph, in accordance with provisions stipulated in ISO 6976-95.
- 3.5.8. The temperature of the water dew point and of the hydrocarbons dew point shall be measured in the on-going manner by automatic analyzers registering the results of measurement.
- 3.5.9. The density of gas shall be calculated on the basis of its chemical composition, in accordance with the results of the chromatograph-made analysis.
- 3.5.10. Quality parameters of gas, which are periodically specified, 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 admissible scope, the beginning of deviation shall fall on the day when the performer measurement proved the inconformity with the parameters that are determined in Art. 3.4.
- 3.5.11. Quality parameters of gas, which are specified by measuring devices operating in the on-going manner, shall be deemed as true and correct, unless the erroneous measurement or a lack of measurement is declared. In the event of the erroneous measurement or a lack of measurement, the average value, determined on the basis of the parameters measured during the past six (6) hours of correct measurement, shall be deemed to be true and correct.
- 3.5.12. Results of daily measurements of gas quantities that are registered by the basic measuring system and the control measuring system shall be deemed as compliant, if the difference between the both results does not exceed:
- 3.5.12.1. given the operation of one measurement sequence  $\pm 0,7\%$  of the measured value;
- 3.5.12.2. given the operation of two or more measurement sequences  $\pm 0,5\%$  of the measured value.
- 3.5.13. If the difference between the results of measurement of gas quantities registered by the basic measuring system and by the control measuring system during a day does not exceed the scope, indicated in Art. 3.5.12, the gas quantity registered by the basic measuring system shall be assumed as the basis for billing purposes.
- 3.5.14. If the difference between the results of measurement of gas quantities registered by the basic measuring system and by the control measuring system during a day exceeds the scope, specified in Art. 3.5.12, the gas quantity registered by the properly operating measuring system, whose true and correct measurement has been verified, shall be assumed as the basis for billing purposes.
- 3.5.15. The admissible error of measuring devices, calculation equipment and devices shall correspond to the accuracy class of devices that is guaranteed by the producer, in particular:
- 3.5.15.1 For measuring devices (electronic system):

Pressure converters from 62 mbar to 620 mbar	+/- 0,1% of the measurement scope
Pressure converters from 6,2 mbar to 62 mbar	+/- 0,15% z of the measurement scope (without static pressure) +/- 0,25% of the measurement scope (given static pressure of 6,1 MPa)
Pressure converter	+/- 0,1% of the measurement scope
Temperature converter	+/- 0,1 °C absolutely
Temperature measurement sensor	+/- 0,1 °C absolutely
Converter error	+/- 0,01%
UV gas meter	+/- 0,2% of the value measured in the scope from 0,2 Q <sub>max</sub> to Q <sub>max</sub>
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%
Devices to measure:	
Water dew point temperature	+/- 1 °C
Hydrocarbons dew point temperature	+/- 2 °C
A device to measure the content of sulfur compound:	
Hydrogen sulfide	+/- 3%
General sulfur and Mercapthane sulfur	+/- 5%

3.5.15.2 Scope of operation of devices:

Pressure drop	30% - 95% of the scope
UV gas meter	10% - 95% of the scope
Pressure	30% - 90% of the scope

Temperature	30% - 90% of the scope
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3.5.16. In the event of the disclosure of any deviations during the overhaul or calibration of the measuring device, which deviations exceed the admissible values, the entity in charge of the operations of the entry point and exit point shall remove technical irregularities of measuring devices and shall repeatedly regulate them. If the removal of technical irregularities of measuring devices and measuring equipment is impossible, these devices and equipment shall be replaced by new measuring devices and equipment.

### 3.6. TECHNICAL REQUIREMENTS FOR DEVICES, GAS INSTALATIONS AND GAS NETWORK TOGETHER WITH NECESSARY AUXILIARY INFRASTRUCTURE

3.6.1. Measuring devices, measuring stations - meet 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) - Natural gas compression calculation;
- 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. Gas pipelines meet 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 – Part 2: 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);
- 3.6.2.5. PN-90/M-34502 – Gas pipelines and gas installations. Durability calculation.;
- 3.6.2.6. DIN 30677.2 - External corrosion protection of buried valves. Heavy - duty thermoset plastic coatings.;
- 3.6.2.7. EN 288 - Specification and approval of welding procedures for metallic materials. Part 2. Welding procedures specification for arc welding, Part 3. Welding procedure tests for the arc welding of steels, Part 10 Approval of welding procedures for site welding of pipelines;
- 3.6.2.8. Certificates issued by Bureau Veritas Poland for linear part of gas pipeline:
  - 3.6.2.8.1. Safety Certificate E&P – 4950369 – BA/SC 003;
  - 3.6.2.8.2. Safety Certificate E&P – 4950369 – BA/SC 001;

- 3.6.2.8.3. Safety Certificate E&P – 4950369 – BA/SC 002;
- 3.6.2.8.4. Safety Certificate – 4950369 – BA/02;
- 3.6.2.8.5. Certificate of Conformity E&P – 4950369 – BA/01;
- 3.6.2.8.6. Certificate of Conformity E&P – 4950369 – BA/02;
- 3.6.2.8.7. Certificate of Conformity E&P – 4950369 – BA/03;
- 3.6.2.8.8. Certificate of Conformity E&P – 4950369 – BA/11;
- 3.6.2.8.9. Certificate of Conformity E&P – 4950369 – BA/04;
- 3.6.2.8.10. Certificate of Conformity E&P – 4950369 – BA/12;
- 3.6.2.8.11. Certificate of Conformity E&P – 4950369 – BA/05;
- 3.6.2.8.12. Certificate of Conformity E&P – 4950369 – BA/13;
- 3.6.2.8.13. Certificate of Conformity E&P – 4950369 – BA/06;
- 3.6.2.8.14. Certificate of Conformity E&P – 4950369 – BA/10;
- 3.6.2.8.15. Certificate of Conformity E&P – 4950369 – BA/09;
- 3.6.2.8.16. Certificate of Conformity E&P – 4950369 – BA/08;
- 3.6.2.8.17. Certificate of Conformity E&P – 4950369 – BA/07;
- 3.6.2.8.18. Certificate of Conformity E&P – 4950369 – BA/15.

3.6.3. Gas compressor stations meet the requirements specified in:

- 3.6.3.1. Construction Law 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. Durability calculation.;
- 3.6.3.4. PN-90/M-34503 – Gas pipelines and gas installations. Pipeline tests.;
- 3.6.3.5. PN-93/E-05009 - Electric installations;
- 3.6.3.6. Certificates issued by 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.

#### 4 CRITERIA OF SECURITY OF SGT OPERATIONS

- 4.1.1. SGT accepts the following security criteria to assure the security of SGT operations:
  - 4.1.1.1. the assurance of the SGT capacity in order to make possible the implementation of transmission contracts concluded by SGT Owner before the

day of appointment Transmission System Operator Gaz-System S.A. as OSGT and transmission contracts concluded by ZUP;

- 4.1.1.2. the maintenance of gas pressure, determined on the website of OSGT, in specified exit points;
- 4.1.1.3. the maintenance in SGT of gas quality parameters, which are specified in the TNC and in transmission contracts;
- 4.1.2. In order to assure the implementation of the security criteria of SGT operations, OSGT will undertake the following acts:
  - 4.1.2.1. will manage operation of SGT, including through procedures for acceptance and approval of nominations, which procedures are specified in the TNC;
  - 4.1.2.2. will control quality parameters of gas in SGT;
  - 4.1.2.3. will provide constant staffing of technical emergency teams, in the event of the appearance of threats, in order to take immediate action to eliminate them.

## 5. PRINCIPLES OF COOPERATION AMONG OPERATORS OF GAS SYSTEMS

- 5.1.1. OSGT shall cooperate with other operators of gas transmission systems or energy enterprises in order to provide reliable and effective operations of SGT and other gas systems and in order to coordinate the said systems.
- 5.1.2. 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.
- 5.1.3. The agreements with the operators shall include at least the following principles:
  - 5.1.3.1. the principles of transfer of information about nominations and re-nominations;
  - 5.1.3.2. the principles of transfer of the results of measurements of quantity and quality and allocation of gas quantities;
  - 5.1.3.3. the principles of procedures to be launched in the event of occurrence of the emergency or any other events, which threaten the operations of interoperating gas systems;
  - 5.1.3.4. the principles of procedures in the event of introduction of congestion in the transmission of gas.
- 5.1.4. OSGT is entitled to transfer information --- about the nominations and re-nominations, made by ZUP at the entry points / exit points to/from SGT -- to the interoperating systems operators.
- 5.1.5. OSGT is entitled to transfer information – about the results of measurements and allocations at the entry points / exit points to/from SGT -- to the interoperating systems operators.

