



**RULES OF NON-BINDING PHASE OF THE
OPEN SEASON PROCEDURE AT THE ENTRY/EXIT
POINT POLAND-LITHUANIA**

Version 1.1.
of
17 August 2015

July 2015, Warsaw, Vilnius

1. GENERAL INFORMATION

Following the procedures determined by these Rules GAZ-SYSTEM S.A. and Amber Grid shall estimate level of market participants' (Shippers') demand for transmission Capacity at Entry/ Exit Point Poland - Lithuania, which will be established after commissioning of the Gas Interconnection Poland - Lithuania.

1.1. GAZ-SYSTEM S.A. and Amber Grid plan to jointly conduct the Open Season procedure, which is necessary for making the decision about construction Gas Interconnection Poland-Lithuania, shall be split into two phases:

- non-binding Open Season phase, in which market research concerning level of demand for the gas transmission services and the Capacity at the Entry/Exit Point Poland-Lithuania of the Gas Interconnection Poland-Lithuania will be conducted,
- binding Open Season phase, in which the Capacity of the Entry/Exit Point Poland-Lithuania on the Gas Interconnection Poland-Lithuania will be allocated.

DESCRIPTION OF THE PROJECT

Amber Grid and GAZ-SYSTEM consider construction of new Interconnection bi-directional pipeline being connection of transmission systems of Republic of Poland and Lithuanian with infrastructure necessary to its service on the part connecting Lithuanian transmission system owned by Amber Grid with Polish transmission system owned by GAZ-SYSTEM, for realization of which essential will be construction of pipeline with length of approximately 534 km.

The main purpose for the construction of the Gas Interconnection Poland - Lithuania is to establish firm Capacity between the Polish and Lithuanian transmission system in the amount of:

Direction	kWh/h	MWh/d	bcm(n)/y (indicative)	cm(n)/h (indicative)
PL-LT	3 080 000	73 920	2.4	275 000
LT-PL	2 128 000	51 072	1.7	190 000

This allows transmission of gas from Europe to Lithuania and significantly contributes to realization of European Union energy policy regarding the integration of isolated energy markets of the Baltic countries and assurance of energy security.

Realization of the Gas Interconnection Poland – Lithuania project requires designing and construction of a pipeline from the Lithuanian Gas Compressor Station Jauniunai to the Polish - Lithuanian border and from the Polish-Lithuanian border to the Gas Compressor Station Rembelszczyzna, together with the expansion of the Gas Compressor Station Rembelszczyzna and construction of a new Gas Compressor Station in Gustorzyn.

The Capacity at Entry/Exit Point Poland-Lithuania shall be made available in Open Season Procedure.

1.2. INFORMATION ABOUT AMBER GRID

AB Amber Grid is in charge of transmission of natural gas (transportation of natural gas through high-pressure pipelines) to system users, and operation, maintenance and development of natural gas transmission system in Lithuania.

AB Amber Grid started its operations on 1 August 2013, when the fixed-term natural gas transmission license (issued to AB Amber Grid by the National Control Commission for Prices and Energy) came into effect.

On 10 April 2015, the procedure for the certification of Lithuania's Natural Gas Transmission System Operator, AB Amber Grid, was successfully completed and the Company was issued with an open-ended Transmission System Operator's license.

Shareholder structure of AB Amber Grid: UAB EPSO-G (controlled by the Ministry of Energy of the Republic of Lithuania) holds a 96.58% stake, minority shareholders hold a 3.42% stake.

1.3. INFORMATION ABOUT GAZ-SYSTEM

The business core of GAZ-SYSTEM S.A. is transportation of gas through transmission network on the territory of Poland, supply it to distribution network and to final customers connected with transmission system. On the 13 October of 2010 President of Energy Regulatory Office issued a decision, whereby GAZ-SYSTEM S.A. obtained status of Transmission Pipelines Operator on the territory of Poland until 31 December of 2030.

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.

On the 22 September of 2014 GAZ-SYSTEM S.A. obtained a decision issued by the President of ERO granting a certificate of independence in connection with the operatorship of the company's own networks.

Share capital of the Company is 3 771 990 842 PLN.

