



Gas Transmission Operator GAZ-SYSTEM S.A.

Rules for allocating of additional capacity at the Lasów entry point

July 2011



CONTENTS:

1.	GENERAL INFORMATION	2
1.1.	INFORMATION ON THE GAZ-SYSTEM COMPANY	2
1.2.	LEGAL GROUNDS	2
1.3.	DEFINITIONS	3
1.4.	PROCEDURE SCHEDULE	4
2.	THE SCOPE OF ALLOCATED CAPACITY	5
2.1.	TIME-LIMIT FOR ADDITIONAL CAPACITY ALLOCATION IN LASÓW POINT	6
2.2.	ADDITIONAL CAPACITY	6
3.	THE COURSE OF THE ADDITIONAL CAPACITY ALLOCATION	8
3.1.	DECLARATION OF PARTICIPATION IN THE PROCEDURE	8
3.2.	VERIFICATION OF PARTICIPANTS' CREDITWORTHINESS	10
3.3.	SECURITY	10
3.4.	REGISTRATION OF PARTICIPANTS	12
3.5.	BID FOR CAPACITY IN LASÓW ENTRY POINT	12
3.7.	CAPACITY IN EXIT POINTS	14
3.7.1.	BID FOR CAPACITY UNDER THE PROCEDURE	14
3.7.2.	ALLOCATION IN EXIT POINTS	16
3.7.3.	DETERMINATION OF CAPACITY IN EXIT POINTS AFTER THE COMPLETION OF THE PROCEDURE	18
3.8.	TARIFFS AND TRANSMISSION RELATED COSTS	19
3.8.1.	TARIFF CALCULATION METHOD	19
3.8.2.	JUSTIFIED RETURN ON CAPITAL EMPLOYED IN THE TRANSMISSION ACTIVITY	21
3.9.	SIGNING OF CONTRACTS	22
4.	CONFIDENTIALITY	23
5.	COORDINATION WITH OTHER OPERATORS	24
6.	FINAL PROVISIONS	24
7.	ORGANIZATIONAL INFORMATION – CONTACT	26

1. GENERAL INFORMATION

With the publication of these Regulations, GAZ-SYSTEM shall open the Procedure for provision of the additional capacity in Lasów entry point (the physical transmission from the Lasów point on the territory of Poland ID 272411), which additional capacity emerged due to the modernization activities in the transmission system on the area of Lower Silesia.

These Regulations describe the Procedure for provision of the additional capacity in Lasów entry point (in the direction from Germany to Poland);

The purpose of the proceedings under these Regulations is to:

- enable the development of the natural gas market in Poland;
- increase gas delivery security by means of the development of the connection with the transmission system Ontras VNG Gastransport GmbH on the territory of Germany;
- raise the degree of integration of transmission systems in the European Union;
- increase in the degree of markets liquidity in the EU member-states;
- provide to the interested participants in the market access to the transmission system in order to enable the delivery of gas to customers;
- conclude gas transmission contracts.

1.1. INFORMATION ON THE GAZ-SYSTEM COMPANY

During the Republic of Poland's period of pre-accession to the European Union and due to the necessity to implement the directives of the II liberalization package for the gas market, a solution was adopted, according to which transmission and distribution systems shall be operated by entities that are legally and functionally independent from the gas company. This being the case, on 16 April 2004, PGNiG-Przesył Sp. z o.o. was set up, which due to transformations, from the year 2005 has been functioning under the modified title "Gas Transmission Operator GAZ-SYSTEM S.A." At the current point, the sole owner of the company is the State Treasury of the Republic of Poland.

On 1 July 2005, the President of the Energy Regulatory Office issued a Decision by virtue of which GAZ-SYSTEM was granted the status of the Gas Transmission Operator on the territory of the Republic of Poland.

The Company carries out transmission activity on the basis of the transmission network on the territory of the Republic of Poland, which is owned thereby. Therefore, the terms and conditions of the complete legal, functional, and proprietary separation, which are required under both the national and European legal provisions, have been met.

The amount of the Company's share capital is PLN 3 741 886 442 PLN.

1.2. LEGAL GROUNDS

The Regulations determine the principles of conducting of the Procedure for provision of the additional capacity and the rights and obligations of the parties that participate therein. The legal basis for conducting the Procedure is §23 of the Economy Minister Ordinance of 2 July 2010 on the detailed terms and conditions of gas system functioning (Dz. U. No. 133, item 891) and the provisions of the Act – Energy Law of 10 April 1997 (uniform text Dz. U. of 2006, No. 89, item 626, as amended; Dz. U. No. 104, item 708, No. 158, item 1123 and No. 170, item 1217, of 2007, No. 21, item 124, No. 52, item 343, No. 115, item 790 and No. 130, item 905, of 2008, No. 180, item 1112 and No. 227, item 1505, of 2009, No. 3, item 11, No. 69, item 586, No. 165, item 1316 and No. 215, item 1664 and of 2010 No. 21, item 104 and No. 81, item 530), and provisions of the new European Parliament and Council Decree No. 715/2009 dated 13 July 2009 on the conditions of access to natural gas transmission networks which repealed the European Parliament and Council Decree No. 1775/2005 (Dz. U. UE L 211 of 14.8.2009, page 36). Above-mentioned provisions provide the transparency of treatment and equal rights of all Participants in this Procedure.

The Contract for provision of transmission services, attached to the Regulations, is only a draft contract. The final wording of the Contract may be amended, if prior to the conclusion of the Contract provisions of law are amended or a public administrative authority issues a decision, which will be binding on GAZ-SYSTEM. To the Contracts made under the Procedure, the provisions of IRIESP (Transmission Network Code) and the Tariff, established in accordance with the binding provisions of law, shall apply.

1.3. DEFINITIONS

- 1.3.1. Firm capacity – shall mean the maximum hourly quantity of gas in normal conditions, which gas quantity may be delivered for transmission in the entry point or may be offtaken for transmission in the exit point, the amount of which gas quantity shall be binding during the entire gas year within the framework of the Contract to be signed under the Additional Capacity Allocation Procedure in Lasów entry point;
- 1.3.2. Additional capacity – shall mean the maximum capacity of interconnection capacity, obtained due to the modernization works that have been carried out by GAZ-SYSTEM, which is the subject of the additional capacity allocation Procedure in Lasów entry point, defined in point 2.2 of the Regulations;
- 1.3.3. GAZ-SYSTEM/Company – shall mean the company under the name of The Gas Transmission Operator GAZ-SYSTEM S.A. with its registered office in Warsaw, Poland;
- 1.3.4. IRIESP (TNC) – shall mean the Transmission Network Code established pursuant to the applicable provisions of law and posted on the GAZ-SYSTEM website. On the day of announcement of the additional capacity allocation Procedure in Lasów entry point, GAZ-SYSTEM shall implement the Transmission Network Code of GAZ-SYSTEM S.A., which constitutes Appendix No. 4 to these Regulations;
- 1.3.5. Contracted capacity – shall mean the firm contracted capacity or the interrupted contracted capacity.