## 6. SGT DEVELOPMENT

### 6.1. PLANNING DEVELOPMENT

- 6.1.1. The development of SGT in the scope of current and future demand for gas is based on the criteria that are determined in the documents on the national energy policy and the recommendations of authorized authorities of the European Union, taking into account the technical conditions of SGT as an element of the trans-European energy network (in accordance with the Decision No. 1364/2006/EC of the European Parliament and of the Council of 9 September 2006), which the provisions of Intergovernmental Agreement between Russian Federation and Republic of Poland of 1993, as amended, concern.

## 6.2. PRINCIPLES OF CONNECTION TO THE SGT

- 6.2.1. In order to use the existing infrastructure of SGT in the maximum degree, it shall be assumed that in the first turn the connection shall be made to the existing entry points or exit points.
- 6.2.2. If it is not possible to make the connection at the existing point, SGT Owner will specify the conditions of connection for a new point, provided that there exist technical and economic conditions.
- 6.2.3. Existing points of connection to SGT are as follows:
  - 6.2.3.1. SSRP Włocławek;
  - 6.2.3.2. Lwówek Station;
- 6.2.4. The connection of entities to SGT shall be effected by SGT Owner.
- 6.2.5. In the process of connection of the entity to SGT, the following acts shall be specified:
  - 6.2.5.1. the submission of an application by the applying entity for the specification of the conditions of connection and the formal assessment of the said application;
  - 6.2.5.2. the specification of the conditions of connection by SGT Owner, on the basis of consultations held with OSGT in order to discuss the conditions of connection;
  - 6.2.5.3. the conclusion of the connection contract with SGT Owner;
  - 6.2.5.4. the implementation of the connection contract.
- 6.2.6. The SGT Owner shall refuse to allow the connection to SGT in the event of the lack of conditions of connection to SGT referred to in Energy Law. The said, however, shall not rule out the application of provisions of Art. 7.9 of the Energy Law.
- 6.2.7. In the event of the refusal to connect the entity to SGT, SGT Owner shall immediately inform in writing the ERO President and the applicant about the refusal and the reasons therefor.
- 6.2.8. In the event of the refusal to specify the conditions of connection to SGT for reasons referred to in Energy Law, SGT Owner, on request of the entity applying for connection, shall present the information about the acts which shall be taken with regard to the SGT development in order to assure the connection to SGT. For the preparation of the information the SGT Owner shall charge the fee, which has been agreed with the entity and which fee reflects the costs of preparation of the said information note.
- 6.2.9. Detailed conditions of connection of entities to SGT are provided by the provisions of the Energy Law and secondary legislation thereto.
- 6.2.10. Any additional information about the connection to SGT and specimen documents related to the connection process are available on the website of OSGT.
- 6.2.11. Any disputes about the refusal to make the contract for connection to SGT shall be resolved by the ERO President, on the basis of the application to be filed by the entity which is applying for the said connection.



### 6.3. APPLICATION FOR THE SPECIFICATION OF CONDITIONS OF CONNECTION TO 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 determination of the conditions of connection shall be filed with the SGT Owner.
- 6.3.3. Together with the application for the determination of the conditions of connection, the applicant shall submit documents to confirm the yearly quantities of gas supplied to the entry point of SGT and to the exit point of SGT, which is covered by the connection procedure. Provisions of Art. 7.2.3 shall apply respectively.

### 6.4. CONDITIONS OF CONNECTION TO THE SGT

- 6.4.1. The filed application will be considered with the consideration of the available capacity, available transmission capacity, currently provided transmission services and the provisions of concluded connection contracts.
- 6.4.2. The application will be considered in the following manner:
  - 6.4.2.1. The application will be assessed from the viewpoint of whether it was properly filled in and whether the entire set of documents was attached thereto and with regard to the establishment of the place of connection of gas pipelines or gas installations or gas networks. In the event when the application does not meet the formal requirements, SGT Owner within a period of seven (7) days from the date of submission of the application, shall notify the applicant about the necessity to supplement the application or to deliver missing documents within a period not shorter than twenty one (21) days. The application, which has not been supplemented during the required time-period, will not be considered;
  - 6.4.2.2. The technical and economic analysis will be conducted, during which the SGT Owner will assess whether the connection to SGT is possible and will 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 enterprise, the time-limits specified in Art. 6.4.2.2 will be extended by a period, which is necessary to obtain these conditions from another energy enterprise.
- 6.4.4. SGT Owner shall immediately inform the applicant about another time-limit for the issue of the conditions of connection, in the event when for essential reasons the time-limits specified in Art. 6.4.2.2. cannot be met.
- 6.4.5. The technical and economic analysis will be carried out by SGT Owner on the basis of information provided in the application and will incorporate:
  - 6.4.5.1. the determination and analysis of the variants of connection;
  - 6.4.5.2. the evaluation of the costs of transmission, expenses on the implementation of the connection and the development of SGT, including the specification of the connection fee;
  - 6.4.5.3. the analysis of economic conditions of connection to SGT and supply of gas.
- 6.4.6. The change in the conditions of connection will only be possible by the submission to the SGT Owner of a new application for the issue of conditions of connection.
- 6.4.7. While considering the application, SGT Owner will take into account the transmission contracts concluded with SGT Users and ZUP and the concluded

connection contracts, provided that the time-limit for the conclusion of the contract, specified therein, has not expired, which time-limit was the basis for the implementation of supply of gas, subject to the provisions of Art. 6.4.8.

- 6.4.8. If on the same day a minimum of two (2) applications for connection in the same point are filed, SGT Owner will consider all applications together and will determine the conditions of connection to SGT for each entity applying for the connection at this point and will proportionally divide the available capacity of SGT.
- 6.4.9. SGT Owner is entitled to assess whether gas pipelines or gas installations or gas networks to be connected by entities applying for connection meet the technical and operational requirements in order to assure:
- 6.4.9.1. the safety of SGT operations and implementation of transmission contracts with SGT Users and ZUP,
  - 6.4.9.2. the SGT's security in terms of protection against damage caused by the improper operation of connected gas pipelines or gas installations or gas networks,
  - 6.4.9.3. the security of connected gas pipelines or gas installations or gas networks in terms of protection against damage in the event of any breakdown or any introduction of congestion in the off-take or supply of gas,
  - 6.4.9.4. the maintenance of quality parameters of gas at the point of connection of gas pipelines or gas installations or gas networks,
  - 6.4.9.5. satisfaction of requirements in terms of the environmental protection in accordance with law provisions,
  - 6.4.9.6. possibility to make measurements of the quantity and parameters, which are necessary for management of SGT operation and billings for transmission of gas.
- 6.4.10. The lack of technical conditions of connection to SGT occurs, in particular, when the provision of transmission services to the entity applying for the connection may cause the decrease in the reliability of transmission or the quality of gas or may make it impossible to fulfill the transmission contracts concluded with SGT Users and ZUP and to meet other obligations in the scope of protection of interests of system users and in the scope of environmental protection.
- 6.4.11. While making the analysis of the economic conditions of connection, SGT Owner shall accept the following basic criteria of economic efficiency:
- 6.4.11.1. the 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",
  - 6.4.11.2. the 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 shall be used when selecting the variants for connection:
- 6.4.12.1. the discounted payback period for the period of time as specified in the application;
  - 6.4.12.2. the B/C profitability ratio as the ratio of the discounted values of cash flows from the projects to the discounted values of outlays and operational expenditures.