1.4. DEFINITIONS

- 1.4.1. Amber Grid – Lithuanian gas transmission system operator, under the company name AB “Amber Grid” with its seat in Vilnius.
- 1.4.2. Capacity Request Form (Form) – completed questionnaire submitted by the Participant on the form, being Appendix no. 1 to the Rules;
- 1.4.3. Capacity – firm capacity at Entry/Exit Point Poland-Lithuania expressed in kWh/h and MWh/d, provided as a result of a construction of Gas Interconnection Poland - Lithuania, being an subject of the Procedure;
- 1.4.4. Entry/ Exit Point Poland - Lithuania – contractual point of interconnection on the Gas Interconnection Poland - Lithuania, for which Capacity allocation during Open Season procedure shall be made;
- 1.4.5. Gas Interconnection Poland - Lithuania (GIPL) - a pipeline with an

infrastructure necessary for its' service from Gas Compressor Station Jauniunai (Lithuania) to the Gas Compressor Station Rembelszczyzna (Poland), together with the extension of the Gas Compressor Station Rembelszczyzna and construction of a new Gas Compressor Station in Gustorzyn;

- 1.4.6. GAZ-SYSTEM S.A. – the company under the name Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A. with its headquarters in Warsaw;
- 1.4.7. kWh (kilowatt hour) – shall mean a unit of energy, an equivalent of the quantity of transmitted gas, being the product of the gas transmitted in the given entry point or a given exit point in volume units and the gross calorific value which is characteristic for this point;
- 1.4.8. Participant – every entity that has submitted Capacity Request Form during the Procedure;
- 1.4.9. NCC - the National Commission for Energy Control and Prices, National Regulatory Authority in Lithuania;
- 1.4.10. ERO - the Energy Regulatory Office, National Regulatory Authority in Poland;
- 1.4.11. Procedure – non-binding phase of Open Season Procedure conducted in order to determine a market participants' demand for the Capacity of the Entry/Exit Point Poland - Lithuania of the Gas Interconnection Poland - Lithuania, in both directions of the gas flow, which rules of conducting shall describe this Rules;
- 1.4.12. Project - all the activities taken by the GAZ-SYSTEM and Amber Grid including the obtainment of financing for the construction of the Gas Interconnection Poland - Lithuania, conclusion of the transmission agreements and Capacity allocation of the Entry/Exit Point Poland - Lithuania, conclusion of transmission service agreements, construction and operation of Gas Interconnection Poland - Lithuania and commencement of providing transmission services on the Gas Interconnection Poland – Lithuania;
- 1.4.13. Schedule - described in point 1.6 framework plan of realization of the most important stages of the Project;
- 1.4.14. The Rules – this document, describing the rules of conducting the non-binding phase of Open Season Procedure on the Gas Interconnection Poland - Lithuania, including Appendices.

1.5. LEGAL BASIS

- 1.5.1. The Rules shall describe rules of conducting the Procedure and rights and obligations of entities participating in the Procedure. The Rules is binding document that includes requirements of GAZ-SYSTEM and Amber Grid to Participants of the Procedure.
- 1.5.2. Submission of the Form shall mean that Participant shall accept provisions of the Rules;
- 1.5.3. Open Season Procedure is based on the European Parliament and the Council Directive No. 2009/73/EC of 13 July 2009 concerning common rules for the internal market in natural gas and repealing Directive 2003/55/EC ("Gas Directive"), the Regulations of the European Parliament and of the Council No. 715/2009 of 13 July 2009 on conditions for access to the natural

gas transmission networks and repealing Regulation No. 1775/2005/EC, Energy Law of 10 April 1997 (consolidated text in the Journal of Laws No. 2012.1059, as amended) ("Energy Law"), Abovementioned regulations assure transparency and equal treatment of all Participants of the Procedure.

1.6. SCHEDULE OF THE PROCEDURE

Amber Grid and GAZ-SYSTEM S.A. intend to conduct the Procedure in accordance with Schedule presented below. Nevertheless, the operators shall reserve the right to modify Schedule in the case of occurrence the events during conducting the Procedure, which cause necessity of change the Schedule.