- 1.3.6. m³ (cubic meter) – shall mean one cubic meter of gas in normal reference conditions, i.e. at an absolute pressure of 101.325 kPa and a temperature of 273.15 K;
- 1.3.7. Procedure – shall mean in these Regulations the additional capacity allocation Procedure in Lasów entry point;
- 1.3.8. Interrupted contracted capacity – shall mean maximum hourly quantity of gas that can be delivered to or off taken from an interconnector entry/exit point, that shall be binding throughout the entire period of the Contract concluded under the additional capacity allocation Procedure in the Lasów Entry Point, which may be limited by GAZ-SYSTEM pursuant to the Regulations, the Contract and the Tariff;
- 1.3.9. Regulations – shall mean this document, which describes the principles of the Additional Capacity Allocation Procedure in the Lasów Entry Point, including the Appendices thereto;
- 1.3.10. Gas year – shall be in compliance with TNC, however as of the date of publication of the Regulations it shall mean a period from 31 December of the year preceding the current year up to 31 December of the current year;
- 1.3.11. Tariff – shall mean a list of prices and payment rates along with the rules of application thereof, which has been set up by GAZ-SYSTEM and has been introduced as the binding tariff for the recipients specified therein. On the day of the announcement of the additional capacity allocation Procedure in the Lasów Entry Point, GAZ-SYSTEM shall apply the Tariff approved by the President of the Energy Regulatory Office, which constitutes Appendix No. 5 to these Regulations;
- 1.3.12. Participant – shall mean every entity that has been registered by GAZ-SYSTEM as a participant in the additional capacity allocation Procedure in the Lasów entry point;
- 1.3.13. Contract – shall mean the Contract for provision of gas transmission services, from Lasów entry point to the exit points on the territory of Poland.
- 1.3.14. Shipper (ZUP) – shall mean an entity with whom GAZ-SYSTEM has made the Contract for the provision of gas transmission services.

1.4. PROCEDURE SCHEDULE

GAZ-SYSTEM intends to carry out the Procedure in accordance with the Procedure Schedule placed herein below, however during the conduct of the Procedure any circumstances or events may occur, in particular, circumstances or events specified in items 5, 6 and 7 of the Procedure Schedule, due to which the Schedule could be modified.

1.	04.07.2011	Publication of the Regulations
2.	04.07.2011 – 18.07.2011	Submission of binding bids (offers) under the Procedure
3.	19.07.2011 – 25.07.2011	Bid (offer) analysis, notices to complete missing information in submitted bids, supplementation of formal defects in submitted bids.

4.	26.07.2011 – 01.08.2011	<p>Registration of the Participants.</p> <p>Capacity allocation in the entry point. Dispatch of the information about the capacity allocated in the entry point.</p>
5.	02.08.2011 – 08.09.2011	<p>Confirmation of the allocated capacity in the entry point by the Participants</p> <p>The repeated allocation (if any) of capacity in the entry point (in case of lack of acceptance of allocated capacity) and call on the Participants to accept the allocated capacity in entry point.</p> <p>The Participants' confirmation of allocated capacity in the entry point .</p> <p>The call on the Participants to submit the complementary form, including the information about exit points (at least by the year 2012).</p> <p>Submission by the Participants of complementary forms (at least by the year 2012)</p> <p>The verification by GAZ-SYSTEM of a possibility of transmission to exit points, specified by the Participant</p> <p>Dispatch to the Participants of the information about a possibility of transmission to specified entry points or call on the Participants to change the exit point or the capacity in the exit point in case of the lack of possibility of transmission</p> <p>Dispatch by the Participants of the information about the change of the capacity or the exit point</p> <p>Confirmation by GAZ-SYSTEM of the possibility of transmission to specified exit points or reduction of capacity in the entry point.</p>
6.		The repeated allocation of capacity (if any) in the entry point, to which the capacity was not allocated in the exit points. The dispatch of information about allocated capacity in the entry point.
7.		The confirmation by the Participants of the acceptance of additionally allocated capacity in the entry point.
8.	09.09.2011 - 19.09.2011*	The dispatch to the Participants of draft Contracts for transmission services
9.	20.09.2011 – 26.09.2011*	The submission by the Participants of signed Contracts
10.	27.09.2011 – 30.09.2011*	The signing of Contracts of gas transmission services with the Participants

* - The time-limits, specified in points 8 – 10, could be shifted, if it is necessary to repeat the acts, specified in items 6 and 7. The acts, specified in points 6 and 7, will be repeated only once.

2. THE SCOPE OF ALLOCATED CAPACITY

The subject-matter of the Procedure is the allocation of the capacity obtained due to the modernization works, which were carried out by GAZ-SYSTEM with regard to the transmission system on the territory of Lower Silesia and the development of Lasów billing point (ID 272411).

Due to the modernization activities, the opportunity of gas offtake from the direction of Germany will be increased up to approximately 1,5 billion m³/annually.

Within the framework of this Procedure, the Participants will be offered the additional capacity exceeding the currently existing and reserved capacity.

The service of reverse flow transmission from Poland to Germany will be offered on the basis of principles specified in both the TNC and the Tariff, therefore it is not covered by the scope of this Procedure.

Ontras VNG Gastransport GmbH, the operator of the German transmission system, intends to conduct the procedure for provision of additional capacities in Lasów exit point in accordance with its binding regulations.

2.1. TIME-LIMIT FOR ADDITIONAL CAPACITY ALLOCATION IN LASÓW POINT

The completion of modernization works in the transmission system on the territory of Lower Silesia, which are described in point 2, is planned for December 2011, while there are plans to start the provision to the customers of the additional capacity in Lasów entry point from 1 January 2012.

Due to the planned completion of modernization of the transmission system on the territory of Lower Silesia in December 2011, which means the necessity to carry out investment activities in unfavourable atmospheric conditions, and a potential possibility of occurrence of formal-legal complications, there is a risk of the shift of the term of completion of modernization works and therefore a risk of the shift of the term of commencement of gas transmission within the framework of additional capacity. GAZ-SYSTEM, however, launches every possible effort to meet the avowed deadline for the commencement of the gas transmission service.

In addition, the increase in the gas transmission in the direction of Germany in Lasów point is coupled with technical possibilities of gas excess offtake during the period of the decreased demand for gas in compliance with the currently developed gas storage facility in Wierzchowice. Any delay (if any) in the development of the Underground Gas Storage Facility (PMG) in Wierzchowice could cause periodical partial limitations in gas transmission. It is admitted that the startup of UGS Wierzchowice could be delayed even by several months, however it shall not go beyond the year 2012. GAZ-SYSTEM shall notify the Shippers about the date when the startup of UGS Wierzchowice is completed.

2.2. ADDITIONAL CAPACITY

The additional capacity in Lasów entry point, which is the subject-matter of the Procedure for the gas transmission in the direction from Germany to Poland, amounts to:

- for 2012 and 2013 - 52 thousands m³/h or 1 248 thousands m³/d (which corresponds in the Ontras VNG Gastransport GmbH transmission system to approximately 579 800 kWh/h or 13 915 200 kWh/d, with the conversion rate of 11,15 kWh/m³), given the gas supply pressure at a minimum of 3,5 MPa.
- for 2014 – 46,8 thousands m³/h or 1 123 thousands m³/d (which corresponds in the Ontras VNG Gastransport GmbH transmission system to approximately 521 820 kWh/h or 12 523 680 kWh/d, with the conversion rate of 11,15 kWh/m³), given the gas supply pressure at a minimum of 3,5 MPa.