- 6.4.13. The lack of economic conditions for connection to the SGT occurs, in particular, if the connection could result in a detrimental change in prices or rates of charges and fees for the provision of transmission services to other entities connected to the network.
- 6.4.14. The conditions of connection shall specify, in particular:
- 6.4.14.1. the place of connection of the gas pipelines or gas installations or gas networks to the SGT and their technical parameters,
  - 6.4.14.2. the scope of the necessary changes in SGT in connection with making the connection to SGT,
  - 6.4.14.3. the technical parameters of the connection to SGT,
  - 6.4.14.4. the group and sub-group of the gas in accordance with PN-C-04750/2002 "Gas, classification, identification and requirements",
  - 6.4.14.5. the minimum and maximum pressures for the supply and off-take of gas at the connection point,
  - 6.4.14.6. the requirements on the measurement system and the place of installation of the measurement system,
  - 6.4.14.7. the connection capacity,
  - 6.4.14.8. the characteristics of the supply and off-take of gas, including the minimum and maximum hourly and annual quantities of gas,
  - 6.4.14.9. the place for the delivery and off-take of gas,
  - 6.4.14.10. the ownership limits of the network of the SGT and gas pipelines, gas installations and gas networks belonging to the entity which is being connected,
  - 6.4.14.11. the requirements for equipping the gas station or measurement system, the type of measurement system, and the telemetry and technical conditions for corrosion protection,
  - 6.4.14.12. the expected date for starting to take off gas and the quantity of off-taken gas,
  - 6.4.14.13. the purpose of gas use.

#### 6.5. CONTRACT FOR CONNECTION TO SGT

- 6.5.1. The entity will be connected to SGT on the basis of the contract for connection to SGT (hereinafter referred to as the connection contract), to be made by and between the SGT Owner and the connected entity.
- 6.5.2. The connection contract will be made on the basis of the application to be filed by the entity, who holds valid conditions of connection to SGT.
- 6.5.3. The connection contract shall determine the quantity of gas and the period of time, during which the connected entity is obliged to take off gas from a new exit point.
- 6.5.4. If after the issue of the conditions of connection to SGT, due to the conclusion by the SGT Owner of the connection contract with another entity, technical possibilities of gas supply are lost, SGT Owner may refuse to make the connection contract.
- 6.5.5. The concluded connection contract constitutes for the SGT Owner the basis for commencement of design works and building and assembly works in the scope, which is specified in the contract.

## 7. CONDITIONS OF USE OF NETWORK BY ZUP

### 7.1. TYPES OF PROVIDED SERVICES

- 7.1.1. The basic service provided by OSGT shall be the transportation of gas SGT (the transmission service) in the scope of transmission capacity as is offered by the SGT Owner.
- 7.1.2. Due to a possible restriction in the provision of services, transmission services shall be divided into:
- 7.1.2.1. Firm transmission services– when ZUP is provided with the on-going implementation of commissioned transmission services, except for the conduct of works, which cause the congestion in transmission capacity, the occurrence of emergency situations or the introduction of congestions in accordance with the provisions of Part II of the TNC;
- 7.1.2.2. Interruptible transmission services – when ZUP is provided with commissioned services in accordance with the provisions of Art. 7.5.5., subject to the principles, agreed on in the transmission contract, pursuant to which OSGT may limit or fully disrupt the implementation of the service of gas transmission.
- 7.1.3. Due to the period, when the transmission services are provided, the following services will be provided:
- 7.1.3.1. long-term transmission services – offered by OSGT for a period of one (1) gas year or for a lengthier period, up to a maximum period of four (4) gas years;
- 7.1.3.2. short-term transmission services – offered by OSGT for a period, which is shorter than one (1) year, in accordance with the principles specified in the SGT Tariff. The gas transmission services for a period of one gas day will be rendered on the basis of the framework contract and the nomination, which has been accepted by OSGT.
- 7.1.4. In addition, OSGT will offer the provision of services related to the virtual transmission of gas in the direction, which is opposite to the direction of the flow of the physical gas stream of SGT (hereinafter referred to as the “return transmission service” or the “reverse flow”) on the principles of the interruptible transmission services. The reverse flow service will be offered between the points, which are specified on the OSGT website [www.gaz-system.pl](http://www.gaz-system.pl).

### 7.2. CONDITIONS FOR PROVISION OF SERVICES

#### 7.2.1. Formal – legal conditions

- 7.2.1.1. The entity applying to OSGT for the provision of the transmission service shall:
- 7.2.1.1.1. deliver a properly completed application for the provision of the transmission service, including all attachments, given the observance of the procedure described in Art. 7.3. hereinbelow;
- 7.2.1.1.2. present the documents confirming the legal form of performed activity, including, in particular, the current excerpt from the register of entrepreneurs or the excerpt from the register of business activities, or any other document confirming the legal capacity of the entity;
- 7.2.1.1.3. present the documents confirming the right of the persons representing the entity to contract for liabilities on the behalf of the applicant, which liabilities may arise from the transmission contract, if the said right does not stem from the wording of the excerpt, referred to in Art. 7.2.1.1.2 hereinabove;

- 7.2.1.1.4. present the document, which confirms the issue of the NIP number for the purposes of the tax on goods and services for the entities who have their registered office on the territory of the EU member-states;
- 7.2.1.1.5. the entities who have their registered office on the territory of the Republic of Poland shall submit the certificate of the issue of the statistical REGON number;
- 7.2.1.1.6. present the copy of the license or a statement to be signed by the persons that are entitled to represent the entity, to the effect that the activity which is carried out by the entity, does not require any license which is stipulated by the Energy Law.

#### 7.2.2. Technical conditions

- 7.2.2.1. OSGT will provide the transmission service between the entry points and the exit points that are entered on the list of entry points and exit points, which is posted on the OSGT website, for which there exist technical conditions of gas transmission within the framework of SGT.
- 7.2.2.2. Technical conditions of transmission of gas shall mean the total satisfaction of the following conditions:
  - 7.2.2.2.1. the available capacity shall exist within the framework of SGT; OSGT will post on its website the information about available capacity, which is divided into the firm capacity and the interruptible capacity;
  - 7.2.2.2.2. there shall be no other circumstances, which cause the decrease in the reliability of gas transmission below the parameters that are specified by law or provisions of the TNC;
  - 7.2.2.2.3. the conclusion of the contract will not exclude the satisfaction by OSGT of its obligations in the scope of security of transmission and environmental protection.

#### 7.2.3. Commercial conditions

- 7.2.3.1. The entity applying for the provision of the transmission service is obliged to submit the documents to confirm a possibility of gas supply to the SGT entry point, in particular: the supply agreement, the sale agreement, contract promises, the documents confirming the registration on the gas hub, the transmission contract, the supplier's statement or the gas transmission entity's statement, or excerpts from these documents.
- 7.2.3.2. Documents or excerpts from the documents, referred to hereinabove, shall contain at least the following data:
  - 7.2.3.2.1. the period of the contract/agreement, including all provisions, which restrict the implementation thereof, including the conditions of termination thereof,
  - 7.2.3.2.2. contracted capacity (including the definition of the said in this document) in specific years of the contract/agreement or the existing obligation,
  - 7.2.3.2.3. the minimum and maximum gas pressure at the entry point and exit points,
  - 7.2.3.2.4. quality parameters of gas, specified in Art. 3.4.
  - 7.2.3.2.5. conditions of referral to the values specified in Art. from 7.2.3.2.2 to 7.2.3.2.4.

7.2.3.3. The document, referred to in Art. 7.2.3.1, shall be presented in the form of the original, an excerpt from the contract/agreement prepared by the notary public, or the photocopy bearing the clause "certified as true copy" made by the legal adviser, the advocate, or the entity authorized to represent the entity. The excerpts from the documents, referred to in Art. 7.2.3.1, shall contain the statements by the persons, authorized to represent the entity, to the effect that the data contained in the excerpt comply with the wording of the document, from which the excerpt was made.

7.2.3.4. If in the submitted documents contracted capacity is expressed in volume units in the temperature of 0°C, the ratio of 1,07333 shall apply to calculation thereof for the reference temperature of 20°C.

#### 7.2.4. Financial conditions

7.2.4.1. In order to protect the interests of ZUP and to assure the safety of operations and the reliability of SGT, the entities that are applying for the provision of the transmission service shall have respective financial credibility, which confirms their ability to meet the conditions of use of transmission services.

7.2.4.2. The financial credibility of the entity may be confirmed in the following ways:

7.2.4.2.1. by submission of the financial rating,

7.2.4.2.2. by submission of the history of their cooperation with OSGT or the SGT Owner in the manner compliant with the conditions of signed contracts,

7.2.4.2.3. by submission of financial security.