	Time-schedule	Phase of the Open Season Procedure
1.	31.07.2015	Launching of non-binding phase of Open Season Procedure
2.	31.08.2015	Submission of the Capacity Request Form during the non-binding phase of Open Season Procedure
3.	04.09.2015	Evaluation of the Capacity Request Forms submitted during non-binding phase of Open Season Procedure
4.	04.09.2015	Decision to conduct the Binding Open Season Procedure
5.	28.09.2015	Foreseen start of the Binding Phase of the Open Season Procedure

2. THE NON-BINDING OPEN SEASON PROCEDURE

- 2.1. As a part of market research, GAZ-SYSTEM and Amber Grid intend to determine a market participants' demand for the Capacity of the Entry/Exit Point Poland - Lithuania of the Gas Interconnection Poland-Lithuania, in both directions of the gas flow.
- 2.2. GAZ-SYSTEM and Amber Grid during Procedure shall estimate demand for firm Capacity in in the amount of:

Direction	kWh/h	MWh/d
PL-LT	3 080 000	73 920
LT-PL	2 128 000	51 072

- 2.3. The participants of the non-binding phase of the Open Season should complete and submit to GAZ-SYSTEM or Amber Grid a questionnaire being an Appendix no.

1 to the Rules in order to determine their demand for the Capacity of the Entry/Exit Point Poland - Lithuania of the Gas Interconnection Poland-Lithuania.

2.4. The Participants of the Procedure indicate in the Capacity Request Form:

2.4.1. corporate details of the participant,

2.4.2. amount of Capacity of the Entry/Exit Point Poland - Lithuania of the Gas Interconnection Poland-Lithuania which they are interested in (in kWh/h or MWh/d),

2.4.3. period, for which they would like to acquire the Capacity of the Entry/Exit Point Poland - Lithuania of the Gas Interconnection Poland-Lithuania.

2.5. Apart from the information referred to point 2.4, the Participants of the non-binding phase of the Open Season may submit in the Form notes and comments concerning the Project of construction Gas Interconnection Poland - Lithuania, in particular regarding the rules and the procedure of the binding phase of the Open Season.

2.6. Only the Form signed by a person authorized to represent the Participant of the non-binding phase of the Open Season will be analyzed. The right of the persons signing the Form to represent the Participant should be demonstrated by attaching an excerpt of the relevant register and a proxy.

2.7. Participants will have 4 (four) weeks from the date of publication the information referred to point 2.4 to submit the Capacity Request Form.

2.8. After obtaining the Capacity Request Forms from the Participants of the non-binding phase of the Open Season, GAZ-SYSTEM and Amber Grid will evaluate the demand of the market in the Capacity of the Entry/Exit Point Poland - Lithuania of the Gas Interconnection Poland - Lithuania.

2.9. If the results of the non-binding phase of the Open Season will be satisfactory and show adequate demand for the gas transmission services and Capacity at the Entry/Exit Point Poland - Lithuania of the Gas Interconnection Poland-Lithuania, GAZ-SYSTEM and Amber Grid shall take actions described in point 3.

2.10. If the results of the non-binding phase of the Open Season will be non-satisfactory, GAZ-SYSTEM and Amber Grid will suspend the Open Season Procedure and shall discuss further actions.

3. ACTIONS AFTER NON-BINDING PHASE OF THE OPEN SEASON

3.1. GAZ-SYSTEM and Amber Grid will prepare the draft of the Rules of binding phase of the Open Season Procedure.

3.2. The draft of the Rules of binding phase of the Open Season will be subject of consultations with the market participants. The participants of the consultation process will be entitled to submit comments to the draft of the Rules of binding phase of the Open Season.

3.3. The final wording of the Rules of binding phase of the Open Season will be determined on the basis of a draft of the Rules of binding phase of the Open Season and the comments received from the participants of the consultation process.

3.4. GAZ-SYSTEM and Amber Grid envisage a possibility of conducting an open

seminar to clarify the details of the realization of the Project, in particular the rules of conducting binding phase of the Open Season in line with the draft of the Rules of the binding phase of the Open Season.

- 3.5. The final version of the Rules of binding phase of the Open Season shall be agreed with the ERO and the NCC.

4. CONFIDENTIALITY

- 4.1. Any information obtained by GAZ-SYSTEM and Amber Grid in the course of the Procedure shall be treated as confidential and shall not be made available to any third parties. However, GAZ-SYSTEM and Amber Grid reserves the right to make the confidential information obtained during the course of the Procedure available to the following:
 - 4.1.1. the corporate bodies of the Companies;
 - 4.1.2. ERO, NCC and European Commission and all its executive entities;
 - 4.1.3. other entities that are entitled to obtain information on the basis of applicable provisions of law.
- 4.2. Furthermore, GAZ-SYSTEM and Amber Grid shall publish information concerning the Entry/Exit Point Poland-Lithuania in the scope resulting from the binding provisions of the law, TNC and Tariffs.