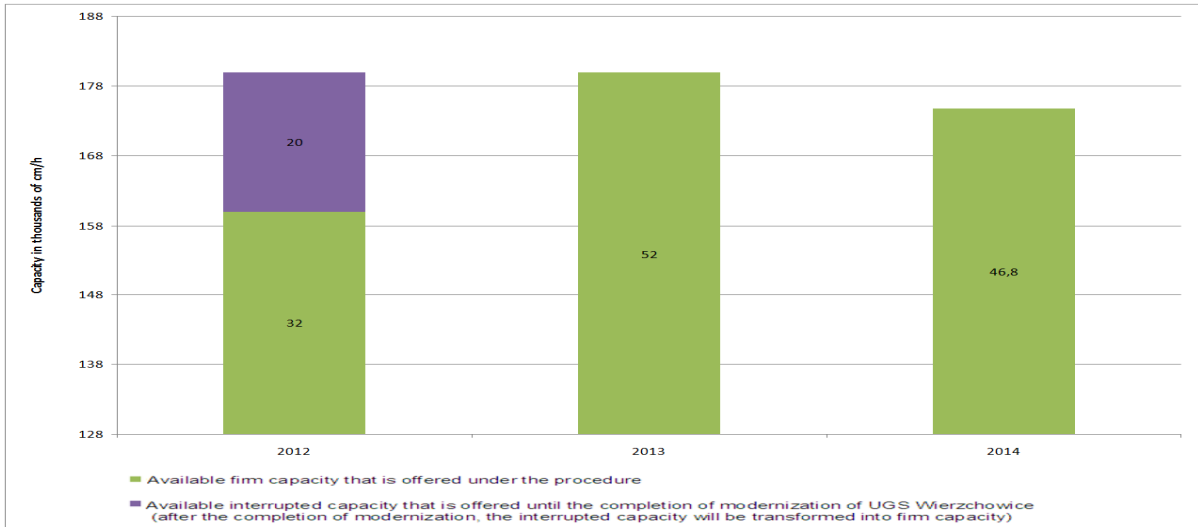
Within the framework of the Procedure, the capacity in the Lasów entry point No. ID 272411, located on the territory of Poland near the city of Lasów, will be allocated. The contract to be made under this Procedure will cover the reservation of capacity in the Lasów entry point for the transmission of the E group high-methane gas via the gas transmission system located on the territory of Poland.

In addition, the Procedure specifies the principles of reservation of capacity in exit points. In case of the transmission services, whose commencement shall be effected in the year 2012, the capacity of exit points shall be determined during the course of the Procedure. As regards the transmission services, whose commencement shall be effected in the year 2013 or later, the exit points shall be set up in cooperation with GAZ-SYSTEM in the form of the annex to the Contract, however, no later than 6 months prior to the beginning of the gas year, in which the transmission shall be started.

GAZ-SYSTEM and Ontras VNG Gastransport GmbH have agreed on the global quantities of additional capacities that are made available under separate procedures. Due to the fact that each system will be covered by a separate capacity allocation procedure, the permitted situations may arise when the Participant is provided with a different contracted capacity in the GAZ-SYSTEM transmission system and with a different capacity in the Ontras VNG Gastransport GmbH transmission system.

In no case GAZ-SYSTEM will bear any responsibility for the lack of allocation of the transmission infrastructure in the cooperating transmission system of Ontras VNG Gastransport GmbH or for lack of possibility to provide gas transmission services by the Ontras VNG Gastransport GmbH transmission system.

Due to the currently held development of UGS Wierzchowice, in the initial period, transmission services will, to a certain degree, be provided on the interrupted capacity basis, on the fourth level of certainty of gas supply. Within the firm capacity framework, 32 000 m³/h will be allocated, while 20 000 m³/h will be allocated on the interrupted capacity basis. For this reason, to all Participants, who apply for the allocation in the first year, i.e. in the year 2012, of firm capacity from Lasów point on the territory of Poland, the firm capacity and the interrupted capacity on the fourth level of certainty of gas transmission will be allocated proportionally to the quantities requested thereby.



Within a time-limit of up to two (2) months from the completion of modernization of UGS Wierzchowice and upon the written notification, the contracted interrupted capacity will be transformed into firm contracted capacity. The replacement of the interrupted capacity by the firm capacity will take place on the date specified in the statement issued by GAZ-SYSTEM and delivered to the Shipper. Until the replacement, the fees for transmission services shall be charged respectively for firm capacity and interrupted capacity, in accordance with the applicable Tariff.

3. THE COURSE OF THE ADDITIONAL CAPACITY ALLOCATION

3.1. DECLARATION OF PARTICIPATION IN THE PROCEDURE

The declaration of participation in the Procedure shall be viable only if submitted on the form (offer) available on the GAZ-SYSTEM website.

The binding order form (offer) in the scope of Lasów entry point shall specify as follows:

- 1) details of the undertaking intending to participate, including contact information: fax and email address;
- 2) the requested firm contracted capacity for the Lasów entry point in specified gas years;
- 3) preferred exit point (exit points) from the transmission system on the territory of Poland, for which the transmission is planned in the gas year 2012.

In addition, in order to make, during the course of the Procedure, a reservation of the capacity in exit points, the order form shall incorporate the proposed exit point (exit points) from the transmission system on the territory of Poland, to which the transmission of gas is planned in the gas year 2013 or 2014. The reservation of capacity in exit points may also be made after the conclusion of the Contract, however no later than 6 months prior to the beginning of the gas year, during which the provision of transmission services will start.

The undertaking interested in participating in the Procedure is required to indicate the mandatory rules of law pertaining to that undertaking, which rules GAZ-SYSTEM shall have to apply in order to effectively conclude Contract, for instance, the provisions of Public Procurement Law. In particular, the appropriate procedure for signing the Contract as well as the documents that GAZ-SYSTEM should provide to effectively conclude the Contract with the said undertaking should in particular be specified. The above does not place on GAZ-SYSTEM any binding obligation to consider the requirements indicated by the undertaking intending to participate in the Procedure. GAZ-SYSTEM shall undertake action in order to apply specific provisions concerning the Participant in the Procedure. However, this shall by no means cause any changes to the manner of conducting this Procedure, including the rules for additional capacity allocation or the wording of the Contract.

Should GAZ-SYSTEM be unable to fulfill the conditions stipulated by the undertaking intending to participate in the Procedure, GAZ-SYSTEM shall notify the said undertaking of this fact in writing. In this case, the undertaking intending to participate in the Procedure has the right to withdraw from the participation in the Procedure within a time-limit of 5 business days from the date of receipt of the notification from GAZ-SYSTEM. GAZ-SYSTEM is entitled to exclude a Participant from

the Procedure, should, due to the specific applicable legal provisions it be impossible to conclude an effective Contract therewith under the conditions specified in these Regulations.

Only the bid (form) signed by the persons authorized to represent a given undertaking shall constitute the grounds for submitting the intent of participation in the Procedure. The right of the persons signing the form to represent the given undertaking should be proved by the attachment of an appendix entailing excerpts from the proper register or powers of attorney or true copies thereof. Furthermore, the following should be attached to the application:

- 1) a certified true copy of the original license or license promise for the trade, distribution or transmission of gas and/or a declaration to the effect that the license will be provided within 15 days before the commencement of the provision of transmission services or a declaration signed by the management board (persons empowered for representation) of the undertaking intending to participate in the Procedure to the effect that the activities thereof do not require any licenses;
- 2) current excerpt from the register of business activity or a relevant register confirming legal personality or legal capacity of the Participant;
- 3) document confirming the issue of tax identification number for the purposes of the tax on goods and services for the entities who have their registered office on the territory of EU member-states;
- 4) certificate of issue of a REGON statistical number - applicable to undertakings conducting economic activity within the territory of the Republic of Poland;
- 5) the statement by the Management Board (the persons authorized for representation) to the effect that the Participant has not suspended the implementation of its payments, that no settlement, bankruptcy or liquidation proceedings have been instituted with regard thereto;
- 6) the proof of security payment.

If in the excerpt from the relevant register, referred to in point 2 hereinabove, REGON and NIP are provided, the documents, referred to in point 3 and point 4 hereinabove may not be submitted.

The application form and any documents, letters and declarations attached thereto shall be drawn up in the Polish or English languages

By signing the form, the undertaking accepts the conditions of participation in the Procedure and the rules of conduct thereof, specified in these Regulations, in particular the following:

- 1) confidentiality,
- 2) capacity allocation,
- 3) conclusion of the Contract.

and submits an arbitration clause according to the rules set forth in point 6. of the Regulations.

The bid shall constitute a binding offer for reservation of capacity in the Lasów entry point. The Participant in the Procedure shall be bound by the bid until the day of the announcement of the Procedure completion by GAZ-SYSTEM and the conclusion of the Contract, however, no later by 31 March 2012.