7.2.4.3. The entity's financial credibility shall be deemed as confirmed in the event when the entity hold the financial rating which is not lower than:

7.2.4.3.1. Baa1 for Moody's,

7.2.4.3.2. BBB+ for Standard and Poors,

7.2.4.3.3. BBB+ for Fitch.

7.2.4.4. Cooperation with OSGT shall be deemed as compliant with the conditions of signed contracts, if all following conditions are met:

7.2.4.4.1. during a minimum of three years preceding the application for the provision of transmission services the entity or its legal predecessor was a ZUP;

7.2.4.4.2. the maximum period of overdue receivables that are related to the provision of services to the entity was shorter than fourteen (14) days.

7.2.4.5. The level of security submitted by the entity applying for or using the transmission services, subject to the provisions of Art. 7.2.4.6., shall be equal to twice the average monthly value of the entity's financial liabilities toward the OSGT in the given gas year arising from the performance of the transmission service, specified on the basis of the contracted capacities (capacities) provided in the application for provision of transmission service.

7.2.4.6. The level of security submitted by the entity applying for or using the transmission services on the basis of the framework contract, from the transmission service for one gas day, shall be equal to the value of entity's financial liabilities toward OSGT calculated on the basis of the declared total maximum contracted capacity (capacity), the number of gas days (not more than 30 days), when the transmission service will be.

7.2.4.7. The security, referred to in Art. 7.2.4.5 and Art. 7.2.4.6 may be submitted in the following forms:

- 7.2.4.7.1. a cash deposit made to a bank account specified by the OSGT, which is refunded after the completion of the provision of the transmission service, together with bank interest at the level specified for that account during the period in which the deposit is made, less costs of holding the account and costs of the bank transfer,
  - 7.2.4.7.2. an irrevocable and unconditional bank or insurance guarantee payable on the OSGT's first demand.
- 7.2.4.8. Within the limits, specified in Art. 7.2.4.5, OSGT or ZUP is entitled to demand that the security be adjusted during the period of the transmission contract, if the amount of ZUP's liabilities toward OSGT, established on the basis of the issued invoices, exceeds or is less by more than 10% of the value of the established financial security.
- 7.2.4.9. Within the limits, specified in Art. 7.2.4.6, OSGT is entitled to demand that the security be adjusted or may refuse to provide the service of gas transmission, if the amount of ZUP's liabilities toward OSGT, established on the basis of actual contracted capacity (capacity) and the number of gas days, exceeds by more than 20% the value of the established financial security.
- 7.2.4.10. ZUP will submit to OSGT respective financial security in the event of the expiry of the financial security, referred to in Art. 7.2.4.7.
- 7.2.4.11. In the event when ZUP makes the payments for the services provided by OSGT in a timely manner, the level of its financial security, referred to in Articles from Art. 7.2.4.5 to Art. 7.2.4.7, will be reduced each year from the date of the first payment by 25% of the value specified in Art. 7.2.4.5. The lowest level to which the level of the financial security may be reduced is 25% of the value specified in accordance with Art. 7.2.4.5.
- 7.2.4.12. In the event that the ZUP delayed the payment for the services provided by the OSGT, the level of the financial security referred to in Art. 7.2.4.5. to 7.2.4.7 shall be increased by 25% of the value specified in Art. 7.2.4.5. In such a case, the maximum value of the financial security cannot exceed the value specified in accordance with Art. 7.2.4.5.

### 7.3. PROCEDURE FOR ALLOCATION OF THE SGT CAPACITY

#### 7.3.1. General principles

- 7.3.1.1. OSGT will conduct the Procedure for the allocation of available capacity of SGT, which was offered thereby by the SGT Owner ("Procedure"), separately for:
  - 7.3.1.1.1. long-term firm services,
  - 7.3.1.1.2. short-term firm services,
  - 7.3.1.1.3. short-term and long-term interruptible services and short-term and long-term reverse flow services, subject to the provisions of Art. 7.3.1.3.
- 7.3.1.2. Available SGT capacity for the new exit point from SGT, implemented on the basis of the contract for connection to SGT, shall be first allocated to the entity that incurred expenses on the construction of this connection, on the basis of the connection contract.

- 7.3.1.3. If the contract for connection concerning the implementation of a new exit point from SGT was made with more than one entity, OSGT shall allocate SGT available capacity at this exit point proportionally to the contracted capacity.
- 7.3.1.4. Irrespective of the Procedures, referred to in Art. 7.3.1.1, the available capacity of SGT for short-term firm, interruptible and reverse flow services may be allocated in accordance with the provisions of Art. 7.3.5, on the application of the entity, which was filed during the gas year, to which the application refers. Wherever in these principles the Procedure is referred to, it shall also mean a respective allocation of available SGT capacity, in accordance with the provisions of Art. 7.3.5.
- 7.3.1.5. OSGT will allocate available SGT capacity in the following order:
- 7.3.1.5.1. the firm capacity for long-term and short-term periods (in the following order: long-term annual, short-term semi-annual, short-term quarterly, short-term monthly and for a period of one gas day);
  - 7.3.1.5.2. the interruptible capacity for long-term and short-term periods (in the following order: long-term multi-yearly, long-term annual, short-term semi-annual, short-term quarterly, short-term monthly and for a period of one gas day);
- 7.3.1.6. The applicant may at any time file the application for the provision of SGT transmission services, subject to the provisions of Art. 7.3.1.9.
- 7.3.1.7. The application filed not under the Procedure, will be considered by the OSGT during the Procedure referred to in Art. 7.3.1.1, conducted for the gas year which the application refers.
- 7.3.1.8. Each applicant may file one application, under each Procedure for application of SGT capacity, referred to in Art. 7.3.1.1.
- 7.3.1.9. The application shall be deemed as filed when the application is delivered to OSGT. The application, which was filed after the time-limit for the submission of applications, will not participate in the Procedure for allocation of SGT capacity.
- 7.3.1.10. The applicant shall submit to OSGT the application for the provision of SGT transmission services with the use of the binding form „The application for the provision of the SGT transmission service”. The sample application is available on the OSGT website.
- 7.3.1.11. In the Procedure for application of SGT capacity, solely applications signed by the persons authorized to represent the applicant will participate. The applicant is obliged to prove the right of the persons signing the application to represent the applicant, by submitting the current excerpt from the relevant register or the power of attorney and the excerpt from the relevant register.
- 7.3.1.12. The application shall be accompanied by the documents, specified in Art. 7.2.1.1, Art. 7.2.3.1, and by the statement on the selection of the form of the financial security, referred to in Art. 7.2.4.5 or Art. 7.2.4.6.
- 7.3.1.13. In the event of any formal defects or errors in the application, in particular, if not all required information was provided or not all required documents were attached, OSGT shall request that the applicant supplements the missing documents or rectifies errors, by specifying in writing the existing defects or errors and by determining the time-limit for their supplementation, subject to



the provisions of Art. 7.3.3.5. The application, whose formal defects or errors have not been removed during the established time-limit, shall be dismissed.

- 7.3.1.14. The basis for the applicant's registration under the Procedure shall be the satisfaction of conditions specified in Art. 7.2 and the submission of the application in accordance with the provisions of Art. 7.3.1 and Art. 7.3.2, Art. 7.3.3, and Art. 7.3.4 respectively, about which OSGT shall inform the applicant in writing by the letter containing the confirmation of registration or the information about the dismissal of the application.
- 7.3.1.15. OSGT will exclude from the Procedure the applicant, who after the approved registration under the Procedure, will no longer meet the conditions that are listed in Art. 7.2.
- 7.3.1.16. OSGT may exclude from the Procedure the applicant, with regard to whom the circumstances are disclosed, which exert the essential impact on its legal standing or financial credibility, which circumstances existed already on the date of registration under the Procedure. Prior to the exclusion of the application from the Procedure, OSGT may request that the applicant provides his explanation in writing.
- 7.3.1.17. The application filed by the applicant, who had been excluded, shall be dismissed.
- 7.3.1.18. The submitted application will constitute the binding offer for the conclusion of the transmission contract. The applicant will be bound by the offer until the date of signing of transmission contracts, however no later than by the date of:
- 7.3.1.18.1. 31 January of the gas year, to which the application refers, subject to the provisions of Art. 7.3.1.18.2;
- 7.3.1.18.2. the day when the provision of the transmission service was to start – for short-term services, for which the allocation of SGT capacity shall be made in accordance with the provisions of Art. 7.3.5.
- 7.3.1.19. The application shall determine the same level of contracted capacity in the entry point and in the exit point (exit points) during the entire period of the transmission contract.
- 7.3.1.20. OSGT shall inform the applicant about the contracted capacity, which was allocated thereto under the Procedure for allocation of SGT capacity and about the level of the financial security, which is required in accordance with provisions of Art. 7.2.4.5 to Art. 7.2.4.7 and shall request in writing that the applicant makes the transmission contract, by handing over the draft contract for provision of transmission service, which is posted on OSGT website.
- 7.3.1.21. Having received the information, referred to Art. 7.3.1.20, the applicant will be obliged to confirm in writing the allocated capacity and submit the required financial security, including the unilaterally signed transmission contract.
- 7.3.1.22. If any applicant fails to confirm the capacity allocated thereto or fails to submit the required financial security within the required time-limit, his application will be dismissed and OSGT, depending on the amount of received confirmations and submitted financial securities will propose to the applicants, who had been reduced under the allocation procedure, had confirmed the capacity allocated thereto and had submitted financial

securities, to cover an additional capacity and to submit additional orders within the time-limit specified by OSGT.