5. SUBMISSION OF CAPACITY REQUEST FORM

- 5.1. Capacity Request Form as an Excel file shall be delivered via means of electronic communication using the e-mail addresses indicated in point 7.2 of the document.
- 5.2. Scan of the document mentioned in point 5.1. with signatures of authorized representatives of the Participant along with the scanned valid transcript (extract) of respective institution in each jurisdiction (i.e. National Court Register, Commercial Register for Legal Entities) and valid proxy. It is necessary to prove the authorization of persons, who place their signatures under the Form, to represent the given entity by attaching the updated extract from the register and the proxy. These scans need to be also delivered by the e-mail addresses indicated in point 7.2. and sent in the paper form on the addresses of the respective Operators indicated in point 7.1.
- 5.3. All the above-mentioned documents need to be delivered not later than on **31 August 2015, 16.00 (CET)** to the e-mail addresses indicated in point 7.2 of the document.

6. FINAL PROVISIONS

- 6.1. Any expenses incurred by the Participant in connection with participation in the Procedure shall be borne by the Participant and shall not be asserted against GAZ-SYSTEM and Amber Grid.
- 6.2. GAZ-SYSTEM and Amber Grid inform, that GAZ-SYSTEM shall be liable for transmission services and proper functioning of the transmission system, that is its ownership on the Polish side and Amber Grid shall be liable for transmission services and proper functioning of the transmission system, that is its ownership on

the Lithuanian side. GAZ-SYSTEM and Amber Grid shall not be liable for the infrastructure, which is not owned by them.

- 6.3. These Rules do not constitute an offer to the Participants in the meaning of the article 66 § 1 of the Civil Code of the Republic of Poland (Journal of Laws from 1964 No16 item. 93 as amended) as well as applicable provisions of Civil Code of the Republic of Lithuania.
- 6.4. Neither the Participant nor GAZ-SYSTEM and Amber Grid, shall be liable towards each other for the loss suffered due to the Procedure, unless the party suffered loss due to willful misconduct of the other party.
- 6.5. GAZ-SYSTEM and Amber Grid may invalidate the Procedure for serious reasons at any time. GAZ-SYSTEM and Amber Grid shall inform Participants, ERO and NCC of the cancellation of the Procedure and specify reasons for such invalidation and an expected date on which the Procedure may be repeated.
- 6.6. GAZ-SYSTEM and Amber Grid reserves the right to amend or supplement the Rules hereto, including the extension of time limits set out herein, in particular in the case of changes in legal regulations, a need to obtain, unforeseen in the Rules, administrative approvals or decisions from competent authorities, including regulators. Such amendments and supplements will be published on the website of GAZ-SYSTEM and Amber Grid.
- 6.7. In the event any of the provisions hereof is found impermissible or unenforceable, such a provision will be deemed to be excluded therefrom. Other provisions of the Rules will remain in force and the provision that is considered impermissible or unenforceable will be replaced with a similar provision that reflects the original intention of the Parties to the extent it complies with the applicable law.
- 6.8. The Rules and appendices hereto were prepared in English, Polish and Lithuanian. Polish and Lithuanian versions of the document are provided only for information. In case of discrepancies between documents in Polish or Lithuanian and English, English version prevails.

7. NOTICES AND CONTACT DATA

- 7.1. Documents and correspondence submitted in written form should be delivered in sealed envelope with notice **„Non-binding phase of the Open Season Procedure at the Entry/ Exit Point Poland-Lithuania”** on the address:

Operator Gazociągów Przesyłowych GAZ-SYSTEM S.A.
Sekretariat Pionu Rynku Gazu
ul. Mszczonowska 4
02-337 Warszawa

AB AMBER GRID
Sales Division
Savanoriu av 28, Vilnius
LT-03116 Lithuania

- 7.2. Any and all questions and electronic correspondence on the Procedure must be addressed to the following e-mail addresses:
e-mails: openseason@gaz-system.pl; openseason@ambergrid.lt.
- 7.3. The leading language of correspondence is English. GAZ-SYSTEM will also accept correspondence in Polish and Amber Grid in Lithuanian.

APPENDICES:

1. Appendix no. 1 – Capacity Request Form (Form)
2. Appendix no. 2 – Project description