3.2. VERIFICATION OF PARTICIPANTS' CREDITWORTHINESS

An undertaking that has suspended the performance of payments, in relation to which winding-up or bankruptcy proceedings have been instituted, or in relation to which liquidation proceedings have been opened cannot be the participating in the Procedure. At each time of the Procedure, the Participant shall meet the above mentioned requirements.

With regard to the Participants, who do not meet the above-mentioned requirements, GAZ-SYSTEM reserves the right to:

- 1) require additional collateral eq. banking guarantees, letter of indemnity third party or shareholder guarantee, or
- 2) exclude such Participant from the Procedure.

3.3. SECURITY

The entities to participate in the Procedure and submit bids (offers) shall submit a security as the security of the conclusion of the Contract for the provision of gas transmission services, on conditions set out in the Regulations. The security shall be made in cash in PLN or in the form of the bank or insurance guarantee in an amount which is conditional on the maximum ordered contracted capacity. In order to determine the security amount, the maximum contractual capacity out of the annually ordered contracted capacities, specified in the order form, shall apply, in accordance with the rules herein below:

- for the contractual capacity below 15 000 Nm³/h - 250 000 PLN;
- for the contractual capacity of a minimum of 15 000 Nm³/h or above - 550 000 PLN.

The security has to be deposited in PLN prior to making the bid to the following GAZ-SYSTEM bank account No. 94 1140 1977 0000 5803 0100 1031 maintained by BRE Bank S.A. entitled „Procedura udostępnienia dodatkowej przepustowości w punkcie wejścia Lasów" ("Available Capacity Allocation Procedure in Lasów Entry Point").

The security can also be made in the form of a bank or insurance guarantee, the form whereof is presented in Appendix No. 2 to these Regulations. The bank guarantee has to be issued by a financial institution with a rating starting from "A", of any of the following Agencies: Moody's, Standard&Poor or Fitch. The guarantee shall be valid throughout the whole period of the Procedure until the day of conclusion of the Contract for provision of gas transmission services. The guarantee shall be valid until 31 March 2012. The bank (insurance) guarantee shall be issued in Polish and shall be subject to the provisions of Polish laws.

Bids (offers) without a proper security issued shall not be subject to analysis within the framework of the Procedure.

GAZ-SYSTEM shall be entitled to retain the security or use the bank (insurance) guarantee in the full amount thereof, if the Participant fails to fulfill its obligations resulting from the submitted bid (binding offer), particularly in the following situations:

- 1.1 the Participant has failed to confirm the allocated capacity in Lasów entry point, in accordance with the provisions of point 3.6, when GAZ-SYSTEM had allocated to the Participant firm contracted capacity for a given gas year in an amount not less than 60% of the capacity ordered by the said Participant in the binding bid (offer);
- 1.2 the Participant has been excluded in the case, referred to in section 3.4 of the Regulations, i.e. when the declaration of the Participant, referred to in point 3.1.5 of the Regulations, was untrue or the rehabilitation proceedings with regard to the Participant have been instituted, or the bankruptcy petition has been filed or the liquidation of the Participant during the course of the Procedure has been opened;
- 1.3. the Participant has failed to make a Contract, when the Participant confirmed the capacity allocated thereto in Lasów entry point, inter alia, in the event specified in point 3.9 of the Regulations;

The Security shall be refunded within fourteen (14) days in the following cases:

- 2.1. the Participant withdraws his bid before GAZ-SYSTEM registers the Participant under the Procedure;
- 2.2. subject to the provisions of point 1.2 hereinabove, the Participant submits a declaration to the effect that he gives up the entire capacity allocated thereto in Lasów entry point;
- 2.3. the Participant is excluded in the case, referred to in point 3.1. of the Regulations,
- 2.4. GAZ-SYSTEM terminates the Procedure without conclusion of Contracts, having the Company's good interest in mind,
- 2.5. The Participant makes the Contract and
 - a. submits the security of the proper fulfilment of the Contract in accordance with the provisions of TNC – if the first year of provision of gas transmission service is the year 2012 or
 - b. the application for the refund of security and the statement to the effect that the security of the proper fulfilment of the contract will be submitted no later than 6 months prior to the first year of provision of gas transmission service are submitted – if the first year of provision of gas transmission service is the year 2013 or 2014.

On the request of the Participant, the cash security of the bid may be credited toward the security of the proper fulfilment of the Contract. In this case, the amount

of security exceeding the amount of the security of the proper fulfilment of the Contract shall be refunded.

3.4. REGISTRATION OF PARTICIPANTS

The completed form of the binding bid (offer), including the appendices, shall be submitted to GAZ-SYSTEM at the address of the Company's registered office, in accordance with the provisions of point 7 of these Regulations within the time-limit by 18 July 2011, at 12:00 p.m. (noon). The offer which was submitted after the said deadline shall not be considered under the Procedure.

By 12.00 p.m. (noon) of 18 July 2011, the Participant may change the registration by submitting a new form of the bid. A new form of the bid shall substitute the entire previous bid made by the Participant, and the previous bid shall be disregarded. This being the case, the new bid form shall be completed in full.

Should the bid form lack any information or contain errors, in particular, if not all necessary information or documents have been included, GAZ-SYSTEM shall call on a given entity to supplement the missing information, no later than within 3 business days from the receipt of the notice. The notice shall be forwarded via fax or by email at the fax number or at the email address specified in the form. The missing information shall be deemed supplemented, if the reply to GAZ-SYSTEM's notice is delivered at the address of the GAZ-SYSTEM's registered office by the specified deadline and if it contains all requested information and documents. If otherwise, GAZ-SYSTEM shall assume that the Participant has failed to make a bid to participate in the Procedure.

The satisfaction of all bid requirements, specified in the Regulations, shall constitute the basis for registration of the bid-submitting entity as the Participant in the Procedure.

GAZ-SYSTEM shall forward the confirmation of receipt of the bid at the fax number or at the email address, which were provided by the Participant in the bid form. GAZ-SYSTEM shall register the Participant or refuse registration within 5 business days from the date of receipt of a properly completed form, to which the required documents (of the bid) have been attached. GAZ-SYSTEM shall immediately inform the Participant of its decision.

Should the Participant during the course of the Procedure fail to fulfill the requirements specified in this Regulations, i.e. in case of loss of creditworthiness, the Participant shall be excluded from the Procedure. Should the Participant fail to inform of any circumstances affecting its legal situation, including its creditworthiness, which circumstances are considered under the registration procedure, GAZ-SYSTEM has the right to exclude the Participant from the Procedure. Prior to the adoption of the decision on the exclusion of the Participant, GAZ-SYSTEM shall request that the Participant provides clarification. Should the clarification of the Participant prove to be unreliable or should the Participant fail to submit clarification within the time-limit specified by GAZ-SYSTEM, GAZ-SYSTEM may pass a decision on the exclusion of the Participant. The bid, submitted by the excluded Participant shall not be considered and no capacity shall be allocated thereto within the framework of this Procedure.

3.5. BID FOR CAPACITY IN LASÓW ENTRY POINT

The subject-matter of the Procedure is the conclusion of Contracts pursuant to which the reservation of capacity in Lasów entry point No. ID 272411 be made, which entry point is located on the territory of Poland near the city of Lasów, in order to provide gas transmission services via the transmission system that is operated by GAZ-SYSTEM.

Within the framework of the Procedure, the Participant may submit a binding bid (offer) for the provision of long-term services during a period of at least one (1) gas year, however for a maximum of three (3) gas years. The offer shall be submitted for full gas years. The Participant may submit the offer for services to be provided during any gas year: 2012, 2013 or 2014 (the bid shall cover the full gas year). With regard to each gas year, the Participant may submit the offer for different contracted capacities, however the same unmodified contracted capacity shall apply to the entire gas year.