7.3.1.23. In the event of submission of any additional orders, OSGT will allocate additional capacity proportionally to the capacity, which has already been allocated and has been confirmed by the applicants. Provisions of Art. 7.3.1.20 and Art. 7.3.1.21 shall apply respectively.

7.3.1.24. OSGT will inform about the completion of the Procedure for allocation of SGT capacity on its website [www.gaz-system.pl](http://www.gaz-system.pl).

#### 7.3.2. Procedure for allocation of available SGT capacity for long-term firm services

7.3.2.1. To the Procedure for allocation of available SGT capacity for long-term firm services the general rules, specified in Art. 7.3.1 shall apply, unless the provisions of this Art. 7.3.2 provide for otherwise.

7.3.2.2. Under the Procedure for allocation of available SGT capacity for long-term firm services (referred to in Art. 7.3.2 as „Procedure”), OSGT will allocate available SGT capacity to firm transmission services.

7.3.2.3. OSGT shall inform about the forecasted amount of available SGT capacity in the subsequent gas year, which will be the subject-matter of the Procedure on its website [www.gaz-system.pl](http://www.gaz-system.pl) within the time-limit by 15 September of the year, which precedes the gas year, to which the information refers.

7.3.2.4. The time-limit for submission of applications for provision of long-term firm services will end on 30 September of the year, which precedes the gas year, to which the application refers.

7.3.2.5. The time-limit to supplement the defects or remove errors in the application, set up by OSGT in the Procedure, will be fifteen (15) days from the date of the delivery of the call.

7.3.2.6. OSGT shall inform about the available SGT capacity in the subsequent gas year, which available SGT capacity will be the subject-matter of the Procedure, on its website [www.gaz-system.pl](http://www.gaz-system.pl) within the time-limit by 15 November of the year, which precedes the gas year to which the information refers.

7.3.2.7. If the sum of capacities, ordered by all applications that participate in the Procedure, exceeds 100% of the available SGT capacity, OSGT shall make the allocation of capacity proportionally to the requested capacity.

7.3.2.8. OSGT shall make the allocation of available SGT capacity for long-term firm services by 20 November of the year, which precedes the gas year, to which the application refers, and shall hand over to the applicant the information about the allocated capacity and the limit of financial security, including the draft transmission contract.

7.3.2.9. Having received the information, referred to in Art. 7.3.2.8, the applicant shall, by 30 November of the year that precedes the gas year, to which the application refers, confirm in writing the allocated capacity and shall submit the required financial security, including the unilaterally signed transmission contract.

7.3.2.10. If any applicant fails to confirm the capacity allocated thereto or fails to submit the required financial security within the time-limit, referred to in Art. 7.3.2.9, OSGT, depending on the number of received confirmations and submitted financial securities, shall propose to the applicants, who had been reduced due to allocations, had confirmed the capacity allocated thereto

and had submitted the financial security, to cover the additional contracted capacity and to submit additional orders within the time-limit specified by OSGT, by attaching the draft annex to the transmission contract.

7.3.2.11. In the event of the submission of additional orders, OSGT shall allocate additional capacity proportionally to the capacity, which has already been allocated and has been confirmed by the applicants. Provisions of Art. 7.3.2.8 and Art. 7.3.2.9 shall apply respectively, and the time-limit, during which the applicant is obliged to confirm in writing the capacity allocated thereto and to submit required financial security, including the unilaterally signed annex to the transmission contract, shall expire on 5 December of the year, which precedes the gas year, to which the application refers.

7.3.2.12. Contracted capacity in the transmission contract for long-term firm services shall be established for the entire period of the contract in the same amount for all months, subject to the provisions of Part II of the TNC.

### 7.3.3. Procedure for allocation of available SGT capacity for short-term firm services.

7.3.3.1. To the Procedure for allocation of available SGT capacity for short-term firm services the general rules, specified in Art. 7.3.1 shall apply, unless the provisions of this Art. 7.3.3 stipulate otherwise.

7.3.3.2. Under the Procedure for allocation of available SGT capacity for short-term firm services (referred to in Art. 7.3.3 as the „Procedure”), OSGT will allocate available SGT capacity for short-term firm services, whose implementation will take place in the subsequent gas year. The Procedure shall apply obligatorily to short-term services, whose implementation shall start on 1 January or 1 February of the gas year, to which the application refers.

7.3.3.3. OSGT shall inform about the forecasted amount of available SGT capacity in the subsequent gas year, which will be the subject-matter of the procedure, on its website [www.gaz-system.pl](http://www.gaz-system.pl) by 30 November of the year, which precedes the gas year, to which the information refers.

7.3.3.4. The time-limit for submission of applications under the Procedure will expire on 5 December of the year, which precedes the gas year, to which the application refers.

7.3.3.5. In case of formal defects or errors in the application, in particular, if not all required information was provided or not all required documents were attached, OSGT shall inform the applicant about the existing defects and errors, without calling on the applicant for the removal or supplementation thereof. The application containing formal defects or errors will not participate in the Procedure.

7.3.3.6. OSGT shall inform about the available SGT capacity in the subsequent gas year, which available capacity will be the subject-matter of the procedure, on its website [www.gaz-system.pl](http://www.gaz-system.pl) by 6 December of the year, which precedes the gas year, to which the information refers.

7.3.3.7. If the sum of capacities, ordered by all applications participating in the Procedure, exceeds 100% of available capacity of SGT, OSGT shall make the allocation of capacity according to the following principles:

7.3.3.7.1. the priority will have the applications for the lengthier period of the provision of service (in the following order: semi-annual, quarterly and for the calendar month).

7.3.3.7.2. in the event when the sum of capacities ordered by the applications for the same period of the provision of a service (the same date of

commencement and the same date of the completion) exceeds 100% of the available capacity of SGT, OSGT shall make the allocation of capacity proportionally to the requested capacity.

7.3.3.8. OSGT shall make the allocation of available SGT capacity for short-term firm services by 10 December of the year, which precedes the gas year, to which the application refers and shall hand over to the applicant the information about the allocated capacity and the level of financial security, including the draft transmission contract.

7.3.3.9. After the receipt of the information, referred to in Art. 7.3.3.8, the applicant is obliged, by 15 December of the year, which precedes the gas year, to which the application refers, confirm in writing the capacity allocated thereto and submit the required financial security, including the unilaterally signed transmission contract.

7.3.3.10. If any applicant fails to confirm the capacity allocated thereto or fails to submit the required financial security within the time-limit, referred to in Art. 7.3.3.9, OSGT, depending on the number of received confirmations and the submitted financial securities, shall propose to the applicants, who had been reduced under the allocation and had confirmed the capacity allocated thereto and had submitted financial security, to cover additional contracted capacity and to file additional orders within the time-limit specified by OSGT, by attaching the draft annex to the transmission contract.

7.3.3.11. In the event of the submission of additional orders, OSGT will allocate additional capacity proportionally to the capacity, which has already been allocated and has been confirmed by the applicants. Provisions of Art. 7.3.3.8 and Art. 7.3.3.9 shall apply respectively, and the time-limit, during which the applicant is obliged to confirm in writing the capacity allocated thereto and to submit required financial security, including the unilaterally signed annex to the transmission contract, will expire on 24 December of the gas year, to which the application refers.

7.3.4. The procedure for the allocation of available SGT capacity for long-term and short-term interruptible services, including the reverse flow services.

7.3.4.1. To the Procedure for allocation of available SGT capacity to long-term and short-term interruptible services the general rules, specified in Art. 7.3.1 shall apply, provided that the provisions of this Art. 7.3.4 do not provide for otherwise.

7.3.4.2. Under the Procedure for allocation of available SGT capacity for long-term and short-term interruptible services (hereinafter referred to in Art. 7.3.4 as the „Procedure”), OSGT will allocate available SGT capacity for long-term and short-term interruptible services, including the reverse flow services, and the priority will be given to allocation of the capacity for long-term services and thereafter –for short-term services.

7.3.4.3. OSGT shall inform about the amount of available SGT capacity in the subsequent gas year, which capacity will be the subject-matter of the Procedure, and about the level of gas transmission certainty, on its website [www.gaz-system.pl](http://www.gaz-system.pl) within the following time-limit, respectively:

7.3.4.3.1. by 15 September of the year which precedes the gas year, to which the information refers -- for long-term interruptible services and long-term reverse flow services and

- 7.3.4.3.2. by 10 November of the year, which precedes the gas year, to which the information refers, - for short-term interruptible services and short-term reverse flow services.
- 7.3.4.4. The time-limit for submission of applications for the provision of long-term and short-term interruptible services and the reverse flow services will expire respectively on:
- 7.3.4.4.1. 30 September of the year, which precedes the gas year, to which the application refers – for long-term interruptible services and long-term reverse flow services and
- 7.3.4.4.2. 25 November of the year, which precedes the gas year, to which the application refers – for short-term interruptible services and short-term reverse flow services.
- 7.3.4.5. The time-limit for the supplementation of defects or errors in the application, which was set up by OSGT under the Procedure, will be fifteen (15) days from the date of the delivery of the call.
- 7.3.4.6. If the sum of contracted capacity, ordered by all applications participating in the Procedure, exceeds 100% of SGT capacity, which is covered by the Procedure, OSGT shall allocate the capacity in accordance with the following principles:
- 7.3.4.6.1. the priority will be given to the allocation of the capacity for long-term services (interruptible and reverse flow services); in the event when the sum of the capacities ordered by applications for the same period of service provision (the same date of commencement and the same date of completion) exceeds 100% of available capacity of SGT, OSGT shall allocate the capacity proportionally to the requested capacity.
- 7.3.4.6.2. In the event of short-term interruptible services, the priority will have the applications for the lengthier period of service provision (in the following order: semi-annual, quarterly, a calendar month); in the event when the sum of capacities, ordered by the applications for the same period of service provision (the same date of commencement and the same date of completion) exceeds 100% of the available capacity of SGT, OSGT shall allocate the capacity proportionally to the requested capacity.
- 7.3.4.7. OSGT shall allocate available SGT capacity and shall hand over to the applicant the information about the allocated capacity and the level of financial security, including the draft transmission contract, on the following dates, respectively:
- 7.3.4.7.1. by 31 October of the year, which precedes the gas year, to which the application refers – for long-term interruptible services and long-term reverse flow services,
- 7.3.4.7.2. by 10 December of the year, which precedes the gas year, to which the application refers – for short-term interruptible services and short-term reverse flow services.
- 7.3.4.8. After the receipt of the information, referred to in Art. 7.3.4.7, the applicant shall confirm in writing the allocated capacity and shall submit the required financial security, including the unilaterally signed transmission contract, on the following dates, respectively:
- 7.3.4.8.1. by 10 November of the year, which precedes the gas year, to which the application refers – for long-term interruptible services and long-term reverse flow services;

- 7.3.4.8.2. by 20 December of the year, which precedes the gas year, to which the application refers – for short-term interruptible services and short-term reverse flow services.
- 7.3.4.9. If any applicant fails to confirm the capacity allocated thereto or fails to submit the required financial security within the time-limit, referred to in Art. 7.3.4.8, OSGT, depending on the number of received confirmations and submitted financial securities, will propose to applicants, who had been reduced under the allocation, had confirmed the capacity allocated thereto, and had submitted the financial security, to cover an additional capacity and to submit additional orders within the time-limit specified by OSGT, by attaching the draft annex to the transmission contract.
- 7.3.4.10. In case of the submission of additional orders, OSGT will allocate the capacity proportionally to the capacity, which has already been allocated and confirmed by applicants. Provisions of Art. 7.3.4.6 and Art. 7.2.4.9 shall apply respectively, and the time-limit during which the applicant shall confirm in writing the capacity allocated thereto and submit the required financial security, including the unilaterally signed annex to the transmission contract, will expire respectively on the following dates:
- 7.3.4.10.1. on 5 December of the year, which precedes the gas year, to which the application refers – for long-term interruptible services and long-term reverse flow services;
- 7.3.4.10.2. on 27 December of the year, which precedes the gas year, to which the application refers – for short-term interruptible services and short-term reverse flow services.
- 7.3.5. The principles of allocation of available SGT capacity during the gas year, when the transmission service shall be provided and framework contracts shall be concluded.
- 7.3.5.1. OSGT shall allocate available SGT capacity during the gas year, when the transmission service is to be provided, and shall make framework contracts in accordance with the general principles, specified in Art. 7.3.1, provided that the provisions of this Art. 7.3.5 do not stipulate otherwise.
- 7.3.5.2. The applicant may at each time, during the gas year, when the transmission service is to be provided, submit to OSGT the application for the provision of:
- 7.3.5.2.1. short-term firm service;
- 7.3.5.2.2. short-term interruptible service;
- 7.3.5.2.3. short-term reverse flow service;
- 7.3.5.2.4. one gas day service.
- 7.3.5.3. In the application for the provision of SGT transmission service during one gas day, the applicant shall specify the total maximum contracted capacity, the number of days when the transmission service is to be provided and the declared quantities of gas for transmission.
- 7.3.5.4. The date of submission of the application will condition the order, in which the applications will be considered. The date of submission of the application will not affect the order of consideration of the application for the provision of SGT transmission service for a period of one gas day. In the event, when on the same date more than one (1) application for the provision of a short-term service was submitted, the implementation whereof was to start from the same date, the priority will be given to the allocation of the contracted capacity for

the lengthier period of service provision (in the following order: semi-annual, quarterly, a calendar month and one gas day). Capacities covered by the applications concerning the same period of service provision (with the same date of commencement and the same date of completion) will be allocated proportionally.

7.3.5.5. The application shall be submitted not earlier than two (2) months and not later than one (1) month prior to the date of commencement of the service provision, which was specified in the application.

7.3.5.6. The time-limit to supplement the defects and to rectify errors in the application, specified by OSGT, will be seven (7) days from the delivery of the call.

7.3.5.7. While considering the application, OSGT will consider:

7.3.5.7.1. currently provided transmission services;

7.3.5.7.2. concluded transmission contracts, provided that the term for the conclusion of the contract has not expired, pursuant to which transmission contract the supply of gas shall be effected;

7.3.5.7.3. applications for the provision of transmission services, which had been submitted earlier, that are under consideration – during a period, which does not exceed 62 days from the date of the submission thereof.

7.3.5.8. Within fifteen (15) days from the date of the submission of the complete application, which meets formal requirements, OSGT shall allocate SGT capacity and shall hand over to the applicant the information about the allocated capacity and the level of financial security, including the draft transmission contract.

7.3.5.9. After the receipt of the information, referred to in Art. 7.3.5.8, the applicant shall within seven (7) days confirm in writing the allocated capacity and submit the required financial security, including the unilaterally signed transmission contract.