Each Participant is entitled to submit one binding bid (offer).

Within the framework of the Procedure, the Participant may submit the bid for a maximum of 100% of additional capacity (contracted capacity) in Lasów entry point, which is the subject-matter of the Procedure.

Within the framework of the Procedure, the Contracts for provision of gas transmission services for the gas year 2012 will be signed, whereby the Lasów entry point and exit point (exit points) shall be specified. Contracts for provision of gas transmission services for the gas years 2013 or 2014 shall be made with the reservation to the effect that within a period of 6 months prior to the beginning of the gas year, when the transmission service is to be provided, the coordination of exit points and contracted capacity in these exit points be made in the form of the annex to the Contract.

The sum of contracted capacities in exit points, which have been reserved for specified gas years, shall exceed or be equal to the contracted capacity allocated to the Participant in Lasów entry point.

3.6. CAPACITY ALLOCATION IN LASÓW ENTRY POINT

The allocation of the capacity will be provided separately for each gas year. If the total amount of contracted capacity requested by all Participants exceeds in any gas year 100% of capacity which is provided under the Procedure for provision of additional capacity in Lasów entry point, GAZ-SYSTEM shall allocate contracted capacity by applying the principles specified herein below.

While allocating the capacity, GAZ-SYSTEM will reduce contracted capacities so that their total amount in a given gas year does not exceed 100% of the capacity provided under the Procedure for provision of additional capacity.

If it is impossible to implement all bids/offers in any gas year, the allocation of contracted capacity for a given gas year in Lasów entry point shall be made proportionally to the amount specified in the bid/offer.

Therefore, the capacity allocated to the Participant may be different in the different years of the validity of the contract for the provision of gas transmission services.

The capacity allocation may be effected, if:

1. There are no circumstances, which cause the reduction in the reliability of gas transmission below the parameters that are specified in the provisions of law or provisions of TNC,
2. The conclusion of the contract does not make it impossible for the Transmission System Operator to fulfill its obligations in the scope of protection of interests of customers or environmental protection.

GAZ-SYSTEM shall forward to the Participants in the Procedure the information about the allocation of capacities, assuming that all binding bids (offers) submitted within the framework of the Procedure have been maintained.

Participants, who have submitted binding bids (offers), shall be obliged to confirm the capacities allocated thereto in Lasów entry point, within two (2) business days from the date of the delivery of the information about the capacity allocation, and thereafter (after the completion of the capacity allocation) shall be obliged to sign the Contract, provided that the firm contracted capacity allocated thereto for a given gas year in Lasów entry point is not less than 60%, as compared with the requested capacity in the binding bid (offer). If the Participant fails to confirm the allocation of contracted capacity, GAZ-SYSTEM shall be entitled to retain the full amount of security, which has been paid by the Participant, or use the bank (insurance) guarantee in its full amount.

During the period specified hereinabove, the Participant may, at its discretion, confirm the firm capacity, giving up the interrupted capacity allocated thereto. If the firm capacity, allocated to the Participant, is less than 60% of the bided capacity, the Participant may confirm the part of capacity allocated thereto or may submit a statement on his resignation from the capacity in Lasów entry point.

If any Participant, during the above-mentioned period, fails to confirm the capacity (contracted capacity) allocated thereto, will confirm only part of the capacity or gives up the capacity allocated thereto, GAZ-SYSTEM, depending on the amount of received confirmations, shall propose to the Participants, who had confirmed the capacity allocated thereto, to cover additional capacities proportionally to the amounts requested in the binding bids (offers). GAZ-SYSTEM shall repeat (once) the procedure for allocation of capacities in the scope of additional capacities, in compliance with the provisions of this point of the Regulations. The capacity, which has not been allocated in the above-mentioned manner, shall be made available on conditions specified in TNC.

In case of the exclusion of the Participant or the non-allocation of capacities thereto or the invalidation of the Procedure, GAZ-SYSTEM shall notify the Participants and the President of the Energy Regulatory Office, in accordance with the provisions of Art. 4 g of the Energy Law, by providing the justification for its decision.

3.7. CAPACITY IN EXIT POINTS

3.7.1. BID FOR CAPACITY UNDER THE PROCEDURE

The reservation of capacity in the exit points is possible, provided that these exit points are specified in the complementary bid (complementary form) and thereafter in the Contract.

In the Contracts for provision of gas transmission services for the year 2012 it is necessary, apart from the determination of Lasów entry point, to specify the exit

point (exit points) and contracted capacities in the said points. The Contract may also specify exit points and corresponding capacities for the years 2013 or 2014. If the Contract does not specify exit points and corresponding capacities for the years 2013 or 2014, GAZ-SYSTEM will not be able to guarantee the possibility of provision of transmission services via the transmission system on the territory of Poland during these years.

After the completion of capacity allocation in Lasów entry point, in accordance with the provisions of point 3.6., the Participant, on request of GAZ-SYSTEM, shall submit the complementary bid for gas year 2012. The Participant may also submit a complementary bid for gas year 2013 or 2014. To do so, the Participant shall complete the complementary form which is available on the GAZ-SYSTEM website.

The complementary bid, constituting the binding bid with regard to the exit point (exit points), shall specify:

- 1) details of the Participant;
- 2) exit point (exit points) from the transmission system on the territory of Poland, where the Participant will effect the gas transmission in the gas year 2012, 2013 and eventually in gas year 2014;
- 3) contracted capacity, requested for the exit point (exit points) in the 2012, 2013 and eventually in gas year 2014.

The complementary bid (complementary form) shall be signed by the persons, who are authorized to represent the Participant. The right of bid-signing persons to represent the Participant shall be proved, unless any appropriate documents had already been submitted.

The completed complementary bid, including the appendices thereto, shall be delivered to GAZ-SYSTEM at the address of the Company's registered office, specified in point 7 of these Regulations, within ten (10) days from the delivery of the GAZ-SYSTEM's call.

Should the complementary bid lack any information or contain errors, in particular, if not all critical information or documents have been included, GAZ-SYSTEM shall call on the Participant to make good formal defects, during a period not less than three (3) business days from the receipt of the call. The formal defects will be deemed as made good, if the reply to GAZ-SYSTEM's call is delivered at the address provided in point 7 within the required time-limit and if the said reply incorporates all information and documents, the supplementation whereof had been requested. If otherwise, it will be deemed by GAZ-SYSTEM that the complementary bid has not been submitted for the year 2012, which will cause the reduction in the capacity that had been allocated to the Participant in Lasów entry point for the year 2012.

The complementary bid shall specify the exit point (exit points) that are listed in the catalogue of exit points posted on website www.gaz-system.pl, Transmission System section, or exit points under construction, i.e. for which the transmission system connection contract had been signed with GAZ-SYSTEM, or conditions of connection to the transmission system had already been specified, or GAZ-SYSTEM had informed about a possibility of transmission system connection, pursuant to the provisions of § 11 sec. 1 of the Minister of Economy's Ordinance of 2 July 2010 on Detailed Conditions of Gas System Operation" (Dz. U. No. 133, item 891).

The Contract may be signed for the exit point under construction, provided that the time-limit to build such exit point specified in the Connection Contract falls prior to requested term to commence the provision of the transmission service.

Contracts may be signed for exit points, for which the conditions of connection to the transmission network had already been specified, or GAZ-SYSTEM had informed about a possibility of connection to the transmission network, provided that the terms for construction of such exit points, specified respectively in the issued conditions of connection to the transmission system or information about a possibility of connection to the transmission network fall prior to the requested terms for commencement of the provision of transmission service. If for such exit points connection Contracts are not made within the time-limits, which enable the construction thereof prior to the date of commencement of provision of this service, which date is set out in the concluded Contract, GAZ-SYSTEM will be entitled to terminate this Contract in the part corresponding to the capacity reserved for such point both with regard to the entry point and the exit point. The released capacity shall be made available subject to the principles specified in TNC.