#### 7.4. REFUSAL TO PROVIDE TRANSMISSION SERVICES

7.4.1. OSGT may refuse to provide transmission services in the following cases:

7.4.1.1. the entity has not met formal, legal, technical, commercial or financial requirements and his application was dismissed;

7.4.1.2. the lack of sufficient available SGT capacity;

7.4.1.3. the lack of sufficient inter-system connections;

7.4.1.4. the existence of a threat to the stability or safety of SGT operations or non-reliability of supply or quality of natural gas, in particular:

7.4.1.4.1. the equipment of entry points and exit points does not make it possible to measure and register the quantity of natural gas supply,

7.4.1.4.2. the pressure, specified in the application for the provision of services, does not fall into the interval specified in Art. 3.4.2,

7.4.1.4.3. quality parameters of the natural gas, which is transported at the entry point, that are specified in the application, may cause the decrease in the quality of gas in SGT, as compared to the parameters that are specified in Art. 3.4,

7.4.1.5. it is necessary to introduce higher fees for the users of the system, because it is necessary to bear additional costs related to the implementation of transmission services;

7.4.1.6. it is necessary to limit the scope of supplied gas to the users of the system due to the implementation of the transmission service;

7.4.1.7. OSGT cannot fulfill its obligations in the scope of environmental protection and protection of ZUP's interest.

7.4.2. In the event of the refusal to provide the transmission service or invalidate the Procedure for allocation of SGT capacity, OSGT shall immediately inform in writing the interested entity and the President of the Energy Regulatory Office, and shall attach the written justification for such refusal.

## 7.5. TRANSMISSION SERVICES CONTRACT

7.5.1. In order to assure the non-discriminative treatment of all entities that are applying for the conclusion of the transmission contract, OSGT will apply the standard sample of the transmission services contract, which is posted on the OSGT website.

7.5.2. The signing of the transmission contract by the applicant shall mean the acceptance of all conditions of the transmission contract and all provisions of the TNC.

7.5.3. After the conclusion of the transmission contract, the applicant will obtain the status of ZUP.

### 7.5.4. Framework contract

7.5.4.1. Short-term gas transmission services for a period of one gas day will be provided on the basis of the framework contract and the nomination which has been approved by OSGT.

7.5.4.2. On the basis of the framework contract, ZUP may apply for the allocation thereto of the right to use the transmission service on the basis of either firm conditions or interruptible conditions and the contracted capacity at the entry points and exit points for a period of one gas day. After OSGT confirms ZUP's nomination, all provisions of the TNC and SGT tariff shall apply, provided that the provisions in this Art. 7.5.4 do not provide for otherwise. ZUP will be entitled to the contracted capacity at entry points or exit points after OSGT confirms the nomination of ZUP, subject to the provisions of the TNC.

7.5.4.3. The nomination concerning the period for one gas day shall specify:

7.5.4.3.1. entry points and exit points, between which the transmission service is to be provided;

7.5.4.3.2. the contracted capacity in each entry point and exit point;

7.5.4.3.3. the quantity of gas for transmission from the entry point to the exit point.

7.5.4.4. OSGT shall allocate available SGT capacity for one gas day services in accordance with the provisions of Part II of the TNC.

7.5.4.5. The framework contract will be dissolved on the date of the expiry or exhaustion of the financial security, at the latest.

7.5.4.6. Each party is entitled to terminate the framework contract by a three-months notice period.

### 7.5.5. Provision of interruptible transmission services

7.5.5.1. In the event of the lack of a possibility to implement the transmission service on firm conditions, OSGT may offer the provision of interruptible services.



- 7.5.5.2. In the event when at the entry point or exit point, specified in the application, it is possible to implement solely interruptible transmission service, OSGT will offer the provision of the interruptible transmission service for all entry points and exit points that are listed in the said application.
- 7.5.5.3. Interruptible transmission services are offered only in the event of the occurrence of congestion which makes it impossible for OSGT to provide firm transmission services.
- 7.5.5.4. For specific entry points and exit points, ZUP may conclude simultaneously the firm transmission contract and the interruptible transmission contract. Within the framework of the firm gas transmission services, the contracted capacity will not be subject to any congestions.
- 7.5.5.5. For a given exit point, the contract with ZUP may stipulate the provision of interruptible transmission services solely with regard to one level of certainty of gas supply, referred to in the provisions of Art. 7.5.5.6.
- 7.5.5.6. The conditions of provision of interruptible gas transmission services by OSGT differ depending on the level of gas transmission certainty. These levels of certainty are specified in SGT tariff.
- 7.5.5.7. Interruptible gas transmission services within the framework of short-term contracts, which are made for periods that are shorter than six months, will be provided exclusively on the basis of the 4 level of transmission certainty.
- 7.5.5.8. For each entry point and exit point and for each level of gas transmission certainty, OSGT shall determine the possible level of interruptible contracted capacity which makes it possible to treat ZUPs equally.
- 7.5.5.9. At each entry point and exit point, OSGT will offer interruptible gas transmission services at the highest possible level of gas supply certainty, and the interruptible contracted capacity of level 1 shall mean the capacity of the top level of transmission certainty, and interruptible contracted capacity of level 4 shall mean the capacity of the lowest possible level transmission certainty, subject to the provisions of Art. 7.5.5.5.
- 7.5.5.10. Within the framework of provision of interruptible transmission services, given the conditions that are specified in the contract for specific levels of transmission certainty, OSGT is entitled to limit the interruptible contracted capacity at the given point, in accordance with the provisions of Part II of the TNC.
- 7.5.5.11. ZUP is obliged to adjust to the congestions in the interruptible contracted capacity, introduced by OSGT, in accordance with the provisions of Art. 7.5.5.10.
- 7.5.5.12. At a given point, OSGT will start to introduce the congestions, referred to in Art. 7.5.5.10, starting from interruptible contracted capacity with the lowest possible level of gas transmission certainty, subject to the provisions of Art. 7.5.5.13.
- 7.5.5.13. In the event, when at a given entry point or exit point the interruptible gas transmission services with the same level of gas transmission certainty are provided for two or more ZUPs, interruptible contracted capacities will be limited with regard to the priority of implementation of long-term contracts, as compared to the short-term contracts, and in the event of the contracts concerning the same periods -- proportionally to the quantities specified in the nominations, in accordance with the provisions of Part II of the TNC.

7.5.5.14. In order to specify the time of introduced congestion of the interruptible contracted capacity, each congestion of interruptible contracted capacity on a given gas day shall be regarded as the congestion that was introduced for the entire gas day.

7.5.5.15. In the event of the ZUP's failure to adjust on a given gas day to congestions introduced by OSGT, which congestions are referred to in Art. 7.5.5.10, the congestion introduced for a given gas day shall not be regarded as the use of the limited number of gas days, which was specified in the contract, when contracted capacity is to be subject to congestions ( $d_n$ ) as compared to interruptible transmission services.

7.5.5.16. In the event of the ZUP's failure to adjust to the congestions introduced by OSGT, which congestions are referred to in Art. 7.5.5.10, despite the foregoing written notification which was forwarded to ZUP by fax at the number provided for in the contract in order to terminate the contract and to specify an additional 24-hour time-limit for the adjustment to the introduced congestions, OSGT is entitled to terminate immediately the contract in the part concerning the performance of the interruptible transmission service.

7.5.5.17. The provision of interruptible transmission services will not exclude the opportunity to introduce congestions that are caused by:

7.5.5.17.1. planned performance of repair-and-maintenance works or connection works;

7.5.5.17.2. the emergency situation, which occurred for the reasons not attributable to OSGT, such as the explosion, the fire, or the threat of emergence thereof or in the event of the necessity to remove the results thereof.

#### 7.5.6. Provision of reverse flow services

7.5.6.1. The reverse flow service will be provided as the interruptible transmission service at the 4 level of gas transmission certainty. Provisions of Art. 7.5.5. shall apply to reverse flow transmission services provided that the provisions in this Article do not provide for otherwise..

7.5.6.2. Within the framework of the reverse flow contract, the nominations will be made in accordance with the principles that are specified in Part II of the TNC.

### 7.6. CASES OF CONTRACT DISSOLUTION

7.6.1. The transmission contract will be subject to dissolution:

7.6.1.1. upon the written consent of the parties;

7.6.1.2. on the date of the expiry of the license to conduct contract-covered activity due to the expiry of the validity thereof, provided that the validity of the license has not been extended, or if the party or its legal successor have failed to obtain a new license which makes it possible to continue the further implementation of the contract;

7.6.1.3. on the date of the expiry of the time-limit specified by the decision of the President of the Energy Regulatory Office, which stipulates that the party shall continue to carry out its activity, despite the expiry of the license;

7.6.1.4. on the date of the withdrawal of the license by the President of the Energy Regulatory Office or of the decision concerning the activity related to the implementation of the transmission contract;

- 7.6.1.5. on the date of the expiry of the time-limit, specified by the President of the Energy Regulatory Office's decision on the appointment of Transmission System Operator Gaz-System S.A. as the Operator of Transit Gas Pipelines;
  - 7.6.1.6. on the date of the reversal of the President of the Energy Regulatory Office's decision on the appointment of Transmission System Operator Gaz-System S.A. as the Operator of Transit Gas Pipelines;
  - 7.6.1.7. on the date of the expiry of the period of the contract.
- 7.6.2. The party, to which the circumstances described in Art. 7.6.1.2 to Art. 7.6.1.4 refer, shall inform the other party in writing by a minimum of 14-days in advance, about the date when the contract will be subject to dissolution.