Exit points may be specified by the Participants as places of gas offtake, to which gas is transmitted on the basis of the contracts for gas transmission services, which contracts had been signed with GAZ-SYSTEM. In this case, GAZ-SYSTEM will recognize that the Shipper intends to use contracted capacity, to which it is entitled, for the provision of transmission services on the basis of the Contract, made under the Procedure. However, the principle shall be observed, according to which the sum of contracted capacities in entry points, to which the Shipper is entitled, may not exceed the sum of contracted capacities in exit points.

The exit point may be specified by the Participant, being the final recipient, who has been connected to the GAZ-SYSTEM transmission system, as the place where he offtakes gas on the basis of the comprehensive contract. The Participant, who is a seller, may specify the exit point as the place, including the point of transfer to the distribution system or the place where his final recipient, who has been connected to the GAZ-SYSTEM transmission system, offtakes gas on the basis of the comprehensive contract. In this case, the recipient's statement to the effect that he will offtake gas from the Participant shall be attached to the binding bid.

The complementary bid shall specify the quantity of ordered contracted capacity in the exit point (or exit points), for specified gas years, in the quantity, which is identical or equal to the quantity of contracted capacity, which was allocated to a given Participant in Lasów entry point under the Procedure.

3.7.2. ALLOCATION IN EXIT POINTS

The capacity allocation will be effected separately for each gas year. If the sum of requested contracted capacities in the exit point exceeds the available capacity, capacity allocation among the Participants in the procedure will be carried out in accordance with the following principles to be applied in the following order:

1. if the bid for capacity in the given point was submitted by the final recipient who is connected to the GAZ-SYSTEM transmission system (the entity who in this point offtakes gas on the basis of the comprehensive contract), this recipient shall be granted priority in the capacity allocation in this exit point,

2. if the bid for capacity in this point was submitted by the existing seller (ZUP/Shipper) and a new seller, who had submitted the declaration of the final recipient who is connected to the GAZ-SYSTEM transmission system (the entity who offtakes gas in this point under the comprehensive contract), to the effect that he will offtake gas from the new seller, the new seller shall be granted priority in capacity allocation in this exit point; if several Participants submit the recipient's declaration with regard to the same point for the quantities exceeding available technical capacity of this point, the allocation of firm capacity will be effected proportionally to the allocation quantity specified in the complementary bids concerning this exit point and in the remaining scope the interrupted capacity will be allocated on the fourth level of certainty;
3. if the bid for capacity at the given point was submitted by the existing seller (Shipper) and by a new seller, who has submitted the declaration of the final recipient who is connected to the distribution system, located behind this point (the entity who offtakes gas in this point under the comprehensive contract), to the effect that he will offtake gas from the new seller, the new seller shall be granted priority in capacity allocation in this exit point); If several Participants submit the recipient's declaration with regard to the same point for the quantities exceeding available technical capacity of this point, the allocation of firm capacity will be effected proportionally to the allocation quantity specified in the complementary bids concerning this exit point and in the remaining scope the interrupted capacity will be allocated on the fourth level of certainty;
4. in other cases, contracted capacity will be allocated proportionally to the capacity allocated in Lasów entry point.

In the case, when in the exit point the capacity is reserved on the basis of the contract for provision of transmission services, and the Participant has submitted the recipient's statement, referred to in point 2 or point 3 hereinabove, in this point the Participant will be allocated interrupted contracted capacity on the fourth level of certainty. It will be possible to replace interrupted capacity by firm capacity after the conduct of the procedure for the change of the seller.

For the allocation of capacity for exit points GAZ-SYSTEM will apply provisions of point 6.1.4.1 part I of TNC.

Capacity allocation may be effected if:

1. the transmission system has technical capacity which enables the transmission of gas from Lasów entry point to exit points specified in the complementary bid;
2. the equipment of the exit point enables the measurement and registration of the quantity of transmitted gas;
3. the pressure specified in the application for a given exit point fits in the interval, whose upper and lower borders are specified by the Transmission System Operator,
4. there are no other circumstances which cause the decrease in the reliability of gas transmission, whose parameters are stipulated in the provisions of law or provisions of TNC,

5. the conclusion of the Contract does not make it impossible for the Transmission System Operator to meet its obligations in the scope of protection of interests of its Recipients or environmental protection.

GAZ-SYSTEM shall hand over information about capacity allocation in the exit point (exit points) to the Participants in the Procedure.

In case of the lack of a possibility to provide the transmission service to any exit point specified by the Participant in the complementary form, GAZ-SYSTEM will call on the Participant to determine another exit point or to reduce the capacity in the given exit point in favor of other exit points. The Participant shall be obliged to consider the GAZ-SYSTEM's proposal within a time-limit not exceeding four (4) business days from the receipt of the call. GAZ-SYSTEM within three (3) business days shall inform the Participant about the capacity allocation possibility.

In case of the lack of a possibility of capacity allocation in the exit points, specified by the Participant, GAZ-SYSTEM shall make the reduction of the contracted capacity, which had been allocated to the Participant in Lasów exit point for the year 2012, to the quantity corresponding the sum of contracted capacities in exit points, to which gas transmission will be possible. The not-allocated capacity in Lasów entry point will be allocated to other Participants in accordance with the principles, specified in point 3.6. of these Regulations. Provisions of point 3.7 of these Regulations shall apply respectively.

The change in contracted capacities, which have been stipulated in the Contract, may be effected in accordance with the rules provided for in the Contract and TNC.

3.7.3. DETERMINATION OF CAPACITY IN EXIT POINTS AFTER THE COMPLETION OF THE PROCEDURE

Capacity in exit points for gas transmission services provided in gas years 2013 and 2014 may also be determined after the conclusion of the Contract. To do so, the complementary form, which is available on the GAZ-SYSTEM website, shall be completed.

The complementary form, constituting the binding bid with regard to the exit point (exit points) shall specify as follows:

- 1) details of the Participant,
- 2) exit point (exit points) from the transmission system on the territory of Poland, to which the Participant will transmit gas in the gas year 2013 or 2014,
- 3) contracted capacity ordered for the exit point (exit points) in the gas year 2013 or 2014.

The complementary form may be signed by the persons, who are authorized for representation. The right of the persons signing the form to represent the given undertaking shall be proved.

The completed complementary form, including the appendices thereto, shall be delivered to GAZ-SYSTEM at the address of the Company's registered office, no later than 8 months prior to the beginning of the gas year, during which the transmission service will be provided.

The complementary form shall specify the exit point (or exit points), in accordance with the provisions of point 3.7.1.

GAZ-SYSTEM shall effect the capacity allocation in exit points in accordance with the respectively applied provisions of point 3.7.2 of these Regulations and applicable provisions of TNC. GAZ-SYSTEM shall hand over the information about the possibility to provide transmission services to exit point (exit points).

In case of the lack of a possibility to allocate capacity in the exit points, specified by the Participant, GAZ-SYSTEM shall make the reduction of contracted capacity allocated to the Participant in Lasów entry point, for the gas year following the year, when the complementary form was submitted with regard to the quantity corresponding to the sum of contracted capacities in exit points, to which the gas transmission will be possible. The non-allocated capacity in Lasów entry point will be allocated in accordance with the rules provided for in TNC.

3.8. TARIFFS AND TRANSMISSION RELATED COSTS

The fees for the performance of gas transmission services rendered under Contracts concluded under the Procedure shall be charged according to the Tariff and the TNC applicable at a given time.

The tariff rates shall be calculated in accordance with the applicable provisions of law.

The Participants in the Procedure accept that the price of transmission services may be unilaterally established by GAZ-SYSTEM in accordance with the principles set out in the Regulations and provisions of law may become a part of the contract for the provision of transmission services at the moment of announcement and delivery of the Tariff to the Shipper.

If a gas transmission Contract is concluded and the Participant does not use the gas transmission service for the reasons attributed to the Participant, in particular, due to insufficient capacity of the storage facility or lack of capacity in interconnecting systems, the Participant shall be required to pay the fee pursuant to the Tariff.

Fees not included in the Tariff shall be calculated according to the principles stipulated in the TNC. On the day of announcement of the Procedure, GAZ-SYSTEM shall apply the Transmission Network Code, which constitutes Appendix No. 4 to these Regulations. Pursuant to the provisions of the TNC approved by the President of the Energy Regulatory Office,, GAZ-SYSTEM is entitled to collect fees for the balancing of the transmission system and system congestion management.

3.8.1. TARIFF CALCULATION METHOD

The tariff system that is currently applied in Poland:

Pursuant to the provisions of the Energy Law of 10 April 1997 and the Ordinance of the Minister of Economy of 6 February 2008 on the detailed principles of setting and calculation of tariffs and the principles of settlement in trading in gas, the tariff shall be calculated in a manner that ensures:

- 1) coverage of justified costs within the scope set out in Article 45 of the Act - Energy Law;

- 2) protection of customers' interest against unreasonable price levels;
- 3) elimination of cross-subsidising.

The rates of transmission fees are calculated on the basis of:

- 1) justified costs, broken down into fixed and variable costs (wherein a portion of fixed costs shall be recovered from variable charges);
- 2) contracted capacity for the Tariff duration and planned gas transmission volumes.

Justified costs include the costs of transmission activity, including, in particular:

- 1) costs by category (within the meaning of the Accounting Act), i.e.:
 - a) materials and energy (including gas purchased to meet GAZ-SYSTEM's own consumption and imbalance deviations);
 - b) external services (including repairs and maintenance, lease of storage capacities for the own needs of GAZ-SYSTEM);
 - c) taxes and charges;
 - d) payroll;
 - e) employee benefits;
 - f) depreciation;
 - g) other;
- 2) justified return on capital employed in the transmission activity.

The justified costs for calculation of prices and rates are planned by the GAZ-SYSTEM and thereafter are validated by the President of the Energy Regulatory Office at the tariff application approval stage.

The currently applicable tariff system is a system of group fees, within which the fees are collected solely in exit points, depending on the volume of requested contracted capacity. However, due to the entry into force of the European Parliament and Council Decree No. 715/2009 dated 13 July 2009 on conditions of access to natural gas transmission networks, which repealed the European Parliament and Council Decree No. 1775/2005 (Dz. U. UE L 211 of 14.8.2009, page 36), which, in particular, introduced the requirement to apply the entry-exit type of tariff, GAZ-SYSTEM developed the tariff, according to which the fees for the provision of gas transmission services shall be calculated and collected both in entry and exit points of the transmission system.

Fixed, variable and subscription fee costs are determined by GAZ-SYSTEM according to the cost allocation rules adopted by the Company and approved by the President of the Energy Regulatory Office, and remain unmodified for a given tariff period.

In accordance with currently applicable provisions of law, the tariffs are approved for annual periods and ensure the coverage of justified costs of conducting business activity (including asset depreciation) and the justified return on capital employed in the transmission activity.

3.8.2. JUSTIFIED RETURN ON CAPITAL EMPLOYED IN THE TRANSMISSION ACTIVITY

The return on employed capital, which is considered in the tariff, is determined on the basis of the weighted average cost of capital (WACC). The WACC amount is approved by the President of the Energy Regulatory Office.

The basic specifications, which are used to calculate the WACC, adopted by the decision of the President of the Energy Regulatory Office constitute, on the day of announcement of these Tariff Regulations Basic are as follows:

- 1) risk free rate of return r_f - 5,606%;
- 2) premium for shareholders equity ($r_m - r_f$) - 4,64%;
- 3) beta coefficient β_e - 0.286 corresponding to asset beta on a level of 0.2;
- 4) loan capital cost - 1%.

The Regulatory Asset Base in the meaning of the net value of fixed assets involved in transmission activity and the net working capital of GAZ-SYSTEM is subject to compensation.

3.8.3. TARIFF STRUCTURE

In the Entry-Exit system, which is implemented by GAZ-SYSTEM, the following types of fees will be collected:

1. **Fixed fee** (depending on the contracted capacity) shall be charged:
 - in entry points to the transmission system (including Underground Gas Storage Facilities),
 - in exit points of the transmission system (including Underground Gas Storage Facilities).
2. **Variable fee** is charged solely in all exit points (it is not charge in entry points or UGS connection points)
3. **Subscription fee** shall be collected:
 - in entry points (including Underground Gas Storage Facilities)
 - in exit points (is not charged in exit points from Underground Gas Storage Facilities).

The subscription fee is set up on the basis of the justified cost of sale to customers, including in particular: the reading of metering systems, invoice issue, calculation and collection of fees due for the gas delivered, as well as activities related to inspection of metering systems, adhering to contractual terms and observation of the correctness of settlements. The subscription fee shall be collected for each

month of the contract for provision of gas transmission services, even when contracted capacity in a given month of the contract amounts to "0".

Rates for specified Entries and Exits will be computed on the basis of revenues regulated in specified points. There are plans that the ratio of transmission fees collected in entry points to and exit points from the transmission system stand at 50/50, besides, the fees in exit points from the transmission system were differed depending on the quantities of ordered capacities (two tariff groups).

Tariff groups (excluding entry points to and exit points from Underground Gas Storage Facilities):

- a) uniform fixed fee for entry points;
- b) uniform variable fee for exit points;
- c) rates of fixed fee in exit points depend on the ordered contracted capacity. There are plans to set up two tariff groups with the maximum permissible capacity of 15 000 m³/h.
- d) the uniform rate of subscription fee for all entry points to and exit points from the transmission system.

3.9. SIGNING OF CONTRACTS

Within the framework of the Procedure, the Contracts specifying the conditions of provision of services will be submitted to the Participants. The contracts will specify in particular:

- 1) the details of the Participant,
- 2) the entry point and the type of provided service (firm, interrupted),
- 3) exit points for the gas year 2012 and (if applicable) for gas years 2013 or 2014 and the type of provided service (firm, interrupted),
- 4) depending on the submitted binding bid and the effected capacity allocation, the firm contracted capacity and the interrupted contracted capacity in m³/h for specified gas years and the estimated annual volume of gas in m³ will be determined;
- 5) the period of the contract;

The services provided on the basis of the Contract that was made under the Procedure will be rendered via the GAZ-SYSTEM transmission system. The transmission of gas via the transmission system operated by Ontras VNG Gastransport GmbH or via other systems cooperating with GAZ-SYSTEM network (e.g. distribution systems) require the conclusion of separate Contracts for provision of gas transmission or distribution services.

The Contract for provision of transmission services shall be made for a specified period of time and shall be subject to the provisions of Polish law. The Contract will be made according to the Participant's choice – in the Polish language or in the Polish and English languages, however in case of any discrepancies between the

Polish and English language versions of the Contract, the Polish language version shall prevail. To the conclusion of the contract the provisions of point 6.1.1 (exclusive of point 6.1.1.2), point 6.1.6 part I of TNC shall apply.

The Contract will comply with the wording of the sample constituting Appendix 3 to the Regulations, however GAZ-SYSTEM draws up attention to the fact that the wording of the contract may be amended, as compared to the sample attached to these Regulations, in particular, in case of change of provisions of law or the issue of administrative decisions that are binding on GAZ-SYSTEM. To the contracts made under the Procedure the applicable provisions of TNC and of the Tariff, set up in accordance with the applicable provisions of law, shall apply.