## 7.7. CASES OF CONTRACT TERMINATION

- 7.7.1. ZUP may terminate the transmission contract by a one-month notice period in the following cases:
- 7.7.1.1. OSGT's failure to fulfill the transmission service during a period of successive thirty (30) days;
  - 7.7.1.2. OSGT's breach of essential conditions of the transmission contract and the non-removal of the results thereof during the period which was agreed by the parties;
  - 7.7.1.3. if the circumstances of force majeure or the removal of reasons of force majeure occurrence last more than 60 days and if the said makes it impossible to use the transmission service on the conditions that are specified in the transmission contract.
- 7.7.2. OSGT may terminate the transmission contract by a one-month notice of termination in the following cases:
- 7.7.2.1. in the event where ZUP has discontinued to fulfill the conditions of provision of transmission services;
  - 7.7.2.2. in the event where ZUP is in delay of payments related to the implementation of the transmission contract and this delay exceeds thirty (30) days;
  - 7.7.2.3. in the event where ZUP does not comply with the congestions in the scope of the quantity of supplied gas;
  - 7.7.2.4. In the event where ZUP breaches essential terms and conditions of the transmission contract and fails to remove the consequences thereof within the time-limit as was agreed by the parties, including ZUP's failure to conclude or implement the gas sale contract, in accordance with the provisions of Art. 2.2.2;
  - 7.7.2.5. if the circumstances of force majeure or the removal of reasons of force majeure occurrence last more than 60 days and if the said makes it impossible to use the transmission service on the conditions that are specified in the transmission contract.
  - 7.7.2.6. if ZUP does not meet the prerequisites stipulated by the provisions of law.
  - 7.7.2.7. If the OSP Agreement is terminated.

## 8 WORKS IN SGT

### 8.1 PLANNING OF WORKS CAUSING THE CHANGE IN SGT OPERATION

- 8.1.1 OSGT with respect for the SGT Owner rights to SGT, shall manage, supervise, control maintenance, repair and operation of SGT.

8.1.2. Subject to the conditions specified in contracts and agreements, referred to in Art. 5.1.3, OSGT shall coordinate with SGT Owner and OSW, who will be subject to the impact of congestions arising from the planned repair and modernization works at SGT, time-limits and duration of planned breaks or congestions in the transmission of gas.

8.1.3. Subject to the conditions specified in contracts and agreements, referred to in Art. 5.1.3, OSGT shall coordinate with SGT Owner and OSW the scope and dates of works that are planned for the transmission systems cooperating with SGT.

## 8.2 NOTIFICATION OF ZUP ABOUT CHANGES IN CONDITIONS OF SGT OPERATION

8.2.1 By 31 January of the gas year, OSGT shall post on its website the information about the scope of works that are planned for a given gas year and which may cause the changes in the conditions of SGT operation, thus causing the congestion in the gas transmission. In this information OSGT shall consider the information which has been submitted in accordance with the provisions of Art. 8.1.3.

8.2.2 OSGT will notify ZUPs that are subject to the impact of congestions about the dates, duration and the scope of congestions at entry point and exit points no later than thirty (30) days prior to the date of planned works.

8.2.3 ZUP is obliged to consider in its nominations the congestions, referred to in Art. 8.2.1.

## 9 BILLING AND INVOICING

### 9.1 PREPARATION OF BILLING DOCUMENTATION

9.1.1. After the completion of the gas month, OSGT will start to make the billing of transmission services on the basis of the following invoices:

9.1.1.1. the basic invoice - issued by OSGT for the transmission service provided in a given gas month, i.a. on the basis of contracted capacity (capacity) and approved daily nominations;

9.1.1.2. the adjustment invoice - issued in the event of the appearance of errors in billing and invoicing, as well as in the event of the acceptance of a claim that was raised by ZUP;

9.1.1.3. the interest note - issued by OSGT in the event when the payment terms are exceeded by ZUPs.

### 9.2. BILLING AND INVOICING OF TRANSMISSION SERVICES

9.2.1. A billing report, incorporating, i.a. monthly quantities of gas allocated to ZUP at entry points and exit points and the excess of contracted capacity, shall be drafted and coordinated by the sixth (6) working day of the subsequent gas month. In the event where ZUP fails to authorize its representatives to coordinate the billing report or its representatives refuse, for no reason, to coordinate the billing report, it shall be signed unilaterally by OSGT. If the parties fail to coordinate the billing report containing monthly quantities of gas, ZUP will be entitled to raise a relevant claim.

9.2.2. By the seventh (7) working day of the subsequent gas month, OSGT shall issue the basic invoice for the transmission service, which was provided in the preceding gas month, where the following shall be considered:

9.2.2.1. the transmission service fee;

9.2.2.2. the fee for the failure to keep the pressure and quality parameters of gas;

9.2.2.3. the fee for exceeding the contracted capacity;

9.2.2.4. other fees arising from SGT Tariff and the TNC.

9.2.3. The Billing Report shall constitute an attachment to the basic invoice.

### 9.3. METHODS AND TERMS OF PAYMENT

9.3.1. The invoice including attachments, which are the basis for the issue of the invoice, will be forwarded by registered mail or will be delivered in any other manner against the confirmation of receipt at the ZUP's address, specified in the transmission contract.

9.3.2. The amount arising from the invoice shall be payable by a transfer to the OSGT's bank account which is specified on the invoice.

9.3.3. The time-limit for the payment of the invoice will be fourteen (14) days from the date of the issue of the invoice.

9.3.4. The date when the OSGT's bank account is credited with the transfer amount shall be deemed as the date of payment.

9.3.5. Each payment made by ZUP shall be credited toward the oldest receivables and the default interest shall be paid as the priority.

### 9.4. LATE PAYMENT

9.4.1. Late payment of the financial liabilities by ZUP shall result in the accrual of statutory interest for every day of delay. The amount of statutory interest that accrues shall be payable on the basis of interest notes issued by OSGT within fourteen (14) days from the date of issue of this note to the ZUP.

9.4.2. If, despite the notification in writing about the intention to terminate the transmission contract and the setting of an additional two-week time-limit of payment, the delay in payment by ZUP exceeds one (1) month, OSGT may, prior to the payment of the due amount, use the financial security, which was submitted when the transmission contract was signed.

9.4.3. The termination of the transmission contract shall not release ZUP from the obligation to pay due amounts.

9.4.4. Invoice-related claims shall be raised by ZUP no later than within seven (7) working days from the receipt of such invoice.

9.4.5. If the claim is raised against the invoice, which claim addresses the accounting errors, ZUP shall timely pay the amount, which was correctly calculated and coordinated with OSGT.

9.4.6. If ZUP raises a claim, which does not refer to accounting errors, the said shall not release ZUP from the obligation to pay the due amount that arises from the invoice.

9.4.7. OSGT shall consider the claim within fourteen (14) days from the receipt thereof.

9.4.8. If the claim is accepted, OSGT shall issue within seven (7) working days from the acceptance of the claim the correction invoice and shall immediately forward the same to ZUP. Any overpayment (if any) will be credited toward future payments and will be settled in the next possible invoice, provided that ZUP within seven (7) calendar days from the receipt of the correction invoice, does request that the overpayment be refunded – if it does, in such case the overpayment shall be transferred to the bank account of ZUP.

#### 9.5. SETTLEMENT OF DISPUTES ARISING FROM INVOICING AND PAYMENT

- 9.5.1. If the dispute emerges between OSGT and ZUP relating to the invoice issued by OSGT, the parties will launch every effort to resolve the dispute by negotiations as quickly as possible.
- 9.5.2. If during thirty (30) days from the delivery of the call for the amicable settlement of dispute the parties fail to reach an agreement, the dispute shall be submitted to the common court of local jurisdiction for the registered office of OSGT.