The Participant in the proceedings shall sign the Contract, delivered thereto by GAZ-SYSTEM and within a period of up to five (5) business days from the delivery thereof shall service the same at the address indicated in point 7 of these Regulations. The Participant, for whom, in accordance with the Contract for provision of transmission services, the year 2012 will be the first year of provision of transmission service is, shall attach to the Contract the proof of established financial security, in accordance with the provisions of point 6.1.6 part I of TNC. The remaining Participants shall deliver to GAZ-SYSTEM the proof of established financial security, in accordance with the provisions of point 6.1.6 part I of TNC, no later than within a period of six (6) months prior to the beginning of the gas year (2013 or 2014), when the provision of transmission service begins, under pain of termination of the Contract.

The failure to deliver to GAZ-SYSTEM, within the above-mentioned time-limit, the Contract, unilaterally signed by the Participant, including all critical appendices thereto, shall mean the refusal of the Participant to make the Contract. In this situation, GAZ-SYSTEM, according to the provisions of point 3.3 of the Regulations, will be entitled to retain the security in cash or use the bank (insurance) guarantee in its full value.

GAZ-SYSTEM shall place its signature on the Contract, delivered to the Participant (on the counterpart that had been signed by the Participant) after the receipt of GAZ-SYSTEM corporate approvals.

The Shipper (ZUP) will be entitled to assign or make available all rights and obligations arising from the contract that was made within the framework of this Procedure on the basis of principles specified in TNC, under assumption that verification of the annexes and contracts will be made in compliance with the terms and provisions of the Regulations. To do so, the Shipper (ZUP) may use the Bulletin Board, the Internet platform, which is made available by GAZ-SYSTEM in order to facilitate the capacity turnover on the secondary market.

4. CONFIDENTIALITY

Any information obtained by GAZ-SYSTEM during the course of the Procedure shall be treated as confidential and shall not be made available to any third parties. However, Gaz-System has the right to make available any confidential information obtained during the course of the Procedure or the content of the gas transmission contract to the following entities:

- 1) the corporate organs of the Company including the Minister of State Treasury;

- 2) the President of the Energy Regulatory Office, regulatory authorities competent for the location of the interconnector, as well as the European Commission;
- 3) undertakings financing the investment projects;
- 4) other entities that are entitled to obtain information on the basis of applicable provisions of law.

Furthermore, GAZ-SYSTEM shall publish information concerning the proper entry and exit points within the scope resulting from the applicable provisions of law.

The information about the entity, to whom during the course of the Procedure the additional capacity was allocated, shall not be treated as confidential.

5. COORDINATION WITH OTHER OPERATORS

GAZ-SYSTEM and Ontras VNG Gastransport GmbH shall coordinate their acts intended to allocate additional capacity in Lasów point. In particular, the parties have established technical parameters of interconnection capacity, including the available additional capacity and the terms of provision of transmission service, taking into account any potential limitations, referred to in point 2.

GAZ-SYSTEM and Ontras VNG Gastransport GmbH have been cooperating for a long time on the basis of operator contracts for common principles of operation of Lasów point with regard to the rules and principles of information exchange, including the verification of nominations and maintenance of the operator account.

GAZ-SYSTEM, however, shall not be liable for the operation of the transmission infrastructure within the framework of transmission systems that are interconnecting with the system operated by GAZ-SYSTEM.

GAZ-SYSTEM shall launch every effort to ensure the most extensive dialogue with Ontras VNG Gastransport GmbH and competent Regulators in the two countries in order to ensure coherent products in the both transmission systems, in particular, with regard to the capacity allocation rules and principles.

6. FINAL PROVISIONS

All and any costs of the Participant stemming from or incurred in connection with the participation in the Procedure shall be borne by the Participant only and shall not be claimed from GAZ-SYSTEM.

These Regulations are not a commercially-binding offer within the meaning of the provisions of the Civil Code, but are just an invitation to make bids.

All correspondence shall be forwarded during the course of the procedure by electronic mail or by fax:

- to GAZ-SYSTEM: at the email address or fax number specified in point 7,
- to the Participant: at the email address or fax number specified in the binding offer.

This correspondence shall be deemed as delivered on the day of its sending, if it is sent on the business day by 04.00 p.m. If the correspondence was mailed after 04.00 p.m., it shall be deemed as delivered on the subsequent business day. In addition, all correspondence shall be mailed by registered mail.

The binding offer form and the complementary offer form as well as the documents attached thereto and signed Contracts shall be delivered in writing at the addresses specified in point 7 within the time-limits specified in the Regulations.

The Procedure may be completed by GAZ-SYSTEM without the conclusion of Contracts for provision of gas transmission services due to the important interest of the Company.

GAZ-SYSTEM advises that the time-limit of additional capacity allocation may be subject to extension for the reasons, not attributed to GAZ-SYSTEM, that are connected, inter alia, with the delayed investment process on the territory of Lower Silesia.

GAZ-SYSTEM reserves the right to amend or supplement the Regulations or Appendices, including the extension of time-limits specified therein, in particular, in case of any changes in the applicable provisions of law, the necessity to secure approvals or administrative decisions from appropriate authorities, including regulatory bodies. Such changes and supplements shall be announced on the GAZ-SYSTEM website, after the prior consultation thereof with the President of the Energy Regulatory Office. The Participants shall be informed thereof in writing.

If any provision of Regulations is acknowledged as unacceptable or unenforceable, this provision shall be acknowledged as being excluded from the Regulations, while the remainder of the Regulations shall be assumed as fully valid and binding; a provision similar in content, reflecting the original intention of the parties in the scope compliant with applicable provisions of law, shall supersede the provision assumed as unacceptable or unenforceable.

In connection with the Procedure, neither GAZ-SYSTEM nor the Participant shall be mutually responsible, unless the party has suffered damage through the wilful misconduct of the other party. However to the bids – binding offers submitted by the Participant under the Procedure the provisions of the Civil Code shall apply.

The Parties shall strive to solve disputes (if any), which emerge in connection with the Procedure or the interpretation thereof in a spirit of mutual understanding. If the said attempts shall prove inefficient, any disputes resulting from or related to these Regulations shall be resolved by the Court of Arbitration at the Polish Chamber of Commerce in Warsaw in accordance with the binding regulations applicable on the day of the announcement of the Procedure, i.e. 04.07.2011. The submission of a bid is regarded as an arbitration clause within the meaning of the Civil Procedure Code.

To all matters not governed by the provisions of these Regulations the provisions of Polish law, in particular, the provisions of the Polish Civil Code and the Energy Law shall apply.

The Regulations of the Procedure and the appendices thereto have been drawn up in the Polish and English language versions. The English language version of the document is available for information purposes only. In the event of any

discrepancies between the documents in the Polish and English language versions, the provisions of the Polish language version shall prevail.

Appendices to the Regulations:

Appendix No. 1 - Model Form of a binding bid (offer)

Appendix No. 2 - Model of a Bank Guarantee (Insurance)

Appendix No. 3 - Model of the Contract for gas transmission services

Appendix No. 4 - Transmission Network Code of the Gas Transmission Operator GAZ-SYSTEM S.A.

Appendix No. 5 - Tariff of GAZ-SYSTEM S.A.

7. ORGANIZATIONAL INFORMATION – CONTACT

The documents and correspondence made in the written form shall be delivered in the sealed envelope with the annotation: "Rules and Regulations for the Additional Capacity Allocation Procedure in Lasów Entry Point" („**Procedura udostępnienia dodatkowej przepustowości w punkcie wejścia Lasów**") at the following address:

Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A.

Secretariat of the Development and Investment Division

ul. Mszczonowska 4

02-337 Warsaw

Please address all and any questions as well as the correspondence forwarded in the electronic form concerning the Procedure at the following e-mail address: openseason@gaz-system.pl

The Polish language shall prevail for any correspondence. GAZ-SYSTEM also admits correspondence in the English language.



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